

Financial and economic matters

Workshop on collecting good practices
on target setting and reporting
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Case summary

- * The biggest challenge in Norway in economic terms was the costs related to renewal of old infrastructure, in particular pipes, for both drinking water and sewage.
- * A survey related to the status of public infrastructure is published with some years interval by RIF – Association of Consulting Engineers, Norway. RIF has pointed to water and sanitation as two areas where standards are poor due to aging pipes and the trends show worsening conditions over time.
- * Another association, Norwegian Water (representing the water industry) has estimated that over 200 billion NOK (about 21 billion €) needs to be invested in maintenance up to 2030, and another 300 billion NOK in new infrastructure.
- * When suggesting the national targets, the reports from these associations, with the addition of results from inspection data from the Norwegian food safety authority, was chosen as baseline data regarding the need and the costs of targets related to maintenance. No new cost-benefit analysis was found needed.
- * All costs and all investments for infrastructure are paid by the consumer through the municipal taxes or directly to private companies. 90 % of the population get their water from companies that are owned by the municipality. For public systems the law sets a "full cost recovery" principle meaning that the consumer cannot be charged more than the costs of running the service.
- * Only comparatively small sums of new money have been granted to the follow up of the Norwegian targets.

Why is it a good practice?

- * Building on estimates and suggestions made by non-governmental organizations in reports well known by the public seems to have made a more general acceptance of the nature of the challenges identified and the price tag of the measures that needs to be taken to deal with them. The costs referred to in the Norwegian national targets are in fact the costs estimated by the sector itself.
- * By building on estimates already at hand the government saved time and money in deciding the targets. A separate report investigating the costs would have taken a long time and delayed the formulation of the targets, probably by years.

Overcoming challenges

- * The main challenge was that some ministries, like the Ministry of Local Government and Modernisation feared that the economical burden on municipalities as owners of water and sanitation infrastructure, especially the smaller municipalities, would be too big for their economic capacity.
- * As a result of this it was agreed in the government decision setting the targets, that the action plan for carrying out the targets should be consulted with the other relevant ministries involved before it was set. Such a consultation was held in autumn of 2015 and the action plan and agreement was reached.
- * Another challenge is that the Ministry of Climate and Environment has chosen not to be part of the action plan for reaching targets. The reasoning was that some initiatives were already taken connected to the work done on implementing EU-directives such as the Water Framework directive, and that this was sufficient. This remains to be seen.

Success factors and lessons learned

- * It has probably been a success factor that the Protocol was placed within the Ministry of Health because this is the ministry that -given the national challenges - has the most to gain by following the approach given by the protocol.
- * The cost recovery principle probably made it possible for the government to pass the targets. If the costs were to be covered by state budgets it would have been very difficult reaching any political agreement because of the immense costs connected to infrastructure.

How to replicate this practice

- * See if targets and target measures can be based on reports and study's that are available and recognized as solid and reliable.
- * A good advice is probably to find ways and systems that enables you to spread the costs of costly measures over longer periods of time and over as large groups of the population as possible in your county.