

41st WEDC International Conference, Egerton University, Nakuru, Kenya, 2018

**TRANSFORMATION TOWARDS SUSTAINABLE
AND RESILIENT WASH SERVICES**

**How downward accountability tools enhance willingness to
charge and pay towards credit worthy water utilities**

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PAPER 3007

Water services provision and resource management are devolved functions as per Schedule 4 of the current Constitution of Kenya. A critical determinant of the devolution success in Kenya's WASH sector will be how the County Governments as primary duty bearers will develop resilient WASH supply and management systems that are demand responsive and overall accountable to public needs. Therefore, tackling sustainability issues in WASH services requires a holistic approach focusing on governance and particularly principles of governance: transparency, participation and accountability as to improve service delivery. The USAID-KIASH Project partners with water service providers in 9 counties including Kakamega County Water and Sanitation Company (KACWASCO) to support them improve and sustain water and sanitation coverage, water catchment protection and credit worthiness. This paper presents an evidence-base case study of KIASH engagement with KACWASCO that enhanced accountability of its operations, water coverage, revenue collection, resource allocation, customer satisfaction, participation and transparency.

**Understanding the context: the downward accountability tools challenge
in KACWASCO**

As per Schedule IV of the Constitution of Kenya (2010), water services provision and water resources management are devolved functions. A critical determinant of the success of devolution in Kenya's WASH sector will be how the counties as primary duty bearers will develop resilient WASH supply and management systems that are demand responsive and overall accountable to public needs. KACWASCO, (2017), describes the Kakamega County Water and Sanitation Company limited (KACWASCO) as a County Corporation through Kakamega Water Act, 2015 section 4 (2), incorporated under the Company Act (Cap 486) and licensed by Kenya's Water Services Regulations Board (WASREB). Therefore, KACWASCO is the secondary duty bearer of water services provision in Kakamega County. Since inception, it has built a customer base composed of household, commercial and industrial consumers within its supply area.

With devolution in Kenya calling for increase in water and sanitation coverage amongst Water Service Providers (WSPs'), the consumer base in KACWASCO should consequently increase. However, KACWASCO has been facing challenges in not only increasing the same but also maintaining its existing customers. According to SNV, (2015) a Customer Satisfaction Survey Report for KACWASCO confirmed this state; KACWASCO faced several inefficiencies in their customer engagement activities and performed dismally on minimum service levels indicators of water supply. These challenges were attributed to the demotivation of customers to pay, connect to KACWASCO water or exercise their consumer responsibility which in turn affected the ability of KACWASCO to break even. During a Focused Group Discussion with the KACWASCO Commercial Department staff in December 2016, it was realised that such levels of failure represent a low bottom line and huge losses of investments; subsequently risking flow of funding streams from WASH development actors unless KACWASCO demonstrated better Value for Money (VFM).

The U.S. Agency for International Development Kenya Integrated Water, Sanitation, and Hygiene Project (USAID-KIWASH Project) aims to enable more than 1 million Kenyans across nine counties to gain access to improved WASH services among poor urban and rural households. These nine counties include Busia, Kakamega, Kisumu, Migori, Nyamira, Siaya, Kitui, Makueni and Nairobi. The Project partners with WSPs including KACWASCO, to support them improve and sustain their operational efficiencies, governance, financial and commercial performance towards improved water and sanitation coverage, water catchment protection and credit worthiness. USAID-KIWASH Project premise is that improved water sector performance relies on the ability of sector institutions to understand, measure and act on sector information and data. It also depends on the transparency of sector data and the ability of government and consumers to hold service providers accountable for performance – and service providers able to hold government and consumers equally accountable for their adherence to the social compact (i.e. bill-paying, agreed subsidies, to mention but a few).

This premise is acknowledged by UNDP Water Governance Facility/UNICEF, (2015) and OECD, (2015) who argue that, tackling sustainability issues in WASH services requires a holistic approach focusing on governance to improve service delivery, particularly principles of governance (transparency, participation and accountability). Castro and Morel, (2008) observe that the engagement of users in utility reforms and ongoing service improvement processes is crucial. Therefore the idea that local people have rights and are active shapers of their own development, has led to a paradigm shift from a morally instilled cooperation to a rights-based approach, (HELVETAS). From this viewpoint, accountability reflects the relation between duty bearers who have to account for their activities and right holders, who should claim accountability, (Ibid). Therefore, it is evidently concurred that accountability systems are important in maintaining efficient and equitable WASH services as well as provide incentives in service delivery for both primary and secondary duty bearers.

