

The institutional paradox of water investment in Mexico City

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Structure

1. Introduction
2. Methodology
3. Findings
4. Conclusions

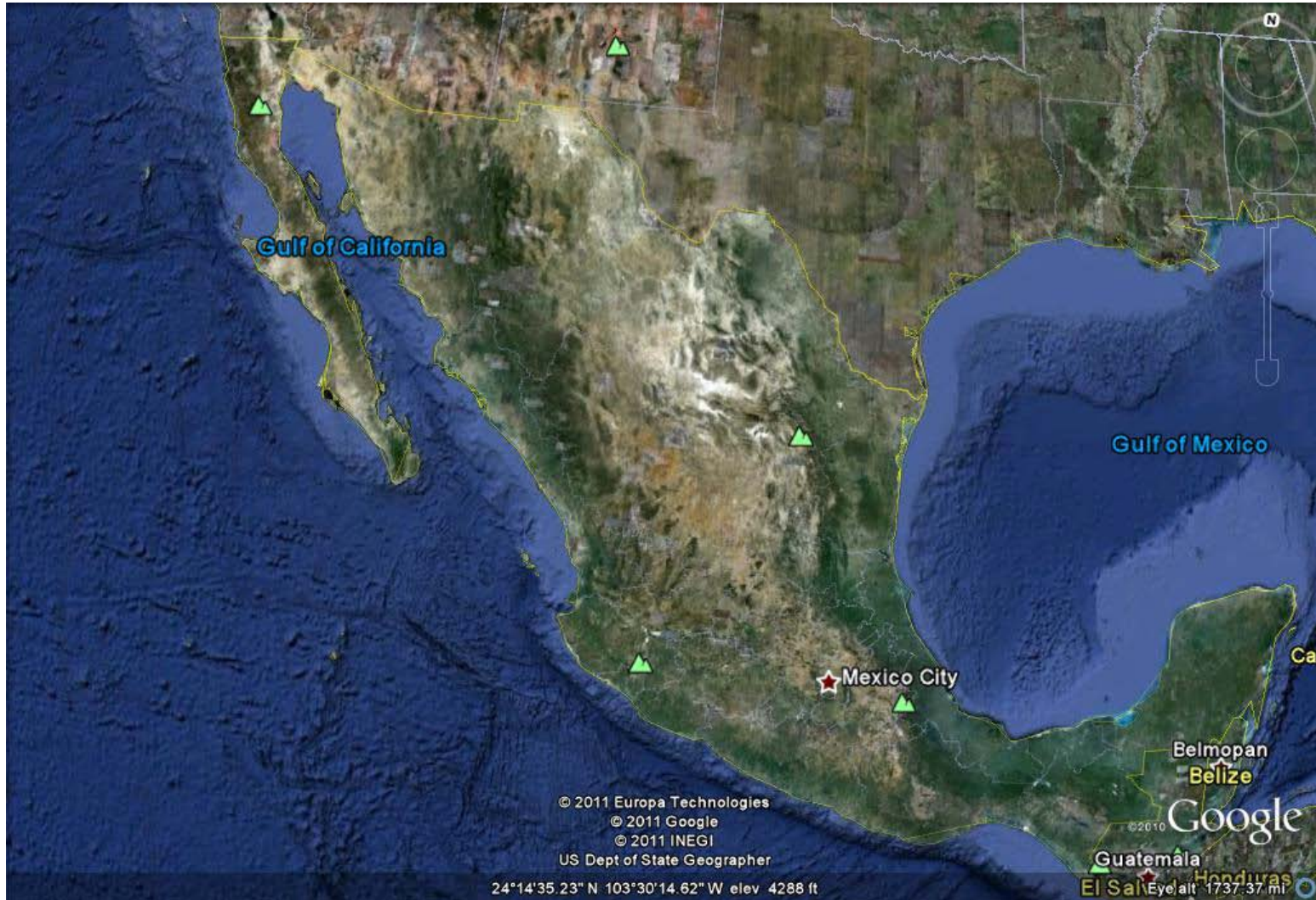
1. Introduction

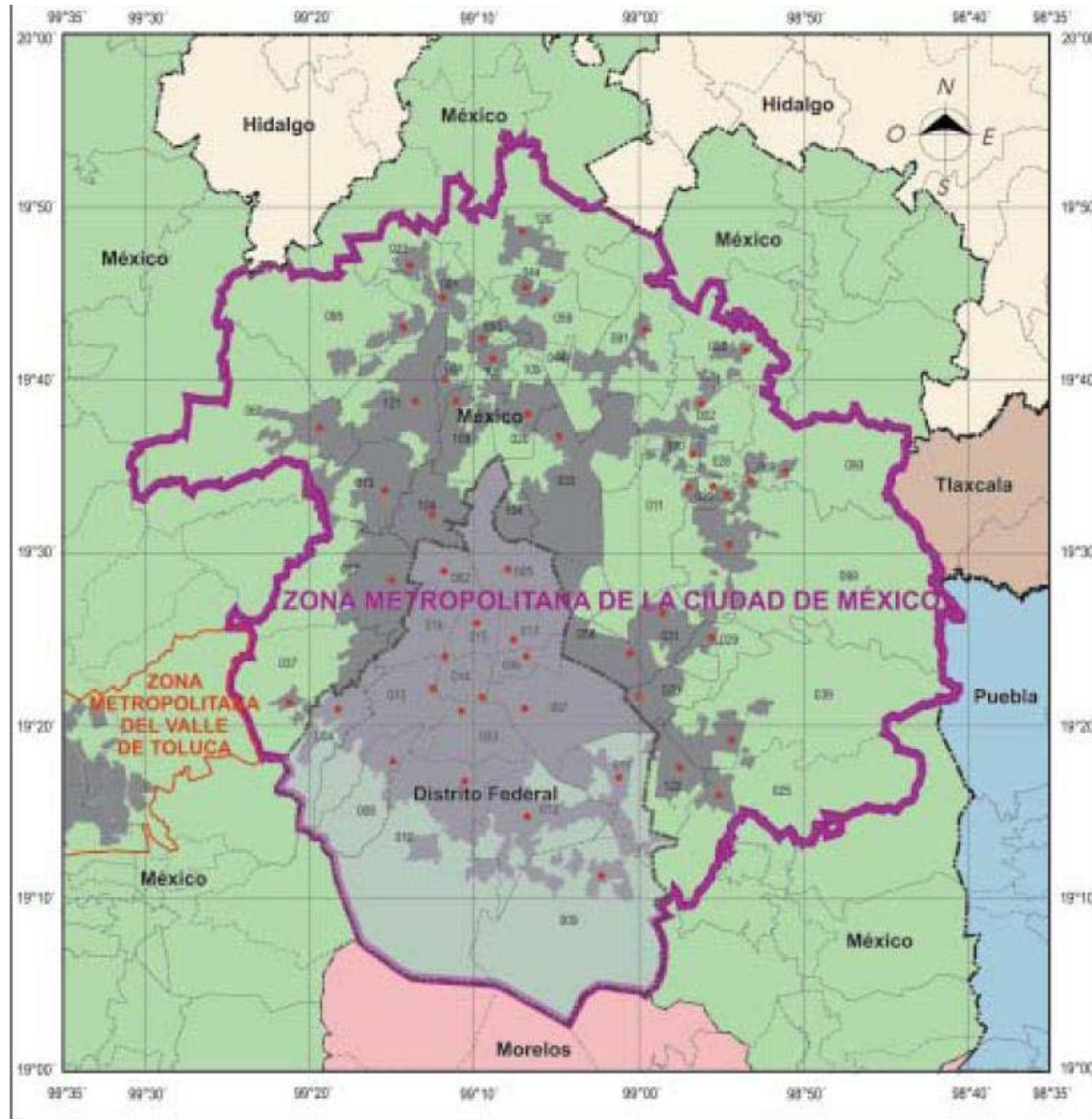
- 💧 How multiple objectives of different actors involved in water projects investments are balanced in order to attain the sustainable development of the sector?
- 💧 How the interaction of actor's multiple objectives prevent the sustainable development of the sector?

