



International  
Water Association

**Specialist Group**  
Statistics and  
Economics

# WORKSHOP

Current Status & Financial Strategies of  
Water Utilities in the World

# INTRODUCTION

Tokyo, 19th of March 2015  
Ed Smeets



International  
Water Association

EDMADI BV



INTERIM-MANAGEMENT & CONSULTANCY



# CONTENT OF PRESENTATION

- IWA
- Specialist Group Statistics and Economics



# IWA: CHARACTERISTICS

- Association of companies and individuals; network of water professionals (>10,000) in 130 countries
- Covering entire water cycle
- +/- 50 Specialist Groups
- High quality series of conferences
- Renowned International journals, publications, website



# IWA: THE NETWORK



Biennial Conferences

Specialist Conferences

Leading Edge Conferences

Specialist Groups

Interest Groups

Leading Edge Workshops

Water 21 Magazine

Task Forces

IWA Books

Researchers

Utilities

Forums

Consultants

Regulators

Web-Based Collaboration

8 Leading International Journals on Water Sciences

Equip Manu

Strategic Programs

Industry

 International Water Association



# IWA SOLUTIONS THROUGH INNOVATIONS

IWA runs programmes on issues considered critical:

- Cities of the future
- Basins of the future
- Urban sanitation
- Water, climate and energy
- Water supply services



# SPECIALIST GROUPS IN GENERAL: CHARACTERISTICS

- Specialist Groups lie at the heart of IWA
- Membership is open to all IWA members
- Develop international specialist networks and contacts
- Contribute to research and practice in scientific, technical or management areas
- Disseminate knowledge and information
  - by organising/contributing to conferences/workshops
  - by report/disseminate conclusions in IWA publications



# SPECIALIST GROUP STATISTICS AND ECONOMICS

## Topics

- All economical and financial issues of water industry (tariffs, efficiency, micro economics, finance of utilities, cost coverage, etc.)
- Periodical world wide surveys and providing analysis/statistics on all kind of economical and financial issues



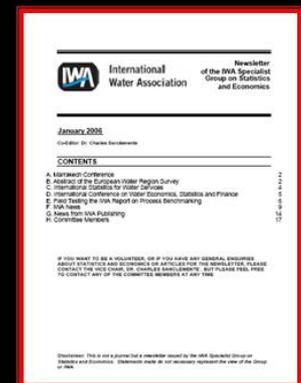
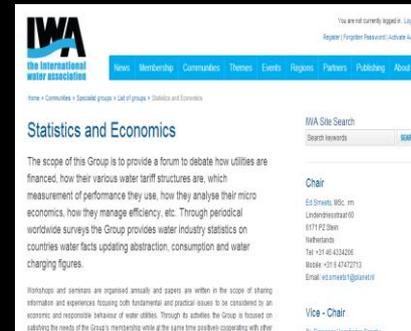
# SPECIALIST GROUP STATISTICS AND ECONOMICS

- 700 members
- +/- 20 active members (from universities, regulators, utilities, consultants, associations, etc.)
- Self-managed by chair, vice-chair, secretary and Management Committee (= active members)
- 2 times per year meetings to discuss program/activities, to do work and to have some fun; in between meetings all activities per mail/phone
- all work is free-time and self-financed



