

**European water  
and sanitation  
services  
VS  
Sustainable  
development.**

**ATHENS**  
P R O G R A M M E

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**European water and  
sanitation services  
vs  
Sustainable  
development**

Water and sanitation services.  
Position of the European Union.  
Glossary and definitions.

- Public services.
- General interest services.
- General economic services.
- Universal services.
- Public services charter.
- Green and white papers.
- Service directive for GEIS.
- Full cost recovery.

## Public services.

The concept of **public service** is a twofold one, it embraces both:

- bodies providing services.
- the general-interest services they provide.

Public service obligations may be imposed by public authorities on the body providing a service (airlines, road or rail carriers, energy producers, water providers), either nationally or regionally.

The concepts of **public service** and **public sector** (including the civil service) are often, wrongly, confused; they differ in terms of function, status, ownership and "clientele".

## WSS are included in general interest services

**General-interest services**" are services considered to be in the general interest by the public authorities and accordingly subjected to specific public-service obligations.

They include:

- non-market services ( education, social protection),
- obligations of the State (security and justice)
- services of general economic interest ( energy, water,communications).

Article 86 of the Treaty does not apply to the first two categories (non-market services and state obligations). But SGEI should be liberalised.

## WSS are services of general economic interest

**Services of general economic interest** are commercial services of general economic utility, on which the public authorities therefore impose specific public-service obligations. (Article 86 of the EC Treaty).

- Article 16, acknowledges the place occupied by services of general economic interest in the shared values of the Union and their role in **promoting social and territorial cohesion**. Such services must operate on the basis of principles and conditions which enable them to fulfil their functions.
- Article 36 of the Charter of Fundamental Rights of the European Union requires the Union to recognise and respect access to services of general economic interest to promote the social and territorial cohesion of the Union.

## WSS are also universal services

**Universal service** is a concept developed by E.U. institutions.

It refers to the set of general interest demands to which services should be subjected throughout the Community. The aim is to ensure that all users have access to quality services at an affordable price.

# Public service charter

Basic rights and principles governing the provision of services to users. Such principles would include:

- continuity of service;
- quality;
- security of supply;
- equal access;
- affordable prices;
- social, cultural and environmental acceptability.

The EU policy on operators of public services is still shaped by the desire to liberalise centralised public services and to widen the scope of competition on national markets, be this in the areas of rail transport, postal services, energy or telecommunications.

## Green paper/white paper

**Green Papers** are documents published by the European Commission to stimulate discussion on given topics at European level. They invite the relevant parties (bodies or individuals) to participate in a consultation process and debate on the basis of the proposals they put forward.

**White Papers** are documents containing proposals for Community action in a specific area. In some cases they follow a Green Paper published to launch a consultation process at European level. When a White Paper is favourably received by the Council, it can lead to an action programme for the Union in the area concerned.

A green paper on general interest services was published in 2003. A white paper in 2004.

## « Service » Directive for GEIS 2006/2009

This Directive falls under the framework of the 'Lisbon Strategy' and proposes four main objectives for creating an internal services market:

- to ease freedom of establishment for providers and the freedom of provision of services in the EU;
- to strengthen rights of recipients of services as users of the latter;
- to promote the quality of services;
- to establish effective administrative cooperation among the Member States.

This Directive establishes a general legal framework which favours freedom of establishment for providers as well as the free movement of services.

## « Service » directive for GEIS

Administrative simplification.

Removing legal and administrative barriers to the development of service activities.

Easing the freedom to provide temporary cross-border services

Strengthening consumer rights as service users

Ensuring service quality

Establishing effective administrative cooperation among the Member States

# The Water framework directive: full cost recovery and polluter pays principle (1)

**The WFD** sets out the guidelines for water policy in Europe for the decades ahead.

It more especially promotes the use of pricing and taxation as an incentive for consumers to use water resources in a more sustainable manner and to recover the cost of water services per sector of the economy.

The "polluter pays" principle is an underlying principle of European environmental policies. The WFD advocates boosting the part played by pricing in order to improve the sustainability of water resources management.

The "water price" is defined as being "the unit or overall amount paid by users for all of the services that they receive in terms of water, including the environment" (example: wastewater treatment).

## The Water framework directive: full cost recovery and polluter pays principle (2)

Water pricing policies must reflect the following costs:

- Financial costs: supply and administration, operation and maintenance, capital costs.
- Environmental costs: cost of the waste caused by water use on the ecosystem
- Resource costs: cost of resource depletion leading to the disappearance of certain options for other users.