Institutional Paradox

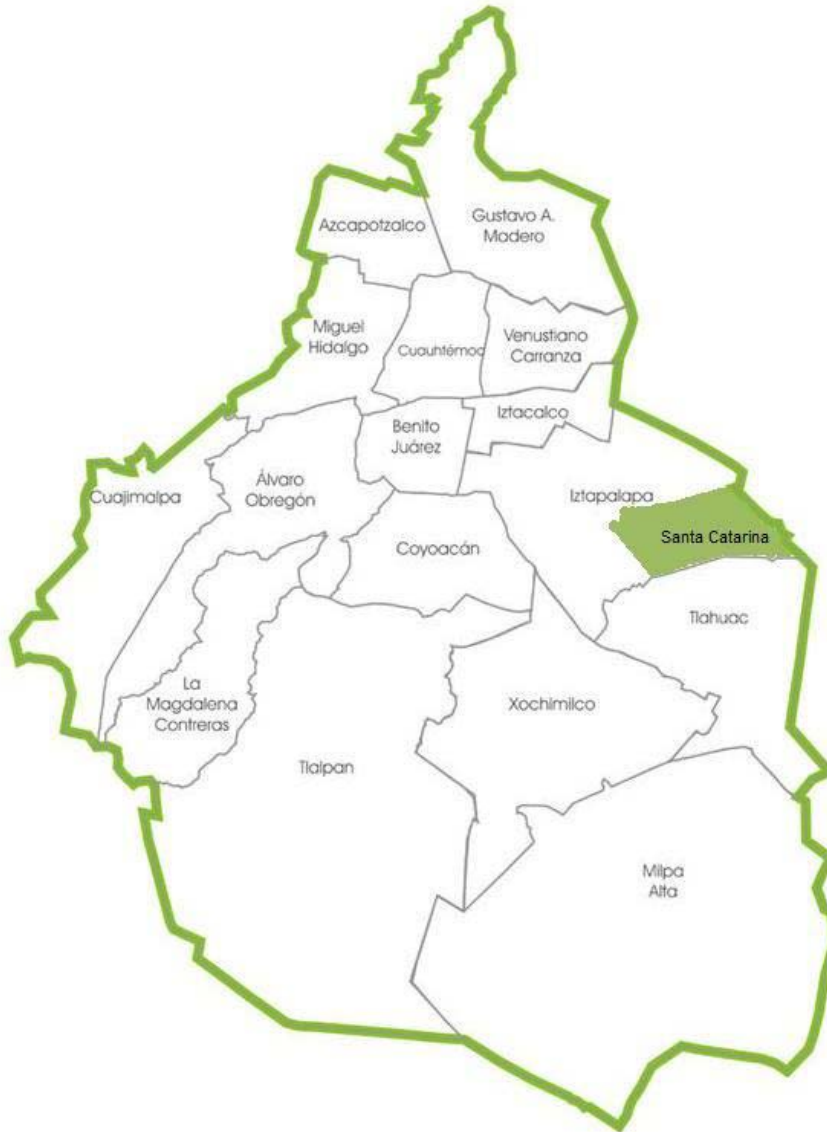
The process in which institutional arrangements implemented by specific actors with the intention to produce specific outcomes, are inefficient to deliver the expected outcomes and can even produce negative ones when these interact with other existing formal and informal arrangements determined by other actors.

