LESSONS LEARNED & GOOD PRACTICES FROM

SUPPORT TO THE KENYAN WATER SECTOR

Lessons Learned and Good Practices from Support to the Kenyan Water Sector

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FOREWORD

The Danida and Sida supported "Kenya Water Sanitation Programme" has assisted Ministry of Water and Irrigation in the provision of water services, the management of water resources and the implementation of the sector reforms from 2005 to end of 2009.

Sustainable water management is becoming a critical issue in Kenya, due to a long historical period of rapid population growth and mismanagement of natural resources, which combined, have resulted in diminishing fresh water resources. By 2010, it is projected that Kenya will have a renewable freshwater supply of just over 500 m3 per capita per year. This could have severe impacts on economic and social development in Kenya, as well as cause conflicts between the different water users and thus be a potential source of civil unrest.

The Lessons Learned Report is an integral part of Danida's and Sida's requirements of documenting achievements of 5 years support to the Water Sector in Kenya. Lessons learned on good and bad practices, cost and benefits and outcomes of supports provide important evidences for policy making and programming of future interventions.
The major social and economic benefit of the sector support has been that approximately 900 000 people gained improved access to water by the end of 2009. Achievements includes; water resources management has taken off; scaling up of catchment plans; community planning of use and protection of water resources and the capacity of water sector institutions at all levels has been distinctly strengthened. However, the impact of the sector support has been negatively affected by delays in key reform processes such as, alignment of the water sector budget to the reform agenda, lack of priority of funding water resources management and rural water supply, and the slow pace of restructuring of key sector institutions.

Some of the key policy lessons learned are:

- The design of a reform programme around a comprehensive, appropriate legislative framework, such as the Kenyan Water Act of 2002, is a feature for success;
- The positive effects of high degree of alignment of donor aid funding flows to sector reforms are offset by inconsistencies between government and donor financing of the sector as a whole;
- Strategic priorities for sector financing should be an integral part of any sector support;
- There is a need within the water sector to address climate changes;
- To improve efficiency in the sector, government needs to lead donors to align to sector policies and reforms;
- There is need to consider the political and economic context of the water sector in the formulation/design of donor support;
- There is a need to ensure that data, analyses, monitoring, reports, degree of service provision and public performance are freely available in the public domain to improve government accountability and transparency, and
- There is an urgent need to establish an MDG baseline for the water sector, as achievements to attain MDG goals cannot otherwise be assessed.

On a broader scale, the results of a perception survey indicated that:
There is a growing appreciation of the value of water as a finite economic resource, and a greater recognition of the need for all to be accountable for its use;

- The support has lead to better understanding of the incentive structures within which each sector stakeholder operates, and lessons learnt have contributed to more robust and transparent systems;
- The process of identification of the poorest target locations has been of immense importance, and experience has shown that the poorest communities readily use opportunities they are offered, and
- The water sector is considerably more able to stand on its own feet as compared to 2005.

Danida and Sida in Kenya would like to take the opportunity the extend their appreciation to their partners in the water sector and hope that the findings and evidences will contribute to further improvements and performance of the water sector in Kenya.

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EXECUTIVE SUMMARY

The Kenya Water and Sanitation Programme (KWSP) has supported MWI in the provision of water services, the management of water resources and the implementation of the sector reforms. The Programme has comprised three components in Rural Water Supply and Sanitation (RWSS); Water Resources Management (WRM); and support to Water Sector Reform (WSR). The Programme was intended to lead to substantial social and economic improvements and result in substantial gains for the environment, gender and good governance, leading to a sector wide approach (SWAp).

This assignment was carried out in the latter part of 2009 to reflect on the contribution/impact and the Lessons Learnt during the KWSP's support to the Water Sector Reform process, contribute within the context of future sector programme support, while providing an input to the Completion Report.

BACKGROUND

Since independence, the Kenyan Water Sector has gone through several phases, which were affected by the prevailing politics, the natural environment and external support but above all, by rapid population growth. Insufficient capacity, confusion of roles, donor driven projects, weak fiscal control and centralized service delivery has led to deteriorating water supply systems, low sanitation coverage and wanton abuse of the water resource.

After the change of government following the end of Moi era, donors resumed their support to Kenya and, among others, the water sector was chosen for cooperation. The KWSP, supported jointly by Sida and Danida, began in 2005 and with an extension will run until June 2010.

Increasing variation in Kenya's climate is evident, expressed in terms of irregular rainfall patterns, prolonged droughts and increased flooding intensity. Increasing population causing pressure on water catchments has, in the absence of investment, resulted in reduced fresh water availability. The population growth is causing the available water per capita to shrink every year. By 2010, it is projected that Kenya will have a renewable freshwater supply of just over 500 m3 per capita per annum. This is already causing conflicts between the different users and has the potential to lead to civil unrest.

WATER SECTOR REFORM

In 1999, Kenya embarked on a radical water sector reform in order to improve the dire state of the water services and water resource management. The guiding principles of the water sector reform, inherent within the Water Act 2002, included:

- separation of functions,
- decentralization,
- clarity of mandate,
- no responsibility without authority,
- transparency and good governance,
- inclusion of stakeholders and users in advisory and decision-making capacities,
- avoiding conflict of interest, and
- human resource redeployment and development leading to more effective institutions.

An institutional framework with eleven new Water Sector Institutions was created, with water resources management and water services forming separate entities and given clear mandate of a division of regulatory and implementing roles.
Additionally, as a part of the overall Public Sector Reform, performance contracting was introduced into the water sector, leading to performance objectives being spelt out both at institutional as well as individual level.

There are perhaps three areas where the outcome of the support of the KWSP can most clearly be seen. These are:

1. The effective operationalisation of the Water Act and support in the delineation and better understanding of roles and responsibilities of respective institutions
2. The establishment of financial and operational systems that are pro-poor enhance community empowerment and reduce fiduciary risk.
3. The establishment of a coherent framework for water resources management for more equitable water access.

ACHIEVEMENTS OF THE KWSP IN THE WATER SERVICES

The major achievements of the KWSP can be defined as supporting, through technical assistance and direct investment, the effective establishment of the new water sector institutions and the development of a project cycle (Community Project Cycle or CPC) for the support and financing of rural water and sanitation schemes. The institutions and the CPC system is sustainable and will continue to result in improved access to water supply and sanitation beyond the life of the KWSP. Through Non CPC and CPC schemes the total number of people provided with improved access to water during the KWSP does not fall far short of the 900 000 people anticipated.

By all accounts, the KWSP has made a considerable and significant contribution in the establishment of each of the WSBs. It has further assisted the WSTF in its orientation and development as it has supported the WASREB in addressing key constraints.

COMMUNITY PROJECT CYCLE AND THE WATER SERVICES TRUST FUND

The Community Project Cycle is a new investment framework managed by the WSTF. Through analysis of the incentive structures under the NON-CPC, the CPC fund management was put in the hands of the users/CBOs, which resulted in increased efficiency of the implementation and reduced fiduciary risk. The WSTF, together with the WSBs, has created a resource allocation procedure, based on poverty locations prioritization. The fifty poorest locations in each WSB area are designated as eligible for grant water and sanitation support. This has reduced political interference and promoted demand-driven equitable treatment of citizens in terms of resource allocation for the poorest. An important feature of the CPC is the robust monitoring system based on independent oversight. The CBOs receive assistance from private sector Support Organizations, which are contracted by the Water Services Boards and the Trust Fund in the different phases of the project cycle. Quality control is further provided by Quality Control Agencies, who check the quality of the work done by the SOs and contractors and also monitor the fund management of the CBOs.

During the start up of the KWSP programme, the WSTF supported the implementation of 125 NON-CPC projects with a reported target coverage of over 900,000, with mixed results. Turning then to the CPC approach, eight CPC schemes have been completed covering a population of approximately 55,000; schemes are under implementation relating to a population of close to 650,000; and funding schemes are prepared and accepted for a population of over 200,000. Under WSTF's present portfolio, this represents reported population coverage and/or targeted well over the original 900,000 presented in the original programme document. This report raises key questions relating to the definition of coverage and reflects that the anticipated service level improvement raises the above population from 10% to 60% "covered" in relation to MDG targets. There is, however, a need for better field verification and use of such data. In the sanitation and hygiene sector, the results have been more modest. Approximately 900 latrines are represented within the designs of the CPC projects for construction in schools, institutions and public places. The anticipated improvement has been to raise household sanitation coverage from 10% to 40%.

ACHIEVEMENTS OF THE KWSP IN THE WATER RESOURCES

The KWSP has been instrumental in providing relevant financial and technical assistance support to WRMA in its establishment. A financial management system was established to handle budgeting, income, cash flows and expenditures of the WRMA. Following the development of the Water Resources Management Rules (2007), WRMA has introduced raw water charges. Consistent with the principles of the water sector reforms, WRMA was to become self-financing. The dramatic rise in revenues in early 2008 reflects the introduction and payment for water, where previously revenues were principally generated only through the sale of permits. The development of the WRM Rules was a substantial piece of work supported by the KWSP, providing the secondary legislation in guiding equitable access of water of quality and quantity to all.

The Catchment Management Strategy is a tool for a planned and systematic management of water resources with the participation of stakeholders. The Water Act 2002 required that Catchment Management Strategies were developed for the six main catchments of Kenya. Given the lack of management systems and almost total previous neglect of Surface Water, Ground Water, Water Quality and regulatory issues in WRM, the national level and catchments required support in conceptualizing the means by which a catchment is managed in an integrated way involving all state and non state actors. Together with other donors, particularly GTZ, the KWSP supported this process. The Water Act 2002 recognizes civil society's role in the management of the water resource, through the establishment of Water Resources Users Associations (WRUAs). To support WRUAs at the "Grass Roots" level, a WDC TOOL KIT was produced. Through its 13 training modules, it assists WRMA staff, WRUAs and civil society/ non state actors and Support Organisations (SOs) to prepare a Sub-Catchment Management Plan (SCMP). Furthermore the WDC Manual provides a comprehensive set of practical tools for addressing potential elements within the anticipate SCMP.

The various stakeholders welcomed the concepts of integrated and joint catchment management and more than 200 WRUAs were formed during the programme period of KWSP. The programme document of KWSP only stipulated that two WRUAs be formed.

Supporting all elements of Water Resources Management has been the development of the Water Resources Management Information System.
The WRMIS comprises a number of databases, including the permit and hydro-meteorological database. All data is placed on a GIS platform.
WRMA requires a total annual operating budget of

approximately Kshs 1 billion. Despite every effort to increase revenues, the early and continued lack of financial support from GOK has severely hampered WRMA's ability to address the much needed activities required in the catchments.

SECTOR FINANCING

The Lessons Learnt report analyses sector financing from the point of view of moving towards the SWAp. The analysis, based on the budget data available from the last four financial years, disaggregates the funding levels of the "old" water sector institutions and those newly established, and assesses the changes and trends in relation to the source of funds and their allocation. The first conclusion is that the overall expenditure by the water sector has increased significantly over the last three years. But while more funds are available, there is no discernible indication that GOK funds are increasingly directed to the new water sector institutions. Conversely, donor funds show a strong leaning towards the new WSIs. Indeed, it appears that the trend is for GOK funding to be resolutely directed to NWCPC, the Districts and Special Programmes administered by MWI.

The WSIs, on the other hand, appear to be generating the bulk of their operating and development costs with donor support, while receiving very little in terms of GOK Treasury funds. The NWCPC, DWOs and other "non-reformed" institutions receive some 80 % of the total development budget, while such institutions as WRMA receive almost zero development investment from treasury. The conclusion is that whilst GOK budgets are increasing dramatically, there is no evidence of a reform in terms of a redirection of government funding toward the new WSIs. The WSIs, the MWI and principally the NWCPC are simply benefiting from additional budget availability in historical proportions. As indicated in the KWSP/WSRP Joint Mid-term Review, there is a need for GOK and donors to agree and jointly fund common goals within the sector.

TRANSACTION COSTS

The report makes a comparison between the WSTF/CPC and other possible programme funding modalities. The WSTF/CPC funding modality, with predefined management fee percentages, is seen to be transparent and predictable. The government, as well as the development partners, can clearly determine the monies used for administering the funds, the support costs during preparation and funds directed to implementation. In the CPC, the end users, the CBOs, receive 67 % of the total funds directly to their account for implementation, when the development and implementation phases' costs are considered together. This report demonstrates the more substantial transaction costs of other programmes, which layer overheads at several levels and do not deposit funds with the community, opting for bulk procurement, which it is argued, undermines the establishment of effective local service provision and spare part service networks.

COST-BENEFIT ANALYSIS

This analysis of benefits in economic terms for the CPC schemes is based on the utilisation of the baseline and anticipated service levels in 88 schemes for which service level data was available. The service levels are based on three key criteria:

- **Time:** The distance from the household to the point of collection and related waiting times at the source. Improved access resulting in reduced time spent carrying water or greater returns per unit of effort. Savings in time predominantly relate to benefits experienced by young girls and women.

- **Water Quantity:** Improved access in terms of water quantity by households, with the quantity of water impacting upon health, hygiene and the quality of life.

- **Water Quality:** Access to water of improved quality impacting upon household health and well being.

The information available from the CPC schemes describes the change in the users' service, e.g. how many people move from service level III to II or from II to I. From that information, time savings and increments in the use of water can be derived. In the valuation of time, the 'kazi kwa vijana' benchmark rate of Kshs 220 per day has been used. Different technology types and their costs and benefits were also analyzed, with benefit/cost ratios computed as the total of the equivalent money value of the benefits and the costs of the community water projects. The overall Benefit/cost ratio of the CPC schemes was calculated to be 1.6.

KWSP INPUTS (2005-2009) EXTENDED (JUNE 2010)

The total initial budget for the KWSP (2005-2009) was approximately Kshs 4.6 billion. The KWSP was extended until June 2010, with additional funding of approximately Kshs 470m and Kshs 350m provided in respect of the flood and drought mitigation and for the extension respectively. As of December 2009 expenditure figures reflect closely the planned/amended framework.

Of the total budget 80-85% has been directed towards RWSS while the majority of the remaining amount will have been directed to WRM.

The initial Technical Assistance budget was Kshs 480 million which was raised to approximately Kshs 570 million, resulting in. considerable TA support. From March 2005 until September 2009 the KWSP had provided 312 national and 64 international long-term person months, along with 1081 national and 296 International short-term person weeks.

The provision of TA has, from the start of KWSP, been based on a requests system from the respective WSIs. A system developed by MWI and ORGUT. The result, a highly flexible and responsive system of TA support generally acknowledged as significant and appreciated.

LESSONS LEARNT

The lessons learnt and recommendations are addressed within each chapter and then summarized at the end of the report.

The Lessons Learnt summary is structured in accordance with the criteria of the Paris Declaration (2005) to highlight the sector needs in relation to: Ownership, where Kenya sets out its own strategies in the water sector for poverty reduction and improves its institutions ability to tackle corruption; Alignment, where donors align behind national objectives using local systems rather than their own, and Harmonise, where donors coordinate and simplify procedures sharing information to avoid duplication. The Lessons Learnt summary further considers aspects of GOK-Donor mutual accountability, in terms of the transparency of the present monitoring framework in the joint assessment of progress.

From the summary of the Lessons Learnt the following key aspects are highlighted below:

- Whilst there is a high degree of alignment in relation to aid fund flows, there are inconsistencies between GOK and donor financing of the sector and between GOK and documented national strategy priorities. There is a pressing need for better funding predictability through a MTEF, where a transparent planning and budget formulation process results in the setting of fiscal targets and the allocation of resources, as underlined by the present under funding of key WSIs

- There is a need within the water sector for a coordinated pragmatic approach to addressing issues of climate change as seen by the need for greater political support to enforce regulations

- The KWSP has provided crucial assistance particularly in areas of:
  - FMIS development of WSIs, which has consumed a disproportionate amount of resources as compared to those initially, anticipated. This support has however contributed enormously to the early establishment of respective WSIs.
  - The development of systems such as the CPC and WDC and respective support tools, allowing for the transparent allocation of resources, prioritised to address the needs of the poorest and/or most deserving areas, has contributed fundamentally to the development of the water sector. There is still some way to go in operationalising these respective systems and in addressing prevailing "bottlenecks"

  Whilst GOK systems such as the CPC and WDC exist donors persist in demanding that their own priorities take precedence undermining the full establishment of such systems.

- The water sector reform process and the movement towards a SWAp, implies that the water sector must be considered as a whole with the inclusion of all its respective institutions. Donor support, to be most effective, should consider alignment within this broader sector context.

- In placing WRM development as a priority, future GOK and donor support needs to give adequate recognition to the respective capacity building and financing needs in Water Resources Management development and the WDC. Due to decades of neglect this is an area which is little understood by many and a robust and predictable funding arrangement of support is presently absent and much needed.

- There persists an underlying lack of transparency/ information in relation to:
  - Water service level baseline information
  - The allocation and utilisation of both GOK and donor budgets.

  Information on present access to improved water services across the sector as a whole is extremely poor. There is no uniform (urban/rural) system for the categorisation and collection in the determination of service level/coverage, in the absence of which the determination of progress in the attainment of MDGs cannot be realised.

It is further extremely difficult to determine past, present or intended future fund allocations, their actual utilisation and their impacts upon serve coverage. This undermines the ability to analyse the sector performance, the sectors financial status and the determination of the costs and respective benefits accrued. In future it is recommended that all Annual Joint Sector Reviews are preceded by an analysis of sector financing.

PERCEPTIONS AND REFLECTIONS

The final chapter utilizes the results of the Perception Survey on the progress of the reform process and reflects upon the KWSP achievements in supporting changing attitudes of the Kenyan Water Sector operatives and in formalizing the delineation of mandates and roles in consideration of:

Water as an economic good, noting that there is a growing appreciation of the value of water as a finite economic resource, demonstrated through the economic value attached to its allocation and use, and the increasing revenues raised in the sector and that the era of free water is over with greater recognition of the need for all to be accountable for its use.

Delineation of roles leading to new incentive structures, noting the delineation of roles and responsibilities commensurate with the introduction of performance contracting that has had a clearly discernable impact on the efficiency of the sector operators. The KWSP support has led to better understanding of the incentive structures within which each sector stakeholder operates, and the lessons learnt have contributed ultimately to more robust and transparent systems being developed.

Poverty reduction as a focus, noting the importance of the joint WSTF/WSB selection process to identify the poorest target locations. The Kenyan experience has shown that poorest locations eagerly take the opportunity to develop their own situation, are not discouraged by the often considerable challenges and are able to manage project development with good effect and efficiency.

Reduced and known transaction costs noting that the traditional cascading systems for aid administration, where each level within the "aid pyramid", adds on its own costs, has allowed for "rent seeking behavior", reducing efficiency and cost-benefit relationships. Through the introduction of transparent management fees, outsourcing of support services, performance based payments and self procurement of technical assistance, and by clearly disaggregating the costs of inputs attributable to implementation, institutional management and administration, the intended use of funds and the expected outputs are clearer and more transparent.

Gradual withdrawal of donor support, noting the Kenya Water Sector has been able to begin the process of improving its image. The increased number of published business opportunities have made the sector a more interesting client/employer and the scope and working environment for the numerous capable and motivated water sector professionals is improving. The Government of Kenya has acquired many instruments for an efficient, economically and ecologically sustainable water sector. The water sector in Kenya is considerably more able to stand on its own feet as compared to 2005.

INTRODUCTION TO THE ASSIGNMENT

The Swedish and Danish Governments supported the Kenyan Water Sector Reform through grant funding of the Kenya Water and Sanitation Programme (KWSP) during 2005 to 2009. The programme has undergone a number of evaluations, but there are aspects that have not yet been documented, especially in the context of the Millennium Development Goals and the Paris Declaration. A summary of the lessons learnt in the process of implementing the KWSP would be of benefit internationally, in particular for other developing countries undergoing water sector reform, but also in relation to donor policies and approaches.

The key issues identified and impacting upon the KWSP during its implementation have been:

- the budgetary commitment on the GOK in regard to the new Water Sector Institutions;
- the implementation of the transfer plan and the reform of the Ministry of Water and Irrigation, and
- the delineation and decentralization of roles and responsibilities to the new institutions and the private sector.

Several recent reviews have described the status of the reform process. There are, however, considerable information gaps in regard to the:

- determination of outcomes;
- the financial and budgetary analysis in the use of the funds provided and the achievements, and
- the analysis of lessons learnt and the documenting of best practices.

The purpose of the assignment is, therefore, to create an opportunity to reflect on the contributions made by the KWSP in supporting the Water Sector Reform process. This assignment will also augment and compliment the further preparation of the KWSP Completion Report, which is the responsibility of MWI/ Programme Coordination Unit. It will analyse water sector issues; support analysis of the contributions made by the Development Partners, especially in regards to the SWAp, and support and inform the water sector reform process. Where appropriate it will also provide recommendations on the way forward.

It is against the ambition levels set by the KWSP Programme Document that the attainment of outputs is judged. This report will provide, as far as possible, a quantitative, together with qualitative, assessment of attainment regarding each of the intended outputs by analysing the contribution made.

Documentation of the lessons learnt, as a separate assignment, is intended to allow for a contribution to development policy, while attempting to be of relevance on a global, national and local level.

METHODOLOGY.

The following key activities were undertaken in contributing to this assignment:

1. Start Up Meeting. Initial "buy-in" by MWI to the process of undertaking this assignment was considered of paramount importance and, as a result the early process of preparation, included the preparation of a concept note, thereafter developed into an inception report, discussed and reviewed by a wider set of

stakeholders in order to engage a wider cross-section of stakeholders.

2. Desk study of the existing reports, including the reviews, MWI and consultant progress reports, the final reports of the Long Term Technical Assistance (LTTA), the Assignment Completion Reports of the Short Term Technical Assistance (STTA) and audit reports. Key reports made available during the course of the assignment were ;

- The Evaluation of the Community Project Cycle (CPC) in the RWSS Component
- The final report of the LTTA
- Evaluation of the Finnish Development Cooperation in Western Kenya; Impact and Lessons Learned

3. Interviews and Perception Survey of the water sector institutions and other relevant stakeholders, including:

- Directorates of MWI and relevant elements within WMI involved in support to the Water Sector Reform process.
- Selected Decision Makers such as representatives of the various WSI Boards
- National and Regional WSIs involved in Water Service Provision, Water Resources Management / Development and its regulation
- Selected Catchment Area Advisory Committee (CAAC), Water Resources Users Association (WRUA) and Community Based Organization (CBO) members engaged/supported by the KWSP
- Representatives of Civil Society and non state actors such as the private sector service providers, Water Service Providers (WSP), Support Organizations (SO), Quality Control Agencies (QCA) and contractors, together with NGOs and representatives of their respective forums.
- Selected commercial sector water users and their representatives

Both structured and unstructured interviews were undertaken together with a Perception Survey providing board cross sector perceptions on the progress of the reforms.

