

MOMBASA WATER



**Mombasa Water Supply & Sanitation Company Limited
(MOWASSCO)**

*Social Connection Policy for Mombasa's Informal Settlements
(Low Income Areas)*

July 2021

Foreword

The Constitution of Kenya 2010 CHAPTER FOUR on THE BILL OF RIGHTS, Part 1, Section 43(1) b. states that 'Every person has the right to reasonable standards of sanitation' and Section 43(1) d. states that 'Every person has the right to clean and safe water in adequate quantities'. In response to these Constitutional requirements and in line with the Coast Services Board Informal Settlements Policy and Strategic guidelines for Improving Water and Sanitation Services in Mombasa's Informal Settlements the Mombasa Water Supply & Sanitation Company limited (MOWASSCO) has prepared this Social Connection Policy. This policy will ensure that Informal Settlements and low income areas of Mombasa City are supported to access reasonable standards of sanitation and access to clean and safe water in adequate quantities at the household level.

Mombasa Water Supply & Sanitation Company limited Social Connections Policy was prepared through a joint collaboration with the Coast Water Services Board, Water and Sanitation for the Urban Poor and the Water and Sanitation Program of the World Bank.

Signed

Managing Director
Mombasa Water Supply & Sanitation Company Limited

Acronyms

AB	Ablution Block
BU	Business Unit
BUA	Business Unit Area
CBO	Community Based Organization.
CWSB	Coast Water Services Board
DMA	District Metering Area
FBO	Faith Based Organization
GoK	Government of Kenya
HH	Household
ISCF	Informal Settlements Connection Fund
ISCT	Informal Settlements Connection Tax
LICs	Low Income Consumers.
LIAs	Low Income Areas.
KES	Kenyan Shillings
MDGs	Millennium Development Goals
MOWASSCO	Mombasa Water Supply & Sanitation Company limited
NGOs	Non-Governmental Organizations.
NRW	Non Revenue Water
NWSC	National Water and Sewerage Corporation-Uganda
VEI	Vitens Evides International
WASREB	Water Services Regulatory Board
WSP	Water and Sanitation Program (World Bank)
WSUP	Water and Sanitation for the Urban Poor

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EXECUTIVE SUMMARY

In a bid to improve services within the low-income areas, the LICD developed guiding principles that enhance service delivery process. The entire vision was further advised by the notion of those dwelling in the LIA'S live below the minimum wage. These areas have poor social amenities characterized by lack of proper housing, roads, poor water pipeline network with mostly illegal connections, electricity etc.

The Social connection policy considered several factors that guided exceptional service delivery models to promote household connections. E.g., the part payment for new connection is only acceptable for customers within the LIA to encourage and make it affordable. The unique service delivery models within the LIAS have increased water coverage by 15% within the county. Improving sanitation services within the LIA's is an element that the document has well elaborated on how to impact best positively those living in LIA's. Status for sanitation services needs massive interventions to eliminate poor living standards and improve hygiene and bad behavioral change.

LICD with the support of the Management had developed working relationships with various partners and financing agencies to realize the global MOWASSCO vision. The World Bank has greatly supported infrastructure development, in several already executed programs, other players are WSUP, CWDW, County Government, WSTF etc.

The LICD envisions a self-sustainable department by implementing this policy through creation of a revolving kitty which will be achieved from revenue generated in one area, be used to improve another area.

Key players in the formulation of this revised policy were mainly within the utility and external partners, feedback from customers was keenly put into consideration.

1.0 Background

The Mombasa Water Supply & Sanitation Company limited, also referred to as the 'Mombasa Water Company', would like to implement a social connection program that subsidizes first-time connections in informal settlements for the LICs.

A new connection subsidy is preferable to a tariff subsidy because the latter only benefits those who are already connected (i.e. the non-poor). A connection subsidy is also a one-time subsidy, while the recurrent funding needs of a tariff subsidy can become a strain on utility operations. For instance, the connection fee for domestic water connection is ksh 2500 which is not refundable. However, these rates do not reflect the true cost of connection. New customers must also purchase their own pipes and fittings to connect to the company's network. The total price of these materials varies depending on the distance to the network and the quality of materials used.

