

## Editorial

In a rapidly changing world where technological advancements are increasingly opening up access to communication and information globally in a way that could not have been imagined earlier, the provision of basic services such as clean water, wastewater disposal and sanitation still continues to lag behind what is necessary in most developing countries. And in developed countries, efficient use of water resources still leaves much to be desired.

Lack of proper provision of water services all over the developing world reflects multiple existing governance gaps in terms of policies, administration, capacity and accountability. This has been exacerbated by the fact that municipal governments, which are mostly responsible for policy and oversight, do not always have the necessary management, financial, administrative or technical capacities efficiently and effectively to carry out the tasks they are entrusted with (Baietti, Kingdom, & van Ginneke, 2006). The end result has been that a very significant percentage of the world's population that is served by utilities in the public sector, does not receive adequate water and sanitation services.

This real and perceived failure of the public sector to provide water-related services efficiently and consistently has encouraged the participation of the private sector in providing such services. With time, however, the performance of private sector in many urban areas has also had unsatisfactory outcomes. This has often resulted in highly politicized debates (Cotta, 2012). Questions related to the cost-effectiveness of the private-sector utilities, as well as to what extent they are willing to provide good services to the poor and their interest in promoting water conservation, have become increasingly contentious.

In 2012, approximately 14% of the global population was receiving drinking water and sewerage services from various private-sector utilities (Pinsent Masons, 2012). This may not be a high percentage, but it is a significant change from 1999, when their share was only about 5%. The private sector finances investment costs and contributes directly to the efficiency of the water sector by reducing costs and improving creditworthiness and ability to attract additional financing (Akhmouch & Kauffman, 2013).

Efficient public utilities are the exception rather than the norm. Nevertheless, many of them are becoming increasingly autonomous, accountable and transparent, and many of their performance indicators have improved. Because they are publicly funded, operate within a public environment and are subject to public scrutiny, they are more trusted by the society. Examples include Singapore, Phnom Penh and Tokyo, which are some of the most successful water utilities according to standard performance indicators (see Araral, 2008; Biswas & Tortajada, 2010; Luan, 2010).

In spite of this progress, the Achilles' heel of the water supply and sanitation sector in most parts of the developing world is still poor regulatory and governance practices. This includes not only the utilities themselves but also the external associated actors such as the relevant institutions, policy makers, financing entities, private-sector companies and regulatory bodies – and also the society as a whole, which plays an important role in the overall functioning of the system (Berg, 2013).

Unfortunately, ineffective policies over decades have resulted in unbalanced trade-offs between the financial viability of the water utilities, the quality of the services provided and the expansion of coverage to less well-off communities. These have contributed to inefficient services, where customers' needs are often not fully or consistently taken into account. Such situations, especially when services are provided by the private sector, have been openly condemned many times.

The financial costs of achieving the Millennium Development Goals and access to safe drinking water and sanitation have increased steadily over the years, even though real progress has been somewhat slow. According to WHO estimates (WHO, 2012), annual investments have grown from \$18 billion per year (over the 10-year period from 2006 to 2015) to \$32 billion per year (over the 5-year period from 2011 to 2015). With such high financial requirements as well as the general lack of political will to give water supply and wastewater collection and treatment high priority in national agendas, it is unlikely that universal access to clean water and efficient wastewater management will become achievable targets in the foreseeable future.

When the quality of services provided is not adequate, public scrutiny should not be focused so much on whether water utilities belong to the public or the private sector, as often is the case at present. Instead, scrutiny, discussions and debates should be directed to the related economic, social and environmental implications and to their long-term sustainability.

In a situation where the needs for provision of good-quality services continue to increase globally, the water sector is still trapped in the inefficient functioning of utilities (both public and private) and continued political interference and ideological debates on the roles of the private sector and the pricing of services, instead of forward-looking debates on what might be the best models for private-sector participation and for proper water pricing. Clearly, this vicious cycle has to be broken; otherwise, universal access to safe water supply and efficient wastewater management and sanitation will remain an unachievable goal. Incremental improvements will continue to exert high social, economic, environmental and health costs, especially when the needs of the rapidly increasing populations of developing countries are considered over the next several decades.

