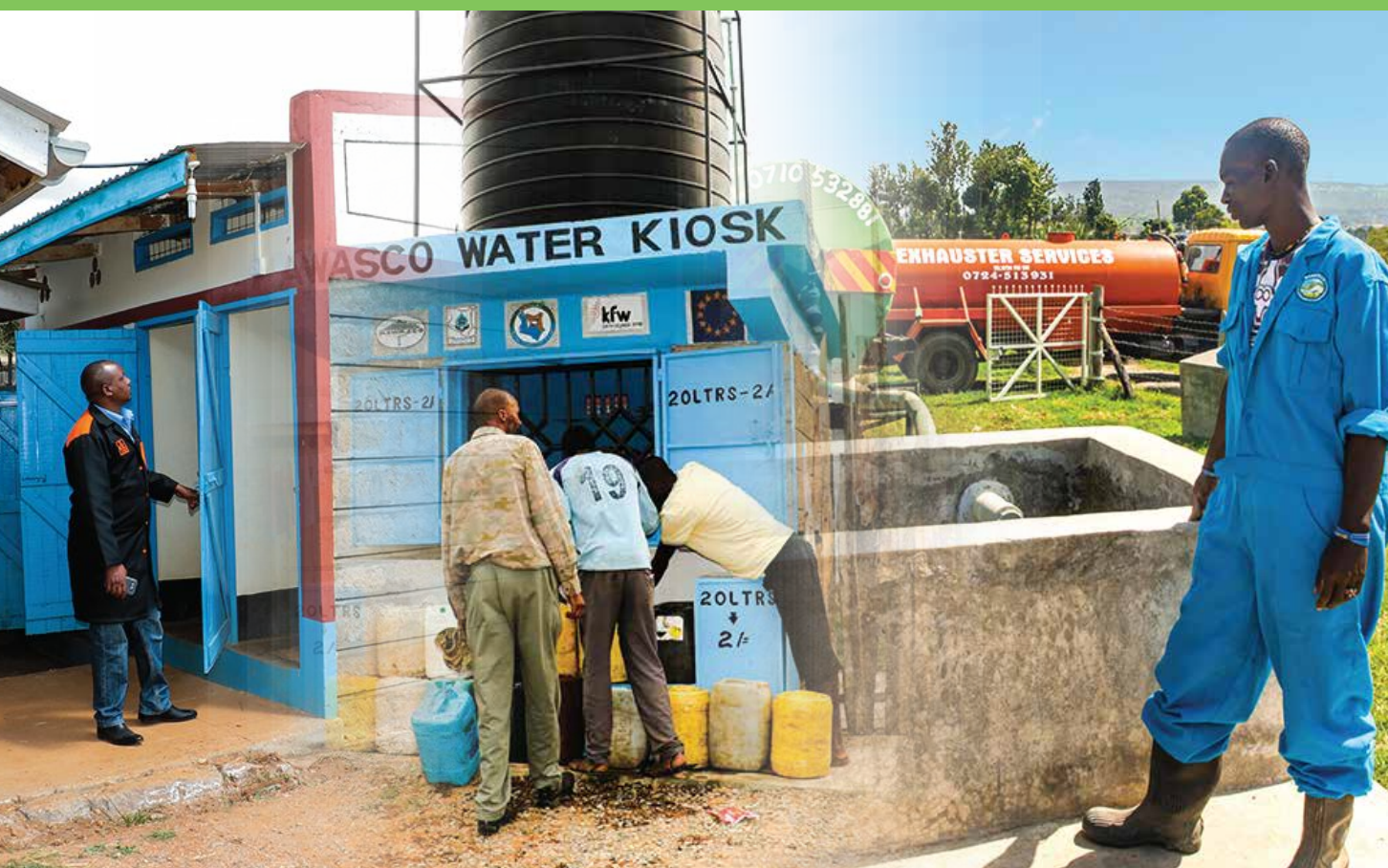




# WaterFund

Financing the Water Sector

## IMPROVING LIVES IN URBAN LOW INCOME AREAS



WATER SECTOR TRUST FUND

# Urban Investment Programme

## 1. What is the Urban Investment Programme?

The Urban Investments comprises of the UPC and UBSUP

- » Urban Projects Concept (UPC) was developed in 2007 to respond to the water and public sanitation challenges of urban low income areas.
- » UBSUP (Upscaling Basic Sanitation for the Urban Poor) was initiated in 2011 to respond to household/ Plot level sanitation challenges

The Urban Investment works with licensed Water Service Providers (WSPs) to bring formalised services to unserved and underserved settlements by financing projects that incorporate simple, cost effective and sustainable technologies.

