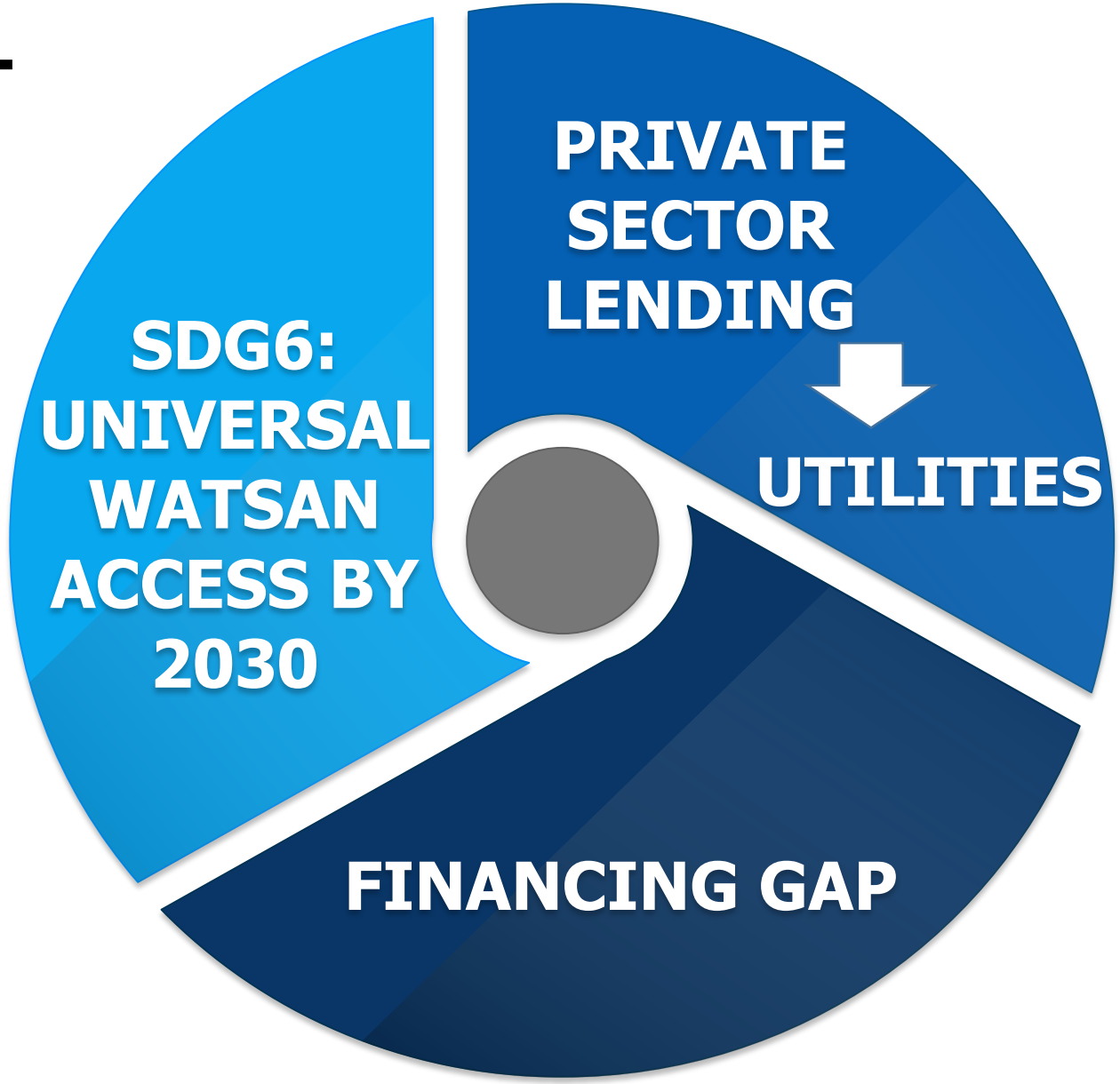
Scaling Up Blended Financing of Water and Sanitation Investments in

