



"Paying for clean water"

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Water pricing

How should domestic water be priced to meet multiple goals:

- > financial -> cost recovery
- > efficiency -> marginal cost pricing
- > equity -> block pricing / compensation subsidies
- > sustainability -> cap/limit on withdrawal

Difficult to meet one 4 goals with one instrument

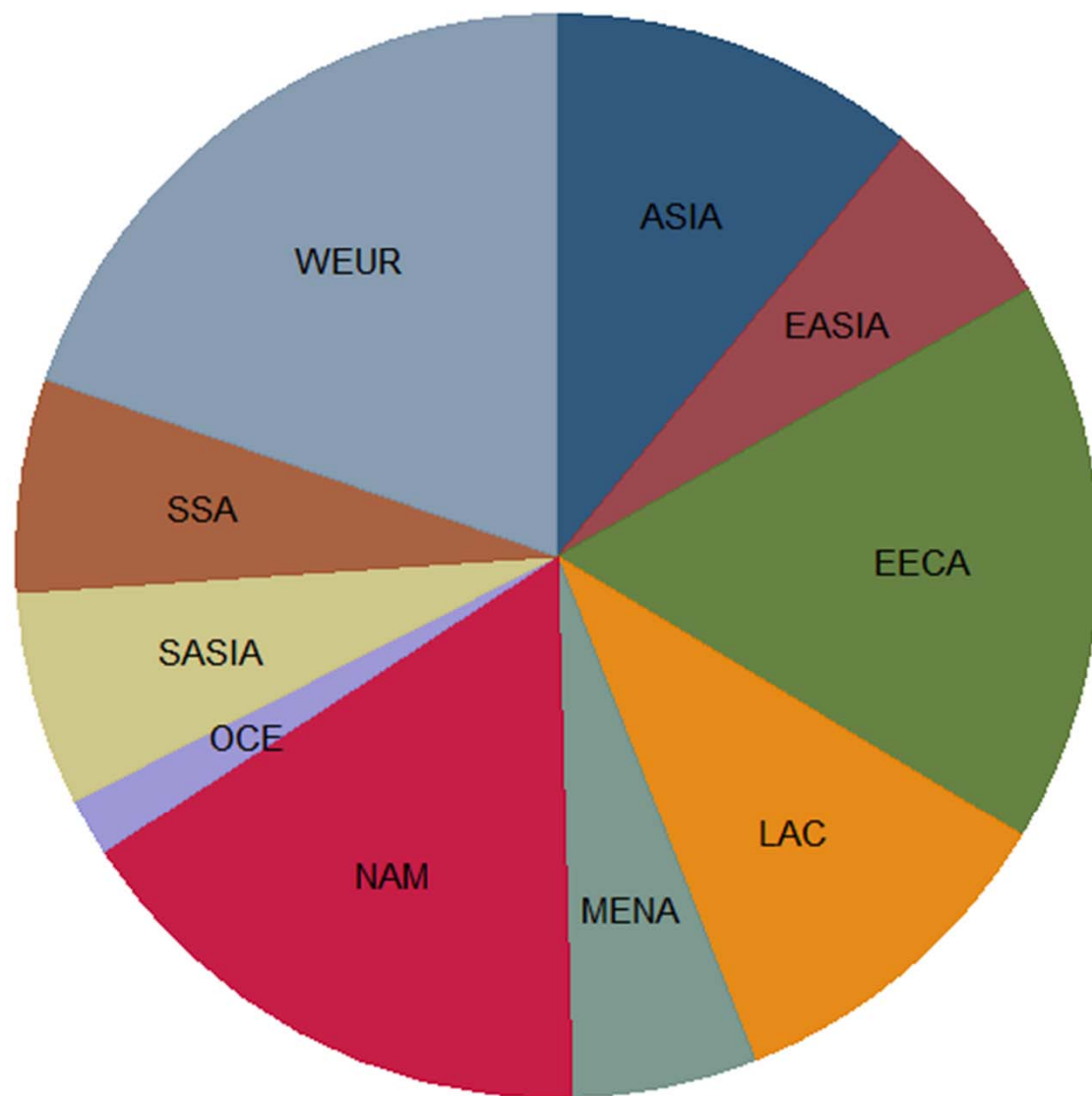
- > What do we see in the real world?
 - Increasing block tariffs