4. Case Studies. In the absence of anticipated case studies resulting from the evaluation of the CPC, the consultant selected a small number of completed/ substantially completed CPC schemes funded by the WSTF and a number of WRUAs, where activities consistent with the WDC have been implemented.

5. Sustainability and cost-benefit analysis. The sustainability, as well as the cost/ benefit analysis of the individual projects might reliably be undertaken only in a few locations, where the community water services have been and are up-and-running for some time. The Lessons Learnt Team therefore utilised the WSTF's before and anticipated service level information, which is provided to the Board of Trustees in relation to each project investment decision. While not always confirmed, the information from the WSTF on the 159 schemes allows for a relatively robust analysis of the actual costs and intended benefits. It also presents the WSTF with a credible model for future ongoing analysis of schemes at approval, as part of the post-completion follow-up and as part of the future long-term sustainability assessment. As further information becomes available, the accuracy of the results and the determination of the return on investment will gain credibility. It is common in the water sector to make assumptions about economic benefits accrued to users in relation to a time-saved model. The time saved is assumed to be used for more productive purposes (e.g. in agricultural production) and costed on the basis of the average labour wage.

In the assessment of the benefits derived from the WRMA support to WRUAs two sources of information were utilised, as follows:

1. The funding proposals of the 26 WRUA proposals funded
2. Interviews with key informants of WRUAs and staff of the WRMA

The service providers and WRUAs were interviewed and cost data sourced from the WSTF, as well as the participating community.

In the determination of comparative transaction costs the Lessons Learnt Team utilised percentage distribution of costs information, for financing of CPC schemes, and compared this information to the intended fund flows of the programme documents supporting funding agreements.

6. Sharing of findings/Seminar: It is anticipated that MWI together with the Development Partners will arrange a seminar during which the final findings and lessons learnt will be disseminated.

7. Final document preparation: The final Lessons Learnt Report was provided to Danida, with Danida circulating the document to MWI and other stakeholders as relevant.

The report includes an analysis of the past and the context of the water sector in relation to which the reforms have taken place.

1.
THE CONTEXT FOR THE WATER SECTOR REFORMS

From independence until the present day, the major political, social and economic changes taking place in Kenya are considered in relation to the MEGA TRENDS of the Water Sector.

1. THE CONTEXT FOR THE WATER SECTOR REFORMS

1 FIRST YEARS AFTER INDEPENDENCE – KENYATTA AND LAND DISTRIBUTION

The Kenyan water sector has since independence gone through major changes, some following the international megatrends typical to all developing countries, some specific to the Kenyan context. The timeline in Figure 1 draws together the political, economic and institutional changes, conceptualising many of the inter-linkages.

In 1963 Kenya gained its independence from the British Empire. A year later, Jomo Kenyatta, the leader of KANU, Kenya African National Union, became the President of the Republic and the first period of multi-party democracy followed (1963 - 68). An administration for the water sector was formed under the Ministry of Natural Resources, in the form of the Water Development Department. The legislation of the time (Water Act, Cap 372) vested the overall ownership of water resources in the government. Kenyatta used the redistribution of the land formerly owned by white settlers as a means to sustain political stability and as a reward for political patronage. Land distribution had several objectives:

- To relieve tensions in densely populated areas;
- Distribute a politically acceptable minimum level of social services, including water;
- To reduce food shortages through agricultural development; and
- To avoid the political repercussions of a genuine land reform by being seen to help the landless.

2 FREE WATER FOR ALL: THE POST INDEPENDENCE TO THE MID 1970S

The first years after independence were characterized by high expectations of quick improvement in the well-being and wealth of all Kenyans, as KANU politicians promised would follow the departure of the exploiting colonialists. The years 1963 – 65 brought growing disillusionment and the insight into the post-independence realities. Self-assessment and imminent disappointment with the political promises lead to new strategies.

The first National Development Plan, drawn up in 1964 and revised in 1966, emphasized hard work and self-help. The Sessional Paper No. 10 "African Socialism and its Application in Kenya" emphasized political equality, social justice, and human dignity. These principles, following the example of the Soviet Union, were based on state control of the economy and defined the state as the entity that not only maintains law and order but also outlines and implements social and economic programs in a bid to remedy historical and social inequalities. The implications in the water sector were basic services, including water and health, delivered free by the Government. Involvement of other actors in service delivery was minimal.

Poverty alleviation through provision of drinking water was taken on the political agenda. However, the ambitious targets set soon turned out to be unrealistic and the government failed to provide water services, and the coverage remained low. The lack of efficient cost recovery mechanisms, and operation and maintenance system, as well as the failed renewal of the existing systems led to many of the systems becoming non-operational.

3 MID 1970 – EARLY 1980S HARAMBEE AND NATIONAL WATER MASTER PLANNING

Harambee, a traditional Kenyan measure of community action and self-help, was politicized during Kenyatta's regime. After the early years of independence, Kenyatta became disillusioned in his ability to install party discipline and political order. He elaborated a notion of legitimate constituency service to assist the expanding numbers of self-help groups: "The Government helps those who help themselves". This form of politics was usefully "non-programmatic" and "non-ideological". Kenyatta called it "useful politics" of "all hard work and no idle talk" as opposed to the "useless politics" of "all talk and no action".

The Kenyan people answered eagerly to the President's call. Schools, roads, dispensaries and water supply systems were built by harambee groups - some 2500 such facilities during the first two decades of the independence. Harambee was a key tactic in hastening the rural development after the independence and has been estimated to have contributed to about 30 % of the rural development investment.

Water systems have always been popular in self-help projects. Many of the harambee projects were expected to be taken over by the government after

Figure 1: The historical context to the reforms

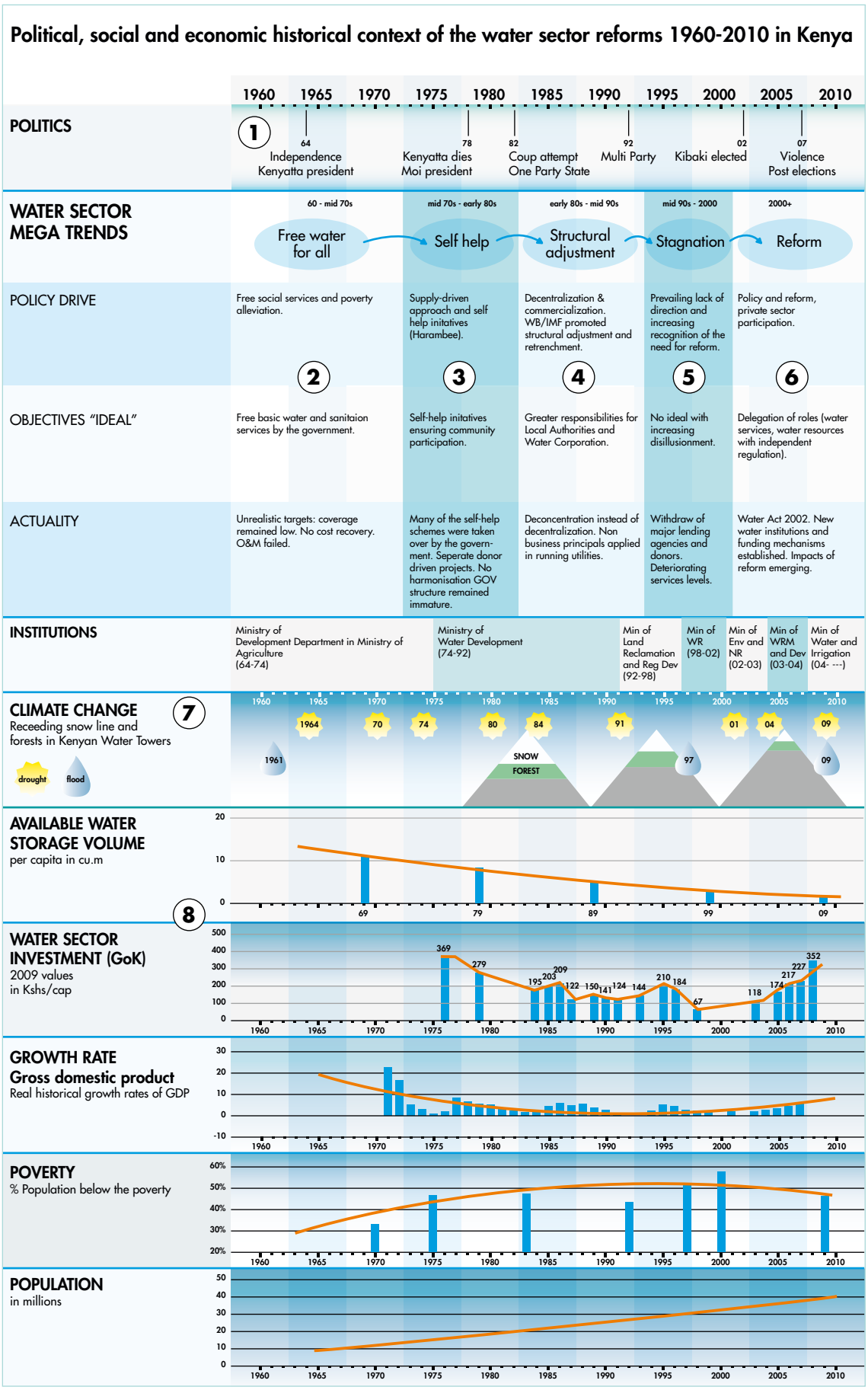


Figure 1 provides the historical context to the water sector reform and aspects are expanded in respect to the linked numbering.

completion, and sustainable plans for operation and maintenance were not made. Harambee projects were prone to be used as tools for political patronage and gaining influence. Weak fiscal control and lack of accountability made them vulnerable for corruption and mismanagement.

In 1974, the Water Development Department was upgraded and became the Ministry of Water Development. Another development of this period was the preparation of the first National Water Master Plan, which proposed development of many water supply and sanitation schemes with the goal of "Water for all by 2000". With the help of different development partners the government embarked on implementation of the projects proposed in the plan. This period was characterised by large regional or provincial water and sanitation programmes supported by different development partners. The water services coverage grew rapidly in many provinces, but was later perceived to have several weaknesses, specifically in relation to sustainability:

- Piecemeal planning, leading to different practices
- Donor-driven investments
- Little incentive to minimize costs
- Compromised technical standards
- Gradual undermining of the government systems especially at local level.

Despite considerable improvements in coverage in many parts of the country, rapid population growth proved to be overwhelming. The number of people without water services remained high largely due to not being able to keep up with the increasing numbers.

In addition, the handing over of donor-supported projects was not always successful due initially to low political-buy in of the GOK. In most cases, when the projects were handed over to GOK or local government authority management they simply deteriorated. An example from Western Province shows that even the actual number of people with access to water services was reduced, in long term, after the handing over of schemes.

4 STRUCTURAL ADJUSTMENT MID 1980'S – MID 1990'S

Structural Adjustment Programmes (SAP) were introduced in Kenya in general in 1980/81 and a few years later in the water sector. The liberal state ideology, which was strongly marketed through aid conditions set out by the World Bank and the International Monetary Fund in the 1980s and 1990s, emphasized that the state's role should be limited to creating an enabling environment for individuals and business community. This ideology emphasized a reduction of state intervention in the economy and free market operations. Part of the reason for the shift was the high cost of socialist development strategies, which became obvious with the failure of most publicly-owned enterprises.

The first attempt to introduce liberal policies in Kenya was indicated in the 4th Development Plan, 1979-83. Detailed policy reforms for the whole economy were spelt out in Sessional Paper No. 1 on Economic Management for Renewed Growth (Kenya, 1986). They focused on introducing costs sharing in public services, creating lean public organizations through retrenchments where necessary, sale of parastatals and privatization of some government functions, price and import decontrols, removal of government subsidies and budget rationalization away from social programmes.

In 1983, the "District Focus for Rural Development" was promulgated by the government with the intention to decentralize the planning and administration to local level. In 1986, water service provision was decentralised to Local Authorities, creating a number of locally-run utilities. The National Water Conservation and Pipeline Corporation (NWCPC) was established in 1988, with the objective to commercialize water sector operations and achieve financial autonomy in water operations. The second multiparty period started in Kenyan politics in 1991.

The planned reforms were slow to take root in the water sector and the handing over of ministry-run utilities and water systems to local government authorities or community organisations was progressing badly. Business-like operation, efficient service production, cost recovery and community management were still wanting in the water sector. The GOK carried out a "Delineation study of the Water and Sanitation Sector in Kenya (1992)", strongly recommending far-reaching institutional reforms for the water and sanitation sector.

5 STAGNATION MID-1990'S – 2000

Towards the end of Moi regime, the political atmosphere in Kenya was stagnant and not prone to reforms. Despite several developments and changes in policies and institutional arrangements described above, the water and sanitation services remained unsatisfactory. The rapid growth in coverage gained

during the early 1990s slowed and came to a standstill and coverage figures stayed level or even declined. The development of water services could not keep up with the rapid population growth and percentage of the population covered decreased.

There were several reasons for the non-performance of the water sector (Nyengeri, 2002):

- Due to the socialist legacy, water was still regarded as social good, making willingness to pay and cost recovery difficult;
- Uncertainty of the policy regime and regulatory framework was a major constraint in the sector management;
- Centrally managed monopolistic public enter prises or government departments were still providing water services;
- The centralized system of managing water utilities made efficient operations difficult; and
- Lack of performance standards for the water utilities.

6 REFORMS 2000 ONWARDS

The new Government in 2003 recognised the problems and the need to reform and started the long process of addressing many of the issues. It was generally accepted that the dire situation regarding water resources, with deteriorating services and diminishing coverage of water supply and sanitation among the growing population, was a direct consequence of decades of poor management, corruption and a lack of political resolve.

Environmental degradation.
Rapidly increasing degradation (through drying and pollution) of rivers, lakes, wetlands, and aquifers and their catchments. This applies particularly the major water towers that sustain Kenya's rivers during the dry season.

Lack of coherent policy and law for water sector.
Prior to 1999 there was no national water policy. The sector was guided by priorities set in the five-year national plans. Water related legislation consisted of Water Act Cap 372 and additionally some 30 Acts relating to water issues.

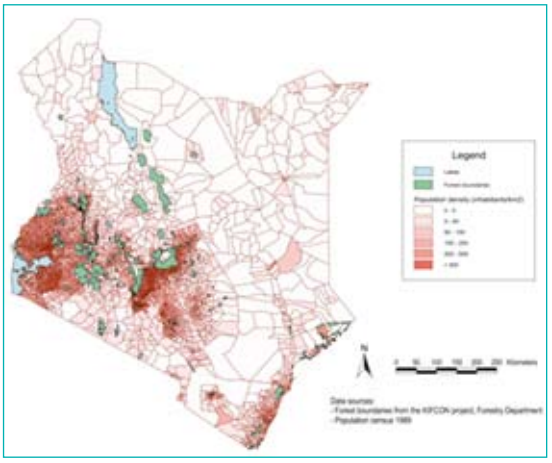
Inadequate sector financing.
Very low levels of investment in water resources management, including storage, improved water use efficiency, data management, irrigation, etc. A study of the water sector in 1992 (Delineation study on the Water sector in Kenya) described that the GOK was neither able to operate water supplies efficiently nor maintain adequate service level due to financial constraints. The share of the water sector of the overall GOK annual budget was decreasing substantially over the years. Water consumption was estimated to be below 25% of production capacity. Tariffs were too low, and only a small portion of the revenue was collected.

Confusion of roles and conflicts of interest.
The Ministry of Water was doing everything from water service provision, provision of permits for water abstraction, regulation and quality assurance in groundwater development. A number of other organisations were involved in water services provision, including the Ministry of Health, state corporations (NWCPC), local authorities and private organizations. The overlapping roles and responsibilities of key public actors were the main causes of conflicts and poor management. Apart from conflicting, the roles of different actors were not separated into regulatory and implementing functions, causing some organizations to act as "a referee and a player".

Collapse of the Water Resources Information Sytems.
Almost total collapse of the systems to measure the quality and quantity of water resources (without historical and present day measurement of the resources

Source: www.kenyaforests.org

Figure 2: Population distribution



both at national and local level, systems for allocation and management could not be applied)

Poor governance.
The Kenyan administrative system, also in water services, was best described as "bureaucratic" de-concentration, where the provincial and district administration was used to extend power of the centrally ruled state on the local level. Participation of non-officials and citizen groups was very limited. Corruption levels were high local and central level. High transfer rate of staff reduced the accountability of the government staff in their given position.

Failure to achieve declared objectives.
The GOK set several national targets for improvement of the water services provision – the National Water Master Plan 1980, long range targets for the International Drinking Water Supply and Sanitation decade, and Water for All by 2000. The slow pace of increasing service provision and high population growth meant that the targets were not met.

Weak capacity at Local Authority and Community level.
The local authority-managed water supplies suffered from neglect of operation, inadequate revenue collection, corruption, over extension of water supply systems and lack of renewal construction.

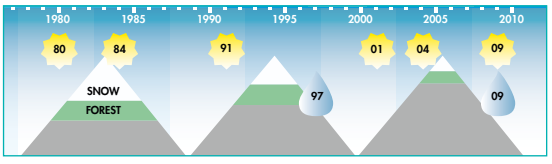
Weak regulatory environment for abstraction.
Unsustainable water and land use policies, laws and institutions; corruption in relation to weak permitting and water allocation practices and compliance; over exploitation and illegal abstraction of water.

7 CLIMATE CHANGE

At the time the work on this report began, much of East Africa, was experiencing the worst drought since 2000, and perhaps even since 1991, that left millions in need of food handouts, death of livestock on a massive scale and electricity shortages from dams running out of water or simply empty. Now in November, as this report comes to an end, the rains have come and as predicted, are heavier than usual (one speaks of El Niño rains). The rains are good, but they also have brought heavy flooding, mud slides, disease (malaria, cholera, Rift Valley Fever) and more death of livestock (weakened by the drought).

Water is a serious issue in Kenya. As shown in the figure, where water is found, so too is the Kenyan population. The majority of the population of Kenya lives close to and relies upon the main "Water Towers" providing water security for livelihoods. As the key to economic growth, equitable access to this resource is paramount in addressing poverty.

As highlighted recently by the media, steps are being taken to address the destruction of the Mau Forest. The large scale destruction of the forest resources has led to flash floods, micro-climate change, soil erosion and dried up lakes.



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The debate entails indigenous Ogiek people, illegal settlers and those who have gained titles for a range of other reasons. Whatever the reason, wanton destruction threatens the very existence of the forest and consequently its role in the ecosystem.

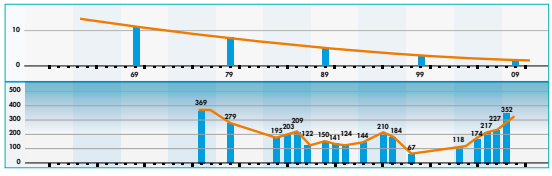
8 WATER STATUS, POPULATION PRESSURE AND CONFLICTS

Climate change is now understood to cause the increased climatic variations of droughts and floods occurring in addition to already natural climate variation. It is difficult to estimate or quantify what can be ascribed to climate change or to 'natural' climate variability, but increasing variation means increasing insecurity and pressure upon the fragile systems in times of shortage. Without systems of regulation to ensure equitable distribution amongst the strong and the weak, the weak have limited options which include taking what they believe to be theirs.
Water is a limited resource in Kenya. In fact, Kenya is one of the most water scarce countries, ranking 26th in the world (UNESCO water statistics), with a steadily declining per capita fresh water availability. While Kenya had some 1500 m3 per person per year in renewable fresh water in the early 1970s, this figure dropped to approximately 600 m3 per person per year in 2007.

By 2010, it is projected that Kenya will have a renewable freshwater supply of just over 500 m3 per capita per annum. By way of comparison, Kenya's neighbours, Uganda and Tanzania, have annual per capita renewable water supplies of 2,940 and 2,696 m3 per capita respectively. Such figures are, however, inextricably linked to the population and its rate of growth.

Storage for domestic water supply gives a more relevant picture as it is within our power to increase per capita storage even in the face of increasing population figures. The availability of storage underlines the historical low investment in water resources and storage.

Whilst the records relating to the surface water availability and storage are very poor, it is universally acknowledged that the situation regarding groundwater and water quality is also similarly dire. Yet despite considerable efforts and isolated recent improvements, the following applies:



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- Strategically important groundwater aquifers are under stress from being over-exploited, causing in Nairobi for example, the ground water to fall an average of 3 meters per annum, due largely to illegal over-abstraction.
- Due to the wanton pollution by city councils and commercial industries, the water of certain key rivers now runs black with both biological and chemical pollutants (including heavy metals) that are many times greater than permitted levels
- Several rivers, such as the Ewaso Ngiro, simply cease flowing hundreds of kilometres short of where they used to provide a lifeline to pastoralists and wildlife in extensive wetland areas.
- The drought cycle in East Africa has contracted. While rains used to fail every nine or ten years, the cycle is reducing. The time for recovery, for rebuilding stocks of food and cattle, is likewise reduced.

Conflict over diminishing resources

The pastoral problems can be best understood to have encompassed:

- The drive to control resources. Periodic and the increasing severity of droughts, has forced people to compete for decreasing amounts of food and water;

- Increased abstraction and declining access to downstream/ river users with pastoralists moving up stream in search of water into settled, often fenced areas

- Prejudices on cultural identities of hunters and gatherers and pastoralists vs. sedentary farmers. Migrants from the highlands settle as crop farmers in areas previously used for grazing (often the best land), erect fences that block the pastoralists' migration to grazing fields. This undermines the traditional ways of coping with drought and often results in conflict with previous users.

- The lack of regulation, compounded by high levels of corruption, impacting upon the rights of access and the state's systems for the allocation of water.

Added to the above, Kenya's population has doubled since the mid 1980's. Population growth has led to a steady influx of people into not only to the catchment areas but also to arid and semi-arid lands, inhabited traditionally by pastoralist groups. In the Tana River District, for example, access to the River Tana by Oromos and Somali pastoralists is a major issue especially during drought since the animals have to move through the Pokomo farmers' land to access the river. There are increasing number of conflicts between the pastoralists and farming communities over water rights, which have contributed to significant loss of property and increased levels of poverty, insecurity and vulnerability.

