



Ministry of Water, Sanitation and
Irrigation



Council of Governors



CONCEPT

WATER AND SANITATION INVESTORS CONFERENCE (WASIC 2024), KENYA

Dates & Venue: 6th to 8th March 2024, KICC, Nairobi

Overall Conference Theme:

*“Accelerating Investments for Sustainable Access to Water
and Sanitation for All”*

I. Introduction

Kenya's Water and Sanitation Sector has made great gains since the sector reforms occasioned by the Water Act 2002. The Water Act 2016 further enhanced the Sector by aligning with the Constitution 2010, thereby providing a comprehensive planning framework for Water Supply and Sanitation (WSS).

Building a resilient and effective water and sanitation sector necessitates a dynamic financing framework capable of aggregating and mobilizing sustainable investments to address both short-term and long-term development objectives; effective coordination and collaboration between State and non-State actors; a systemic mechanism to enhance the capabilities for the sustainable administration and management of water resources; and a foundation of excellent governance systems promoting efficiency, accountability, transparency, fairness, and responsibility through effective policy and regulatory framework; and a concerted multi-stakeholder approach for realization of shared vision.

Kenya is home to a population of approximately 47.6 million as of 2019 Census (Kenya National Bureau of Statistics), and with an intercensal growth rate of 2.2%. The Government of Kenya has set water supply and sanitation sector goals as presented in the National Water and Sanitation Investment and Financing Plan (NAWASIP). The Government seeks to achieve universal access to safe and affordable water supply and sanitation for all Kenyans by 2030, with 100% access to safe water; 40% of urban households connected to sewers, while 60% will have access to decentralised and other non-sewer sanitation. Currently, 73% of households have access to improved water services. However, this figure varies widely from County to County, ranging from 32% in some Counties to nearly 100% in Nairobi County. 83% of households have improved access to improved sanitation nationally, although this also varies widely across counties.

WASREB Impact 15 Report 2023 gives the latest sanitation coverage figures by June 2022, with Urban Sewerage for large to medium Utilities at 26%, National sewerage in regulated areas at 16% and National improved Sanitation in regulated areas at 93%.

Kenya is classified as a water-scarce nation with more than half of its land being classified as arid or semi-arid lands (ASAL). Kenya's annual rainfall averages about 630mm, with variations ranging from less than 200mm in the arid Northern Kenya to over 1,800mm on the slopes of Mount Kenya. Although the annual renewable water sources are estimated at approximately 26 billion cubic meters (WRMA, 2020), these resources are unevenly distributed throughout the country compounding challenges of ensuring equitable access. In its Water Resources Situation Report 2019-2020, Water Resources Authority notes that the available water and the demand vary significantly across the drainage basins with the total demand projected to rise to 21,468MCM/year in the year 2030 against available 26,634MCM/year. In its Strategic Plan 2018-2022, Kenya's Ministry of Water, Sanitation and Irrigation (MWSI), targeted as one of its objectives, to increase per capita fresh water endowment from 527m³ to 700m³. The Ministry further aimed to increase water storage per capita from 4.5m³ to 14m³.

The NAWASIP indicates that Kenya's Water and Sanitation Sector faces a substantial funding gap of KES 652 billion as it strives to reach Sustainable Development Goal no. 6, which seeks to guarantee universal access to safe and sustainable water and sanitation management for all

by the year 2030. The global 2030 agenda prioritizes Water, Sanitation and Hygiene (WASH) as one of the Sustainable Development Goals (SDGs). The World Health Organization (WHO) and The United Nations Children's Fund (UNICEF) note that the World remains off-track to achieving SDG targets 6.1 and 6.2 and unless the progress quadruples, billions of people will be without access to safe water, sanitation, and hygiene by 2030.

The Constitution of Kenya (CoK) 2010, article 43 places a human right obligation to ensure every person in Kenya has the right to access clean water in adequate quantities and to reasonable standards of sanitation.

Given the increasing urbanization of cities, annual budgetary deficit, and the uncertainties stemming from climatic conditions, Kenya must embark on a collective effort to establish innovative financing mechanisms, particularly through Public Private Partnerships, to guarantee universal access by 2030.

It is against this context that the Water Sector Trust Fund, a Kenyan State Corporation operating under the Ministry of Water, Sanitation and Irrigation, is organizing for the Water and Sanitation Investors Conference (WASIC) 2024, scheduled to take place from 6th to 8th March 2024 at Kenyatta International Convention Centre (KICC), Nairobi Kenya. Water Sector Trust Fund is working through the WASIC Organizing Committee consisting of various public and private Organizations to deliver the Investors Conference with an aim to accelerating investments in the sector and bridging the financing gap to universal access. The primary objective is to attract investors to the water and sanitation sector, with particular emphasis on Public Private Partnerships and blended financing mechanisms that can leverage private and commercial investments. The conference will explore partnerships that are instrumental in accelerating universal access to water and sanitation services by the year 2030, and will offer a platform for engagement in various thematic areas, which are discussed in the subsequent sections.

