



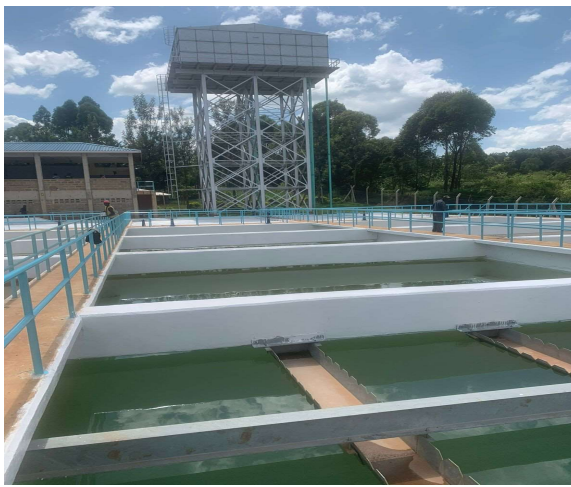
MONITORING AND REGULATION OF WATER AND SANITATION SERVICES IN KENYA

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Ouagadougou, Burkina Faso





55 million
(World Bank, 2023)



94 Water Service Providers
> 7,000 Small Scale WSPs



Kenya

47 Counties



Counties of Kenya

GeoCurrents Map

Kenya: Legal and Regulatory Framework for Water Sector

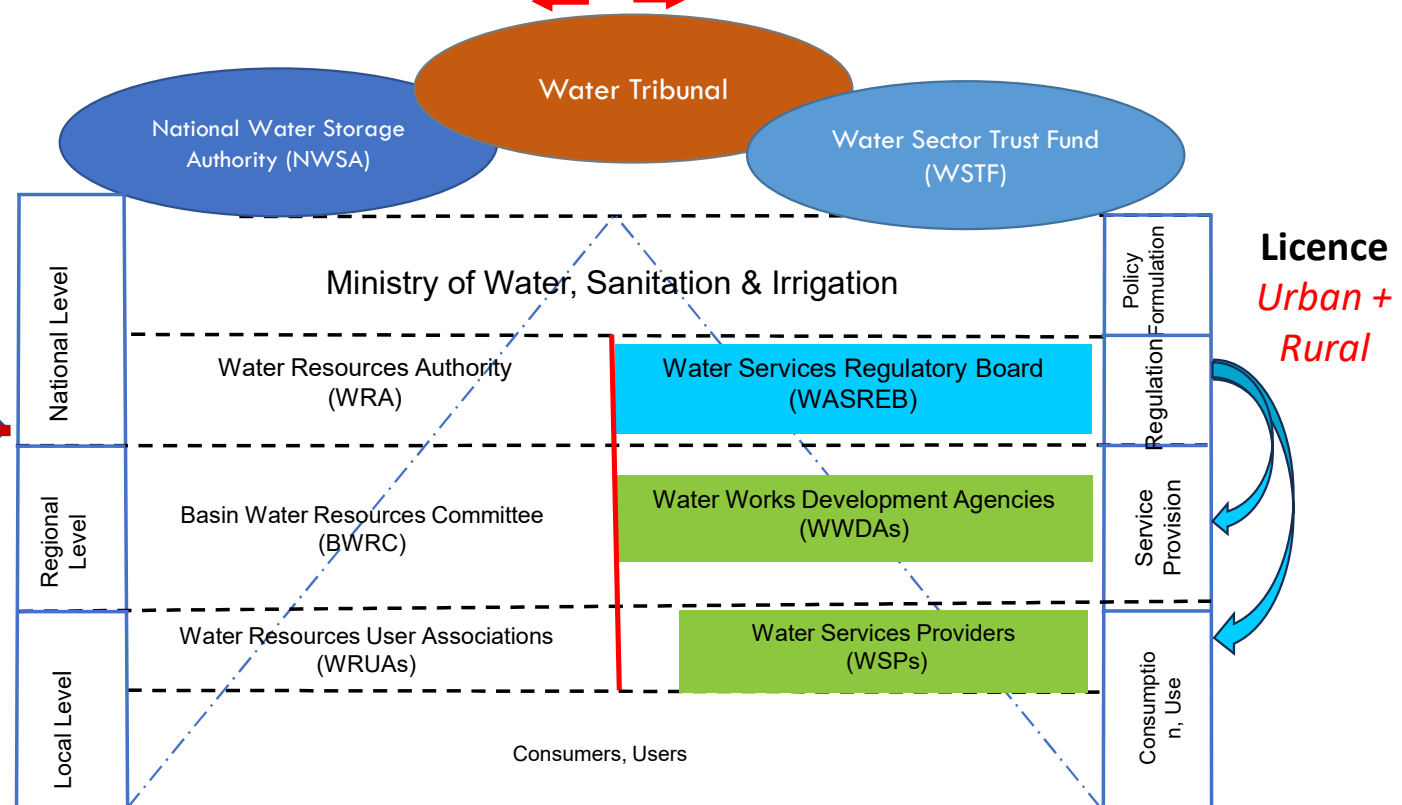
Constitution of Kenya 2010



- ❑ Water services is shared function between National and Counties
- ❑ Provision of water and Sanitation is function of 47 counties

