

THE WALL STREET JOURNAL

March 21, 2011

Putting a Price on Clean Water

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World Water Day, which takes place Tuesday, may not raise much interest in a country like the United States, where nearly everyone has access to a plentiful supply of relatively safe and clean drinking water. Yet anyone who has travelled in countries like Brazil, China, India, Mexico, South Africa and Zimbabwe knows that it is not advisable to drink water from the tap because the quality is uncertain.

The Third World Centre for Water Management estimates that the number of people who did not have access to safe drinking water in 2009 was at least 1.8 billion. In most developing countries, it should be possible to provide clean drinking water to all urban centers of more than 200,000 people. We have the knowledge, funds, technology and experience to make this possible. That we do not is because of poor water management

and governance practices, and the lack of political will.

For universal access to clean water, there is simply no other choice but to price water at a reasonable rate. The poor should receive targeted subsidies which could be of many types—for example, 20 liters of free water, as

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to this most basic
necessity.**

in South Africa. At present poor people from Manila to Mexico City pay 10 to 15 times more than the rich to buy water of indifferent quality from private vendors. The rich pay a much cheaper price through house connections. This system is unacceptable and untenable.

The city of Phnom Penh, Cambodia has shown how good water management, including sensible water pricing, can assure clean drinkable water to all

its citizens on a continuous basis. In 1993, the Phnom Penh Water Supply Authority was nearly bankrupt and could provide poor quality water to only a small fraction of its population for two to three hours each day.

By improving its management, it can now provide clean water that can be drunk straight from the taps without any adverse health impacts. Through equitable water pricing, the water bills of poorest households in the slums have been reduced by 70% to 80%, and residents receive clean water 24 hours a day in their houses.

In 2009, the water authority even paid a tax bill of \$2.67 million to the Cambodian government. It now covers all of its operation, maintenance and depreciation expenses from the income it receives from consumers. Losses from the water system are less than one-fourth of those at Thames Water of England, a private utility since 1989.

Pricing is not a code word for privatization of the water sup-

ply. In fact, the research carried out by the Third World Centre for Water Management indicates that even by the most optimistic projection, by 2030, not more than 10% of the world's people will receive water from privately operated utilities. Thus, the main question we should be asking now is how do we make public utilities more efficient.

Phnom Penh has shown how the performance of a public utility can be transformed. A major reason for this remarkable transformation is due to good management and an efficient and fair pricing system. If Phnom Penh could do it, with its numerous constraints, there is absolutely no reason why other cities in the developing world cannot follow its salutary example.

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