The Water and Sanitation Investors Conference (WASIC 2024) aims to put into action the Bottom-up Economic Transformation Agenda (BETA) outlined in the fourth Medium Term Plan (MTP) and the Vision 2030 blueprint. Kenya's Vision 2030 has been a guiding framework for development planning since 2008, spanning through the First MTP (2008-2012), Second MTP (2013-2017), Third MTP (2018-2022), and now transitioning to the Fourth MTP (MTP IV) from 2023 to 2027. MTP IV is shaped by the principles of Kenya Vision 2030, BETA and international and regional development commitments, including the United Nations' 2030 Agenda for Sustainable Development and African regional goals.

II. Thematic Areas

The overall theme of the Conference is *“Accelerating Investments for Sustainable Access to Water and Sanitation for All”*.

WASIC 2024 has four (4) Thematic Areas and 11 Sub-Themes. The four (4) Thematic areas are:

1. **Thematic Area One:** Public Private Partnerships and Blended Models for Leveraging on Private Finance
2. **Thematic Area Two:** Safeguarding our Future: Catchment to Tap and Climate Change Resilience
3. **Thematic Area Three:** Water and Sanitation for All: The Road to Universal Access by 2030
4. **Thematic Area Four:** Governance and Policy Framework

The above Thematic Areas and their sub-themes have been expounded further as follows:

1. Public Private Partnerships and Blended Models for Leveraging on Private Finance

Kenya’s Ministry for Water, Sanitation and Irrigation has recognised the importance of diversified financing in stimulating water and sanitation development. Through PPP legislative framework, the Government has embraced the use of private and commercial financing to finance water and sanitation development in the sector. According to NAWASIP, the Country requires KES 995 billion to meet the target for universal access by 2030. Out of this figure, KES 313 billion (31%) is envisaged to be mobilized through Public Private Partnerships (PPPs). Another KES 82 billion (8%) is to be mobilized through commercial financing to invest in the following components prioritised in NAWASIP.

The above components can only be realised through effective models for blended public and private financing. The National Water Resources Strategy, 2021, also recognizes PPPs as a viable model for financing water resources management initiatives. These models will be explored through the following sub-themes.

Sub-themes under Thematic Area One

a) Public Private Partnerships

Public Private Partnerships (PPPs) are envisaged to play a vital role in mobilising resources and expertise to address water and sanitation challenges in Kenya. The Government of Kenya has made effort to enhance the uptake of PPPs in Kenya’s Water and Sanitation Sector, through a PPP Framework customized to address the unique needs of the Sector. This includes the Water Purchase Agreement which guides the PPP arrangements that may be entered into for water and sanitation projects.

The Government commitment through MWSI towards unlocking the 100 dams and 10,000 small/medium dams initiatives mainly through either PPPs program, commercial financing or concessional loans is in line with the SDGs and the Government Bottom-up Economic Transformation Agenda (BETA). In addition to providing additional pathway for mobilizing private equity, the Water 10,000 Programme has potential benefits such as job creation, improved livelihoods and increasing the role of small and medium enterprises in the Sector, among other benefits.

This sub-theme will elaborate on the PPP model in the Kenyan context, with an aim towards increased collaboration between the public and private sectors, in order to foster a conducive environment for sustainable investments. High-level plenary sessions will present on Kenya's potential for PPPs in water and sanitation and will seek to attract investors for projects in Kenya's PPPs pipeline.

b) Leveraging on Private Finance

Kenya is progressively moving towards blended mechanisms to leverage commercial financing and bridge the financing gap. This sub-theme is aimed at attracting private sector finance through efficient business models which address risk factors and ensure value for money through bankable water and sanitation interventions. The private finance will be critical to fill the budget deficit of KES 652 billion required to achieve universal coverage by 2030. See the summary

Various actors in Kenya's Banking Sector now have programmes targeting the Water and Sanitation Sector, but a lot more remains to be done in order to attract the kind of resources targeted under the NAWASIP. The Water Sector Trust Fund has been at the forefront of leveraging private finance for water and sanitation programmes through its Result Based Financing Programmes, one of which is the recipient of 2021 United Nations Public Service Award (UNPSA). Kenya is also progressively moving towards financing the Sector through Capital Markets, and is pursuing pathways towards having Institutions with capacity to be listed in the Nairobi Securities Exchange.

