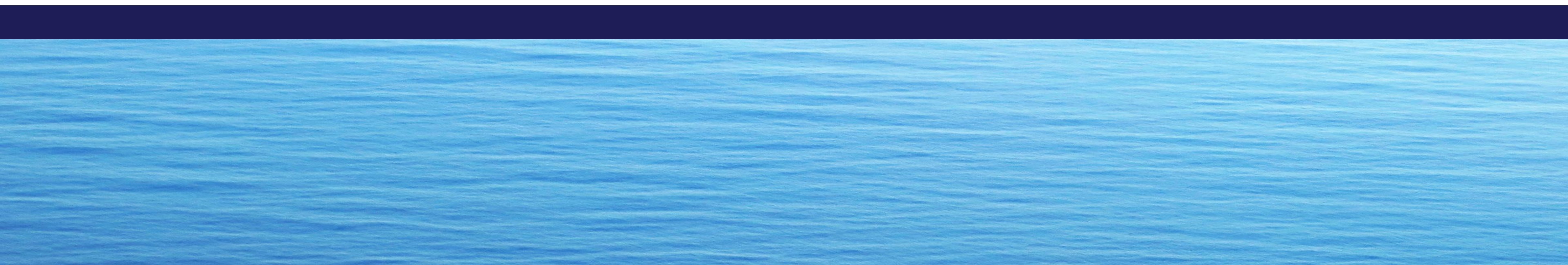




# Map of Water Regulation in France





# TABLE OF CONTENTS

- Water governance at different level
- Regulation structure of water services
- Aspects of regulation
- French organization for the water sector
- Roles and responsibilities at different levels
- PPP scope
- Tariffs regulation & Financing water with water
- Main regulations
- AquaFed's comments on French regulation



# Reminder: Two Combined Ways to Regulate Private Operators in Water Sector

1) Private water operators regulated by national regulators

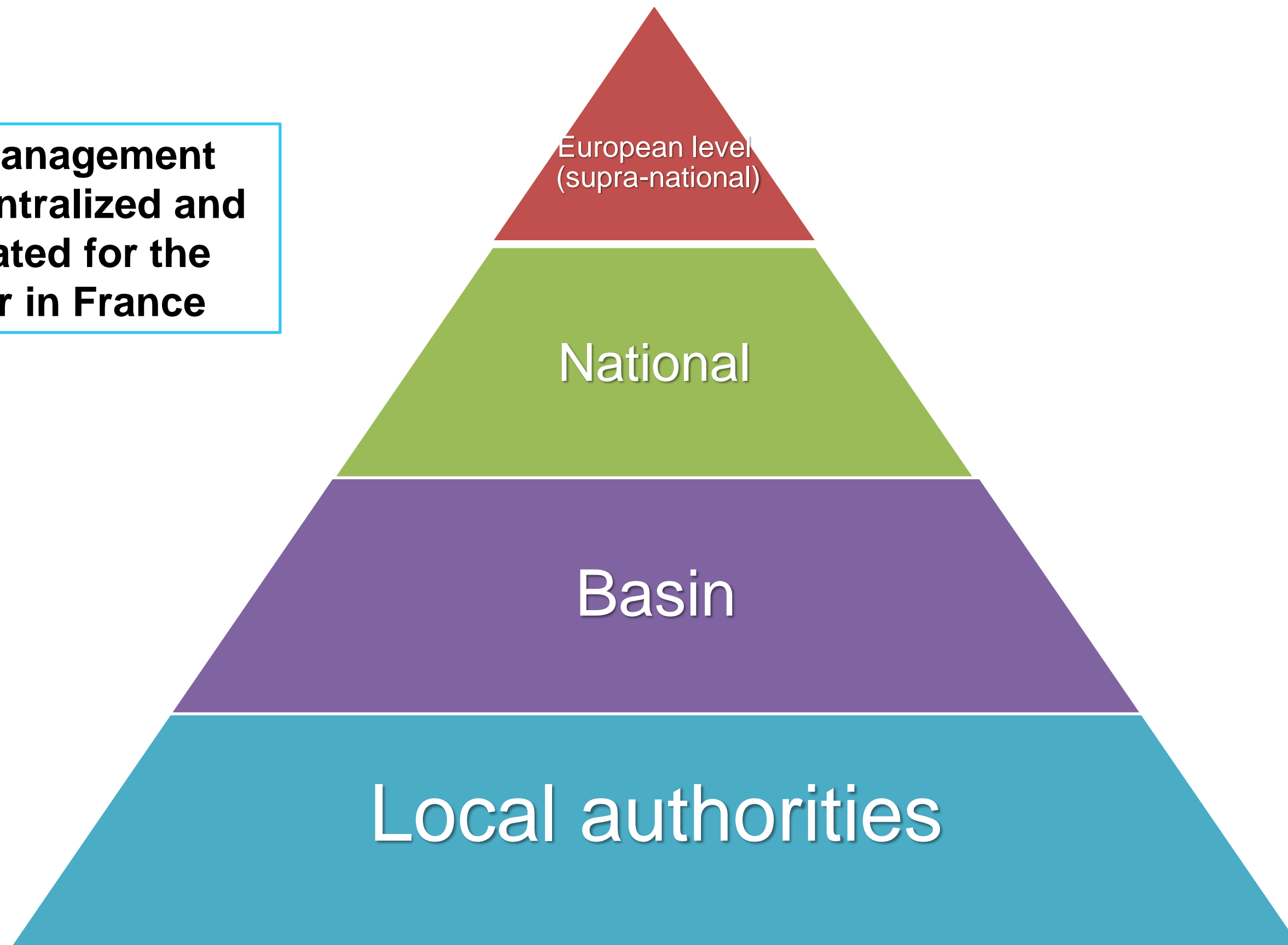


2) Private water operators regulated by contracts set between public and private partners – Public Service Delegation agreement = **P**ublic **P**rivate **P**artnerships (**PPP**)