Each user must bear the cost of consuming water. If pricing is to promote better water-resource use prices must be directly linked to the amount of water consumed and/or pollution discharged

# Public procurement

Public procurement contracts cover supplies, services and works purchased by the public sector.

This legislation ensures fair treatment for business and openness in the handling of invitations to tender. It is to be seen in the context **of greater competition and the freedom to provide services within the European common market.**

In 2004, new package of legislation for awarding public-sector contracts. Two directives, one covering

- public works, supply and services contracts
- public contracts water, energy, transport postal sectors.

Two more directives govern the tendering procedures concerning the award of public works and supply contracts and the procedures for awarding contracts by operators in the water, energy, transport and telecommunications sectors.

# Public management/PPP/Privatisation

- No universal wording about Private Sector Participation in Public Services
  - Major institutions like World Bank and European Union do not use the same language (e.g. BOT ...)
- Some words may be used either with broad or with narrow meaning
  - Example : Public Private Partnership  
Concession
- Language problems
  - Example : *Affermage* = Lease Agreement
- Conceptual problems
  - In some countries , no precise understanding of the « Ownership » of public infrastructure

# Water is a local service

Eurocents	electricity (P/kWh)	gas (P/therm)	water (p/m3)
Cost of production	4.4	29	43
Cost of transport 100 km	0.22	0.7	22
Overcost for 100 km Source: OfWat	<b>5%</b>	<b>2.5%</b>	<b>50%</b>

# Public Private Partnerships/Privatisation

Not to be confused :

PPP  $\neq$  Private Sector Participation in Provision of Public Services (PPP is a specific form of PSP)

Privatization.

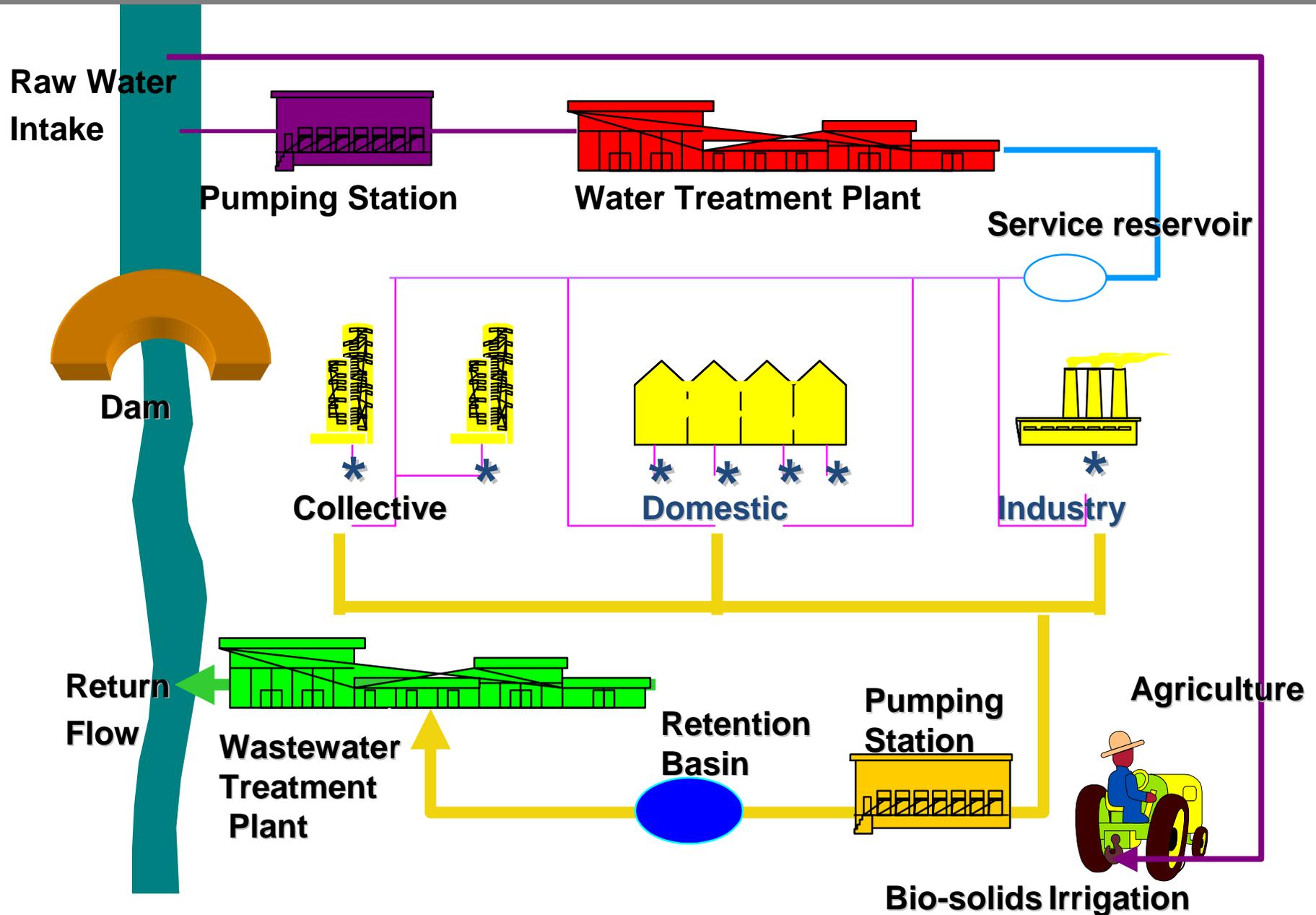
Private companies with public shareholders.