The Water Act 2016 (Operationalized in April 2017)

Water Resources Management | **Water and Sanitation Services**

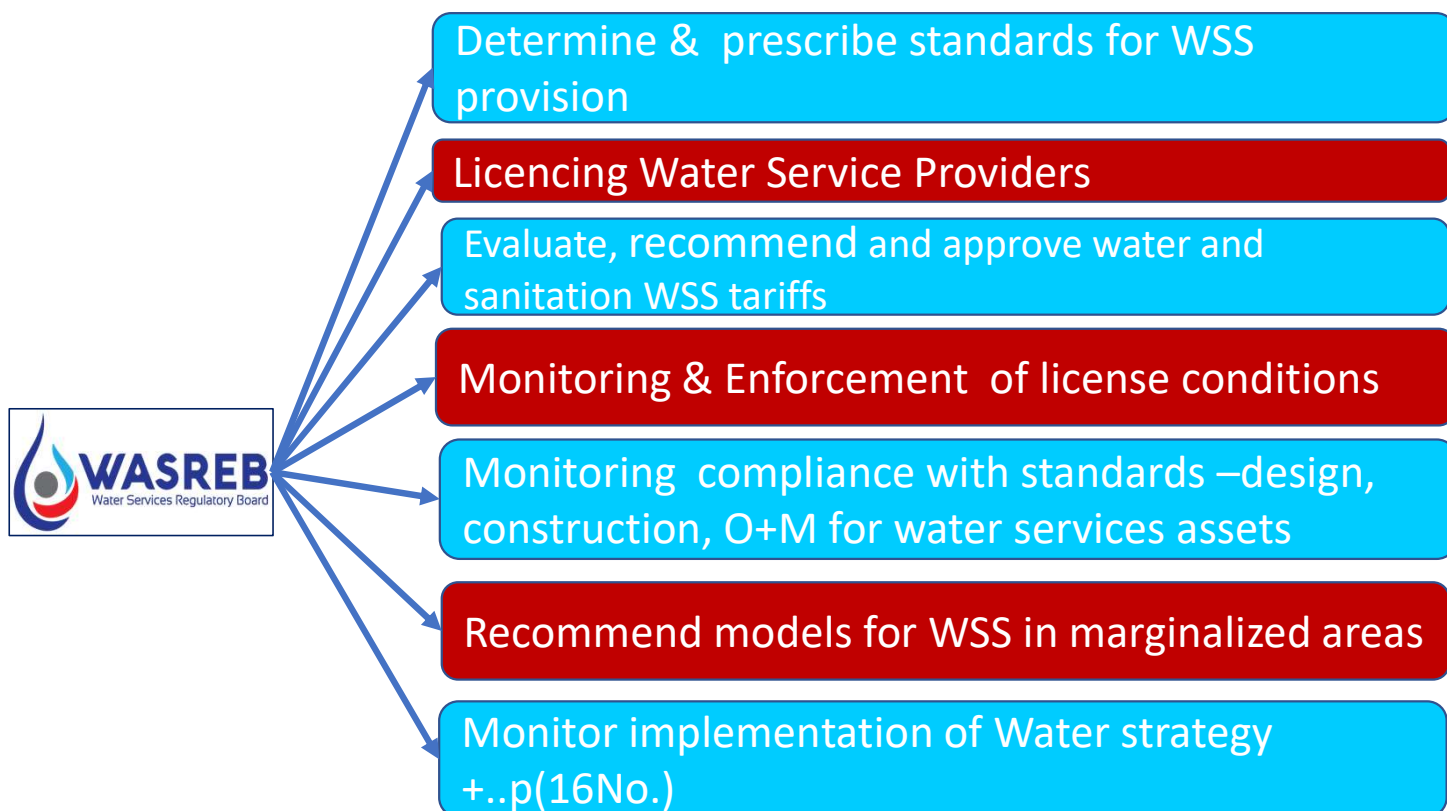


Licence
Urban + Rural

Kenya: The Mandate of Water Services Regulatory Board



Established to ***'To protect the interest and rights of consumers in provision of water services'*** (Water Act 2016, Section 70)



Financial Autonomy

Revenues: Appropriations in Aid (A-in-A)

- ✓ Donor grants
- ✓ Regulatory levy from WSPs (4% of revenue)