2.
WATER SECTOR REFORM

The inherent principles guiding the water sector reform agenda are elaborated, underlined by the delineation of roles of respective water sector institutions in relation to the management of water resources and the provision of water and sanitation services.

2. WATER SECTOR REFORM



In 1999, Kenya embarked on a radical water sector reform in order to improve the dire state of the water services and water resource management. Kenya's intention to reform in light of the problems faced and the lessons learnt paved the way for the Sector Wide Approach(SWAp). The Water Act of 2002 is currently the main piece of legislation for the regulation of the water sector in Kenya. All policies, regulations and bylaws, directives and administration actions from the water ministry and strategic plans and all activities by water sector institutions must be carried out in accordance with its provisions.

GUIDING PRINCIPLES

The following principles inherent within the Water Act 2002 guide the reform agenda:

- **Separation of functions:** The separation of policy making functions from day-to-day administration, implementation and regulation;

- **Decentralization:** The decentralisation of functions to lower level organs. Decision-making and operations decentralized from the national level to the regional level for increased efficiency and effectiveness. The devolution of responsibility for asset development to the Water Service Boards; and for water resources management to the Water Resources Management Authority, Catchment Area Advisory Committees (CAACs), communities and other actors.

- **Clarity of mandate:** Avoiding duplication of functions and confusion of competencies.

- **"No responsibility without authority":** All actors have clearly defined roles and will have delegated authority when performing their roles.

- **Transparency and good governance:** Transparent sector budget allocation, fund use and reporting. To define water rights and legislate ways in which water resources can be allocated and utilized within a clear framework for prioritized use in an efficiently and sustainable way.

- **Inclusion of stakeholders and users** in advisory and decision-making capacities. To entrench public participation and involvement in water services and water resources management.

- **Avoiding conflict of interest:** Institutions and authorities should not be both "referee and player". Separation of policy from implementation functions within the water resources management sector.

- **Human resource redeployment and development**
  Re-deployment of existing staff to the proposed institutions being supported by performance based incentive schemes, promotional policies and competitive salaries and benefits. This is aimed at ensuring the availability of sufficient numbers of qualified staff of all disciplines required by the sector, leading to more effective institutions.

INSTITUTIONAL FRAMEWORK

The institutional framework follows two main lines - that of the management of the water resources and that of the provision of the water services. A recent report reviewing the Kenyan Water Sector Reforms[1] in relation to a rights-based assessment noted that:

- The water sector has become more open to participation of civil society.
- Significant improvements in water resource management will help ensure the sustainability of water supplies.
- And Kenya may, in fact, be a regional leader in explicitly reflecting a human rights approach.

The Water Act established a total of 13 new parastatals, with 2 already existing. The segregated roles and reponsibilities of respective water sector institutions are summarised below:

Table 1: Roles and responsibilities

Institution	Roles and responsibilities
Ministry of Water and Irrigation (MWI)	**Development of legislation, policy formulation, sector coordination and guidance, and monitoring and evaluation.**
1 Water Resources Management Authority (WRMA)	• Catchment and Sub-Catchment Planning, management, protection and conservation of water resources. Support and facilitation of Water Resource Users Association (WRUAs), and engagement of civil society/state and non state in the management of sub catchments (Financing through WSTF). • Planning, allocation, apportionment, assessment and monitoring of water resources. • Issuance of water permits. Water rights and enforcement of permit conditions. Regulation of conservation and abstraction structures.
2 Catchment Area Advisory Committees (CAACs)	• Advising WRMA on WR issues at catchment level
3 Water Resource Users Associations (WRUAs)	• Involvement in the decision making process to identify and register water use, Collaboration in water allocation and catchment management • Assisting in water monitoring and information gathering, Conflict resolution and co-operative management of WR.
4 Water Services Regulatory Board (WSRB)	• Regulation and monitoring of Water Services Boards. • Issuance of licenses to Water Services Boards. • Setting standards for provision of water services. • Developing guidelines for water tariffs.
5-12 Water Services Boards (WSBs) Regional Institutions - 8 in all)	• Responsible for efficient and economical provision of water services. • Developing water facilities. • Applying regulations on water services and tariffs. • Procuring and leasing water and sewerage facilities, Contracting Water Service Providers (WSPs).
13 Water Service Providers (WSPs)	• Provision of water and sanitation services
14 Water Services Trust Fund (WSTF)	• Financing provision of water and sanitation for the most disadvantaged. Financing Water Resources Management investment in WRUAs
15 The Water Appeals Board (WAB)	• Arbitration of water related disputes and conflicts.
16 National Water Conservation and Pipeline Corporation (NWCPC)	• Development of bulk water supply, medium and large dams
17 Kenya Water Institute (KEWI)	• Training and Research
18 National Irrigation Board (NIB)	• Development of Irrigation Infrastructure (reform process within irrigation subsector ongoing)

[1] Kenyan-German development cooperation in the water sector, "Assessment from a human rights perspective," June 2007.

PERFORMANCE CONTRACTING

Performance Contracting is part of the broader Public Sector Reforms aimed at improving efficiency and effectiveness in the management of the public services. Performance Contracts (PCs) provide for a negotiated agreement between the Government, and the management of the respective Agency. PCs were introduced commensurate with the establishment of the new water sector institutions 2005/6 supporting the clear determination of the roles, obligations, responsibilities and intended results. The PC System is a useful tool for articulating clearer definitions of objectives and supporting management, monitoring and control methods and at the same time imparting managerial and operational autonomy to public service managers.

PCs have been introduced by GOK to:

- Improve service delivery to the public by ensuring that top-level managers are accountable for results, reversing the decline in efficiency and ensuring that resources are focused on attainment of key national policy priorities of the government.
- Institutionalize a performance-oriented culture in the public
- Improve services through the introduction of an appraisal system to:
    - Measure and evaluate performance
    - Link rewards to measurable performance
    - Facilitate the attainment of desired results
    - Instill accountability for results at the highest level in the government
    - Ensure that the culture of accountability pervades all levels of the government machinery.
    - Strengthen and clarify the obligation required of the government and its employees in order to achieve agreed target.

3.
THE KENYA WATER AND SANITATION PROGRAMME AND ITS ACHIEVEMENTS

The objectives and aspirations of the KWSP 2005-2009 and its respective components are introduced as articulated in the original programme component documents. The achievements, both qualitative and quantitative in water and sanitation service delivery, water resources management and water sector reforms, are analysed in relation to the establishment of relevant systems and the attainment of respective targets.

3. THE KENYA WATER AND SANITATION PROGRAMME AND ITS ACHIEVEMENTS

In this chapter KWSP is introduced in terms of its objectives. The achievements are reviewed in relation to its key targets. The non-achievements are also considered.
Summary achievements against the log frame of the KWSP are provided.

The Sida/ Danida Kenya Water and Sanitation Programme (KWSP) started in October 2004 with the main Technical Assistance support coming on line in March 2005 and running until December 2009. Support consisted of 3 components: Rural Water Supply and Sanitation (RWSS); Water Resources Management (WRM) and, support to Water Sector Reform (WSR).

The overall or global objective of the Programme was that the support provided should lead to substantial social (increase in quality of life for the poorest) and economic (revival of economic infrastructure) gains that would create outputs that can be measured and monitored both during and after the KWSP. It was also expected that the Programme would result in substantial gains for the environment (sustainable management of Kenya's most precious natural resource: water), gender (a focus on mainstreaming of women) and good governance (a focus on use of democratic mechanisms to empower local organisations). KWSP would promote vital human rights in terms of access to water services and water resources. Children's rights and especially finding solutions to the problems faced by households headed by children were to be integrated into the Programme, as were concerns related to HIV/Aids.

The KWSP in water services was to cover approximately 900,000 persons with safe water by the water supply schemes to be constructed and additionally some 2,700 4-compartment institutional/public latrines were to be constructed. In regard to improved water services provision, the key emphasis was placed on:

- *community mainstreaming* measures leading to *cost recovery* of WSS investments;
- the strategies for *gender mainstreaming* being accepted and implemented at all levels; and
- the *private sector* responding to the new demands and the competitive and rewarding environment emerging in the provision of sustainable and cost effective services.

In regard to Water Resources Management, emphasis was placed on:

- the *long term needs* as opposed to unsustainable short term economic gains;

- ensuring the political backing to enforce the appropriate water resources regulations, including collection of fees for abstraction and discharge and be able to effectively introduce the "polluter pays" principle.

The objective of the rural water supply and sanitation (RWSS) component was to ensure sustainable, safe and affordable rural water supply and sanitation managed by communities with special focus on the poor, women and disadvantaged groups, to be assessed in relation to the immediate objectives outlined in the Programme Document, as follows:

- The development and support provided to the institutions and systems supporting RWSS in regard to their operating effectively and efficiently and in a demand-responsive manner;
- The increased access of safe water supply in rural communities and the sustainable operation and management of these systems;
- The contributions made in regard to improving hygiene awareness and practices.

The objective of the water resource management (WRM) component was to ensure a rational and efficient framework to sustainably meet the water needs for national economic development, poverty alleviation, environmental protection and social well being of the people through sustainable water resources management. The immediate objectives were sub-divided in relation to the intended institutional structure to ensure WRMA's effective and efficient operation, at National, Regional Level and in regard to CAACs and WRUAs.

The priority was to establish an institutional structure but the above objectives did not reflect the vertical technical themes later identified, as follows:

- Institutional development
- Catchment Management strategies
  - Water regulation in SW, GW and WQ
  - Water resources monitoring and data management
  - WRUAs support, development and implementation

This better reflects the work of the WRMA. It is for this reason that within this document the achievements are assessed in relation to the vertical technical themes.

The component provided for support to be directed towards transboundary water issues and in water for productive purposes. It further provided for support to the Water Appeals Board (WAB) with the objective that it should function effectively.

The development objective of the water sector reform component was: An enabling environment for the water sector that ensures effective and equitable delivery of water services and integrated management of water resources. Its immediate objective was: Enhanced capabilities of restructured institutions in the water sector.

The monitoring systems for each component were recognised as being complex, with the main overall indicators for each component prescribed as follows:

- The RWSS Component: percentage (%) improvement in coverage of water supply and sanitation.
- The WRM Component: it was perceived as unrealistic to judge the WRM component on the basis of one indicator alone with monitoring requirements reflecting a number of indicators to be determined. These included:
  - Establishment of the organisation;
  - Conceptual framework development for WRM, and
  - Development of working relationship with two WRUAs and their support
- The WSR Component: The establishment of the reorganised MWI, the WSTF, the WSBs and the WRMA with staff and budgets that allow their mandates to be achieved.
- GOK implementing the reforms, in terms of providing adequate funding and transferring appropriate and capable staff to support the new institutions.

The key risk recognised at the advent of the KWSP was that the Ministry would not provide broad-based and sustained support to the whole institutional reform process. This lack of support would seriously impact upon the objectives of the co-operation, since support at top and medium ministerial levels is essential in especially the early stages of a reform. MWI staff not accepting the reform process, and perhaps actively resisting, could also mark the end of it.

The KWSP's management structure was designed to lead as swiftly as possible to a sector wide approach (SWAp). For this reason, the main decision-making structures were designed to be at component level using the normal Kenyan systems of decision-making and reporting. Parallel decision-making/institutional structures were to be avoided. At the programme level, a temporary Programme Steering Committee (PSC) was created in order to nurture a strategic dialogue between the co-operating partners. The PSC was established with a possible view to being expanded in

time to include other donors or transformed/merged with other mechanisms for achieving a SWAp. A Kenyan Programme Co-ordinator (PC), supported by a Danida supported Sector Adviser (SA) at the programme level, were to work towards facilitating the adoption of an early SWAp. The main technical assistance provision was to be supplied through a contract with MWI/ Sida managed by MWI.

In regards to financial management, funds for RWSS investments and capacity building were to be channelled through the Water Services Trust Fund (WSTF) to communities that comply with WSTF's selection criteria. It was thus entirely in line with long term future Kenyan modalities for financing the RWSS sector. For the WRM and WSR components, financial transfers were to be made to a programme bank account under the WRMA and the WSRS respectively. The control over the expenditures was to follow a series of stages from dual towards sole Kenyan control and ultimately transfer via the treasury (i.e. budget support) depending on the attainment of a number of indicators.

3.1 ACHIEVEMENTS IN RURAL WATER SUPPLY AND SANITATION

The achievements of the KWSP are to some extent covered in the Joint Evaluation Mission Report[2] (March 2009). Additional detail and more analysis of these achievements are documented in the KWSP/ PCU Bi-Annual Reports, the TA Periodic Quarterly Reports 3 from June 2005. The LL Team have however attempted to present some of the less obvious aspects of these achievements, including those more difficult to substantiate.

3.1.1 SUPPORT IN THE ESTABLISHMENT OF THE INSTITUTIONS AND DEVELOPMENT OF SYSTEMS

By all accounts, the KWSP has made a considerable contribution in the establishment of each of the WSBs, further providing support to the WSTF and WASREB. The support provided has included:

- The mentoring in operationalisation provided through the provision of the LTTA.
- The provision of STTA through a large number of assignments directed to supporting the establishment of systems, the provision of training and addressing specific technical constraints. Since 2005, KWSP has been requested to respond to over 260 STTA terms of reference from which teams of 1-4 persons have been engaged from anywhere between 5-160 days. Of these 260 assignments, 190 have been in support of the RWSS Component and the water service provision issues.
- Of the 190 assignments, 480 person weeks have been utilised of which 150 person weeks, or 30%, have been in support of financial management and related areas.

There are perhaps three areas where the outcome of the support of the KWSP can most clearly be seen. These are:

1. The development of the Financial Management Information System.
2. Framework contracting for the provision of STTA (WSTF)
3. The development and operationalisation of the CPC leading to the means through which many communities have and are benefited through improved water and sanitation.

1. Financial Management Information System

Most of the WSBs have been supported in establishing and operationalising their own FMIS system. The time requirements for this endeavour were, to a large extent, very much underestimated in the original PD. In addition to the 30% use of STTA in support of financial management, a LTTA was engaged to work with all the relevant WSIs in the operationalisation of the FMIS. It is noted that:

- Financial management support has been a key area for which clear demand has been expressed by respective WSIs in relation to water services;
- Financial management continues to be an area requiring considerable Technical Assistance support;
- This support can be provided almost if not entirely with National TA resources;
- The support, whilst initially required for the WSIs, is now required further down the "food chain" at the level of the WSPs, CBOs and WRUAs ; and
- Insufficient attention and/or resources are presently available for this area that is responding to a felt need for greater accountability and financial clarity.

[2] Joint MTR Review (March 2009) [3] The last of these reports, Technical Assistance Annual Report 2008/9 , reports on all activities supported by the technical assistance during 2008/9 covering a period of 12 months up until the end of June 2009. This report, along with all the other periodical reports, is found in the set of CDs attached to this document.

2. Framework contracting for hiring of STTA

Whilst a minor input, the outcome is of major importance in the capacity development of the WSTF and could in future be of importance for the sector. In a similar procurement system to that used for SOs and QCAs procurement, the WSTF, in 2009 with KWSP TA support, established a fixed fee framework for the hiring of STTA. This system has subsequently enabled the WSTF to respond quickly in recruiting TAs to assist in a number of required support functions.

In performing its fiduciary oversight role, the WSTF is periodically faced with the need to investigate allegations of mismanagement in respect of the utilisation of funds by CBOs/SOs etc. In this regard it is often found more appropriate that such investigations are undertaken by independent consultants outsourced for the purpose. This allows the WSTF to remain independent and impartial when reviewing the findings together with the parties concerned and provides more appropriate material as found from experience when going to court to resolve disputes.

3. Community Project Cycle (CPC)

The second most evident contribution to the Rural Water Sector has been in terms of the support provided in the development of the CPC. Much has been written about the CPC, due to its popularity and good results. However, the analysis below attempts to present some lesser known aspects and results.

The figure below briefly summarises the CPC through an illustration of its 7 steps.

The key elements of the CPC are better presented when the CPC and NON-CPC processes are compared in terms of their incentive structures and related fiduciary risk.

The WSTF is responsible for how other people's money is utilised, yet the WSTF is not directly accountable for the use of funds once transferred to a community's or an NGO's bank account (a second party), instead the WSTF is expected to demonstrate that the funds provided are:

- accounted for (by the second party)
- used effectively for the purpose intended (by the second party) and,
- result in value for money, i.e. having the maximum beneficial effect, verified by an effective monitoring system the WSTF is expected to maintain.

The NON-CPC and CPC are both cycles for the preparation, planning and implementation of rural water and sanitation projects, but the means to achieve the same objectives are completely different in terms of the responsibilities of the stakeholders involved.

Reducing fiduciary risk

During its first three years, the WSTF faced a number of challenges regarding governance, with audited questioned costs (QC) in March 2007 being over Kshs 120m in relation to the Kshs 656m disbursed for the funding of 107 NON-CPC schemes. The QCs raised were in regard to the institutions, Support Organisations (SOs), which had received funds for the implementation of community schemes.

Openly recognising the weaknesses and lack of system within the NON-CPC, the WSTF established and applied the necessary systems inherent within the CPC.

It should be noted that prior to the advent of the CPC process, the WSTF-funded projects were managed in accordance with the Operations Manual prepared for WSTF by Price Waterhouse Coopers (2005). The WSTF adopted projects and SOs previously funded by donors. The NON-CPC contract was based on the premise that money for construction would be disbursed to the SO's account, who, on behalf of the community would implement the project. Any savings from the contract would be returned to the WSTF.

While savings were returned in one case, it is understandable that such a contract has a tendency to result in:

- The SO (as contractor) tending to think of the funds provided as their own.
- The SO tending to hide savings as there was no advantage to the SO to transparently account for the funds and return unused funds to the WSTF

Figure 3: Diagrammatic representation of the CPC

Source: WSTF (2008)

There is nothing wrong with the principle of hiring a contractor to build a water project, such systems are used worldwide, but to be effective, they need to be matched with robust quality control systems, which were absent in the NON-CPC methodology.

In the use of the contractors, the indicators of successful service provision is the physical result, supported through on-site technical monitoring. A contract principally achieves the lowest allowable standard to maximize profit. The supervisor is not interested in monitoring the accounts of the contractors. It focuses primarily on assuring that the job is achieved and the end result meets the necessary standards. The WSTF was provided in the NON-CPC model with a system that required not only that it supervise the quality but also that it scrutinise all expenditures made by the SO to ensure that every unspent shilling was returned.

Moreover, the WSTF was establishing itself and was further under considerable and intense pressure from GOK, and particularly donors, to disburse funds to schemes that were then poorly selected and ill prepared. Despite advice for the contrary (from the TA and others) the funding of these projects still went ahead. The schemes were to be constructed by SOs previously funded by the Swedish and Danish Embassies, which had not been audited over the previous 2-3 years. The consequences were, in hindsight, as expected.

A central element to reducing fiduciary risk is to understand the incentive structures of the stakeholders involved in the selection, preparation and implementation of a WSS Project. It is within this environment that the WSTF has strived to reduce fiduciary risk in relation to the development of systems and tools related to the CPC process.

Transparency in regard to equitable allocation of public resources

The WSTF must be able to respond to a poor community in a location that has not been selected. It must be able to respond to the question, "Why was our community not chosen for funding?"

WSTF investment to improve the water services for the poorest in Kenya does not begin with the approval of a water supply and sanitation funding proposal. The process already begins through the implementation of a system that directly influences the WSB targeting of investment for proposal preparation in the poorest locations.

Whereas the NON-CPC financed any scheme that met the basic criteria for funding, the CPC introduced a system to target investment to the poorest and most underserved.

The determination of target locations was based on an open participatory process in which poverty criteria were combined with local knowledge of the water and sanitation situation, resulting in the selection of 50 target locations in each WSB. A map of target locations is provided in chapter 8.

Despite what can only have amounted to considerable political pressure to do otherwise, the WSTF, supported by the WSBs, has until now maintained this principle and only schemes within these target areas have been funded. This is a lesson learnt, a good practice and a major achievement.

Working closely with WSBs and other water sector partners

The NON-CPC Projects were mainly implemented in partial isolation of the WSBs. The WSTF now strives to work hand-in-hand with its WSB partners to combine the local and technical experience of the WSBs with the external oversight strengths inherent within the WSTF-WSB structure.

Empowerment of communities by transfer of funds to the CBO account

In the CPC, the WSTF/WSBs are responsible for ensuring that communities are capacitated, such that they are able to be recipients of funds designated for them. In the CPC implementation phase, the WSTF directs its funds directly to the community account. The account is owned and operated by elected members of the community. This places upon the WSB/WSTF the need to ensure that community members, who elected their representatives, are fully aware that "their" resources are in the hands of "their" elected. Every means and effort in the CPC should be used to ensure that this information "gets through" to the members of the community, as only then can the community perform its public audit function and provide public oversight regarding the use of funds.

Robust monitoring systems – Independent oversight

The WSTF has learnt the importance that must be attached to the Implementation Contract. The CPC Implementation Contract now includes:

- The CBO Management Committee and three sub committees in relation to Financial Management, Procurement and Monitoring. The names of those responsible in the implementation of the contract, are clear and each committee has its own clearly defined roles and responsibilities

- Clear definition of the roles and responsibilities of all parties, including the CBO, the SO, the WSB and its QCAs and the WSTF. The QCA providing addition independent oversight in the monitoring of a project.
- Clear payment terms in relation to the time schedules, milestones and expected physical and capacity development outputs
- The standards and expectations of the WSTF are clear in terms of the quality standards in relation to financial book-keeping, physical construction and other activities to be conducted during the course of the project
- A clear output based compliance monitoring structure with several levels of independent oversight in relation to technical and financial monitoring.

In relation to the above, whilst the pre-approval Implementation Contract "Check List" is a simple and somewhat humble tool, when applied it has been shown to be extremely effective in terms of supporting quality control. Of the first 22 CPC scheme proposals submitted, all had to be returned with comments as to how they fell short of the required standards and the improvements that were required. Thereafter, the acceptance rate improved markedly.

Private sector capacity development and inclusion in the rural water sector

One consequence of the CPC has been the development of increased capacity within the private sector and an opening up of possibilities for the private sector, particularly SOs and QCAs, to participate as service providers in the development and support of quality water supply and sanitation initiatives. The opportunities are now offered through public advertisement and transparent selection procedures. A simple review of the daily papers underlines that the water sector stands out, in comparison to other sectors, in terms of the number of open requests for submissions of expressions of interest and tenders publicised throughout the country.

3.1.2 IMPROVED ACCESS TO WATER

Fulfilment of the second RWSS objective is best described in purely quantitative terms and against the target 900,000 people "covered", as indicated in the PD.