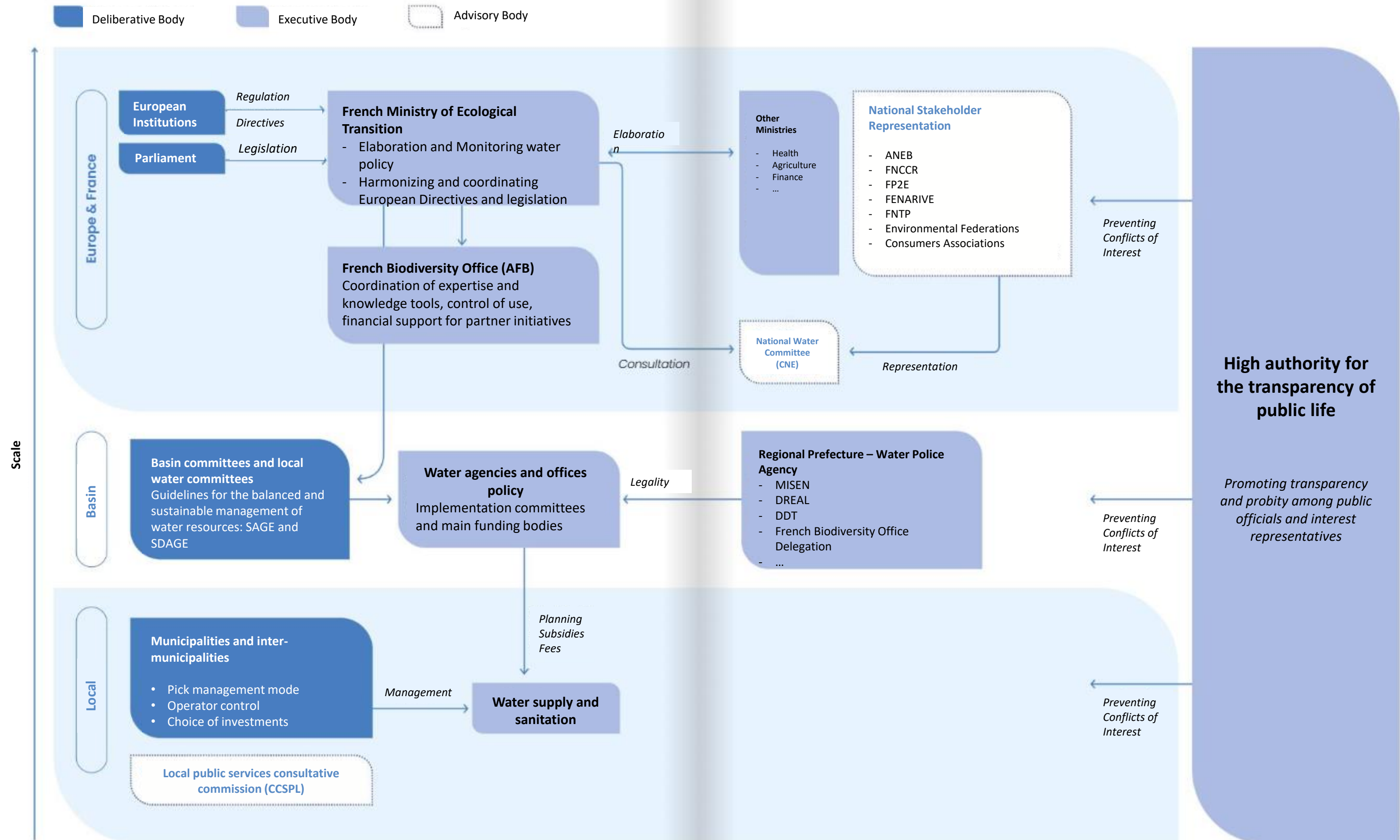


# Water Governance at Different Levels

**The water management remains decentralized and deconcentrated for the water sector in France**

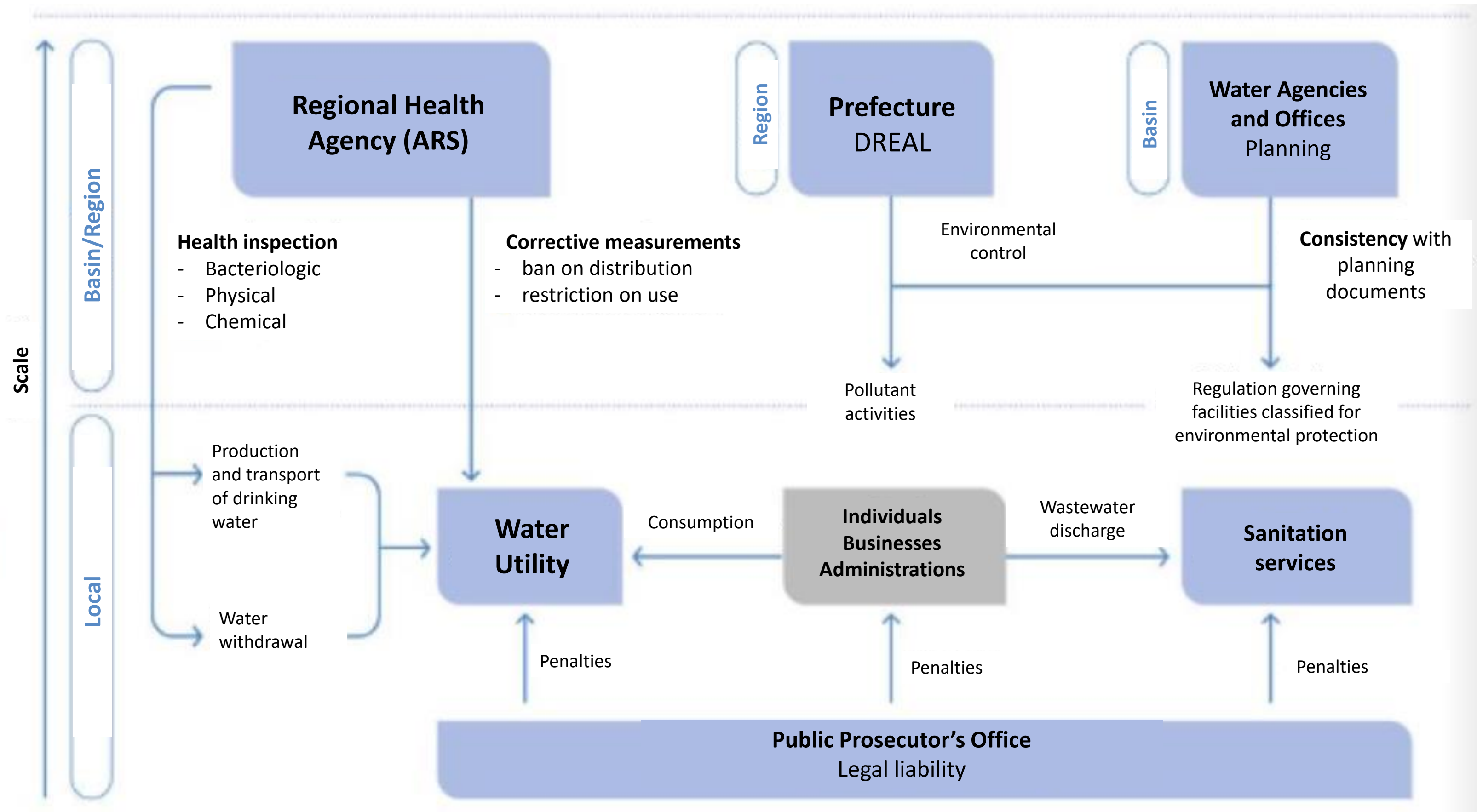


# Regulation Structure of Water Utilities 1/2

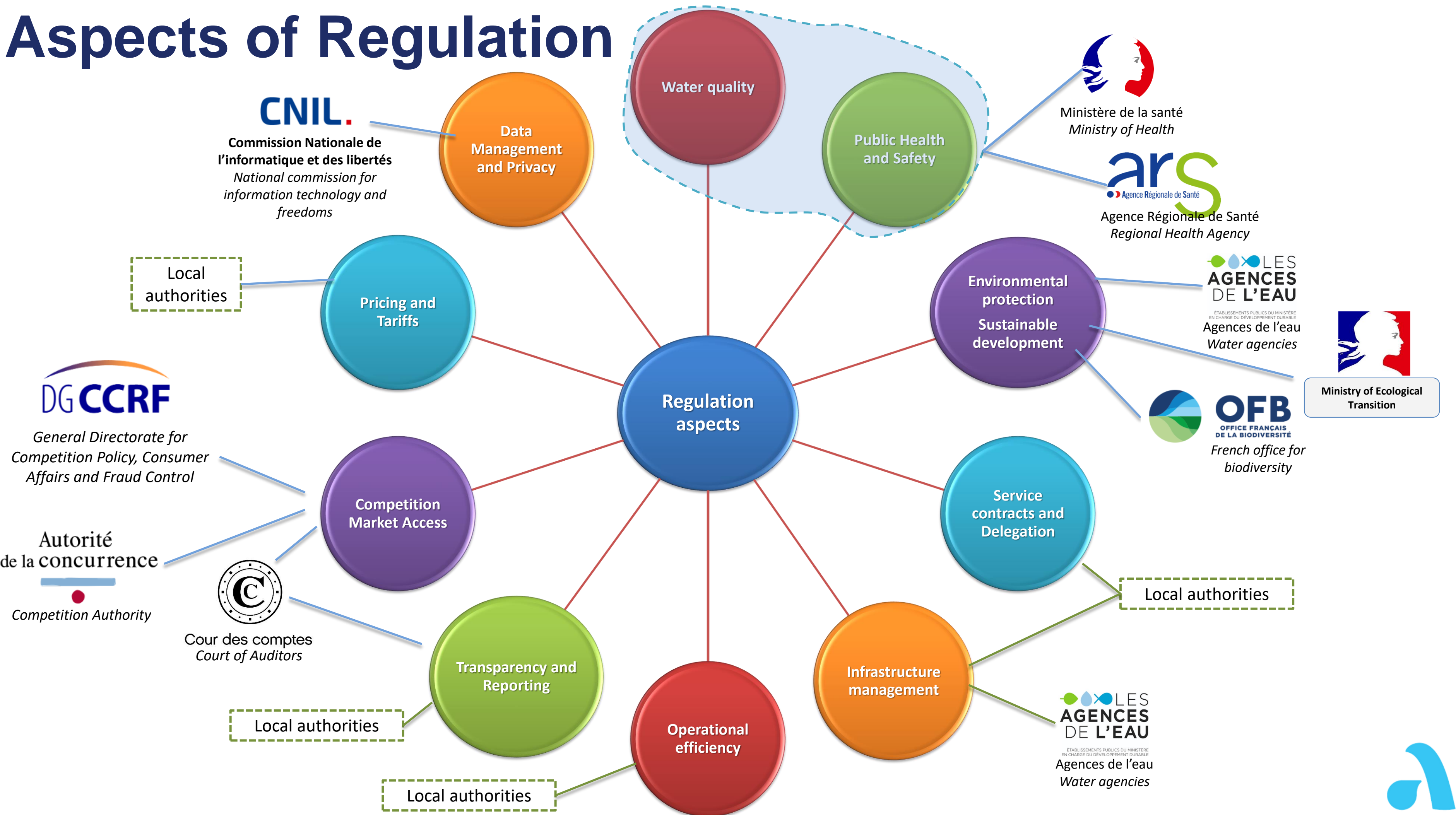




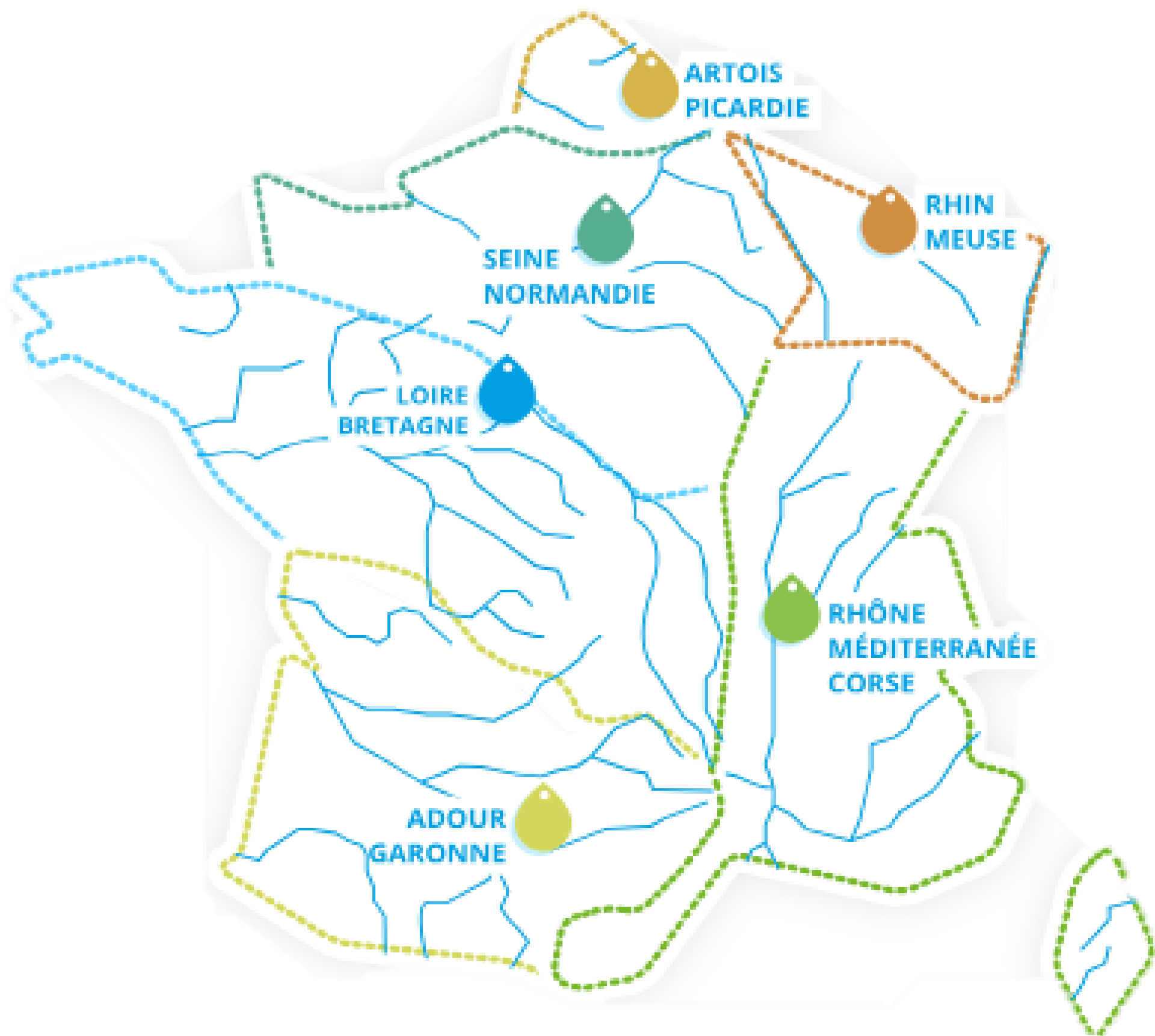
# Regulation Structure of Water Utilities 2/2



# Aspects of Regulation



# France: Specific organization for the water sector 1/2



## 6 water agencies govern water policy in France:

- Artois Picardie
- Seine Normandie
- Rhin Meuse
- Loire Bretagne
- Rhône Méditerranée - Corse
- Adour Garonne



Water agencies, public establishments of the State, are the **operators of water policy** in these large basins. They define their action framework according to the specific features of their territory, national guidelines or European commitments, and taking into account the strategy for water and aquatic environments drawn up and validated by “local water parliaments”, known as basin committees.