Managerial Semi-autonomy

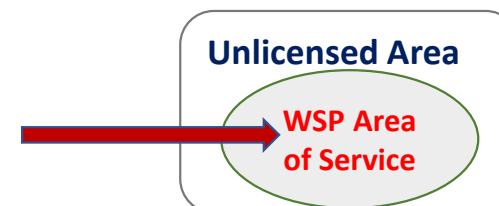
- ✓ BoD Chair –appointed by President for 3years
- ✓ BoD Members-Appeointed by Minister for 3yrs
- ✓ BoD appoints CEO

Licence is a statutory requirement for provision of water & sanitation services!
(Sec. 85, The Water Act 2016)

Kenya: The Mandate of Water Services Regulatory Board



Within the service provision area of WSP



Takeover

WSP takes over the small water supply system

Delegation
to WUA

WSP delegates some responsibilities to a Water Users Association (WUA)

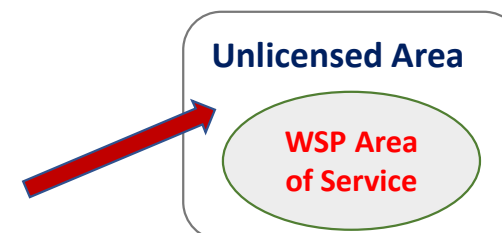
Contract

WSP contracts a private operator (PPP)

Upgrade

WUA becomes a WSP

Outside the service provision area of WSP



Rural WSP

The County Government Establishes Rural WSP

Contract

The Rural WSP through County contracts a private operator

Kenya: Current Pricing Model for Water

- ❖ Tariff (price) of water is based on a cost recovery model.
- ❖ The costs considered for tariff determination are illustrated below.

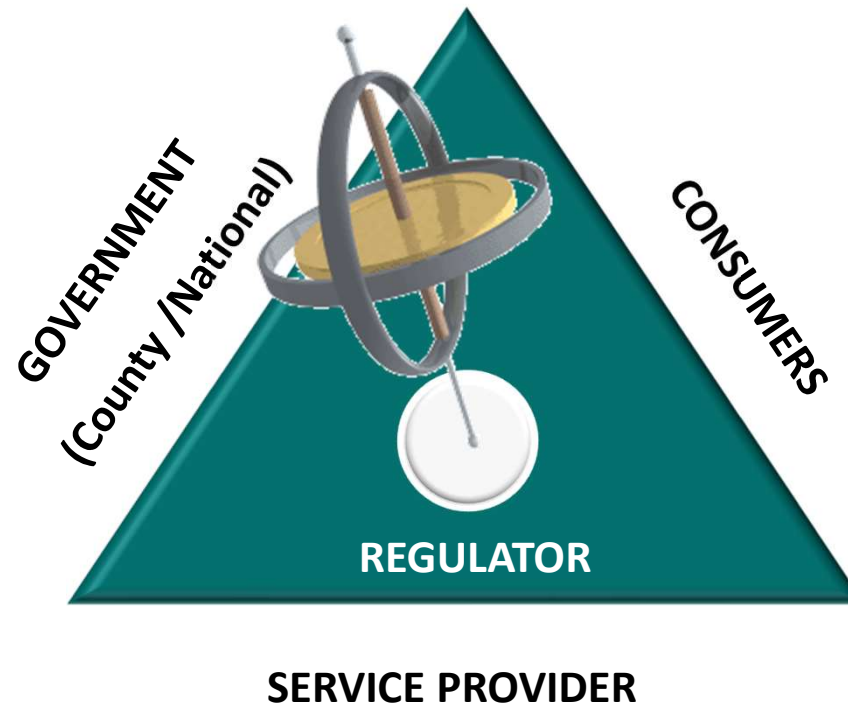
Operations	Maintenance	Debt Service	Investment	Asset Renewal
<ul style="list-style-type: none"> • Direct Costs (e.g. electricity, chemicals) • Staff Costs • Administration • Board of Directors • Regulator costs 	<ul style="list-style-type: none"> • <u>Periodic</u> ✓ <i>time-based/ Routine</i> • <u>Preventive</u> ✓ <i>Based on random insp.</i> • <u>Corrective</u> • <u>Predictive</u> ✓ <i>experience</i> • <u>Overhaul</u> 	<ul style="list-style-type: none"> • Principal • Interest <p>*on CAPEX</p>	<ul style="list-style-type: none"> • Infrastructure • Operational Assets • Administrative Assets • Software 	<ul style="list-style-type: none"> • Replacement of Ageing/ Obsolete Assets

- ❖ Tariff should be adequate to cover the justified costs of the water service provider.

Cost Provisions Not Allowed in Tariff Determination

- ❖ Provisions for Depreciation
- ❖ Provisions for Amortization
- ❖ Provisions for Bad and Doubtful Debts
- ❖ Provisions for Dividends Payments
- ❖ Provisions for Bonus Payments
- ❖ Provisions for Penalties

“THE GYROSCOPE”



HOW? ... THE GOVERNANCE SYSTEM? Economic Regulation?