It is from this point of departure that KIWASH informed its interventions in KACWASCO through a twin track approach with specific focus on strengthening upward, internal and downward accountability in KACWASCO, with expectations of systematically improving WASH services for all 2.3 million people of Kakamega County as per population statistics indicated in the Kakamega CWUSSP, (SNV and IRC 2015).

The legal, policy and strategic framework in Kenya water sector on downward accountability

Kenya is a U.N. member state, Article 2 (5) (6) of the Constitution of Kenya (2010), provides that treaties or conventions ratified by Kenya form part of the Kenya Law. Therefore, in accordant with UN, (2010), the Human Right to Water and Sanitation (HRWS) directs that every person be entitled to access sufficient, safe, acceptable, physically accessible and affordable water for domestic purposes as well as reasonable standards of sanitation. It also entails applying human rights principles of non-discrimination and equality, participation, empowerment, transparency, accountability in water supply and sanitation (WSS) services. UNDP, (2017) outlines that SDG 6 supports and strengthens the participation of local communities in improving water and sanitation management; Indicator 6.b.1 measures the proportion of local administrative units with established and operational policies and procedures for participation of local communities in water and sanitation management. SDG 16 provides an indicator that measures the development of effective, accountable and transparent institutions at all levels, (Ibid). Nationally, Article 43 of the Constitution Kenya 2010 recognises the human right to water and sanitation in the Bill of Rights and entitles consumers to services of a reasonable quality and information, protection, and redress under Article 46. With respect to the latter, Kenya Water Act (2016) mandates the national Water Services Regulations Board (WASREB) to Establish procedures for handling complaints made by consumers against licensees, Advise licensees on procedures for dealing with complaints from consumers and to monitor the operation of these procedures. Downward accountability is anchored in other documents including the National Water Strategy (2007-2015, p.21,55), WASREB Consumer engagement guidelines, WASREB Service Provision Agreements (SPA1, 2 and 3), WASREB Tariff Guidelines and lastly the Model Water Services Regulations, (MWSR, Part VI, X, XI, to mention but a few.

The Methodology of KIWASH Intervention

Setting up the vision and turning it into measurable actions

PWRF, (2009) explains the importance of a Strategic Plan in a water utility; it is a tool for making resource allocation decisions among the core business functions and investments in expanding and/or diversifying business functions in a way that positions a water utility to increase value to the customers/shareholders. Further, the authors expound that Strategic Planning emphasizes on planning of activities together under a common framework that links all planning and budgeting decisions to the utility's fundamental goals. To this end, the first KIWASH intervention in enhancing downward accountability in KACWASCO was supporting KACWASCO in developing and institutionalizing their Strategic Plan (2017-2022). The document entails the following key objectives on downward accountability: to increase Customer satisfaction index from 65% to 95%, to Increase Operations and Maintenance Cost Coverage from 131% to 150%, to improve Collection Efficiency from 95% to 100 %, to Increase Billing Efficiency from 67% to 100% and lastly to Improve KACWASCO's Image and Visibility through Branding, (KACWASCO, 2017).

Moving from conceptualisation to contextualisation

Subsequently KIWASH conducted a Focused Group Discussion with the KACWASCO Commercial Department and Key Management Staff. Using the appreciative inquiry approach a SWOT analysis was undertaken on the WSP's accountability tools that included an interrogation of existing Consumer Dialogue mechanisms in KACWASCO against best practices in the water sector as per WASREB regulations. Thus, Consumer engagement tools assessed included Customer contracts, Monitoring consumption, Customer satisfaction surveys, Customer information tools and activities, Customer disputes resolution mechanisms, Billing system, Customer Complaints & feedback mechanisms, Payment modes, and so on. The assessment identified weakness in KACWASCO service delivery including un-reliable water supply, Low water/sanitation coverage, weak customer service, weak complaint and feedback management mechanism, low staff integrity, Competition from water vendors, vandalism of the watsan infrastructure, billing and revenue collection systems lacked integrity, weak branding and inadequate communication tools.