1.1 Introduction

Low Income Areas (LIAs) are defined as settlements which are characterized by lack of planned/defined housing, infrastructure and basic amenities such as roads, water, electricity, schools, hospitals, playing grounds among others. In most cases, these settlements exhibit high population density per square area with unregularised land tenure system.

Low Income Consumers on the other hand are defined as persons whose average monthly incomes are below the stipulated GoK minimum wage. As a rule of thumb, these people majorly live in the LIAs.

The MOWASSCO tariffs are reasonable, especially when you compare them to the price of water purchased from a kiosk. Prices at the kiosk average ksh 100/m³ as opposed to the tariff charged by MOWASCO of ksh 35/m³ for kiosks operators. However, the connection fees remain a major hurdle to connect the poor directly to the company's network. The table below demonstrates the burden of the connection fees on LICs in some of the selected LIAs vis a vis those that reside in middle class to posh areas of Mombasa.

Table 1 Connection fees as a percentage of income

Relative income levels	Area of Mombasa	Average Monthly Income (KES)	Water connection fee as a % of monthly income (2,500 KES)	Water & sewerage connection fees as a % of monthly income (7,500 KES)
Very low	Tudor-muoroto Burukenge	3,000	83%	250%
Low income	Mnazi moja Bofu, Maweni	7,000	36%	107%
Middle income	Mtopanga, Mikindani & Miritini	50,000	5%	15%
High income	Nyali, Kizingo	300,000	0.8%	2.5%

The connection fees alone—*without the requisite materials*-- are over 100% of the average household's income in the informal settlements, versus only 2.5% of a Nyali household's income. It is not surprising that for access to water the majority of LICs depend on water vendors and cartels to make the initial investment and deliver services, even if the retail price of water is exploitative and the quality of water questionable.

Since customers must purchase their own pipes and connect themselves to the network, the quality of pipes used tends to be very poor (e.g. electrical conduits are common) and the pipes are shallowly laid and often placed above ground level traversing along grey and sometimes black water drains. The poor quality of materials and workmanship leads to significant water wastage through leaks and bursts. They are also a health hazard since contaminants can easily enter into the water supply through leaking pipes.

1.2 Objectives of a social connection policy

In line with the Mombasa County master plan of 2015-2030 and goal no.7 of the United Nations MDGs which aims at ensuring environmental sustainability through making a significant improvement in the lives of at least 100 million slum dwellers by 2020 and halving

the proportion of people without sustainable access to safe drinking water among others, the policy aims to;

- Increase access to water and sewerage services in the LIAs.
- Enhance affordability of water and sewer connection to LICs.
- Improve quality of life and social welfare in the LIAs i.e. water and sanitation standards.
- Spur economic development for persons living in LIAs.
- Mitigate water related health issues through access to safer drinking water.
- Mitigate vandalism of water appurtenances.
- Reduce NRW
- Increase utility's customer base and improve revenue.
- Improve customer satisfaction.
- Deliberately focus on pro-poor service delivery.

2.0 POLICY SPECIFICS

This section describes the guidelines related to: (i) funding the policy; (ii) roles and responsibilities; (iii) beneficiaries; (iv) Use of funds; and (v) applicable tariffs and deposits.

2.1 Social Connection funds

To reaffirm its commitment to ensuring improved access to potable water and sanitation services in the LIAs, Mombasa Water Supply and Sanitation Company will waive connection fees both for water and sewerage for first time LICs applicants as part of its minimum contribution to funding this policy aspirations. Based on the Company's performance, this waiver will be reviewed on an annual basis.

The waiver is strictly meant to subsidize first time household/ yard water points which are meant to serve the poor in the informal settlements only. This is a sustainable way for the Company to continually support additional connections to serve the poor without entirely depending on the Governments or donors funding.