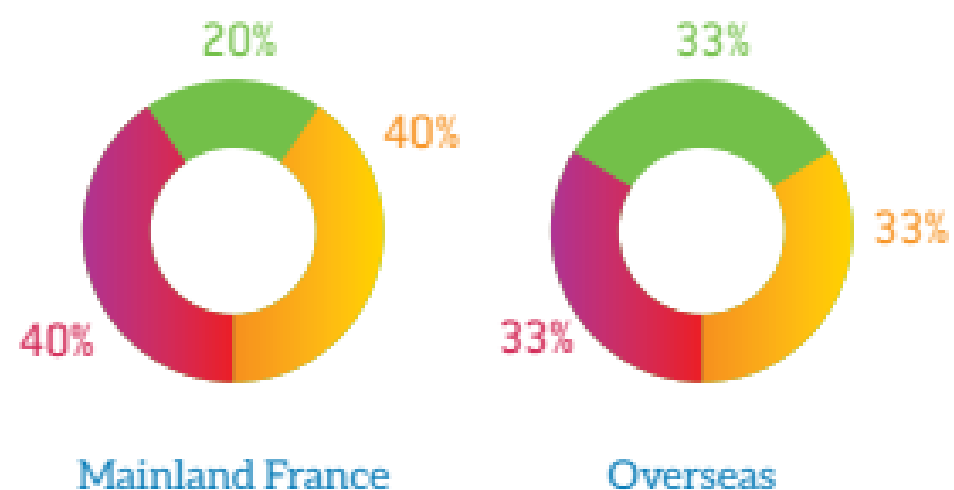




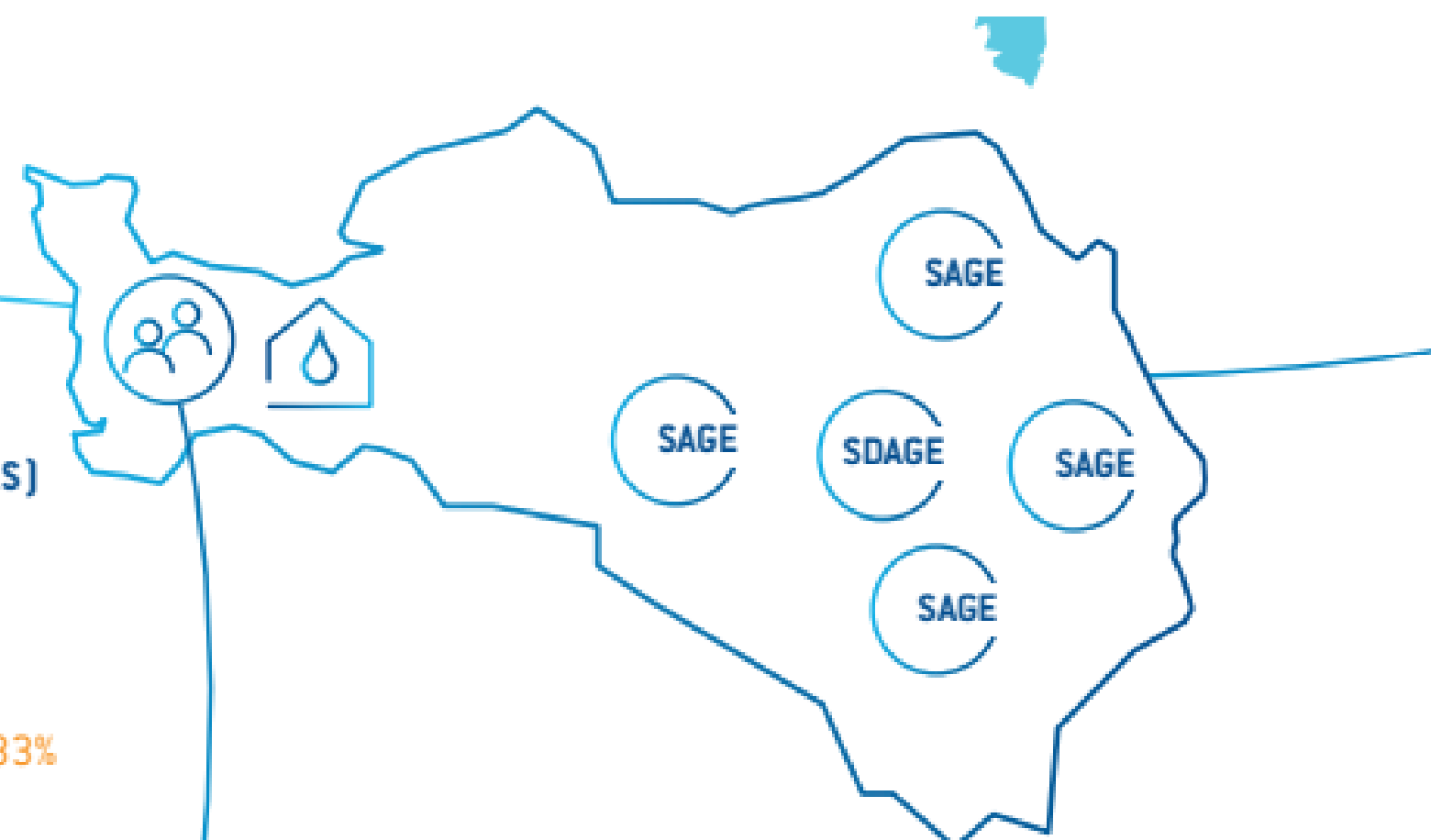
# France: Specific organization for the water sector 2/2

● ● ● At the hydrological basin level

COMPOSITION OF THE BASIN COMMITTEE  
(MAINLAND FRANCE) AND OF THE WATER  
AND BIODIVERSITY COMMITTEE (OVERSEAS)



- Local authority representatives
- Representatives of users and water user associations
- State representatives



-  Water Agency/(Mainland France)  
Water Office (overseas)
-  Basin Committee
-  SDAGE  
Water Development and Management Master Plan
-  SAGE  
Water Development and Management Plan



# Main Roles & Responsibilities: National level (1/3)

**General objective: Define water policy in compliance with European Directives and the Law passed by Parliament**



Ministère de la  
Transition Ecologique  
*Ministry of Ecological  
Transition*

Elaborates and follows the water policy up.  
Develops national water strategies

Provides guidelines to  
monitor performance of  
the water services

Sets and enforces water quality  
and environmental standards

Harmonizing and coordinating european  
directives and legislation



Ministère de la  
santé  
*Ministry of  
Health*

Coordinates and sets rules for tap  
water quality monitoring through  
Regional Health Agencies (ARS)

Manages water-related health  
crises and public information

Sets and enforces drinking water quality standards,  
ensuring public health protection through regular  
testing and surveillance of water supply systems.



Ministère des  
Finances  
*Ministry of  
Finances*

Manages the distribution of public funds for  
water infrastructure and services

Facilitates public-private partnerships in the  
water sector

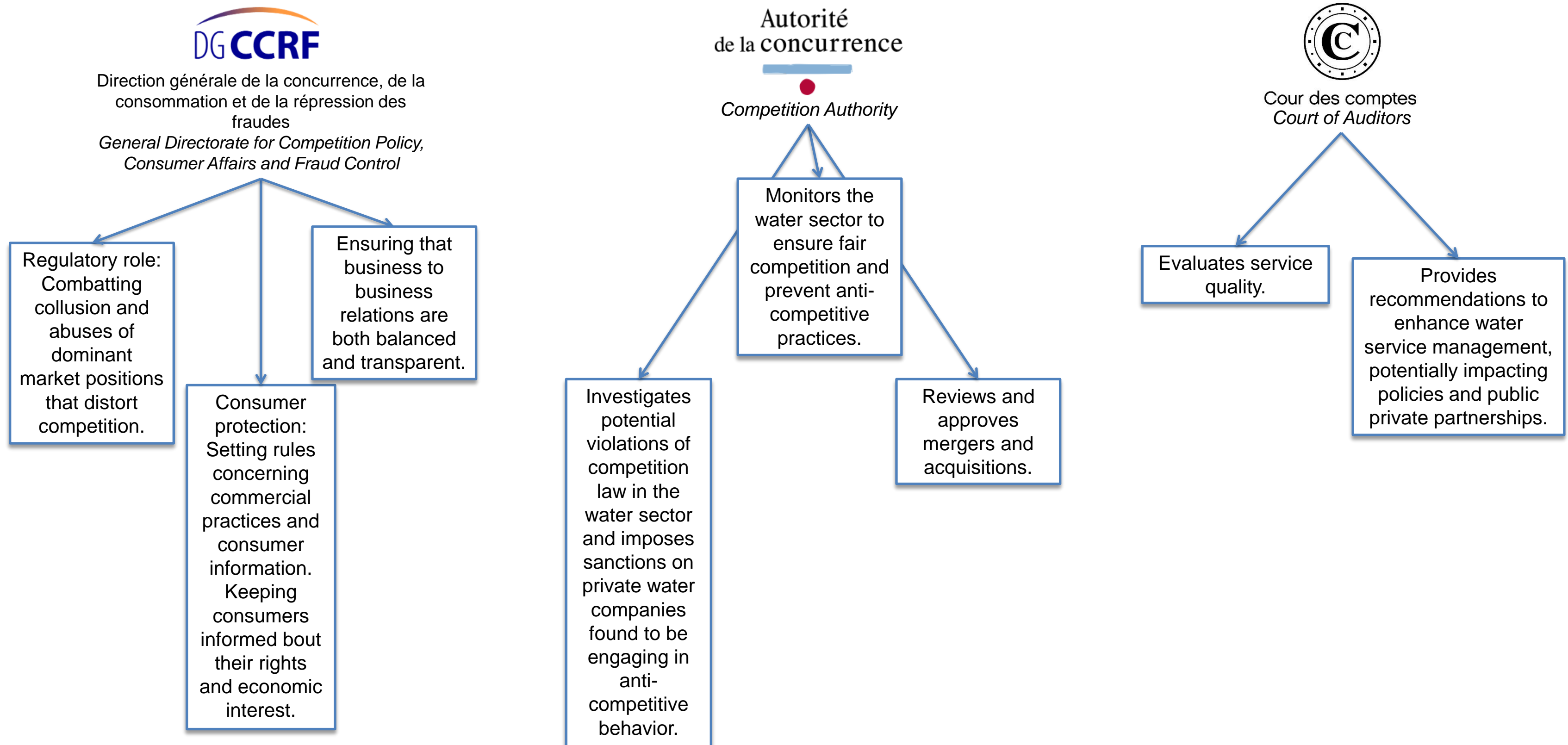
Allocates financial resources through grants,  
loans, and subsidies for water-related projects

Ensures water pricing is balanced for  
affordability and sustainability

Oversees taxation and incentives related to  
water usage, conservation and pollution  
control

