

WATER, SANITATION AND HYGIENE FINANCE (WASH-FIN) KENYA

COVID-19 Update 2: Rethinking the Role of Water Services Providers in Informal Settlements

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INTRODUCTION

With the confirmation of COVID-19 in mid-March 2020, the Government of Kenya requested citizens to adhere to guidelines on handwashing, hygiene and social distancing. This made water services provision an imperative, especially in urban informal settlements that house the most vulnerable members of the society, are densely populated, and have limited access to water supply and sanitation services. To support the prevention and containment of the pandemic in these areas, government issued a directive and pronounced measures requiring public Water Services Providers (WSPs) to ensure continuous and accessible supply of water and hygiene services. How have the WSPs responded to the call from government and what role are they playing? Most critically what can be done to ensure that WSPs are able to provide water services in a sustained manner that removes the need for repeated emergency responses?

This update, which was prepared jointly with Water Services Regulatory Board, WASREB, shares the experience of the WSPs in providing water services to informal settlements. The update is based on an assessment conducted in May 2020 on five WSPs, namely Malindi Water and Sanitation Company (MAWASCO), Thika Water and Sanitation Company (THIWASCO), Nakuru Water and Sanitation Company (NAWASSCO), Mombasa Water and Sanitation Company (MOWASCO), and Nyeri Water and Sanitation Company (NYEWASCO). The assessment shows the critical roles being played by the WSPs and proposes possible actions to ensure continued supply during the pandemic. It however also focuses on

identifying more long-term solutions that can better position the WSPs and the country to move away from protracted emergency response mode towards more sustainable outcomes.

COVID-19 AND WATER SUPPLY SERVICES IN INFORMAL SETTLEMENTS

COVID-19 has exposed the gaps and inequalities in water services provision especially as these relate to residents in informal settlements. According to WASREB, 40 percent of the urban population in Kenya lives in low income informal settlements. Of this population, only 53 percent are served by WSPs. The percentage of people living in informal settlements in the five WSPs ranges from 20 percent (Thika) to 60 percent (Nakuru). Similarly, the percentage served by WSPs varies though only Malindi provided data showing that they serve 75 percent of the population in informal settlements.

This service gap has led to those not being served obtaining water from alternative and generally inadequate sources, including private boreholes and water vendors, and community water schemes. The government directive for the WSPs to step in and ensure the supply of adequate and safe water derives from and emphasizes the fact that the WSPs have jurisdiction and accountability for reliable continuous supply, as well as the scale and technical know-how required to manage such services and respond to emergencies at the scale and quality level required.

WSP Response to Government directive on Serving Informal Settlements

In response to the Government's directive, the assessment shows that the WSPs are undertaking a range of tasks including:

- Installation of water storage tanks for domestic use and handwashing in public places
- Trucking water in bowzers daily
- Reconnection of inactive customers
- Distribution of soap and sanitizers
- Provision of chlorine for fumigation
- Linking with and advising partners assisting with COVID-19 response
- Hygiene Sensitization

Whilst the WSP response is making a difference, it is far from adequate, largely temporary, and not part of a long-term solution. It is also costly.

Financial Implications of WSP Response

In order to respond effectively, WSPs must meet both capital and operational costs. Table I shows cost estimates from the five WSPs suggesting they require over KES35 million to provide emergency relief services to the settlements for a four-month period.

Table I: Cost Estimates for the Five WSPs to Service Informal Settlements	
Purchase and installation of Water Tanks and handwashing facilities (KShs)	16,594,400
Purchase and distribution of soap (KShs)	3,750,000
Trucking of water in bowzers (KShs)	9,900,000
Provision of PPEs (KShs)	8,000,000
Community Outreach (KShs)	4,500,000
Total (KShs)	35,094,400

If the costs in Table I are taken as indicative of what is happening in the other WSPs, then on average each of the 88 regulated WSPs is expected to spend KES7 million on these emergency activities. This means that by the end of the four months, approximately KES6 billion would have been spent on a non-permanent solution. If the MoWSI TrackFin 2016/17 estimate of per capita expenditure of KES1386 is taken as representing actual services provided, then the KES6 billion could have provided permanent services for at least 445,000 people or a third of the population in the informal settlements of the 5 WSPs. The efficacy of continuing to spend on emergencies rather than on a permanent solution must therefore be questioned.

It must be noted that the WSPs reported other costs, including those associated with replacement of vandalized infrastructure as well as water lost through theft. According to the WSPs, people are taking the free water for resale, as well as connecting illegally to the company's water lines, thereby increasing financial losses and Non-Revenue Water (NRW). These costs are typically not part of the normal operations of WSPs and therefore present an un-funded financial burden for both the WSPs and their financiers.