Pure public services.

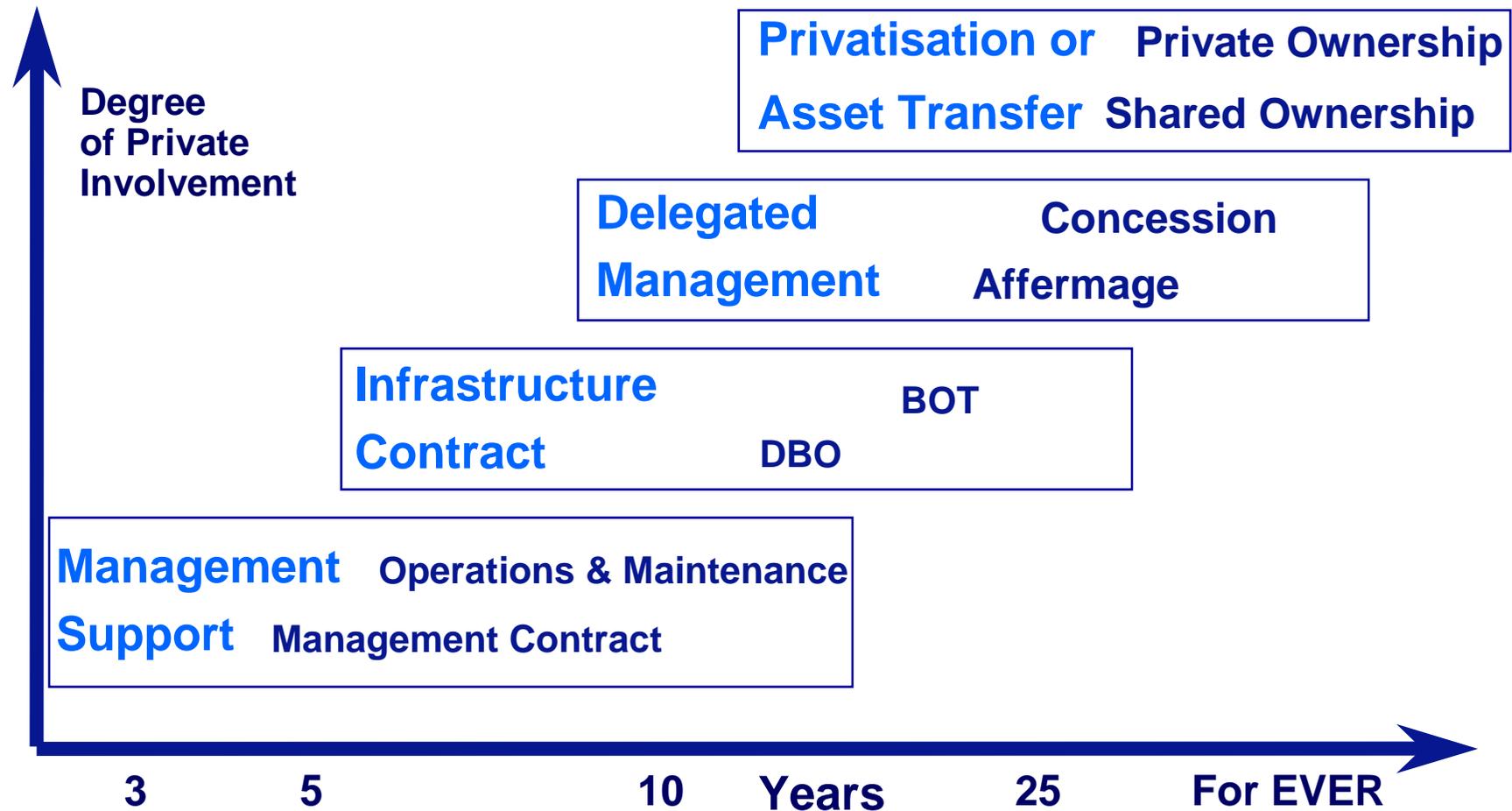
Public companies with private shareholders (minoritary).