KENYA

WORLD WATER WEEK
STOCKHOLM, SWEDEN
AUGUST 28, 2016

DEVELOPMENT CHALLENGE



CHALLENGES TO COMMERCIAL LENDING FOR WATER

- HIGH INTEREST RATES
- COST RECOVERY TARIFF
- MARKET INTELLIGENCE
- ASSET OWNERSHIP
- PUBLIC ENTITY / GOV'T SHAREHOLDER
- PRO-POOR CONCERN
- OPERATING ENVIRONMENT
- HUMAN RIGHT

CREATING AN ENVIRONMENT CONDUCIVE TO COMMERCIAL LENDING

SECTOR REFORMS

- Kenya Water Act of 2002
- Autonomous Water Service Providers
- Independent Sector Regulator
- Ring Fencing of Revenues
- Stakeholder Engagement

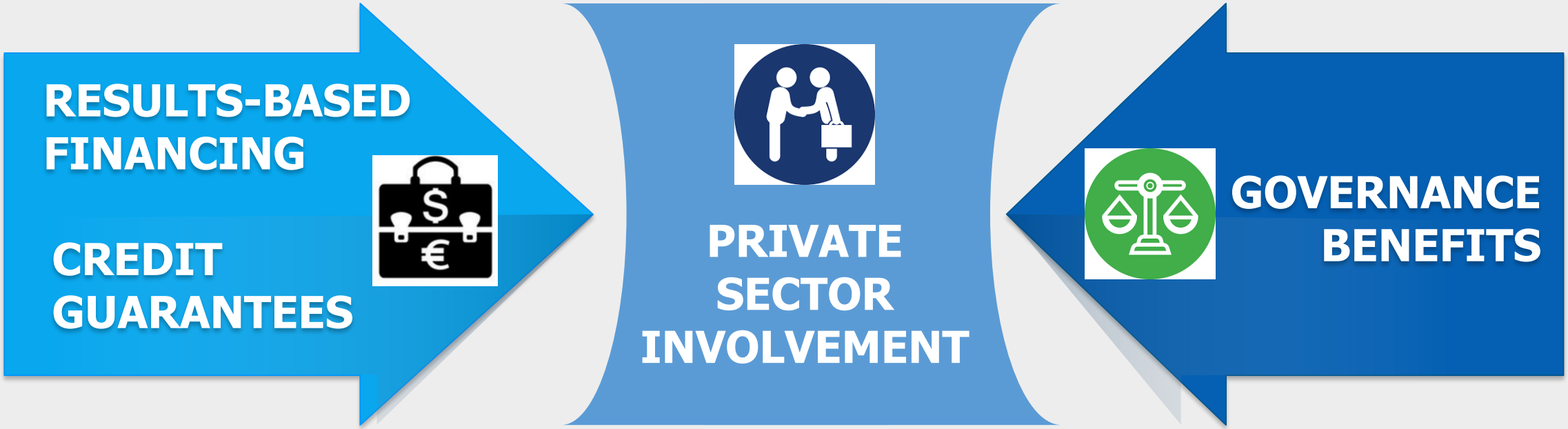
CREATING AN ENVIRONMENT CONDUCIVE TO COMMERCIAL LENDING

Public investment in infrastructure

Tariff setting methodology

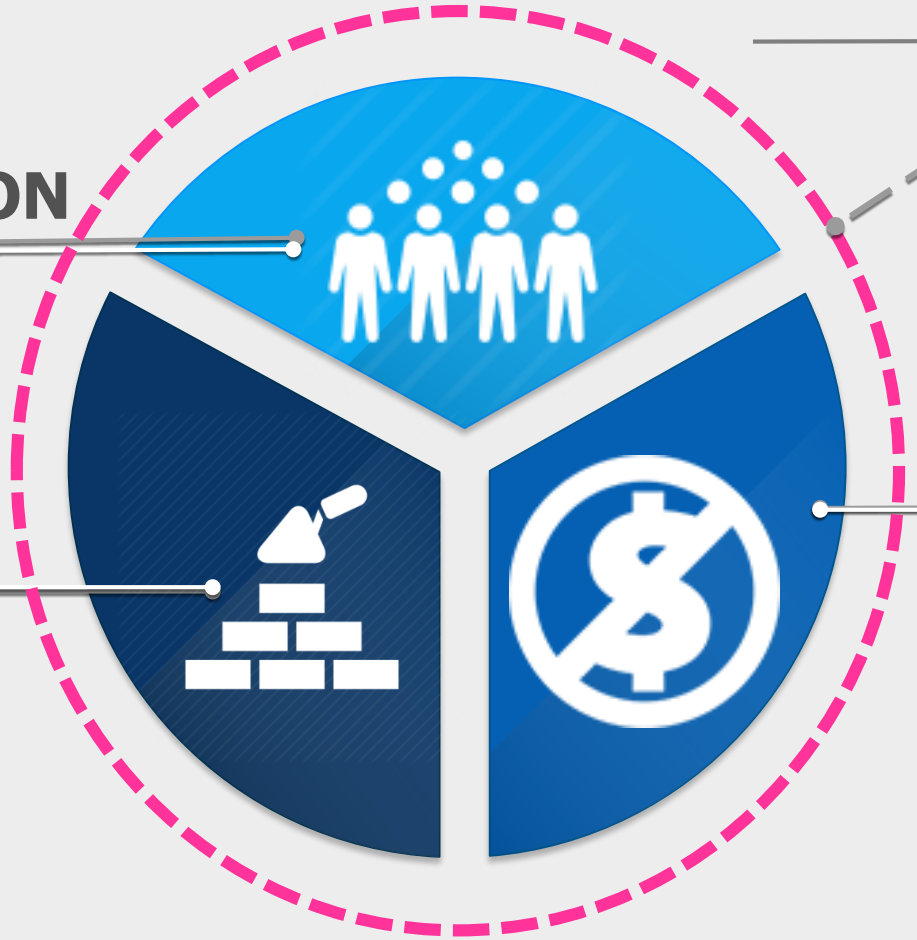
Strengthening of utility performance

INCENTIVES FOR PRIVATE INVESTMENT



KENYA OBA FUND

CHALLENGES



GROWING POPULATION

INVESTMENT NEEDS

LACK OF
ACCESS TO FINANCE

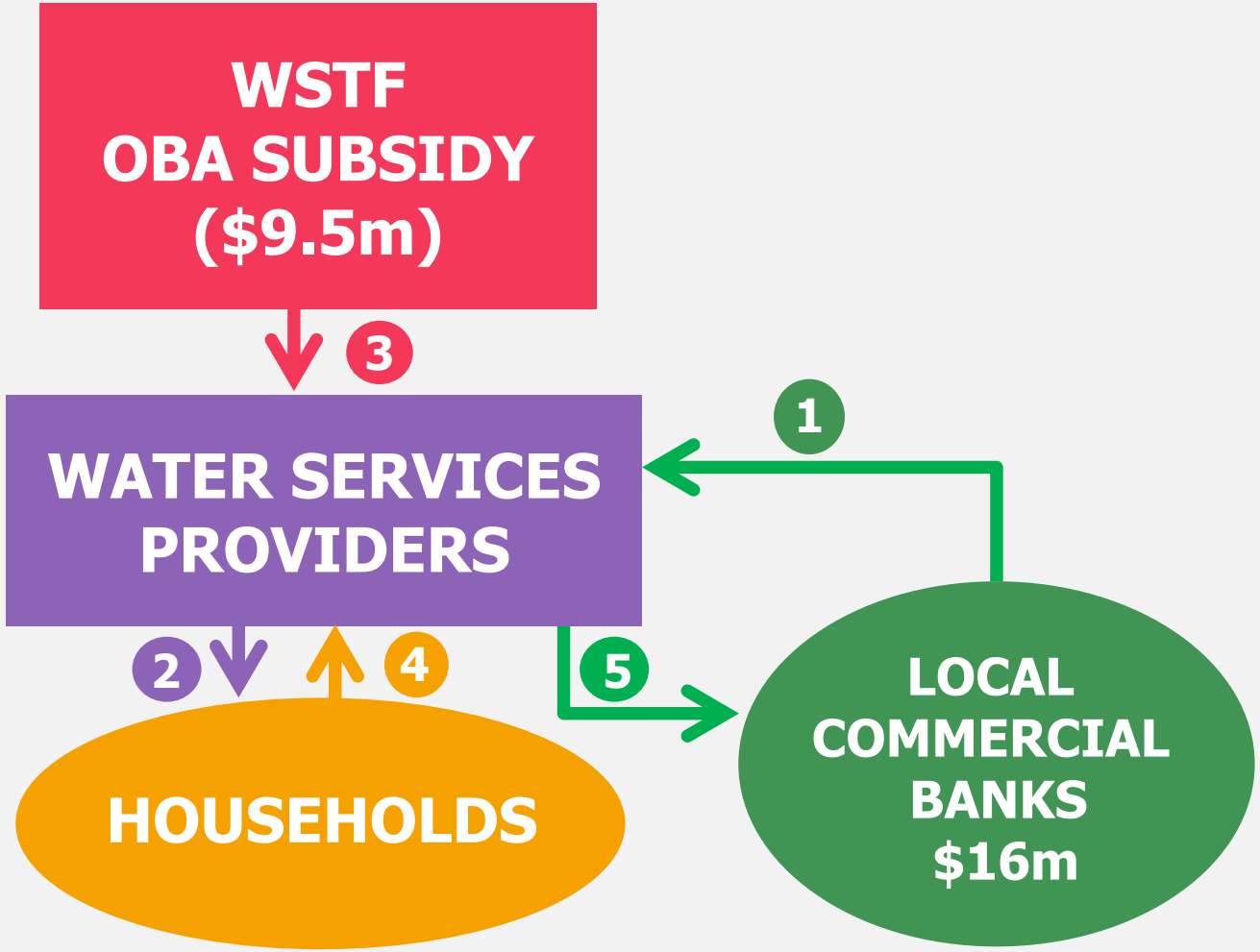
PROJECT STRUCTURE

Kenya OBA Fund

Project finance:

OBA subsidies: 60%

Commercial loans: 40%



OBA LEVERAGES COMMERCIAL LOANS TO WATER SERVICE PROVIDERS

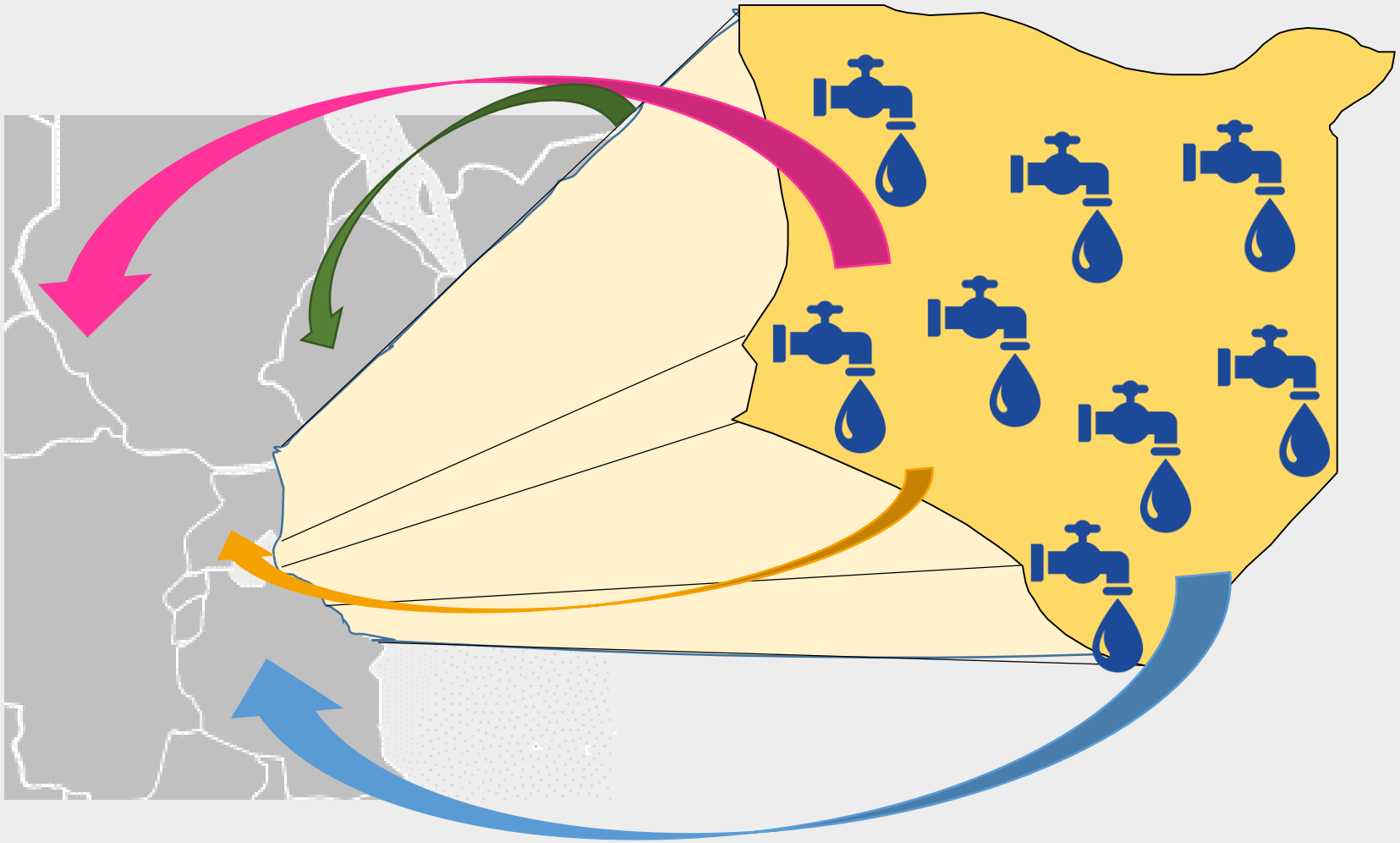
DEVELOPMENT IMPACT

$9.5m subsidies to leverage **$16m** in **private