This financial burden is exacerbated by the fact that on the revenue side, WSP collections are decreasing mainly due to the government directive to supply free water to informal settlements and to avoid disconnecting non-paying customers. Even without this directive, payment by these customers is presently challenging as they are mostly employed in the informal sector and therefore are amongst those most affected by the loss of income occasioned by the national COVID-19 lockdown.

The financial strain imposed by COVID-19 is not only in terms of lost revenues, but also in the form of financial support from other organizations. All five WSPs are being assisted by either the Water Works Development Agencies, County governments, as well as private and non-governmental organizations. Whilst this cooperation is laudable in terms of providing immediate relief to those most in need, it nonetheless speaks to the fact that the sector is "reactive" rather than "proactive". With better planning, the resources being applied by all these parties to temporary solutions, could be utilized to better effect if invested in long term WASH provision solutions. This is particularly true given that COVID-19 is only the latest in a series of health pandemics requiring the country to ensure safe water supplies. However, unlike other medical emergencies such as cholera that do not last very long and tend to be confined within particular geographies, the anticipated drawn out nature of the COVID-19 pandemic and its impact on all settlement types, presents not just a challenge, but also an opportunity to shift the thinking on service provision to informal settlements from temporary to sustainable institutionalized solutions.

TOWARDS SUSTAINABLE DELIVERY OF WATER TO INFORMAL SETTLEMENTS

Bearing in mind that the country is already grappling with the COVID-19 pandemic, short term actions focused on supporting the WSPs to meet the financial obligations related to the emergency responses discussed above must be considered. This can be through provision of dedicated relief funding supplemented by more sustainable approaches, not least regular and up to-date payment of water bills by both national and county governments. Further, wherever possible, the WSPs should be included as essential workers for the purposes of provision of PPEs to frontline staff to ease their financial burden.

Even as government attends to the emergency needs of the WSPs, it is imperative that deliberate focus be placed on defining a long-term solution. The National Master Plan projects that by 2030 the majority of the Kenyan population (67.8 percent) will live in urban or urbanizing areas with a big proportion residing in urban Low- Income informal settlements. To cater to this and avoid repeated emergency responses in a post-COVID-19 era, the mindset and approach to water services delivery for informal settlements must change. A few possible actions are proposed below.

Incorporate Informal Settlements into Formal WSP Water Networks

Notwithstanding the challenges associated with the placement of infrastructure and operational difficulties in informal settlements, it is imperative that conscious and deliberate effort is taken to integrate informal settlements into the formal networks through regulated Water Service Providers in line with the legal framework. The informal settlements within utility service areas have already been identified and mapped through support from the Water Sector Trust Fund (WSTF) and WASREB. In addition, WASREB has developed Pro-poor water and sanitation services guidelines as a basis for affirmative action. Operationalization and use of these tools must be prioritized.

Plan for Informal Settlements Services

The Counties and WSPs must be supported to develop a plan that prioritizes informal settlements for water and sanitation service provision. This plan must not depend on whether these consumers are able to pay, but on provision of basic services for a dignified life, removing their exposure to informal service provision and focusing on public health.

Expand Access to Informal Settlements

In line with the plan above, a strategy of serving low-income areas through a stepwise approach, which promotes cost-effective outlets, such as yard taps and water kiosks, water point facilities as well as individual connections managed by utilities and thereby gradually replacing informal service provision must also be adopted. To realize this objective, the following should be considered:

- WASREB and WSPs ensuring the tariff structure and level encourages investment that expand access.
- Government to provide subsidies for both investment and operations to expand and/or improve access.

These changes are critical if government is to shift from reactive to more proactive service delivery. They will also enable government meet its obligations of ensuring provision of adequate clean and safe water and reasonable standards of sanitation to all citizens as required under Articles 43 of the Constitution.

WATER, SANITATION AND HYGIENE FINANCE (WASH-FIN)

The five-year Water, Sanitation and Hygiene Finance (WASH-FIN) program is funded by the United States Agency for International Development (USAID) and began in October 2016. Implementation is led by Tetra Tech with support from Open Capital Advisors, Segura Consulting and Global Credit Rating. It is managed by USAID Water Office with support from the Global Climate Change Office. With the current reorganization of USAID, the Water Office has been moved under the Resilience and Food Security Bureau. WASH-FIN seeks to close financing gaps to achieve universal access to water and sanitation services through sustainable and creditworthy business models, increased public funding, and expanded market finance for infrastructure investment.