

Press release



Paris, November 19th, 2025

A report published by SUEZ and the Fondation Jean Jaurès calls for rethinking the financing model for water and sanitation services in France to ensure sustainable and equitable access to this resource

On the occasion of the 2025 edition of the Salon des Maires et des Collectivités Locales (France's Exhibition dedicated to local public authorities), SUEZ and the Fondation Jean Jaurès publish a report entitled *“Water, a common good under pressure – Rethinking its financing to secure its future”* to alert public authorities and society to the urgent need to reform the financing of water and sanitation services in France.

Against the backdrop of the climate emergency—which is increasing pressure on the availability and quality of water, but also on wastewater sanitation—the authors of this report, Arnaud Bazire, Benoît Calatayud and Esther Crauser-Delbourg, analyse the limitations of the current financing model for France's water sector, and propose concrete measures to ensure the sustainability of this public service, essential to regional attractiveness and social cohesion, and a key contributor to public health.

€15 billion in additional funding needed within five years to catch up on the infrastructure backlog

As the effects of climate change intensify pressure on water resources—both qualitatively and quantitatively (recurring heatwaves and droughts, floods, extreme weather events, competing uses)—the challenges involved in delivering high-performing water and sanitation services are becoming more acute and structural: renewing networks to limit losses, identifying alternative sources, treating micropollutants to safeguard quality, and combating floods. Additional investment of €15 billion will be required over the next five years solely to make up for delays in renewing networks and modernising infrastructure. Beyond this backlog, the impacts of forthcoming regulation (DERU 2, i.e., the recast Urban Wastewater Treatment Directive), together with the needs associated with micropollutant treatment, will lead France—particularly local authorities—to invest in order to comply with these new regulatory requirements.

Yet, water accounts for just 0.8% of household expenditure—the lowest share among utilities (around 2% for telecommunications and 4%–5% for energy related to heating). There is now a broad consensus that current prices and the associated tariff structure no longer reflect the investment needed to ensure the long-term sustainability of water services and to address growing public concerns.

While 80%–85% of water and sanitation service costs—whether operated by public or private entities—are fixed and largely independent of distributed volumes, revenues are, to a similar extent, tied to variable elements, namely consumption volumes. However, consumption continues to decline, encouraged by conservation policies and more prudent management of the resource. While this is clearly sound from an environmental standpoint, it has its limits in light of the fundamental “water pays for water” principle, under which expenditures are balanced by revenues derived from consumption.

SUEZ, *Société Anonyme*, a company registered under the laws of France, with a share capital of €63,799,880.78, having its seat at: Altiplano, 4, place de la Pyramide - 92800 Puteaux, France, registered number 901 644 989 RCS Nanterre –Tel : +33 (0)1 58 81 20 00 – suez.com – VAT Number: FR60901644989

Press release

Faced with this “investment wall” and declining revenues, it is essential to rethink the financing model for water and sanitation services in France to meet today’s and tomorrow’s water challenges. **In this joint study, which engaged a wide range of stakeholders, SUEZ and the Fondation Jean Jaurès set out concrete reform options over the short, medium and long term.**

Concrete solutions to reform the financing of water and sanitation services

I. Short term: stem the financial haemorrhage

Pricing measures and financing-model adjustments can be implemented quickly to restore short-term economic balance for water and sanitation services:

- Rebalance the tariff structure to better reflect service costs and anticipate necessary investments;
- Gradually and fairly increase domestic tariffs to cover system-wide costs across the country, with social tariffs for low-income households;
- Rethink the contribution of economic users (industry, energy, agriculture) to service financing;
- Adjust the fixed portion of bills (standing charge), setting a floor at 30%;
- To meet conservation objectives, encourage water savings through the variable portion of the bill, with compensation mechanisms for operators such as value-added services: consumption monitoring, leak detection, advisory services, and grey-water reuse;
- Create a specific water price index within INSEE (France’s national statistics office) to track the sector’s actual costs;
- Promote conservation by rolling out individual water meters that enable users to monitor and manage their own consumption.

II. Medium term: use contractual and pricing tools in innovative ways

In a second phase, measures can evolve existing contractual mechanisms to better cover variations in consumption volumes and rising climate risks over the life of contracts. This means:

- Creating a resilience buffer and insurance-type fund to cover, each year, the financial risks to municipalities and operators associated with major climatic events (droughts, floods, storms);
- Providing for multi-year contract adjustments to revise economic parameters in line with shocks (drawing on the model of airport economic regulation);
- Gradually adapting tariffs to reflect actual climatic conditions and territorial variations in usage, particularly in tourist areas;
- Reflecting conservation targets set for operators in pricing; for example, introducing consumption allowances (quota-based pricing) would make each user more responsible by allocating an individual resource quota, encouraging rational, shared use of water.

III. In the long term, new balances must be found to meet needs:

Over the longer term, it will be necessary to:

- Rethink the relative contributions embedded in water tariffs and their structure;
- Diversify funding sources and operator remuneration, notably by recognising and monetising services provided by water and sanitation systems to the circular economy and ecological transition (e.g., sludge recovery, wastewater reuse);
- Develop extended producer responsibility schemes and tap European funding;
- Evolve concession contracts to incorporate new risks, particularly climate risks, and introduce performance-related remuneration for operators, independent of consumption volumes;

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Press release

- Rethink pricing to take into account volumes abstracted, pollution emitted, and the economic and societal value generated, ensuring fairness across all users (agriculture, industry, local authorities, public services, tourism).

Reforming the water sector's financing model is a major challenge for social cohesion, economic development and ecological adaptation in France. It calls for collective action to guarantee every generation equitable and sustainable access to water resources.

Arnaud Bazire, Executive Vice-President, in charge of Water activities in France, said: *"Evolving the financing model for water and sanitation services is essential and urgent to preserve the future of the resource and guarantee universal access to quality service. The work we have carried out with the Fondation Jean Jaurès—which I thank for this meaningful and collectively enriching collaboration—must spur us to move forward together and take action to address France's structural water challenges."*

Benoît Calatayud, Director of the Jean-Jaurès Fondation's Observatory on Energy and Social Transition, said: *"The heatwaves and droughts of 2022 forced people to realise how fragile water resources are and how complex it is to manage them, at a time when the challenges are major, the risks are growing and the needs are crucial."*

About SUEZ:

Faced with growing environmental challenges, SUEZ has been delivering essential services that protect and improve our quality of life for more than 160 years. SUEZ provides its customers with innovative and resilient solutions for water and waste services. With 40 000 employees across 40 countries, the Group works with customers to create value over the full lifecycle of their assets and services, and to drive their low carbon transition. In 2024, SUEZ provided drinking water for 68 million people worldwide and sanitation services for 44 million people. The Group generated 8 TWh of energy from waste and wastewater. In 2024, SUEZ has generated revenues of 9.2 billion euros.

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