loan finance** for county water service providers

$2.4m technical and implementation work

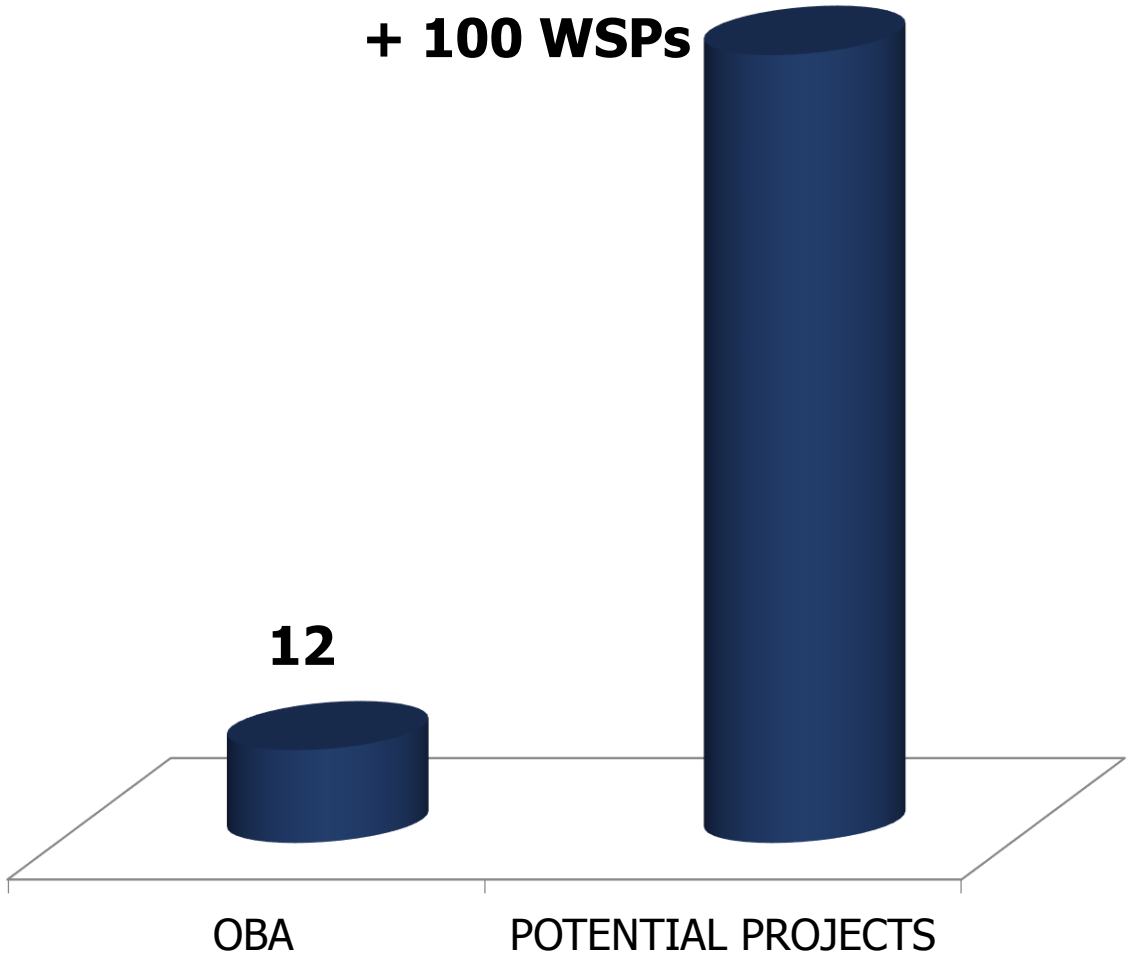
30,000 low-income house-holds to gain access to water and sanitation services

