



Some Thought Provokers

1.3: Costs for Decision Making

Guy Hutton,

Senior Economist, WSP-EAP

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Cost evidence supports the technology (and service level) ‘ladder’

Focus on investment costs is misleading: different length of expected life per technology means annualised costs increase comparability

Analysis of costs leads to a greater understanding of the drivers and determinants

Simple comparisons with wage rates or income quintiles enables rapid assessment of potential affordability (but not *willingness* to pay)

If costing service levels is to become mainstream, do we need to redefine coverage measurement as well as targets?

COSTING METHODOLOGY



Should we cost
corruption?

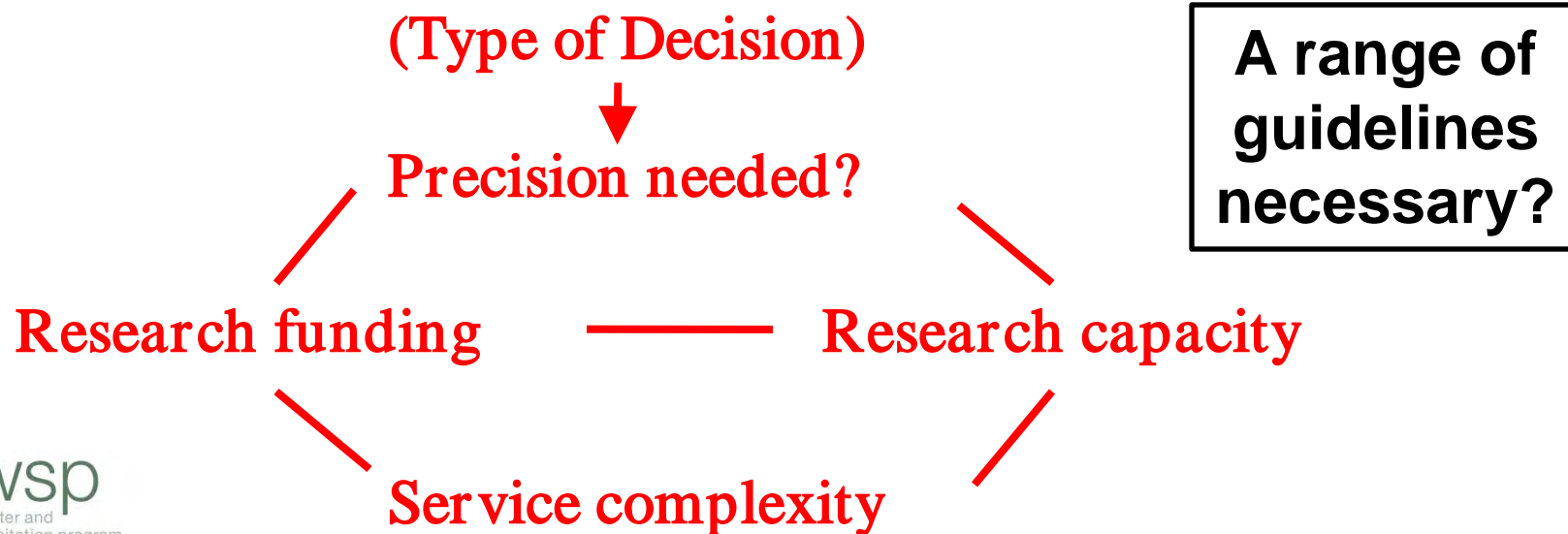
We need **GUIDELINES** and tools!

Standardised cost estimation: comparability

Compare options in an unbiased way

Application by non-economists

So what type of guideline is necessary?





Dear Policy Maker, ... Sir..... It's Complicated !

Understand the key data need for the decision

Choose which cost presentations / disagg. to make

Being persuasive; avoid negative messages

Present accompanying information – simple interpretations, contextualisations, pros and cons, affordability, (all) benefits versus costs

Balance between pushing towards societal optimal and basic DM under budget constraints

Recognise many levels and types of decision maker and remember the beneficiary

WASH COSTS



e.g. of sanitation

	Access	Use	Reliability	Environmental protection
Pit latrine	Largely the investment cost of the toilet and cubicle	Requires the appropriate facility to be constructed to ensure use, supporting social norms, as well as some operational costs to keep it usable	High quality of initial investment and preventive as well as major maintenance	Isolation and/or emptying with safe disposal or treatment
Septic tank				Quality tanks; empty & treat
Sewerage				Non-leaking network and functioning WWTP
UDDT				Safe reuse



Incremental costs