Co-organization:

Lisbon International Centre for Water

With the participation of:

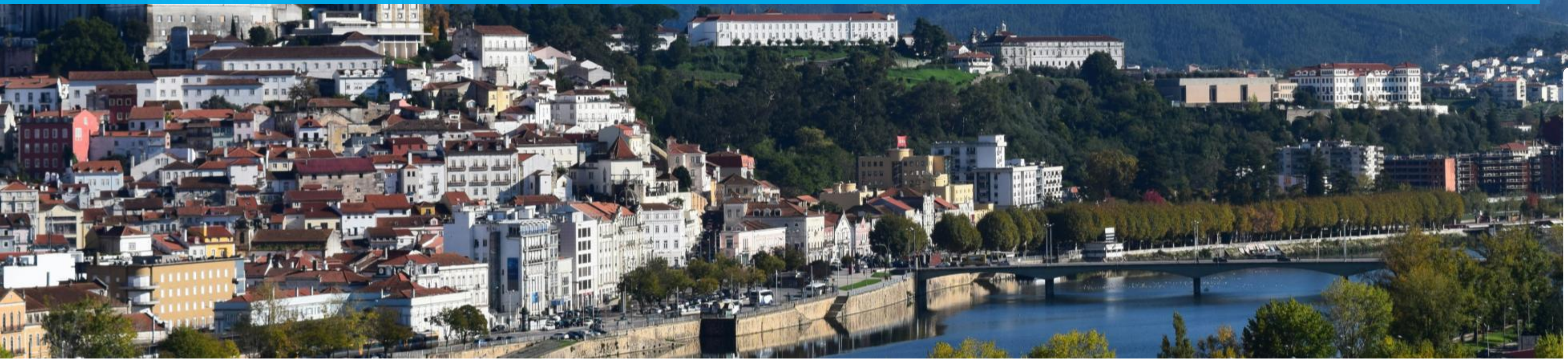
World Bank Group Water

GWSP Global Water Security & Sanitation Partnership

the international water association

Sector Reform in the Real World: Leadership Lessons from Water Sector Transformations

17 JUNE 2026



inspiring change

WEBINAR INFORMATION – HOUSEKEEPING RULES

- This webinar will be **recorded and made available "On-demand"** on the IWA Connect Plus and the IWA website with relevant information.
- The **speakers** are responsible for **securing copyright permissions** for any work that they will present of which they are not the legal copyright holder.
- The opinions, hypothesis, conclusions or recommendations contained in the presentations and other materials are the **sole responsibility of the speaker(s)** and do not necessarily reflect IWA opinion.

WEBINAR INFORMATION – HOUSEKEEPING RULES

the international water association

- **‘Chat’ box**: please use this for general requests and for interactive activities.
- **‘Q&A’ box**: please use this to send questions to the panelists.
  (We will answer these during the discussions)

Please Note: *Attendees’ microphones are muted. We cannot respond to ‘Raise Hand’.*

WELCOME & FRAMING

RITA AMARAL

Executive Director
Lisbon International Centre for Water (LIS-Water)

SETTING THE SCENE:

the international water association

YOGITA MUMSSEN

Practice Manager
Water Policy & Regulations Unit, World Bank Group

Co-organization:

With the participation of:

SECTOR REFORM IN THE REAL WORLD | CASE 1: UK

UNITED KINGDOM CASE STUDY

MAKING LONG-TERM RISK VISIBLE

Presented by:
David Satti
Chief Executive, WICS
Chair, IWRF 2026

inspiring change

SETTING THE FRAME

The UK is not one water model

Different approaches, but similar leadership challenges

England
Private companies
Ofwat | DWI | EA
Defra

Wales
Mainly not-for-profit
Ofwat | DWI | NRW
Welsh Government

Scotland
Publicly owned
WICS | DWQR | SEPA
Scottish Government

Northern Ireland
Government-owned
Utility Regulator | DWI NI | NIEA
Department for Infrastructure

We all have lessons that peers can learn from – one we have in common is who makes long-term risk visible before crisis?

THE REFORM TRIGGER

When long-term risks become visible

The Independent Water Commission points to risks that built across the system in England and Wales, not one isolated failure.

ECOLOGICAL STATUS

16%

England water bodies at good ecological status

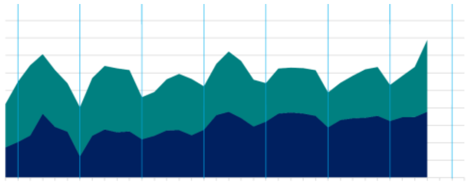
(Wales 40% | Scotland 66%)

INVESTMENT STEP CHANGE

+400%

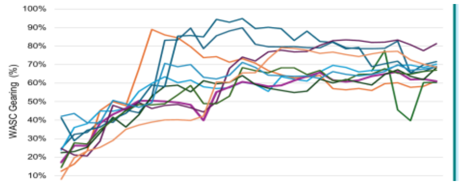
PR24 enhancement expenditure versus PR19 was overall allowance around 71% higher

INVESTMENT PROFILE



Repeated peaks and troughs across price review periods

FINANCIAL RESILIENCE



WASC gearing: 4% to 72% from 1991 to 2009

These are not separate stories. They are different signs of long-term risk becoming visible.

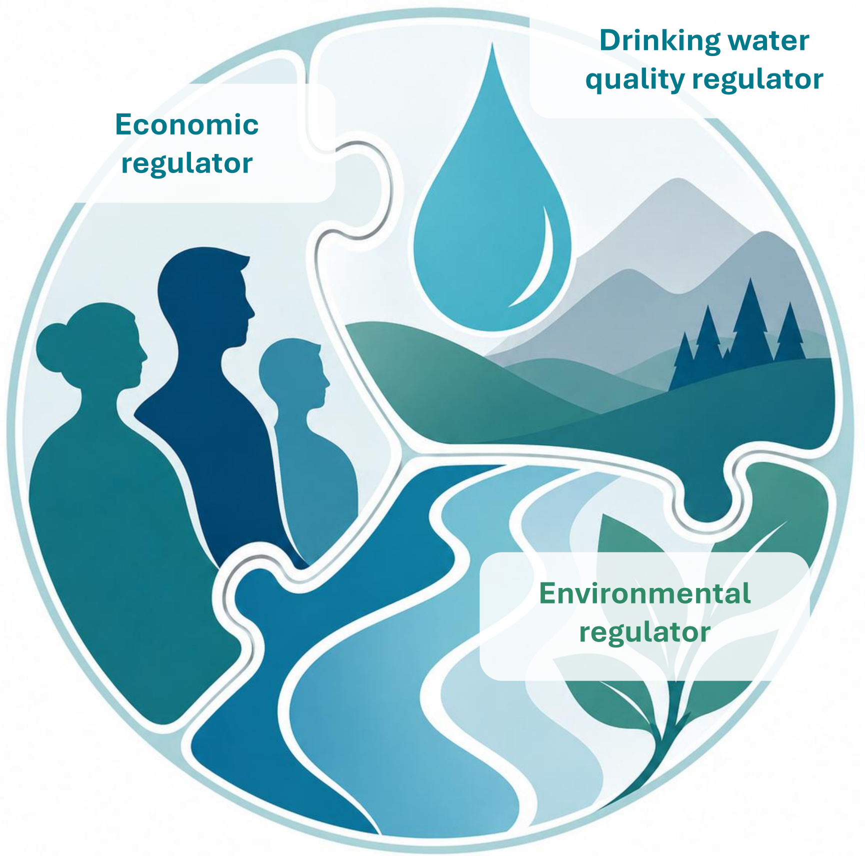
The leadership question: did the system see the risks clearly enough, early enough, and know who should act?