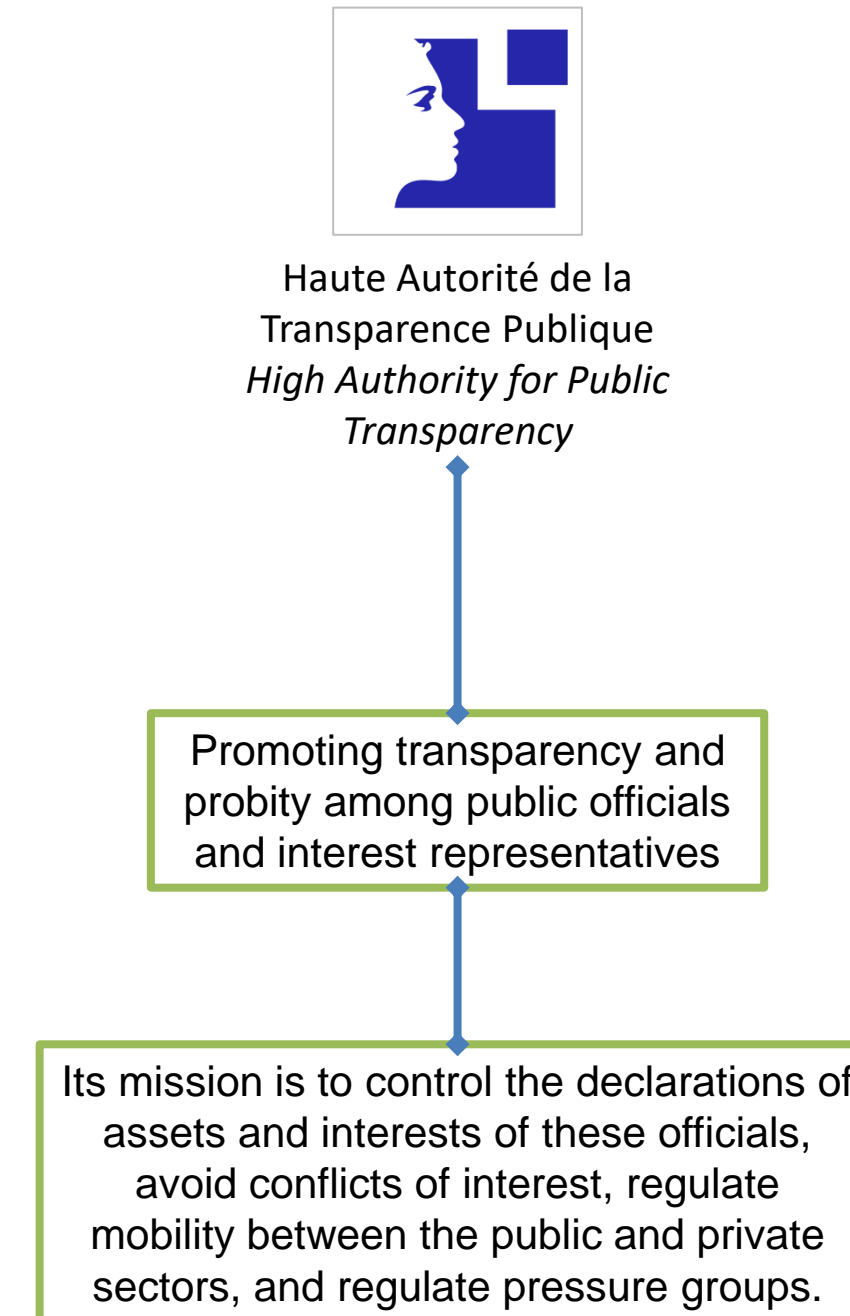
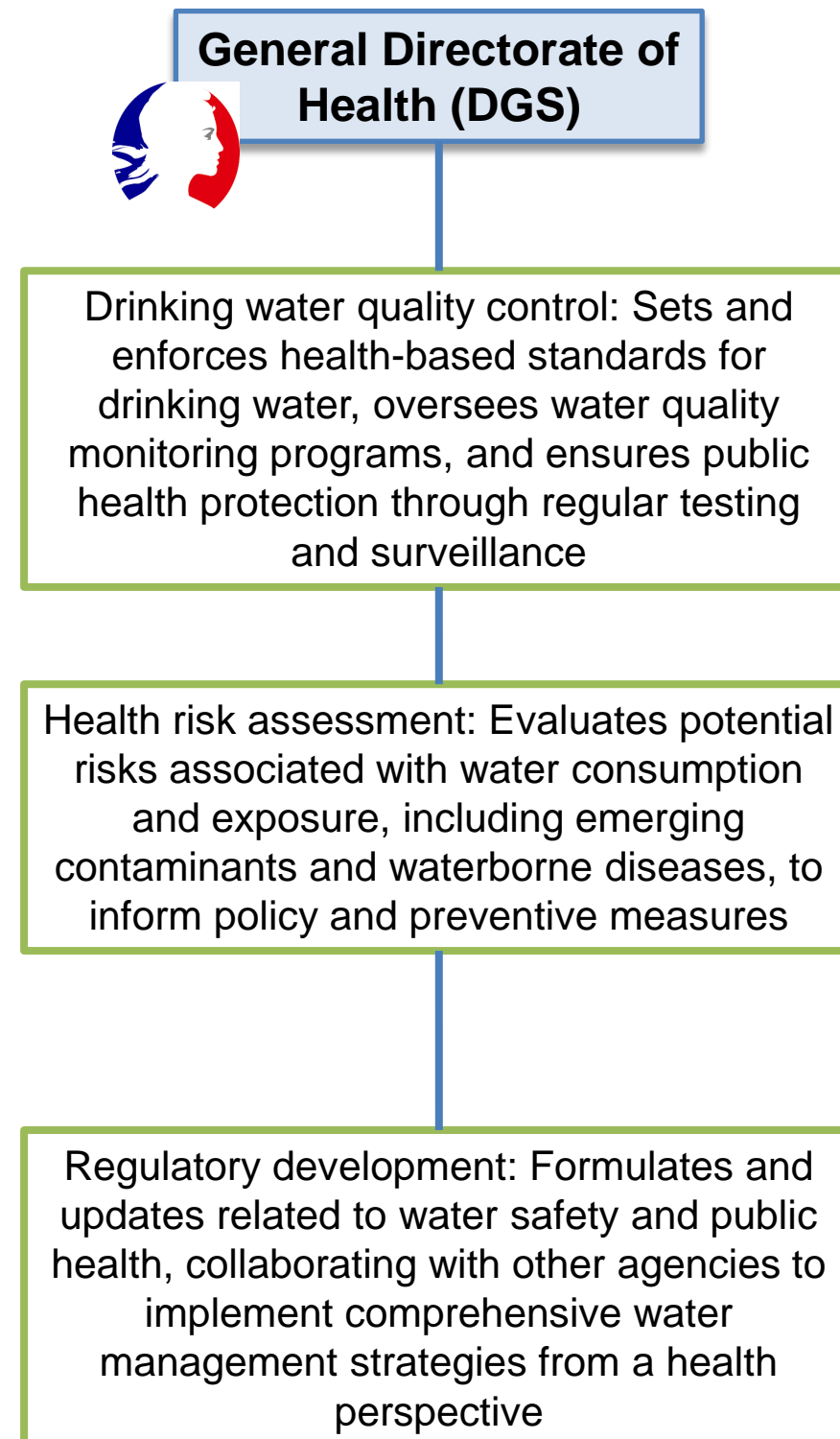


