



Affordability and willingness to pay – A desk study

March 2007

Workshop no 4 – Part iii

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Leaders in the design, implementation and operation of
markets for electricity, gas and water.



 **MVV** Energie AG

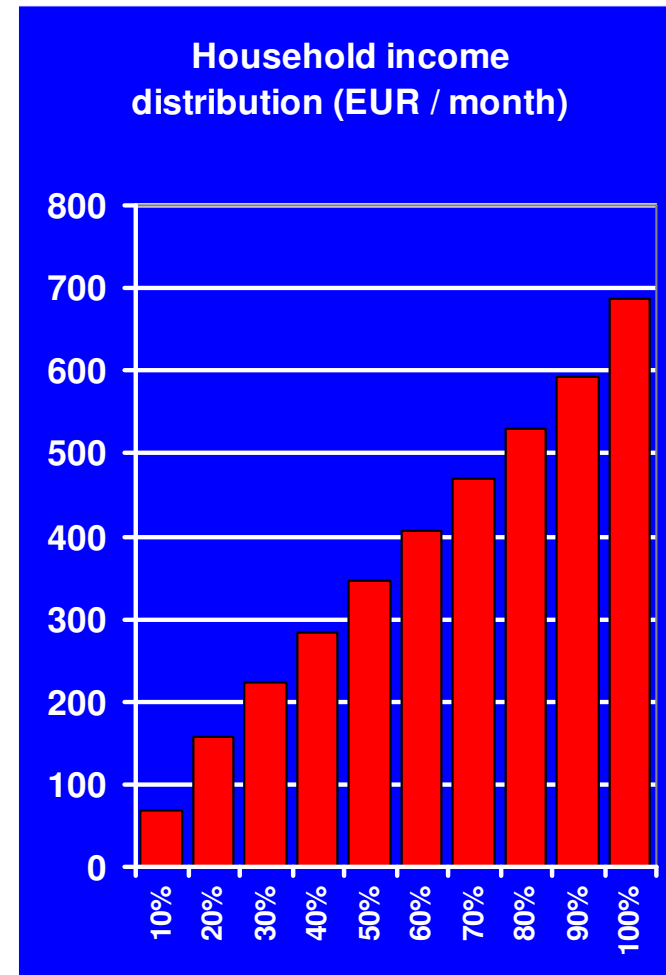
*Edinburgh
Economics*

Background

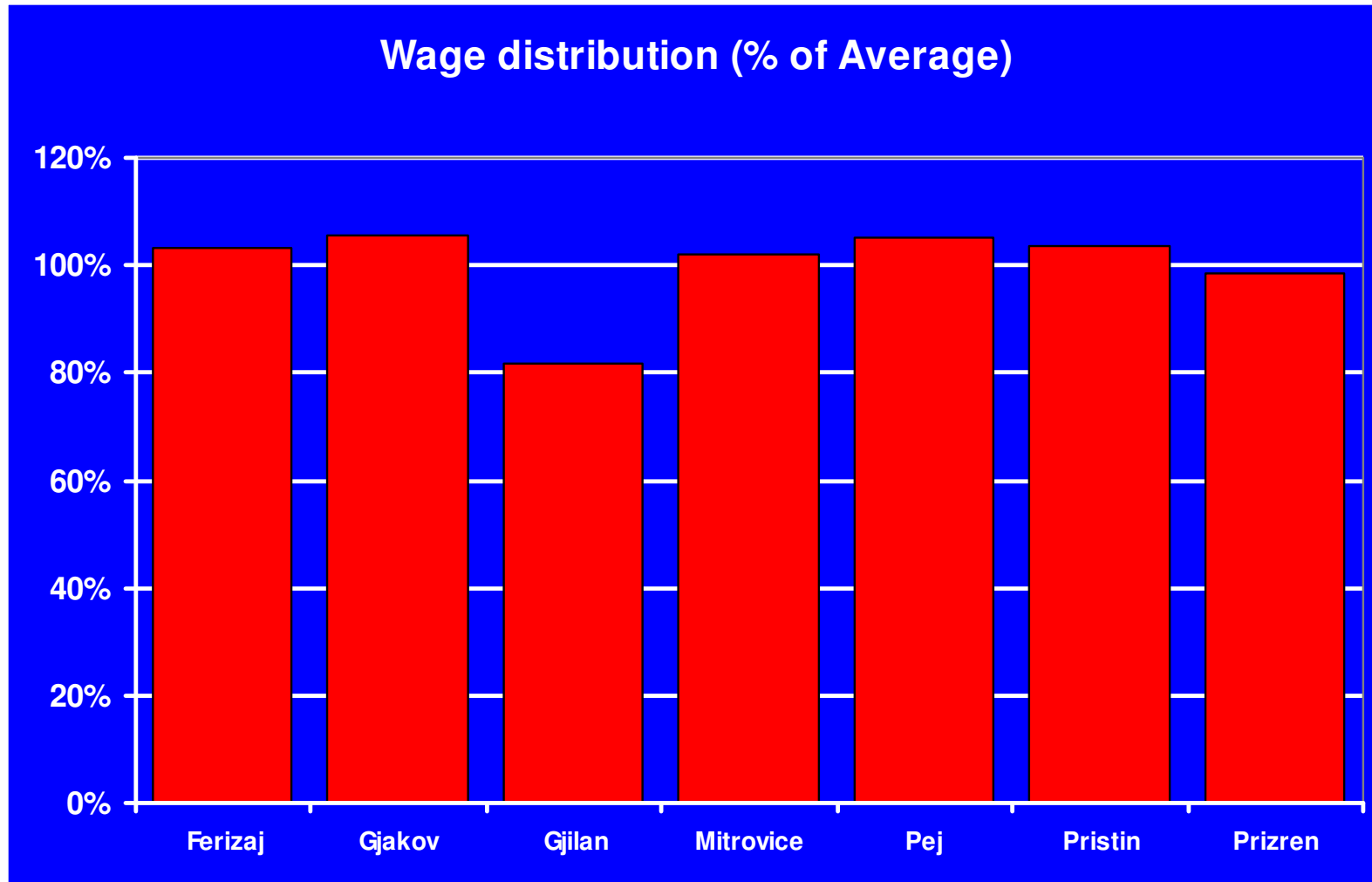
- Previous studies undertaken, e.g.
 - Statistical Office of Kosovo
 - European Commission
 - Consultants etc.
- Macro / average analyses only
- New study to focus on the incomes of the poorest sector
- Impacts on affordability of services
 - Water supply
 - Waste collection and disposal

Findings – Income (1)

- Average household income \approx €376 / month
- Distribution of income relatively uniform
 - Income of poorest 10% \approx €80 / month
 - Income of next poorest 10% \approx €150 / month
- Poor comprise \approx 20% of population
- Very poor (food poverty) \approx 10% of population
- Households receiving social assistance \approx 8% of population



Findings – Income (2)



Waste services and affordability

- Waste services \approx 1% of household income, i.e. €3.76 per month (inc. VAT)
- Current fixed charge €3.50 to €4.20 (inc. VAT)
- Very poor households paying up to 5% of household income – high levels of non-payment (more than 50% of households not paying)
- Current tariffs can deliver full cost recovery if:
 - 100% collection rate, and
 - Excludes waste disposal charges
- Uniform pricing system not cost reflective

Potential for increased waste revenue

- Enforcement constraints
- Improved payment convenience
- Alternative pricing (houses / communal services)
- Alternative institutional arrangements, e.g.
 - Municipal responsibility
 - Property taxes
- Communications