



Better Markets, Better Lives

A TRANSFORMATIVE APPROACH TO ACCELERATING ACCESS TO SAFE DRINKING WATER FOR LOW-INCOME AREAS (LIAs)

MARCH 2020



Water

CASE STUDY



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Better Markets, Better Lives

Kenya Markets Trust (KMT) is a Kenyan not-for-profit organisation that specialises in market transformation. We work to stimulate inclusive and resilient growth that will lead to a step-change in the livelihoods of millions of Kenyans. We take a long-term approach, staying true to our vision while adapting to the forces that are shaping the markets we operate within such as climate change and access to emergent technologies.

With regards to our proven results over the years, KMT has produced this case study referencing work done in the water sector implemented by Water and Sanitation for Urban Poor (WSUP) through KMT's facilitation.

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In collaboration with



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1 CONTEXT



Kenya's access to safe drinking water stands at 60 per cent according to the Ministry of Water, Sanitation and Irrigation (MWS&I), leaving out 19 million people without access to safe drinking water. In urban towns, this challenge is compounded by rapid urbanisation and burgeoning population growth which has led to mushrooming of overcrowded and impoverished informal settlements with limited infrastructure.

These informal settlements are characterised by an increase in poverty rates, inadequate access to essential services such as safe drinking water, and significant inequalities.

Mainly, the urban towns are served by regulated Water Services Providers (WSPs) and with limited focus on Low-Income Areas (LIAs).

In 2019, Kenya's urban and peri-urban population was estimated at 12.93 million, representing 27.5 per cent of the total population (*Kenya National Bureau of Statistics 2019*). By 2025, 65 per cent of this population is projected to live in the informal settlement areas representing the urban poor. This will result in increased demand for water services for WSPs that are already overstretched.

1.1 KMT's work towards improving access to quality water

Target 6.1 of the Sustainable Development Goals (SDGs) speaks to the achievement of 'universal and equitable access to safe and affordable drinking water for all by 2030'. This goal is similarly echoed in Kenya's Vision 2030 blueprint.

Through this strategic focus, Kenya Markets Trust (KMT) aims to transform Kenya's water sector, in collaboration with key stakeholders, by systematically addressing key constraints hindering access to quality, reliable and affordable water services to unserved and underserved populations.

It is estimated that out of the 21 million people living in service areas of the 88 regulated utilities, more than eight million people are living in more than 2,000 urban low-income areas; a majority of these still depend on informal services that do not comply with the normative content of the human right to water.

It is on this basis that KMT realised the need to support the creation of an enabling environment for improved service delivery.



6 CLEAN WATER
AND SANITATION



2

SYSTEMIC CONSTRAINTS

In 2016, KMT revised its water sector strategy, which was anchored on delivery of systemic change in the water sector. The revision followed the outcome of the deep-dive commissioned in mid-2015.

The revised water sector strategy identified numerous systemic constraints in the following areas of underperformance:

1. Inefficient operation and management of water utilities
2. Unreliable quantity and quality of water supply to the poor
3. Non-maximisation of revenue water, and
4. Slow adoption and application of climate-smart approaches

3 THE INTERVENTION

To address the constraint of unreliable quantity and quality of water supply to the poor, KMT partnered with Water and Sanitation for Urban Poor (WSUP), Water Services Regulatory Board (WASREB), Water Services Trust Fund (WSTF), County Governments, WASH stakeholders and six Water Service Providers (WSPs), namely;

1. Nakuru Water and Sanitation Services Company (NAWASSCO),
2. Kisumu Water and Sewerage Company Limited (KIWASCO),
3. Nairobi City Water and Sewerage Company (NCWSC),
4. Mombasa Water Supply and Sanitation Company Limited (MOWASSCO),
5. Malindi Water and Sewerage Company Limited (MAWASCO),
and
6. Naivasha Water Sewerage and Sanitation Company (NAIVAWASS)

The aim of this partnership was to develop and implement an intervention with broader objectives in;

1. **Emergence and adoption of a service delivery model for water utilities,**
2. **Market-led approach for pro-poor services expansion, addressing Non-Revenue Water (NRW) management in water utilities and business-to-business (B2B) linkages for climate-smart, ICT, green financing and technological innovation.**

4 APPROACH & RESULTS

A systemic approach to enhancing access to safe drinking water in low-income areas



Connections and households reached



11, 676 connections

serving approximately

54,633 underserved households

from the LIAs were realised

4.1 National-level institution and regulatory policy framework formulation for Low-Income Areas (LIAs)

Embedding pro-poor interventions into the broader water sector for universal access

At the apex level, KMT facilitated the national water regulator in the development of a Key Performance Indicator (KPI) framework aimed at increasing reliability and access to water utility services in Low-Income Areas (LIAs) – a transformative measure of addressing service inequality and improved service standards.