To conduct an objective and fact-based assessment of the participation of the public and private sectors and the importance of water pricing in urban water management, the University of Granada, the Third World Centre for Water Management, the AguaGranada Foundation, the International Water Resources Association and Global Water Intelligence jointly organized an international workshop on "Water Pricing and Roles of Public and Private Sectors in Efficient Urban Water Management" in Granada, Spain. Participation in this workshop included leading experts from different parts of the world, heads of public utilities and private-sector organizations with concessions to run utilities, and representatives of national and international organizations.

Topics discussed in depth included the appropriateness of water prices and tariff structures in achieving socially desirable outcomes; global survey of urban water tariffs as well as their sustainability, efficiency and fairness; lessons from not-for-profit public-private partnerships; critical examinations of models and projections of demands in water utility resource planning in England and Wales; dynamics of privatization and regulation of water services; public choices of urban water service management; adoption of water demand instruments; impacts of price and non-price policies on residential water demand; and quality of water services.

The papers presented were extensively revised in the light of the discussions at the Granada workshop. They were additionally peer-reviewed by the guest editors of this

special issue and by anonymous reviewers. These papers represent most of the contributions to this substantial special issue on Urban Water Management: Public–Private Participation and Water Pricing. Additional papers were specially commissioned to broaden the scope of the discussions.

This issue also includes a policy brief on the major challenges associated with the provision of acceptable standards for urban water services for the present and future generations and an authoritative analysis of the current state of the art of urban water tariff structures in 60 cities from 43 countries. Finally, it also includes two book reviews on urban water and sanitation services.

It is hoped that this special issue will contribute constructively to the continuous ongoing global debates on these complex and interconnected topics.

Cecilia Tortajada, Francisco González-Gómez,  
Asit K. Biswas and Miguel A. García-Rubio  
*Guest Editors*

*Third World Centre for Water Management*  
*Department of Applied Economics, Faculty of Economics and Business,*  
*Granada University*  
*Lee Kuan Yew School of Public Policy*

## References

- Akhmouch, A., & Kauffmann, C. (2013). Private-sector participation in water service provision: Revealing governance gaps. *Water International*, 38, 340–352. doi:10.1080/02508060.2013.793573.
- Araral, E. (2008). Public provision for urban water: Getting prices and governance right. *Governance: An International Journal of Policy, Administration, and Institutions*, 21, 527–549. doi:10.1111/j.1468-0491.2008.00412.x.
- Baietti, A., Kingdom, W., & van Ginneke, M. Characteristics of well-performing public water utilities, Water Supply and Sanitation Working Notes, Note No. 9, World Bank, Washington (2006).
- Berg, S. (2013). Best practices in regulating State-owned and municipal water utilities, Economic Commission for Latin America and the Caribbean (ECLAC), Santiago.
- Biswas, A. K., & Tortajada, C. (2010). Water supply of Phnom Penh: An example of good governance. *International Journal of Water Resources Development*, 26(2), 157–172. doi:10.1080/07900621003768859.
- Cotta, S. A. (2012). Privatization and water service provision in the United States: A recommendation for expanded oversight and the development and adoption of best practices. *Water International*, 37, 818–830.
- Luan, I. O. B. (2010). Singapore water management policies and practices. *International Journal of Water Resources Development*, 26, 65–80.
- Pinsent Masons. (2012). *Pinsent Masons Water Yearbook 2012–2013* (14th ed.). London: Pinsent Masons. Available at <http://wateryearbook.pinsentmasons.com/>
- WHO. (2012). Global costs and benefits of drinking-water supply and sanitation interventions to reach the MDG target and universal coverage, World Health Organization, Geneva.