Mexico City case



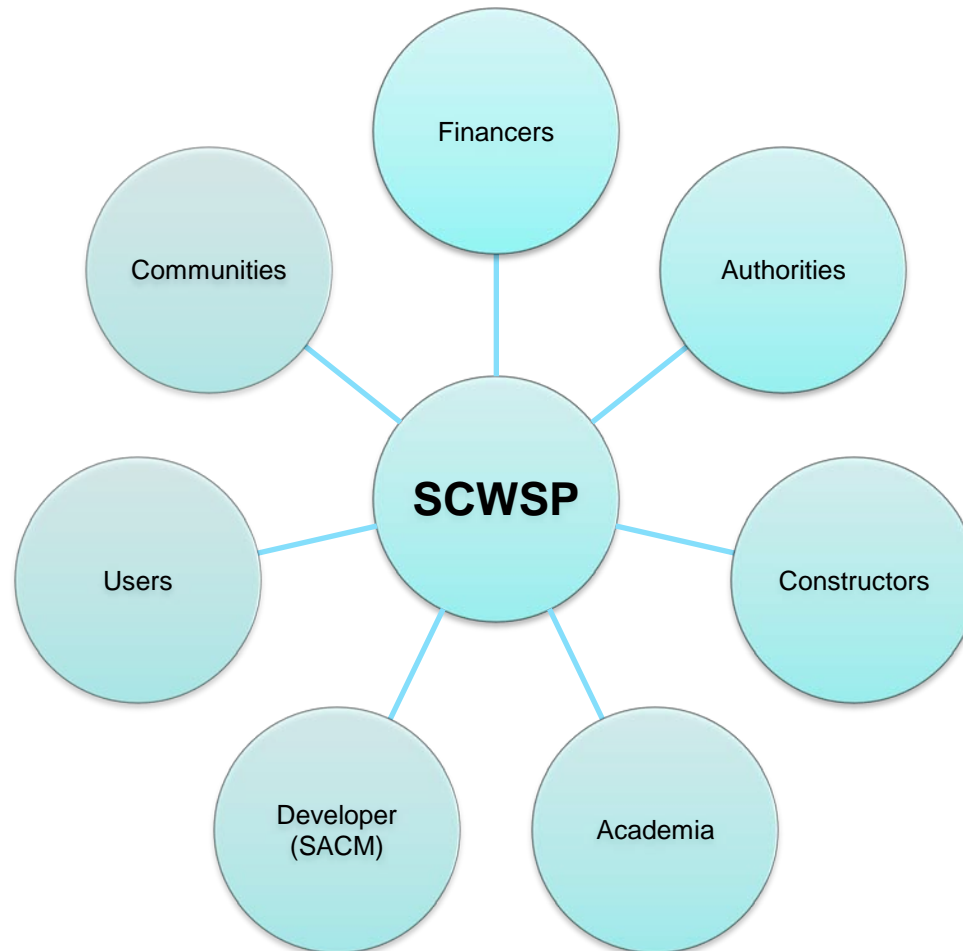


INEGI 2000.



GDF 2009.


2. Methodology

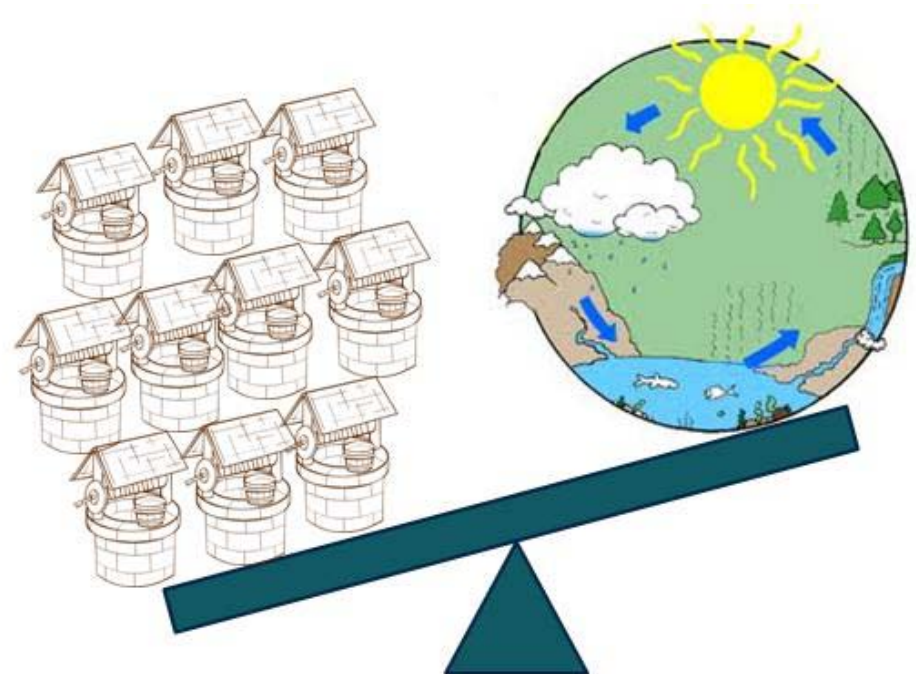


3. Institutional Paradox Elements

- 💧 Short vs. long term investment decisions
- 💧 Investment and Operation and Maintenance costs considerations
- 💧 Multiple financial sources
- 💧 Water problems linkages to spatial planning problems
- 💧 Lack of participation
- 💧 Lack of own budget
- 💧 Lack of perennial water supply
- 💧 Differentiated tariffs systems

Short vs. long term investment decisions

-  Short term strategies constrain future long term strategies because of both postponement and path dependence.



Investment and Operation and Maintenance costs

- 💧 The overall cost of projects is not considered at design and construction stage, and once the project is constructed it increases the operation and maintenance costs to be borne by the water utility.





