



PWA

Tariff Policy in Palestine as a Tool to Achieve Cost Recovery

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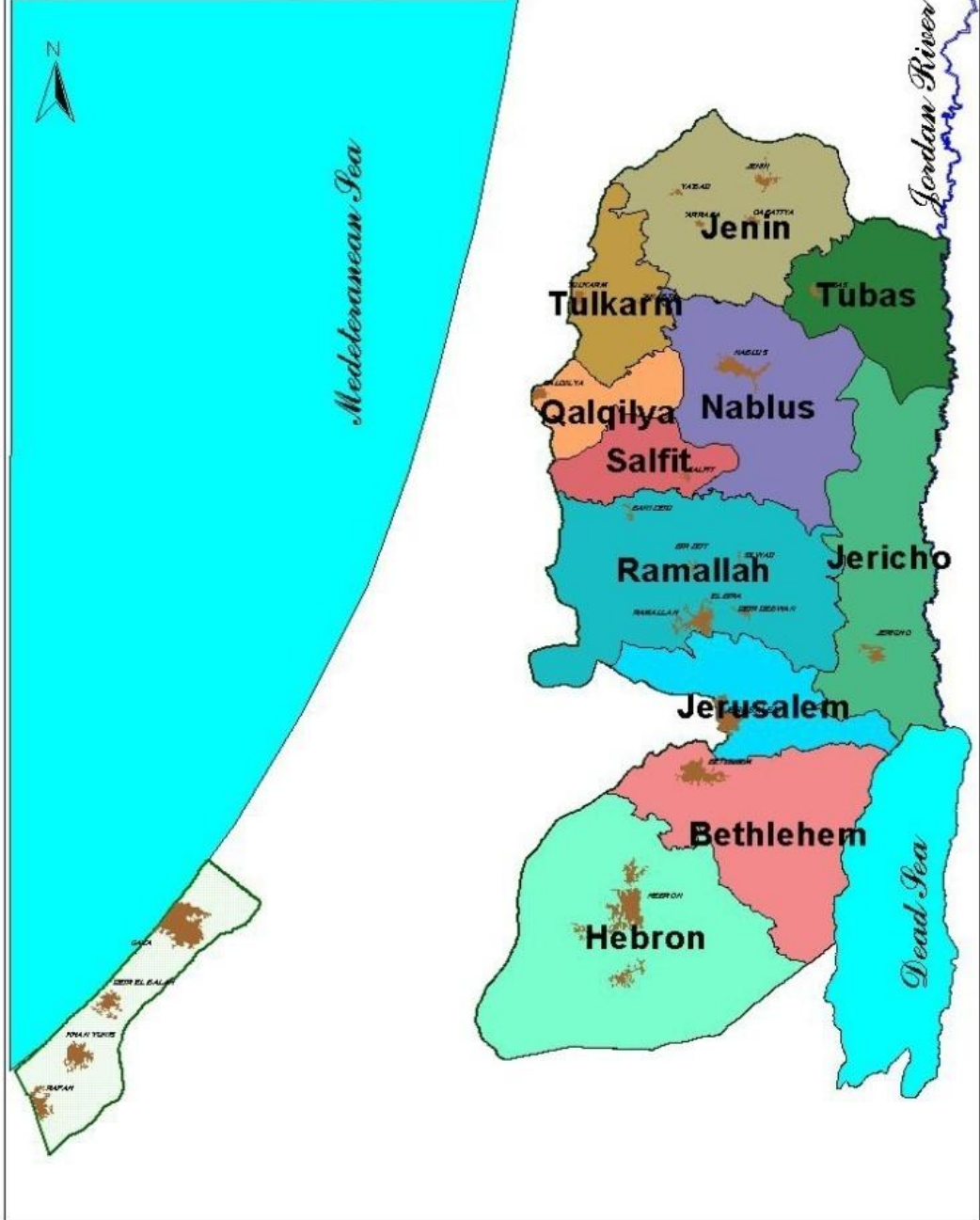
PWA

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PWA Tariff Policy Guidelines

PWA tariff policy guidelines that comprises from two parts:

- Tariff regulation: legal document.
- Implementation procedures: addresses the rules and standards. It describes the functions and approaches for effective regulation.