Source: Independent Water Commission Final Report, 2025. Comparative ecological status and financial/investment figures simplified for slide use.

THE GOVERNANCE DIAGNOSIS

Clear roles. Shared visibility. Accountable action.

Customers experience one connected system. Institutions often see fragments.



One lived system

FEWER GAPS.

Risks should not sit between institutions.

CLEARER TRADE-OFFS.

Decisions need to consider the whole system.

ONE VIEW OF RISK.

Cunliffe's answer for England is integration.

The wider lesson is that trade-offs must be visible, owned and explained.

Source: Independent Water Commission Final Report, 2025.

Supervisory regulation is disciplined judgement

The target is fixed. The judgement is in the path.

Not black-and-white compliance. Not unconstrained discretion. Judgement within clear boundaries.

Fixed destination

Statutory objectives
Public health
Environmental protection
Customer interests

Judgement over the path

Timing
Sequencing
Trade-offs
Deliverability

Accountable route

Evidence
Reasons
Transparency
Escalation

Bank of England analogy: judgement is not over the 2% inflation target, but how and when to return to it.

WHAT THIS LOOKS LIKE IN PRACTICE

Scotland: foundations to build from

Useful foundations, but the model needs to become more infrastructure-led and evidence-led.

What works well

Role clarity
Ministers set objectives and principles. Scottish Water owns delivery. Regulators retain distinct duties.

EBR and EBP
Collaboration and open challenge support the agreed long-term vision for the sector.

One-to-one relationship
A single economic regulator and a single publicly owned company creates scope for deeper dialogue.

Areas to improve

Infrastructure-led understanding
A stronger grip on asset health, resilience, deliverability and replacement needs.

Evidence-led assurance
Less reliance on assertion or relationship. More structured testing of risk, cost and delivery.

Flexibility with accountability
More judgement over timing and sequencing, with transparency and clear responsibility for decisions.

The point is not closer relationships for their own sake. It is better-informed judgement in the long-term interests of customers.

Peer review: OECD, Scotland's Approach to Regulating Water Charges, review of SRC21.

Three transferable leadership lessons

The hardest reform is not institutional design. It is honest engagement with cost, value and risk.

1 Structure matters, but it is not enough

Ownership and institutional design shape incentives. They do not remove long-term risk.

2 Role clarity must enable collaboration, not avoidance

The danger is not only conflict. It is everyone waiting for someone else to act.

3 Supervisory regulation needs informed judgement

Judgement is credible only when grounded in evidence, infrastructure understanding and accountability.

Make long-term risk visible early enough for society to choose, not inherit, the consequences.

Water risk is not eliminated by silence. It is transferred.

THANK YOU

Contact: dsatti@wics.scot

Co-organization:

lis water Lisbon International Centre for Water

With the participation of:

WORLD BANK GROUP Water

GWSP GLOBAL WATER SECURITY & SANITATION PARTNERSHIP

IWA the international water association

SECTOR REFORM IN THE REAL WORLD | CASE 2: Brazil

Brazil's new sanitation law:

REFORM IN MOTION

Presented by:
Veronica Sánchez Da Cruz Rios
Former President, ANA, Brazil

inspiring change

CONTEXT AND WHAT MOTIVATED THE REFORM

the international water association

- Structural deficit in water and sanitation services
- Limited investment capacity under the previous model
  - Required **R$40 - 50 billion per year** required to achieve universalization by 2033.
- Institutional fragmentation and regulatory uncertainty
- Lack of competition and efficiency incentives
  - Public monopoly - approximately 70% of service contracts were historically awarded through non-competitive “program contracts”, limiting private sector participation and efficiency gains.
- Strong linkage between sanitation deficits and public health costs

Water supply

- population served by water supply - 84% - 174 million people
- Unserved population – 39.4 million people

Sewage services

- Population served with sewage – 62.3 % - 117.3 million people
- Unserved population – 96 million people

LEADERSHIP AND POLITICAL PRIORITY

- Bring water and sanitation to the political agenda as a priority
- High level political sponsorship
- Stages
  1. Executive – President
  2. Legislative – Federal level
  3. Governors and Mayors

1. **Favorable environment for pro-investment reforms**
2. **Alignment and leadership from the Federal Executive**

- Prioritization of sanitation as a strategic national policy
- Coordinated effort to secure legislative approval
- Strong focus on **private sector participation, legal certainty, and competition**

3. **COVID-19 pandemic as a political and social catalyst**

→ Critical to unlocking a long-stalled reform agenda.

WATER AND SANITATION AS A POLITICAL PRIORITY

Main stages at the Federal level:

- Problem diagnosis and agenda setting (2016 -2018)
- Preliminary attempts through Provisional Measures (MPs)
- Submission of Bill No. 4,162/2019
- Building a political coalition
- Technical review and negotiation of the bill’s text
- Approval in the Chamber of Deputies
- Approval in the Federal Senate (Pandemic COVID-19)
- Presidential sanction and enactment of Law No. 14.026/2020
- Regulation and institutional implementation

STATE GOVERNORS

- **Key Decision stages for State Governors and Mayors:**

1. Regionalization strategy
   - Define the structure and geographic scope of regional service provision, ensuring economic viability through scale and cross-subsidization.
2. Legal and Institutional Structuring
   - Legal framework at state level defining regionalization strategy and Governance structure preserving municipal competences.
3. Hiring specialized institution to structure projects
   - BNDES
4. Definition and selection of the model
5. Approval process
   - Legislative (state), Municipalities, accounting court, justice

STATE GOVERNORS

6. Regulatory framework definition
   – Assign and align regulatory authorities, incorporating national reference standards to ensure consistency and predictability.
7. Auction preparation and market engagement
8. Auction and contract signing
9. Implementation and contract management

CHALLENGES DURING THE PROCESS OF REGIONALIZATION AND PROJECT MODELLING

the international water association

- **Negotiation with key municipalities ("anchor effect")**
  - Large, economically attractive municipalities are essential to ensure the financial viability of regional blocks through cross-subsidization.
- **Intergovernmental coordination and governance challenges**
  - Tension between municipal ownership of services and state-led regionalization strategies.
  - Complexity in defining governance arrangements (decision-making on tariffs, investments, and regulation).
- **Tariff structure: affordability vs. financial sustainability**
- Need to adjust tariffs to ensure **economic-financial equilibrium** and attract private investment.