Global Water Tariff Survey 2013

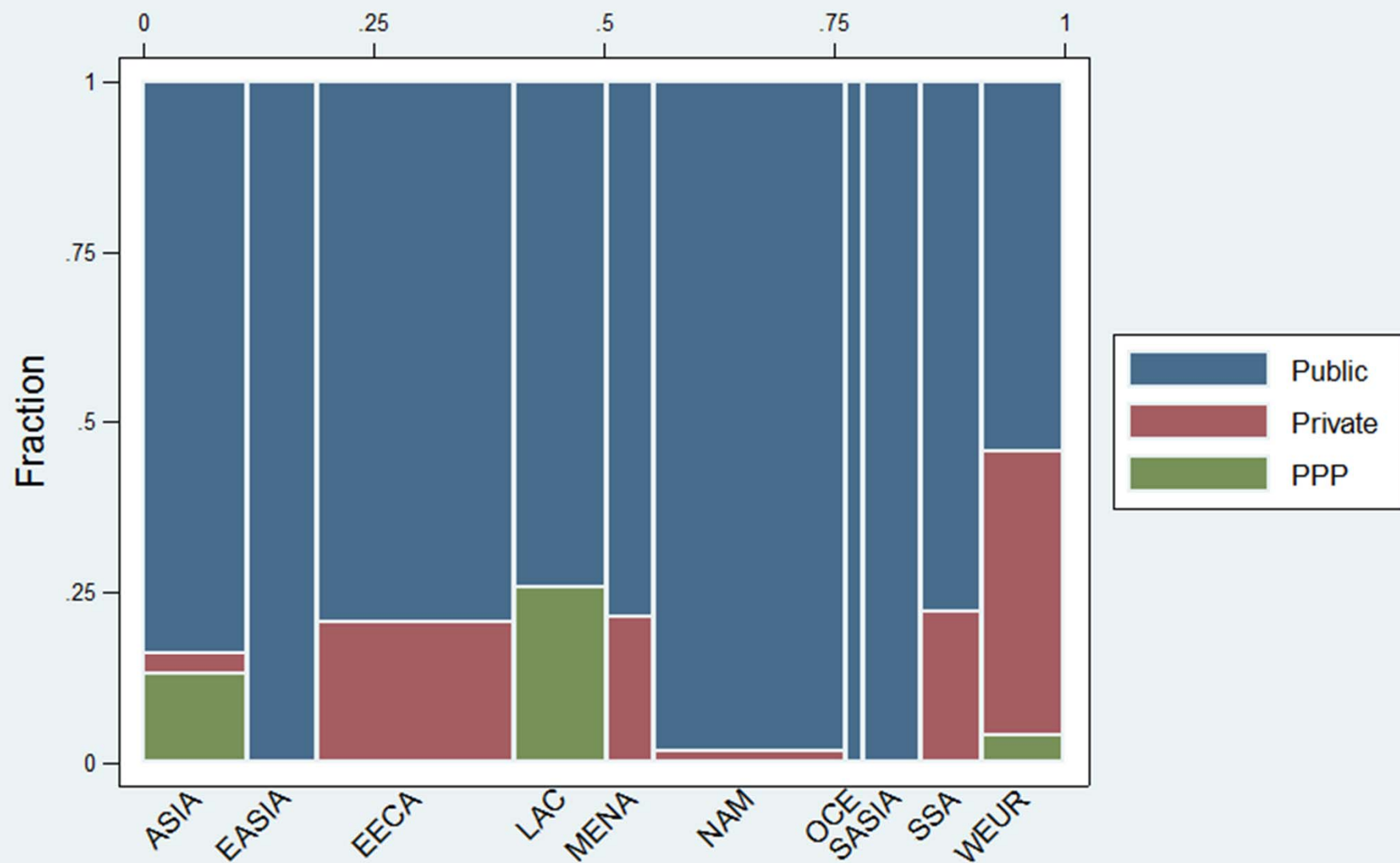


- Survey of 345 cities around the world in 111 countries
- Data on nature of management, structure of pricing, prices
- Voluntary reporting
- Extending earlier work of OECD (2010)

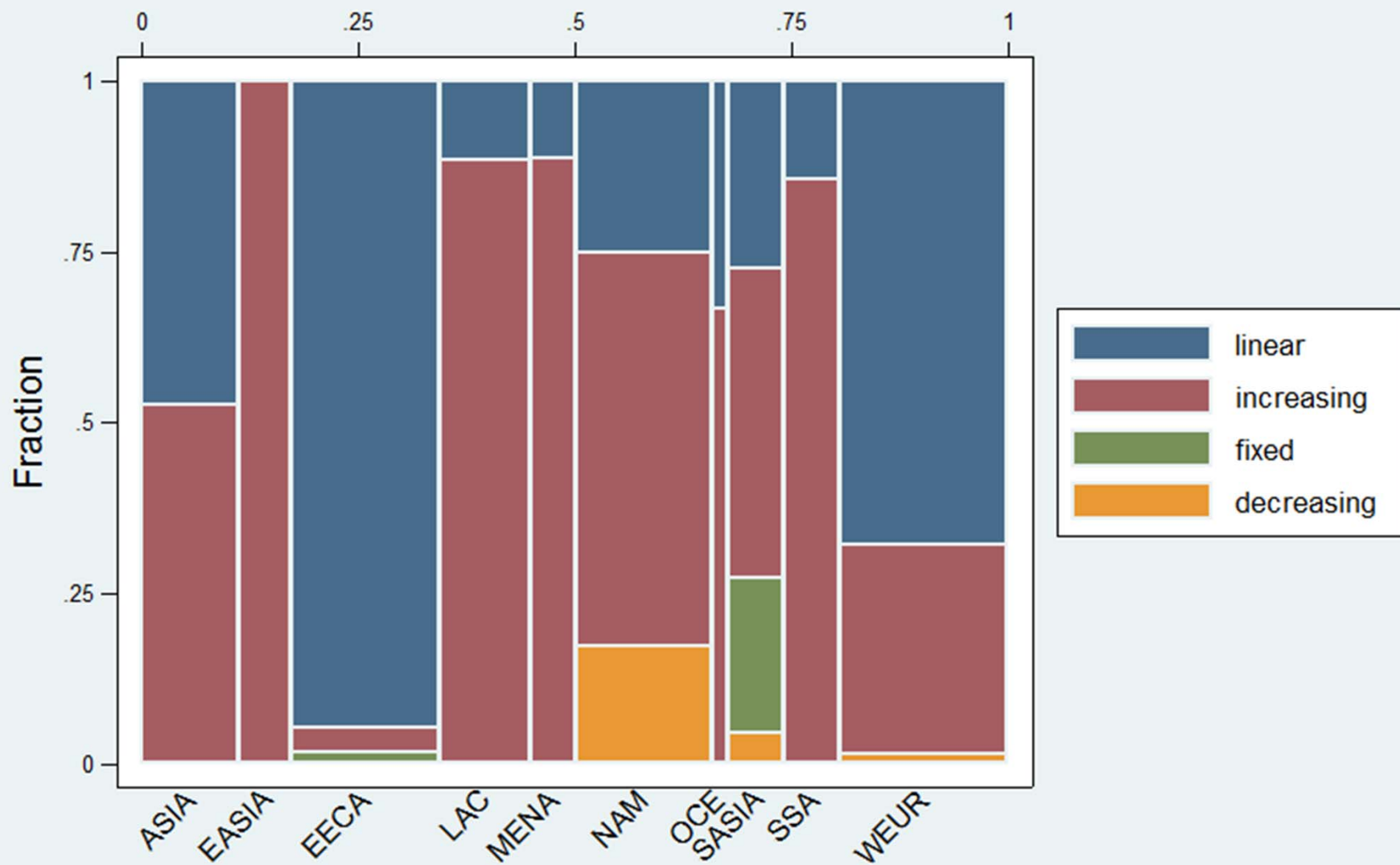
Distribution of cities by region (348 cities - 2013)