NON – CPC (Schemes built by NGOs on behalf of the community)

By 2005 (the commencement of the KWSP and the beginning of operations of the WSTF) there was considerable donor pressure for MWI and its new institutions (WSTF/WSBs) to "adopt" these incomplete schemes together with a "pipeline" of other projects. There were several alternative, ad hoc, administrative arrangements made in regard to the 125 NON-CPC projects:

- 107 were transferred or engaged for support by the WSTF
- 13 supported directly by the KWSP/PCU, then transferred to the WSTF
- 5 implemented directly under the supervision of the Danish Embassy through their appointed NGO

Whilst formal responsibility for these schemes had, in the main (as there were exceptions), rested with the Ministry, there was reluctance on the part of the new institutions (WSTF/WSBs), to adopt this pipeline of projects. There may have been several reasons for this reluctance but one was certainly a general lack of confidence in the selection and implementation procedures applied. Whilst the respective Embassies had traditionally been funding projects through this system of direct NGO support over some years, the audits of the respective NGOs had lapsed.

Once "adopted" the pressure to maintain donor disbursement projections continued in the face of growing concern. Where traditionally one might have expected the donor community's attitude in regards to disbursement in the face of risk to be conservative, one found the opposite, with very much pressure placed upon the newly established WSTF to disburse.

By May 2007 the system for regular audit established under the PCU resulted in WSTF audited questioned costs reaching over Kshs 120m (€1.2m) and the funding to the WSTF being put on hold. The WSTF, that had not originally been "ear marked" for TA support in the KWSP Programme Document, was thereafter afforded support.

In addressing these audit questioned costs, five NGOs were taken to court and today these same disputes, subsequently transferred to arbitration court, continue to extract considerable WSTF management time and money.

The 125 schemes relate to an approximate total (donor and GOK) investment of Kshs 1billion. The 107 projects relate to a total investment cost of approximately Kshs 995m, of which the KWSP/ WSTF provides Kshs 844m. These investments should reach approximately 800,000 people. These figures, however, are estimates as there has been no authentic comprehensive ground truthing of this information.

The intention was that all NON-CPC projects would

Table 2: Completion rate of NON-CPC schemes

WSB	25-49%	50-74%	75-99%	100%	Total no. Projects
LVNWSB	1	1	2	8	12
LVSWSB	1	2	4	9	16
RVWSB	0	1	4	12	17
AWSB	2	1	1	13	17
TWSB	1	2	7	7	17
MWSB	1	2	4	9	16
CWSB	1	2	3	6	12
TOTAL	**7**	**11**	**25**	**64**	**107**

Source: Technical Assistance (ORGUT) Annual Report (2008/9)

Table 3: Completed CPC Projects by WSB

WSB	# of projects	Population
LVN	4	41,700
Tanathi	1	4,450
LVS	1	490
Rift Valley	2	8,130
TOTAL	**8**	**54,770**

be completed by June 2008. The WSTF has provided status reports for 107 NON-CPC Projects funded by WSTF. The WSBs have monitored these projects on behalf of WSTF. The present status of these projects is shown in the table above.

Reports suggest that the schemes are still being monitored and it is expected that they will be completed by the end of the KWSP I, however this statement has been repeated over time and it is already known that some of these projects still being quoted in coverage figures are non operational, providing "no visible impact", such as Manguva Dam said to benefit 39,500 person.

A key issue in the determination of the contribution to coverage of the KWSP is the general poor quality of data and related follow up on the performance and coverage of the NON-CPC schemes. Where better information is available, such as in the case of Tana-WSB, information would lead one to conclude as in figure 4.

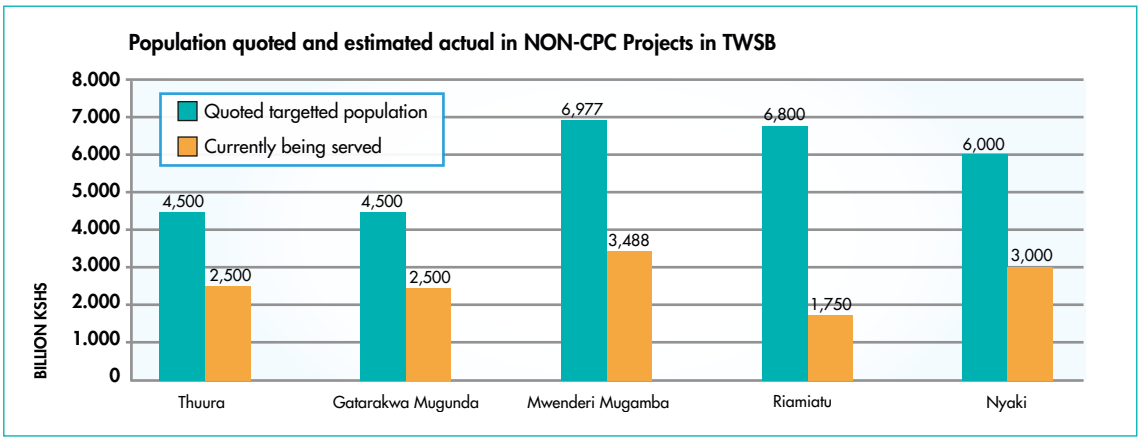
In Tana, there are 7 projects said to be complete. Six of these are said to be providing services to an anticipated population of 28,777. Closer scrutiny of these six projects reveals that a smaller population, estimated at 13,328 or 46%, are actually accruing benefits.

Based on the very limited data available, the Lessons Learnt Team, through personal experience, interview, sparse WSB data provision and in light of the fact that to date 36% of the schemes remain officially non-complete, would estimate, the actual coverage resulting from this Kshs 1 billion investment, is not more than 500,000. It is recommended that a comprehensive independent assessment of the actual coverage, the attained services levels and related costs and benefits in relation to the NON-CPC projects be undertaken, with such a study being part of future secor programme support. In the absence of which, one can only estimate the coverage and per capita costs (at approximately) 500,000 population coverage ands Kshs 2,000 per capita (direct investment) respectively).

CPC (Projects supported through the Community Project Cycle).

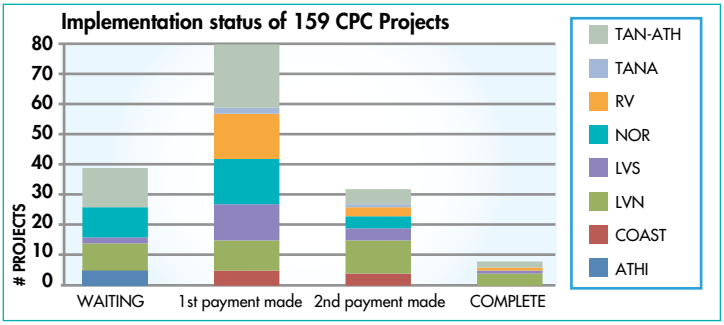
In determining the contribution of the CPC to the Programme target of 900,000 people it is relevant to also consider that as of the end of September 2009, a total of 8 CPC projects were completed representing improved water and sanitation for a population of only some 55,000 people. It is also relevant to consider the number of projects prepared for funding and under implementation their payment status is provided in figure 5.

Figure 4: Estimated and actual beneficiary Non-CPC population



Source: Tana WSB data

Figure 5: Payment status of 159 CPC Projects (September 2009)



Of the 159 projects:

- 8 are complete
- 32 have received 2nd payment
- 80 have received 1st payment
- 39 are pending on account of the lack of financing

NON-CPC and CPC Combined

In considering the contribution of the KWSP to date in providing water and sanitation facilities it is necessary to add both the CPC and NON CPC data. The figure below provides an overview of the present status of completed projects and their contribution to the anticipated targets set in the Programme Document.

In regard to the implementation progress in achievement of the 900,000 target the following should be considered:

- As recognised from the NON-CPC discussion, whilst the early implementation of the NON-CPC provided high expectations on what was to be achieved, the issues ensuing negatively impacted on the preparation of a comprehensive holistic project cycle for the implementation of community based water and sanitation systems.

- The WSTF has completed 8 schemes with a population of approximately 55,000; has schemes under implementation relating to a population of close to 650,000; and has prepared and accepted for funding schemes with a population of 200,000. Under WSTF's present portfolio, this represents a total population of 900,000. This is shown in table 4.

Figure 6: Present and future coverage in relation to NON-CPC and CPC Projects

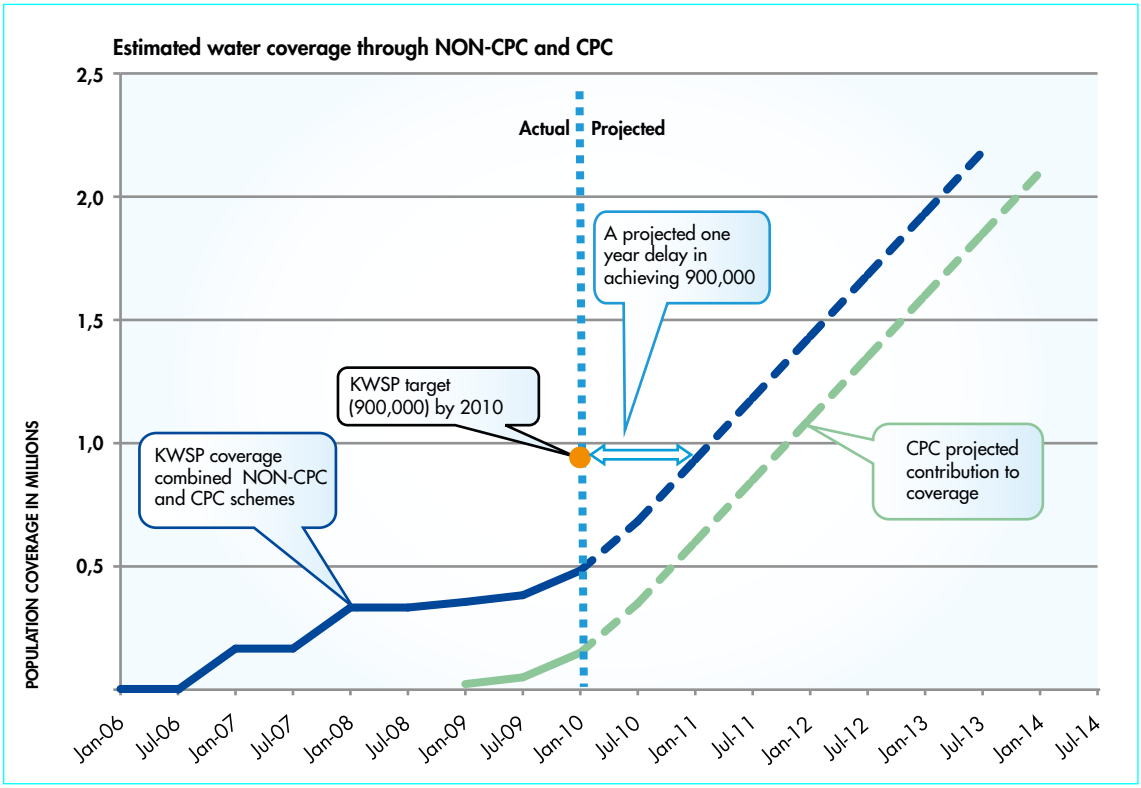


Figure 7: Project distribution by WSB of 159 CPC projects approved by WSTF as of Sept 2009

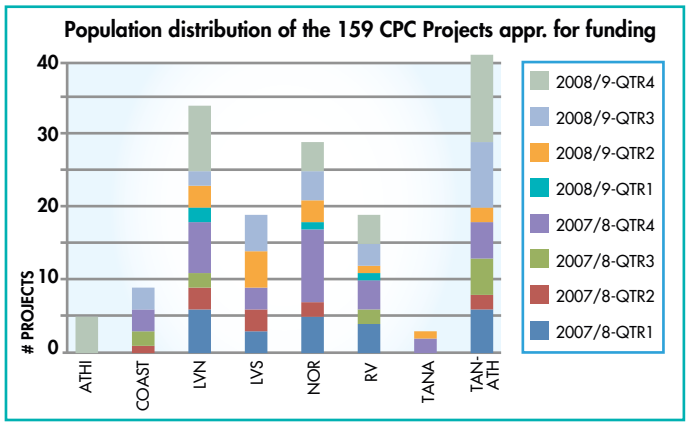
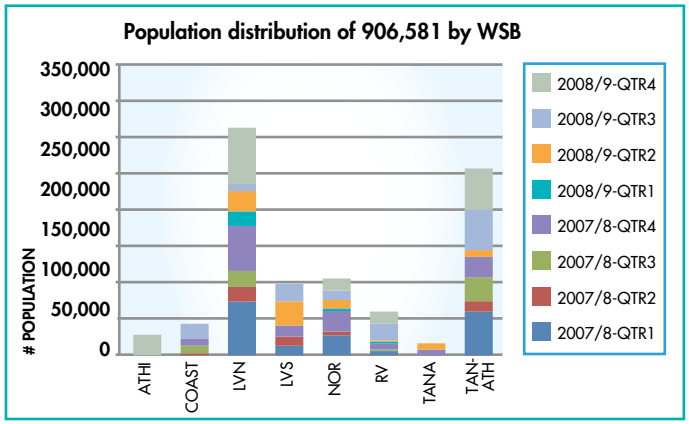


Table 4: WSTF status regarding projects completed, under implementation and pending.

Status	Population
Completed	54,760
Recieved Payment 2	202,974
Recieved Payment 1	442,705
Pending due to lack of funds	206,142
Grand Total	**906,581**

Figure 8: Population distribution by WSB of 159 CPC projects approved by WSTF as of Sept 2009



When considering this, it is apparent that the WSTF presently lacks clear targets in terms of the anticipated number of projects to be completed. It is the completed number of projects upon which performance of WSTF and WSBs should now be measured. The scenario presented in figure 7 provides a realistic expectation of the CPC process in terms of CPC coverage. The performance contracts of the WSTF and WSBs should in future reflect the number of completed projects, as well as the population.

There are presently 39 projects awaiting financing. It is usually expected that fund flows and investments in the rural sector for the poorest are limited due to low absorption capacity. It is therefore most unfortunate that in the case of these 39 projects, the delay is due to lack of funding. All those waiting represent rural communities who have in good faith been mobilised and contributed to an extensive preparation of a quality proposal.

COMPARATIVE PERFORMANCE OF WATER SERVICE BOARDS

The figures 7 and 8 indicate that while Tanathi-WSB has taken over from LVN-WSB as the lead Water Service Board in terms of the number of *projects* (fig. 7) approved, LVN-WSB still maintains first position in regard to the number of *people* (fig. 8) to be serviced through the CPC process, targeting a population of over 300,000 people.

Tanathi has recently made considerable performance gains, due largely to the work it "adopted" from both Tana and Athi. Many, if not all, of the projects once found in Tana and Athi WSBs have been transferred to Tanathi-WSB. The quarterly approval rate by the WSTF demonstrates an annual cycle of increasing approval principally related to efforts by all parties to meet performance contract targets.

COMPARATIVE PERFORMANCE OF WATER SERVICES TRUST FUND

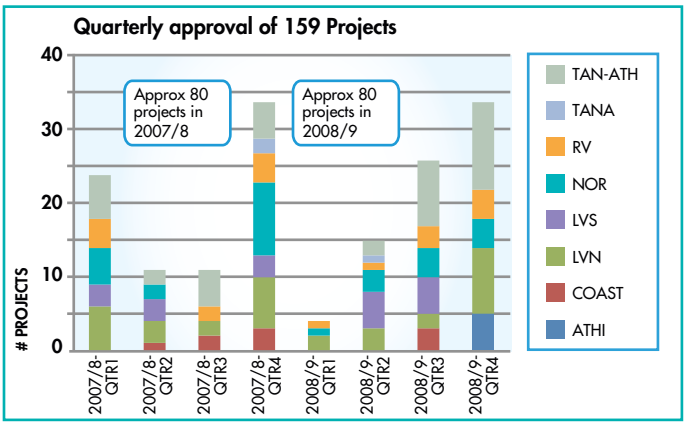
It is relevant to reflect upon the processing and approval capacity within the WSTF. The WSTF has grown in terms of its staffing and capacity since 2005. Its early operations were disrupted as a result of the NON-CPC schemes and even today time and considerable resources are still being directed to addressing this legacy.

The approval rate of projects as see in figure 9 would lead one to conclude that WSTF's present limitation is no longer its capacity to process project approvals but in regard to the availability of financing.

The WSTF has, to a very large degree, kept to the criteria established for the financing of CPC projects. In the initial tranches, prior to full internalisation of these criteria, one or two projects fell outside this frame, but this is no longer the practice.

It should also be recognised that few of the NON-CPC schemes are in target locations. The target loca-

Figure 9: Quarterly approval rate of projects by WSTF



tions of the CPC are the poorest and often the lease accessible. In these target locations it can be assumed that due to distance and initially low community capacities, the cost of raising capacity to the point where the community takes full responsibility for management and procurement, and the direct costs of providing water in marginalised areas together with the overhead costs of support are likely to be higher.

The LL Team's assessment from field interviews is that community capacity in the CPC schemes has and is, being built in the process of implementation like few other such empowerment programmes. The consequence of the CPC approach therefore provides for more than simply the provision of a water and sanitation services and as such, represents a significant achievement.

3.1.3 THE CONTRIBUTION TO EFFECTIVE HYGIENE AWARENESS AND PRACTICES

The Water Services Boards have undertaken extensive Participatory Hygiene and Sanitation Transformation (PHAST) Training of Trainers creating a database of approximated 120 trained PHAST trainers. The training workshops also resulted in the constructive engagement and involvement of the Ministry of Health staff at the field level.

Figure 10: Comparative average size distribution and costs of NON-CPC and CPC Schemes

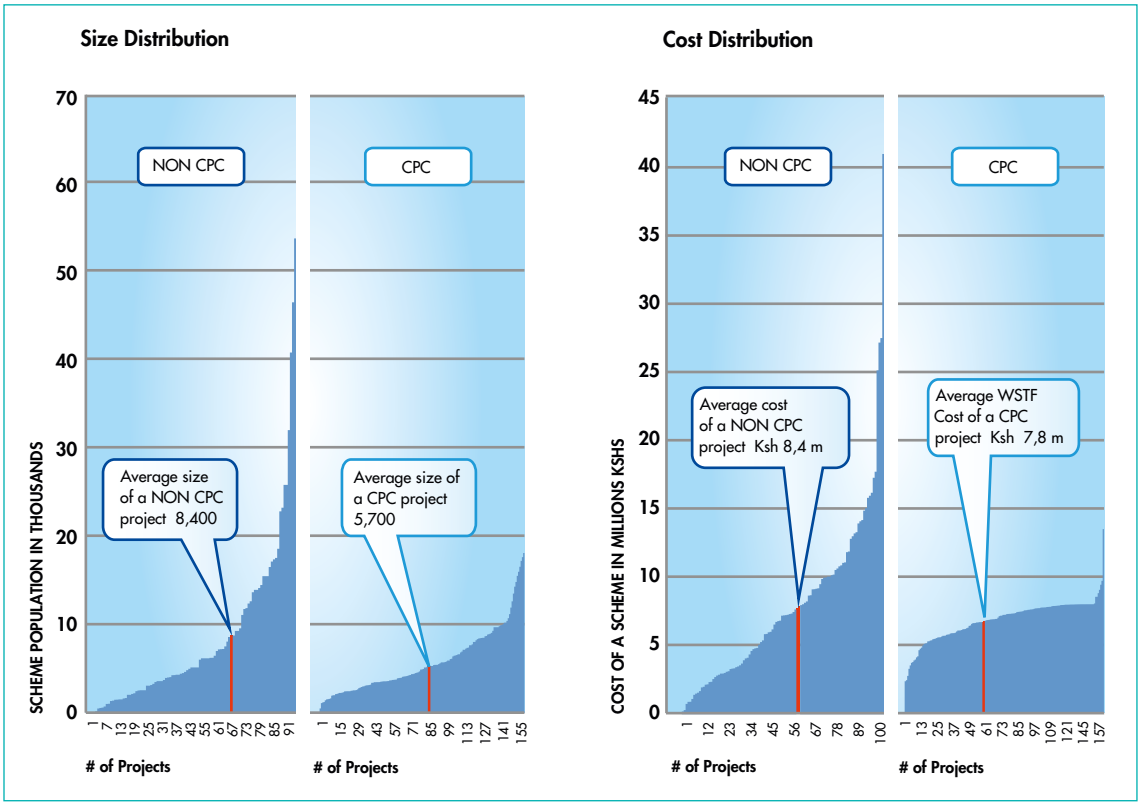
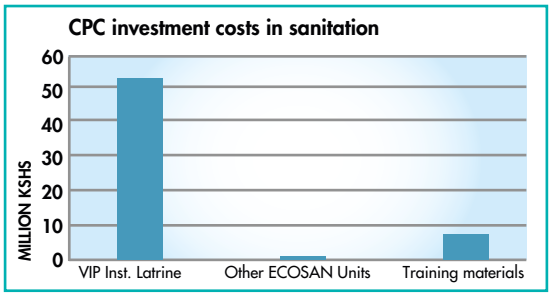


Table 5: Number of sanitation facilities

Item	Type	No
VIP Latrine	4-Door	37
	3-Door	107
	2-Door	727
	1-Door	8
ECOSAN Units		6
Traditional pit latrines		5
Bathrooms		10
Total		**900**

Figure 11: Total investment costs in sanitation



Note: Traditional pit latrines were not directly funded but were constructed by the communities as a result of training (not considered a community contribution as in UNICEF WASH Programme).

Generic PHAST tool kits have been developed for each WSB, which the facilitators can apply directly or adapt to the various social and cultural situations.

Child-to-child CHAST/CTC training of trainers was also organized by WSBs, resulting in about thirty trained facilitators. Neither of the two types of training were then followed-up in relation to action plans developed, and the uptake of new practices was not documented. Considerable effort was, however, placed on hygiene and sanitation awareness creation through PHAST/CHAST/CTC in project areas.

Approximately 900 latrines are represented within the designs of the 159 approved projects constructed and to be constructed in schools, institutions and public places representing an investment of approximately Ksh 59,053,273.

In addition to institutional sanitation facilities, the principal type of sanitation promoted through CPC has mainly been the VIP latrines at household level. These are expensive and the uptake has been quite slow.

