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2nd IWA Leading-Edge Conference & Exhibition on
Strategic Asset Management

**Water Utility Asset Management in Developing
Countries: Case Kenya**

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Introduction

- Water infrastructure AM especially significant for developing countries
 - Public health, economic development, minimizing resource use, avoiding pollution, weather resilience
- Practical implementation difficult
 - Non-priority of specific practices; lack of resources, knowledge and incentives; corruption; long-term plans vs. short-term funding problems (Worley International, 2006)



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Case: Water Utility AM in Kenya

- Comprehensive, well-documented water sector reform since late 1990
- Research questions:
 - i) How does the new institutional framework address the various aspects related to water utility AM?
 - ii) How have the new regulations been implemented in practice?
 - iii) What are the implications for further policy development?
- Two-phase research project: 1) Document analysis 2) Empirical survey



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Republic of Kenya

- Independent since 1963
- Population: ~ 37 million
- Capital: Nairobi (population 3-4 million)
- GDP/capita: \$1,200 (2006 est.)
- Service coverage estimates:
 - Water supply: 57 %
 - Sewerage: 50 %



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Before the reform

- **Water supply services:**
 - Ministry in charge for water: 4.7 million people
 - Government corporation: 3.8 million
 - Local authorities: 3.9 million
 - Communities, NGOs, self-help: 5 million

- **Sewerage services:**
 - Pit latrines prevailing, only a fraction of population served by conventional sewerage



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Rationale for Reform

- Inadequate services caused by:
 - Poor policy coordination and accountability
 - Overlapping duties
 - Lack of regulatory framework and performance measurement
 - Corruption
- Methods:
 - Separation of policy formulation and administration
 - Separation of asset holding and services provision
 - Decentralization
 - Separation of water resources management and water services delivery



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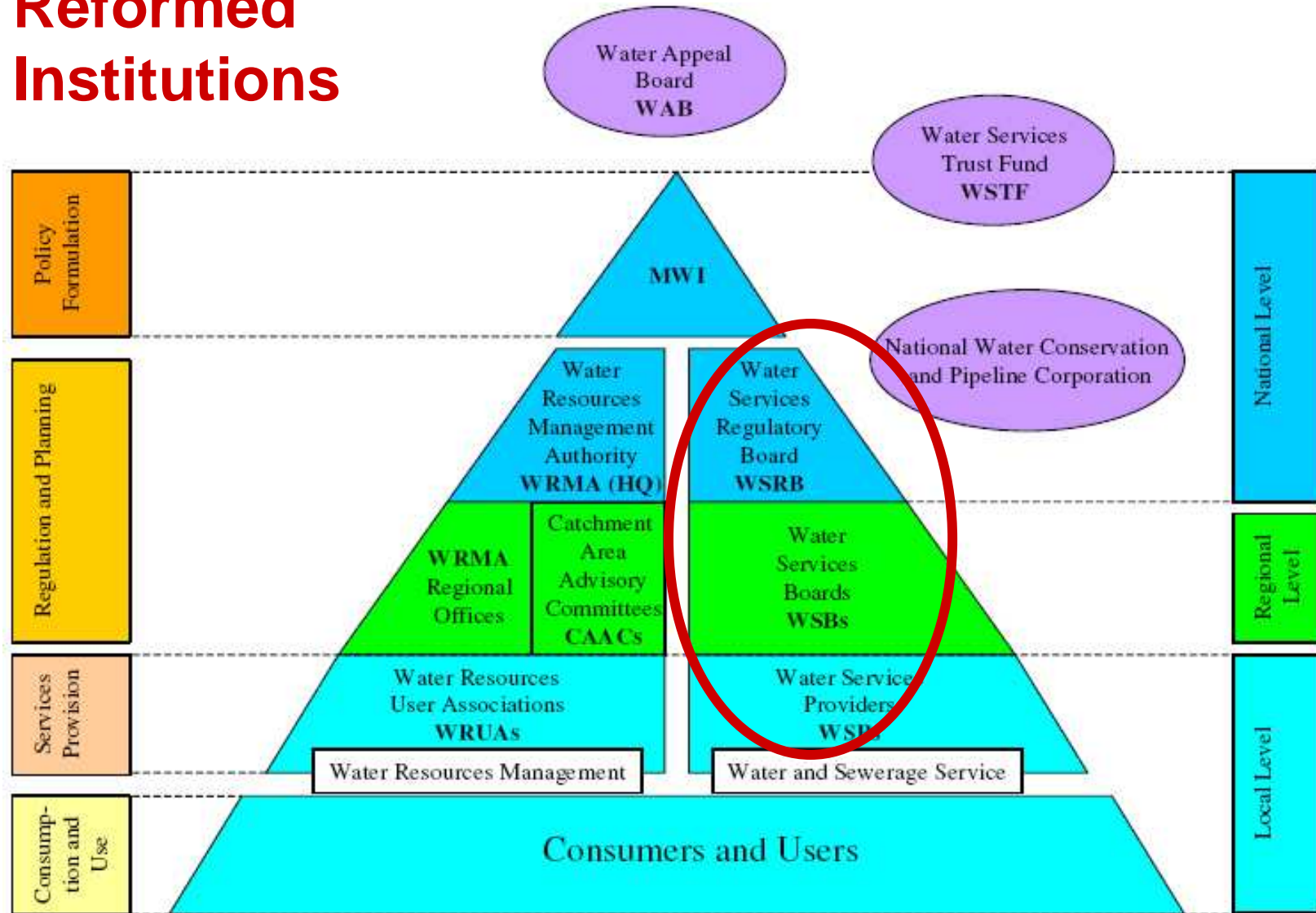
Key documents