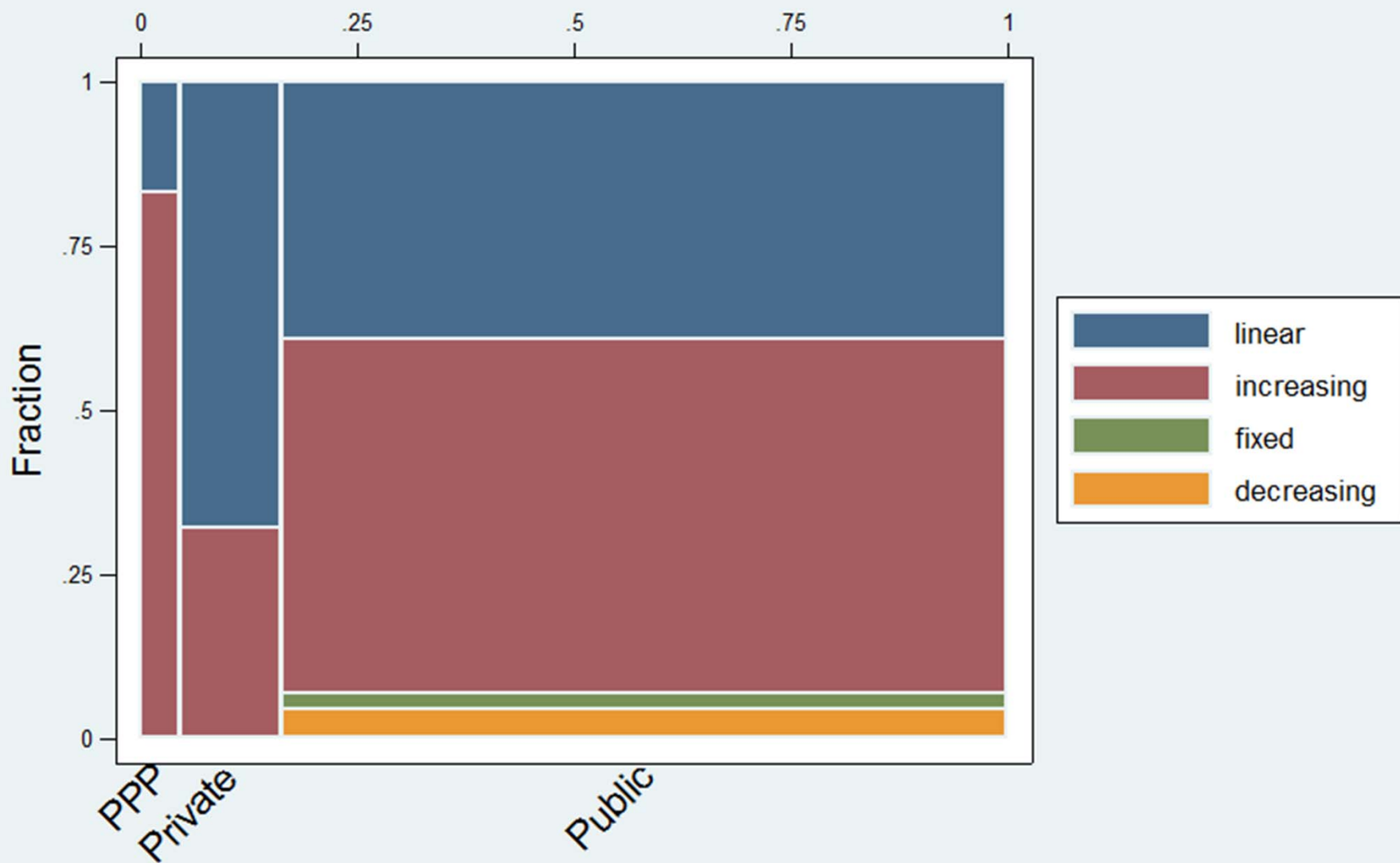
Management (348 cities - 2013)



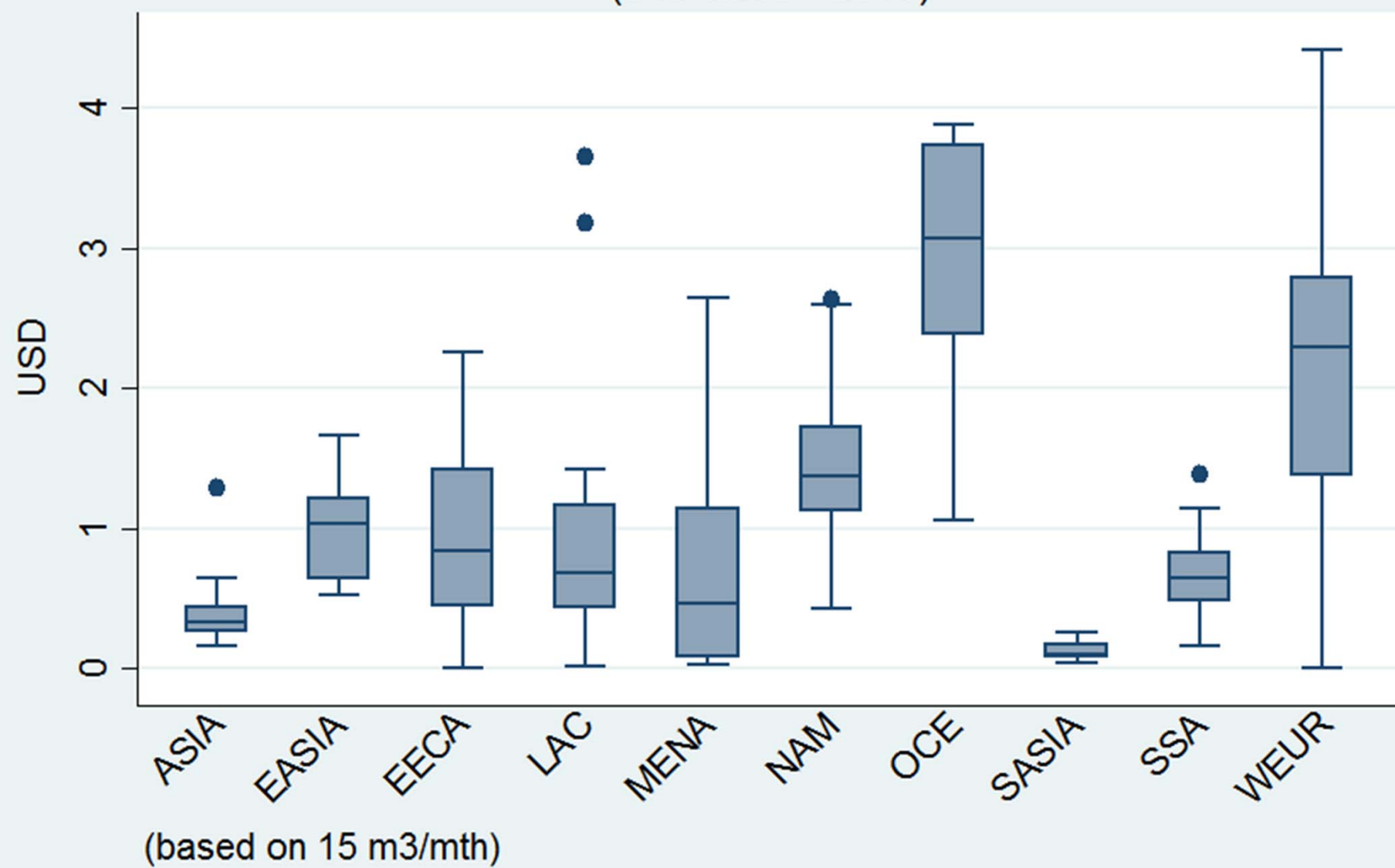
Pricing structure by region (348 cities - 2013)



