News Release
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Kenya: 66,000 low-income households in slums to benefit from electricity connections

Nairobi, October 31, 2011 – The World Bank, acting as administrator for the Global Partnership on Output-Based Aid (GPOBA), has approved a grant of US$5.24 million to increase access to electricity for low-income households in Kenya. The project will subsidize connections to the electricity grid for around 66,000 households (roughly 265,000 people) in Kenya’s largest slum, Kibera (Nairobi), and informal settlements in the Western, Central, and Coast Provinces. The scheme will be implemented by Kenya Power and Lighting Company Ltd, a partially privately-owned company listed on the Nairobi Stock Exchange.

“Improving access to basic infrastructure services, including electricity, is essential for achieving Kenya’s Vision 2030 for economic and social development,” said Johannes Zutt, World Bank Country Director for Kenya. “This innovative output-based scheme will help the Government of Kenya to meet its goals for increasing electricity access in informal settlements.”

Kenya is one of the fastest urbanizing countries in Sub-Saharan Africa. Most of the urban poor live in informal settlements with inadequate access to basic services such as water, sanitation, and electricity. Slum dwellers spend up to 33 percent of their income on energy-related expenditures, either to informal providers, whose services are expensive and of poor quality, or for kerosene, batteries, or cooking fuels.

The Government and the Kenya Power and Lighting Company have introduced a reduced connection fee for slum dwellers amounting to KSh 1,160 (US$15) to encourage them to switch service to Kenya Power. This has spurred demand for new connections but has also created a funding gap of US$380 per connection. The GPOBA project will provide an output-based aid (OBA) subsidy to fill this gap. In accordance with the OBA approach, Kenya Power will receive the subsidy payments only after independent verification of the household connections and of six months’ operation.

“This program is technically innovative and has been designed to meet the needs of a population with variable incomes and to minimize theft, tampering, and fires in the target communities. We are enthusiastic about adding these populations to our customer base and hope this project will be a model of how to implement electricity connections in informal settlements, in Kenya and beyond,” said Eng. Joseph Njoroge, Kenya Power Managing Director and CEO.

The innovative project design includes:

- Use of pre-payment meters to meet the needs of the clients with irregular income and to address challenges for Kenya Power such as revenue collection;
- Use of technologies that reduce theft opportunities and allow remote operations;
- Use of low-cost technical solutions (e.g. ready boards that do not require internal wiring of houses) that reduce connection costs; and,
- Stakeholder communication and involvement of local organizations.
The GPOBA project is part of the IDA-financed Kenya Electricity Expansion Project (KEEP). The scheme will be financed jointly by GPOBA (US$5.24 million), IDA (US$10 million), Kenya Power’s own funds (US$10.2 million), and user contributions (US$1 million). The Agence française de développement (AFD) will finance a revolving fund to provide consumer credit to the poorest households. The World Bank will also work to integrate the OBA electrification program into a parallel slum upgrading project.

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The Global Partnership on Output-Based Aid (GPOBA) is a global partnership program administered by the World Bank. GPOBA was established in 2003, initially as a multi-donor trust fund, to develop output-based aid (OBA) approaches across a variety of sectors including infrastructure, health, and education. The GPOBA grant for the Kenya project draws on funds from the UK’s Department for International Development (DFID).

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