Kenya: Licensing Process for Water Services

WASREB Driven Process

Max. 6 Months {Water Act 2016 Sec. 87(3)}

Online
application
through WIMIS



Evaluation



Negotiations with key stakeholders



Public consultation



Mandatory Constitution and Water Act 2016!

3yr, 5yr and 8yrs

Monitoring &
Enforcement

Issuance-License
& Gazettement
of Tariff

WSP Deposits
Performance Guarantee &
License Fee

Board
Approval

Renewal

Kenya: Licence Conditions for Water Services



Provide access to water services to all consumers



Adhere to Principles of Good Governance



Meet KPI targets – Progressively!

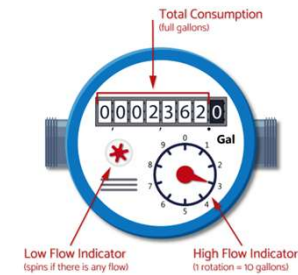
KPI CLUSTER	Indicators		Sector Benchmarks			Scoring Regime		
			Good	Acceptable	Not Acceptable	Performance	Score	
Quality of Service	1	Water Coverage, %	>90%	80-90%	<80%	≥90%	30	
						≤50%	0	
	2	Drinking Water Quality , %	>95%	90-95%	<90%	≥95%	30	
						≤90%	0	
	3	Hours of Supply, No.						
		Population >100,000	21-24	16-20	<16	≥20	20	
						≤10	0	
		Population <100,000	17-24	12-16	<12	≥16	20	
						≤6	0	
Economic Efficiency	4	Personnel Expenditure as Percentage of O+M Costs, %						
			Large and Very Large Companies	<20%	20-30%	>30%	≤25	15
						≥35	0	
			Medium Companies	<30%	30-40%	>40%	≤30	15
						≥40	0	
			Small Companies	<40%	40-45%	>45%	≤40	15
						≥45	0	
5	O+M Cost Coverage, %	≥150%	100-149%	≤99%	≥150%	25		
					≤90%	0		
6	Revenue Collection Efficiency, %	>95%	95-85%	<85%	≥95	20		
					≤85	0		
Operational Sustainability	7	Non-Revenue Water, %	<20%	20-25%	>25%	≤20%	25	
						≥40%	0	
	8	Staff Productivity (Staff per 1000 Connections), No.						
			Large & Very Large Companies	<5	5-8	>8	≤5	20
						≥8	0	
			Medium & Small (less than 3 towns)	<7	7-11	>11	≤7	20
						≥11	0	
		Medium & Small (3 or more towns)	<9	9-14	>14	≤9	20	
					≥14	0		
9	Metering Ratio, %	100%	95-99%	<95%	100%	15		
					≤80%	0		
Total Maximum Score							200	

Kenya: Licence Conditions for Water Services

Catchment & Source Protection, Water conservation



A happy consumer pays bill!



Compliance with Gazetted Tariff

Pro-poor strategies/ interventions for Low Income Areas (LIA)



Kenya: How is Monitoring Carried Out for Water Services?



Self-reporting



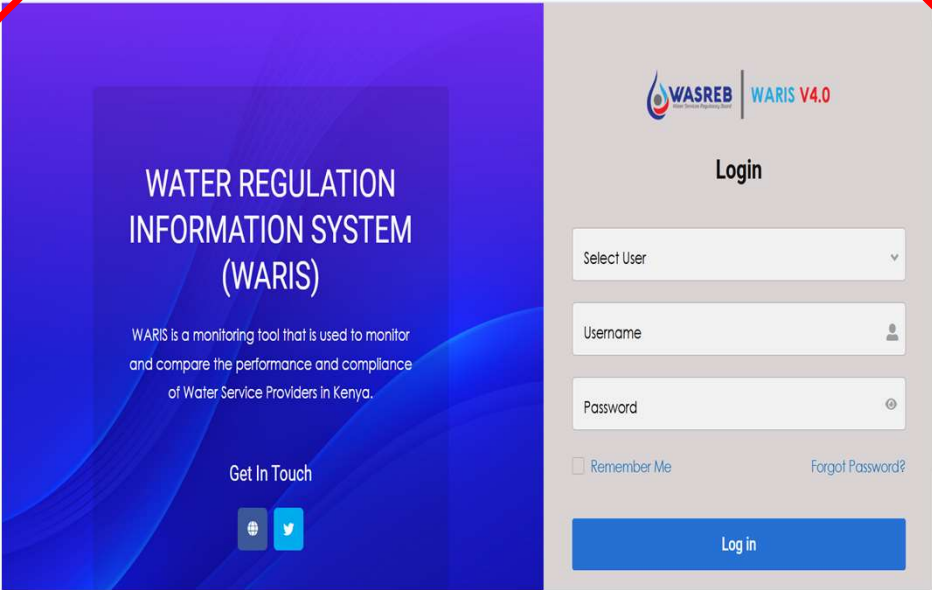
Annual reporting



Scheduled/Unscheduled surveillance

Kenya: How is Monitoring Carried Out for Water Services?

