

Sustainable Water and Wastewater Management in Urban Growth Centres Coping with Climate Change - Concepts for Lima Metropolitana (Perú) -

Evaluation of the water tariff system

Situation

- The regulatory authority SUNASS determines the water tariff for the water supplier SEDAPAL.
- The average tariff (2012: PEN 2,65 per m³) covers operational and partially also investment costs but does not reflect external environmental costs.
- The tariff structure incorporates a cross-subsidy, but 80% of the beneficiaries are non-poor, and 10% of the poor do not benefit.
- Water users not connected to the network (who are mainly poor) pay a multiple of the regular tariff to water vendors.

Category	Range m ³ /month	Tariff PEN per m ³	
		Drinking water	Waste-water
Fixed Charge		4,886	
Social	>0	0,969	0,424
Domestic	0-10	0,969	0,424
	10-25	1,125	0,492
	25-50	2,488	1,088
	>50	4,221	1,844
Comercial/Industrial	0-1000	4,221	1,844
	>1000	4,527	1,978
State	>0	2,365	1,033

SEDAPAL tariff in 2012

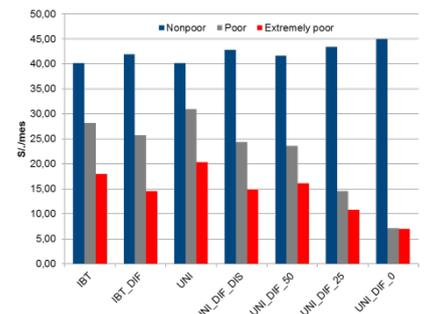
Methodology

- Collaboration with SUNASS during the entire course of investigation
- Review of international experience with water tariffs
- Quantitative analysis using data from SEDAPAL and the National Household Targeting System (SISFOH)
- Numerous interviews with Peruvian experts
- Seminars and round tables to develop and discuss preliminary research results



Results

- In general, the water tariff has to be modified to fully consider the value of ecosystem services provided by water.
- To target the cross-subsidy to the poor, the current increasing block tariff should be replaced by a means-tested tariff.
- Overall, measures to alleviate poverty should be directed primarily to those users not connected to the network.
- Tariff reforms are contingent on political factors, such as political willingness, tariff transparency, co-operation across responsible authorities and the financial resources of these authorities.



Average monthly cost of tariff alternatives

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