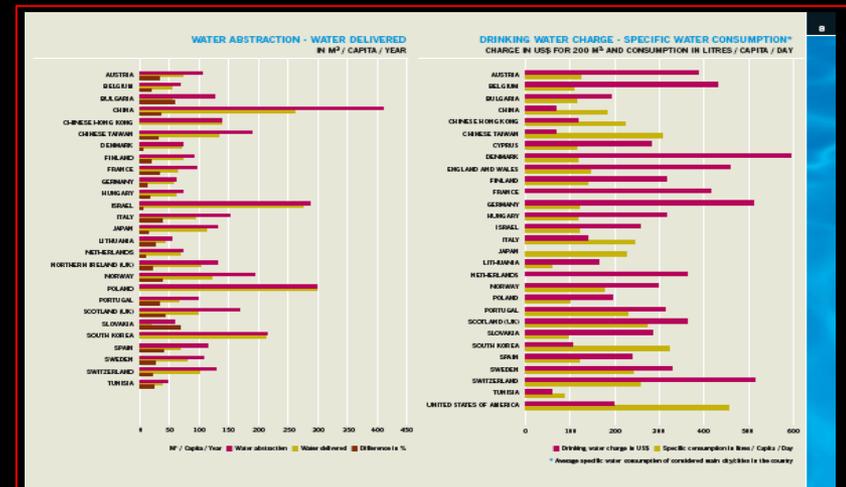
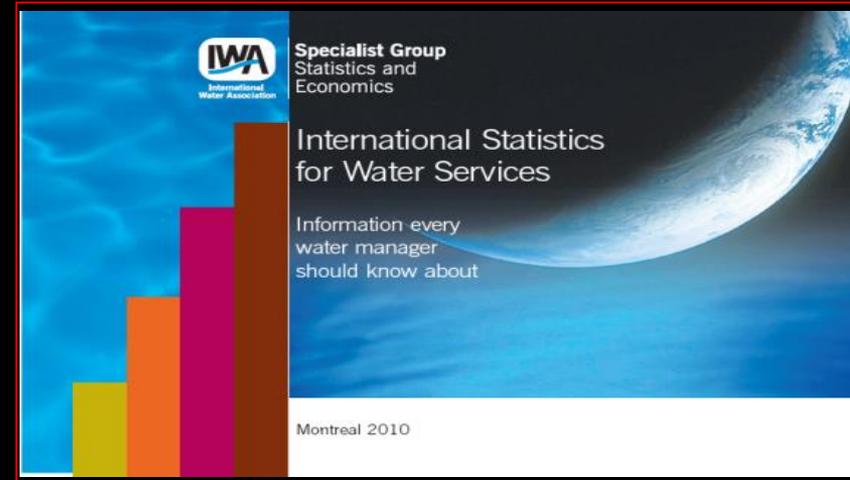
# SPECIALIST GROUP STATISTICS AND ECONOMICS

- Chairman:
  - Ed Smeets, (*Netherlands*)
- Vice chair:
  - Doru Popa, (*Rumania*)
- Secretary:
  - Maria Molinos (*Spain*)
- Working Groups
  - Statistics
  - Tariff and Finance
  - Water Economics
  - International Conferences



# SPECIALIST GROUP STATISTICS AND ECONOMICS

- Working Group on Statistics
  - Leader:
    - Jan Hammenecker,
    - Belgium*



# SPECIALIST GROUP STATISTICS AND ECONOMICS

- Working Group on Tariffs and Finance
  - Leader: Doru Popa, *Romania*

**PRICING**

## Water pricing: from theory to practice

Approaches to water pricing can offer considerably, as a conference in Seville last year observed. **ROMANÍA** **SANCHO, MOLINA ROMANO AND HINOJERO TRINCHERAS-FRITZ** review the debate, with references to the policies in Austria and Spain.

It has happened in the IWA World Water Congress in Seville, but the specialists group on Tariffs and Economics suggests a working paper on pricing and tariff structures. The conclusions of this may have more effect than ever. One of the approaches to economic and environmental pricing with respect to water is different from the approach to pricing. It is not the way we pay for water, but the way we pay for the water we use. It is not the way we pay for the water we use, but the way we pay for the water we use. It is not the way we pay for the water we use, but the way we pay for the water we use.

