University of Reading

COMPARE YOUR NOTES

Alternative text

Cornell Notes: Bayliss, K. & McKinley, T., (2007). "Privatising Basic Utilities in Sub-Saharan Africa; The MDG Impact". UNDP Policy Research Brief No 3. retrieved September 7, 2017 from http://www.ipc-undp.org/pub/IPCPolicyResearchBrief3.pdf	
NOTES	Comments
Pricing of utilities – a major challenge Past – prices set below cost.	i.e when publically owned?
Price increases have contributed to financial sustainability, but… should they only cover operating costs or also pay for investment?	But can investment lead to lower prices long term (e.g. repairs to infrastructure, less loss of water through leakage)?
Unrealistic for consumers to pay for investment.	
Problem: high cost of providing utilities and low income of many consumers + decrepit infrastructure > high system losses > unaffordable tariffs. e.g. Zambia 2002/3-about 25% of household could not afford water tariffs.	What are "system losses"? Water leaks + not collecting unpaid bills?
Raising tariffs does not always lead to higher income e.g. South Africa higher water process > greater use of unsafe water sources > cholera in 2000.	Is the health cost (e.g. cholera) an argument for govt. subsidy of water supply?
Govts. should focus on reducing system losses, not increasing tariffs.	
Tariffs should only be raised if input costs increase.	What are "input costs" How does this apply to water?