3.1.4 A SUMMARY OF THE RWSS COMPONENT ACHIEVEMENTS

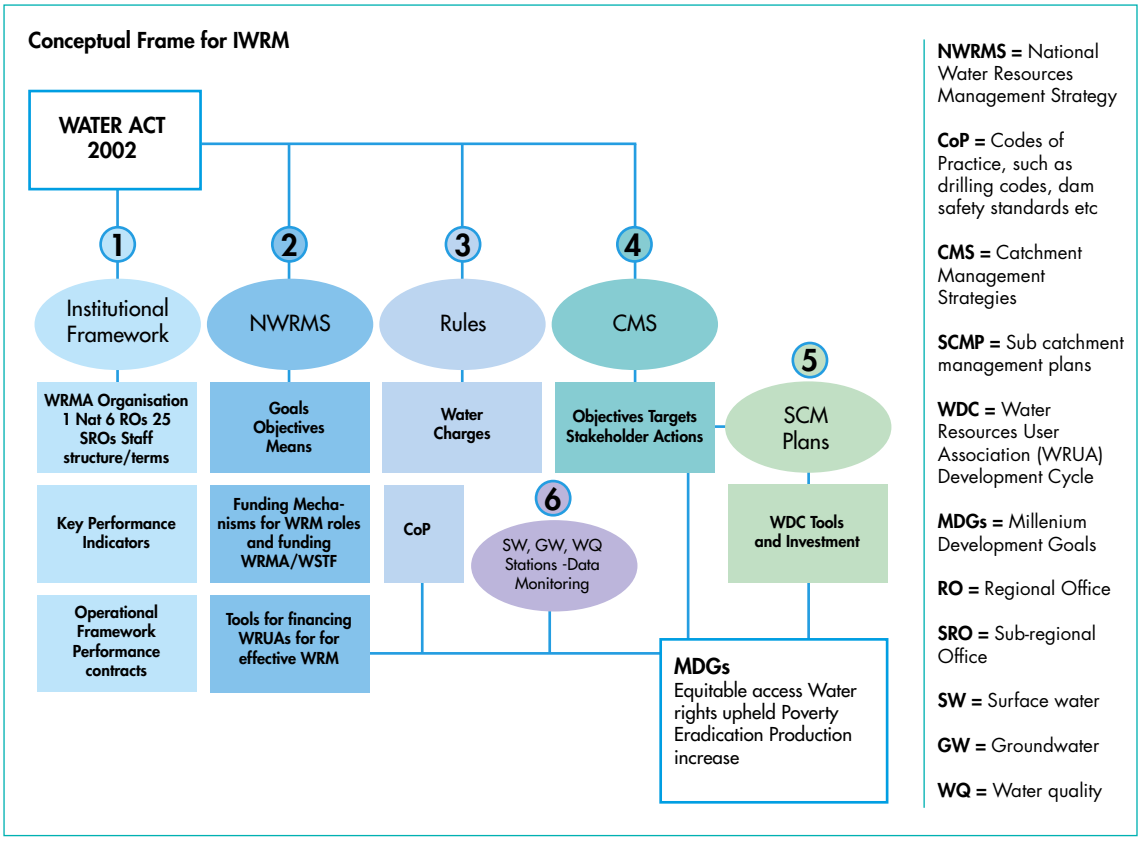
A summary of the RWSS Component achievements are provided in the table below against the logical framework found in the original Programme Document of the KWSP.

Table 6: Summary of the RWSS Component achievements in relation to the Logical Framework of the KWSP Programme Document

1	**RWSS OBJECTIVE:** Sustainable, safe and affordable RWSS managed by communities with special focus on the poor, women and disadvantaged groups
1.1	**INSTITUTIONS SUPPORTING RWSS OPERATING EFFECTIVELY AND EFFICIENTLY AND IN A DEMAND RESPONSIVE MANNER**
1.1.1	**Establishment of new water service institutions completed:** *- Successful establishment of 8 new WSBs,* *- Additional support to WSTF and WASREB provided not anticipated in PD - establishment of FMIS systems,* *- Ministry delays in effecting transfer of staff and assets,* *- Reorientation of staff within WSIs and with PS service providers*
1.1.2	**WSBs capacitated to perform in a demand-responsive and adaptive manner in rural areas:** *- Successful establishment and internalisation of CPC system of resource allocation, based on community expressed demand,* *- CPC incorporation of rights based approaches promoting community management and fiscal responsibility,* *- Community contributions maintained(15%) - gender recognition and needs of marginalised groups addressed in project cycle.*
1.1.3	**Funding for small-scale rural water supply targeted to poorest communities and groups and operated through efficient, transparent, and accoun¬table procedures:** *- Overcoming of initial shortfalls regarding NON-CPC projects,* *- Successful adherence to investment ceilings, per capita and unit costs,* *- Investments directed through WSTF to the poorest target locations maintained*
1.1.4	**WSPs, including the private sector, facilitated to promote small-scale, cost-efficient rural water supply and sanitation services:** *- Large increase in the use of outsourced services from PS. 30 SOs and 10 QCAs engaged in 2008/9.* *- Transparent framework procurement/contracting of SOs and QCAs established. Clear distribution/allocation of costs between respective actors/service providers.* *- Per capita kept to below Kshs 2,000 (Euro 20). With approximate 30% overheads in respect of layout planning, design, monitoring, implementation supervision and transaction costs funding institutions.*
1.2	**INCREASED ACCESS TO SAFE AND SUSTAINABLE WATER SUPPLY IN COMMUNITIES**
1.2.1	**Rural communities, especially women, capacitated to plan, implement and manage water supplies:** *- CBOs are the implementing organisation with majority women members,* *- Some CBOs entirely women self help groups,* *- Society and institutions conscious of gender disparities and inclusive policy of government,* *- Minimum of 30% representation of women in key positions of CBO maintained.*
1.2.2	**Technically, socially and financially sustainable water supplies implemented and functioning in targeted communities:** *-125 NON-CPC projects implemented of which 65% complete providing an anticipated coverage of 500,000 people,* *- 165 CPC projects approved for funding of which 12 complete representing population of 54,000,* *- 32 projects having received 2nd of 3 payments, 80 projects having received 1st of 3 payments and 39 projects pending due to lack of financing. Of the 8 WSBs 5 WSBs have upwards of 20 projects the greatest number being Tanathi with 41 projects. Service levels are anticipated to raise 50% of the population in targeted scheme areas into service levels 1 and 2 (meeting MDG coverage criteria), while reducing those in service level 4 from an initial 52% to an anticipated 14%.*
1.3	**HYGIENE AWARENESS AND PRACTICES IMPROVED IN RURAL COMMUNITIES**
1.3.1	**Hygiene education provided for women, men and children in rural communities:** *- Whilst its assumed that within the NON-CPC schemes hygiene education support was limited, within the CPC funding is provided for PHAST/CHAST training and SOs have been engaging with the PHOs in household hygiene and sanitation training,* *- the follow up systems are however weak as are tangible verifiable indicators of impacts,* *- follow up on household sanitation coverage is largely ignored*
1.3.2	**Sanitation facilities promoted and implemented in households, institutions and public places:** *- The PD focused on the importance of institutional sanitation for which funding was provided,* *- Over 900 institutional toilet facilities have been provided for within the 159 CPC schemes,* *- Information on household sanitation coverage indicates raising coverage as per MDG criteria from 10% to 40%, however the information and follow up systems are at best weak.*

Detailed RWSS achivements in relation to the Logical Framework are found in Volume 2

Figure 12: Conceptual framework of the reform elements for WRM



3.2 ACHIEVEMENTS IN WATER RESOURCES MANAGEMENT

Since 2005, the KWSP, in cooperation with other donors, particularly GTZ, has supported the establishment and operationalisation of the Water Resources Management Authority (WRMA), the lead agency in water resources management. WRMA's overall development objective is to ensure a rational and effective framework to meet the water needs for national economic development, poverty alleviation, environmental protection and social well being of the people. The establishment of the Catchment Area Advisory Committees (CAACs) and system development in support to the operations of numerous Water Resources User Associations (WRUAs) encompass an important part of its work.

The early establishment and conceptual design of this effective framework was a key area of support provided by the KWSP. An early contribution to this process was in the "pre-KWSP" assignment[4]. Supported by this excellent document WRMA fully committed to its utilisation providing it with a clear framework within which to achieve its objectives. The concepts and content of this effective framework referred to above are most easily explained in a diagrammatic representation as shown in the figure above. Functions 1-6, as pictured in the figure, are explained above.

1 THE INSTITUTIONAL AND FINANCIAL MAN AGEMENT FRAMEWORK

The Water Resources Management Authority (WRMA) is a regulator. Its role, therefore, is to determine and monitor the water resources and provide (through permits) access to the resource. It began its operations (together with 13 other new water sector institutions) in 2005. The new structure of the WRMA is described spatially in the map section in chapter 8.

Given its mandate WRMA's structure was based on the divisions of roles and responsibilities at national, regional and sub-regional level, with one National Office (Nairobi), six Catchment/Regional Offices and twenty five Sub Regional Offices. Through these offices, the Authority monitors water resources and administers the water resources regulation e.g. water abstraction and discharge permits. The WRMA has a staffing level of approximately 400 staff.

KWSP was instrumental in providing relevant financial, and long term and short term technical assistance support to WRMA in its establishment. A financial

[4] Operationalisation of the Water Act 2002 in Water Resources Management (Rural Focus Ltd.)

management system (Navision) for the entire institution and all its offices was also established, to handle budgeting, income, cash flows and expenditures of the WRMA. The FMIS is currently established and operational at all levels of the WRMA (HQ, RO and SRO), and staff have been trained on its use. This increased transparency in the collection of revenues for raw water abstraction.

Following the establishment of the Water Resources Management Rules (2007), WRMA introduced water charges. Consistent with the principles of the water sector reforms WRMA was to become self financing. The dramatic rise in revenues in early 2008 as reflected in the Figure 18, reflects the introduction and payment for water, where previously revenues were principally generated only through the sale of permits.

WRMA requires a total annual operating budget of approximately Kshs 1 billion. Despite every effort to increase revenues the early and continued lack of financial support from GOK has severely hampered WRMA's ability to address the much needed activities required in the catchments.

Under funded by GOK and too heavily reliant upon the KWSP budget support, which at times has represented more than 80% of its operational budget, WRMA has struggled to achieve its targets. Furthermore WRMA's ability to respond in time to addressing audit questions costs has frustrated the supply of these much needed funds. This has resulted in that WRMA has operated well below its potential since its establishment.

Whilst developing a comprehensive conceptual structure within which to address catchment issues, supported by clear institutional structure, systems for work planning, budgeting and reporting, "Key Indicators" and the Performance Contracting, the lack of GOK financial support has significantly hampered field implementation.

2 THE NATIONAL WATER RESOURCES STRATEGY

The National Water Resources Management Strategy (NWRMS) assisted the Water Sector to establish clarity regarding the detailed division of responsibilities, although questions remained, namely:

- Who is responsible for the planning and prioritisation of storage?
- Who is responsible for storage development?
- Who is responsible for the ownership and management of large storage structures?
- What are the means of financing water resources management development activities including storage?

A "Storage Policy Paper" defining the roles of institutions in relation to this key requirement for Kenya was developed. Further a system for financing WRM through the use of the Water Services Trust Fund (WSTF) was developed known as the WDC (The Water Resources User's Association, Development Cycle), enabling the direct financing to WRUA accounts and the implementation of their Sub-Catchment Development Plans. This system recognised the WRMA's role as a regulator.

The potential for storage development in many areas of the country is high, however to address storage issues requires planning, investment and regulation and enforcement of the rules. In addition it requires clarity on related roles and responsibilities of respective institutions. Whilst the early development of the WR Strategy omitted clarifying institutional relationships relating to storage, work supported by the KWSP assisted in addressing some of the gaps. This work, however, remains largely incomplete; although

Figure 13: WRMA Revenue collection

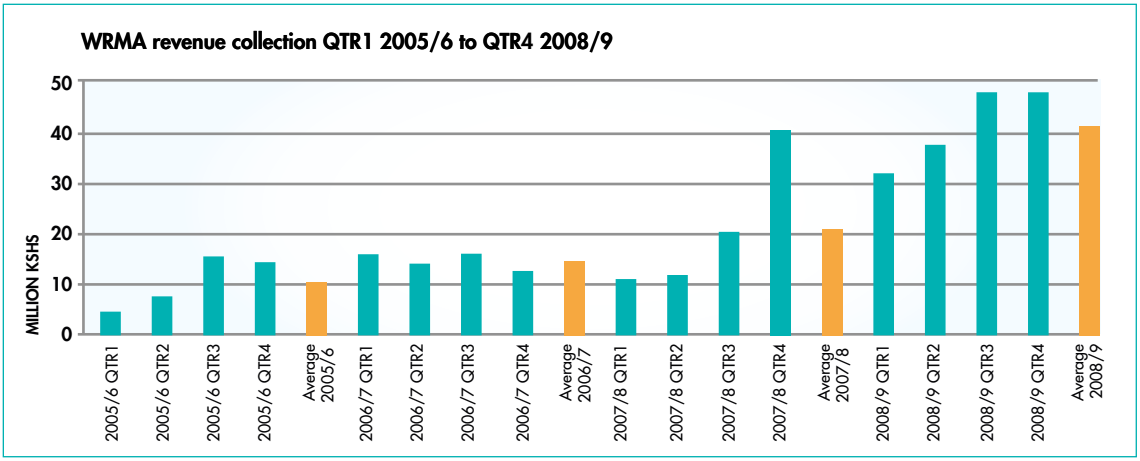
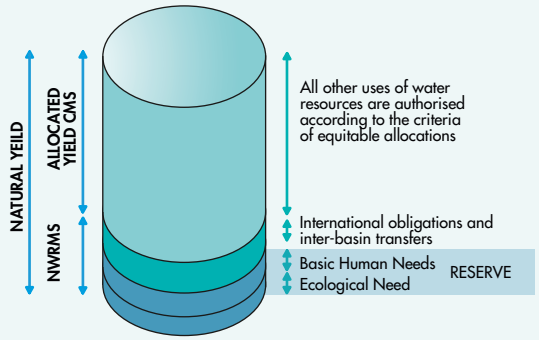


Figure 14: Water yield and the RESERVE



Source: WRMA - WDC Guidelines (2008)

since 2008 there is increasing interest from government to finance storage development.

3 THE WRM RULES AND REGULATIONS

The development of the WRM Rules was a substantial piece of work supported by the KWSP, providing the secondary legislation in guiding equitable access of water of quality and quantity to all. The process further required fundamental understanding of concepts such as the RESERVE. Protecting basic rights for access applies not only to the poor and most marginalised but also to the water resource needs to sustain the wildlife and aquatic species. This "RESERVE" in Kenya means that quantity and quality of water required to:

- satisfy basic human needs (25 litres per capita per day for all people)
- protect aquatic ecosystems in order to secure ecologically sustainable development and use of the water resource (Q80, on average the low flow is maintained 80% of the time)

The water resource is under most stress during the dry period and, therefore, to ensure that enough water is left in the river to maintain the reserve during this period, either abstraction must be reduced or water must be stored when the rivers are in full flow during the rains and used/released during the dry period.

In support of the implementation of the WRM Rules a number of Codes of Practice (CoPs) in relation to Groundwater and Surface Water development were also established. Prior to the reform process, such documents (Codes of Practice) did not exist, nor did appropriate impartial institutions to enforce their content. Before the reforms the institution with the funds to construct a dam (for example) was also the institution to ensure compliance to the building regulations and the same institution to report on the use of the funds.

The KWSP provided considerable input to the sector in the initial development of a series of CoPs including (but not limited to) the following:

- Codes of practice for the safety of earth dams
- Codes for borehole siting, borehole drilling, drilling supervision, test pumping, test pumping interpretation

Such documents have been circulated/forwarded to the Directorate of WRM and comments requested, however there has been little feed-back and/or direction provided in this process. It falls to the MWI to gazette and formalise such documents. In the absence of progress in the formalisation of this process WRMA is hampered to fulfil its mandate regarding the control and regulation of groundwater and surface water development.

Further the roles and responsibilities of relevant stakeholders in the determination of permits needed to be defined.
The provision of a permit and the rules determining the transparent determination of its issuance is a central aspect of equitable fair access and treatment of its citizens

From the pre- reform past there was inadequate water resources management in the country where enforcement of the rules and regulations and compliance was weak and many illegal abstractions can now be found.

At the commencement of the WRMA

- Over 90% of all boreholes did not have permits
- Over 50% of the surface water abstraction did not comply with the permit requirements.

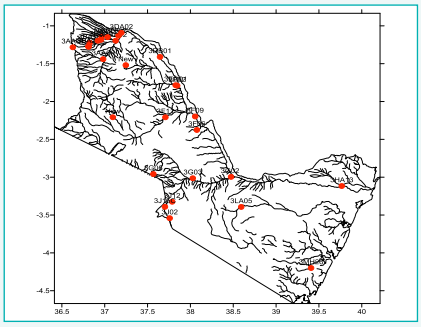
To move from this situation to a situation where most of the abstraction was to be permitted and fall within the law, was in 2005, an ambitious target, and one that WRMA has largely failed to achieve as a result of being grossly under-funded. At the present rate, with the present weak political commitment, the regulation of water abstraction will take several decades to be achieved, if at all.

4 CATCHMENT MANAGEMENT STRATEGIES

The Catchment Management Strategy is a tool for a planned and systematic management of water resources with the participation of stakeholders. The Water Act 2002 required that Catchment Management Strategies were developed for the six main catchments of Kenya. Given the lack of management systems and almost total previous neglect of Surface Water,

groundwater, water quality and regulatory issues in WRM, the national level and catchments required support in conceptualising the means by which a catchment is managed in an integrated way involving all state and non state actors. Together with other donors, particularly GTZ, the KWSP supported this process.

Figure 15 (left): Example of SW monitoring stations in the Athi Catchment
Figure 16 (right): Aquifer map of the Athi catchment



Source: WRMA – Athi CMS

Source: WRMA – Athi CMS

Surface Water (SW)

The 6 main catchments were subdivided into Management Units, the SW gauging stations reflecting the out flows of the MUs. An example of one such main catchment (Athi) and its gauging stations is provided in Figure 15.

The Management Units divided the SW gauging stations across the country into National Stations, MU Stations, Intra-MU Stations and Special Stations. Each station had a specific function and purpose. (Previously Kenya had over 600 stations on its books, however, there was no rhyme or reason for the existence of many of these.)

Groundwater (GW)

The development of the first hydro-geological maps of Kenya, together with an assessment of the potential of the acquifers, and the permit and abstraction database enables one now to establish which ground water area is under stress. Evidence shows that the present annual abstraction rates in the Nairobi Acquifer are substantially higher than the annual recharge. In some areas water levels are falling at rates of as much as 1.17 metres per month. This has not influenced MWI's 2009 initiative to drill an additional 100 boreholes in various water aquifers within a 100 kilometre radius of the city centre. When matched with MWI's lack of interest concerning the development of the CoPs it suggests that at the highest levels there is no serious intention to address issues of WRM regulation.

Water Quality (WQ)

The data available on water quality, as transferred from MWI in 2005, was found to be very poor. There were no principles or systems directing the purpose for which water quality samples might be collected or clear determination of relevant parameters to be measured to support a National WQ monitoring system. A framework for a National WQ Monitoring System, was, therefore, outlined to support necessary management actions to address water quality issues.

Water Quality Objectives (WQOs) The expected quality of the water to be found in the natural water bodies depends on its location. One would not expect the water flowing from the upper forested catchments to be of the same quality as that found flowing out of Nairobi's industrial areas. The WQOs are therefore influenced by the catchment characteristics that must be analysed.

- Ecological (E) WRM Units are areas with almost natural ecological characteristics. The focus for water resources management is the protection of the natural ecological characteristics for ecological, recreational and tourism purposes.
- Livelihood (L) WRM Units are areas with predominant rural characteristics i.e. rural and scattered settlements with varying population density and where small-scale subsistence-oriented economic activities dominate.
- Commercial (C) WRM Units are typically urban and/or industrial agglomerations, including their peripheral areas which could be commercial. Theyensure quality of water resources needed to develop the economy and prosperity in urban areas/industrial centres. Other targets are economical use of water (reduce, reuse, recycle) and safe disposal of effluent (treatment and natural purification). The "E", "L" and "C" triangle also shows the way on how to classify CMUs where there is competing demand. The delineation of the catchment into Management Units (MU) and the classification of each MU as determined by its Ecological (E), Livelihood (L) and Commercial (C) impact upon the resources.

The Class of the Resource is a measure of the relative importance attributed to the three competing types of uses – commercial, livelihood and environmental, which imposes certain conditions on the utilisation

Figure 17: The ELC classification triangle

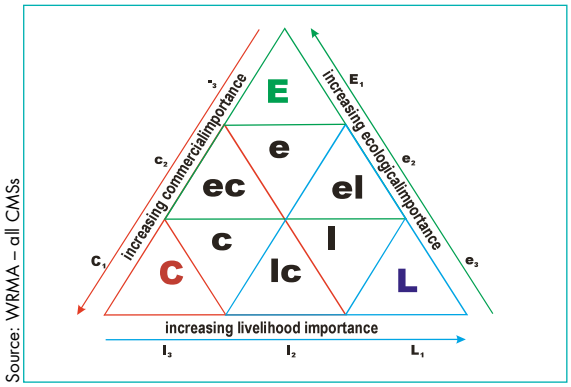
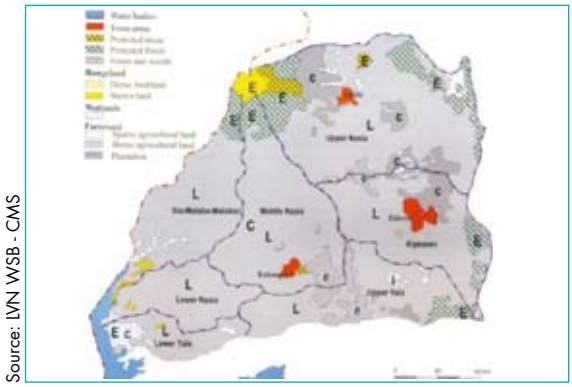


Figure 18: Lake Victoria North ELC classification



of the resource with respect to the Reserve and the resource quality objectives.

WRMA identified the MUs in each catchment and classified them in relation to the ELC classification system. An example for Lake Victoria North catchment areas is shown in the map, where each sub catchment has been categorized. The classification determines the quality objectives at the outflow of the MU.

The Resource Water Quality Objectives (RQOs) represent the desired status of the water resource. The RQOs are different for different classes of resource. The objectives generally relate to the extent to which the water body is allowed to be adversely impacted. Conceptually the RQOs provide a "target" condition of the resources.