# Main Roles & Responsibilities: National level (2/3)

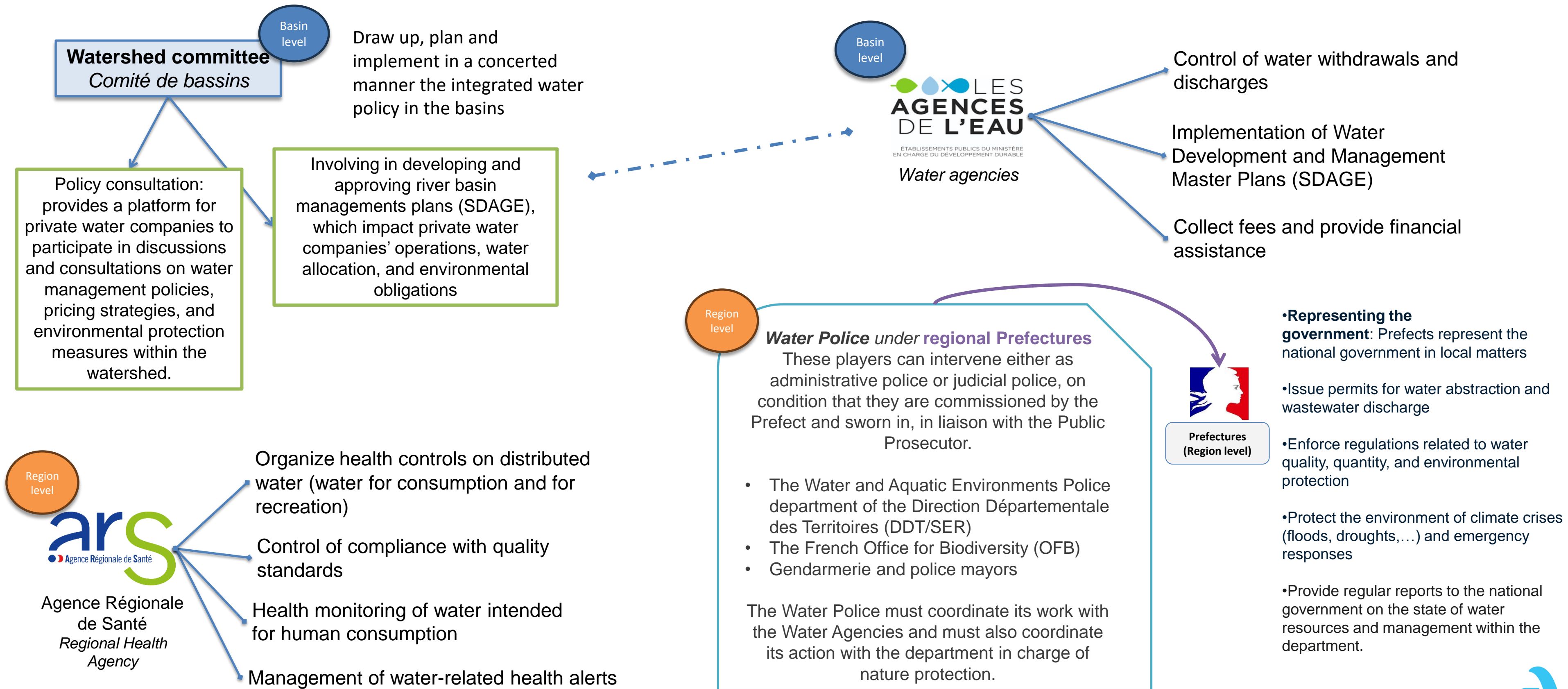




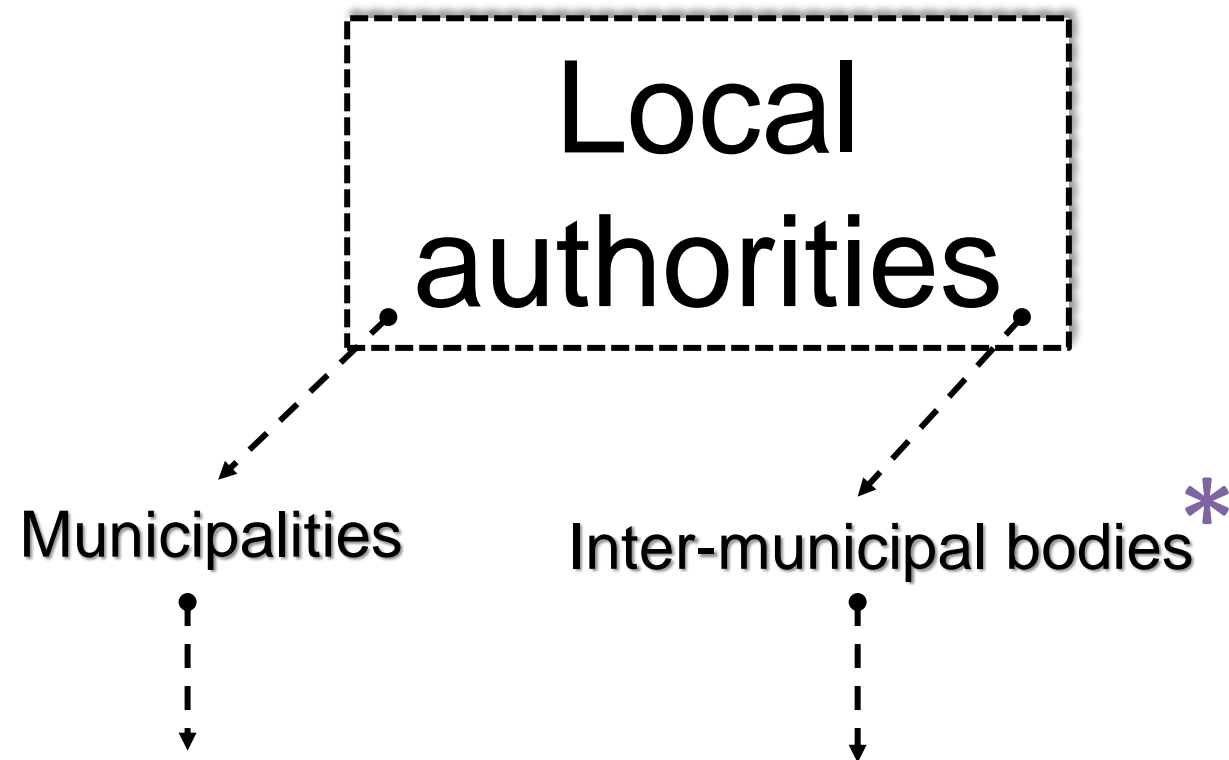
# Main Roles & Responsibilities: National level (3/3)



# Main Roles & Responsibilities: Regional/Basin level



# Main Roles & Responsibilities: Local level



- Organize and control water and sanitation services
  - Monitor the performance of private operators
- Choose the management mode (public or delegated)
  - Set water tariffs
- Make investments regarding infrastructure, compliance for their needs and national requirements

\* Municipal inter bodies (intercommunalités) are structures that group several municipalities together to cooperate on various issues and services.





# Tariffs Regulation (1/2)

## How are tariffs structured?

- **Standard :**

Fixed part+ straightforward volumetric part

*(Fixed part: must not exceed 40% in urban area and 30% in rural zone)*

- **Block-tariff / Progressive tariffs :**

Price/m<sup>3</sup> increases with consumption

2 strategy of setting: social or environmental

- **Seasonal tariff :**

Example Toulouse (34, Herault) :

+ 42% from June to October, when the level of the resource is at its lowest

And 30% less the rest of the year

- Local Authority Control

- Municipalities or inter-municipal bodies set water tariffs
- Decide on pricing structures and levels, considering local costs and investments

- National oversight

- Central government provides a regulatory framework
- National agencies monitor tariff trends and ensure transparency

- Consumer protection

- Tariffs must adhere to principles and affordability



# Who Levies Taxes and Charges on the Water Bill? (3/3)



**They receive various fees for the following purposes:**

Extraction  
of water  
resources



Water  
pollution



Modernization  
of collection  
network



# Two Main Principles in France



## “Financing water with water” principle

- The organizing authority, which is responsible for organizing the service, sets the tariffs for the public water and/or sewerage service. It collects the revenue from the water bill paid by the users and then passes on to the other players the share of the water bill intended for them; in the case of a public service delegation, the delegate collects the water bill and passes it on (after paying itself) to the organizing authority.



## “Polluter pays” principle

- The idea is that those who cause pollution should pay for the cost of cleaning it up. It's a key part of environmental law and is used to regulate pollution of the air, water and land.





