

Review of: "The Failure of Public Water Utility Privatization From Araral's Perspective: Implications for Ethiopia's Water Sector"

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Potential competing interests: No potential competing interests to declare.

The fiscal hypothesis focuses on the potential for governments to generate revenue through the sale of public utilities to private entities. This can be a good thing if it frees up resources for other essential public expenditures or reduces the people's taxes, while at the same time, the private actor improves the services offered at reasonable prices. History in developing and developed countries has shown that this has been rarely the case (as the author notes in section 2, private actors rely more on public resources). The paper should also look at the remunicipalization phenomenon.

The efficiency hypothesis refers more to the allocation of resources for improved services. Private companies are expected to allocate resources more efficiently, invest in technology, and 'innovate'. But such actions from private actors have the simple aim to make them competitive in the market. Usually, especially for water services, there are private monopolies which are likely to lead to price gouging and reduced service quality since competition is lacking.

The main conclusion of this paper, "provided by Shirley (2006), who emphasizes how urban water utilities should be privatized and operated, calling for the urban water utility to be operated like a business, priced like a business, and subject to government regulation and a tested subsidy", is still timely. It is complementary to the findings of a wide literature studying the consequences under which water privatization was applied in many developing countries, e.g. as part of international loan agreements (IMF and World Bank are also mentioned in section 5).

Kind suggestions:

- Shorten the abstract, in a concise way, better highlighting: a) the link of your work to elements specifically established/ supported by Araral (which was also unclear after reading the whole paper); b) give a sense of your key findings/ recommendations.
- The introduction can start in a smoother way, introducing the issues under examination, the existing literature and the research questions.
- Consider a methodology section, to clarify how this review was performed and provide more info about the papers reviewed.
- The paper would benefit from using more recent literature, after 2010, covering both the pros and cons of water privatization, offering thus an up to date and more balanced view.
- It would be useful for the reader if you could highlight the added value and original conclusions of the paper, and how it could further help the research on this debate.

- In the policy recommendation in the end, you could consider (along with strengthening water regulatory capacity at the national and local government levels), the strengthening of managerial capacity and overview of the private water management, including water abstractions, treatment, distribution systems, waste, pricing, equitable water access, and progress tracking of services' goals, in order to ensure the necessary control over potential profit-oriented practices. This might be a key aspect for the future implications of the Ethiopian case as the author concludes.

I hope you find this useful

Kind regards,

Angelos