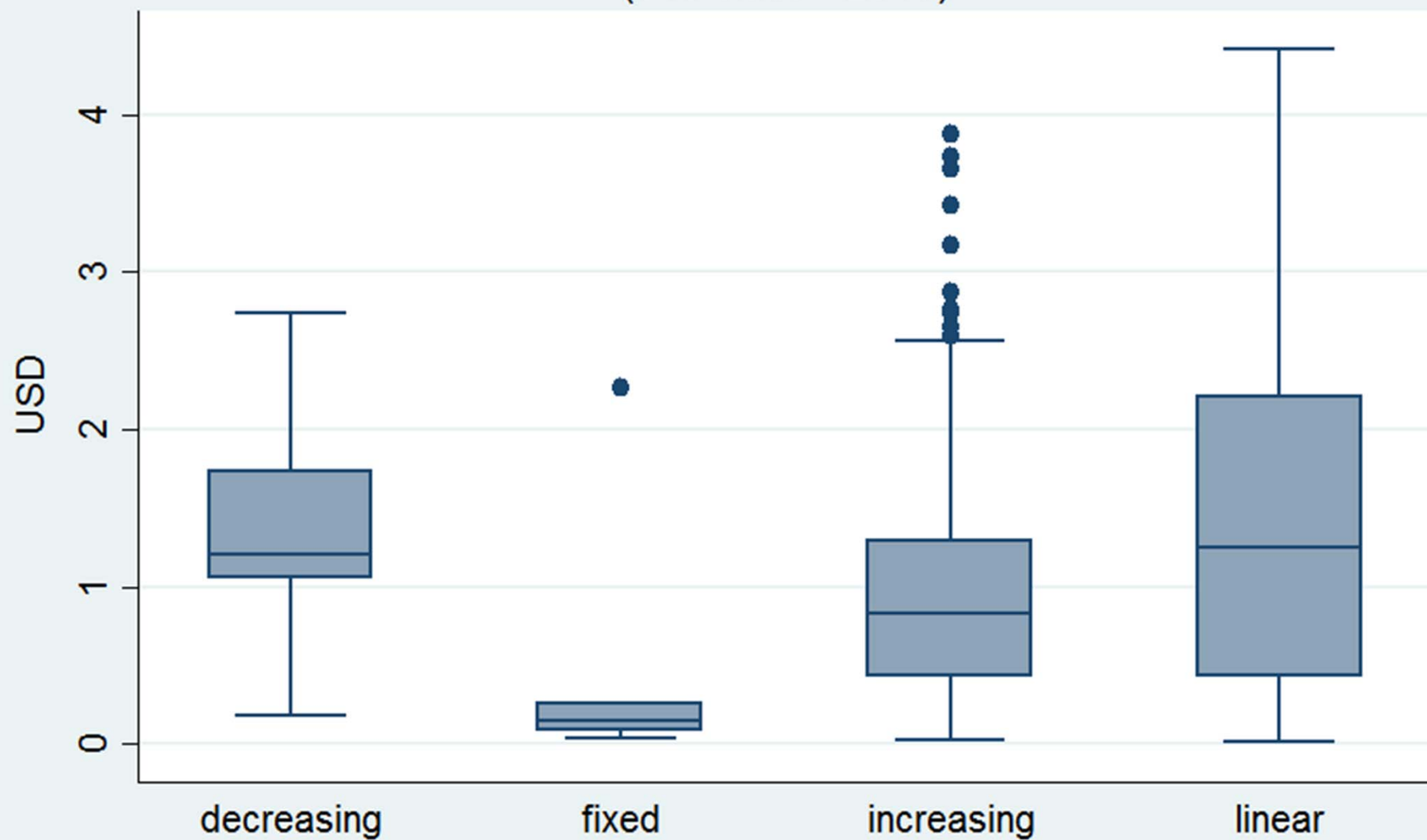
Pricing structure by management (348 cities - 2013)



Price per m3 (348 cities - 2013)