Through this approach, an enabling environment was created to incentivise WSPs to submit credible data to WASREB on their performance on pro-poor service delivery against this 10th KPI. The reporting was structured under four indicators

1. service coverage in LIAs,
2. service levels in LIAs,
3. strategy and organisation with respect to service provision in LIAs
4. compliance with standards for water kiosks.

Anchoring this support at the regulator level ensured sustainability and catalysed scale-up on the progressive realisation of the right to water. This also further obligated utilities in ensuring equity and inclusivity in their service delivery to the underserved populations.

In 2016/2017 reporting period, 28 WSPs submitted data on the pro-poor indicator, and this number grew to 36 utilities in 2017/2018 reporting period against 88 regulated WSPs.

The regulator continues to monitor sector progress on reporting of LIAs performance and has developed a guideline to give WSPs a broader picture of how they can initiate and sustain pro-poor interventions for their objective of universal coverage. Figure 1 below illustrates the comparison for the four dimensions assessed over the two years.

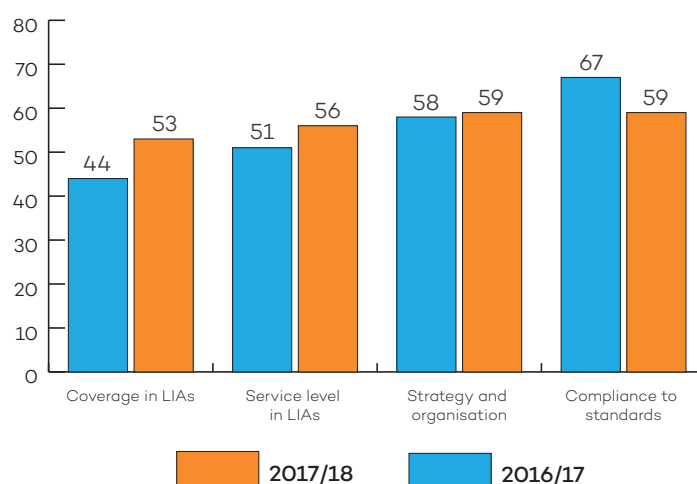


Figure 1: Performance on pro-poor parameters

Source: WASREB Impact Report 11, 2019.

4.2 County-level institution development and systems strengthening for a pro-poor policy framework

Inclusive Bottom-of-the-Pyramid (BoP) laws and policies developed for an enabling environment at county level

In 2010, Kenya promulgated her new constitution which saw the creation of a two-tier level of government, where various national government functions were devolved to the county level. Under the new dispensation, water and sanitation service provision was placed under the responsibility of the 47 counties. County governments thus became integral in driving and sustaining water development reforms. Counties are expected to create an enabling environment and allocate adequate resources for water and sanitation services in their jurisdictions.

KMT facilitated five counties (Mombasa, Kisumu, Kilifi, Nakuru and Nairobi) in the development and adoption of pro-bottom of the pyramid policies and laws for increased investment for pro-poor water access. These county policies and regulations were deliberately aligned to ensure no conflict with national acts of parliament. Capacity enhancement of relevant county departments was also undertaken to ensure smooth implementation of the policies and regulations. Further, they were supported to develop contractual performance frameworks for their respective department boards and staff.

Systemic analysis of county budget allocation for water and sanitation were also carried out and presented to the counties to inform and influence decision-making during the budgeting process for increased investment for BoP.

4.3 Utility level institution development and systems strengthening to enhance WSPs delivery on their mandate to LIAs

4.3.1 Establishment and strengthening of departments focused on low-income areas within the utilities

KMT facilitated the six WSPs to establish and strengthen fully-fledged departments with an explicit mandate of addressing water access for low-income consumers (underserved). The departments were equipped with relevant resources and structures, in addition to technical support and facilitation to develop bottom of pyramid business models that incorporated communication strategies and social marketing.

The social marketers were equipped with skills and capacity on how to promote utilities' services in LIAs – a strategy aimed at creating an increased demand for utilities' services.

To address the behaviour change of utility staff in dealing with issues of LIAs, a change management training was conducted, new connection targets for meter readers and marketers were set and incorporated within their performance management contracts.

In Nairobi City Water and Sewerage Company (NCWSC), under the Informal Settlement Region (ISR) department, KMT facilitated the establishment of a localised LIA office at Kibera slums with the aim of bringing services closer to customers and increasing new connections in the informal settlement.



