
THE NAMWATER PRE-PAID WATER SYSTEM EXPLAINED

BACKGROUND TO NAMWATER

An Act of parliament, Act 12 of 1997, established NamWater. The Government of the Republic of Namibia is the sole shareholder represented by a Board of Directors. NamWater started its operations on 01 April 1998. The Water Utility's mandate is to provide quality water and related services to the Namibian people and in doing so; it should take cognizance of the environment, scarcity of and dependency of all on water.

OPERATIONS OVER THE YEARS

The company started its operations in April 1998. The Government subsidized the operations of NamWater in the first 3 years of its existence. Government stopped the subsidy in 2000 and the company started experiencing financial problems and recorded negative growth. Management initiated strategic interventions in order to save the Water Utility. By the time NamWater implemented its third Strategy Plan in 2009, it had achieved financial stability. The ensuing business strategies for the following years were meant to consolidate the company's achievements by ensuring that the Water Utility remains financially stable, invest in water infrastructure, training and securing new water sources to ensure that every Namibian has access to potable water.

THE TARIFFS

The service of supplying water is very costly. Electricity and chemicals to pump and treat water as well as the cost of maintaining and putting up new water infrastructure, largely drive the cost of supplying water on top of other costs.

NamWater proposes tariffs' adjustment to Government every year in order to cover the cost of supplying water. Cabinet of the Republic of Namibia approves and grant the water tariffs. The tariffs granted by Cabinet do not cover the true cost of water supply and there are some years when tariffs proposed by NamWater to Government are not granted.

THE COST RECOVERY PRINCIPLE

The Corporation operates on full cost recovery. This means that NamWater is mandated to recover cost of water provision from customers such as municipalities and Town Councils.

THE DEBTS DILEMMA

NamWater recognises that it fulfils a crucial role by providing a life-sustaining commodity, WATER. For this reason, the Corporation strives to keep the water prices as low as possible despite the challenges of low water tariffs and cost recovery principle. However, the non-payment by NamWater customers for water services provided to them further exacerbates the water supply challenges. To date, NamWater customers owe the Water Utility a combined amount of N\$ 1.4 billion.

THE INTERVENTION AGREEMENTS

NamWater has always been pro-active in trying to assist its customers to enable them to pay for water service delivered. Most of these customers face challenges in maintaining their water reticulation systems, which results in water wastage and their inability to collect revenues from their respective residents. The Corporation has been availing technical skills and other resources to assist in maintaining water network systems in various towns, villages and settlements while also providing advice on revenue collections.

This has helped some of the customers to collect revenues and be able to pay NamWater to keep the water flowing. Yet, a number of these customers have renegaded on the Intervention Agreements in place and fall back into the same non-payment problem.

THE PRE-PAID WATER SYSTEM

NamWater has the responsibility to provide water to the Namibian people. This mandate, which the Water Utility carries out diligently and with a great sense of responsibility, can only, be fulfilled if customers pay for the water supply service delivered to them. This has always not been the case, making it difficult for the Corporation to carry out its mandate.

For this reason, NamWater has adopted a roll out strategy of water-prepaid system to manage such bottlenecks emanating. This system is installed in a number of places such as Rundu, Rehoboth and Keetmanshoop Town Councils to mention, but a few. A pre-paid water system enables a customer to pay money equivalent to the amount of consumption. Failure to honour such a payment, the system will cut the water supply automatically. The pre-paid system ensures that funds are recouped timeously to ensure provision of services by paying end suppliers timeously.

Various remedies and assistance were and continue to be granted to towns such as Rundu in order to help remedy the situation. As part of NamWater's recognition that water is life, the Corporation has recently provided the Rundu Town Council with water to the value of N\$ 2 million worth of credits to ensure that the town has access to water.

THE WAY FORWARD

It is a sad situation to learn that some towns such as Rundu are only able to collect 30% of the total revenue from the residents. It is also well known that some residents often will choose to pay for other services provided for and leave out the payment for water. People seem not to realise the importance of paying water service provision to keep the water running. Thus, if people have

adopted this attitude, then the restoration of water would not solve the situation at large, if the symptoms and root causes thereof are not attended and resolved in sustainable manner.

The Water Utility therefor, encourages stakeholders in the water supply chain to play their part. This is the only way we are able to keep our water running for the sake of our health and for the economic development of our country. NamWater has the most distinctive skills and expertise to run the water supply system once everyone plays their role. It is for this reason that NamWater as part of its new 5-year strategy, aims to enter into partnership agreements with Local authorities (LAs) in developing plans that will assist the LAs with technical assistance aimed at effectively managing their reticulation systems.

AUTHORED BY, NAMWATER

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