Tariff Policy Objectives

The main objectives:

- Cost recovery: full cost recovery achieved through the following stages:
 - Revenues cover operation and maintenance (O&M) costs.
 - Revenues cover O&M costs, plus depreciation
 - Revenues cover O&M costs, plus depreciation, plus interest.
- Social equity: affordable price for the basic consumption needs of low income households.
- Economic efficiency: an economic price for the higher consumption

Cost Recovery

Control Cost

Increase Revenue

Reducing the UFW

Using Developed Technology

Increasing Operation Efficiency

Efficient and improved management

Improved Billing Collection

Enlarge Service and Increase Connections

Reduce Illegal Connections

Increase Fiscal Transfers from the center

Borrowing

Applying suite Staff

Cost Elements

- Main elements of cost in Palestinian West Bank are:
 - Purchased Water
 - Energy cost
 - Unaccounted for water (UFW)
 - Absence of effective management
 - Absence of effective awareness

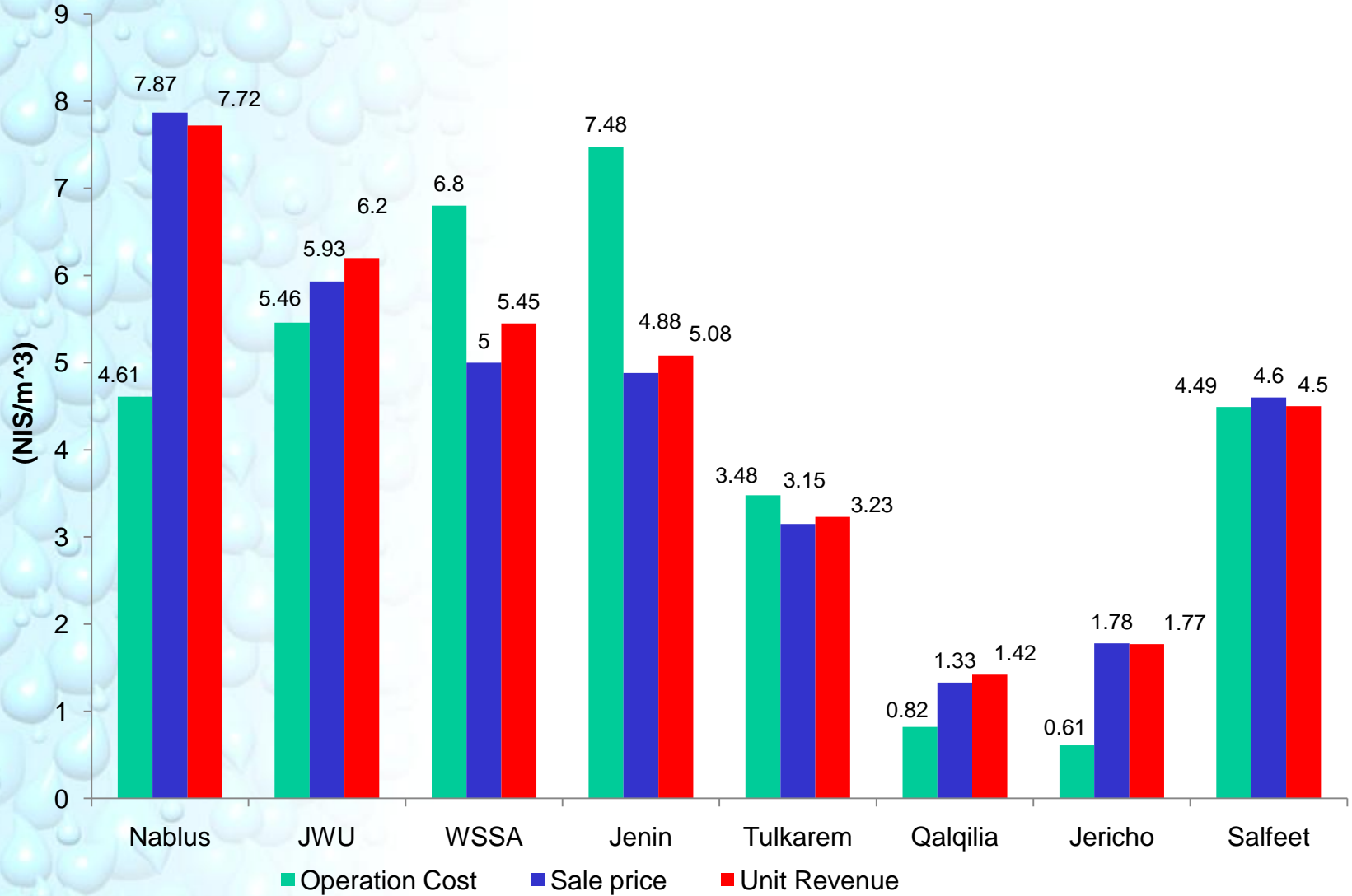
Application of Cost Recovery

- 💧 Cost recovery has to achieve at least operation and maintenance cost. This can be recovered by different ways such as:
 - 💧 Suitable tariff
 - 💧 Other revenues (other than bills)
 - 💧 Governmental subsidies
 - 💧 Foreign funds
 - 💧 Other funds