Figure 2: NCWSC office serves Kibera, Kawangware, Ngando, Kangemi, Kaberia and Mutuini informal settlements

4.3.2 Availability of credible and reliable data on LIAs consumers

For informative decision-making and resource allocation in accelerating the attainment of universal coverage, WSPs need to know their underserved customers within their authority. KMT partnered with WASREB to facilitate the WSPs to map out data on LIA consumers and their demographics. The capacity of WSPs was enhanced to facilitate their ability to report authentic and verified credible bottom-of-the-pyramid data to the regulator through the Water Regulation Information System (WARIS) against the tenth KPI.

Efforts to enhance access to accurate LIA data was undertaken and validated in 2017, through an update to WASREB and WSTF's *MajiData* platform.

4.3.3 Inclusive utility-level development and adoption of pro-poor strategies and policies

Prudent efforts were undertaken to facilitate WSPs to develop their own internal policy environments that explicitly focussed on strategies of reaching the underserved consumers within their areas of authority.

This helped in anchoring the newly established LIAs department within WSPs policies for wholistic utility transformative focus on BoPs. The policies also outlined direction, various objectives, strategies and activities including timelines and resources allocation that will guarantee improved water service delivery to BoP consumers. The enabling policy environment within the WSPs ensured services to LIAs were a priority and staff were mandated to implement the policies through performance contracts.

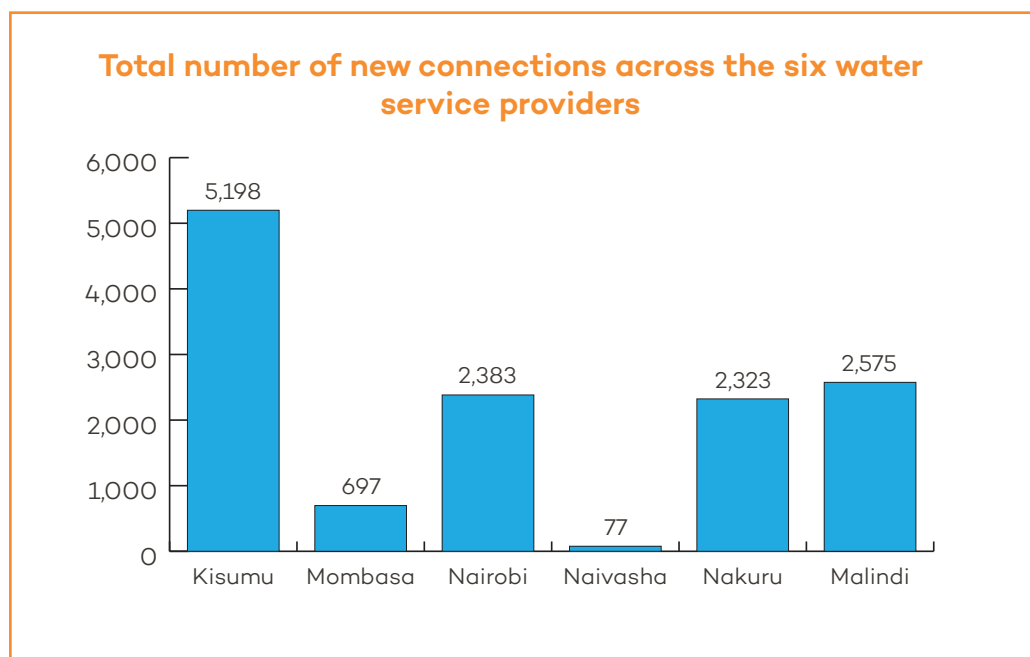
Nakuru Water Sanitation and Services Company developed a pro-poor social connection policy (SCP) that allowed connection upon payment of a deposit of KES 1,500, with the remaining KES 9,500 spread over a 24-month period.

4.3.4 Comprehensive demand creation spiced with utilities consumer-centric focus

Supporting utilities to implement social connection policies, marketing strategies, and resources allocation plans is key to realising their objectives on pro-poor service delivery for last-mile connectivity.

The six utilities under the intervention were facilitated to implement their LIAs policies and strategies with enhanced consumer-firm relationship, through rigorous marketing approaches. These entailed conducting sensitisation barazas at the BoP settlement levels to inform residents on the products, services and modes of payment, as well as door-to-door visits to promote household and yard connections.

The marketing approach created a demand for connections in the LIAs. It also reduced the number of illegal connections and non-revenue water for the utilities. The figure below highlights the number of additional LIAs connections realised after the social marketing intervention was piloted.



4.3.5 Adoption of innovative climate-smart technologies in the delivery of services to LIAs

Low-income areas are characterised by poor infrastructure and services, inadequate layout plans, coupled with high population density, which hinder access to essential services such as safe drinking water. Innovative approaches and technologies are paramount to addressing systemic safe water access to LIAs.