This sub-theme will seek to unlock private and commercial finance through viable and proven business models.

c) Bankability of Water and Sanitation Sector Institutions

To respond adequately to the modern water and sanitation challenges arising from unfavourable macro environment and climatic changes, sector institutions will require better management capabilities to continue offering adequate services in ever evolving realities. Attracting private financing will require sector institutions that are creditworthy, commercially viable with good financial governance.

In the most recent annual report, by the national regulator in 2021, it was revealed that out of the 64 utilities evaluated for their creditworthiness, a notable 39 of them received ratings of 'BB' and above. This assessment indicates that these 39 water companies are well-positioned to access commercial financing with ease. Meanwhile, the remaining 25 water companies, rated as 'B', have the potential to access commercial financing, provided that appropriate risk mitigation measures are put in place.

Whilst this marks a significant improvement compared to previous years' reports, there is still a need for further concerted efforts to expand the bracket of utilities capable of tapping into blended financing mechanisms and, in doing so, extending their services to areas that currently lack access to water and sanitation services.

This sub-theme hence will explore the bankability and capacity of the Public Water and Sanitation Sector Institutions to attract adequate financing through Public Private Partnerships arrangements, and other collaborative models that leverage on private finance. Further, the sub-theme will assess the ability of Kenya's Private Sector to leverage on this opportunity for PPPs, and to enter collaborative financing and operational arrangements for water and sanitation interventions.

The Conference will dialogue on strategies and best practices for enhancing the bankability of these institutions. Presentations and panel discussions will cover topics such as credit worthiness through sound financial management, innovative business models, and capacity enhancement.

d) Operational Efficiency

Improving operational efficiency is a critical aspect of sustainable water and sanitation management in Kenya. This sub theme area focuses on exploring innovative business models and strategies to optimise operations, reduce non-revenue water (NRW), and enhance service delivery. Water Services Providers (WSPs) in Kenya are losing potential revenue through Non-Revenue Water (NRW), which currently stands at 45% and causing financial losses estimated at KES 11 billion annually. The Sector requires significant investments in infrastructure and systems to bring down this water loss to acceptable levels of less than 25%.

The sub-theme will delve into practical solutions and successful case studies for achieving operational efficiency. Participants will gain insights into the latest technologies and best practices that can be adopted for improved efficiency in the Sector Institutions.

e) Innovative Financing to Sanitation Business

Kenya's National Water and Sanitation Strategy (2021) recognizes the need for both sewer and non-sewer sanitation, and the role of both public and private actors in sanitation management within established standards. The Sanitation value chain has remained largely unexploited, despite proven and numerous opportunities for profitable sanitation businesses.

The Ministry of Water, Sanitation and Irrigation in Kenya, recognizes the need for Public Private Partnerships and other viable business models to facilitate demand creation and sustainable uptake of sanitation services and products.

Promoting sanitation marketing and business initiatives is crucial for addressing the sanitation challenges in Kenya. This sub-theme aims to explore innovative approaches, case studies and best practices that will attract sustainable investments into the sanitation value chain, resulting in enhanced sanitation management.

2. Safeguarding our Future: Catchment to Tap and Climate Change Resilience

Sub-themes under Thematic area 2

a) Effective Water Resources Management (WRM)

Kenya is classified as a water stressed Country with low annual renewable freshwater availability. Therefore, the National Water Resources Management Strategy, 2021, recognizes the participation of both public and private stakeholders in catchment conservation to ensure adequate quantity of water as an enabler of all sectors of the economy including agriculture, energy, industry, tourism, urban growth and rural development.

The Water situational report from 2020, as presented by the WRA, paints a troubling outlook for water demand in Kenya, particularly in the key catchment areas of Tana, Athi, and Ewayo Ngiro. The report foresees a scenario where water demand in the three catchments is projected to surpass the available water resources by the year 2050. In addition to this looming challenge, other persistent threats such as pollution, insufficient financing, inadequate monitoring, and the impacts of climate change continue to exert pressure on the country's water resources.

In general, water demand in the near future is projected to increase significantly, reaching 21,468 million cubic meters by the year 2030. This could potentially result in a widening water demand deficit of 14,549 million cubic meters. Simultaneously, the impact of climate change is anticipated to affect water resources, with an expected temperature increase of approximately 1°C by 2030 and 2°C by 2050 across the current climate conditions. Moreover, mean annual rainfall and actual evapotranspiration are predicted to increase for both 2030 and 2050. However, with the likelihood of more frequent climate extremes, it becomes crucial to implement climate-informed water management practices and develop resilient water infrastructure to adapt to and mitigate the effects of climate change.