CHALLENGES DURING THE PROCESS OF REGIONALIZATION AND PROJECT MODELLING

the international water association

- **Resistance from state-owned companies and labor unions**
  - Concerns over loss of market share, revenues, and institutional relevance of state-owned utilities.
  - Fear of job losses and changes to employment conditions.
  - Political and legal actions to delay or reshape regionalization and bidding processes.
- **Transition of existing contracts and legacy liabilities**
  - Need to terminate or adapt existing program contracts.
  - Disputes over compensation for non-amortized assets.
  - High risk of litigation, leading to delays and increased uncertainty for investors.
- **Regulatory coordination and legal certainty**
  - Need to harmonize regulatory standards across multiple agencies.
  - Implementation of national reference norms.
  - Ensuring long-term predictability to secure investor confidence.

KEY GOVERNANCE ELEMENTS

1. Clearly Defined Institutional Roles and Responsibilities
   - Litigation – Supreme Court of Brazil
2. Intergovernmental Coordination
   - Federal, states and municipalities
3. Regional Governance Structures
   - Each state defined its own strategy and Governance structure
4. Regulatory capacity
   - National Reference standards – ANA
   - Contracts
5. Transparent Decision making and implementation of contracts
6. Fiscalization and performance monitoring

LESSONS LEARNED

- High-level political sponsorship
  - Engagement is essential and must be continuous
- Social legitimacy is demonstrated by results
  - Fast results in low-income communities and social tariff
- Communication in key to enable reform adoption and sustainability.
  - Early successes (e.g., Rio de Janeiro and Alagoas) created momentum for new auctions (more than 50)
- Economic incentives
  - Properly designed incentives drive adhesion and performance
  - Bankable project structures attract competition

  - The combination of **successful auctions and substantial concession fees** created a virtuous cycle - validating the reform, aligning political incentives, attracting capital, and accelerating the scale-up of investments in the sanitation sector.

THANK YOU

Contact: verosanchezdcr@yahoo.com.br

Co-organization:

With the participation of:

SECTOR REFORM IN THE REAL WORLD | CASE 3: PHILIPPINES

How do you sustain a 25-year concession through political change?

SNAPSHOT AND PANEL ON PRIVATE PARTICIPATION, PUBLIC ACCOUNTABILITY, AND CONCESSION DESIGN.

Presented by:
Virgilio C. Rivera, Jr.
Former COO of Manila Water
Founder-MD of WatSan Analytics

inspiring change

THANK YOU

Contact: perryrivera@watsananalytics.com

Co-organization:

With the participation of:

SECTOR REFORM IN THE REAL WORLD | CASE 4: MALAYSIA

Leadership Lessons from Water Sector Transformations

MALAYSIAN SYSTEMIC WATER SECTOR REFORM

Presented by:

Loga Veeraiah

Suruhanjaya Perkhidmatan Air Negara (National Water Services Commission, SPAN), Malaysia

inspiring change

WATER SERVICES IN MALAYSIA

SPAN Suruhanjaya Perkhidmatan Air Negara

IWA the international water association

Water

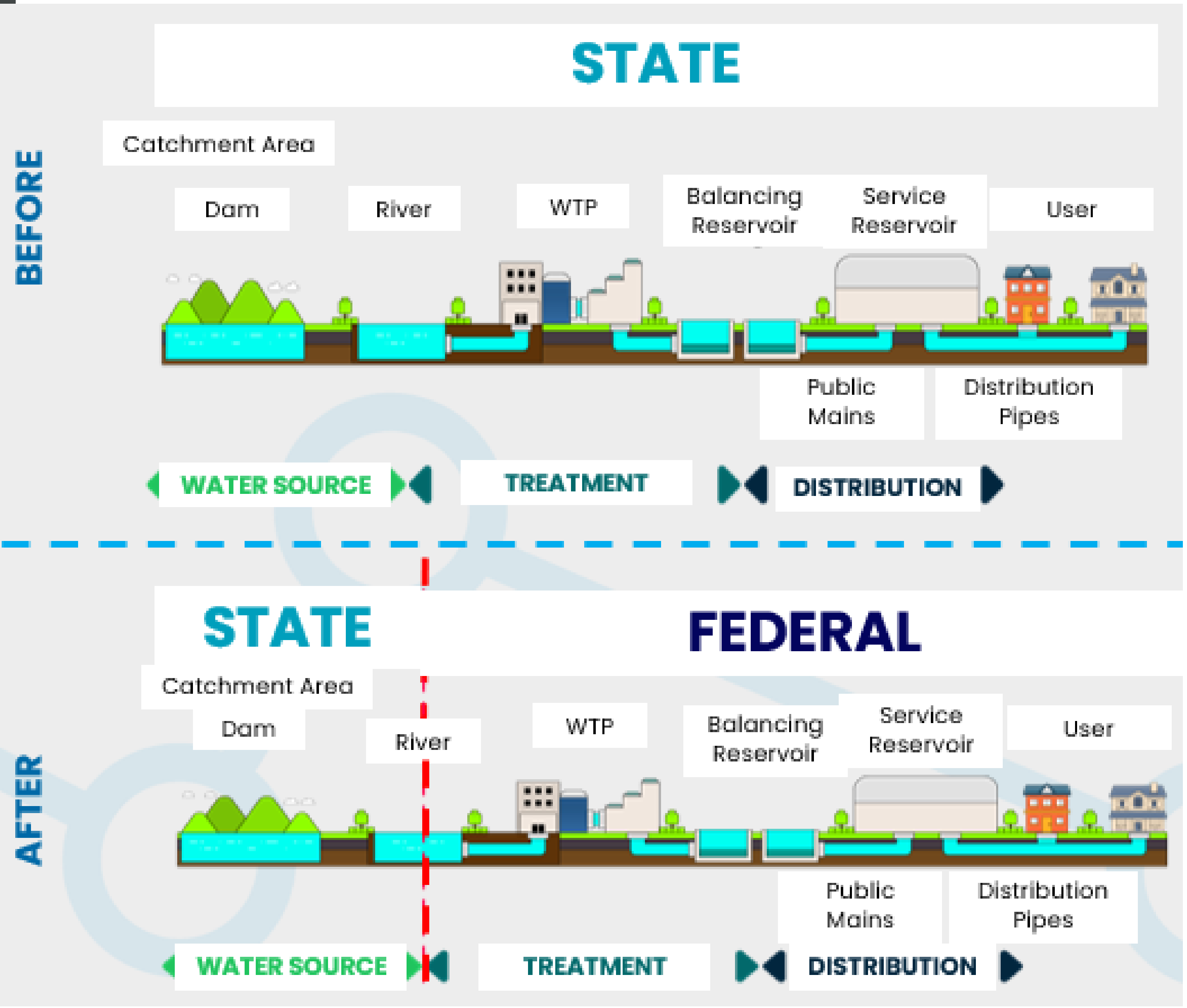
- Pre Independence: Local Public Works Department (PWD) of Municipal Councils
- 1957: Water Supply Branch of the federal PWD provided consultation and technical advice to state water supply authorities
- 1990: Kedah & Perak privatized parts of their water services
- 1993: Water supply under state water departments or state-owned water operator or private operator
- 1994: Selangor, Johor, Kelantan and Penang privatize their entire water supply system
- 2004: Water sector reform initiated
- 2006: *Pengurusan Aset Air Berhad (PAAB)* was established
- 2006: **Water Services Industry Act 2006 (WSIA) & SPAN Act 2006 was enacted**
- 2007: **SPAN was established**
- 2008: **Enforcement of WSIA**
- 2008: State Water Operators started to operate as licensee (Service Licensee and/or Facility Licensee)
- Current: 10 out of 12 state has completed restructuring

