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PRESS RELEASE

Nairobi Water Company launches innovative social connections program to serve low-income settlements

Nairobi: Tuesday, October 30, 2012. The Nairobi City Water and Sewerage Company (NCWSC) today launched a social connections program to increase access to clean drinking water and sewerage services to about 90,000 underserved residents of the sprawling Kayole Soweto informal settlement in Nairobi's Eastlands area.

More than 18 kilometers of piped water network have so far been installed within Kayole Soweto Village, through an initiative dubbed *MajiMashinani* –'water at the grass roots'. The target for NCWSC is to connect water meters in 2,200 plots to serve a total 90,000 Kayole Soweto residents by February 2013. *MajiMashinani* is being implemented in collaboration with the Athi Water Services Board, with support from the World Bank, Water and Sanitation Program, and the K-Rep Bank.

Demand for paid-for-water in Kayole Soweto is very high and the cost of water from alternative sources can be up to ten times the current tariff of NCWSC. The estimated daily demand for water in Kayole Soweto is 60 litres per person, most of which is from nearby boreholes which are not conveniently located or offer the desired water quality.

The average cost of getting piped water connection from the Nairobi Water Company is Kshs 8,215.00 (about US\$100), which includes a non-refundable fee, deposit for meter installation, piping and fittings. Although residents are willing to pay for improved service, the connection costs are unaffordable to most households.

According to NCWSC's Managing Director, Eng. Philip Gichuki, the social connections approach employs an innovative financing and micro-credit scheme through which low-income households can access subsidized micro-loans, and stagger payment of bills for water consumed. *"Low-income households can borrow small amounts of money to offset the initial costs of getting a water connection and, through a flexible payment scheme, repay the loans together with the monthly water bill over an agreed period,"* he said. *"This scheme is designed to suit the fluctuating incomes of self-employed and informal sector earners."*

The Ministry of Water and Irrigation Permanent Secretary, Dr. David Stower said the Constitutional right to water placed an obligation on water managers and service providers to focus on marginalized sectors, areas and groups. *"Authorities must be innovative and pragmatic in order to realize access to basic services even in poor urban settlements,"* he said.

Board of Directors:

P. Kuguru (Chairman), Dr. M. W. Kimani (Vice-Chair), HWM Cllr. G. Aladwa, T. Odongo, Prof. J. Kimura, Cllr. H. Katangie (Mrs.), Cllr. M. O. Ogada, S. Mutoro, E. K. Omolo, J. Kiamba, Prof. M. Gathenya, Eng. P. G. Gichuki (Managing Director)

The loans accessed under *Maji Mashinani* are processed through K-Rep Bank, a local micro-finance bank, from which 50 percent is repaid through an output subsidy from the World Bank's Global Partnership on Output-based Aid (GPOBA).

NCWSC is also developing an ICT platform that will enable water consumers to use a mobile phone to send their own water meter readings, query and receive current water bills, then pay using mobile money such as Safaricom's MPESA and Airtel's ZAP.

The extension of the piped water network to informal settlements is financed by the World Bank's Water and Sanitation Services Improvement Project (WASSIP), which seeks to increase access to water and sanitation services in areas covered by the Athi, Coast and Lake Victoria North water services boards. These include Nairobi and Mombasa cities, and fast expanding towns, which are experiencing high demand for water, sanitation and other services due to Kenya's rapid urbanization.

"The innovations introduced by Maji Mashinani hold promise for scalable solutions for improving delivery of water and sanitation services in informal settlements low-income areas countrywide," said World Bank Country Director Johannes Zutt. There are plans to extend the reach of *Maji Mashinani* to other under-served informal settlements in Nairobi: Kawangware-Gatina (113,000 people), Kayole Soweto (80,000 people), Matopeni Spring Valley (15,000 people), Embakasi River Bank (3,000 people) and Kangemi (80,000 people), he added.