Self-reporting (KPI) – Data validation is very important!



Key Performance Indicators	2020/21	2021/22	Trend	2022/23	Trend
Water Coverage, %	60	62	↑	65	↑
Drinking Water Quality, %	92	95	↑	90	↓
Hours of Supply, hrs/day	16	17	↑	17	→
Non- Revenue Water, %	45	45	→	43	↑
Metering Ratio, %	96	95	→	97	↑
Staff Productivity, No. per 1000 Connections	7	7	→	7	→
Personnel expenditure as % of O+M Costs, %	50	47	↑	48	↓
Revenue Collection Efficiency, %	94	95	↑	93	↓
O+M Cost Coverage, %	99	96	↓	95	↓
Sewered Sanitation Coverage, % *	16	16	↑	16	→
Sanitation Coverage, % *	93	93	→	93	→
<div> Good Acceptable Not Acceptable Benchmark Varies </div>					

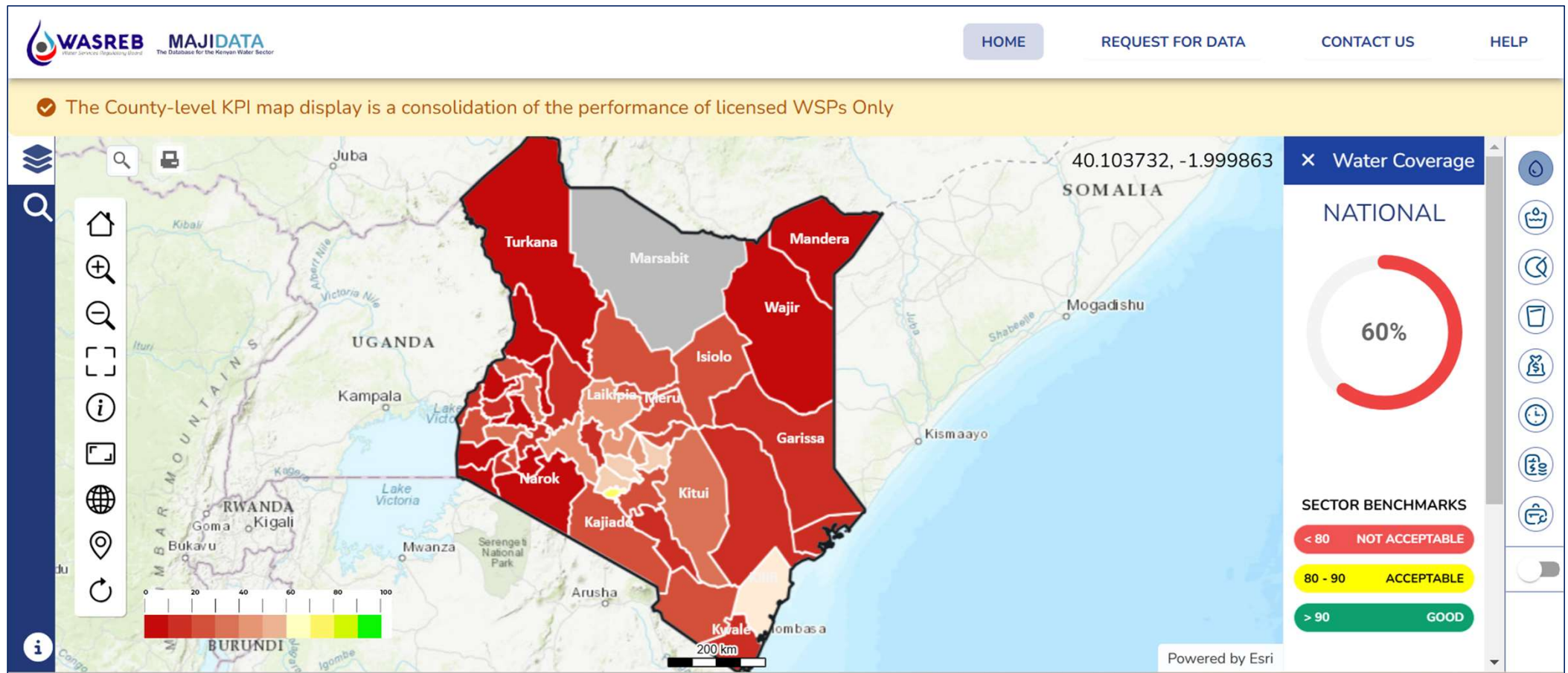
Monthly /Quarterly Submission of reports

- Water quality
- Financials
- Technical Reports
- Investments etc.