Sewerage

- Pre Independence: Manage by Local Sanitary Board
- 1957: Urban by Municipals, Rural by Ministry of Health
- 1957: Managed by the 144 Individual Local Authorities
- 1993: Sewerage Services Act was passed (Dec 1993)
- 1993: Concession was given to IWK*
- 1994: Sewerage Services Department (SSD) was formed
- 1994: IndahWater Operate as concession
- 2000: Ministry of Finance bought over IWK
- 2008: IWK operates as Authorised Person
- Current: IWK operates as Service Licensee

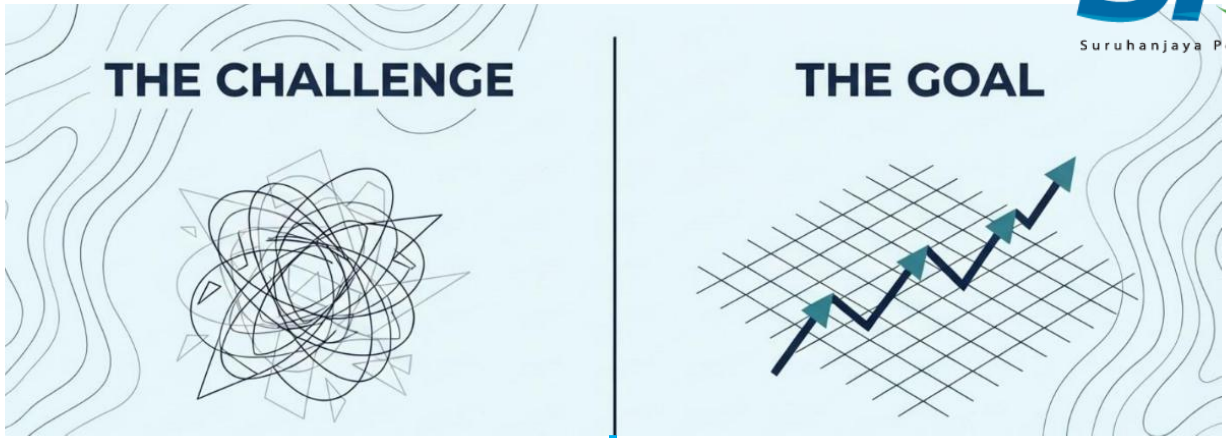
**IWK has been appointed by the Federal Government as a Sewerage Services Concessionaire pursuant to the Concession Agreement dated 9 December 1993 and now operates as an Service Licensee pursuant to the Water Services Industry Act 2006. IWK's Concession Agreement will end on 31 December 2034"*

THE NEED FOR REFORMATION IN MALAYSIA



Fragmented Governance	State based approaches	Ownership issues / Land vs assets
Financing constraints / Insufficient revenue	Revenue Leakage / Services monopoly	No / minimal cost recovery
Infrastructure Gaps / Financial burden	Privatised Model in some states	Ownership issues / Land vs assets

CHALENGES & ENABLERS OF THE REFORM



STATES OPERATED AT DIFFERENT MECHANISMS

LIFTING FINANCIAL BURDENS – POLICITAL CHALLENGES OF TARIFF REVIEW

HIGH NRW – UNREALIASED PROFITS

ALIGNING FEDERAL AND STATE INTERESTS – ENSURING THERE IS INCENTIVES FOR STATES

PUBLIC TRUST – BALANCING AFFORDABILITY AND SUSTAINABILITY

ECONOMIC GROWTH & FINANCIAL STABILITY

CLOSING INFRASTRUCTURE GAPS

NATIONAL WELL-BEING

STANDARDISATION

PROMOTING SUSTAINABILITY & INNOVATION (CLIMATE RESILIENCE)

MALAYSIAN WATER REFORM – GOVERNANCE

SPAN
Suruhanjaya Perkhidmatan Air Negara

IWA
the international water association

FEDERAL CONSTITUTION
(Amended and gazetted on 10 Feb 2005)

Governing water supply services

- Federal Laws On Environment, Building, Health etc.
- Federal Departments

Governing environment, building, health

- State Water Enactment (raw water)
- State Water Department

Governing water basin, extraction and water supply

Note:

The Water Services Industrial Act (WSIA) 2006 (Act 655):
This Act stipulates the provisions for the regulation of water supply and sewerage services and related incidental matters.

***The Suruhanjaya Perkhidmatan Air Negara* (SPAN) Act 2006 (Act 654):**
The Act is the foundation for the establishment of the National Water Services Commission (SPAN). It grants the power for the Commission to oversee and regulate water supply and sewerage services and enforce water supply and sewerage services laws and related matters.