...

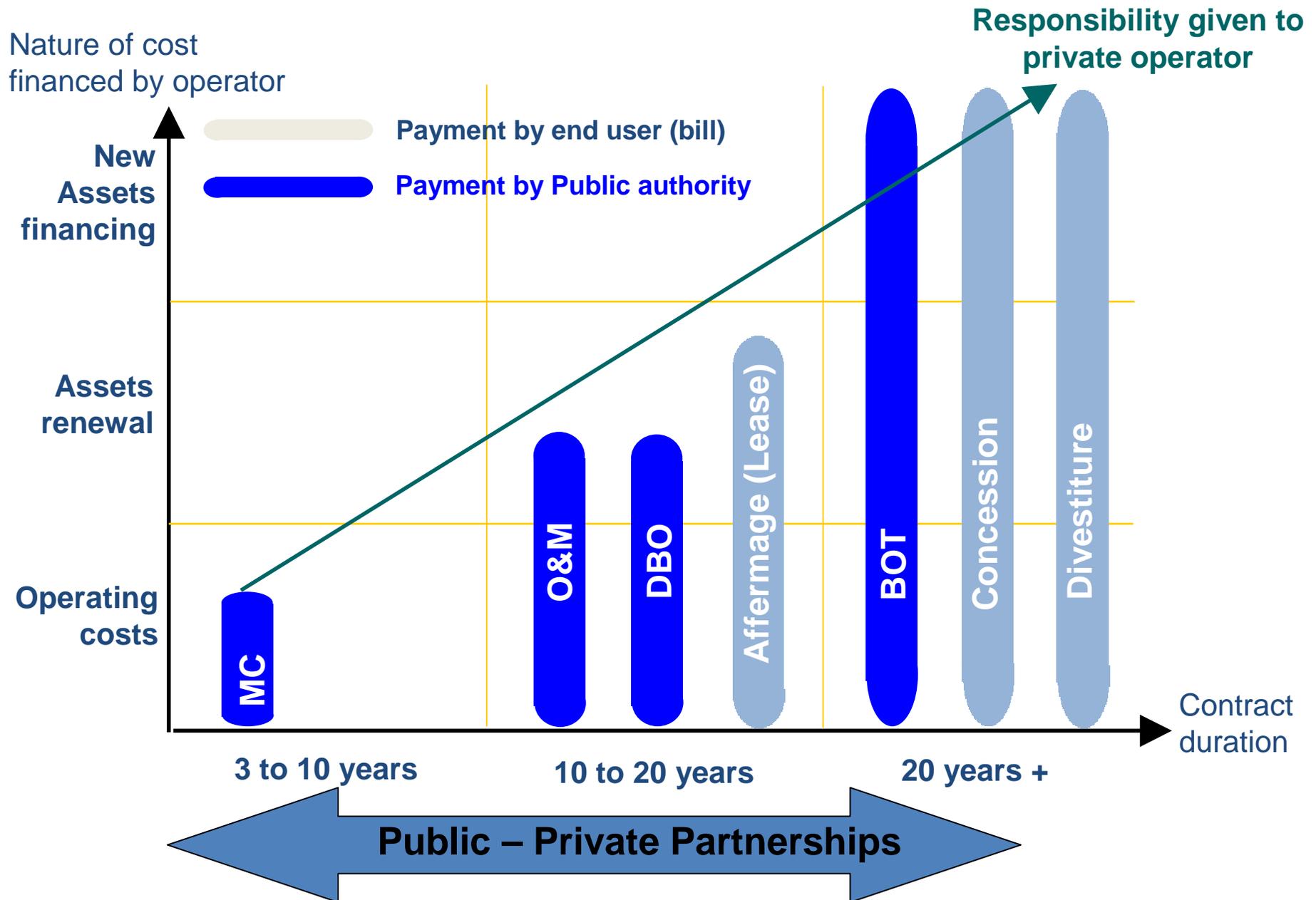
# Water Cycle - Geographical Scope



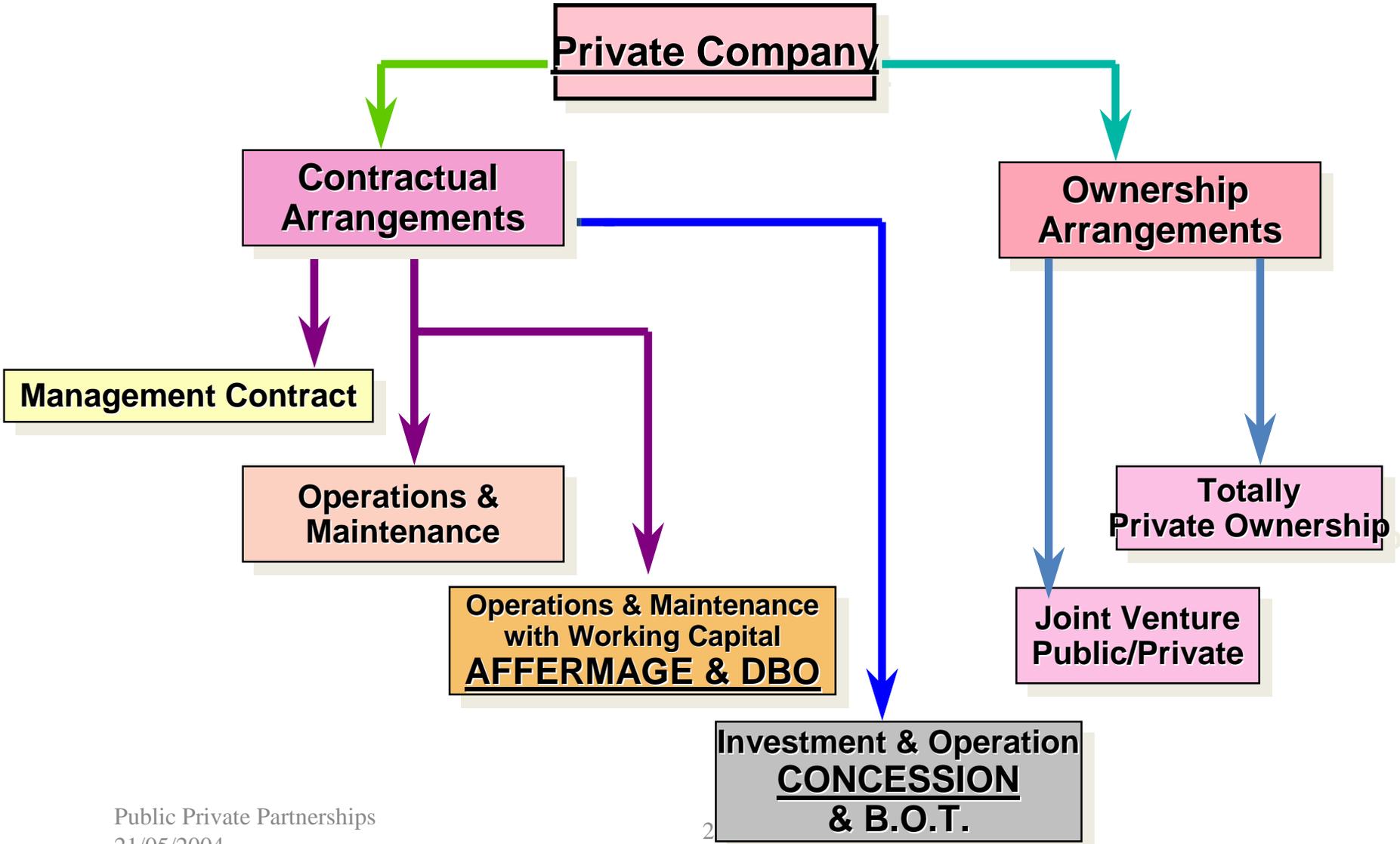
# The 4 Families of Alternatives



# Classification of Alternatives by Financial Responsibilities



# Classification of Alternatives by Legal Nature



## Issues and debates

- Subsidiarity and competition on the market: how improve competition and respect the different countries' approaches to water management ?
  - Is water an economic service: some people consider that water should not be a marketable service.
  - Can we consider a local service (water) and a global service (energy) with the same type of competition?
  - How to reconcile full cost recovery and water access for all?
  - Is it possible to regulate PPP in respect of the various practices in Europe?
- 
- Thank you for your attention