## 2. Objectives of Urban Investment

The Urban Investment Programme objectives are as follows:

- » To facilitate the funding and implementation of water supply and sanitation projects in underserved low income urban areas.
- » Contribute to the improvement of public health and the livelihoods of urban residents, through increased access to safe water and adequate sanitation.
- » Contribute to a reduction in Unaccounted for Water (UfW) and an increase in Water Service Providers revenue.
- » Provide the opportunity for close cooperation between stakeholders.



## 3. How the Urban Investment Programme works

The Water Sector Trust Fund channels funding from different donor agencies to licensed Water Service Providers (WSPs) through Calls for Proposals (CFP). The WSPs are responsible for the management of project funds as well as for the successful implementation and sustainable operation of the project.

Urban WSPs are invited to submit proposals for the improvement of water supply and sanitation in the low-income areas within their service area.

The CFP approach encourages competition and an efficient allocation of funds.

## 4. Urban Investment Principles

The Urban Investment works under the following principles:

- » Work within the framework set by the water sector reforms
- » Focus on urban low income areas (planned and unplanned)
- » Improve adequate access to safe water and sanitation
- » Build capacity at Water Service Providers (WSP) level
- » Enable WSPs to reduce UfW and increase revenue
- » Ensure that low income areas are perceived as business opportunities.
- » Facilitate the exchange of best practices between WSPs
- » Monitor impact and data presentation (MajiData, Safisapp)



## 5. Urban Investment Implementation Cycle

The following figure shows the Urban investment funding process and the call for proposal flow.

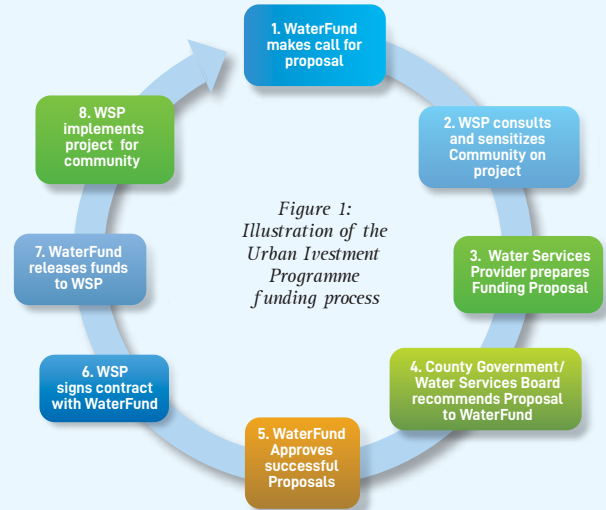


Figure 1:  
Illustration of the  
Urban Investment  
Programme  
funding process

The implementation period under the Urban Investment is summarized in the table below:

Description	Duration (months)															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	00
Launch of the Call for Proposals by WaterFund																
Collection of data by the WSP																
Preparation of proposals by WSPs																
Evaluation of the proposals by WaterFund																
Awarding of projects by WaterFund																
Project implementation by the WSP																
Operation of the project by the WSP																
Evaluation of the project																
	CFP			Implementation						Operation						

Table 1: Implementation period for Urban Investments

## 6. Funding Sources for the Urban Investment Programme

Since 2008, the UPC has been financed by the European Union together with the German Development Bank (KfW). The German Gesellschaft für Internationale Zusammenarbeit (GIZ) started its cooperation with the WaterFund through the Water Sector Reform Programme in 2007. Their main role at the WaterFund is the provision of technical support for the UPC and UBSUP projects.



In July 2011, the Bill & Melinda Gates Foundation (BMGF) partnered with the WaterFund, KfW and GIZ to roll out a five-year Urban Sanitation Programme that aims to provide sustainable sanitation services to an additional 400,000 people in Kenya's urban low income areas. The programme will specifically target the populations in the "sanitation hotspots" - the informal and formal, unplanned and planned, low-income urban settlements where child mortality is twice the national average.

The Government of Kenya (GoK) covers the operational costs of WaterFund and provides counterpart funding for projects.