**FIGURE 2**  
Water charges in the last ten years (1998-2008) in Spain (IWA, 2008)

Year	Water charges (€/m³)
1998	0.18
2000	0.22
2002	0.28
2004	0.32
2006	0.38
2008	0.42

Source: IWA (2008)

**IWA International Water Association**

**IWA Reference Paper**  
**Sustainable Cost Recovery**

### 1. Introduction

The subject of sustainable cost recovery can be approached in a number of ways, and consequently several different terms are also used (sustainable cost recovery, full-cost recovery, etc.). The most important consideration is the need for a level of cost recovery achieved through a combination of water service charges and subsidies, which will enable sustainable water services. However, affordability and efficiency have to be taken into account, so that cost recovery applies only to necessary costs.

### 2. What does sustainable cost recovery mean?

The definition used here is that costs are recovered so that a water services undertaking can achieve and maintain a specified standard of service, both for the present and future generations. The level of cost recovery can be defined either through water charges, as in some developed countries, or through a combination of water charges and targeted, various, long-term government subsidies.

**The costs to be recovered include:**

- The internal operating costs of extracting, treating and distributing the water, as well as those of the collection, conveyance, treatment and disposal of wastewater. These costs include administrative overheads.
- The cost of capital for new infrastructure. An important consideration is the time period over which a capital investment is depreciated.
- The cost of maintaining and replacing existing assets, for both capital and maintenance costs, an accounting system is needed that makes the required financial provision. There are examples where historical cost accounting does not make adequate provision for system replacement and this is a subject for a separate Reference Paper.

It is of utmost importance that consumers are able to afford to pay their water service charges. This does not imply under-recovery of costs, as this will result in unsustainable water service systems, but instead the standards of service should be set such that the service is affordable to the majority of consumers. Consumer participation is important, both as part of their liability towards sustainability, but also to ensure that water service projects are built to serve consumer needs and to be affordable.

### 3. Why is sustainable cost recovery important?

Without sustainable cost recovery, water service systems go into a state of decay, ultimately resulting in an unacceptable level of service or poor water quality. There are plenty of examples of this happening from around the world. The UK, for example, had a very good water supply system prior to becoming part of the Soviet Union. After unification, there was a policy of moving away from any subsidised charges, and subsequently through charges were reduced to 2% of property rental. As a result, water consumption tripled and the infrastructure started to deteriorate. The current generation has to pay excessively high water service charges to refurbish the systems. There was also a similar situation in Chile involving a public (for government and consumers) transition back to the excellent service that exists there today.

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# SPECIALIST GROUP STATISTICS AND ECONOMICS

- Working Group on Water Economics
  - Leader: **Francesc Hernandez, Spain**

December, 2004

**Figure 1: Total number of water services (total + consolidated) and average size of services (water services to number of inhabitants).**

Country	Total number of water services	Average size of services (inhabitants)	Average coverage ratio (%)
Belgium	96	100,000	70
Cyprus	14	1,900	50
Denmark	25	4,000	90
Finland	1,360	4,000	90
France	27,000	4,000	90
Germany	7,848	4,000	90
Italy	200	48,000	90
Romania	200	48,000	45
Spain	8,100	1,000,000	90
Netherlands	49	1,000,000	90

The Cyprus data don't take into account the numerous local authorities dealing directly with water service. They benefit also from the support of the Government Water Development Department.

**Average coverage ratio (% of population served in the country)**

Almost all the population is connected to the drinkable network in the 11 countries. Only 8 countries dispose of the percentage of population connected to sewerage network. It is a bit lower and varies between 70 to 90% (excepted in Romania, where it is 52%).

The percentage of population connected to a wastewater treatment plant or to a non collective treatment system ranges from 70% to 94%, excepted in Romania and in Belgium where they are respectively 52% and 41%.