2.1.1 Proposed Additional Funding Sources

Other fund raising sources the utility will have to venture into to support service provision for LICs include but not limited to;

- Adopting an agreed “service” charge on all billed cubic meters of water which will be directed to the LIC unit/department for purposes of LIAs projects implementation.
- Organizing annual events/activities/initiatives such as marathons and/or triathlon events to fund raise for the LIAs infrastructure intensification.
- An agreed percentage of the County Government’s Ministry of Water, Environment and Natural Resources allocation for Water and Sanitation be specifically directed for pro-poor interventions e.g. 20%.
- E-fundraising platforms such as using sms, radios, TV, talk show to raise awareness on the need to connect LIAs in the region with water and sewer services.
- Accessing Commercial finance from banks, private sectors among others.
- Developing concepts and proposals to donor’s e.g. WSTF, World Banks WSP, EU water facility, CDTF etc. as means of fund raising.
- Approaching cooperate sectors to fund/co-fund infrastructure projects targeting the LIAs through their corporate social responsibility initiatives.
- Negotiating a percentage of the Constituency Development Funds to cater for needs of the LICs based in the different LIAs identified e.g. to subsidize connections.
- An agreed minimum percentage e.g. 40% of the funds directed to respective District Water Coordinators to be for pro-poor infrastructure investments and connections.

2.2 Roles and responsibilities of identified stakeholders and partners.

Below are some of the partners and stakeholders identified with stipulated roles and responsibilities.

2.2.1 Coast Water Services Board

Coast Water Services Board (CWSB) is the asset holding parastatal responsible for the provision of water and sewerage services within the city of Mombasa and its environs. CWSB

has licensed MOWASSCO to deliver services on its behalf. The role of CWSB in the informal settlements connection fund shall be:

- Supply bulk water and increase water and sewerage network.
- Evaluate budgets and reports prepared by the MOWASSCO
- Broker financing negotiations from IFIs i.e. loans and grants.
- Monitor and evaluate the implementation of the projects funded under the social connection fund
- Ensure maintenance and extension of bulk water supply infrastructure.
- Play a supervisory role in implementation of the social connection policy upon approval.
- Conduct customer sensitization and mobilization within the county.

2.2.2 Mombasa Water Supply & Sanitation Company Limited (MOWASSCO)

The Company will on its part ensure and provide;

- Create the Low Income Consumer Services department.
- Fund and administer the social connection as per this policy i.e. through waiver of connection fees.
- Provide relevant technical expertise needed for water and sewer network intensification and connections in the LIAs.
- Procurement of materials is done on a timely basis.
- Facilitate and fast track LIAs/LICs needs identification and sensitization
- LIA projects planning and designing.
- Conduct intense resource mobilization as recommended in this policy.
- Actual projects Implementation.
- Conduct regular projects monitoring and evaluation.

The Company has decentralized its operations to 6 areas. The Business Unit Managers' report to the General Manager Business and Customer Services. The regions are responsible for new connections, billing, customer care, revenue collection, water and sewer operations and maintenance.

The Low Income Consumers Services department will be responsible for implementation of projects in the informal settlements and the manager will be based at the headquarters with staff representation in the regional office reporting to the Business Unit Managers administratively.

The head office is responsible for purchase of materials for connections either to or from the chambers as long as the water use point is less than or equivalent to 30m from the water/ sewer network or the chamber where the sewer connection will be made to. Business and Customer Services Division will be responsible for the overall implementation of the social connection policy.

The Area staff supported by the technical and commercial departments will be responsible for:

- Disconnection of spaghetti/ illegal connections
- connecting new customers
- surveying customers' premises
- metering, billing and customer care.

2.2.3. The County Government.

The roles of the County Government in the informal settlements connection fund shall be:

- Ensure and create an enabling environment for project implementation into the LIAs of the county.
- Broker financing negotiations with IFIs i.e. loans and grants on behalf of the company.
- Formulate policies and regulations that will safeguard provision of water and sanitation in LIAS.
- Support all water and sanitation related activities in the county.
- Allocate not less than 20% of the annual water and sanitation budget to the utility's LICS unit/department for projects implementation.
- Participate in projects monitoring and evaluation.

