

## Kenya Urban Water & Sanitation OBA Funds for Low Income Areas



# OBA Programme

## Projects Financed



**\$ 6**  
Million

Water Project  
Financed

**\$ 7.65**  
Million

Sewer Projects  
Financed

## Utilities Financed

**8** Water Services  
Providers

## Partner Banks



**\$ 9.94**  
Million  
Co-operative  
Bank of Kenya

**\$ 2.54**  
Million  
Sidian Bank

**\$ 1.17**  
Million  
Family Bank

## Programme Beneficiaries Reached



**40,355**  
Reached with  
Sanitation  
Access

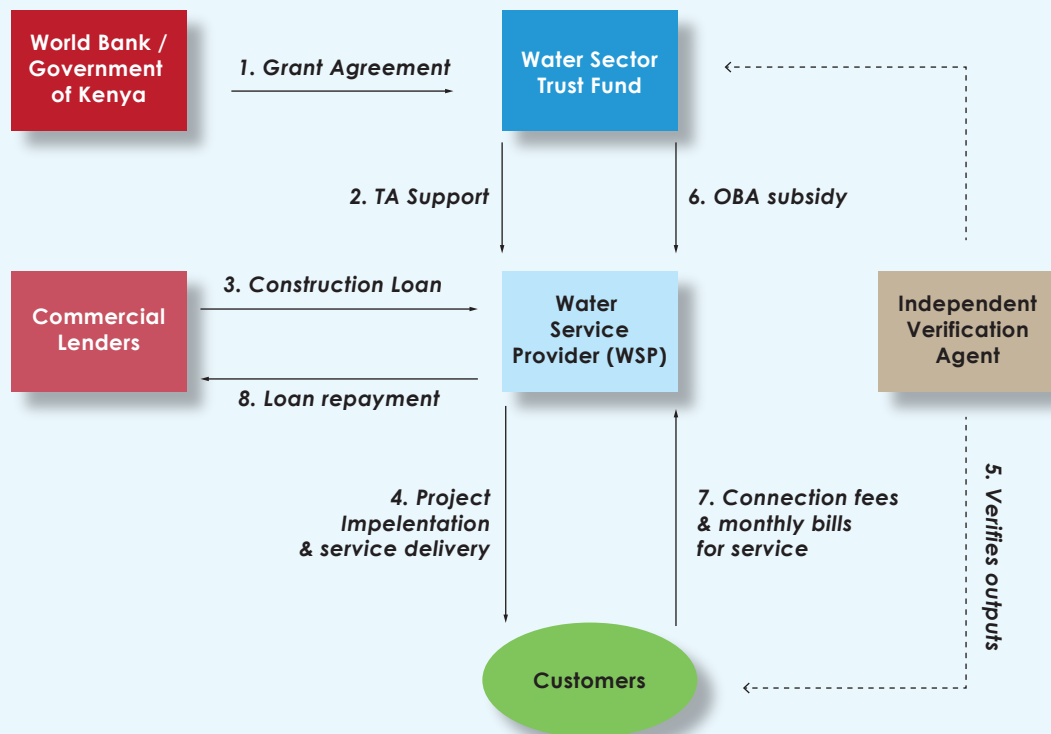
**84,408**  
Reached with  
Water Services

**\$ 0.66**  
Million  
Technical  
Assistance  
Funding



**\$ 8.19**  
Million  
60% OBA  
Subsidy

# Flow of Funds & Projects financed



## Types of investments funded:

- Technical assistance to prepare and implement projects
- Construction/expansion of water and sewer networks to reach unserved consumers
- Rehabilitation / improvement of existing networks e.g. NRW reduction program
- Water and/or sewer connections to households and public points
- Water and sewer treatment facilities

## Loans will support investments that result in improved access in low income areas.

### The targeted outputs are:

- Individual water connections
- Individual sewer connections
- Public water kiosks & water points
- Public Sanitation Facilities

## Output Based Aid (OBA) Subsidy

ITEM	CONDITION
Borrower	Water service providers or licensed private operators and communities
Loan Amount	Up to 100% of project cost
Purpose	Improving access to water & sanitation for low-income households
Maximum loan amount	Up to 100%
Loan tenor	Grace period - Up to 1 year. Loan term - Up to 10 years
Interest rate	Market rates (currently 13% - 14%)
Loan appraisal fee	1% to 2% (depending on commercial lender)
Security for Bank	Assets debenture over the WSP's assets
Level of subsidy	Maximum of 60% of loan amount
Subsidy cap	Each subproject is subject to a subsidy cap of \$115 per beneficiary
10% of subsidy	Payable after WSP and Bank sign loan agreement.
45% of subsidy	Payable after WSP has achieved agreed outputs (physical works)
45% of subsidy	Payable after WSP has achieved pre-agreed individual household water/sewer connections

## Loan repayment

ITEM	AMOUNT (KES)
<b>OBA Facility without subsidy</b>	
Project infrastructure cost	100,000,000
Principal loan amount (assuming WSP contributes 10% equity – project has no equity requirement so this depends on lender's criteria)	90,000,000
<b>Loan condition: 5 Years term loan + 12 Months grace period</b>	
Monthly interest payable over grace period	1,050,000
Monthly principal + interest loan repayment	2,033,750
Total loan repayment	134,625,000
<b>OBA Facility with subsidy</b>	
Project infrastructure cost	100,000,000
Principal loan amount	90,000,000
<b>Loan condition: 5 Years term loan + 12 Months grace period</b>	
Monthly Interest payable over grace period	1,050,000
Monthly principal + interest loan repayment	813,500
Total loan repayment (including subsidized interest during grace period)	53,850,000

# The Essentials of Preparing for OBA Projects

Four basic steps are required to qualify for WaterFund's OBA financial support:

## 1. Application and prerequisites:

- Documents accrediting registration under the Company Act
- Documents accrediting registration at the Water Services Regulatory Board
- A valid Service Provider Agreement (SPA)
- Valid tax compliance certificate
- Social and Environmental impact assessment report
- Consent from Water Service Board and county government
- Project brief containing facts and figures on:-
  - » Service area and population (beneficiaries)
  - » Water supply scheme
  - » Consumer categories and numbers
  - » Sewerage collection and treatment scheme (if any)
  - » Financial statements for last 3 financial years, supported by audited accounts
  - » Main challenges
  - » Objective and scope of project
  - » Cost estimates of proposed project/related financial costs
  - » Cash flow projections with and without project
  - » Expected results and proposed outputs and outcomes in line with relevant RBF facility

**2. WaterFund will assess the project for its viability and suitability based on submitted information and site visit(s). If the project passes this initial assessment, detailed technical discussions with the WSP should result in a Memorandum of Understanding detailing the output and outcome targets agreed and committing the parties concerned.**

**3. Bankable proposal, selection of financial institute, and offer letter**

**4. Drafting and signing of financing contract detailing the terms and conditions of the OBA subsidy**





*Murang'a Water & Sanitation Staff laying water pipes for Muchungucha Water Supply Project*



*A domestic water consumer drawing water from a newly installed water connection by Muranga Water & Sanitation Company in low income areas*

## CONTACT US

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