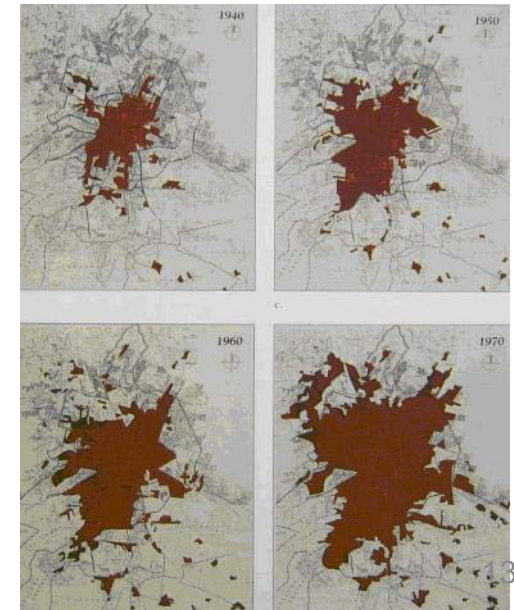
Multiple financial sources

- 💧 Availability of subsidies disincentivises compliance with efficiency requirements that other financial sources set.



Spatial planning problems

-  Land less suitable for living is invaded, increasing the demand of water infrastructure.
-  Once irregular settlements are regularised the water utility has to provide service to areas that are difficult to reach.



Lack of participation

- ❏ Projects do not suit users' needs because these are not taken into account in projects.



Lack of own budget

- ❖ Lack of decentralisation increases subsidies dependency and disincentivises efficiency.



Lack of perennial water supply

- 💧 Users' willingness to pay is low because of low quality of service.
- 💧 Low quality of service is low because of low cost recovery.



Jaun Boites, EL UNIVERSAL, 2009.

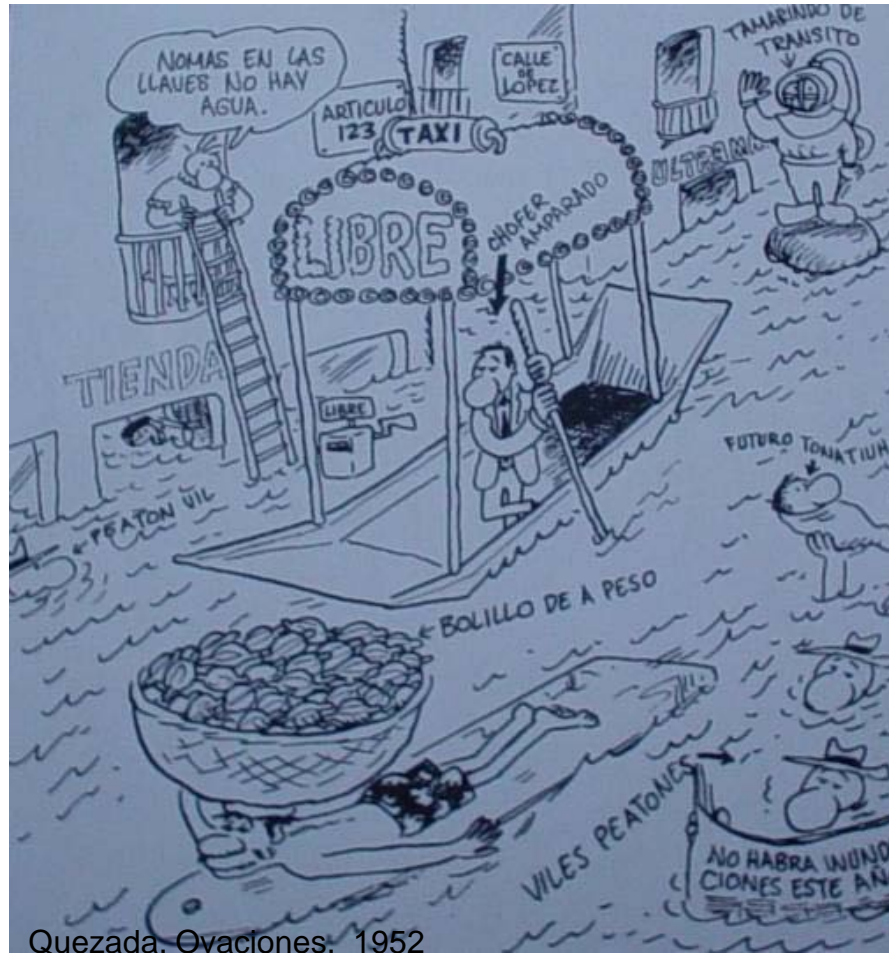
Differentiated tariffs systems

- 💧 Transaction costs increase with multiple tariffs.
- 💧 Infrastructure costs are high in areas where water is subsidised.



4. Conclusions

- 💧 Elements vs. change
- 💧 Resilience?
- 💧 Participation
- 💧 Water alternatives



Quezada, Ovaciones, 1952

THANK YOU!