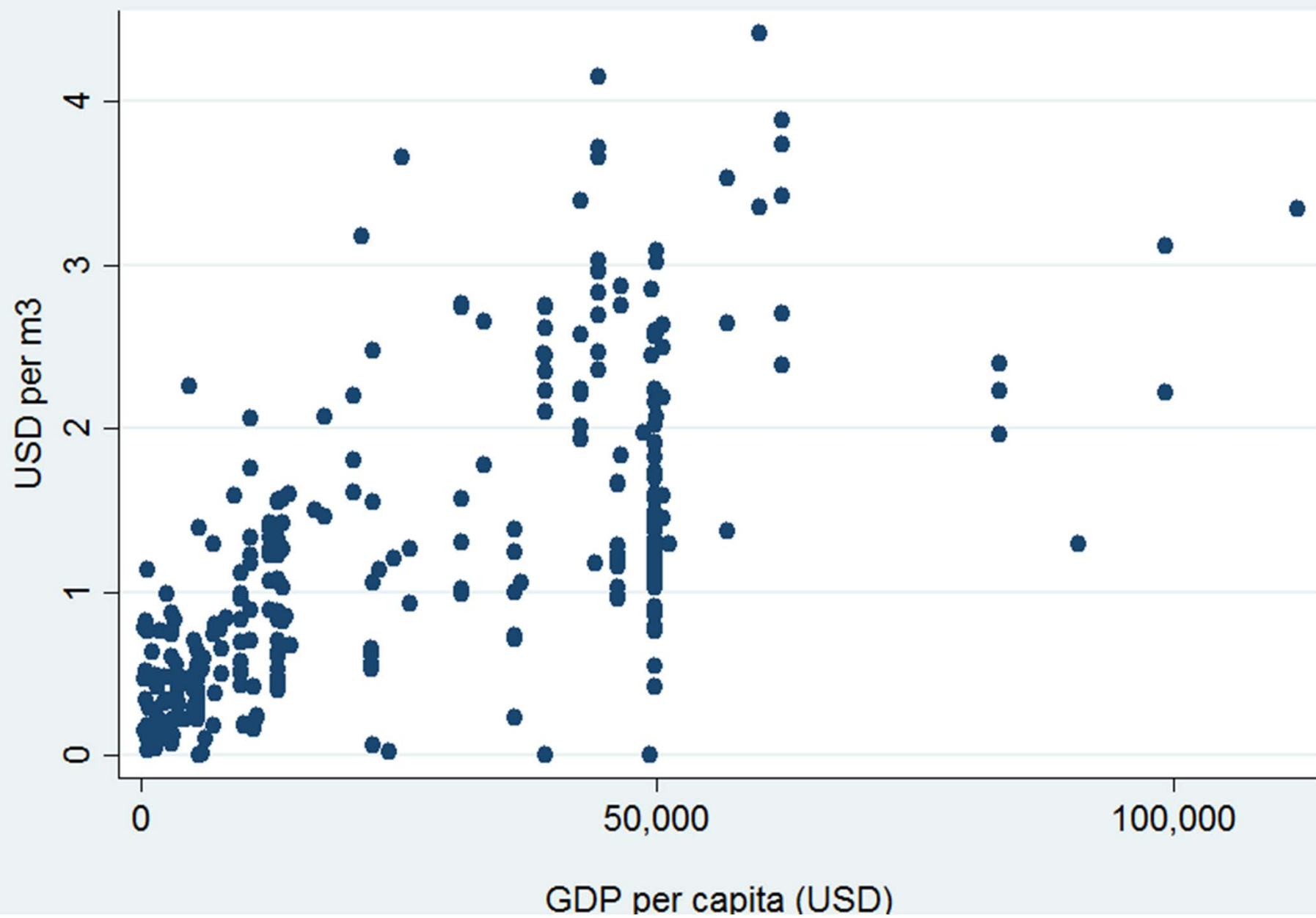


Price per m3 by pricing structure (348 cities - 2013)