**Figure 2: Different level of wastewater fee setting in some price**

**Figure 2: Different level of wastewater fee setting in some price**

Country	Cost covering private services (A)	Cost covering private services (B)	Cost covering public services (B)
Belgium	0	0	100
Cyprus	0	0	100
Denmark	0	0	100
Finland	0	0	100
France	0	0	100
Germany	0	0	100
Italy	0	0	100
Romania	0	0	100
Spain	0	0	100
Netherlands	0	0	100

**December, 2004**

**18 Heads in charge of the**

**for Development Department**

**equivalent for public services**

**with the municipal services**

**within the water service**

**authorities (UA/UC) are not**

**and governing body (CGE)**

**of the economic planning in**

**regulation.**

**the water policy, define the**

**reached in the frame of**

**size of water and assess the**

**the market ability and its**

**operation for the quality of**

**subsidized is in charge of**

**services.**

**Minister's Agency is certain**

**made by the water utility;**

**is based on a system of**

**December, 2004**

**services and Spain, large**

**be transferred to private**

**education.**

**in Romania and Spain,**

**is dependent to the state just**

**systems in each country.**

Country	Belgium	Denmark	France	Germany	Italy	Romania	Spain	Netherlands
Belgium	0	0	0	0	0	0	0	0
Denmark	0	0	0	0	0	0	0	0
France	0	0	0	0	0	0	0	0
Germany	0	0	0	0	0	0	0	0
Italy	0	0	0	0	0	0	0	0
Romania	0	0	0	0	0	0	0	0
Spain	0	0	0	0	0	0	0	0
Netherlands	0	0	0	0	0	0	0	0

**December, 2004**

**services.**

**and maintenance contracts and lease contracts in France only one BSC contract**

**and in Romania only one concession contract have been signed. In France 90% of**

**contractual agreement are lease contracts. The remaining 10% are mainly concession**

**contracts or "light leases". In Italy, the private operators can conclude an operation and**

**maintenance contract or a concession contract. In Greece and Spain all kind of contracts**

**accepted but particularly contract could be concluded. Nonetheless, in Greece very few**

**public-private partnership have been signed.**

**December, 2004**

**How to contract with private operators?**

The procedures for contracting are specific to each country:

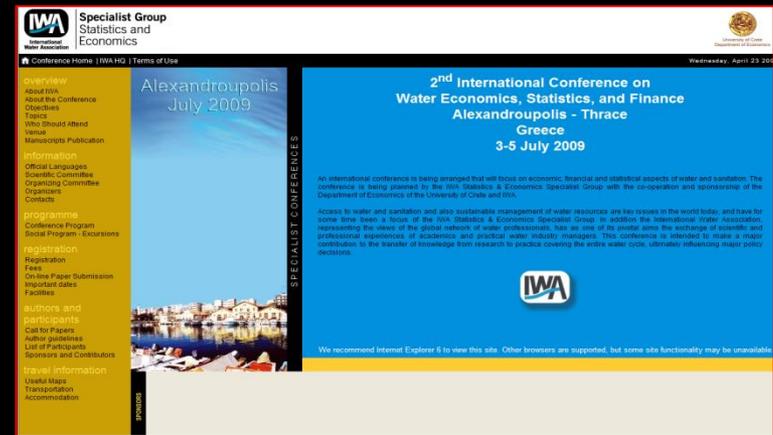
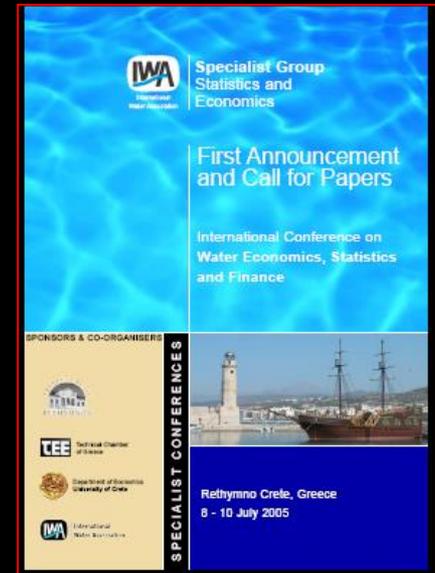
- In Belgium, national calls for tender are organized;
- In Denmark, Romania and Spain, only international calls for tender are accepted;
- In Italy and France, international and national calls for tenders are conducted.

