

Mathieu Moslonka-Lefebvre, Lydie Pointud, Alexandra Silva and Xiaozhong Wang

WATER AND SANITATION SERVICES IN PORTUGAL

Different water management systems exist in European countries: water and sanitation services (WSS) may be provided by public actors, private companies or mixed enterprises. This study will focus on the Portuguese system. After an historical presentation, it will describe WSS in Portugal and discuss key challenges associated to their improvement.

I. History of water and sanitation services in Portugal

I.1. Water and sanitation services in the 1970s: the impact of History

Portugal suffered major crises during the twentieth century. Notably, we can cite the 1910 revolution installing the "First Republic", the contested involvement of Portugal in the First World War, the military 28 May 1926 coup d'État installing the "Second Republic" and a dictatorship led by António de Oliveira Salazar. In 1974, the "Carnation Revolution", a bloodless military coup, installed the "Third Republic". Broad democratic reforms have been implemented since then. Such a tormented history till the mid-1970s did not provide optimal conditions for the development of a strong water and sanitation infrastructure. At the time, the level of access to services and water quality were poor. Sewage disposal was not developed: most waste water was evacuated without any treatment.

I.2. Water and sanitation services after the 1974 "Carnation Revolution"

Portugal adhesion to the European Community in 1986 speeded up the improvement of water infrastructure. In 1993, a law was adopted to promote public-private partnerships (PPP) for water and sanitation services, including multi-municipal systems (MMS), i.e. systems that provide bulk water (without direct distribution) or undertake large interception (without sewer network) for at least two municipalities. At the time, the only existing MMS was *Empresa Portuguesa das Águas Livres* in Lisbon. Until 1993 and with the exception of Lisbon, water management was the sole responsibility of the municipalities [1].

In 1998, a law defined three frameworks for municipal companies [1], corresponding to: one municipality; more than one municipality (inter-municipal company); one or more municipalities with a minority interests private partner (mixed company). Lately, the dominant kind of private sector participation has been the creation of mixed companies [1].

II. Key players and their relations in Portuguese water management

II. 1. Actors in charge of water and sanitation services

The private sector is of increasing importance in Portuguese WSS, covering in July 2006 18% of the population for water services and 14% for sanitation services [1]. However, the infrastructures remain publicly owned. The services are a shared responsibility between the 308 municipalities, which can develop PPP, and a national public company under private law, *Águas de Portugal* (AdP). For example, in Lisbon, a fully-owned subsidiary of AdP is in charge of bulk water supply and water distribution, while the municipality provides sanitation services.

The municipalities are in charge of drinking water supply, waste water collection and treatment, and storm water drainage. In July 2006, municipalities (on their own or with an associated municipal company of any type) provided water services to 77% of the population and waste services to 86% of the population [1].

AdP co-owns inter-municipal companies (IMC) with municipalities - AdP being the majority owner. 18% of the population are provided water directly by these companies which hold concession contracts with municipalities. 9% of the population receive water from other municipal companies (mixed and single municipality). Moreover, AdP often controls bulk water supply and sells water to the municipalities, indirectly providing water to 53% of the population. Finally, 72% of the population receive water from IMC, either directly or indirectly.

II. 2. Actors in charge of water and sanitation services regulation

Sector policies, including water services, are in the portfolio of the Ministry of Environment and Regional Development.

In 1993, the government created the National Observatory for the Multi-municipal and Municipal Systems and a Concession Accompanying Committee, which were replaced in 1996 by the Institute for the Regulation of Water and Waste (IRAR or *Instituto Regulador de Águas e Resíduos*). The objectives of IRAR are to check the services quality and to supervise the financial and environmental sustainability of the sector [1]. IRAR is managed by a three-member board, appointed by the Ministry of Environment.

Management of water resources is performed by the INAG water institute created in 1993. INAG actions are embodied on the basis of the 2005 Water Law, the transposition of the European Union (EU) Water Framework Directive.

III Challenges for water management in Portugal

Portugal presents one of the oldest water supply and sewerage services infrastructures in the EU. Consequently the leakage rate is very important (between 34 and 39% on average [1]). During the 2000-2006 period, the investments needed to rehabilitate the infrastructure were estimated to 4.23 billions €. To address such an issue, two important investment plans were successively approved by the government: The First Strategic Plan for Water Supply and Sewerage Services or PEAASAR¹ I during 2000-2006. The latter was followed by PEAASAR II during 2006-2013. Such national investment plans constitute a key characteristic of the Portuguese WSS, distinguishing Portugal from other EU members.

Another key challenge for Portugal consists in complying with the judgments of the European Court of Justice for non-respect of the EU norms designed to ensure drinking water quality. These bad standards threaten public health and impact important natural areas. In 29 Portuguese urban areas, required collection infrastructures and treatment plants are not yet operational.

Therefore, key issues still need to be addressed to improve WSS in Portugal.

Reference

[1] Cunha Marques R. (2008) *Comparing private and public performances of Portuguese water services*. Water Policy 10, 25–42

1 PEAASAR: *Plano Estratégico de Abastecimento de Água e Saneamento de Águas Residuais*