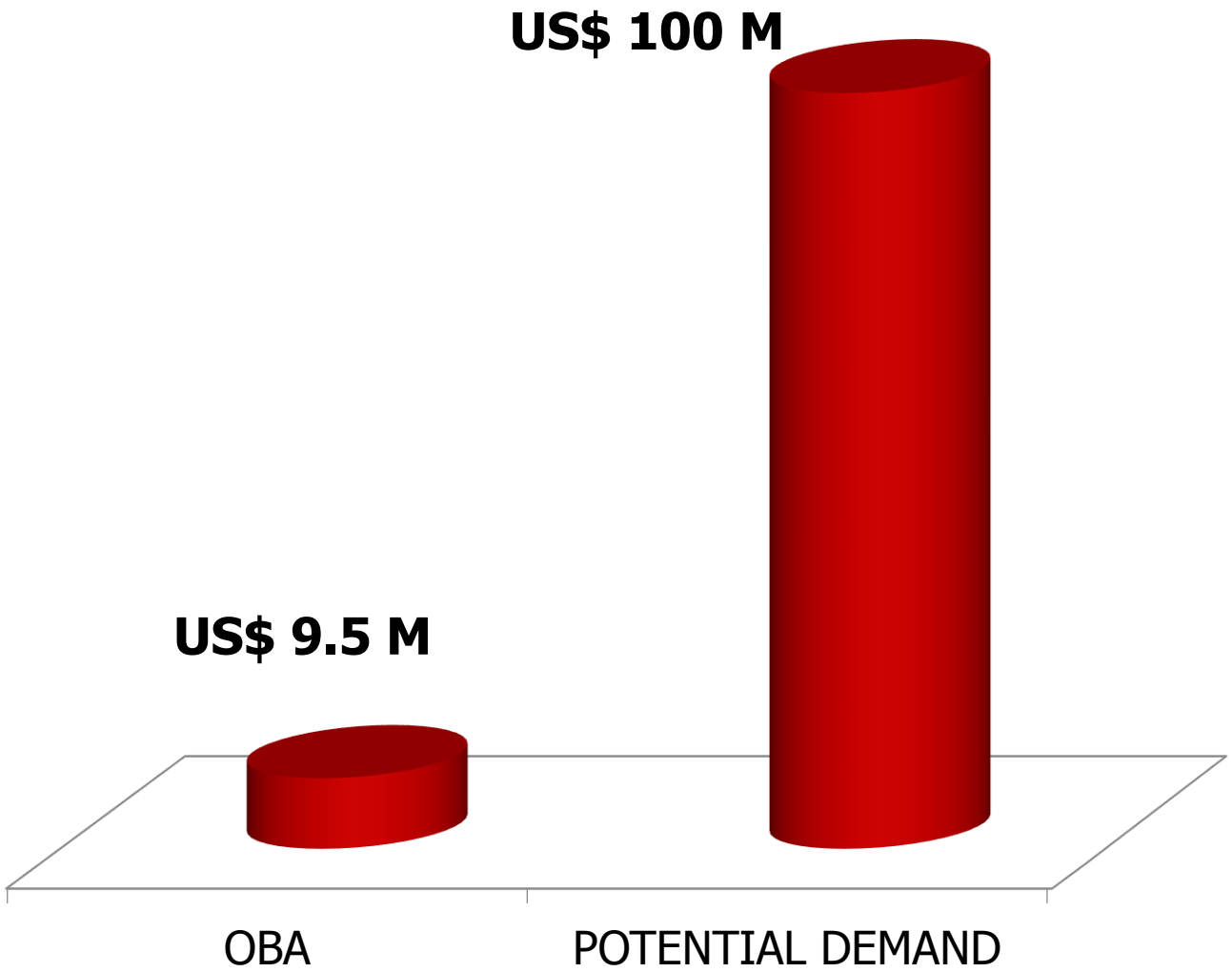
SCALING UP



SCALING UP: POTENTIAL PROJECT IN KENYA

KENYA OBA FUND





INCREASING ACCESS TO WATER AND SANITATION

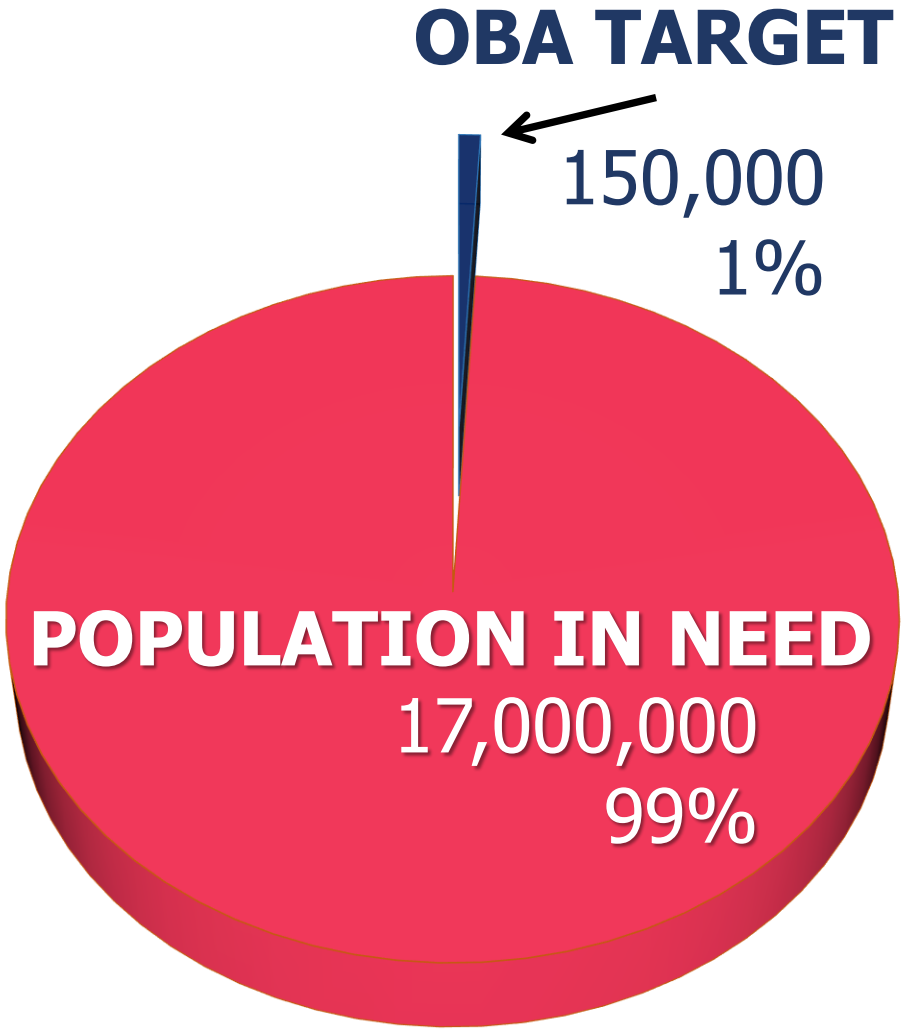
KENYA OBA FUND

KENYA POPULATION **46.7 million**

Without Access to:

Clean Water **17.3 million**

Sanitation **32.7 million**



**According to JMP 2012 Report*