In light of the current and anticipated water situation, there is a growing imperative to direct more investments towards achieving better water access for the residents. By creating opportunities to fund water projects, not only can the present water needs be met, but the Nation can also prepare itself to address future water demands effectively

This sub-theme will deliberate on strategies for catalytic investments on prioritized interventions to increase renewable freshwater per capita to acceptable standards. It will further emphasize the sustainable use and conservation of marine and freshwater resources in the context of climate change.

b) Climate Resilient Approaches to Water and Sanitation Interventions

The impacts of climate change are being felt all over the world. It is becoming warmer, rainfall is more erratic, the sea level is slowly rising, and extreme weather events are becoming more frequent and intense. Prolonged periods of drought, floods, and shifting climatic zones are endangering development successes. The poor and marginalized are often most affected by climate variability and change.

Kenya recently experienced the worst drought in 40 years, affecting 23 counties out of the total 47. The frequent prolonged droughts which have been attributed to climate change, contribute greatly to the low freshwater availability.

The National Water and Sanitation Strategy emphasizes the need for low carbon and climate resilient development, climate-proofing infrastructure in order to avoid destruction by the adverse impacts of climate change, and choice of clean and efficient energy for water supply and sanitation.

This sub-theme will dialogue on climate-friendly interventions and resources required for sustainable development in the Water and Sanitation Sector. The sub-theme will seek to attract climate finance and other investments targeted at water and sanitation initiatives.

3. Water and Sanitation for All: The Road to Universal Access by 2030

Sub-themes under Thematic area 3

a) Financing as an Accelerator to Universal Coverage by 2030 (Sustainable Development Goal Six-SDG 6 and Kenya Vision 2030)

Article 21, and 43 of Kenya's Constitution 2010 provides for the citizen's right to reasonable standards of sanitation and clean and safe water in adequate quantities. It obligates the Government to take steps to progressively realize this right. Further, The Sustainable Development Goal Six (6) is to ensure availability and sustainable management of water and sanitation for all. Kenya's Vision is to have 100% access to safe water and sanitation services by the year 2030.

This sub theme area will explore Kenya's progress in achieving the goal, challenges and opportunities with a focus on financing (allocation and incentives). In addition, discussions and dialogue will delve into strategies and initiatives necessary to accelerate realization of the goals in an inclusive financial framework.

Leaving no one behind will be of key focus in the dialogue, especially in regard to the Arid and Semi-Arid Lands (ASALs) and underserved rural and urban areas. Presentations and discussions will include financing approaches for interventions towards this aspiration.

b) Cooperation and Strategic Partnerships for Universal Access

Cooperation and Strategic partnerships are accelerators to concerted efforts towards realization of universal access. This sub theme will emphasize on strategies for stronger and mutually beneficial sustainable cooperation and strategic partnerships by exploring their formation, foundations and alignment to national priorities and plans. The impending factors on collaboration between Governments, private sector entities, non-governmental organizations, and international institutions will be deliberated on including the opportunity for increasing financial commitments in the existing and new cooperation and strategic partnerships towards universal access by 2030.

4. Governance and Policy Framework

Sub-themes under Thematic area 4

a) Regulatory Reforms for Investment Facilitation

This sub-theme will delve into the regulatory landscape of Kenya's Water and Sanitation Sector, and how the policy frameworks and regulations can be an opportunity to create an attractive environment for investments. Further discussions will expound on how streamlining of processes, permitting procedures, and investor-friendly policies can enhance water and sanitation business partnerships.

b) Delivering value through Accountable structures

Good governance is an anchor that inspires investors' confidence thus spurs economic growth. This sub-theme will explore the structural set-ups and linkages across good governance, accountability and transparency, and how these can deliver value to investors and act as a multiplier for increased investments in the Water and Sanitation Sector. This will promote an appreciation of public and private sector roles at national and devolved systems of governance towards strengthening institutional capacities for enhanced delivery of water and sanitation for all.

III. Summary of Programme Structure:

The Conference will welcome applications for Convener Sessions on the following Sub-Themes from thematic Areas One and Two:

- a) Public Private Partnerships
- b) Leveraging Private Finance
- c) Bankability of Water Sector Institutions
- d) Operational Efficiency
- e) Innovative Financing to Sanitation Business
- f) Effective Water Resources Management
- g) Climate Resilient Approaches to Water and Sanitation Interventions

High Level Plenaries and Panel discussions will be held for each of the four Thematic Areas.

IV. Key Stakeholders and Participants

The Conference will involve and attract stakeholders and participants from Governmental Institutions, Foreign Missions, Development Partners, Financing Institutions, National and International Investors, Private Sector and the Business Community, Non-Governmental Organizations, Research and Academic Institutions, and other state and non-state water and sanitation actors- and affiliates.