



# **KENYA INNOVATIVE FINANCE FACILITY FOR WATER**

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## **CALL FOR PROPOSALS 2023**

### **GUIDELINE FOR SUBMISSIONS**

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**Call Launch Date:** Tuesday, 19 September 2023

**Submission Deadline:** Monday, 9 October 2023

## Catalytic Finance to Develop Climate-Resilient Water Initiatives in Kenya

**Water** is a fundamental part of all aspects of life. It is inextricably linked to the three pillars of sustainable development (*environmental, social, and economic*), crosscutting and supports the achievement of many United Nations Sustainable Development Goals (SDGs), through close linkages to climate, environment, energy, sustainable infrastructure, food security, poverty alleviation, gender equality, health among others. In Kenya, water coverage in regulated areas currently stands at 62% and sewerage coverage at 16%.<sup>1</sup> To achieve its ambitious target of universal access to water, sanitation, and hygiene (WASH) services by 2030, Kenya requires USD\$ 12.9 billion annual investments into the WASH sector. The current government budget for water and sanitation is USD \$ 5.6 billion leaving a financing gap of USD 7 billion annually<sup>2</sup>.

**Climate change** in Kenya is increasingly impacting the lives of Kenyans and the environment, leading to more frequent extreme weather events like droughts which last longer than usual, irregular and unpredictable rainfall, flooding and increasing temperatures. Climate risks have been cited as one of the largest threats to Kenya's sustainable development goals. Kenya's updated Nationally Determined Contribution (NDC) submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in 2020 notes that successive climate change impacts result in socio-economic losses estimated at 3–4% of GDP annually. In 2018, Kenya received USD\$ 2.4billion of public and private investments towards climate related activities, representing only 33% of investments required annually to address Kenya NDCs.<sup>3</sup>

There is consensus from stakeholders in the WASH and climate sectors, that for Kenya to achieve universal access to clean water and sanitation, and NDCs on Climate Change, traditional sources of financing (i.e., government and county government financing, donor funding, taxes, and tariffs) are not enough and additional and increased financing through alternative and innovative financing mechanisms is required.

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<sup>1</sup> WASREB Impact Report No 15-2023 (A performance Report of Kenya's Water Services Sector – 2021/222)

<sup>2</sup> USAID WASH-FIN Study (2022)

<sup>3</sup> USAID Kenya Climate Change Fact Sheet (November 2022)

**Kenya Innovative Finance Facility for Water (KIFFWA)** is an impact investment fund that was designed and implemented by the Netherlands Water Partnership (NWP) with funding from the Embassy of the Kingdom of the Netherlands (EKN) in Nairobi, Kenya in 2017.

It supports the attainment of United Nations Sustainable Development Goals (SDGs), particularly universal access to clean water and sanitation (SDG6) and climate change adaptation and/or mitigation (SDG13). KIFFWA provides financial and technical support as a co-developer, through its team comprising of internal and external experts, with valuable financial, technical, legal expertise and experience that has been amassed over the last 5+ years, through active project development and financing, to meet the specific needs of our partners.

Through its financial and technical support, KIFFWA aims to sufficiently de-risk innovative, viable and sustainable climate-resilient water initiatives to create a sufficient pipeline of investable opportunities, with a mission to catalyze additional and increased investments into the water and climate sectors.

It is on this background that KIFFWA is pleased to launch its first Call for Proposals 2023.

**Call for Proposals 2023:** KIFFWA invites proposals for financial support from qualifying initiatives. KIFFWA can offer a range of financial and technical support to meet specific needs of our potential private sector partners that may include SMEs/enterprises/businesses in the early stage looking to scale up or project promoters looking for development financing, within the water and climate sectors.

**Eligibility Criteria:** Eligible initiatives should seek to contribute towards the attainment of the UN SDGs, and specifically contribute towards universal access to clean water and sanitation (SDG6) and climate change adaptation and/or mitigation (SDG13). In this Call for Proposals 2023, KIFFWA aims to support at least 3 initiatives, that meet the following criteria as a minimum: -

- (1) domiciled within Kenya.

