



**The Kenya Alliance of Resident Associations**

Submission to Water Services Regulatory Board (WASREB) on the  
Regular Tariff Application by Nairobi City Water and Sewerage  
Company Limited (NCWSC)

**Presentation by the Kenya Alliance of Resident Associations (KARA)**

**25<sup>th</sup> July 2022**

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**Background**

1. The Kenya Alliance of Resident Associations (KARA) takes note of the application made by Nairobi City Water and Sewerage Company (NCWSC) to the Water Services Regulatory Board (WASREB) for a regular tariff review.
2. We note that the NCWSC proposes an upward tariff review and the justification given is that this will enable company to operate at full cost recovery and meet conditions necessary for improving service delivery.
3. We also note that WASREB has invited the public to give their views on the application by NCWSC and expect that such views will be taken into consideration before a decision is made by the Board on the application.

**KARA IS OPPOSED TO THE PROPOSED TARIFF REVIEW FOR THE FOLLOWING REASONS:**

**General Comments**

We wish to state that water services must of necessity remain affordable and accessible to all and is a requirement under article 43 of the Constitution on economic and social rights which guarantees among others the following:

- Reasonable standards of sanitation 43(1)(b) and
- Clean and safe water in adequate quantities 43(1)(d)

Adequate supply and more efficient management of Kenya's scarce water resources was identified as a key ingredient in the priority projects in the Kenya Vision 2030 plan. The Water and Sanitation objective is to ensure water and improved sanitation is available, **affordable** and accessible to all by the year 2030.

The proposed tariff review will make water services unaffordable to majority residents of Nairobi and hence negate the intentions of the Constitution and Vision 2030.

Increasing tariffs to repay loans is not good a practice and is not sustainable. The borrowed funds should have been used to expand infrastructure and generate additional funds to pay off the loan. NCWSC should explore other ways of improving its revenue other than burdening the consumers with upward review of tariffs. The Company can seek tax reliefs (e.g. on the illegal VAT charges on sewer services).

## **Specific Areas of Concern**

### **1. Timing of the Tariff Review**

The proposed tariff review is ill-timed, quite steep (increment of 32% for 1-6m<sup>3</sup> is very high) and insensitive to the current economic hardship Kenyans are going through. Even if there was proper justification for the review, the same should be shelved to a later period, in light of the unprecedented high cost of living Kenyans are currently experiencing. However, besides the timing, KARA is not persuaded that there is adequate justification for review the tariff review.

### **2. Non Revenue Water**

The level of Non Revenue Water (NRW) currently stands at 46% of the water that is pumped into the distribution system from source. Some of these losses are caused by theft and metering inaccuracies. According to NCWSC, if the proposed review is implemented, the level of NRW will drop from 46% to 41% within three years. This drop is marginal and may not have a major impact as far as addressing the current water challenges is concerned. The NCWSC should focus more on significantly reducing NRW (by for example partnering with community leaders to strengthen surveillance & reduce water theft; proper billing and meter reading among other actions that don't require huge budgets) as this will result in more revenue being realized and hence there will be no need to review tariffs upwards.

### **3. Water Supply Coverage**

One of the justifications given by NCSWC is that the tariff review will lead to increase in water coverage from 82% to 85% in three years. The level of increment in water coverage is not commensurate with the steep level of proposed tariff increment. At 82% coverage, most Nairobi residents still face serious challenges of accessing water supply services and a 3% increment in three years means that there will be no significant change in the current situation. Such steep increment should result to much higher coverage and access of water services than what has been proposed.

#### **4. Value for Money**

NCWSC has not demonstrated satisfactory value for money based on the current tariffs. Most of the residential estates are facing severe water supply and quality challenges despite the fact that they regularly pay their water bills. The mushrooming of water bowser in various estates is a confirmation of the limited access to water supply faced by Nairobi residents. There is no guarantee that increment of tariffs will result in better services and access as this has not been the case over the years. Before any tariff review is approved, NCSWS should share information on how existing revenues are used on development/maintenance of water supply services and distribution network infrastructure.

#### **5. Data Management**

There is spatial inequality of water access in Nairobi that negatively impacts on water service delivery quality. This could partly be attributed to lack of detailed and accurate data on water supply and consumption in various neighborhoods. NCWSC should first focus on improving data on water supply and consumption and using the same to equitably manage water distribution in the City. This will address the current imbalance where some neighborhoods have unlimited access to water while others have dry taps for several months. Proper data generation and management will lead to service delivery efficiency, reduce operation costs and ultimately lead to more revenue for the company.

Based on the foregoing, we strongly urge WASREB not to approve the application by NCWSC for upward tariff review. We are of the view that before any request for review can be considered, WASREB should share with Nairobi residents the target performance for NCWSC as set out in the license issued to them, progress made in achieving the targets and measures in place to address any shortfalls.

We further invite WASREB to directly engage Nairobi residents to get their views on service delivery challenges and proposals on what should be done to address such challenges.

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