# PPPs Scope

**Contract duration** (limited to a maximum of 20 years for drinking water – average duration of contracts = 7 years)

**Transparency** : Annual reports on the price and quality service (RPQS) // Delegate Annual Report (RAD) // Consultative Commissions for Local Public Services (CCSPL)

**Pricing** : Transparent and Equity

**Performance and quality** : Obligation to comply with strict water quality standards // Implementation of performance indicators

**Resource protection obligations**

**Infrastructure renewal** : Obligations concerning network maintenance and renewal

**End of contract** : Provisions on reversibility and information transfer at the end of the contract

**Control** : Reinforce control role of local authorities + Audits by Regional Audit Chambers



# Main Regulations Governing Water Supply and Sanitation (date: 11/21/24)

- **Water Law of 1992 (Loi sur l'eau):**
  - Establishes the basic principles of water management
  - Introduces the polluter-pays and user-pays principles
- **Water and Aquatic Environments Law of 2006 (Loi sur l'eau et les milieux aquatiques):**
  - Reinforces the 1992 law
  - Focuses on water conservation and protection of aquatic ecosystems
- **EU Water Framework Directive (2000):**
  - Aims to achieve good ecological and chemical status for all water bodies
  - Requires integrated river basin management
- **EU Urban Wastewater Treatment Directive (1991):**
  - Sets standards for collection, treatment, and discharge of urban wastewater
- **EU Drinking Water Directive (1998, updated in 2020):**
  - Establishes quality standards for drinking water
- **French Public Health Code (Code de la santé publique):**
  - Contains specific regulations on drinking water quality and sanitation
- **Environmental Code (Code de l'environnement):**
  - Includes provisions on water resource management and environmental protection
- **Stockholm Convention on Persistent Organic Pollutants (2001)**, which aims to ban certain polluting products



# Main Regulations Governing Water Supply and Sanitation (date: 11/21/24)

- **NOTRE Law (2015):**
  - Transfers water and sanitation competencies to inter-municipal bodies
- **Brottes Law (2013):**
  - Prohibits water service disconnections for unpaid bills
  - Introduces social tariffs for low-income households
- **Sapin Law (1993):**
  - Regulates public service delegation contracts, including those for water services
- **General Code of Local Authorities (Code général des collectivités territoriales):**
  - Defines responsibilities of local authorities in water and sanitation services
- **Grenelle Environment Laws (2009 and 2010):**
  - Set environmental objectives, including those related to water management
- **Local Water Police regulations:**
  - Enforce water-related laws and regulations
- **Local Urban Planning documents (PLU - Plan Local d'Urbanisme):**
  - Include provisions for water supply and sanitation infrastructure
- **River Basin Management Plans (SDAGE - Schéma Directeur d'Aménagement et de Gestion des Eaux):**
  - Establish water management objectives at the river basin level
- **Water Development and Management Plans (SAGE - Schéma d'Aménagement et de Gestion des Eaux):**
  - Implement SDAGE objectives at the local level





# AquaFed's Comments on French Regulation (1/2)

## Do you think the legal, policy and regulatory framework in France enables private operators to grow their business?

- The legal, policy and regulatory framework is designed to support the practice of calling in private operators (3 big plus a dozen of much smaller, local operators)
- The last deep modifications were done during 90':
  - 1993 "Sapin Law" on the prevention of corruption and transparency in economic life and public procedures, limits the duration of public service delegation contracts and provides rules for publicity and a competitive bidding procedure. This law inspired the 2014 EU Directive on concessions which is now the basis
  - 1995 'Barnier Law's «Annual report on price & quality of the service» -Acronym RPQS produced each year regardless of the public or private nature of the operator, presented by the mayor to its deliberative assembly for validation.
  - 1995 Mazeaud Act: "Annual report of (private) operator" presenting the contract settings, performance, and bookkeeping, submitted to deliberation of the local assembly.
  - 2007: Completed with the 29 National KPIs
- Hence by design the legislation allows operators to do business.

## What are the pros of the French system?

- The bidding process, transparency requirements and equality of treatment of bidders are sound principles taken-up by EU legislation, which result in bureaucratic yet fair bidding processes and limited litigations (2017 : 2%)
- The transparency requirements and the national portal of KPIs puts pressure on operators whatever their nature

## What are the cons of the French system?

- There are between 500 and 700 tenders annually, hence a very mature and lively market which nevertheless comes at fairly high transactional costs, which de-facto favour seemingly lighter supplies markets to in-house utilities
- Since 2000, private operations dropped by 10%:
  - Municipal Water is "a political commodity": the mayor grants the chairmanship or board position in remunicipalized bodies in exchange of support in other dossiers
  - Water is the last "fully local" public service (elec, telecom, social services) mostly escape to mayors
- The French model is isolated internationally, thus ignored / caricatured by all actors benefiting of the standard in-house system.



# AquaFed's Comments on French Regulation (2/2)

## Are there legal or regulatory barriers to innovation?

- Innovations like digitization spread very quickly and effectively
- But innovation that has an impact on public health or the environment (typically reuse) undergoes robust but lengthy procedures, including public surveys, and approval by State experts agencies. Lack of coordination between permitting bodies also contributes in slowing initiatives

## Could there be any regulatory incentives for innovation?

- The EU legislation is evolving, spotting areas where procedures etc can be shortened or even short-circuited for the quick uptake of “Net Zero technologies” etc. Water is struggling to be included
- A single-gate approach is being developed for example to authorise reuse projects

## Are there any legal or regulatory barriers to investment?

- Yes: per se, public water and wastewater services in France are not set to enable private entities to invest in water infrastructures. As a consequence, concessional investments are very limited
- Following the strong price increases in 1990 and 2000 to upgrade wastewater systems, price is the ultimate criterion for bids selection, resulting in a race to the bottom leaving limited capacity to invest.

## Could there be more regulatory incentives for investment?

- Experienced leaders call to ring-fence the water money more effectively.
- Reflexions are underway to unlock private investment in public infrastructures (potential revision of the EU concessions directive, but this might be detrimental to Water concessions, which are unique to FR, SP, CZ, RO and BG.
- A big push -unlikely to happen- would be a call for municipalities to revue and debate their water targets and financing every 5-6 years, as is de-facto done under concession.

## Do French regulators have efficient skills and capacity to be able to do their job?

- They do but the body of laws, instructions, by-laws and norms is extremely heavy, and in absence thereof, they request to refer to central administrations and advisory bodies.



# Annexes

- 1) Websites
- 2) Water management and representative bodies
- 3) Water cash flow
- 4) Further information: Water Plan