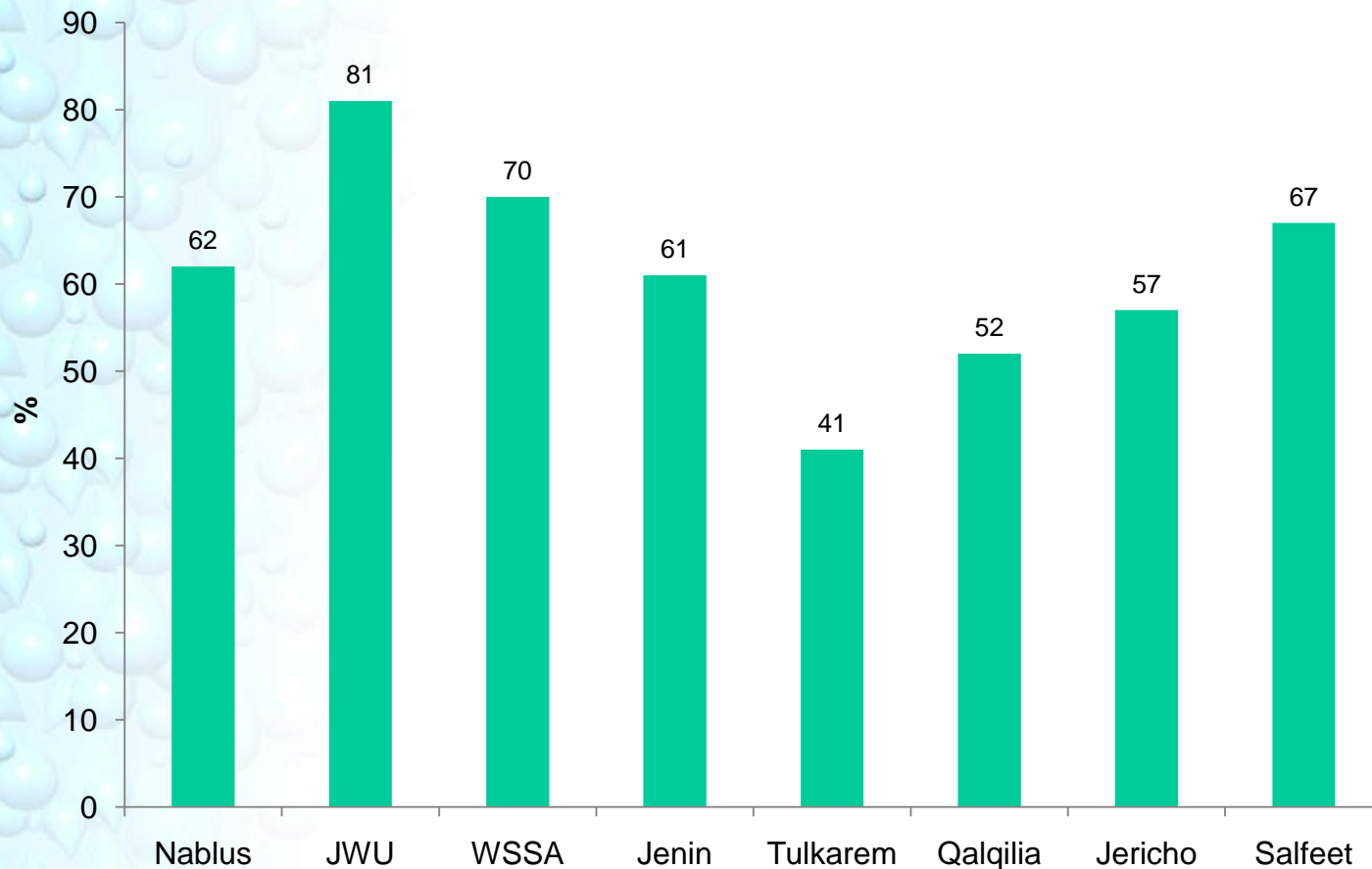
Cost Recovery Obstacles

- The high cost and the ways for reducing it are limited.
- Different applied tariffs and prices.
- The applied tariffs and prices are not justly in distribution and truly calculations.
- All the service accounts are mixed together and not separate.
- Arbitrary fee collection.
- Some of the municipalities and utilities are not covering their (O&M) Costs.