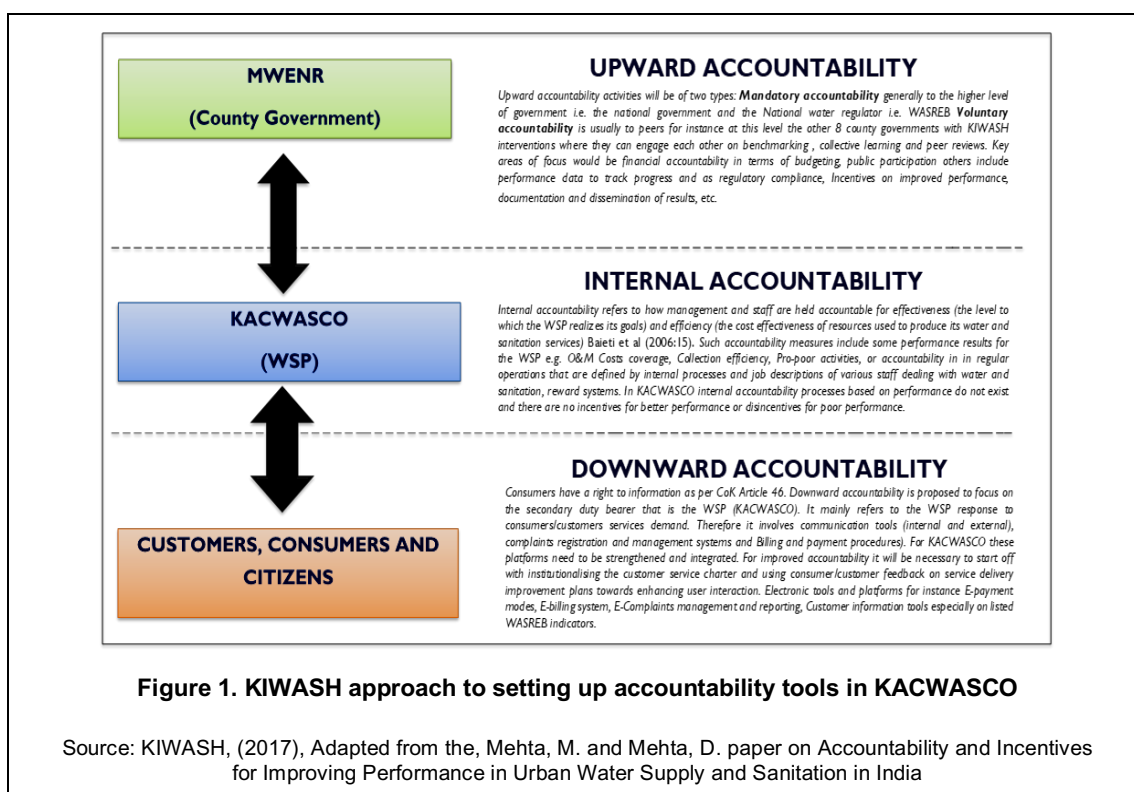
To address the challenge, PWRF, (2009) advises that by appreciating that, water utility management has increasingly required an entrepreneurial outlook and therefore water utilities must understand the spectrum of potential market conditions and develop strategies that protect their ability to continue delivering reliable, cost efficient services while providing opportunities for organizational growth and development. The writers conclude by proposing that, therefore, WSPs' must decide how to invest limited resources to achieve the greatest desired returns within acceptable levels of risk. In that regard KIWASH adapted the (Mehta, M. and Mehta, D.p.5) approach on accountability systems for urban water supply as illustrated in Figure 1.

