

LEGAL FRAMEWORK FOR THE PUBLIC WATER SUPPLY AND SANITATION SERVICE

LAW NO. 9/2024, OF 7 JUNE



VdA EXPERTISE

July 2024

Law No. 9/2024, of 7 June defines the principles and establishes the legal framework for the public water supply and sanitation service ("Law 9/2024").

Scope

Law 9/2024 applies to the public water supply and sanitation service provided by natural and legal persons, both public and private, including the co-operative and social sector throughout the national territory, not applying to the production and distribution of bottled water intended for human consumption, water intended for therapeutic purposes and other special regimes.

Purpose

The objectives of Law 9/2024 are as follows:

- Promote improved access to public water supply and sanitation services throughout the national territory, ensuring universal and equal access, social equity and territorial cohesion;
- Promote the investment necessary for the expansion, renovation, replacement, rehabilitation and maintenance of water supply and sanitation assets;
- Promote the public water supply and sanitation service consumer protection; and
- Attract private, co-operative and social sector investment and participation in the provision of public water supply and sanitation services.

Ownership of assets, investment and management of services and assets belonging to the state

Public assets for the water supply service belong to the state. The investment and

management of services and assets owned by the state are entrusted to personalized state entities and may be transferred to other public entities.

Ownership of water supply and sanitation assets is recognized to natural or legal persons, public or private, when it has been acquired or built with their own investment.

Water and Sanitation Regulatory Authority (AURAS)

AURAS is created as the regulator of water supply and sanitation services, with jurisdiction throughout the national territory and endowed with administrative, financial, patrimonial and technical autonomy.

AURAS exercises regulatory, supervisory, inspection and sanctioning powers over all those involved in the water supply and sanitation service, regardless of their legal nature.

Modalities of service provision

Public water supply and sanitation services can be provided through the following modalities:

- Concession contract;
- Contract for the transfer of operations;
- Management contract; and
- License.

All the methods for providing water supply and sanitation services give the respective holder the exclusive right to exploit the services granted, under the terms laid down by law and in the contract.

The procedure for contracting under concession, transfer of operation and management is the public tender.

Tariffs and charges

The water supply and sanitation service is subject to tariffs and charges, which are established by the providers of water supply and sanitation service in such a way to fully cover the costs of investment, management, operation and maintenance of the assets, as well as the fair remuneration of their investment and risk.

Social Tariff

Law 9/2024 stipulates that a social tariff, to be regulated by the Regulator, is provided for the protection of low-income social groups, without prejudice to the right to compensation for service providers.

Incentives to the operations

The State guarantees exemption from customs duties on imports of:

- Chemical products and reagents for water treatment, including fecal sludge;
- Equipment, materials and accessories for the water supply and sanitation system of public services;
- Renewable energy equipment, materials and accessories and generators for the water supply and sanitation system of public services.

The state guarantees, among others, exemption from payment of Corporate Income Tax (IRPC) for organizations operating in public water supply and sanitation services.

Incentives to the investment

Within the scope of the water supply and sanitation service, the State guarantees exemption from the payment of the following fixed fees:

- Adjudication, when signing the concession, transfer of operation and management contracts;
- Fees for the public deed in the concession and transfer of operation contracts;
- Fees for the supervision of the concession, transfer of operation and management contracts before the administrative courts.

Entry into force

Law 9/2024 comes into force 180 days after the date of its publication.

Contacts



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