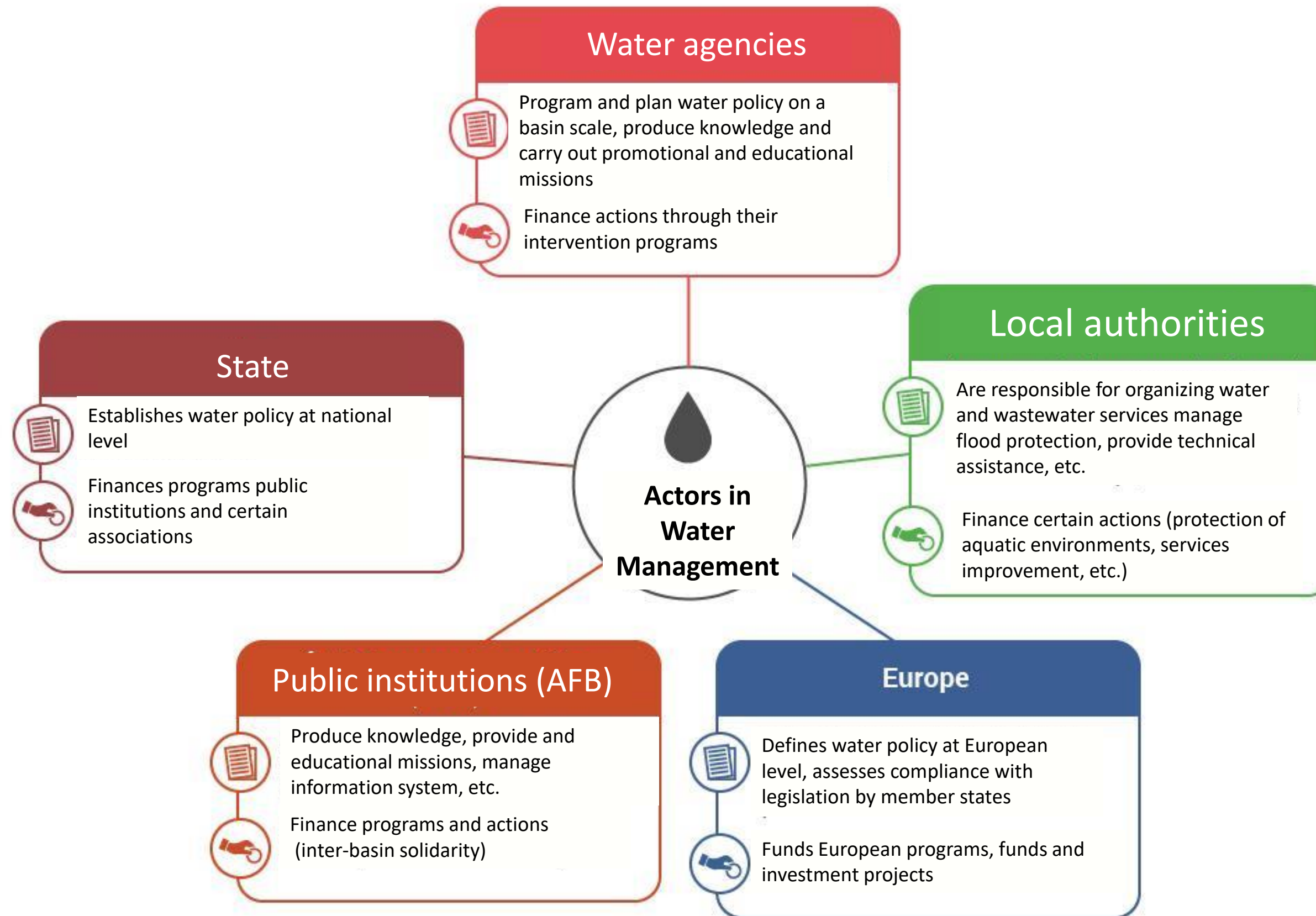


# Websites

- Role and responsibilities:
- [fp2e.org/flowpaper/rapport-BDO-FP2e-2023/#page=8](https://fp2e.org/flowpaper/rapport-BDO-FP2e-2023/#page=8)
- <https://www.tarn.gouv.fr/Actions-de-l-Etat/Eau-Environnement-Prevention-des-risques/Mission-Inter-Services-de-l-Eau-et-de-la-Nature-MISEN/Les-acteurs-de-la-MISEN-81-et-leurs-domaines-de-competences>
- <https://www.eaufrance.fr/glossaire/loi-ndeg-64-1245-du-16-decembre-1964-relative-au-regime-et-la-repartition-des-eaux-et-la>
- [Page d'accueil | Les agences de l'eau](#)
- Transparency – anticorruption
- [loi sapin 1 – Search](#)
- [Loi n° 93-122 du 29 janvier 1993 relative à la prévention de la corruption et à la transparence de la vie économique et des procédures publiques – Légifrance](#)
- [Loi Sapin : qu'est-ce que c'est ?](#)
- DGCCRF
- [https://www.economie.gouv.fr/files/files/directions\\_services/dgccrf/dgccrf/mission\\_organ/flyer\\_presentation\\_dgccrf\\_venglish.pdf](https://www.economie.gouv.fr/files/files/directions_services/dgccrf/dgccrf/mission_organ/flyer_presentation_dgccrf_venglish.pdf)
- <https://www.economie.gouv.fr/dgccrf>
- Autorite de la concurrence
- <https://www.autoritedelaconcurrence.fr/en>
- <https://www.eaufrance.fr/financer-leau-par-leau>
- [European laws :](#)
- <https://eur-lex.europa.eu/homepage.html>
- Water rates setting
- [Le prix de l'eau | Observatoire Sispea](#)
- Legacy and regulatory texts:
- <https://www.eaufrance.fr/les-principaux-textes-en-vigueur>
- Reports:
- [https://chairgovreg.fondation-dauphine.fr/sites/chairgovreg.fondation-dauphine.fr/files/attachments/190613\\_Synthese.pdf](https://chairgovreg.fondation-dauphine.fr/sites/chairgovreg.fondation-dauphine.fr/files/attachments/190613_Synthese.pdf)
- Water management and Basin Committee
- <https://www.ecologie.gouv.fr/politiques-publiques/gestion-leau-france>
- <https://eau-grandsudouest.fr/comite-bassin/comite-bassin/role-fonctionnement-comite-bassin>







# Management of water and aquatic environments by hydrological basin

● ○ ● At national level



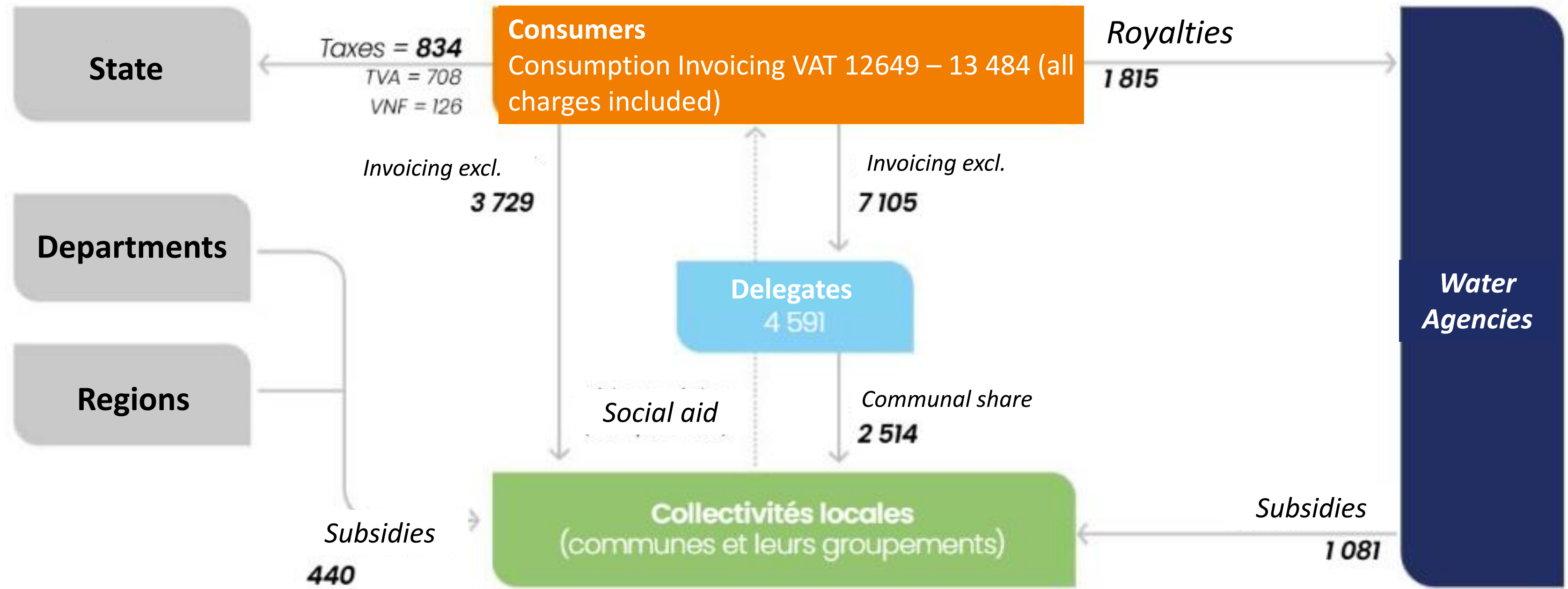
● ○ ● NATIONAL WATER COMMITTEE

- State representatives
  - Parliamentarians
  - Representatives of Basin Committees and Water and Biodiversity Committees
  - Local authority representatives
  - User representatives
  - Water Office representatives
  - Local Water Committee representatives
- Qualified individuals



# Financial flow of water services

Financial flow of water services in France in 2021 (in millions of euros)



# Further Information: Water Plan

- **Water Plan**

Within the framework of ecological planning, the action plan for resilient and concerted water management aims to guarantee quality water for all and preserve ecosystems. Its 53 measures are designed to meet three major challenges: sober use, quality and availability of the resource. The plan also aims to improve the response to drought crises.

The action plan for resilient and concerted water management was presented on March 30, 2023. The development of this plan was based on collaborative work with all stakeholders. The Comité national de l'eau (National Water Committee) and the river basin committees were consulted to share their issues and proposals. The means to be mobilized to achieve the plan's objectives involve the State, local authorities, economic players, associations and citizens. The action plan is based on three pillars: fostering concerted local governance based on scientific projections ;strengthening engineering and ensuring financial resources commensurate with the stakes involved; pursuing research and innovation efforts to provide the most accurate data and appropriate technologies.

**Objectives:**

- save water for all stakeholders, with a target of -10% water withdrawal by 2030;
- better planning, by defining the objective territory by territory;
- better measurement of volumes abstracted.

[Plan d'action pour une gestion résiliente et concertée de l'eau | Ministère du Partenariat avec les territoires et de la Décentralisation Ministère de la Transition écologique, de l'Énergie, du Climat et de la Prévention des risques Ministère du Logement et de la Rénovation urbaine](#)