## 7. The key elements in fostering Urban Investment's success

The following are key elements that has assisted Urban Investments to succeed:

- » Transparent procedures and funding criteria
- » Competitive allocation of funds through calls (value for money)
- » Embedment in sector framework: alignment to sector strategies; use of local institutions for implementation (only registered utilities); plus long-term vision
- » Comprehensive approach: financing, supervision, capacity building of local implementers
- » Going the last mile with innovative low-cost water and sanitation solutions
- » Measuring impact through tailor made baseline survey and information systems, and performance monitoring of utilities

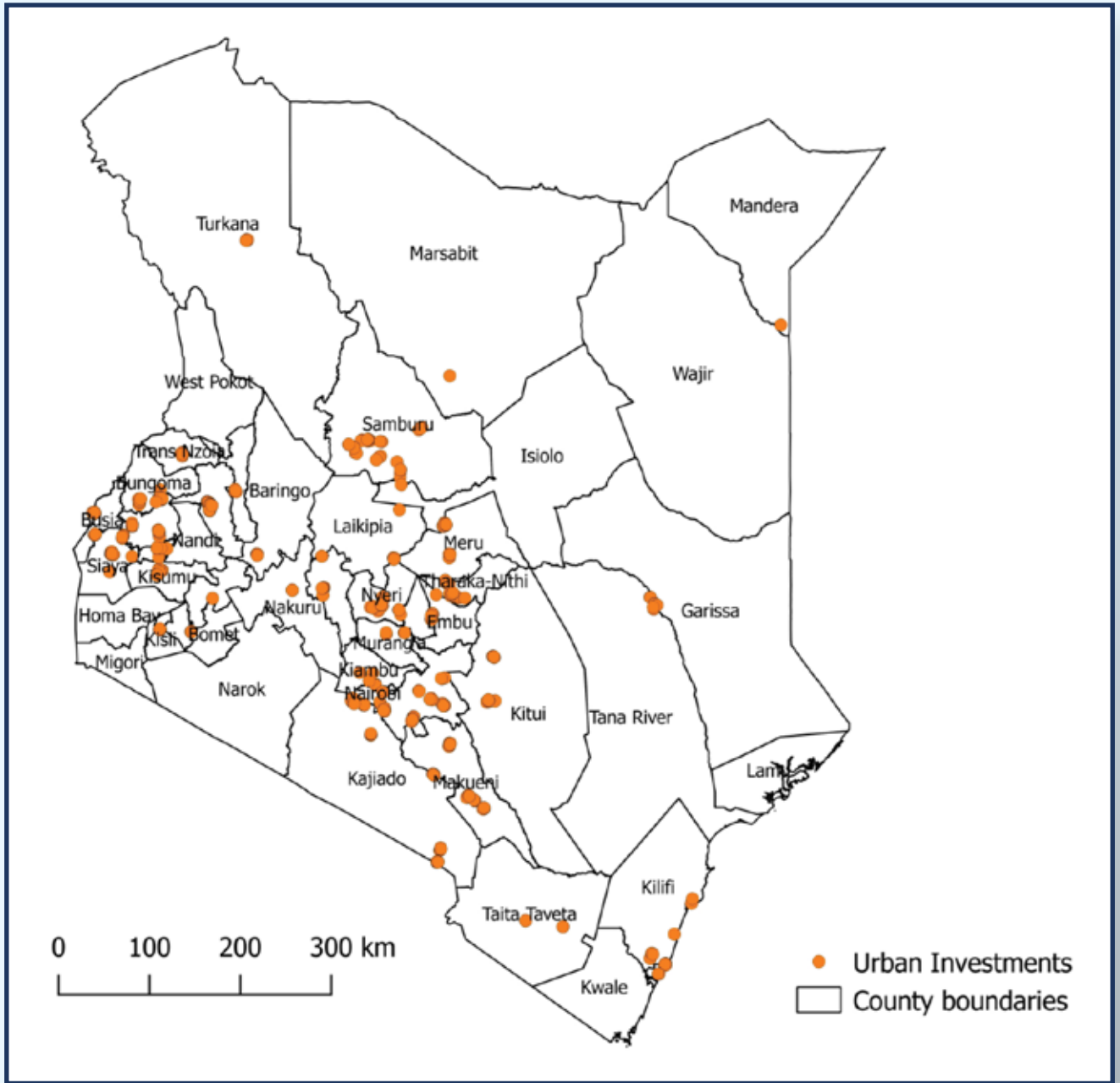


Figure 2: Counties that have benefited from Urban Investments



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