Funding mechanisms for ensuring water-security and sustainable agricultural practices in water-conflict basins in Brazil

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Water Funding Mechanisms

- Government taxes (general and/or specific);
- Tariffs (cost-recovery principle - water supply and wastewater services only);
- User-pays principle;
- Polluter-pays principle;
- Provider-receiver principle (Payment for Environmental Services - PES);
- Beneficiaries-pays principle;
- Private financing - Public private partnerships;
- International development banks (loans);
- Green/Climate & Blue bonds.
User-pays / Polluter-pays Principles

**Brazilian Water Resources Policy (Law 9433/97)**

- **Principles:**
  - recognized water as a public, limited, finite, and vulnerable good, with **economic value.**

- **Implementation tools:**
  - charging fees for water use (following the user pays principle and the polluter pays principle);
  - Water Resources Plans (programs and projects – suppose to guide the definitions of charging fees).
User-pays / Polluter-pays Principles

Brazilian Water Resources Policy (Law 9433/97)

Implementation:

✔ the River Basin Committees establish the fee-charging mechanisms for the use of water resources and suggest the amounts to be charged;

✔ Revenues from charges are invested in priority in river basins where they have been generated;

✔ This money is mobilized to finance studies, programs, projects and works included in the Water Resources Plans;

✔ Administration expenses are limited to 7.5% of the total amount brought in by water charges.
Payment for Environmental Services - PES

Principles:

✔ Provider-receiver principle;

✔ Beneficiaries-pays principle

$ Sustainability of the Project

Promote farmers engagement
Piping of the Santos Dumont Canal (20 km)

Increase in water availability:
135 L/s

- U$1 million
  - 68% - Contingency Tariff
  - 30% - Charging fees
  - 1% - Paid by ADASA
  - 1% Paid by the farmers
Thank you for your attention