- (2) be within the water and climate sectors that may include drinking water, hydropower, water supply, productive uses of water (irrigation among others), wastewater treatment, water transport, or sanitation and hygiene.
- (3) demonstrate innovative business models that are technically, and financially viable and scalable, with the potential to offer commercial returns to funders.
- (4) be socially and environmentally sustainable.
- (5) be impact-driven (priority areas include universal access to clean water and sanitation, positive climate impact, gender, and youth inclusivity).
- (6) have a minimum size of EUR 1,000,000/-
- (7) be in the process of raising capital for project development or business expansion.
- (8) Where land may be required for the initiative, the proposal should include details of ownership or access rights to the land such as a duly registered land titles or lease agreements as may be applicable.

### **Preparing Your Proposal:**

**Important Note:** *This is a basic guideline for proposal preparation and is not meant to be a strict template. Proposal submissions can be presented in whatever format or layout that is preferred.*

1. All proposals must be written and prepared in English language, should be 10 to 15 pages and should be presented in word or pdf format.
2. Submission of any supporting documentation or proof-of-evidence that may support the proposal is encouraged (*e.g., key partnership agreements, feasibility studies, technical studies, market studies, financial statements or models, incorporation documents, licenses/permits already acquired, et.c.*)
3. Information to include in your Proposal:

<b>Contact Information of the Applicant</b>	<ul style="list-style-type: none"> <li>• Name and Title of Contact Person</li> <li>• Email Address</li> <li>• Telephone/Mobile Numbers</li> <li>• Physical address of registered office</li> </ul>
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	<ul style="list-style-type: none"> <li>• Postal address</li> <li>• Registration/incorporation details or status</li> </ul>
<b>Brief Profiles of Key Persons</b>	<ul style="list-style-type: none"> <li>• Shareholders, Directors, Management team, consultants etc.</li> </ul>
<b>Overview Initiative</b>	<ul style="list-style-type: none"> <li>• Brief description including the stage of the initiative (<i>i.e., early stage, development, construction, operations etc.</i>), problem statement and solutions provided by the initiative.</li> <li>• <b>Business model:</b> A brief description of revenue drivers, cost drivers, key partners, value proposition, customers, key resources etc.</li> <li>• <b>Financial Information:</b> historical financial information (<i>where available</i>), financial projections, including expected investment returns.</li> <li>• <b>Financing structure:</b> Proposed financing structure (debt, equity, grant etc.) and funding sources. This may include any previous, current, or proposed funding sources (<i>e.g., banks, MFIs, financial institutions, etc.</i>)</li> <li>• <b>Implementation Plan:</b> Planned activities, timelines (<i>i.e., start and end dates</i>), parties responsible for the activities, and proposed budget.</li> <li>• Investment Needs/Request</li> <li>• Expected Impacts</li> <li>• Risk Overview</li> </ul>

**Review Process:** Following submission, proposals will be evaluated by KIFFWA management. Upon evaluation, eligible initiatives will be invited to complete the KIFFWA Quick Scan which will be reviewed for No-Objection to commence due diligence and execution of a Memorandum of Understanding (MOU). After successful due diligence, the initiative will submit a full intake document to be reviewed and approved by the KIFFWA Investment Committee (IC) and Board of Directors for financial/investment support from KIFFWA. Upon approval by the KIFFWA Board, successful initiatives will be notified to commence negotiation and execution of a financing agreement with KIFFWA.

**Investment<sup>4</sup>:** Successful initiatives will receive financial/investment support of up to EUR 500,000 in the form of equity, or concessional financing from KIFFWA. KIFFWA's financial support covers 50% of the initiative development budget with a maximum of EUR 500,000 per initiative.

The call is now open, and applications can be submitted through [applications@kiffwa.com](mailto:applications@kiffwa.com).

The deadline for applications is Monday, 9 October 2023 at 5:00 p.m. East African time (GMT+3).

For further information about this **Call for Proposals 2023**, please contact us at [applications@kiffwa.com](mailto:applications@kiffwa.com).

For further information about KIFFWA, our initiatives, our impact, news, and events, please visit our website at <https://kiffwa.com/>.

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<sup>4</sup> KIFFWA does not provide grants as part of its financial support.