CURRENT WATER SERVICES GOVERNANCE

01 **Ministry of Energy Transition and Water Transformation (PETRA) –** Water and sewerage policy makers

02 **State Government –** Water resource management, water resource abstraction, and water catchment management

03 **National Water Council (Majlis Air Negara, MAN) –** Establish national water management and development policies, directions and approaches.

04 **SPAN –** Single national regulatory agency that regulates water supply and sewerage services in Peninsular Malaysia and FT Labuan

05 **Strategic Regulator Partners –** Department of Environment (DOE), Department of Irrigation and Drainage (JPS), Ministry of Health (MOH) and Local Authorities

SPAN'S ESTABLISHMENT

the international water association

- SPAN regulates **economic, social and technical** aspects of water supply and sewerage services in Peninsular Malaysia and the Federal Territory of Labuan.
- Established on 1st April 2007 under the Suruhanjaya Perkhidmatan Air Negara Act 2006 (Act 654).
- The Water Services Industry Act 2006 (Act 655) was approved by Senate and enforced on 1st January 2008.

VISION

"Towards a sustainable, reliable and affordable water service to all"

MISSION

"To regulate the water services industry through fair, effective and transparent implementation of Water Industry Act 2006 (Act 655)"

OUR ROLES

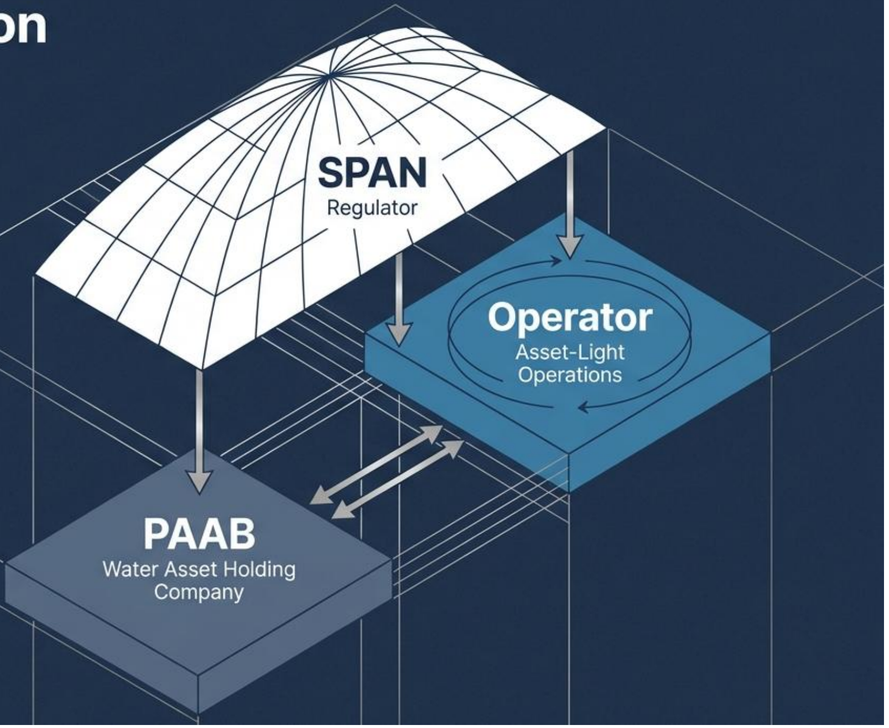
1. **REGULATORY BODY**
   Regulate the water services industry in accordance with the provisions of Acts 654 and 655
2. **ADVISING MINISTER**
   In terms of national policy related to water supply and sewerage, i.e. tariff
3. **PERFOMANCE MONITORING**
   Monitor and evaluate the perfomance of service and facility licensees
4. **NRW MANAGEMENT**
   Advising the ministries on NRW matters and monitoring and evaluating NRW management programs of water operators
5. **ACCESS TO WATER SUPPLIES**
   Ascertain that coverage and access to water supply are met - supporting Sustainable Development Goals (SDGs)
6. **WATER QUALITY**
   Assure the continuous access to safe drinking water supply and prepare sewerage catchment plan

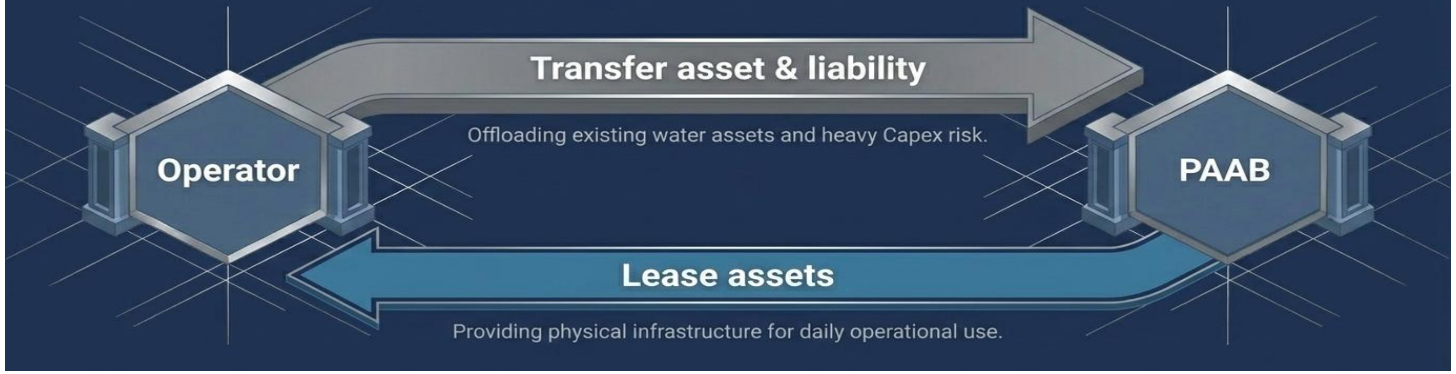
MALAYSIAN CASE ON FUNDING

Funding Mechanism (Asset-Light Model)

A Strategic Separation of Powers

Malaysia's funding mechanism relies on fundamentally separating physical asset ownership from daily operational service delivery, entirely overseen by independent regulatory licensing.





The Asset-Light Reality

Capex requirement in Business Plans. Freed from heavy capital sourcing, transferring risk externally.

Core Responsibilities

Total dedication to the operations and maintenance of Treatment and Distribution.