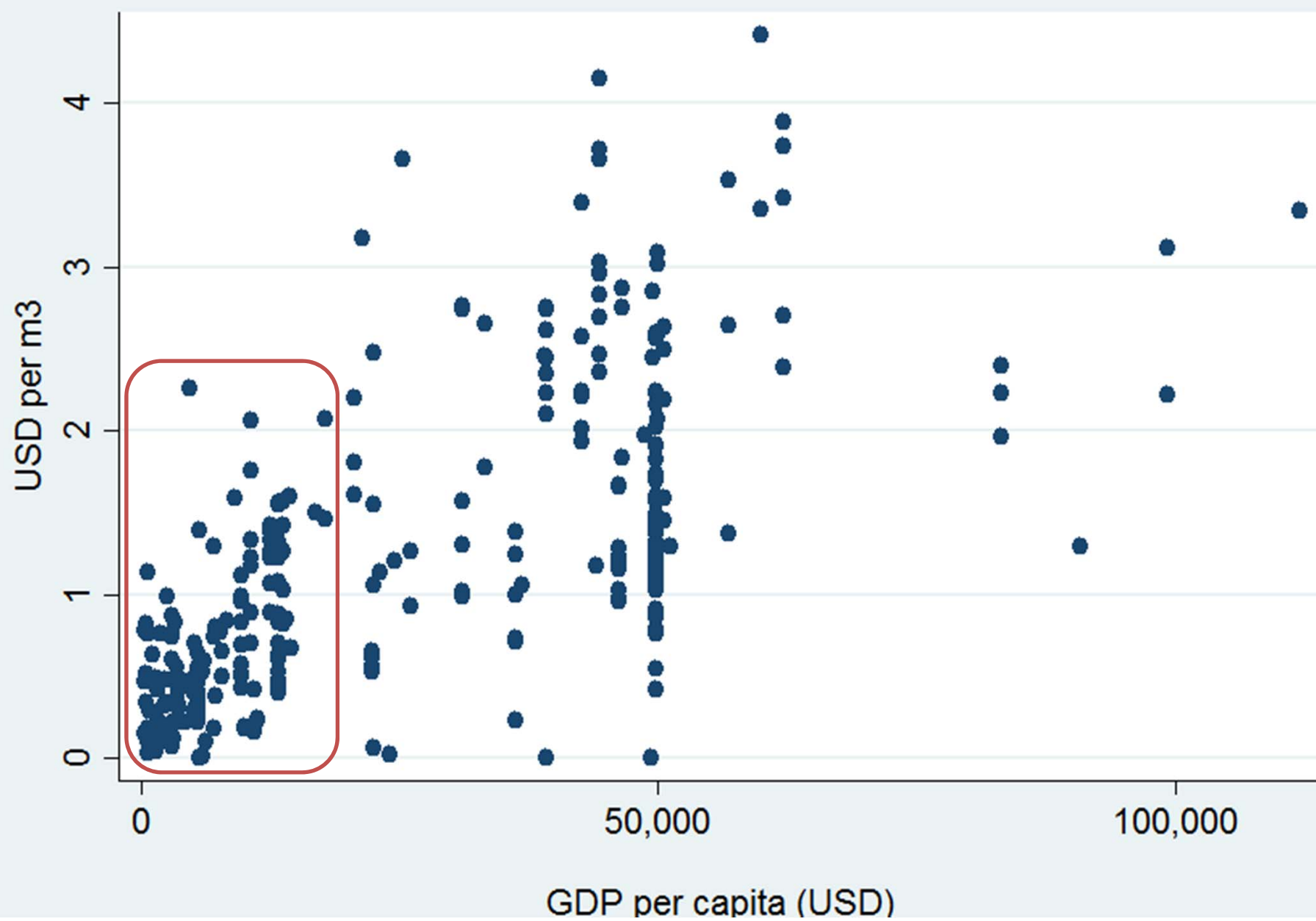


(based on 15 m3/mth)

Price/m3 vs GDP/capita (2013)

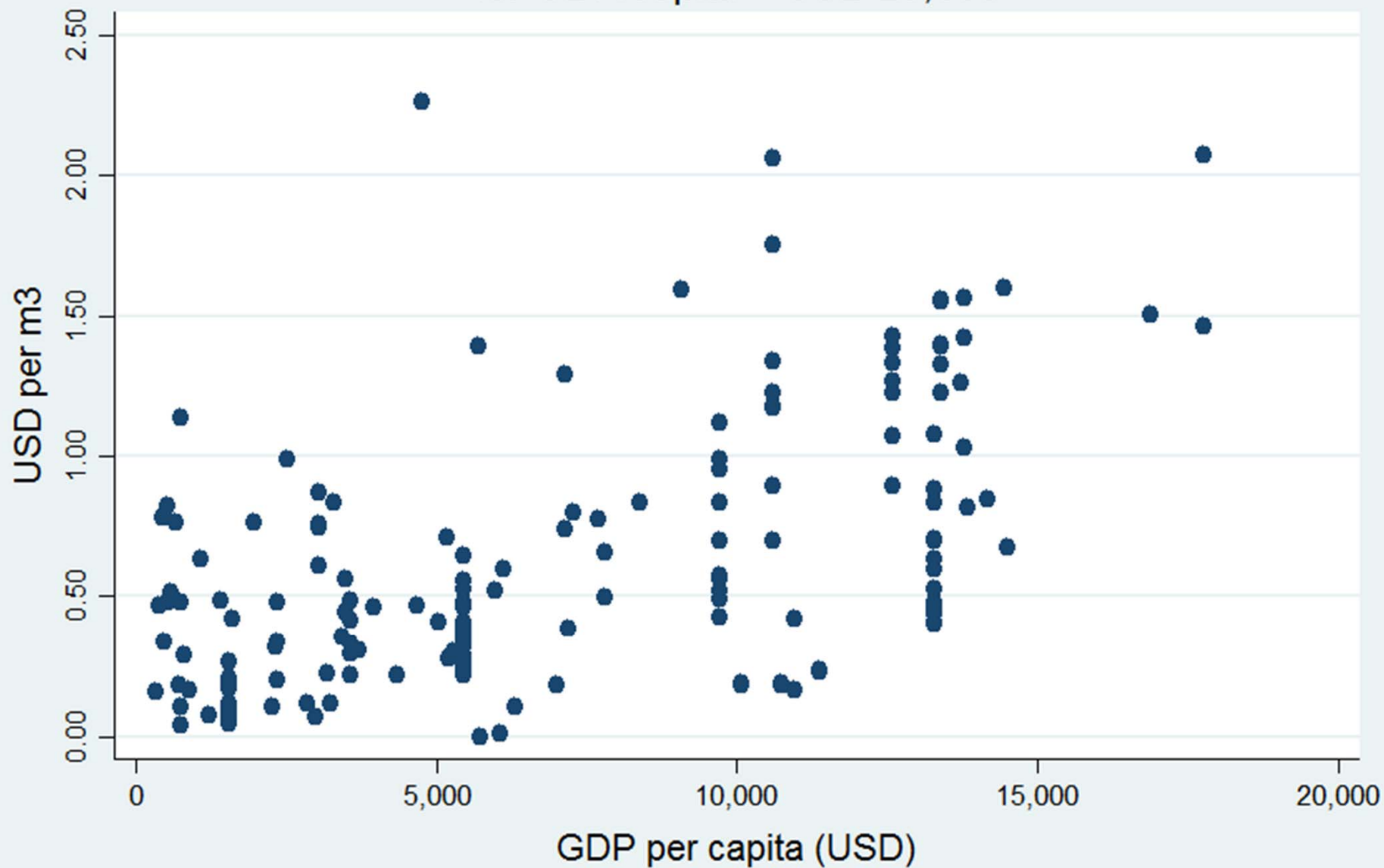


Price/m3 vs GDP/capita (2013)