KMT supported three WSPs – Kisumu, Nairobi and Nakuru – to adopt and expand the use of prepaid water dispensers (PPD). The PPDs use a pre-loaded token that pro-poor consumers can swipe and access any quantity of water without the need of an attendant at the water kiosks. The approach resulted in a tremendous reduction of NRW for the utilities.

Kisumu Water realised an overall reduction of NRW by six per cent, while Nakuru witnessed a 15 per cent reduction as per WASREB's Impact 9 and 10 reports.



*Figure 3: Residents of Githogoro, Nairobi accessing water from a PPD:
Photo: WSUP*



Figure 4: Consumers using a PPD in Mukuru in Nairobi County

5

LESSONS LEARNT

5.1 Lack of access to safe drinking water in low-income areas (underserved poor) need to be addressed from a systemic approach

In the context of accelerating universal access to safe drinking water under global sustainable development goals (SDG) 6, there is need to understand the complex underlying systemic constraints that hinder the progressive realisation of the right to water as a fundamental human right in underprivileged, marginalised urban areas and other informal settlements. The sector needs to be analysed in its totality to unearth systemic constraints, and the identified limitations need to be addressed at all relevant sector levels to enhance scale-up and sustainability.

Under the BoP intervention, KMT facilitated the national regulator to develop a KPI that would commit utilities to report their performance progress in LIAs. Counties and respective water utilities were also assisted to map out their LIAs data, develop inclusive policies, strategies and institution departments to accelerate access to safe drinking water for the underserved communities.

At the individual utility staff level, capacity enhancement in respect to behaviour and culture change was undertaken to bring out a positive view of underserved urban poor as potential customers who can add revenue to the utilities and aid in non-revenue water reduction strategies.

5.2 Low-income area challenges are context-specific

During the systemic constraints' analysis, the profiling of LIAs within each utility's authority area needs to be thoroughly done, alongside stakeholders' consultations. It is under these context-specific challenges that sustainable, innovative approaches should be derived from.

In Kisumu for instance, to improve access to safe water to Nyalenda informal settlement and reduce NRW in the area, KIWASCO employed a concept of delegated management model (DMM) which facilitated customers' water connections through master operators belonging to a community-based organisation.

Each master operator is assigned a specific pro-poor area to facilitate and manage new connections. KMT aided in building the capacity of these operators in record keeping, financial management, customer care training and provision of computers for easy records management. Through this facilitation, KIWASCO enlisted a total of 29 models.

5.3 Greater influence on WASH budget allocation is required at all levels – national, county and utility level.

Water is today a devolved function that is shared between the national and county government. However, while county budgets allocation for water and sanitation has increased since the advent of devolution in 2013, the proportion of WASH funding as a proportion of total county government budgets has remained low in comparison with other sectors such as health, education, roads and public works even in counties that have shown high levels of investments in water and sanitation. This could potentially hinder investment in infrastructure for increased access and adoption of new innovations and technologies that require a substantial commitment of resources. There needs to be sustained influence at the two levels of government for sustained WASH budget allocations.

Water services providers are also mandated as per Water Act 2016, to ring-fence their revenue for expansion of services and report to the regulator their performance on LIAs. KMT facilitated the utilities to develop budget allocations for their existing and newly established LIA departments to ensure continued transformative pathway toward focus to LIAs consumers.

5.4 Enhancing utilities consumer-centric approaches can accelerate the drive into reaching more LIAs customers

Nairobi and Mombasa WSPs benefitted from KMT facilitation to establish fully-fledged regional offices close to their informal settlements. This demonstrated that services could be delocalised to informal settlements, making delivery effective and efficient. This reduced the distance consumers had to walk in search of services and further shortened the turn-around time for addressing consumer issues. This was spiced up by enhancing the capacity of utility staff on customer care and understanding of the intricacy of low-income area's customers. Additionally, inclusive customer and social connection policies and strategies were also established to help the utilities be more consumer-focussed.

6

CONCLUSION

In the context of accelerating universal access to safe drinking water under global sustainable development goals (SDG) 6 and Kenya's Vision 2030 agenda, a systemic lens approach to tackling access to safe water for the underserved is required. The approach should aim to deep-dive into key constraints hindering access with a view to draw consequent interventions.

In this regard, the whole value-chain of safe water access to low-income areas should be analysed. This should ensure the creation of inclusive policies that facilitate a pleasant enabling environment, strengthening of equitable market systems and implementation of BoP focussed strategies across all value-chain level with necessary oversight from the national institutions.

Consumer involvement is paramount in ensuring consumers are aware of existing utility services, demand creation for utility services and eliminate exploitation by cartels that thrive in informal settlements.





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