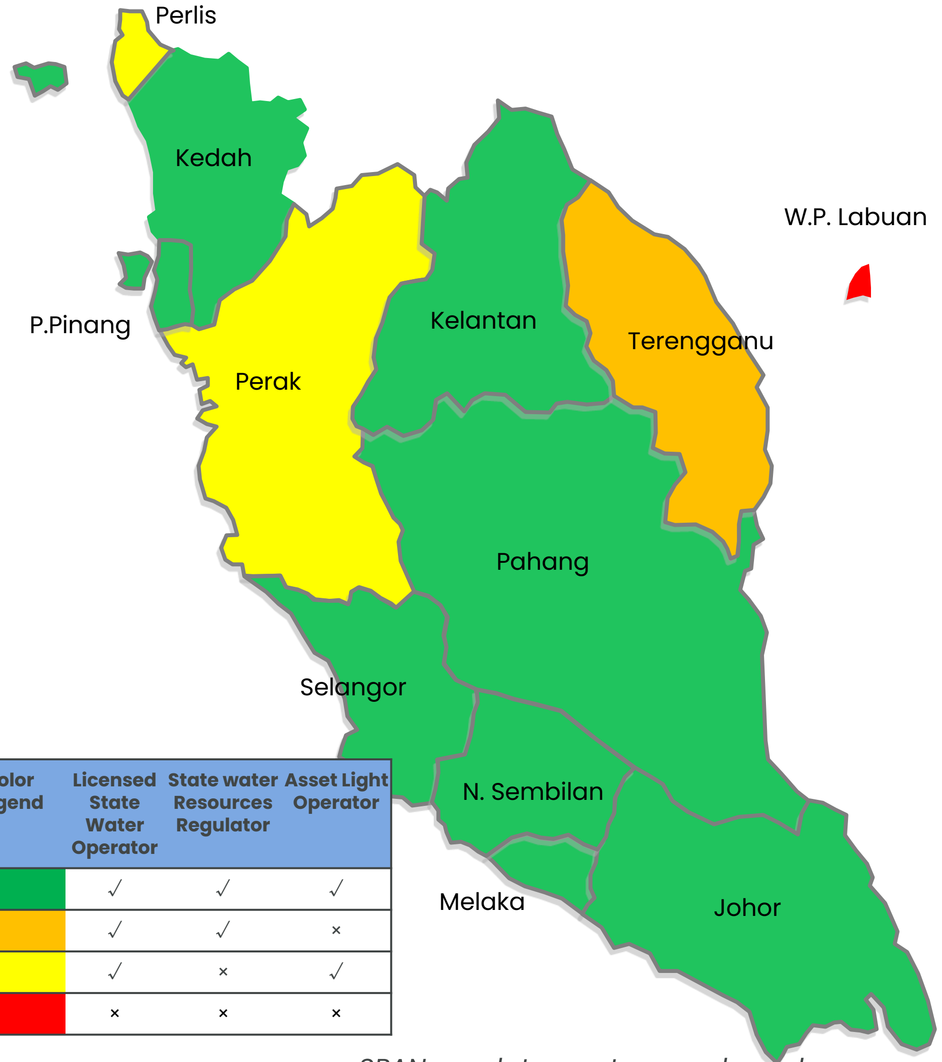
Strategic Focus

Management energy is strictly focused on operational and cost efficiency.

CURRENT WATER REFORM STATUS: PROGRESS & OUTCOMES

SPAN
Suruhanjaya Perkhidmatan Air Negara

IWA
the international water association



Color Legend	Licensed State Water Operator	State water Resources Regulator	Asset Light Operator
Green	✓	✓	✓
Orange	✓	✓	×
Yellow	✓	×	✓
Red	×	×	×

SPAN regulates water supply and sewerage services in Peninsular Malaysia and Federal Territories of Putrajaya and Labuan excluding Sabah & Sarawak.

State water operators after reform:

Nos.	State	Agreement Signed
1	Melaka	17 December 2008
2	Negeri Sembilan	20 January 2009
3	Johor	11 March 2009
4	Pulau Pinang	2 June 2011
5	Perak	23 May 2012
6	Selangor	12 September 2014
7	Kelantan	14 September 2016
8	Pahang	23 December 2020
9	Perlis	4 March 2021
10	Kedah	4 March 2021

State	Water Quality (QAP)
	2024
Selangor	5/5
Johor	5/5
Melaka	5/5
Pulau Pinang	5/5
Perak	5/5

State	NRW Performance (%)	
	2008	2024
Selangor	34.0%	27.0%
N.Sembilan	50.5%	36.4%
Johor	31.3%	24.1%

State	Reserve Margin (%)
	2024
Johor	15.7%
Pulau Pinang	29.9%
N.Sembilan	16.2%

Since the migration, PAAB has approved an allocation for Capital Expenditure (CAPEX) implementation in various states amounting to RM13.09 billion. As of Dec 2024, PAAB had completed approximately 763 numbers of projects worth RM7.5 bilion.

THE WAY FORWARD

1

Reform was not only about regulation. It was about creating a nationally coordinated and financially sustainable water sector

2

Operational inefficiencies and lack of innovation hindered service quality. Reforms introduced digital transformation, resilience planning, and stakeholder engagement

3

Continuous Partnership & Collaboration with all stakeholders

Water sector reform is not just a framework or technology based but also include political and institutional challenges.

thankyou

the international water association

SPAN®

Suruhanjaya Perkhidmatan Air Negara

Aras Bawah dan Aras 1, Prima Avenue 7
Blok 3510, Jalan Teknokrat 6
63000 Cyberjaya, Selangor

Tel : +603 - 8317 9333
Fax : +603 - 8317 9336
Web: www.span.gov.my

On Our Social Media Network

Follow Us

span.my

span_malaysia

span_malaysia

spanmalaysia

TV Suruhanjaya Perkhidmatan Air Negara

Co-organization:

lis water Lisbon International Centre for Water

With the participation of:

WORLD BANK GROUP Water

GWSP GLOBAL WATER SECURITY & SANITATION PARTNERSHIP

IWA the international water association

Sector Reform in the Real World: Cross-case synthesis

WHAT FIVE WATER REFORMS REVEAL ABOUT THE LEADERSHIP TASK THEY SHARE

Presented by:
Gustavo Saltiel
Strategic Advisor, LIS-Water

inspiring change

What five water reforms reveal about the leadership task they share

England & Wales

Private / not-for-profit

Scotland

Publicly owned

Brazil

Federal reform + concessions

Manila, Philippines

25-year PPP concession

Malaysia

Single national regulator

Key leadership challenges every case had to face

the international water association

Different ownership models and starting points …. with similar hard questions for sector leaders in different contexts

Anticipating Risk Before Crisis

1

Access issues, financial and environmental risks build up quietly. Leaders must anticipate long-term risk early on and name who is accountable for acting on it.