- National Water Policy, 1999
- Water Act, 2002
- National Water Resources Strategy, first version 2003
- National Water Services Strategy, first version 2003
- The Water (Plan of Transfer of Water Services) Rules, 2005
- Sector Wide Approach to Planning, 2006



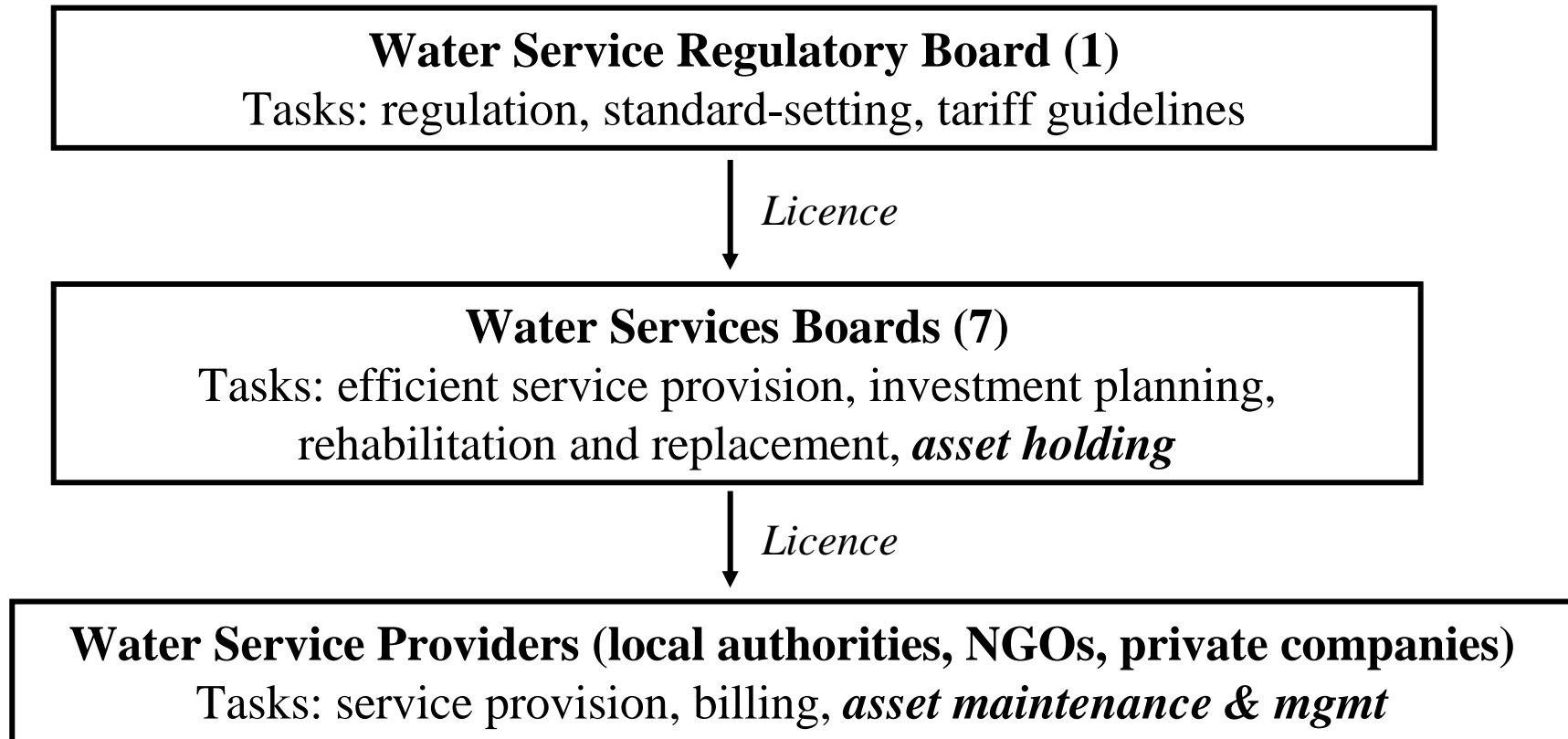
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Reformed Institutions