If one has a water body of high ecological value, its RQOs are set high. At the outfall of Nairobi River the RQOs would be set lower. Management decisions should be made such that the condition of the resource is progressively trending towards meeting the RQO. The status of the resource is a measure of how far the condition of the resource is from the RQO. The operationalisation of the related systems requires equipment and other resources, recently supported by a World Bank loan taken on behalf of WRMA. Whilst such funds are extremely useful, it is a reflection on MWI that loan funds are needed to finance such basic obligations and future water charges are required to service such loans as an alternative to being fed back into catchment protection and investment.

5 SUB–CATCHMENT MANAGEMENT PLANS

The Water Act 2002 recognises civil society's role in the management of the water resource, through the establishment of Water Resources Users Associations (WRUAs). WRMA is responsible, with support through WRUAs, to bring all stakeholders together, both national, and, where appropriate, international/ transboundary stakeholders, in the development and implementation of catchment and sub-catchment management plans. The "trick" has been to enable such plans to be funded without conflicting with the WRMA's regulatory role.

Figure 19: The WDC Toolkit

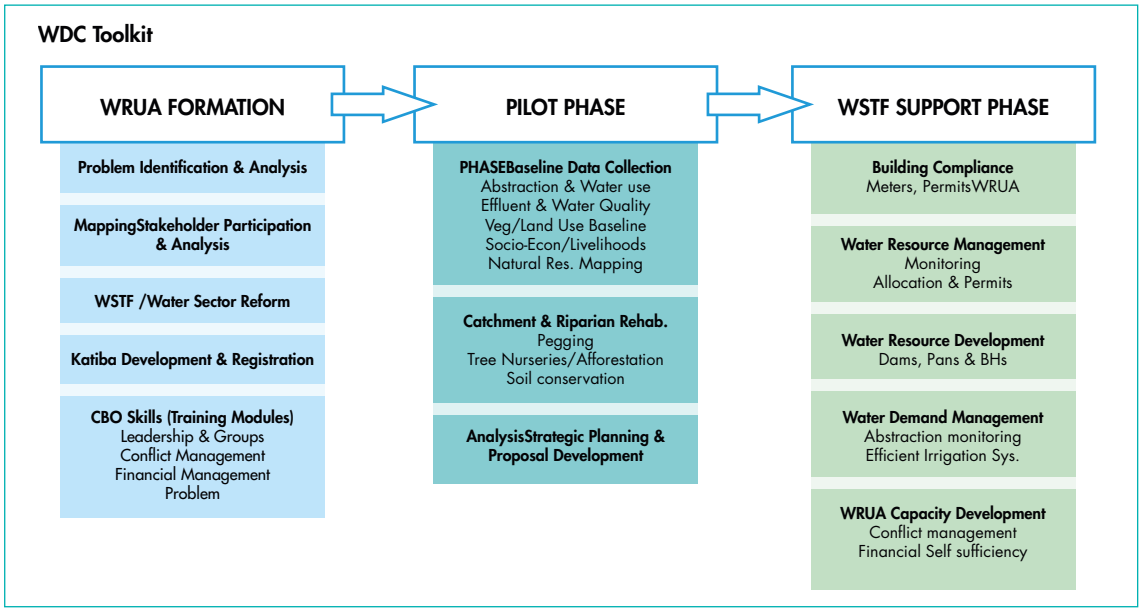
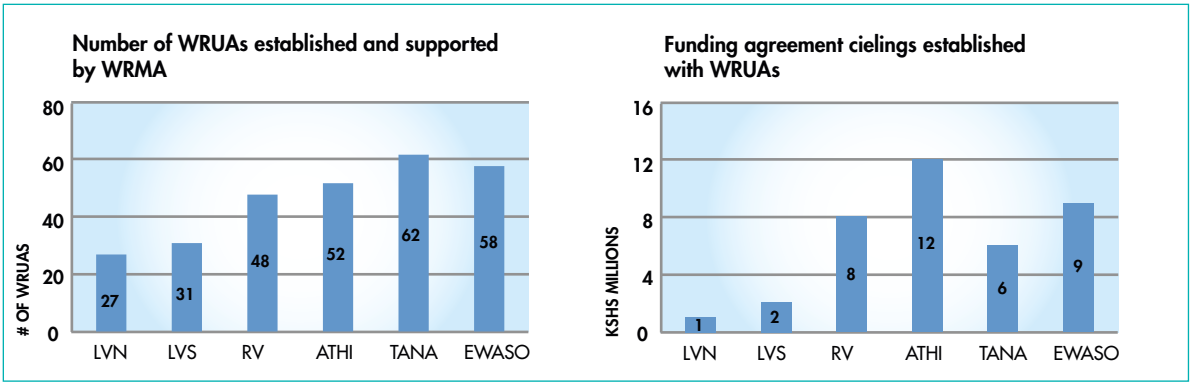


Figure 20: The number of WRUAs by WRMA Region and The funding of WRUAs through the WSTF



To support WRUAs at the "Grass Roots" level, a WDC TOOL KIT was produced. Through its 13 training modules, it assists WRMA staff, WRUAs and civil society/non state actors and Support Organisations (SOs) to prepare a Sub-Catchment Management Plan (SCMP). Furthermore the WDC Manual provides a comprehensive set of practical tools for addressing potential elements within the anticipate SCMP. The WDC Tool Kit is elaborated by diagrammatic means below.

Most of the tools otherwise found available to support IWRM Planning are found to be generic and of limited application. The tools provided are directly related to the specific needs of water resources users in Kenya and provide practical aids in supporting civil society engaged in the management of the water resource.

The KWSP support has been instrumental not only in the development of the Tool Kit but also in the development of the systems enabling WRUAs to access funding through the WSTF.

Establishment WRUAs

The Programme Document was rather conservative in their expectations on how many WRUAs would be established, indicating that the KWSP support should result in working with at least two WRUAs. To date, there are more than 200. The WDC funding mechanism through the WSTF is operational and funds are beginning to flow directly to these WRUAs for respective activities.

The funding of WRUAs through the course of the KWSP was made possible due to an additional Flood and Drought Mitigation Grant from Sida of Kshs 470m. The absorption capacity and capability of the WRUAs to respond with detailed bankable proposals together with a general lack of experience in the operations of the WDC has resulted in an inability by September 2009 to utilise these funds. Future support should be aimed at addressing these constraints.

6 DATA MONITORING

Supporting all elements of Water Resources Management has been the development of the Water Resources Management Information System. The (WRMIS) comprises a number of databases, including the permit, hydro-meteorological and water demand databases, all found on a GIS platform.

The WRMIS is operational throughout WRMA. Data transfer and connectivity between the different offices is a key issue.

KWSP supported WRMA in its analysis of the temporal (time bound) and spatial (map based) data information needs. A comprehensive assessment was made to determine the type of data to be collected and the way data would be stored, the management of time-series data, the data inputting facility requirements, the water allocation, rainfall-runoff and hydrological analysis modelling requirements.

In addition, consideration was given to the need and functionalities of the water permit /water use database and management requirements of the borehole data. With the support of KWSP, WRMA proceeded with the purchase of MIKE BASIN as software package developed by the Danish Hydraulics Institute (DHI) supported through an extensive training programme to upgrade capacities both within WRMA and support capabilities within the private sector. As KWSP I comes to an end (Dec 2009) this programme of support will remain incomplete and remains a future requirement.

3.2.1 A SUMMARY OF THE WRM COMPONENT ACHIEVEMENTS

A summary of the WRM Component achievements are provided in the table 7 against the logical framework found in the original Programme Document of the KWSP.

Table 7: Summary of the WRM Component achievements in relation to the Logical Framework of the KWSP Programme Document

2	**WRM Objective:** A rational and efficient framework to sustainably meet the water needs for national economic development, poverty alleviation, environmental protection and social well being of the people through sustainable water resources management
2.1	**WRMA AT NATIONAL LEVEL FUNCTIONS EFFECTIVELY**
2.1.1	**Establishment of WRMA at national level finalised:** *- WRMA established at national, catchment and sub catchment level, whereas it was anticipated that WRMA would consist of one national and six catchment offices the final structure included an addition 25 sub regional offices with consequential demands in terms of staff/training demands - support provided in structural establishment, organisational structure, and determination of mandate and function of within WRM,* *- WRMA presently faces a chronic national funding shortage underlying a deep misconception (after decades of WRM neglect) of the challenges implicit in the establishment of a rational and effective framework to meet the water needs,* *- Whilst WRMA is raising through water changers approximately Kshs 200m per annum it requires funding of approximately Kshs 1,000m to meet its regular responsibilities as a regulator providing technical support to WRUAs and as a result is presently "shackled".*
2.1.2	**Tools for data management, modelling and IWRM assessment upgraded:** *- National WRMIS systems development supported,* *- Whilst in process of establishment of system KWSP I ends before system fully operational at a time when continued support critical.*
2.1.3	**Improved institutional capacity for interpretation and analysis of monitoring data:** *- As above the WRMIS system in process of being rolled out, with well defined conceptual framework of data needs and collection defined,* *- Realignment/establishment of GW, SW and WQ stations defined with initial financing delayed,* *- With WB funding (as a loan to the WRMA to be repaid through water charges) support coming on-line situation improving.*
2.1.4	**Information dissemination and awareness creation of WRM implemented at the national level:** *- Information dissemination in relation to National communication with wananchi (general rank and file of population) general poor. Given limited financing and other priorities WRMA unable to invest as necessary in information dissemination,* *- In contrast efforts to support WRUAs reflecting public concern encouraging (Refer 2.3.3)*
2.1.5	**Gender sensitive human resource development plan developed and implemented:** *- The HRD requirements as anticipated by 7 offices and a staff of less than 100 as anticipated by the PD is to be compared to the requirements of the actual 31 offices and staff of over 400+ staff,* *- Roles and responsibilities and job descriptions supported with good results, however to be seen in relation to the scale and scope of this undertaking,* *- Harmonised donor support in helping WRMA to develop its prioritises, work plans etc based on key themes,* *- HRD development includes: FMIS and administration, WRM data management and analysis, WRM regulation, CMS/IWRM development, WDC and engagement of civil society, Good governance in relation to the resources and improved equitable access, Cross cutting issues Gender/HIV AIDS,* *- HRD programme support well structured and practically relevant in regards grass roots application*
2.1.6	**Regulatory function of WRMA strengthened:** *- National lead in development of clear WRM Rules,* *- Highly participatory and robust process engaged by WRMA,* *- Support to the establishment of permit data base and general TORs for abstraction surveys and related standards,* *- While systems established lack of financing limits implementation of comprehensive quality abstraction surveys in support of regulatory compliance.*
2.1.7	**National water quality laboratory capacity enhanced:** *- Lack of clear direction from MWI on future of laboratories,* *- For improved WQ WRM regulation WRMA requires laboratory services – maintenance and operation of sophisticated laboratories represents a overhead cost that WRMA can ill afford,* *- WRMA supported in the development of a basic system for WQ monitoring and systems to work with industry and other point source polluters in the development of Water Quality Action Planning,* *- Funding limitations has limited progress in the establishment of WQ baseline assessment*

2.2	**WRMA IN THE RIVER DRAINAGE BASINS FUNCTIONS EFFECTIVELY**	
2.2.1	**Establishment of regional WRMA offices in the six river drainage basins finalised:** (*Refer 2.1.1)*	
2.2.2	**Catchment Management Strategy (CMSs) developed for the river basins:** *CMSs developed for each of the 6 catchments. Donor harmonisation on systems to be used – Good. CMS development supported WRMA in its analysis of function – its roles and responsibilities.* *- Well establish conceptual framework for management. Management Units and alignment of monitoring stations for relevant purposes. Positive examples of progress in specific catchments which were in* ***ALARM*** *state, moved to* ***ALERT*** *or* ***CONCERN****.Gazettement of 2 CMSs spearheading process appropriate with work ongoing, however implementation of action plans related to and within CMS thwarted due to lack of capacity to support development and implementation of SCMPs (Refer 2.3.3)*	
2.2.3	**Catchment monitoring plan as defined in the Catchment Management Strategy implemented in the river basins.** *(Refer 2.1.2 and 2.1.3)*	
2.2.4	**Catchment protection and other water resources management measures as defined in the Catchment Management Strategy implemented:** *WRMA is not an implementer but a regulator. Further WRMA's role is to support and facilitate WRUAs and other stakeholders in addressing and implementing activities related to addressing, Catchment protection and WRM measures (Refer 2.3.3)*	
2.2.5	**Information dissemination and awareness creation in the river drainage basin implemented:** (*Refer 2.1.7)* *- At regional level communication better yet still WRM activities not very effective except in relation to support in development of WRUAs (Refer 2.3.3)*	
2.2.6	**Water abstraction and discharge permit system operating in the river drainage basins.** *Regional and sub regional officers key players in the roll out of the rules and regulations relating to permits and water abstraction (Refer 2.1.6),* *- This is a colossal task and can only be considered to have begun. The existing state of permits in 2005 was much worse than previously thought.The major constraint remains the necessary support at higher levels to implement, to force compliance and ensure payment of water use chargers,* *- Efforts of WRMA thwarted due to lack of operational financing.* *- Focus on water charges and regulation of the largest abstractors has however produced positive results,* *- Lack of Ministry/political support to establish robust regulatory framework.*	
2.2.7	**Water quality laboratory capacity enhanced in the river drainage basins:** (*Refer to 2.1.7)* *- Recent development show promise with the establishment of the 7 standard water quality parameters and focus Environmental Mgt Planning required of key polluters,* *- The status of the labs still remains unclear and their relevance in regard to the above is in questioned both from an institutional as well as economic view point.*	
2.3	**WRUAS AND CAACS IN THE RIVER DRAINAGE BASINS MANAGE WATER RESOURCES EFFECTIVELY**	
2.3.1	**Representative and gender balanced CAACs established and capacitated to manage water resources in the river drainage basins:** *- 6 CAACs established and contributing to permit allocation process in relation to class C and D permits, CAACs providing a valuable function in supporting interface between regional WRMA and stakeholders.*	
2.3.2	**Gender balanced WRUAs established and capacitated to manage water resources in their areas:** *WRMA has establishment a clear and robust system of support, for WRUAs addressing issues of fund flows with engagement of WSTF, developed14 training modules in support of engagement and empowerment of civil society to participate in IWRM. When compared to the CPC the development of the WDC has followed behind. The capacity within WRM to support such numbers of WRUAs in the very diverse areas of WRM is more limited than available to the WSBs in support of more traditional systems of rural water services development. The nature and scope of the task is not fully understood and therefore appreciated within the sector as a whole. This represents a huge challenge. The systems for support at the commencement of KWSP and within the framework of the reforms were less well defined and have taken time to develop and internalise. The task more challenging.*	
2.3.3	**Preventive water resources management measures implemented:** *- Funding became available at the beginning of 2009. Presently over 200 WRUAs established and supported. 28 WRUAs have been supported through the combined efforts of WRMA with financing coming through the WSTF, others supported by CDD and NRM projects of the World Bank. These figures are intended to rise year on year. When compared with the KWSP target of two WRUAs in the PD, the progress represents a major WRMA achievement, Monitoring systems for impact analysis, sustainability and cost benefit are under preparation.*	

Detailed WRM achivements in relation to the Logical Framework are found in Volume 2

3.2.2 WATER APPEALS BOARD

The Water Appeal Board (WAB) has been set up as the main body to hear and make binding determinations on disputes in the water sector, including disputes between customers and providers, or between providers and the regulator and other sector institutions. Decisions of WAB can be appealed to the High Court on points of law only. WAB has been established as an alternative to the judiciary system perceived to be inefficient and dysfunctional.

The WAB is currently addressing a number of disputes providing an effective role in the handling of complaints and addressing and resolving related water disputes.

3.3 THE REMAINING GAPS AND NON–ACHIEVEMENTS

The principal constraints to the reform of the water sector and its respective institutions remain:

1. The lack of resolve to follow through on the reforms hampers their realisation.
The reforms in the water sector are constantly being delayed. This includes relinquishing MWIs former responsibilities and undertaking roles clearly within the mandate of the new institutions. For example, the Ministry of Water and Irrigation:

- despite only being responsible for coordination and policy, continues to be directly engaged in water development, which is clearly the prerogative of the Water Service Boards (WSBs). It continues to directly fund implementation through the District Water Engineers; while the CEOs (in their responses to the LL Team) highlight that in some case the WSBs are even unaware of the fund flows to the respective districts.
- has failed to transfer staff and respective pay rolls.
- directs the WSBs to cluster the WSPs, while the WSPs operate under their own boards and clustering (as per the spirit of the reforms) should result from the incentive structure within which the WSPs find themselves co-operating

2. Lack of appreciation of government to recognise the resource needs of the WRMA in its establishment.
In 2008/9, apart from paying salaries, the Government's contribution to operational costs was zero. In an organisation which provides services for the public good, full operational cost recovery as a development goal for WRMA should be re-considered.

3. Lack of resolve and support to ensure the enforcement of the rules.
For example:

- Kenya Electricity Generating Company Limited, (KenGen) is the leading electric power generation company in Kenya, producing about 80 percent of electricity consumed in the country. The company utilises various sources to generate electricity. Hydro is the leading source, with an installed capacity of 677.3MW, which is 72.3 percent of the company's installed capacity. KenGen has yet to pay its water use bills amounting to many hundreds of million Kshs upon which the sustainability of the WRMA is dependent. WRMA has now taken Kengen to court to resolve this issue.

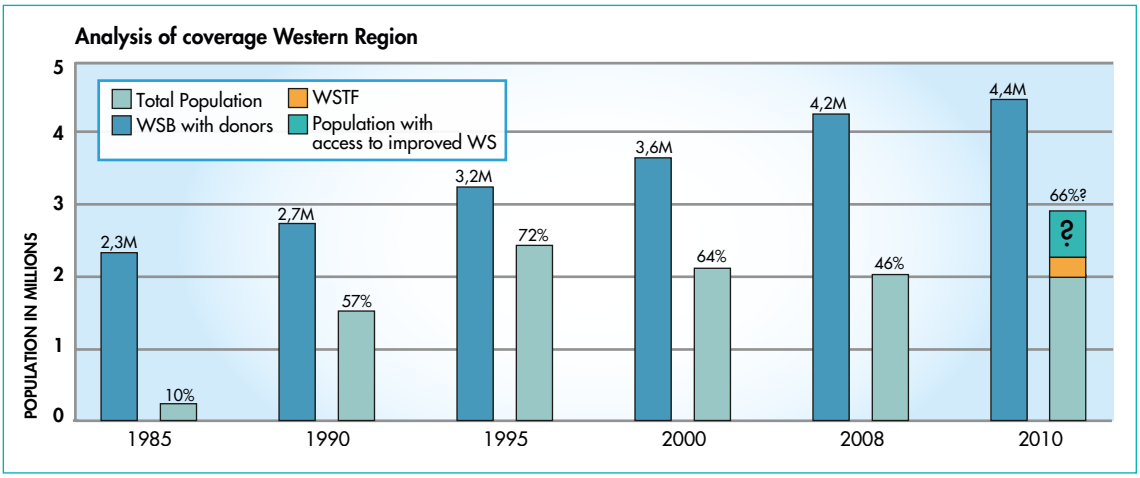
4. The lack of clear baseline information on the present coverage.
The development of the rural water sub-sector is undermined in the absence of robust data on basic coverage. That the information provided in this report relates to the present and anticipated services levels before and after a CPC scheme implementation, demonstrates the importance attached to knowing the baseline in order to be able to measure the benefit. It is strongly recommended that information on time/distance, quality and quantity of water parameters included in any baseline be established. Further it is important that the information collected is presented in map form (as shown in the 1999 poverty statistics) resulting in its wider acknowledgement and use.

There is much talk about reaching the MDGs, but in the absence of knowing one's starting point it is impossible to estimate the investments required and measure ones related achievements.

5. The lack of clear focus and resolve to achieve MDGs
The target of MDG 7C is to halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation. But this target begs the question: What is the present access to safe drinking water?

The Lake Victoria North-WSB is considered one of the most successful in the country in regard to its efforts to embrace the CPC and contribute to improved rural access to water. Lake Victoria North-WSB has undertaken a baseline albeit predominantly based on secondary information. However, given their base-

Figure 21: Total population vs. population with access to improved water supplies



Source: Evaluation of Finnish Development Cooperation in Western Kenya; Impact and Lessons Learnt

line, the figures indicate that the sector is far from achieving the MDG target.

To demonstrate a clear resolve to achieve the MDG targets, the following should be considered:

- There are principally two means to finance water development within the reformed MWI
  - Through the WSB (with their initial focus on urban areas, small town and increasing utility efficiency of operation)
  - Through the WSTF, the WSBs and the CPC process
- There is currently a lack of funding for the CPC projects prepared:
  - There are 38 ready proposals of which 10 are from LVN-WSB
  - This represents a population of approximately 80,000 people
  - Of the funds received by the WSTF, GOK funding represents a small overall portion

The present absence of funding for the remaining CPC schemes should be considered with concern in relation to the remaining gaps.



4.
SECTOR FINANCING

An analysis of the GoK and donor financial support to the Water Sector in Kenya is provided in order to consider the degree of alignment as a prelude in moving towards a SWAp. Transaction costs of rural water and sanitation financing are compared and analysed, as are concepts relating the community's contribution. The costs and the benefits accrued are analysed, as are the unit costs of RWSS structures.

4. SECTOR FINANCING



This chapter analyses the GoK and donor financial support to the Water Sector in Kenya, in order to consider the degree of alignment, as a prelude in moving towards a SWAp. Supporting the process of moving towards a SWAp is one of the key concepts behind the KWSP support. The KWSP was not intended to simply be a project that achieved certain RWSS coverage, but one that supported the development of a more effective and efficient Water Sector as a whole. The KWSP support to the Reform Process therefore is not a stand-alone affair and the KWSP's effectiveness was/is to a great extent dependent on the combined achievements of all within the sector to reach the aspired to goals. In short "together we stand and divided we fall". It is not that a SWAp is dependent on donor funding, rather it is the alignment of funding within the sector and institutional arrangements utilised to portray the key reform principles that will articulate the present status and direction of the sector in its journey towards a SWAp.

The Lessons Learnt Team has noted a lack of general public material providing analysis of the overall investment and investment trends within the water sector over the last 3-5 years and justifies this analysis of past expenditures from years 2006/7 to 2008/9, in order to provide necessary background understanding in regard to the estimated expenditures for 2009/10. With this understanding the reader can better ascertain whether the contribution of the KWSP has been relevant in the context of reaching mutually agreed sector reform goals.

Transaction costs and community contributions are considered as examples and discussed respectively in articulating issues regarding donor harmonisation within the context of donors supporting a Sector Reform process in aspiring to a SWAp.