Inefficient Institutional Coordination

2

Customers experience one system; institutions see fragments. The task is clear roles, fewer gaps, and one shared view of risks and trade-offs.

Commitment Beyond Cycles

3

Reform spans decades and outlasts any administration. It needs high-level sponsorship that is sustained through political and economic changes.

Economic Sustainability

4

Tariffs, affordability and investments must balance. Credible cost-recovery and funding models are what make service delivery financeable and sustainable.

How each challenge is reflected across the cases

the international water association

Leadership challenge	England & Wales	Scotland	Brazil	Manila, Philippines	Malaysia
Anticipating risk before crisis	Risk built system-wide: financially gearing 4%→72%, widespread pollution	Needs to be more infrastructure- and evidence-led on asset health	Structural deficit; ~R$40–50bn/yr to reach universal access	Pre-1995 crisis: 60% coverage, 65% loss; now climate & seismic risk	Reserve margin <15% in 6 states; NRW ~34%; ageing assets
Institutional Coordination	Institutions manage fragments; answer is integration & one view of risk	Clear roles; single regulator + single public utility	Federal–state–municipal coordination; standards via ANA	Regulation by contract; MWSS owns assets, private operator delivers	Federal system unified under one regulator (SPAN) + uniform law (WSIA)
Commitment beyond cycles	Leadership must survive political and economic cycles	Long-term vision sustained via collaborative reviews	Continuous sponsorship; universal access as a catalyst	25-yr concession survived multiple administrations; gains hard to reverse	State agreements signed over 13 years (2008–2021)
Economic Sustainability	Sharp investment jump (~+71%) meets weak financial resilience	Flexibility on timing with evidence-led cost assurance	Tariffs for economic–financial equilibrium; bankable structures	Full cost recovery + rate rebasing; tariffs ~2x by 2027 on $3–5B capex	Tariffs too low for OPEX/CAPEX recovery; asset-light model (PAAB)

the international water association

Make risk visible early

Across all five cases, the deepest failure mode is risk that no one owned until it surfaced as crisis. Leadership means anticipating long-term risk and deciding who must act.

Give the system one view

Whether by integration (England & Wales), a single regulator (Scotland, Malaysia), reference standards (Brazil) or regulation by contract (Manila), reform should reduce gaps between institutions.

Protect commitment over time

Sponsorship has to outlast administrations Manila's 25-year concession is the clearest proof. Stable institutions matter more than any single short-term initiative.

Make the economics credible

Tariffs, affordability and investment must reconcile. Credible cost-recovery and funding models are what let service delivery actually happen and endure.

The greatest threat to successful reform is not failure … it is complacency!

Co-organization:

With the participation of:

SECTOR REFORM IN THE REAL WORLD

AUDIENCE Q&A

AUDIENCE QUESTIONS AND PANEL DISCUSSION

Moderated by:
Ximena Quiroz
Regulatory Specialist, LIS-Water

inspiring change

Co-organization:

With the participation of:

SECTOR REFORM IN THE REAL WORLD

Closing Remarks & Call to Action

THE GREATEST THREAT TO SUCCESSFUL REFORMS IS NOT FAILURE … IT IS COMPLACENCY.

Presented by:
Jaime Baptista
Strategic Advisor, LIS-Water

inspiring change

KEY MESSAGES FROM THE WEBINAR

- **Reform is a need for developing & developed countries:**
  - Reform has a cost, but the cost of inaction is almost always higher in the long run.
  - Institutional stability matters, more than short-term initiatives.
  - Reform leadership must survive political and economic cycles.
- **No single reform model exists:**
  - Countries follow different reform pathways.
  - Success depends on implementation, governance, and engagement.
  - Context matters, but leadership is a key factor.
- **Reform is a long-term journey:**
  - Successful reforms require continuity over decades.
  - Achieving universal access is not the end of the journey.
  - Challenges evolve over time and create new needs.
  - Reform shifts from expansion towards performance, sustainability, and resilience.

PORTUGAL'S WATER REFORM 1.0 (3 decades)

- **Existing context:**
  - Crisis + pressure + opportunity.
- **Main objectives:**
  - Expand water supply and sanitation coverage.
  - Improve service quality and environmental performance.
  - Create modern institutions, including independent economic regulation.
  - Allocate European investment funds wisely.
- **Key achievements:**
  - Near-universal access to safe water supply and wastewater services.
  - Modernized service management and strong regulatory framework.
  - Significant improvements in public health and environment.
- **Main lesson:**
  - Sustained public policy and regulatory consistency can transform an entire sector.