2.2.4. Low Income Consumers.

The roles of these very crucial stakeholders will be;

- Apply for water and sewerage connections.
- Pay the initial connection investments costs at once or within a period not exceeding 24 months.
- Pay for water and sanitation services rendered by the company.
- Provide oversight for water and sanitation infrastructure in the respective LIAs.
- Actively participate in project implementation and monitoring processes from inception to completion of projects.

2.2.5. CDF.

The role of CDF in the informal settlements connection fund shall be:

- Submit their water and sanitation development plans to the County Ministry of Water, Environment and Natural Resources to safeguard against duplication of water and sewerage service provision in the LIAs and ensure quality.
- Provide funds to subsidize water and sanitation connections charges for their constituents in respective LIAs.
- Participate in projects monitoring and evaluation.

2.2.6 Donors (IFIs).

- Evaluate proposals/concepts and fund viable projects.
- Monitor and evaluate project implementation.
- Support LICs department development in pro-poor service delivery.
- Provide overall technical support.

2.2.7 Corporate Partners.

- Undertake corporate social responsibility that targets increasing access to water and sanitation services in the LIAs.
- Take part in fundraising activities e.g. marathons
- Monitor and evaluate project implementation.

2.2.8 Suppliers.

- Supply quality materials and fittings for water and sewerage connections in time.

2.2.9 Contractors.

- Observe due diligence as per BOQ when constructing infrastructure.
- Provide quality workmanship in projects implementation and execution.

2.1.10 CBOs, FBOs & NGOs.

- Support in community organization, engagement and sensitization.
- Finance/fund water and sewerage connections in LIAs.
- Monitor and evaluate project implementation.

2.1.11 Private investors/Local banks.

- Extend favorable loan facilities to fund water and sanitation infrastructure.

2.3 Eligibility/Target

Global experiences with subsidy programs have shown that the cost of defining and identifying individual, poor households is too expensive and an inefficient method of targeting subsidies. In the case of Mombasa, the poor are geographically concentrated for the most part in the informal settlements. It makes administrative and economic sense for a subsidy targeting urban poor to focus on the informal settlements (where approximately 40% of the population of Mombasa lives i.e.1.1 million). Low-income Consumers can therefore be defined as Persons who earn/make below the government stipulated minimum wage.

In line with the geographic targeting approach, Mombasa Water Supply and Sanitation Company will make a list of all eligible settlements. To avoid controversy with the owners of private land occupied by squatters, the program will only benefit settlements located on government land, land occupied by tenants with the approval of the landowner and owner-occupied land. In addition, households located within 30 meters of a river, railroad, oil pipeline, power station or other official way leaves will not be eligible for the subsidy. Only domestic, approved commercial connections (public standpipes) are eligible for the program.

Implementation of the program will be carried out upon selection of settlements based on the criteria below:

- Presence of a high number of properties unconnected to water and sewer services.
- High levels of non-revenue water (above the acceptable limits of WASREB – 25%)
- Areas characterized by lack of planned/defined infrastructure.
- High population density with unregularized/regularized land tenure systems.
- Congested areas lacking basic amenities such as roads, Water, electricity, schools, hospitals, playing grounds etc.
- developed water/ sewer reticulation systems.
- Settlements that are either upgraded, in the process of upgrading or have a capital works program in progress.
- Block maps are available/or mapping can be done easily.

