The Move to Universal Water Metering and Volumetric Pricing in Armenia

Naira Harutyunyan

Central European University, Department of Environmental Sciences and Policy, 9 Nador ut., H-1051, Budapest, Hungary; e-mail: Harutyunyan_Naira@ceu-budapest.edu

Abstract

This paper analyzes the implementation of water metering and volumetric pricing in Armenia as part of the water reform agenda. It explores the impact of water metering and volumetric charging on the performance of water utilities and residential water consumers. In the short run, immediately after meter installation, residential water consumption declined nearly four times. However, without price increase acting as a signal, residential water consumption rebounded – in some cases from 70 to 120 liters per person per day. Despite a drastic increase of water payment collection rates, water utilities experienced a considerable fall in revenues. In the long run, increase of water metering from 6% in 2002 to 75% in 2008 was accompanied by reduction of average per capita water demand from 172 to 94 liters per day. The paper also finds that favorable legislative and institutional settings and provision of social protection schemes for mitigating the adverse social impacts are critical for policy implementability.