Kenya: How is Monitoring Carried Out for Water Services?

Georeferenced mapping of WSPs and small scale WSPs - KPI, Service Area etc.

WSPs are required to update infrastructure and changes in services area etc. – subject to approval by WASREB



Kenya: Enforcement Procedure for Water Services

Licensee Default Licence Condition(s)

Defaulter – Licensee/WSP

Source of information:

- Inspection report
- Whistle blower report
- Customer report

Default Notice



- Issued by WASREB to Defaulter Licensee
- Requires the Licensee to remedy the default

Submission of a cure plan

Defaulter – Licensee/WSP

- Reasons for default
- Officer responsible
- Measures taken against officer
- Remedial actions and time

Consequences for failure to Implement Cure plan



- Revocation of licence
- Publishing in media
- Penalty
- Removal of BoD & CMT
- Criminal Charges/ Prosecution

Kenya: Methods to Ensure Compliance on Licence Conditions



Education, Training & Capacity Building



Surveillance



Prevention



Graduated warning



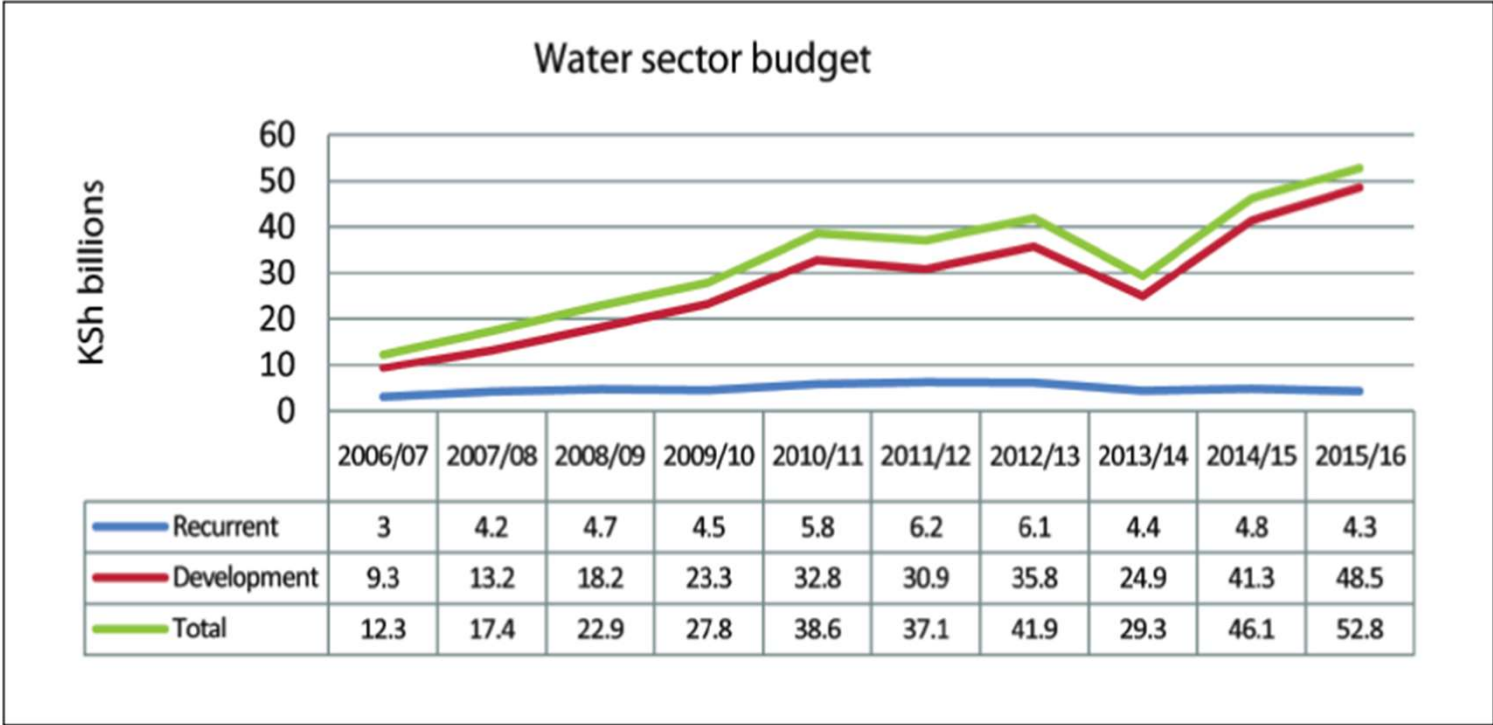
Incentives to encourage good practices



Penalties and sanctions

Kenya: Achievements on Sector Budget

Growth in sector budget from 2006/2007 to 2015/2016



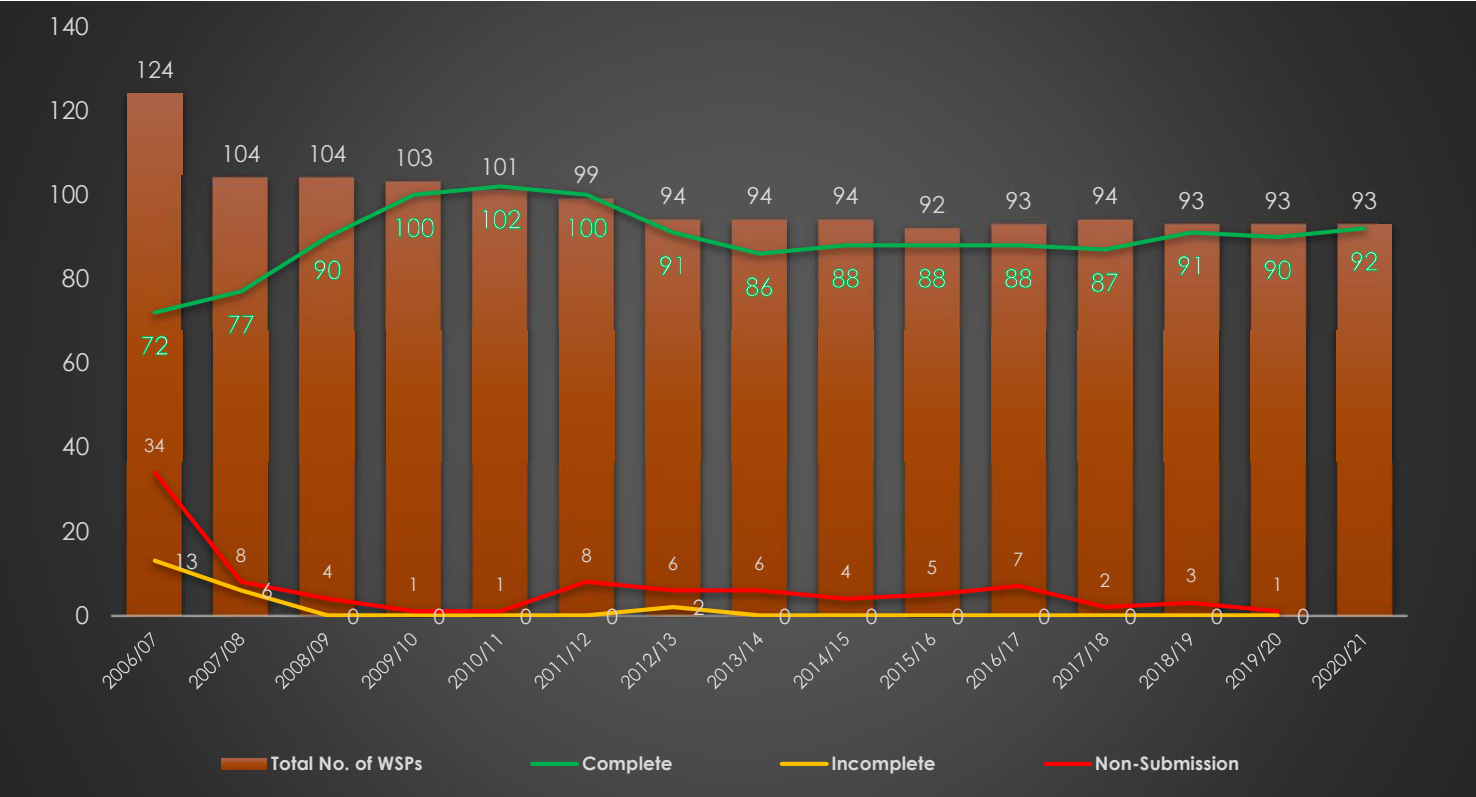
2023/2024

KSh 61 Billion /
US\$ 470 million

Source: GoK (2016) Annual water sector review 2014/2015-2015/2016

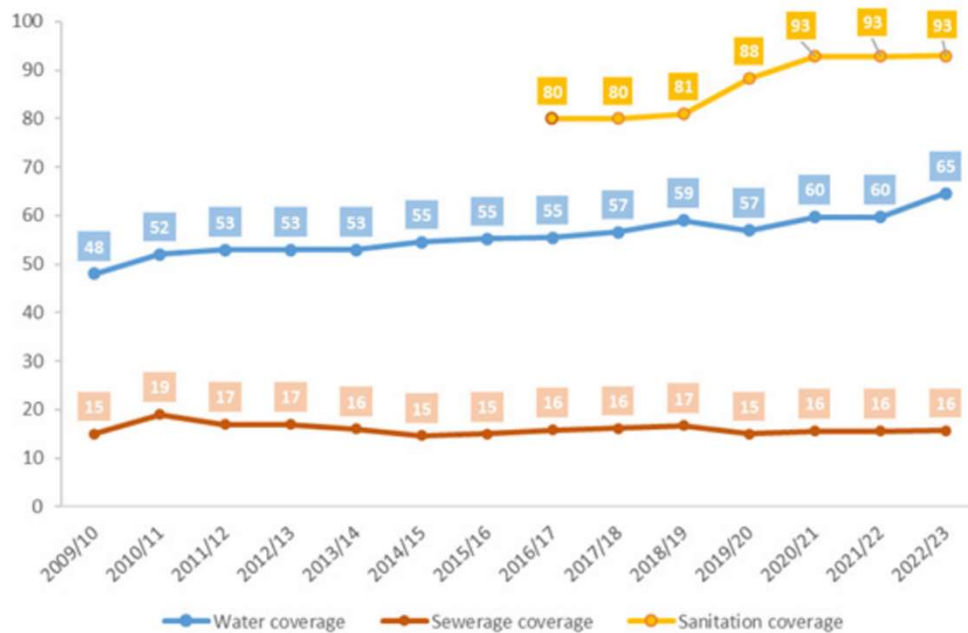
Kenya: Achievements on Sector Budget

Trend in Data Submission by Water Utilities

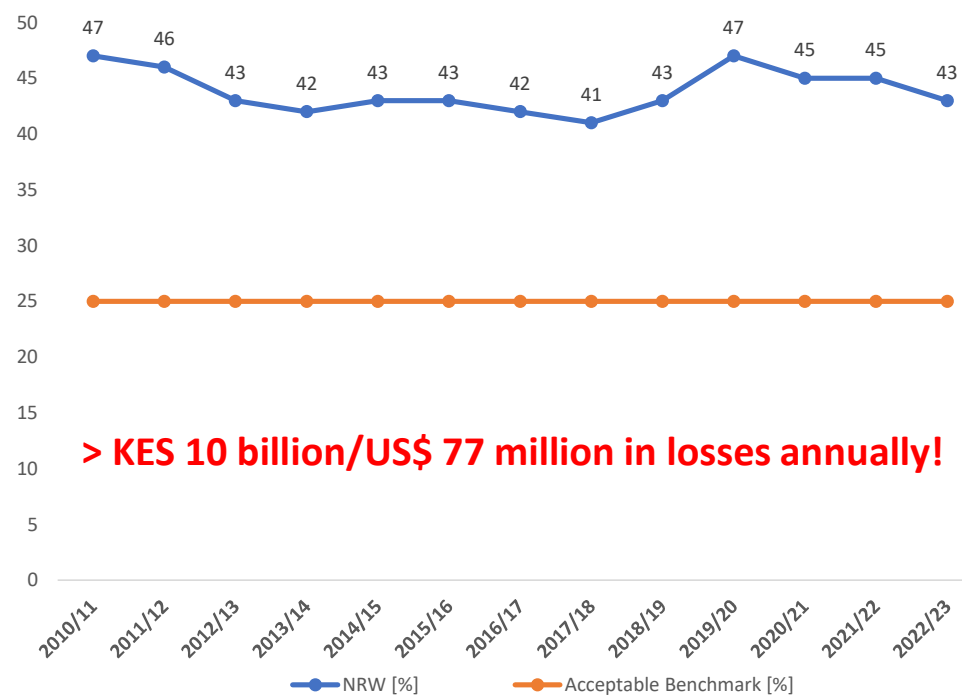


Kenya: WSS Coverage and NRW

Trend in Water & Sanitation Coverage



Trend in Non-Revenue Water (NRW)



Kenya: Challenges

- ❖ **Institutional Sustainability:** Issues with WSPs failing to pay regulatory levies, citing a lack of subsidies from County Governments
- ❖ **Small-Scale Providers:** Over 7,000 unregulated small-scale water service providers (SSPs)
- ❖ **Governance issues in the sector**
- ❖ **Financial sustainability of WSPs:** Political pressure for non progressive tariff
- ❖ **High inefficiencies in WPSs:** Non-Revenue Water (>40%), personnel costs as % O+M
- ❖ **Funding Constraints:** Low investments in rural areas
- ❖ Impact of climate change on water availability and quality
- ❖ Limited access to modern technologies

CONCLUSION

Modern water sector reforms will require:

- **Separation of functions:** The need for clear distinctions between policy formulation, regulation, and service provision.
- **Financial Accountability:** Ring-fencing of revenue accounts to ensure transparency and reinvestment into the water sector.
- **User participation:** Emphasis on customer engagement and timely payment of bills.
- **Professional Capacity:** Building management systems and professional capacity to improve service provision.
- **Commercialization:** WSPs should work towards progressive cost recovery through tariffs.
- Innovating in water management using **technology** and **data**

Regulator vs WSP



Asante!
Thank You!
Merci!

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