Below is a list of some of the identified low-income areas covered by the utility's 6 business areas;

Business Unit Area	Low Income Areas covered but not serviced by the company.
Island	Tudor Muoroto, Burukenge, next to coast general hospital, Mbogombogoni, Behind little theater/Ndoho market among others.
Likoni	The larger likoni BUA with an exception of shelly beach, national/tenant purchase, navy barracks, Kenya Ports Authority flats and Kenya Ferry houses
West Mainland	Dungaunuse,bokole,vikobani,Bangladesh,wayani,repooling scheme,chaani,Kalahari,magongo mwisho,kona Soweto,dolphin, Bokole, Bangladesh, Mwamlai, Msikiti Nuru and kwa hola among others.
Kisauni	Toa tugawe,manaoni,mrima-makumba,junda,vikwatani,mshomoroni,kwa bulo,kadzongo,bakarani,kashani,mdengerekeni, kisauni magogoni, majaoni, Bengala among others.
Nyali	Mnazimoja,maweni,kisumundogo,ziwa la ngombe,mkomani,kongowea,makaburini,vok,matopeni,kambi kikuyu,dogo basi among others.

The above is just a list of the few identified areas, but connection will only be attended to based on actual verification of the area and distance from the pipeline which a household is located at. This list will be reviewed and updated accordingly after every 3 years in line with changing contextual trends.

2.4. Implementing the policy

The policy will deliberately focus as a priority to connect households, water points and ablution blocks to the water and sewerage network. The Company will procure and oversee the installation of all materials up to the customer's premises. Customers will be responsible for their household internal plumbing.

Mombasa Water Supply and Sanitation Company will consult communities—either directly or through CBO, FBO, local structures per settlement or NGO partners-- on their priorities to

ensure that the community is on board from the beginning to ensure buy-in to the project and guide the infrastructure during construction and after commissioning.

The policy will only cater for the cost of connection up to a **maximum of 30 meters from the network/ chamber** where the connection is made from. Consumers will be responsible for costs above the 30 meters distance from the network/chamber but will be required to pay to the Company the associated costs and the company will be responsible for the works up to the customer's premises *(the Company will provide a schedule of materials and labour cost as quotation for connections further than 30 meters from the network/chamber to enable the customer pay the cost to the company and provide proof for payment)*

The Company shall endeavor to ensure that all residents in an informal settlement are within 30 meters from the network; in addition, it will continuously inform LICs of the implementation programme.

The informal settlements residents will be required to repay the connection costs to Mombasa Water Supply & Sanitation Co. Ltd through installments over 24 months as agreed during the application for the services. The installments approach to repayment will allow consumers to pay small and affordable fixed amounts in addition to the consumption charges over the agreed period while MOWASSCO recovers the cost of connections to repay credit given by financiers and support the social fund.

2.5 Connection fees

The total connection cost for water including meter deposit in the informal settlements shall be eligible for payment through installment of 24 months. Sewer connection costs will be paid in 24 monthly installments. The meter deposit will be refundable when terminating the water supply contract as long as the meter has not been tampered with and the customer has cleared his/her bills.

Individuals applying for domestic water connections will however have to pay 15% of the total cost of the connection before actual connection is done by the company. The deposit is reduced to ksh.1000 for LICs instead of the current ksh.1500. A total waiver of connection fees for sewerage connection will be adopted instead of the current amount of ksh 5000 which applies for low to high income areas. The financial deficit that occurs as a result of these first-time subsidy will be shouldered by increasing the rates for commercial and higher end consumers. LICs applying for a sewer connection will be required to pay 15% of the total cost of connection before the connection is done by the company.

Further, LICs applying for both water and sewer connections are similarly required to pay 15% of the total cost as deposit before actual connections are done. The deposits are meant to create a certain level of ownership of the infrastructure investments which will also improve sustainability.

Below is a table indicating a summary of the subsidies extended to the various levels of service i.e. domestic connections, public stand pipes, ablution blocks, yard taps and kiosks in low income areas to cater for the divergent needs and household capabilities.