Partnering for benchmarking and peer learning for performance enhancement

Cabrera, et al, (2011) describes Benchmarking as a tool for performance improvement through systematic search and adaptation of leading practices. The 2010 IWA World Water Congress in Montreal launched a new framework for benchmarking in the water industry where data is still gathered to provide quantitative performance assessment of utilities, however contrary to earlier work; this assessment is tightly linked to an essential second step, which is performance improvement. By identifying performance gaps and learning from leading/best practices in the industry, utilities can subsequently prepare Performance Improvement Plans (PIPs). In this regard, KIWASH supported KACWASCO Commercial Department staff on a cross county benchmarking and peer learning exchange visit with Nakuru Water and Sanitation Services Company Ltd (NAWASSCO). The activity supported KACWASCO to copy, adapt and adopt NAWASSCO's best practices so as to improve and set up accountability tools for KACWASCO towards improved revenue base and water coverage within the county. The main output of the workshop was turning the conceptual framework in Figure 1 above into an output-based performance improvement plan.

Anchoring the interventions in resilient policy documents that will sustain them

To this end, three key policy, procedures and planning manuals were developed and institutionalised: (1) a Customer Service Charter, (2) Marketing, Branding and Communication Policy and Procedures Manual and (3) a Plan for the latter. These documents are implemented and monitored through the institutionalised marketing and communications committee whose key role is to coordinate and strategies, marketing and communication activities in KACWASCO.



Determining customer satisfaction and perception of KACWASCO

KIWASH supported KACWASCO undertake a comprehensive and diagnostic Customer Satisfaction Survey (CSS) and Consumer Profiling Exercise in all KACWASCO schemes. E.Felix, (2015), argues that only WSPs that understand their customers and consumers ever-evolving demands, expectations, preferences, needs, behaviours and attitudes can be able to considerably satisfy their customers and ultimately have a solid and growing customer base that will increase their revenues, water coverage, efficiency and overall credit worthiness. Moreover, KIWASH practice in supporting WSPs is informed by the premise that improved sector performance relies on the ability of sector institutions to understand, measure and act on sector information. Therefore, tools like the CSS support government and consumers to hold service providers accountable for performance – and service providers to hold government and consumers equally accountable for their adherence to the social compact (paying bills, agreed subsidies, etc.)

Customer service vs. customer experience

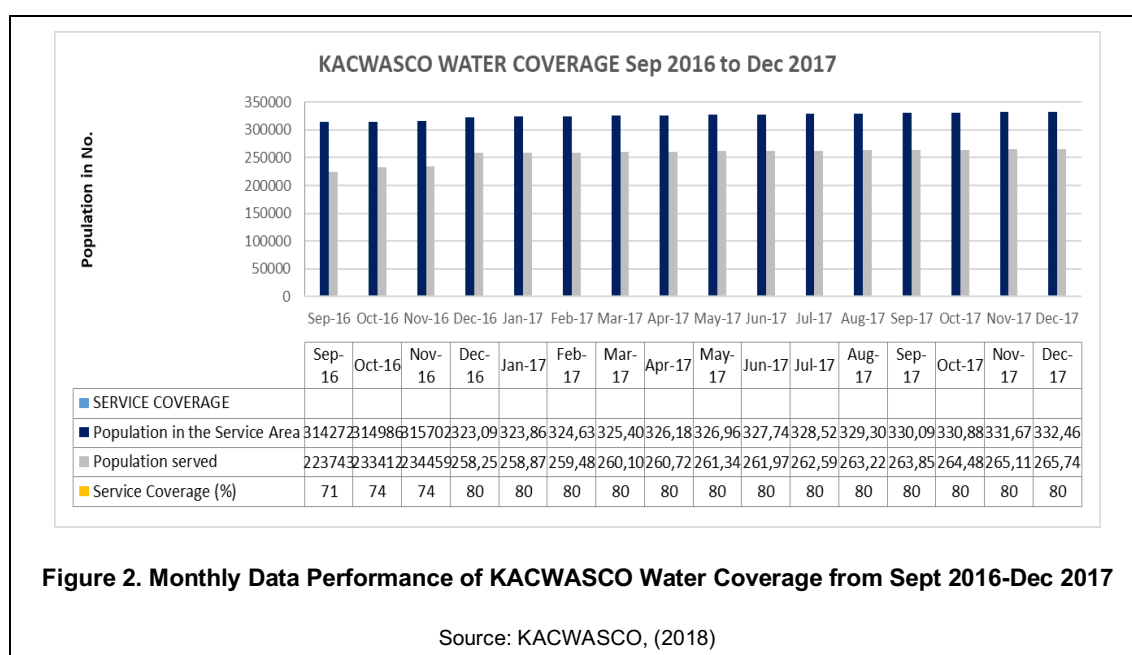
Communication, marketing, branding and consumer engagement tools were then developed and tested; for instance, a customer market activation was conducted in the acquired new schemes serving Malava and Lumakanda towns in partnership with Post Bank. A training and On-Job Coaching on customer and brand management themed *Branding the Customer Service Experience and Consumer Dialogue in KACWASCO* was conducted. Overall the workshop coached and trained key KACWASCO staff on best practices in customer and brand management and application of the brand's equity, together with robust brand and customer insight planning to unlock effective marketing and competitive edge for KACWASCO towards improving the revenue, investments and customer base in KACWASCO.

