

■ ■ ■ How to stimulate natural monopolies? The drinking water experience ⁽¹⁾

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ABSTRACT ■ ■ ■

To stimulate the efficiency of utilities in the drinking water sector, different countries employ heterogeneous incentive schemes. By the use of a cross-country comparison of Dutch, Belgian, English and Welsh, Australian and Portuguese utilities, this article demonstrates the effectiveness of regulatory incentive schemes such as benchmarking and yardstick competition. It employs bias-corrected Data Envelopment Analysis efficiency estimates and it takes the physical, social and institutional environment into account.

Key words: water sector, incentives, benchmarking, non-parametric

JEL Codes: C14, L51, L95, C61

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