Type of connection.	Applicable Subsidy		Applicable Tariff.
	Water	Sewerage	
Domestic/household connections	<ul style="list-style-type: none"> • For fully funded projects Meter deposit – 1000/= • Procurement and installation of all pipes, fittings and labour needed up to the gate valve after the meter. • Initial payment of 15% of the total connection cost and the rest in maximum 24 monthly installments. (includes a low interest rate on loan) • Non- funded projects meter deposit – 2500/= • Connection fee of 2500/= paid in 4 monthly installments. 	<ul style="list-style-type: none"> • Procurement of all pipe, fittings and labour needed up to the household manhole • Initial payment of 15% of the total connection cost and the rest in maximum 24 monthly installments. (Includes a low interest rate on loan) 	<ul style="list-style-type: none"> • Domestic water tariff. • For sewer, For HHs without metered connections, a standing charge of 300/= is applicable per month and 75% of water bill for the metered HHs
Yard Taps/Yard sewer connection.	<ul style="list-style-type: none"> • Meter deposit – 1500/= • Procurement and installation of all pipes, fittings and labour needed up to the tap. • Initial payment of 25% of the total connection cost and the 	<ul style="list-style-type: none"> • Initial payment of 25% of the total connection cost and the rest in maximum 12 monthly installments. (Includes a low interest rate on loan) 	<ul style="list-style-type: none"> • Domestic water tariff • For sewer, standing charge of 300/= per HH per month for houses without yard connections and 75%

	rest in maximum 12 monthly installments. (includes a low interest rate on loan)		of water bill for the metered yard connections.
Public stand pipes	<ul style="list-style-type: none"> • Meter deposit – 1500/= • Stand pipes together with a 5000m³ capacity reservoir constructed by the utility including all necessary plumbing works. 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Kiosk tariff.
Ablution blocks	<ul style="list-style-type: none"> • Connection fee – 2500/= • Meter deposit – 1500/= • Construction of the ablution block for qualified individuals/groups including pipes & fittings. 	<ul style="list-style-type: none"> • Connection fee of 5000/= 	<ul style="list-style-type: none"> • Domestic water tariff. • 75% of water bill for sewerage. • Standing charge of 1000/= per month for sewer for ABs without water connections.
Water Kiosks	<ul style="list-style-type: none"> • Connection fee – 2500/= • Meter deposit – 5000/= • Construction of the kiosk including necessary plumbing and water storage works. • Annual renewable license fee – 10000/= 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Kiosk Tariff.

3.0 Accompanying measures

In order for the informal settlements connection program to be a success, Mombasa Water Supply and Sanitation Company must implement a few interventions—some of them before the rollout of the program and some of them concurrently.

Prior to rolling out the program, the Company will need to undertake the following preconditions:

- Form an LICS department with field staff based at the BUAs in order to improve on billing, collection efficiency, LICs engagement among other customer relations activities.
- Compile a list of all LIAs to be targeted and code all accounts currently existing in the LIAs in order to differentiate between formal and informal settlements at an operations level.
- Ensure service extension lines for water and sewerage are available as close as possible into the LIAs. DMA approach is recommended for water network intensification.
- Develop water tight contracts for all the levels of services discussed in section 2.5 above detailing all the do's and don'ts.
- Conduct thorough sensitization campaigns of LICs and landlords on how to go about getting connected to the service lines.
- Deploy commercial personnel to the sewer department to be in charge of collecting/following up on outstanding bills-especially for those being billed on standing charges which are usually not paid up.
- Disconnect all accounts/persons selling water and not mandated to do so i.e. those that are not certified as kiosks.
- Establish all kiosk owners' details to mitigate conflict of interest by staff or members of their families who currently own/run kiosks.
- Shut down kiosks with underground water tanks for storage or do away with the tanks whilst ensuring LICs still access water.
- Disconnect Vendors selling water from pits instead of the taps on erected kiosk structures.
- Ensure full implementation of the existing kiosk policy.
- Develop clear LIC WASH policy and guidelines that will create an enabling environment for the utility to achieve effective service delivery.
- Develop County WASH bill that would safeguard the utility's operations

4.0 Amendments

This social connection policy shall be amended by MOWASSCO management through consultation with all relevant stakeholders after every 2 years

