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

Reducing financing gaps to achieve universal access to safe and reliable water and adequate sanitation services.

Kenya made considerable progress meeting the Millennium Development Goals (MDG) for water; by 2015 82% of the urban and 57% of the rural population had access to an improved water supply. Limited progress was made in sanitation however, with access at 31% in urban and 30% in rural areas. The UN Sustainable Development Goal 6 sets ambitious targets for universal access to water and sanitation by 2030 requiring an unprecedented mobilization of funds. In Kenya, the estimated total cost for water supply is Ksh1.7 trillion (USD17 billion), while the available government budget is Ksh592.4 billion (USD5.6 billion), leaving a shortfall of Ksh1.2 trillion (USD11.4 billion)¹. WASH-FIN Kenya will work in collaboration with government, development partners, private financial institutions and local stakeholders to reduce the financing gaps. Further, WASH-FIN will work to improve governance structures that enable access to reliable sources of capital for sustainable, resilient water and sanitation infrastructure.

WASH-FIN APPROACH TO REDUCING FINANCING GAPS

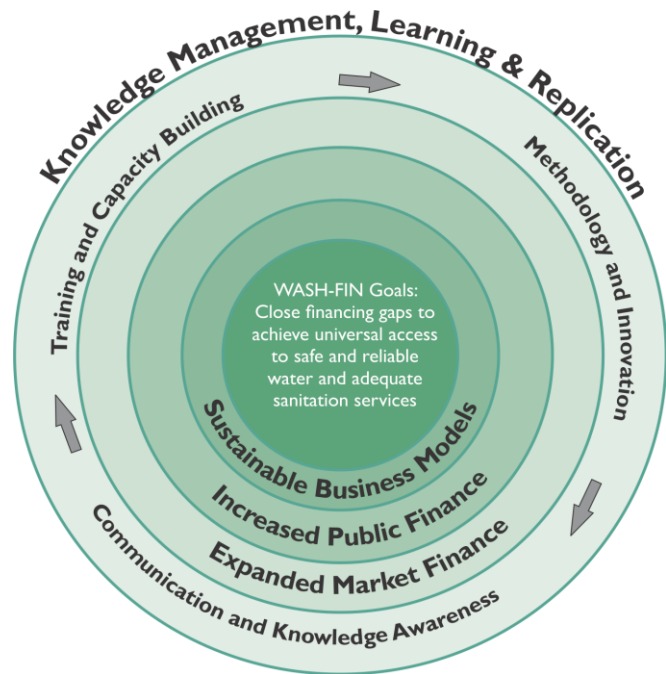
The WASH-FIN approach to reducing financing gaps is based on the premise that 1) citizens should be treated as valued customers and adequately served with water and sanitation and hygiene services, and 2)

¹ 2016 Kenya Water and Sanitation Regulatory Board (WASREB) Impact Report 9; USD conversion approximate based on historical and rounding.

WASH service providers operate on sustainable business models that strengthen creditworthiness, within clear regulatory and governance structures. Only then can increased public investment and market finance be effectively leveraged to expand or improve service delivery (see graphic).

WASH-FIN IN KENYA

The goal of WASH-FIN Kenya is to expand financing aimed at increasing investment in universal access or improved quality of safe and reliable water and adequate sanitation services. This overall goal will be achieved by providing technical assistance and capacity building to Water Service Providers (WSPs) and other WASH sector stakeholders; county and national government entities; commercial banks, financial institutions, and other sources of private finance through the following three categories of activities:



Category 1 – Financial Flow Tracking: Collect, analyze and disseminate information about financial flows in the WASH sector

- Activity 1.1 - Support Improved WASH Expenditure Tracking with TrackFin
- Activity 1.2 - Disseminate Lessons Learned from Previous WSP Financing Interventions
- Activity 1.3 - Document and Disseminate PPP Lessons Learned from Other Sectors

Category 2 – Creditworthiness and Investment Planning: Support targeted WSPs and government to develop long-term capital investment, demonstrate creditworthiness, and to develop bankable financing proposals for commercially viable projects

- Activity 2.1 - Assist the Water Services Regulatory Board in developing Guidelines for WSP Business Plans
- Activity 2.2 - Develop Improved Process for Reviewing Proposed WSP Capital Investment Plans
- Activity 2.3 - Provide Technical Assistance to WSPs to Improve Creditworthiness

Category 3 – Transaction Facilitation: Facilitate transactions for resilient WASH investments by advising WSPs and financial intermediaries

- Activity 3.1 - Provide Transaction Advisory Services to Creditworthy WSPs
- Activity 3.2 - Support Utilization of Credit Enhancements Including USAID Development Credit Authority Guarantees
- Activity 3.3 - Provide Technical Assistance to National Office of Public Private Partnerships
- Activity 3.4 - Foster Knowledge Sharing with Financial Community

WASH-FIN KENYA PROJECT DETAILS

The three year, \$5 million WASH-FIN Kenya project, is funded by the United States Agency for International Development (USAID) and began in June 2017. WASH-FIN implementation is led by Tetra Tech with support from Open Capital Advisors, Segura Consulting and Global Credit Rating.

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