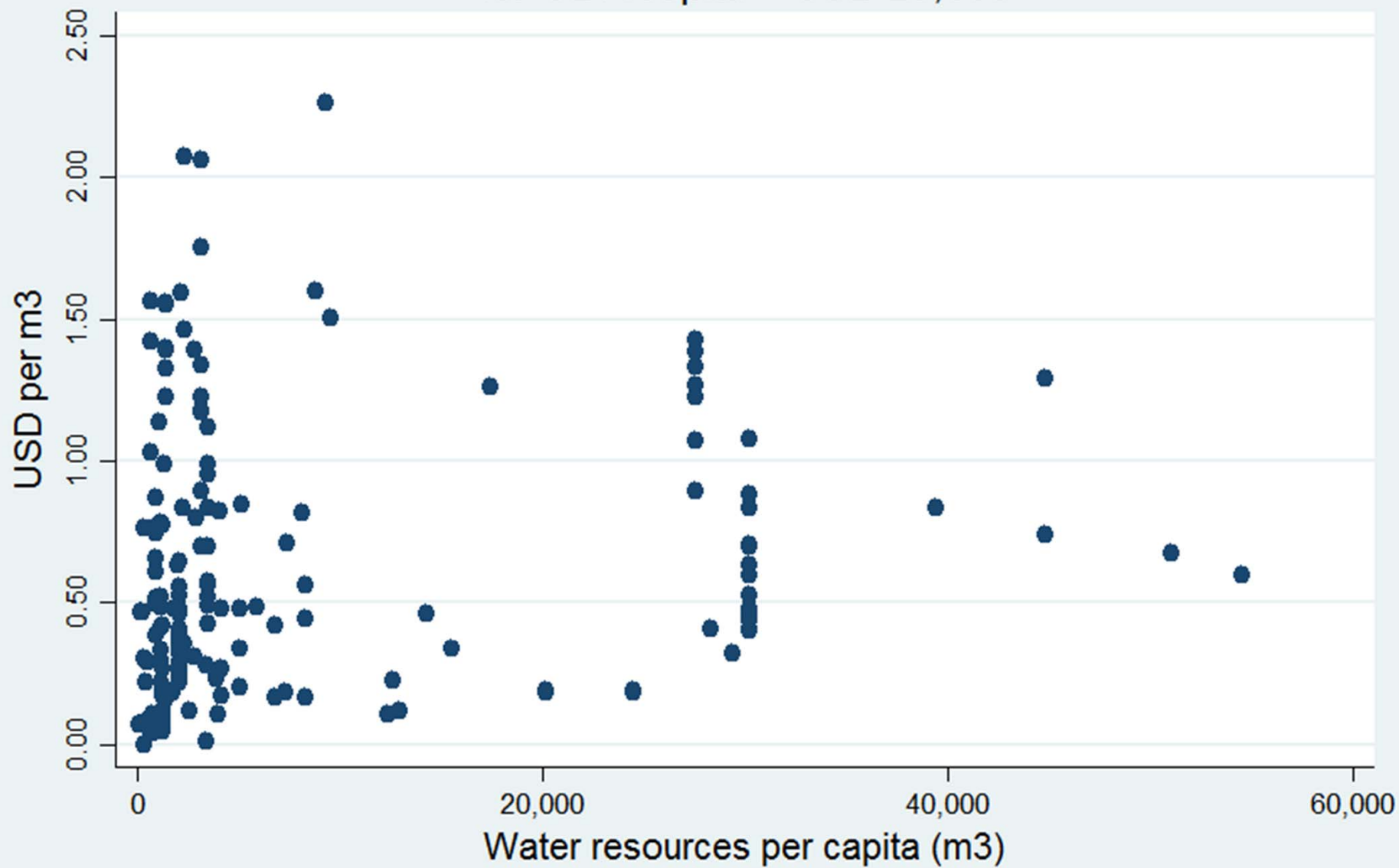


Price/m3 vs GDP/capita (2013)