8



# SPECIALIST GROUP STATISTICS AND ECONOMICS

- Working Group on International Conferences
  - Leader:  
Konstantinos P. Tsagarakis, *Greece*

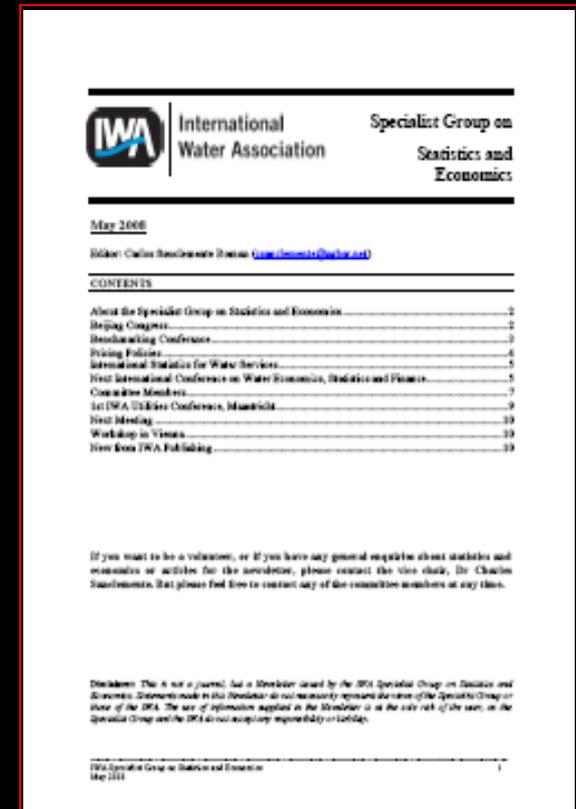


# SPECIALIST GROUP S & E: NEWSLETTER

- On the web page to update SG's members and the IWA community with ongoing activities



The screenshot shows the website for the IWA Specialist Group on Statistics and Economics. The page features the IWA logo and navigation links for Membership, Events, Groups, Programmes, Publishing, Resources, About IWA, and News. The main content area is titled 'statistics and economics Specialist Group' and includes an overview of the group's scope, a list of members (Chair: Dr Renato Parina, Secretary: Dr Ed Smets), and a link to the Specialist Group Constitution.



The newsletter cover features the IWA logo and the title 'Specialist Group on Statistics and Economics'. It is dated May 2008 and includes a table of contents with the following items:

CONTENTS	
About the Specialist Group on Statistics and Economics	2
Beijing Congress	2
Benchmarking Conference	2
Pricing Policies	4
International Statistics for Water Services	5
First International Conference on Water Economics, Statistics and Planning	5
Executive Members	7
1st IWA Utilities Conference, Manchester	9
Next Meeting	10
Workshop on Vienna	10
New from IWA Publishing	10

Below the table of contents, there is a section for subscriptions and contact information, and a disclaimer at the bottom.



# SPECIALIST GROUP S & E: WORKSHOP

## Policy SG

- Two meetings per year hosted by member in home country
- Possibility to organize simple workshop
- Topics to decide by host
- Speakers from SG and home country
- Ultimate goal is to learn from each other



# SPECIALIST GROUP S & E: WORKSHOP

Presentations in workshop

- different countries
- different situations
- different solutions

Ultimate goal workshop

**TO LEARN FROM EACH OTHER**

*AND TO CONTRIBUTE*

**TO GIVE ALL THE PEOPLE ACCESS TO SAFE  
DRINKING WATER AND RESPONSIBLE  
TREATMENT OF WASTEWATER**



# SPECIALIST GROUP STATISTICS AND ECONOMICS

## INFORMATION ABOUT SPECIALIST GROUP

Secretary: [maria.molinos@uv.es](mailto:maria.molinos@uv.es)

Chairman: [ed.smeets1@planet.nl](mailto:ed.smeets1@planet.nl)

