Reducing geographical disparities in the price of water in Wallonia (Belgium)

Workshop on Equitable Access to Water
Geneva 4-5 July 2011
Context and Challenges

- Technical access to drinking water and to basic sanitation ensured since a long time ago

BUT

Two major problems were remaining:
- Rising prices since 2001 due to the need of investments in improved sanitation (WWTPs)
- Highly varying prices between users
- These differences in prices were considered an inequity between users that needed to be addressed.
Policy measures adopted

- **Creation of a public company whose role is to levy funds and finance sanitation: the SPGE**

  Coordinates and finances water sanitation for the whole Walloon Region, takes out loans from the market and from EIB and recovers costs via the water bill by a single tariff for all users.

- **Implementation of a single pricing structure for all water suppliers (based on full-cost recovery pricing)**

  Pricing structure based on increasing block-rates. Each supplier must apply this pricing structure (also for sanitation as it is included in the water bill).

- **Implementation of a standard accounting plan**

  Standardization of accounting. Each supplier must calculate its price in the same way.

- **Creation of a regulator of prices**
Assessment of results achieved

Highly varying prices between users

% of users according to the price of water

Mean price for 100 m³

% users

1 - 1.50 €  1.50 € - 2 €  2 € - 2.50 €  2.50 € - 3 €  3 € - 3.50 €  3.50 € - 4 €  4 € - 4.50 €

February 2004  May 2009

Need of investments in improved sanitation

WWTP coverage rate

31/12/2000  31/12/2002  31/12/2004  31/12/2006  31/12/2008

WWTP coverage rate

WWTP coverage rate for WWTPs >= 2000 p.e. (WWTPs in service)

WWTP coverage rate, all capacities (WWTPs in service)

WWTP coverage rate, all capacities (including awarded contracts and works under way)
Success factors and lessons learned

➢ Harmonisation of prices is more efficient when supply area per company is larger and covers different kind of territories (urban-rural)

One price for all the Region regarding sanitation
One price per supplier regarding drinking water supply
➢ The harmonisation of prices is closely dependant on the number of water suppliers and on their territorial extent.
➢ Companies need to be merged (intermunicipal or regional companies)

➢ Political resistance at the beginning of the process (loss of some independence by the municipalities towards their water services)