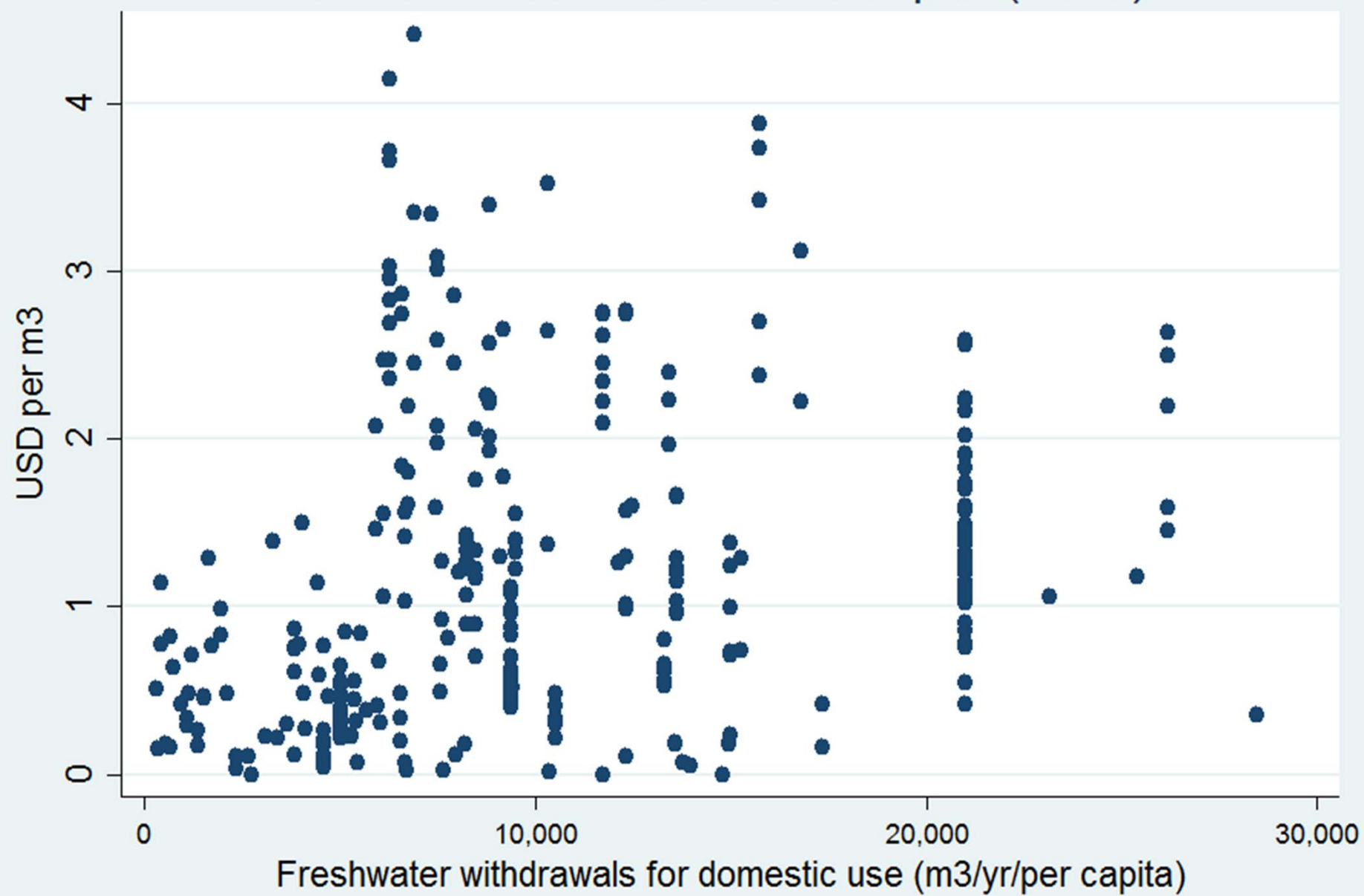
for GDP/capita < USD 20,000



Price vs water resources/capita
for GDP/capita < USD 20,000

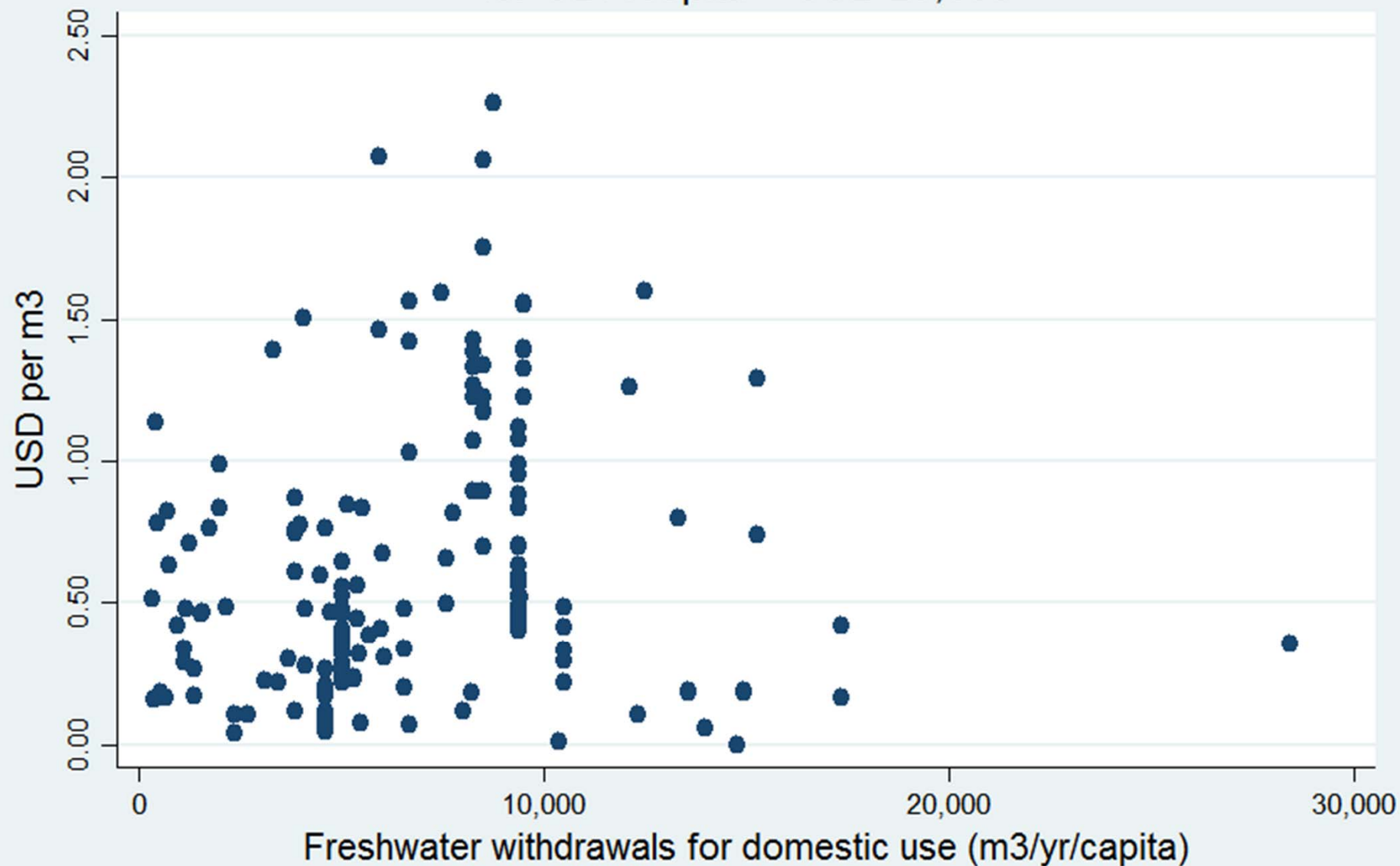


Price/m3 vs Withdrawals/capita (2013)



Price/m3 vs Withdrawals/capita (2013)

for GDP/capita < USD 20,000



Recap of main points

Many water utilities are moving to increasing block tariff (IBT; increasing rate) pricing.

Regional differences

- e.g. private management and uniform pricing more common in Europe

Price of water is related positively to level of income and to use, but little relationship with apparent scarcity

What are knowledge gaps?

Where are water prices reflecting scarcity?

How does consumption respond to changes in rate structure or rate increases?

Does increasing block tariff structure reduce demand, especially wasteful use?

- Is this sufficient to ensure a cap on overall use is respected?

How can both efficiency and equity be pursued, while respecting sustainability, especially in fast-growing cities/regions?

Sewage/wastewater treatment should be integrated in analysis