Presenting the success through connecting the achieved activities to Return of Investment (ROI) towards credit worthy utilities

From the supply side, the developed communication and information tools gave a voice to consumers consequently enhancing the responsiveness of KACWASCO to consumer demands and transparency in its activities. This considerably strengthened KACWASCO consumer relations especially in small towns and low-income areas where subsequent monthly reports indicated reductions in illegal connections and vandalism, increased willingness to pay, and realistic expectations from consumers on KACWASCO services. Specifically, we refer to the case of KACWASCO taking over the County WSP in Malava

Scheme; after a market activation, US\$986 was collected in the first month of operations from a previous average collection of US\$148/month. The scheme has subsequently grown to serve other small towns including Lumakanda and Kipkaren. On the demand side, remarkable improvements on the consumer orientation on their rights and responsibilities and role of KACWASCO were reported as well.

From the learnings of the benchmarking, KACWASCO subsequently automated their billing system that was subsequently strengthened by automating meter-reading procedures considerably reducing billing errors. The WSP institutionalised cashless payment systems subsequently increasing their revenue collection from US\$118,314/month in 2016 to US\$177,515/month in 2017. This is attributed to the Business-to-Business (B2B) Linkages with service providers including Safaricom Ltd and local banks. The customer profiling exercise supported KACWASCO in updating and ensuring completeness of consumer profiles data, as well as linkage with GIS. The collected information was used to support the recently rolled out Short Message Service (SMS) billing platform moving to paperless bills and reducing bill delivery complaints. Overall, the implemented activities to date have supported KACWASCO increase water coverage from 71% to 80% with approximately 42,000 additional persons served as illustrated in Figure 2.



Photograph 1. A Happy KACWASCO water kiosk operator and consumer

Source: USAID-KIWASH Project, 2018

Lessons learnt and way forward

Currently it is greatly acknowledged that the water crisis is a governance crisis. Socially responsible commercialization of water utilities was at the core of Kenya's water sector reform under the Water Act 2002. The Water Act 2016 is sustaining these gains in the wake of devolution of water services. Section 86 of the Water Act 2016 affirms that WSPs must be run in a commercially viable manner and finances accountably managed while Part IV section 63 acknowledges water as a basic human right. It is therefore important that duty bearers innovatively ensure WASH services are demand responsive, accountable and credit worthy. This case study evidently demonstrates that accountability systems are key in maintaining efficient and equitable WASH services as well as provide incentives in service delivery for both primary and secondary duty bearers. In fact it has been demonstrated that most consumers are willing to pay for WASH services from WSPs that are willing to charge. Willing to charge in the sense that duty bearers should take responsibility on continuous consumer orientation and engagement on their right to safe water and consumer responsibility in getting connected to safe water, paying for it, reporting leaks/bursts/vandalism, participation in stakeholder engagement forums, and registration of complaints and feedback. With such a solid customer database, WSPs will be able to break even, expand, and rehabilitate their infrastructure and improve their operational efficiencies towards improved coverage for all and reduced O&M costs. Adaptive management will inform continuous improvement of KACWASCO. Therefore, KIWASH will continue to support monthly data collection in KACWASCO schemes on key performance indicators, creating incentives for well performing staff/schemes, develop quarterly output based performance improvement plans and scheme based benchmarking and collective learning exchange visits towards enhancing downward accountability for water for all in Kakamega County.

Acknowledgements

The author would like to appreciate the senior management and staff of KIWASH Project, the KACWASCO M.D., Marketing and Communication Committee and its consumers.

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