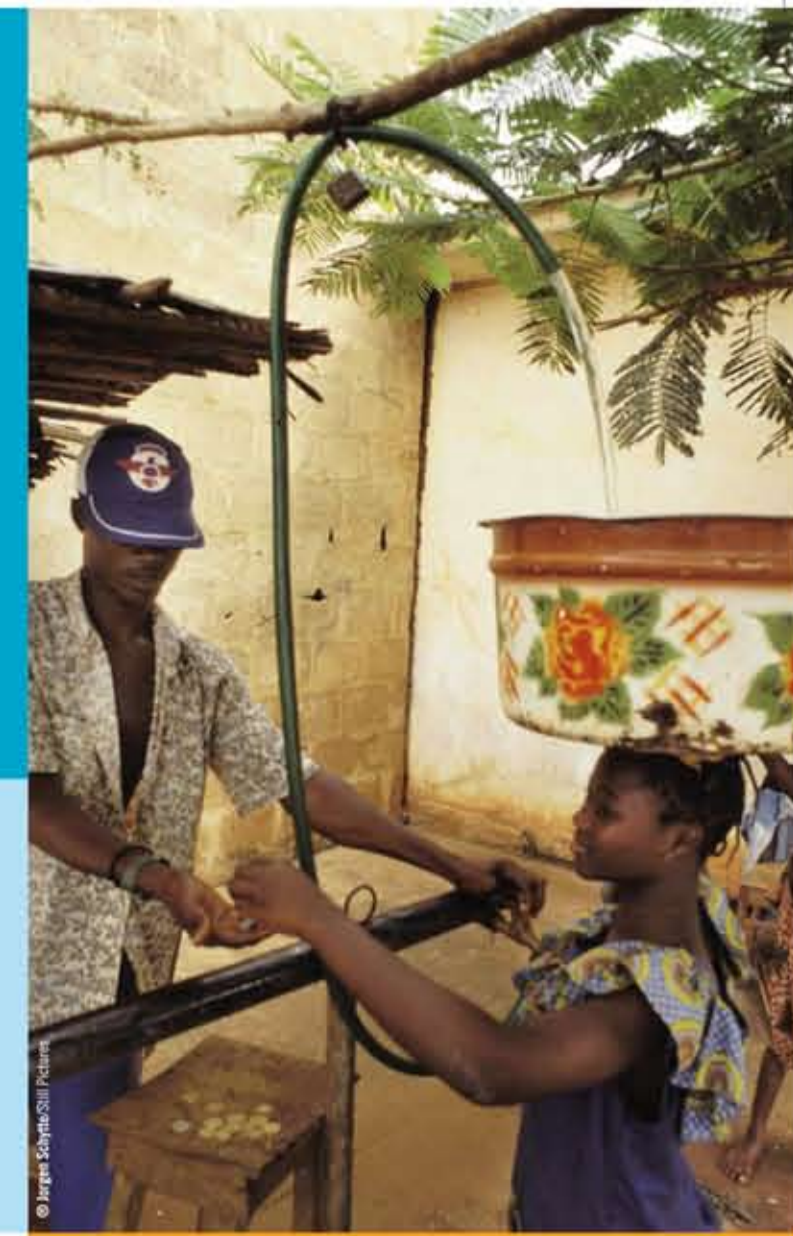


The value and price of water

Water encompasses many values: social, cultural and environmental, as well as economic. All of these values must be taken into account when developing policies and programmes designed to move towards fair, efficient and environmentally sustainable management of water resources.



"Nowadays people know the price of everything and the value of nothing"
Oscar Wilde

As fresh water becomes more and more scarce and disputed, it is increasingly important to understand water's different values. The challenge in evaluating water is for governance and management decisions to reflect the various values of water recognised by its different users

It is important to understand the difference between:

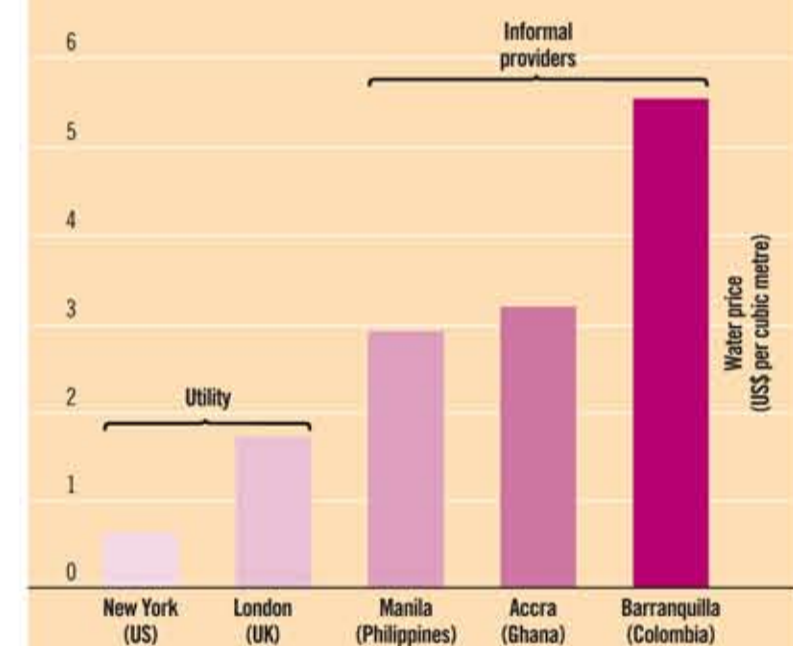
- the **value** of water, that is, the set of qualities that determine its social and environmental importance and the broad range of direct and indirect benefits that it offers people and ecosystems;
- the **price** of water, that is, what users are charged; and
- the **cost** of water, derived from the expenses of supplying water to users.

The price of water is an increasingly significant political and economic concern. Access to water at an affordable price must be a priority, since secure sources of water are essential not only to health but also to social and economic development.

Quite often, it is the poorest who must pay the highest price for water.

Water prices: the poor pay more, the rich pay less

Source: Human Development Report (HDR) 2006, based on Solo (2003) and WUP (2003).



Making users (homes, businesses, industries and agriculture) pay for water services should serve to cover supply costs and also to guarantee the right to water of the users with the least purchasing power.

Certain economic techniques allow calculations of the price of water to include water's non-commercial values, such as its environmental value.

