

# Water pricing and full cost recovery of water services: economic incentive or instrument of public finance? 🛒

Antonio Massarutto



Water Policy (2007) 9 (6): 591–613.

<https://doi.org/10.2166/wp.2007.024> **Article history** ↻

Share ▾ Tools ▾

Neoclassical economists have advocated the use of pricing instruments as a fundamental tool for achieving sustainability of water systems and an efficient allocation of water resources. This idea has been accepted in worldwide agreed definitions of sustainability, where “full-cost recovery” is considered as a basic requirement. In this paper, we argue that water pricing (aiming at allocative objectives) and cost recovery can often be at odds, while prevalence of one or the other objective also depends on whether the main issue at stake is financing infrastructure development and maintenance, or rather allocating scarce water resources. Therefore, the two issues should be dealt with separately and require different approaches to pricing.

**Keywords:** [Economic instruments](#), [Full-cost recovery](#), [Pricing of public utilities](#), [Water supply and sewerage](#)

This content is only available as a PDF.

© IWA Publishing 2007

You do not currently have access to this content.

## Sign in

Don't already have an account? [Register](#)

## Client Account

Email address / Username

[Skip to Main Content](#)

Password

[Sign In](#)

[Reset password](#)

[Register](#)

## eBook

Pay-Per-View Access \$38.00

 [Buy Article](#)

[Submit to this Journal](#)



[View Metrics](#)

### Cited by

Web Of Science (35)

Google Scholar

CrossRef (39)

Official Journal of the World Water Council

# Water Policy

ISSN 1366-7017 EISSN 1996-9759

 [Cart](#)

[Sign Up for Our Mailing List](#)

[Journals](#)

[eBooks](#)

[Collections](#)

[IWA Publishing](#)

[Skip to Main Content](#)

Republic – Export Building, Units 1.04 & 1.05

1 Clove Crescent

London, E14 2BA, UK

[Subscriptions](#)

[Rights and Permissions](#)

[Crossmark](#)

[IWA Publishing Board](#)

[Our People](#)

[FAQ](#)

[Careers](#)

[Accessibility Statement](#)

[Product Safety Statement](#)

[IWAPublishing.com](#)

[IWA-network.org](#)

[IWAconnectplus.org](#)

**Telephone:** +44 208 054 8202

**Fax:** +44 207 654 5555



[Cookie Policy](#)

[Terms & Conditions](#)

[Privacy](#)

[Get Adobe Acrobat Reader](#)

Company registration: 03690822

VAT number: GB74044

©Copyright 2026 IWA Publishing