The Lesson Learnt Team has attempted a review of the expenditures within the Water Sector utilising the official expenditures expressed for the financial years 2006/7 to 2008/9 and the estimates as expressed for the year 2009/10 in order to determine the level of funding and degree of funding alignment within the water sector. The data used is taken from the GOK actual and estimated expenditures, within which a certain amount of interpretation was necessary and it should be noted that the reported expenditures, particularly those of the donor contributions, are not always precise, however, with these considerations in mind, the results speak for themselves. The detailed information upon which this analysis is based is found in Volume 2.

The chosen categorisation of the Water Sector expenditures underlines the purpose of the analysis. In moving towards a SWAp the LL Team wishes to reflect:

- The total funding of the water sector and any changes or trends over the last 4 years;
- The related amounts of GOK and donor/development bank funding and the changes or trends over the last 4 years. In this analysis donor and development bank financing are considered synonymous;
- The direction and/or re-direction of fund allocations as a possible consequence of the reform.

The chosen categorisation of expenditures is depicted in terms of the funding levels of the "old" water sector institutions and those newly established referred to as the New Water Sector Institutions (WSIs) and the possible changes and trends in relation to the source of funds, i.e. GOK or donor/development banks, respectively.

4.1 FINANCIAL EXPENDITURE IN WATER SECTOR 2006/7-2008/9 AND ESTIMATES FOR 2009/10

The gross development and recurrent expenditures 2006/7 to 2008/9 and the estimates as expressed for the year 2009/10 represent in total investment in the sector of approximately Ksh[5] 79.3 billion (or 793 million euro), as indicated in the figure 22.

The figure provides a broad overview of the Water Sector Financing over the last 3 years and the estimates for 2009/10.

The first conclusion is that the gross development and recurrent expenditures have increased significantly over the last 3 years, but whereas recurrent (Kshs.2.5b) as a percentage of development expenditure (Kshs.4.5b) in 2005/6 was over 50%, in 2009/10 it is likely to be below 20%.

This is encouraging and reflects the importance attached to the sector by GOK and donors alike in reaching the MDGs.

Figure 23 articulates further this joint GOK and donor effort in addressing the needs of Kenya's population in gaining access to water of quality and quantity. The figure provides an overview of sector financing, elements of which are subsequently analysed in more detail in the pages that follow.

All estimates (development and recurrent) refer to all types of funds that are recorded at the Treasury. In relation to discussion held with the WSIs, there are a few expenditures that are not indicated in the estimates, but which are received from donor, local and other sources (off budget). This analysis only considers (on budget) expenditure reflected in the Government Estimates.

Figure 22: Gross (GOK and Donor) Development and Recurrent investment in the water sector 2006/7-2009/10e Kshs 79.3 Billion

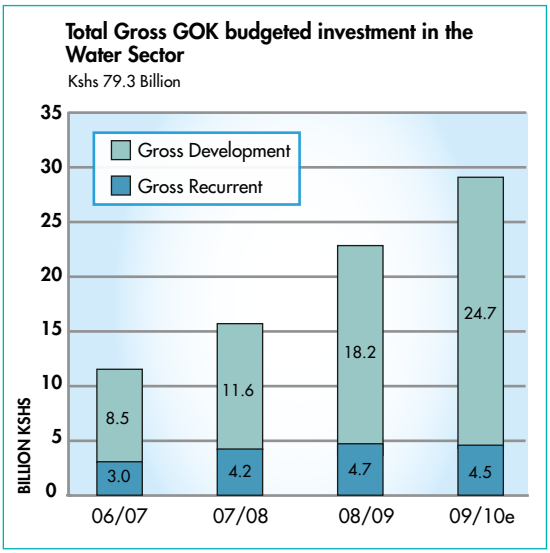
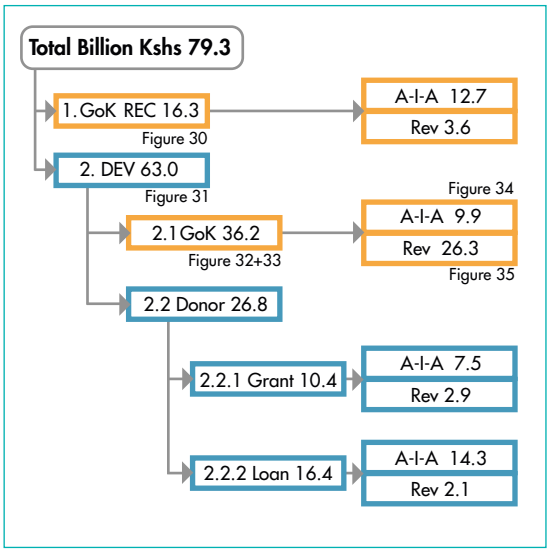


Figure 23: Total Expenditure 2006/7–2009/10 (Figures in Billions Kshs) and expenditure categories and sub-categories



[5] Reference: Estimates of recurrent and development expenditure, Volume II (Votes R17-R46), June, 2006, 2007, 2008 and 2009e

The expenditures are divided between

1) RECURRENT and **2) DEVELOPMENT.**

1) GOK RECURRENT (REC)

- Recurrent is principally GOK and is sub divided into A-I-A and Revenue
  - **1.1 A-I-A** (Monies collected and used by the WSI) Self-generated funds used to finance operations, including staff remunerations.
  - **1.2 Revenue** (Monies provided by GOK through the treasury/state taxes)

2) DEVELOPMENT (DEV)

- Development is firstly divided between a) GOK and b) Donors/Development Banks

2.1 GOK development

is subsequently divided between:

- **A-I-A** (Monies collected and used within the WSI)
- **Revenue** (Monies provided by GOK through the treasury/state taxes)
-

2.2 Donors /Development Banks

Donor support is further divided between:

2.2.1 Grants and

2.2.2 Loans which are subsequently then divided between:

- **A-I-A** (Where donor pays directly) and
- **Revenue** (Where monies are provided to the WSI directly, through MWI or through treasury – being recorded on budget)

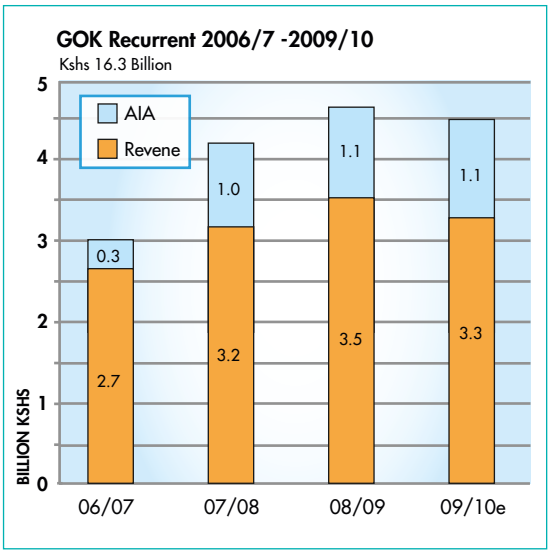
Unlike many donor programme document budgets, the GOK figures provided on the actual and estimated expenditures do not reflect community contributions (unless revenues are considered to be a community contribution). A discussion on the contribution of communities is found later in this chapter.

1) GOK Recurrent – Kshs 16.3 Billion for 2006/7 - 2009/10

As seen in figure 24 GOK Recurrent expenditure has risen steadily over the last 3 years. This may be due to increasing staff and governance related costs.

The A-I-A contribution to recurrent expenditure can also be seen to have risen over the last 3 years.

Figure 24: GOK Recurrent expenditure 2006/7-2009/10



The revenue contribution to recurrent expenditure has also risen but may reduce with time as A-I-A (collected fees) increasingly make a greater contribution to total recurrent budget reducing reliance on the treasury. The analysis provides a positive indication of the direction the water sector is taking. However, it should be noted that the 2009/10 figures are estimates while for other years the figures represent approved expenditure.

2) GOK and Donor/Development Bank – Development Expenditure – Kshs 63.0 Billion for 2006/7 - 2009/10

The development expenditure has also increased significantly from Kshs 8.5 billion in 06/07 to over Kshs 18 billion. To what degree this level of financing is to be increase further is unclear however the estimates for 2009/10 indicate that similar levels of financing are to be maintained in 2009/10.

As seen in figure 25 of the Kshs 63.0 billion development expenditure for 2006/7 -2008/9 and estimated for 2009/10, Kshs 36.2 billion originates from GOK and Kshs 26.8 billion (43%) from the donors and development banks.In 2006/7, the donor contribution of Kshs 4.3 billion represented approximately 50% of the development expenditure of Kshs 8.5 billion. In 2008/9 this percentage dropped to less than 20% of the total (Kshs 3.4 billion out of Kshs 18.2 billion).

GOK contributions have increased dramatically over the period 06/07 - 08/09, representing more than a three-fold increase from Kshs 4.2 billion to Kshs 14.8 billion.

The reason for the apparent reduction in funding by donors and development banks in 2008/9 is not known.

Figure 25: Development expenditure 2005/6-2009/10

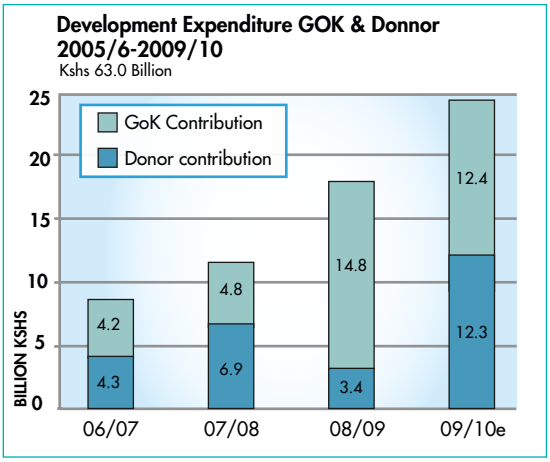
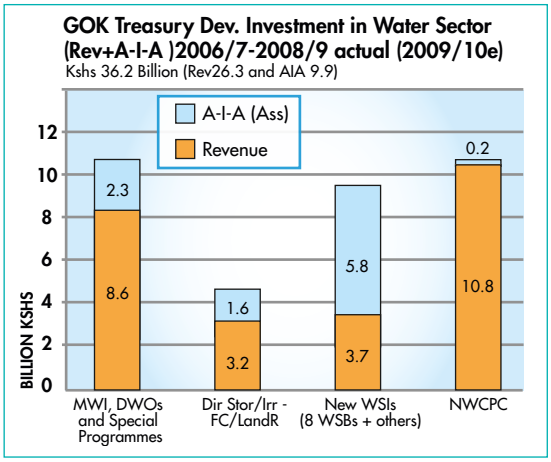


Figure 26: GoK development expenditure 2006/7-2009/10



It is clear that GOK contributions to the Water Sector are increasing but there are two questions to be asked in relation to moving to a SWAp, as follows:

- Where are the funds directed? and,
- Are there any trends in fund allocation to indicate increasing support for the new reformed Water Sector Institution (WSIs)?

Most of the GOK development funds (Kshs 26.3 Billion) as shown in figure 26 has come from the Treasury (Revenue). The smaller portion amounting to approximately a 1/3 (Kshs 9.9 Billion) has or is to come from A-I-A and money raised.

The conclusion is that the New WSIs do the bulk of the work in raising AIA, yet benefit substantially less from the treasury. In the absence of adequate funding and in the spirit of reform this might be expected, as new WSIs start funding themselves, however whilst the WSIs represent a significant entity, when blocked together, their importance must be viewed in relation to the MWI and its programmes of support, which includes the DWOs, KEWI and the NWCPC. The NWCPC is clearly the single largest recipient of funding.

Are there any trends over time? The figure below explores the total GOK development budget expenditure over time and as estimated in 2009/10.

Further analysis of the Gross Development Expenditure 06/07-08/09 and estimates for 2009/10 provide a clear indication of the past sources and intended resource allocation in regard to GOK's financing of the Water Sector.

Figure 27: GoK development expenditure 2006/7-2009/10e (GROSS)

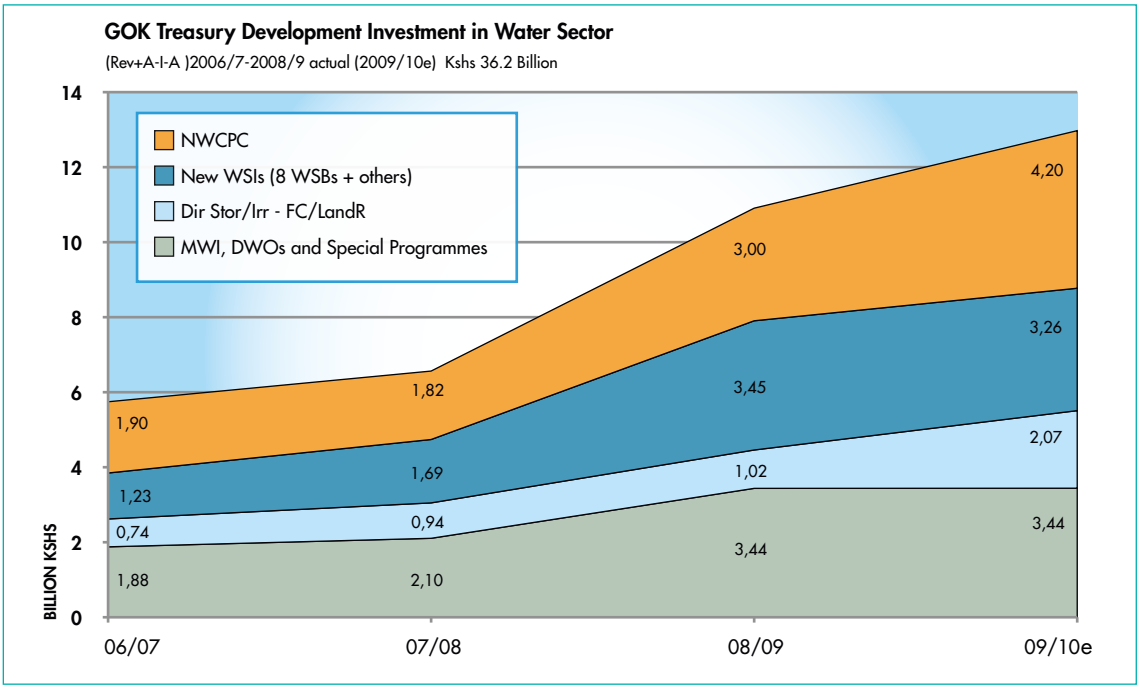


Figure 28: GoK development expenditure 2006/7-2009/10e (A-I-A)

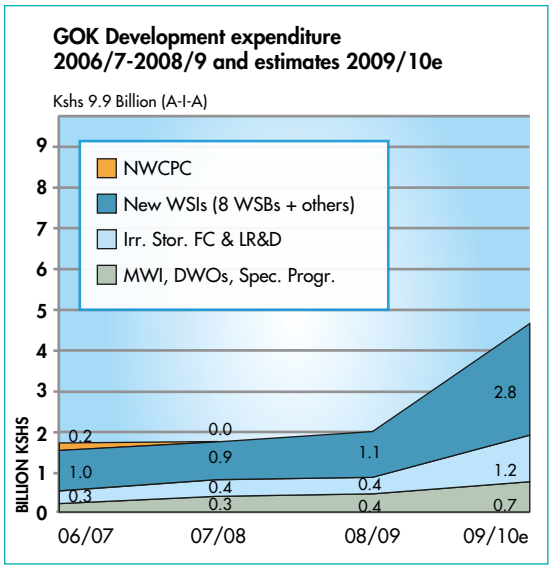
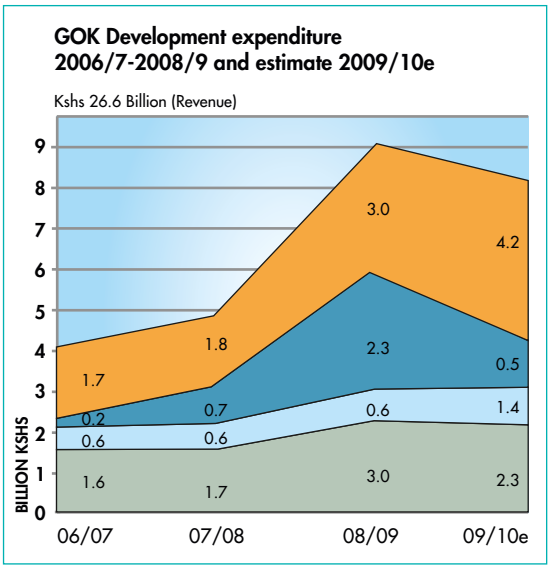


Figure 29: GoK Dev. Exp.2006/7-2009/10e (Revenue)



Over the last 3 years most, if not all, the institutions within the Water Sector would appear to have benefited from increasing GOK development financing. The verification and determination of a reform process ongoing is not demonstrated simply by all institutions new and old receiving increased budgets. In a reform, in terms of budget allocations, there are "winners" and losers" as reflected by a redirection of funding within the reformed sector. The Ministry, responsible for policy development and coordination and WSBs the owners and developers of assets.

It is necessary to look more closely at the source of funds provided supporting this increase in overall GOK development expenditure. It is relevant within this analysis to differentiate between REVENUE (Treasury financing) and A-I-A (Self generated funding within the sector). It is these two sources of funding and their use that most accurately determines the answer to the question. Where is GOK investing its own resources? The two figures 28 and 29 above disaggregate the gross development funding into A-I-A and revenue sources.

The scales of the X axis of the two figures above equate to facilitate comparative analysis. The first figure relates to the A-I-A element in the financing of the development expenditure/estimates. The second figure reflects the revenue (Treasury) financing part of the Gross development expenditure/estimates.

The first figure relates to the funds generated by the Water Sectors own institutions. This includes the WSP's licence fees, raw water charges, permit fees and other incomes collected by the WSIs. The A-I-A figures do not include the water charges made by established Water Service Providers (Private Companies).

The estimates for 2009/10e reflect a substantial rise in A-I-A financing, by the new WSIs. Of concern is the finding that the estimates would lead us to understand that GOK treasury financing of the new WSIs is not intended to rise but rather diminish. This should be of some concern as most of the donor funds are channelled in this "opposite" direction to the new WSIs.

CONCLUSIONS ON SECTOR FINANCING

The allocation of treasury funds 2006/7-8/9 have increased, the largest increases being in terms of the funds being directed to the WSIs. Whilst many of the overall indicators relating to Water Sector financing are positive and the overall investment is up, with reliance on state funding for recurrent costs reducing, and while the proportion of funds collected in the sector are increasing, the key negative conclusion is that GoK funds are not now, or as projected, directed towards the new WSIs as would be expected in the spirit of the reform.

There is a need on the part of GoK and donors alike to agree on fund allocations, not only in respect of donor funding with a GoK contribution of 10% or some other agreed percentage (which to all intents and purposes does not translate to real commitment), but as a part of the larger picture of agreed sector resource allocation. There is a need for all stakeholders to reach consensus on sector needs and fund allocations, and (in the opinion of the LL Team) such agreement should be a pre-requisite in principal to further donor disbursement. This however requires commitment and discipline on the part of all funding actors.

The MTR of the KWSP and WSRP joint evaluation

report[6] refers to a lack of harmonization and commonly agreed outcomes, summarised as follows:

- A lack of mutually agreed sector outcomes to steer the allocation of resources in line with mutually supportive and complementary roles towards sector outcomes.
- Sector wide management systems for sustainable results over the medium term are not in place. Each development program in the sector seems to be driven by its own development objectives, programming policies and priorities and resource allocation decisions.
- Moving towards a SWAp is currently being seen as movement along the continuum of project to budget support and not as the set up of a well managed sector through systems designed to help improve achievement of sector results – sector strategy, sector investment plans, sector information and reporting system, amongst other sector management tools

The LL team supports and provides tangible evidence to support these assertions, underlining the need for mutual agreement and accountability between Government and Donors in the allocation of resources. That the WSTF, for example, presently has 39 completed proposals pending for wont of financing or that WRMA's operations are severely hampered due to lack of adequate financing, while the NWCPC continues with drilling, and funds are transferred to DWOs by WMI without necessarily the knowledge of the WSBs, reflect the reality and gravity of the observations made by the MTR.

The conclusion is that that whilst the GOK development expenditure and 2009/10 budgets are increasing dramatically, there is no evidence of a reform related to redirecting government funding to the new WSIs. The WSIs, the MWI and principally the NWCPC, are simply benefiting from additional budget availability in similar historical proportions.

In rating the progress of a Water Sector Reform process, key indicators are:

a. Re-direction of resources GOK resources
b. Re-organisation of and transfer of staff

Reform and moving towards a Sector Wide Approach is not about building new institutions, which operate in a reformed way. It is about a paradigm shift in conducting business across the sector in a different way. It has nothing to do with donors, but everything to do with government changing the way business is conducted.

[6] KWSP and WSRP Joint Evaluation (March 2009)

Whilst the KWSP has over the last four years contributed to the establishment of the new WSIs and the systems upon which these new WSI operations are dependent, the real job of reform lies within MWI itself, where KWSP support has been limited and a limited impact is observed.

Based on the above analysis, one could be forgiven for concluding that there is no reform process ongoing.

It is not being suggested, in this report, that it was within KWSP's capability or mandate to influence overall sector financing. It is however being argued that the relevance and effectiveness of the KWSP was and is directly influenced by overall sector financing. For this reason it is important that in future the donors collectively, more closely scrutinize the overall financing framework and contribute their resources within an agreed MTEF.

The LL Team underline that the analysis is a humble attempt to throw light on the sector's financing, as with any financial analysis allocation of resources to one category or another may be misleading. To attempt to untangle the expenditure and estimated figures was indeed a challenge and the exercise would have been better undertaken in consort with GOK to arrive a mutually agreed analysis.

4.2 TRANSACTION COSTS COMPARED

The determination of transaction costs in relation to the support provided by the KWSP is relatively straightforward due to clear, pre-determined percentage of costs applied.

CPC Development Phase: In the CPC Development Phase, the WSB receives resources, through budgeted funds, to engage a Support Organisation (SO) to support a CBO in the development of its proposal. The average cost of the SO during project proposal preparation is approximately Kshs 1million representing approximately 15% of the total WSTF investment cost during the Implementation Phase cost.

CPC Implementation Phase:
In the implementation phase of the CPC, for every Kshs 100 donated to the WSTF, the WSTF withholds 5% as a management fee, while the facilitating institution, the WSB, receives 6%.

Present CPC Fund Flows:
The Support Organisation receives up to 14% depositing at least 75% of the funds into the community's bank account.

