

# Economic instruments and water use in Kazakhstan

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# Kazakhstan's situation

Consumers want *more* water of good *quality*

“Much of the population is still not provided with water of appropriate quality and quantity.”

“10% of drinking water samples failed to meet national health standards.”

# The value, price and cost of water

- The *value* of clean water is higher than the *cost* of providing it, so investment is beneficial
- The *price* of water is below the *cost* of service, so outside funds are needed
- Investment in maintenance usually provides better returns (value less cost) than investment in expansion

**SUGGESTION:** First, invest in *quality* to protect public health. Second, invest to increase *quantity*.

# Regulators and customers

- Regulators and the government focus on costs
- Consumers focus on prices (tariffs)
- BOTH see performance and outcomes

**SUGGESTION:** Focus on performance and outcomes. Allow tariffs to rise if quality and quantity improve

# Measurement

**SUGGESTION:** Measure quantities of surface and groundwater to address losses

**SUGGESTION:** Test quality of surface and groundwater before and after use

- Total losses (irrigation, urban) are around 50% of total
- Non-revenue water (leaked or unpaid) is 28% of total
- Tariffs cover 101% OpEx but *not* CapEx

# Financing water services

- Water companies lack financing
- Use Tariffs, Transfers and/or Taxes
  - “Weak tariff making mechanism does not cover operating and investment costs.”
- 98% of Kazakh population can pay more.

**SUGGESTION:** Increase tariffs and/or transfers from center to pay costs

# Appropriate technology

Cities: Leakage raises costs and lowers quality

**SUGGESTION:** Improve centralized, metered services

Villages: Contaminated water harms people

**SUGGESTION:** Decentralized home treatment

Nation: Increasing water scarcity harms growth

**SUGGESTION:** Transfer agricultural water (68% of use) to cities (5% of use) and industry (27%)

# Water company performance

Local managers *know* how to improve service but they lack *money*

**SUGGESTION:** Government sets goals, but companies need TTT funding

Numerous local systems (275 urban) are hard to monitor

**SUGGESTION:** Merge systems (e.g., Almaty from 41 to 25 to 1?)

Numerous regulators cannot monitor easily

**SUGGESTION:** Reduce from 9 committees in 6 ministries

Local citizens want good quality water

**SUGGESTION:** Increase local citizen representation



Thank you!  
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Спасибо