Kenya: World Bank grants US$4.3 million to extend water and sanitation services to 80,000 residents in Nairobi’s informal settlements

Nairobi, January 15, 2014 – The World Bank, acting as administrator for the Global Partnership on Output-Based Aid (GPOBA), has signed an agreement with the Government of Kenya to grant US$4,330,000 to extend water and sewer connections to informal settlements in Nairobi City. The GPOBA subsidy will improve access to clean and safe water, and sewerage services to about 80,000 low-income residents (about 16,000 households) in the sprawling settlements of Kayole-Soweto, Matopeni-Spring Valley and Embakasi-River Bank, amongst others.

“The ultimate aim of this innovative financing mechanism is to ensure improved and affordable water and sewerage services for the urban poor in Kenya’s towns and cities,” said Diarietou Gaye, World Bank Country Director for Kenya. “The subsidies will enable urban utilities and planners to focus more on the needs of poor urban households, and to invest more in water and sanitation infrastructure within the fast-expanding informal settlements.”

The project will be implemented by the Nairobi City Water and Sewerage Company (NCWSC) in collaboration with the Athi Water Services Board, through a social connections program that champions the right of access to affordable water and sanitation services. The World Bank’s Water and Sanitation Program is providing technical support to the project, to be implemented over the next three-and-a-half years through June 30, 2017.

“Building on a successful GPOBA pilot for community water projects financed by K-Rep Bank under its Maji ni Maisha program, this project scales up the use of OBA in Kenya for improved sanitation, one of the less-tested sectors that GPOBA is increasingly supporting,” said Carmen Nonay, Manager of GPOBA. “We expect the project will improve the health and productivity of Nairobi’s low-income communities, which supports GPOBA’s goal to improve access to basic services for the poor.”

The pro-poor subsidies are crucial to families who cannot afford the cost of water and sewer connections and sanitation facilities, but can pay a portion of the cost to acquire these services, with the remaining un-subsidized portion being repaid over 3 to 4 years. It also provides an incentive to NCWSC to extend its services to unserved consumers in low-income areas where mobile phone based billing and payments will be used to ensure that this segment is enabled to link revenue collection system of the utility.

“Innovative projects like these, which are critical tools in helping deliver improved sanitation and safe drinking water to the poorest people, are essential in our efforts to ending extreme poverty in our generation,” said Jaehyang So, Manager of the Water and Sanitation Program.

Through the social connections program, the grant will subsidize up to 70 percent of sewerage connections, and up to 40 percent of connection for water supply. The remaining connection costs will be funded by household deposits and a five-year loan from NCWSC to eligible households. NCWSC will pre-finance all capital costs estimated at US$7,200,000.

GPOBA is a global partnership program established in 2003 and administered by the World Bank. It is a multi-donor trust fund used to develop OBA approaches across a variety of sectors including infrastructure, health, and education. It has a portfolio of 38 OBA pilot projects with US$174 million in commitments, for which a cumulative total of $100 million in disbursements has been made, providing access to basic services to more than four million poor beneficiaries.

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