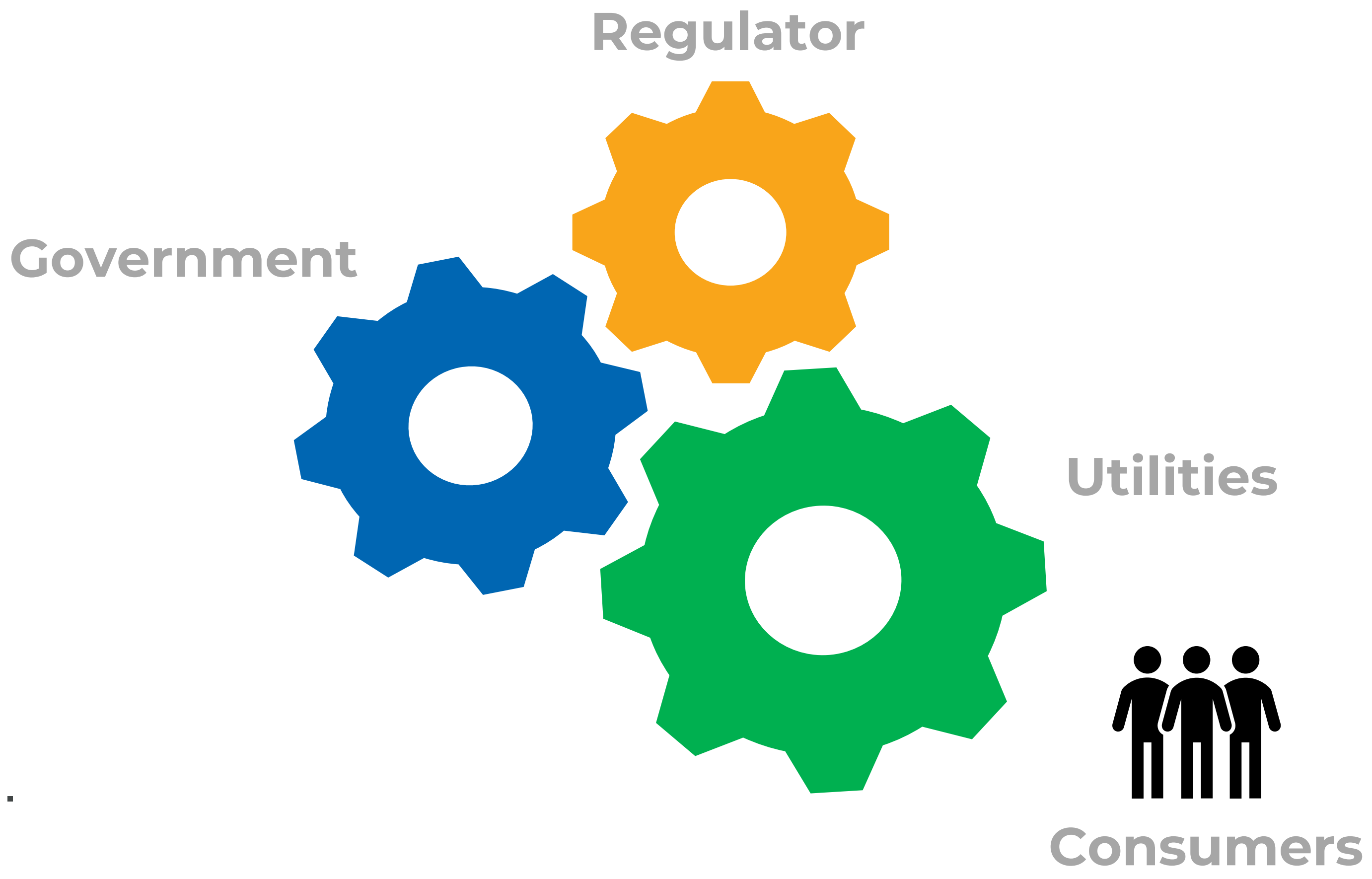
PORTUGAL'S WATER REFORM 2.0

- **The challenge has changed:**
  - Yesterday's question: *How to provide services to everyone?*
  - Today's question: *How to ensure long-term sustainability, resilience and excellence?*
  - Moving from expansion to excellence.
- **New drivers of reform:**
  - Ageing infrastructure.
  - Climate change and water scarcity.
  - Droughts and floods.
  - Emerging contaminants.
  - Circular economy opportunities.
  - Digital transformation.
  - Water efficiency.
  - Energy efficiency, transition and decarbonization.

20 objectives
70 measures

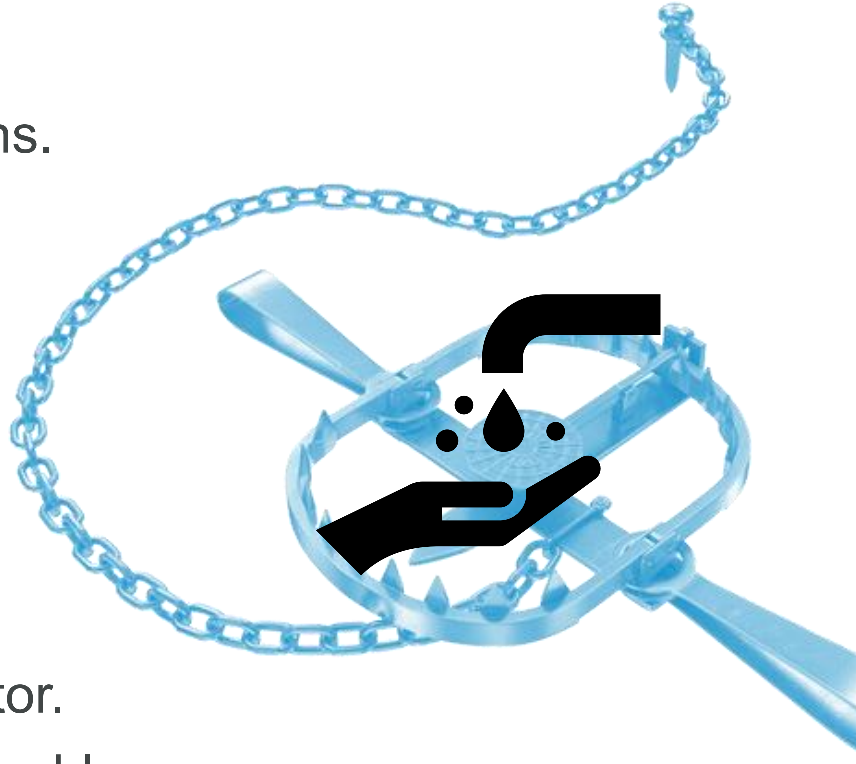
REGULATION REFORM

- **Regulation in the past:**
  - Compliance monitoring.
  - Consumer protection.
  - Service quality oversight.
- **Regulation in the future:**
  - Risk-based regulation.
  - Infrastructure sustainability.
  - Climate resilience.
  - Economic sustainability.
  - Innovation and digital transformation.
- **Regulation trend:**
  - Regulate the existing sector, while acting as catalysts for sector transformation.



AVOIDING THE "COMPLACENCY TRAP"

- **The “paradox” of success:**
  - When water services perform well, they become invisible.
  - Political attention shifts to more immediate and visible concerns.
  - The need for continued investment becomes less apparent.
- **Success can create a “complacency trap”:**
  - May foster a false sense of security.
  - Can delay essential decisions.
  - Lead to underinvestment in infrastructure and innovation.
- **The political leadership remains essential:**
  - Maintain a strong leadership, with long-term vision for the sector.
  - Sustain investment despite the absence of short term visible problems.
  - Keep water and sanitation high on the political agenda.



lis water GOVERNANCE SCHOOL

REPÚBLICA PORTUGUESA AMBIENTE E ENERGIA | WORLD BANK GROUP | Water Forward

Leadership Programme on Water and Sanitation Sector Governance and Reforms

Lisbon, 26–28 October 2026

liswater | ADERASA | WAREG European Water Regulators | ESAWAS | OOCUR | LusoReg | ABAR | IWA | Sanitation and Water for All

INVITATION TO LISBON

- **A UNIQUE INTERNATIONAL PLATFORM**

For senior policy-makers, regulators, utility leaders and development partners

- **FOCUS:**
  - Real-world governance dilemmas
  - Reform leadership experiences
  - Institutional transformation
  - Sustainability and resilience challenges
- **WHY PARTICIPATE?**
  - Learn from leaders who have designed, negotiated and implemented reforms.
  - The next generation of reforms will depend on today's leaders.

UPCOMING EVENT

the international
water association

Learn more at
https://worldwatercongress.org/

the international
water association

Learn more at

http://www.iwa-network.org/iwa-learn/