

Institutionalising pro-poor services: A new Key Performance Indicator for Kenyan utilities

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The Kenyan water and sewerage regulator, WASREB, has introduced a new Key Performance Indicator (KPI) mandating utilities to report their efforts to serve low-income areas. KPI 10 requires utilities to demonstrate their pro-poor strategies, mapping and engagement, now essential to placing highly in WASREB's annual ranking. This Practice Note outlines the 7-year process - driven by WASREB with long-term support from WSUP - that led to the KPI's eventual introduction.

Water provision and regulation in Kenya

Kenyan access water through official Water Service Providers (WSPs) – utilities which are owned by county governments and monitored by WASREB, the national water regulator. Traditionally, WASREB tracks their performance according to nine Key Performance Indicators (KPIs), and publishes an annual report ranking all 88 WSPs, the majority of which are urban (Box 1).

Of the 21 million people living in the service areas of these 88 WSPs, an estimated 8 million people reside in one of over 2000 urban low-income areas (LIAs). Most LIA residents depend on informal services which fail to comply with the regulation standards, or to meet the basic constitutional threshold which guarantees access to safe water as a human right. The National Water Master Plan 2030 projects that Kenya's urban population will increase to 46 million by 2030, most of whom will live in urban LIAs.

Box 1: Existing KPIs

1. Water coverage
2. Drinking water quality
3. Hours of supply
4. Non-revenue water
5. Metering ratio
6. Staff productivity
7. Personnel expenditure as % of O&M costs
8. O&M cost coverage
9. Revenue collection efficiency

Focusing on the urban poor

WSPs want to perform well; prioritising higher-income areas can help them score highly on WASREB's existing KPIs, and the reporting process prior to 2016 did not explicitly require them to focus on LIAs. However, the projected growth of urban LIAs further strengthens the imperative for pro-poor service delivery capability to be institutionalised within each WSP.

What problems needed to be addressed by WASREB?

During the KPI development process, WASREB and WSUP consulted a nationally representative sample of 5 WSPs (Nairobi, Kiambere-Mwingi, Nanyuki, Ololaiser and Kisumu) to gauge an understanding of their water supply zones, their daily challenges, and their ability to provide services to LIAs (Box 2). Key sector stakeholders were also consulted, including Water Services Trust Fund, Ministry of Water, GIZ and the World Bank.

Box 2: Key issues related to serving low-income customers as identified by sample utilities

1. Lack of up to date information – who are the 'poor', where do they live?
2. Low tariffs, perceived inability to pay connection fees and interference from informal vendors
3. Perceived as high risk, low return or no-go areas
4. Governance and integrity complications
5. Insufficient investment funding
6. Complicated service delivery management processes

The assessment revealed fundamental structural issues in the existing reporting framework for service provision to LIAs: there were no defined/mapped service areas for LIAs, so WSPs could not provide required performance data, and the WASREB information management system (WARIS) required upgrading to accommodate KPI 10. WASREB, however, was convinced of the need to spearhead utility reform in order for utilities to refocus their service offering to underserved populations. WSUP and other partners supported WASREB to map service areas, estimate LIA population sizes and trial new data collection tools and processes for utilities piloting KPI 10.

A new Key Performance Indicator for Kenya's urban utilities

What does KPI 10 ask utilities to do?

KPI 10 mandates WSPs to report service provision activities and outcomes relating to LIAs. The new KPI not only monitors the level of pro-poor service provision, but offers guidance for WSPs on how to improve services in LIAs (Table 1).

Table 1: KPI 10

Sub-indicator	Guidance
Pro-poor strategy/workplan/budget	Detailed strategy, with targets and outputs Funding level Funding spent/obtained
Pro-poor unit	Targets aligned with WSP Reporting arrangement Staffing: population
Pro-poor mapping	Up-to-date GIS map/database, with connections Mapping of network Mapping of population
Water coverage and per capita consumption	Connection type (domestic vs shared) Implication on per capita consumption per type of connection
Sanitation coverage	Overall coverage (sewerage/on-site) Role of municipality/Ministry of Health Mapping of sewer network
Continuity of services	Hours of supply Kiosk data analysis (queuing/sales)
Non-revenue water	WSPs should aim to reduce NRW to 20%
Subsidies	Adequate connection subsidies Adequate pro-poor tariffs (impact of shared connections) Waiver of flat rate for new connection

Piloting the KPI with major WSPs

Prior to full implementation, it was important to test the KPI to understand its potential impact and ensure data requirements were appropriate and realistic. An initial pilot was conducted from 2015-2017 with 9 'very large' WSPs: Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, Thika, Nyeri, Kakamega and Nzoia. The results were striking: the average pro-poor score increased from 56/100 in 2015/16 to 66/100 in 2016/17; all but one WSP increased their score. An additional 31 'very large' and 'large' WSPs were added to the pilot in 2017.

For its 2018 Impact Report no.10*, WASREB received complete data from 25 of the 40 participating WSPs. Where data was incomplete, this was mostly due to a lack of disaggregated data for LIAs in WSPs without clearly defined internal pro-poor responsibility or adapted strategies for water and sanitation service provision to LIAs. Reporting weaknesses mainly lie in undefined LIA service areas; while the rapid expansion of existing LIAs and the proliferation of new ones means that data fast becomes outdated.

Implications and next steps

Following a successful pilot process, the remaining 40 urban WSPs will be brought into the KPI 10 reporting process over the next year, in time for next year's Impact Report. WASREB will: outline new pro-poor performance targets for each WSP; support them to collect, review, analyse and prepare data; and carry out technical audits to ensure data is reliable.

KPI 10 requires utilities to institutionalise LIA service provision - from obtaining corporate commitment from the board of directors to designing subsidies and tariffs that will benefit poorer customers. This will require significant positive steps to be taken by many utilities: for example, WSPs will need to make significant operational adjustments to identify LIAs and include them in water supply zones. As such, WASREB and WSUP are hopeful that KPI 10 will provide a turning point towards ensuring that those living in low-income areas receive the services that they are entitled to under the Kenyan constitution.

* <https://wasreb.go.ke/impact-report-issue-no-10/>

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