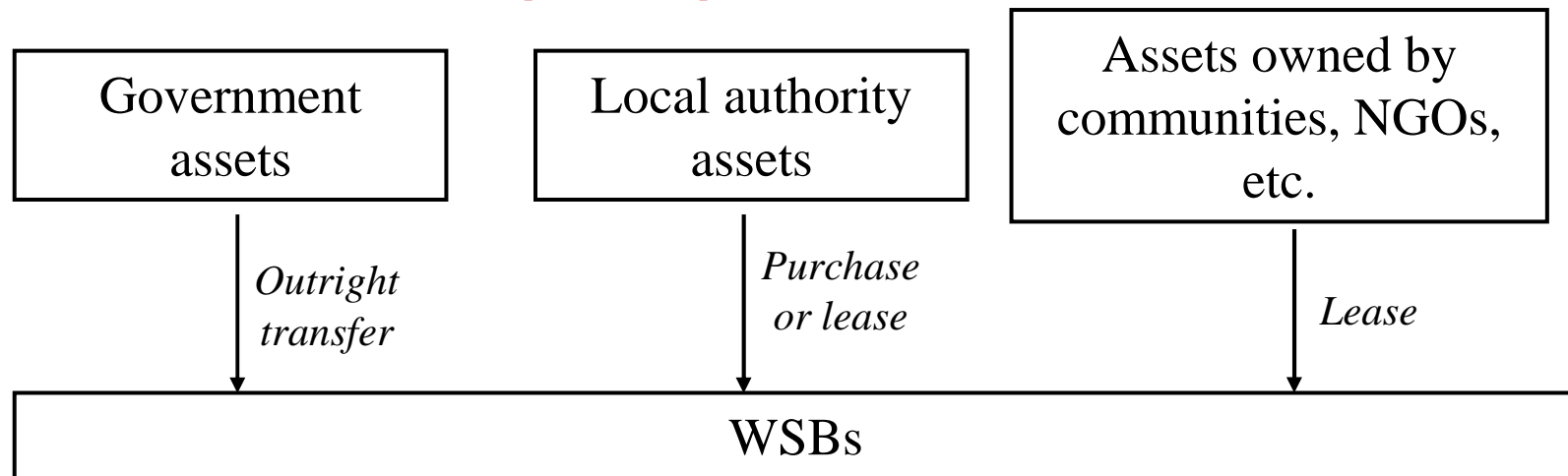


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Decentralization of Tasks in Water Services



Separation of asset holding and service provision as stated in Water Act (2002) and Transfer Plan (2005)



Transfer not completed by deadline 06/2006

Water Policy 1999: assets should be transferred to local authorities



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AM Requirements in Model Service Agreement betw. WSBs and WSPs

- WSPs:
 - Maintaining assets in serviceable condition
 - Asset inventory and values
 - Asset management plan
 - 10-yr. Service Needs Plan
 - 5-yr. Capital Works Plan
 - 5-yr. Draft Business Plan incl. O&M Plan, Service Plan, Capital Works Plan and proposed tariffs
- Problem: which asset valuation method should be used?



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Current situation

- National Water Services Strategy 2007-2015:
Access to water and sanitation still declining
 - Old and deteriorating infrastructure
 - Inadequate infrastructure management
 - Low cost recovery
 - Poor targeting of investments
 - Informal service provision



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Conclusions

- AM and investment planning well provided for in strategies and policies
- Legal complexities and practical problems are postponing implementation
- Next phase in research: survey for WSPs about implementation of AM regulations



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THANK YOU!

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