

Willingness to pay for water: The international debates

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Abstract

The objective in this paper is to furnish a critical analysis of international research concerning the question of "willingness to pay" for water. The majority of existing international studies derives from research work either sponsored by or linked to the World Bank or other development agencies. The paper is divided into four sections of material. First, the significance of understanding "willingness to pay" is emphasised, particularly in terms of the planning of water projects. In the second section, the focus turns to a review of the contributions and validity of rapid reconnaissance surveys concerning informal water vending. In the third section the methodology and findings are reviewed of the cutting edge of "willingness to pay" research, namely contingent valuation studies. The final section draws together key conclusions and findings.

Introduction

A central element in initiatives for reconstruction and development is the provision of infrastructure and services to ensure that all South Africans enjoy access to adequate basic services (Eberhard and Quick, 1995; Pansegrouw, 1996). It is clear from official statements on water-supply policy that a strong emphasis currently is placed on issues of cost recovery (Schur, 1994; DWAF, 1994; Goldblatt, 1996a; Pansegrouw, 1996). The question of cost-recovery is a highly sensitive and controversial matter particularly against the background of a recent lengthy culture of township rent and service boycotts as political strategy and of the launching of the Masakhane campaign to reverse this culture of non-payment (Goldblatt, 1996a; 1996b). At the heart of local debates concerning cost-recovery is an understanding of the ability and willingness of consumers to pay or contribute towards improved water services (Van Ryneveld, 1995; Goldblatt, 1996a). This crucial issue is now attracting the interest of South African researchers and a number of empirical studies of consumer willingness to pay are in progress (Goldblatt, 1996b). The growing involvement of South African researchers in "willingness to pay" research can be informed and enriched, however, by an examination of an international experience which originated in the period 1981 to 1990, the International Drinking Water Supply and Sanitation Decade. The aim of this paper is to furnish a critical review of the existing international research based outside South Africa concerning "willingness to pay" for water.

Background context

The International Drinking and Water Supply and Sanitation Decade was characterised by sustained efforts on the part of communities, governments and several international development agencies to expand water supplies and sanitation facilities particularly to the poorest populations in the developing world. It has been claimed that the efforts of development agencies participating in the Decade (spearheaded by the World Bank) were "enthusiastic, often innovative, and sometimes outstand-

ingly successful" (Cairncross, 1992, p. 1). Nevertheless, it is admitted that "some of the more optimistic Decade targets have not been achieved" and "much remains to be done before safe water and sanitation are available to all" (Cairncross, 1992, p. 1). Although the majority of developing world countries and support agencies subscribed to the goals of the Decade, overall objectives were not met (Serageldin, 1994; World Bank, 1996). Especially troublesome was the fact "that improvements in sanitation lagged far behind those in water supply" (Whittington et al. 1993, p. 733).

During the Decade, major progress was made in terms of advancing knowledge in the technological issues surrounding water supply or sanitation provision. Several studies appeared analysing such issues as conventional and non-conventional technologies of water supply or sanitation, including handpumps and ventilated improved pit (VIP) latrines (Ridgley, 1989; 1993; Reynolds, 1992). Indeed, in many respects, it remains that the Decade's "most important achievements have been in the realm of ideas" (Cairncross, 1992, p. 1). Accordingly, it is evident that the principal challenges of the next decade "will not be technological questions - the 'hardware of water supplies and sanitation' - but the 'software' issues", most notably questions relating to the organisation and financing of water or sanitation programmes. One key software issue concerns the issue of household and community "willingness to pay" for water supplies or sanitation. The principal lesson of the Decade is perhaps that progress and continuing success hinge upon the response to consumer demand; a first step in that response is to understand household or user willingness to pay (Cairncross, 1992).

The objective here is to undertake an overview of international debates and research concerning "willingness to pay". Given that user willingness to pay for facilities is often a major element in determining the success of a water or sanitation supply scheme it is remarkable how little detailed literature exists (Cairncross, 1992; McPhail, 1993a). An intensive scan of the international "state of the art" discloses that fewer than 30 substantive studies are either complete or currently in progress on questions surrounding "willingness to pay" (Dzikus and Surjadi, 1995). The majority of research work either has been sponsored by or linked to the World Bank or other development agencies, most importantly the United Nations Centre for Human Settlements (UNHCS). Only recently have there appeared a scatter of

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