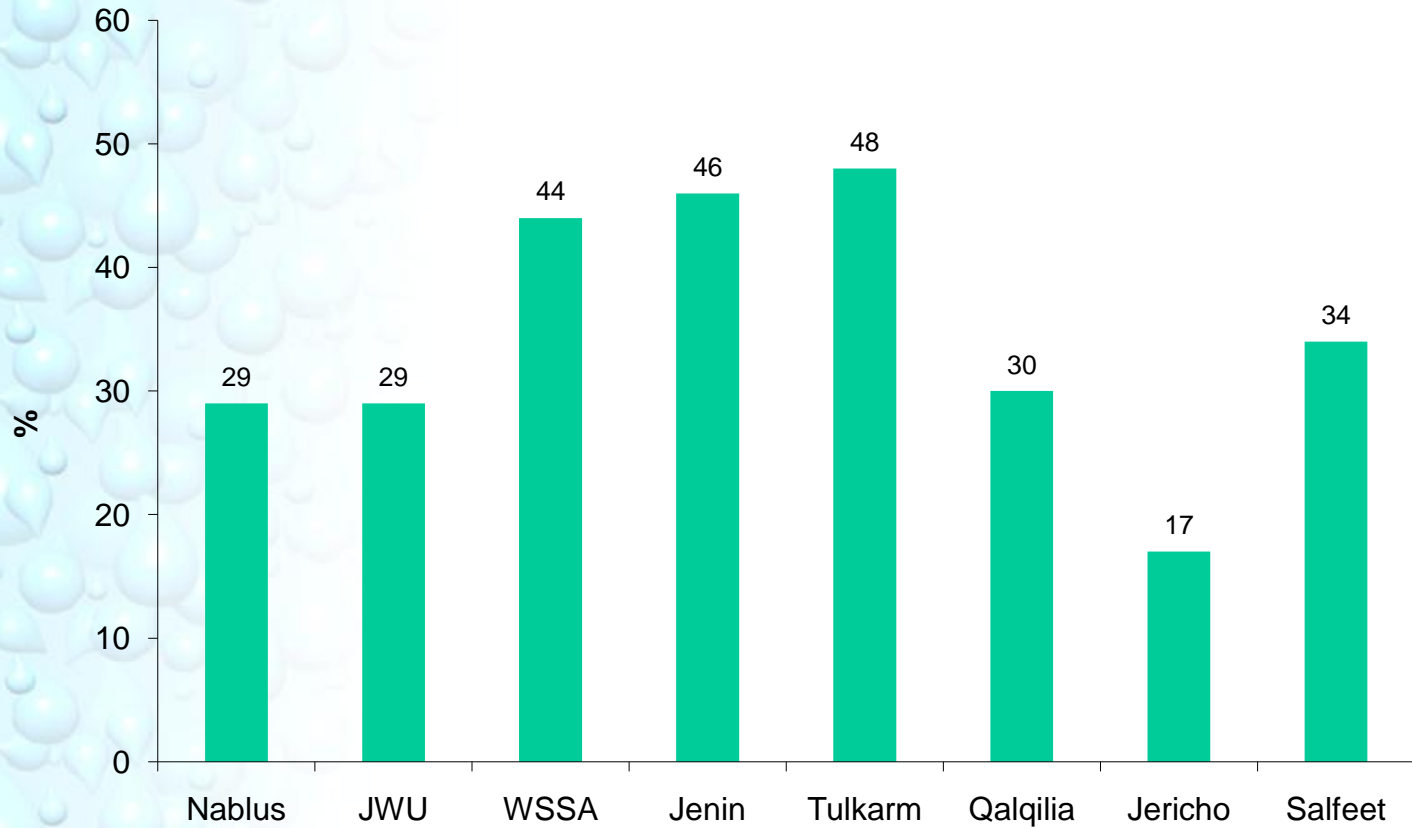
Indicators 2009



Collection Efficiency 2009



Unaccounted for water 2009



Jenin Water System

- 💧 Jenin lies in the north of West bank
- 💧 Population is 50000 capita
- 💧 Population connected to network about 95%
- 💧 Average daily Consumption is About 80 l/c/day
- 💧 Unaccounted for water (UFW) 46%
- 💧 Collection Efficiency 61%

Jenin Water Cost Recovery

Year	Unit	Total revenues / (O&M)	Issued bills/ (O&M)	Collected bills/ (O&M)
2005	%	115	94	51
2006	%	102	89	62
2007	%	123	92	42
2008	%	71	96	51
2009	%	78	77	45

Al-Bireh Wastewater System

- 💧 Al-Bireh lies in middle West Bank
- 💧 Population is 50000 capita
- 💧 Population connected to water network is 100% and 95% to wastewater network
- 💧 Treatment plant capacity 5500m³ per day
- 💧 Wastewater bills is collected by Jerusalem Water Undertaking
- 💧 Water collection efficiency 81%
- 💧 Wastewater collection efficiency 30%

Al-Bireh wastewater cost analysis 2010

Item	Unit	
Capital cost	NIS	71,875,000
Operation and Maintenance cost	NIS/ year	1,635,996
Depreciation cost	NIS / year	5,720,000
Total cost	NIS	7,355,996
Cost / cubic meter	NIS/m³	3.72
water consumption	m ³ / day	4,427
wastewater treatment capacity	m ³ / day	5500
Water price	NIS/m ³	5.93
Waste water charge price	NIS/m³	1.8
Collection efficiency from waste water bills	%	30
Cost recovery of wastewater total cost	%	47

Recommendations

- 💧 Fulfilling the Palestinian water rights and controls their resources.
- 💧 Tariff Regulation which was prepared by PWA must be approved as soon as possible.
- 💧 The resources of energy must be available at suitable prices.
- 💧 More efforts for reducing the high UFW.
- 💧 Increasing collection is important to achieve cost recovery.

Recommendations

- 💧 Raising awareness for consumers showing the importance of paying their bills.
- 💧 Take more care for the wastewater treatment and to make benefit from reuse of treated wastewater which share in covering the cost.
- 💧 Most providers must improve the bad financial situation by improving their billing systems and accounting systems.



Thank You ...