



# The (non) privatisation of the water sector in Portugal

*The Portuguese Government reinstates a principle of (non) privatisation of water services whereby the privatisation of public regional systems is partially vetoed and municipal water systems remain open to private investment.*

A recent amendment to the Water Law stipulates that multi-municipal systems are to remain under public control and may only be granted under concession to public owned or controlled companies, while municipal systems may be managed by public-private partnerships or by private entities. Consequently, and to this extent, Portugal remains partially open to international water sector private investors.

The new rule implies the reversal of the reorganization of the water sector that resulted in the merger of 19 multi-municipal systems into 5 large companies, initiated by Mr. Passos Coelho's social democrat government. The current government intends to merge municipal systems serving less than 20.000 users and, for that purpose, maximize the use EU structural funds allocated to Portugal.

Portuguese multi-municipal water systems encompass the collection, purification and distribution of water and are connected to municipal systems which, in turn, link the multi-municipal systems to end users. In Portugal, the State is responsible for the multi-municipal systems and municipalities are responsible for the municipal systems. For a better understanding of the Portuguese water sector, please refer to our publication [The Water Market in Portugal](#).

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