The community, thereafter, is the manager of the implementation.

These sums cover the planning, management, supervision, monitoring and implementation costs (excluding community contribution).

Simplified CPC Fund Flows (Proposed)
The above system could/should be simplified such that payment to the WSB was made only on account of a successful proposal for both the development and implementation phases. The amounts remain the same but such an improvement would allow the WSB greater flexibility on the use of the funds encouraging better SO supervision and control.

Simplified WDC Fund Flows
In the WDC the flow of funds is simplified. On receipt of funds, the WSTF takes a 5% management fee. WRMA receives 15% in relation to the costs of the initial proposal.

The WRUA receives 80% upon submission of an acceptable proposal, which includes the funds necessary to hire a SO for further assistance during the implementation of the SCMP. The movement should be toward performance-based income, paid only on the basis of quality work. The receipt by a community of the funds to manage and implement their own project together with their own contribution has been found to be central in empowering the community.

Figure 30: Present Fund Flows in the CPC

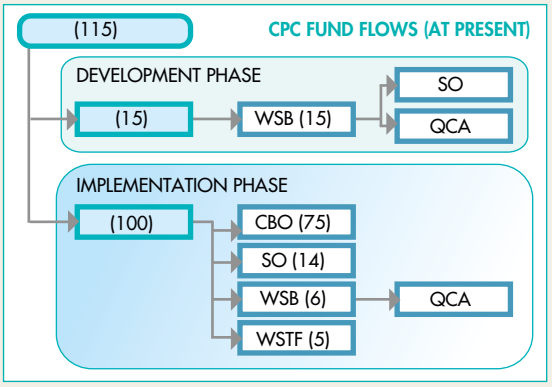


Figure 31: Proposed Fund Flows in the CPC

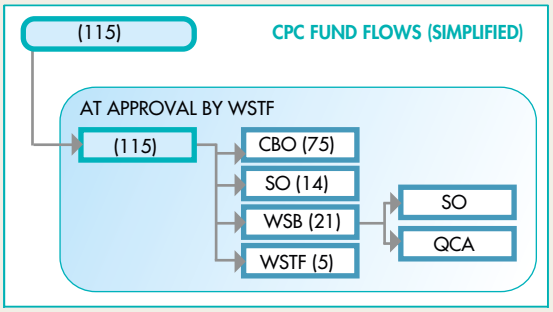
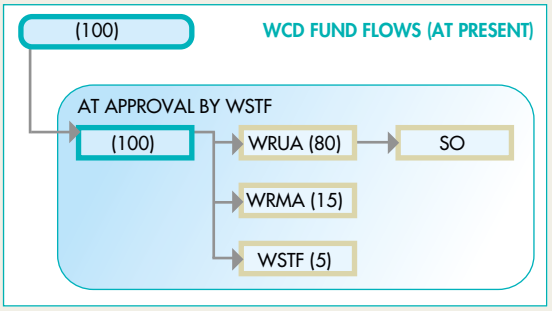


Figure 32: Fund Flows in the WDC



In the CPC 65% of the funds a donor invests are delivered by the WSTF to a community's account.

The funds transferred to the WSB cover the development costs (engagement of the SO in development and implementation)[7] and the WSB own monitoring and supervision costs. The funds received by the CBO (Community) cover the implementation and management costs.
The funds received by the WSTF cover general operational costs, spot monitoring and audit. The respective donors have overhead costs too and these are known and accounted. For example, in the case of Danida, the Embassy costs equate to 4.2%. These costs, however, are not part of or deducted from the KWSP Programme Budget.

This system used by Sida/Danida in the KWSP/WSTF implementation of the CPC and WDC is compared to the UNICEF-supported WASH Programme in Kenya. The UNICEF-WASH is an integrated water, sanitation and hygiene (WASH) project designed within the context of the Government of Kenya and UNICEF programme of cooperation, supporting the water, education and sanitation reforms. The PD states that in an attempt to harmonize funding with current bilateral practices in sector wide approaches (SWAp) through the structures established in the targeted sectors, the Rural Water Component would use the Water Service Trust Fund (WSTF).

[7] Based on data collected from the WSBs, The SO development phase contracts are estimated on average to be Kshs 1m for an average CPC scheme with a population of 5,700

Programme contributions are provided by a number of partners in cash and kind and combined with the cash contribution of the Government of the Netherlands (GoN) they represent a total estimated budget of USD 70.6 million.

The largest contributor is the Government of the Netherlands (GoN) contributing 41 m dollars (in cash).

The figure is an indication as to the intended use of the funds provided by GoN.

Of the funds provided UNICEF is to receive $ 11.5M and the WSTF $13.4M.

28% of the donor funds are allocated to UNICEF to cover management costs in New York, UNICEF and support costs in Kenya.

Procurement of equipment by UNICEF (not by communities) and other institutional development costs, constituting mostly vehicles and partner needs assessment.

Of the money transferred to the WSTF, the WSTF, as with the Sida/Danida funds, takes a percentage to cover its management, supervision and monitoring costs.

No cash is transferred to the communities, but implementation is through DWOs given an A-I-E (authority to incur expenditure) as in the pre-reform era.

Figure 33: UNICEF WASH Programme budget

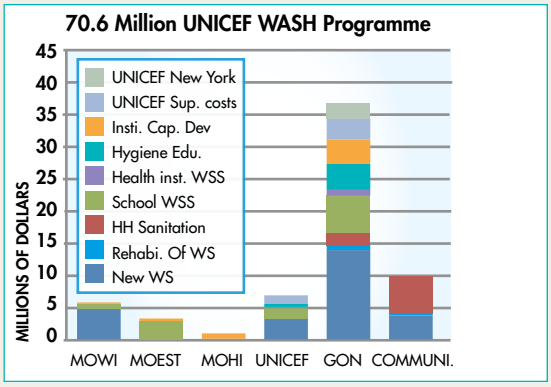


Figure 34: UNICEF WASH – GoN Fund Flow

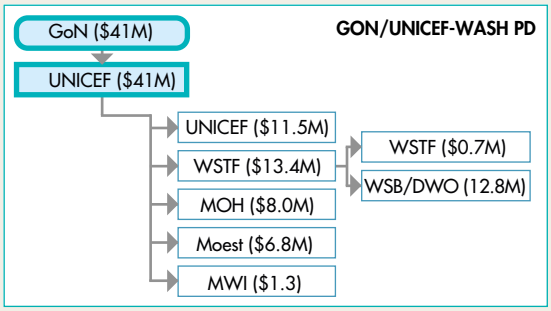
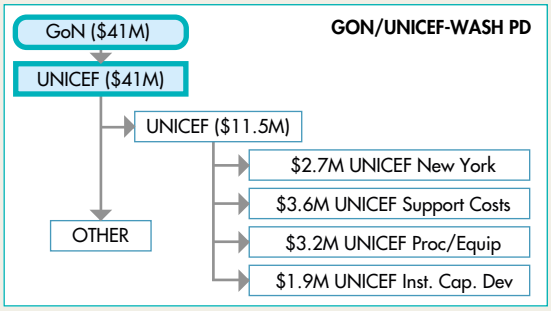


Figure 35: UNICEF WASH Programme Costs



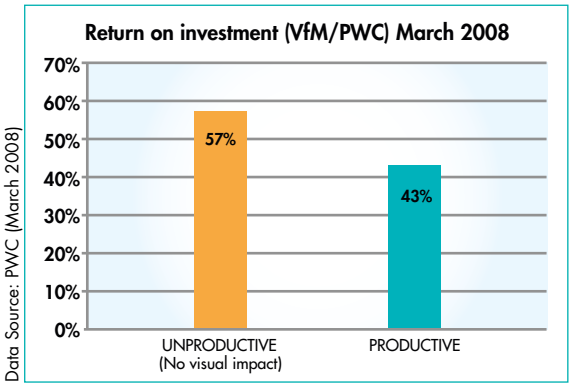
The CPC contracting system, which promotes the use of the reform institutions and thus a positive incentive structure through clear management fees for work done, provides a clear picture on how funds are allocated and what outputs are expected in relation to payments made.

As other donors consider approaches to possible future funding of the water and sanitation sector, for example the Ministry Foreign Affairs of Finland is presently considering funding a Rural Development Programme in Western Kenya, that may or may not include RWSS, it is relevant to reflect on the respective transaction costs of different approaches.

4.3 COST-BENEFIT ANALYSIS

The results from the costs and cost-benefit analysis in regard to CPC schemes are to be compared to the Value for Money Study undertaken by Price Waterhouse Coopers (March 2008), which can be considered as a baseline or benchmark for the sector. The Study revealed that if the data collected was extrapolated on a pro-rata basis in relation to level of funding by type, it would lead to the conclusion that 57% of the investment would be unproductive (i.e. have no visual benefit), as presented in the PWC report.

Figure 36: Return on investment



The cost and cost-benefit analysis is focused on the following:

RWSS Component

- The quantitative cost-benefit analysis in relation to improved water service level
- A comparison of unit costs and analysis of efficiencies relating to the system of implementation.

The qualitative analysis of benefits derived through the implementation of a CPC scheme are covered in Chapter 3.1 as are the benefits derived through the support of the KWSP in the establishment of institutions and systems. Cost-benefit in regard to the activities of the WRM Component was not addressed due to the difficulties in deriving quantitative benefit data. The qualitative analysis of benefits derived through the establishment of the WRMA together with the direct and anticipated benefits achievable through the systems established to support WRUAs is likewise addressed under Chapter 3.2.

This analysis of benefits in economic terms for the CPC schemes is based on the utilisation of the baseline and anticipated service levels in 88 schemes for which service level data was available. As this practice was not fully adopted by the WSTF until the 4th round of approvals of CPC schemes the sample size represented 88 schemes of the 159 schemes approved as of September 2009. Further verified information was available from the WSTF in relation to 6 of the 12 CPC schemes completed. The service levels are based on three key criteria:

- **Time:** The distance from the household to the point of collection and related waiting times at the source. Improved access resulting in reduced time spent carrying water or greater returns per unit of effort. Savings in time predominantly relate to benefits experienced by young girls and women.
- **Water Quantity:** Improved access in terms of water quantity by households, with the quantity of water impacting upon health, hygiene and the quality of life.
- **Water Quality:** Access to water of improved quality impacting upon household health and well being.

The CPC use these criteria and establish the parameters which determined a combined assessment of service level. Levels 1 and 2 are considered to have reached the minimum MDG criteria of improved water supply.

RURAL WATER SERVICES:

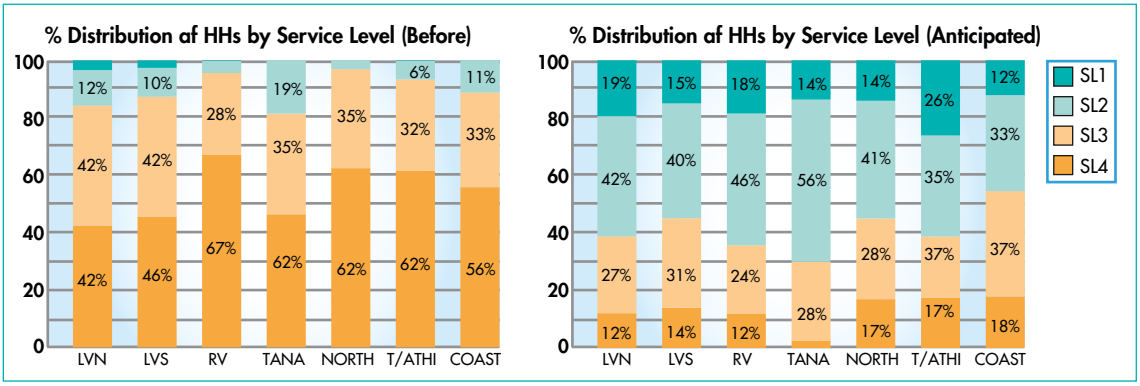
The data included within the cost/ benefit analysis is taken from the baseline data in 88 CPC proposals submitted by CBOs/ WSBs to the WSTF. It should be noted that:

- The 88 proposals come from amongst the 50 poorest locations and as target locations the WSS situation is the worst in all of Kenya.
- The 88 CPC schemes represent a total of over 69,700 households and a population of approximately 350,000 people.
- The determination of service level in regard to each household is made during the PRA baseline assessment exercise during the Development Phase of the CPC Cycle.

Table 8: Service coverage category and criteria

	SERVICE COVERAGE CATEGORY			
Service level	**SL1**	**SL2**	**SL3**	**SL4**
	1 (High)	2 (Medium)	3 (Low)	4 (Very low/poorest)
MDG COVERAGE STATUS	COVERED		NOT COVERED	
Quantity (Liters per capita per day)	Enough for all needs > 40 l/cap/day	Enough for basic needs 25-40 l/cap/day	Limited quantity 10-25 l/cap/day	Grossly insufficient > 10 l/cap/day
Quality (requirements for treatment)	Very good quality (does not need any further treatment)	Good/Fair (eg treated fulfilling KBS)	Poor (requires treatment by user, boiling etc.) (does not fulfil KBS)	Very Poor - polluted water (does not fulfil KBS)
Access: Distance (Km) to source	<1km	1-2 Km	2-5 Km	> 5 Km
Time (Min.) to go/wait/return	0-60 mins	60-120 mins	120-180 mins	>180 mins

Figure 37: Service Level before and anticipated in 88 target locations



- The community is supported in this activity by a Support Organisation hired by the WSB to assist the community in conceptualising their plans and converting these concepts into a bankable proposal as part of the CPC process.

At the same time during the planning the anticipated services levels are considered so that a measurement can be made between:

- The baseline
- The anticipated
- The actual achieved service levels

The figures provide an indication of the percentage distribution by rural water service levels in each WSB area. As may be expected, the service levels in the Rift Valley, Northern and Tanathi WSBs are among the worst in the country. It should be noted further that these figures represent the anticipated achievement and not the actual, however with so few CPC projects completed, there was little alternative but to analyse the anticipated figures assuming a similar result.

SANITATION

The same analysis was done in relation to the sanitation service levels before and anticipated within the 88 CPC schemes.

The figures indicated that at the start of the CPC projects the coverage in access to improved sanitation was approximately 10% which was anticipated to rise to 40% by the completion of the project.

It should be noted that these are anticipated figures, but they imply a low ambition level given that even after the advent of a CPC scheme, 60% of the population should not fulfil the MDG target.

The ambition level is likely realistic as the main emphasis of the CPC is on the development of institutional sanitation and the provisions for promoting household sanitation are meagre.

Sanitation has been repeatedly recognised as having a too low profile.

Reaching the MDGs

The MDGs require increased access as follows:

- Rural water access from 40% (2000) to 75% 2015
- Improved sanitation 45% (2000) to 72.5% (2015)

Before documenting the methodology and results of the cost- benefit analysis in relation to the benefits anticipated as a result of the 88 CPCs, in relation to the 68,700 households and over 350,000 people, it is important to look again at the criteria for fulfilment of the MDGs. With the following considerations:

It is in relation to this primary field data, in consideration of the population supported, comparing the baseline and anticipated service level improvements, that the analysis of costs and benefits has been undertaken.

An overview of impact comes from reviewing the figures in regard to the improvement in water access service and sanitation service levels.

Figure 38: Sanitation Service Level before and anticipated

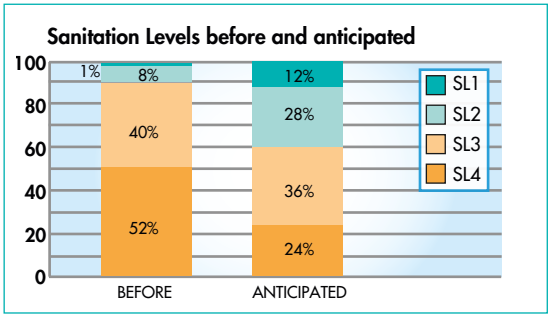
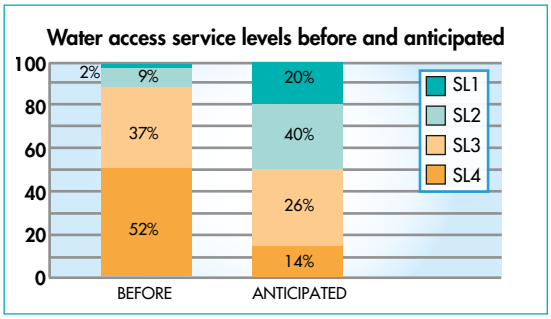


Figure 39: Water Service Level before and anticipated



WATER SUPPLY

- **Before**: The percentage of households meeting the MDGs at the time of undertaking the baseline represents 10-11%. These households are already "covered". By contrast 90% of the households do not meet the MDGs and are "Not Covered". This may be expected in the 50 poorest and therefore targeted locations.
- **Anticipated**: The percentage of households not anticipated to meet the MDGs even after the implementation of the project is 40%. The number of households rising from "not covered" to "covered" represents then 50% of the population reaching the MDG. This is not to imply that all households within the target area will not benefit but it does imply that due to either quality, the quantity or distance that the benefits accrued by the remaining 40% of households are not sufficient to meet the MDG criteria.

SANITATION

- **Before**: 90 % of households do not meet the MDGs
- **Anticipated**: 40% do not reach the MDGs

This may not be welcomed information, however the information is sound and supported by the reality in the field. The provision of a pan or an open dug well may reduce the time taken to collect water and provide a source with ample supply, but in terms of quality – no one reading this report would drink from this source unless the water was treated.

The introduction of service level and the determination of the service level status allows for a professional discussion on the attainment of the MDGs in the absence of accurate national baseline figures. It is recommended that the anticipated baseline survey take service level rather than "coverage" as the primary basis in relation to which baseline data will be collected as it requires the survey teams to look at the three key parameters of time/distance, quality and quantity and provides information relevant to determination of investments.

ECONOMIC BENEFITS

The exercise of determining economic benefit was undertaken to include:

1. Setting out the benefit calculation so that it could accommodate all the projects in a single excel row to provide a working user-friendly model that could be utilised by the WSTF in the future;
2. The re-aligning of all raw project data (service levels) from numerous worksheets that had been provided, with necessary correction or deletion of clearly misleading data/outliers;
3. The estimation of water use in relation to each service level, an estimation of the water used at the sources and that carried to the household and the resulting number of trips and time taken to haul water.
4. Determination of the present value for each technology over the economic life of project with reference to the current Central Bank of Kenya inflation and growth rates; and then
5. In the valuation of time the 'kazi kwa vijana' benchmark rate of Kshs 220 per day was used.
6. The details relating to the Cost-Benefit Methodology and principal parameters provided in the table below.

Additional benefits are computed for the additional amounts of water that a person at a higher service level derives.

Table 9: Principle parameters of the cost-benefit methodology

Service level	1	2	3	4
Time spent to fetch 20-L of water	30	90	150	210
Cost of time (Kshs/min)	0.4583	0.4583	0.4583	0.4583
Cost of 20-L jerry can of water	13.75	41.25	68.75	96.25
Number of trips	2.25	1.625	0.875	0.35
Amount of water carried (litres)	45	32.5	17.5	7
Size of container	20	20	20	20
Incremental water usage	12.5	15	10.5	7
Total cost of water	30.94	67.03	60.16	33.69
Cost/litre	0.6875	2.0625	3.4375	4.8125
Value of increased amount of water available (Kshs)	8.59	30.94	36.09	33.69
Incremental benefit (Kshs)	109.31	100.72	69.78	33.69
Total costs of each sl's provision of water	30.94	67.03	60.16	33.69
Net value of per capita benefit per day (Kshs)	78.38	33.69	9.63	0

COST-BENEFIT ASSUMPTIONS AND VARIATION

The cost-benefit ratios fluctuated considerably across projects primarily depending on:

- The type of technology used due to capital costs (for example: borehole versus dug well)
- The type of technology used in relation to operational costs (for example: pumping versus gravity piped systems)
- The variable assumptions made concerning water quality and it's influence on SL (for example: several piped water systems might take water from an untreated stream. In some cases it is clear that the enumerator considered this a pure source (SL1) while another consider this SL2 or 3 type source. The WSTF likewise places considerable emphasis on the quality of the source being provided with boreholes always being in SL1.
- The assumptions made concerning the related value of comparative benefit derived from a step up in relation to a reduction of time; a step up relating to the quality of the source and/or a step up relating to a greater quantity of water being available. The LL Team assumed equal benefit in relation to each.
- The assumptions made regarding the quantity of water used at the source and the amount hauled impacting on the number of trips and the consequential time saved as the source came closer to the dwelling.

As the benefits derived were influenced by these variables, the benefits to a great extent say more about the assumptions than they do about the actual cost-benefit ratios determined.

The LL Team were further very aware of the lack of case studies and information upon which to base their assumptions. In short there is a distinct lack of field data on the implications of providing improved access as it affects the daily lives of the beneficiaries concerned.

Recognising these flaws underlines the importance that should be attached to determining standard methods for the calculation of costs and benefits.

It was found that those with the greatest water scarcity and hardship at the baseline stage can either accrue very large economic benefits in places where water comes to a village for the first time at relatively low cost, or very low economic benefits (negative) in places where the capital and operating costs are high due to distance and pumping requirements. BCRs are highest in arid areas where boreholes provide good quality water.

(i) Computation of Benefit/ cost ratio

The Benefit/Cost Ratio has been computed as the total of the equivalent money value of the benefits and the costs of the community water projects to establish whether they are worthwhile. The benefits and costs have been expressed in terms of current (2009) value in Kenyan Shillings to take into account differences in the value of shillings at different times and inflation.

The shilling value of benefits and costs at some time in future is multiplied by the discounted value of one dollar at that time in the future to get the discounted present value of that benefit/ cost of the project. In doing this, the discounting value considered is the real interest rate (inflation rate-interest rate of long-term government bonds).

For purposes of the cost-benefit calculations, the:

- Total Costs (C) = Total amortized project investment
- Cost + annual maintenance costs + annual operational costs over the project life.
- Total Benefits = Total annual benefits over the project life.

Present Value of Costs =
C1/ (1+r) n + C2/ (1+r) n+1 +.....(C1 – Cost year 1)

Present Value of Benefits =
B1/ (1+r) n + B2/ (1+r) n+1 +.....(B1 – Cost year 1)

Detailed results of the cost-benefit calculations

During the process of undertaking a cost-benefit analysis the results fluctuated depending on the economic assumption. The cost-benefit analysis and respective calculations of cost demonstrates the very variable results and considerable returns to be derived from investment through improved access to water.

Figure 40: Cost-benefit averages by WSB in regard to the anticipated implementation of the 88 CPC projects sampled at random.

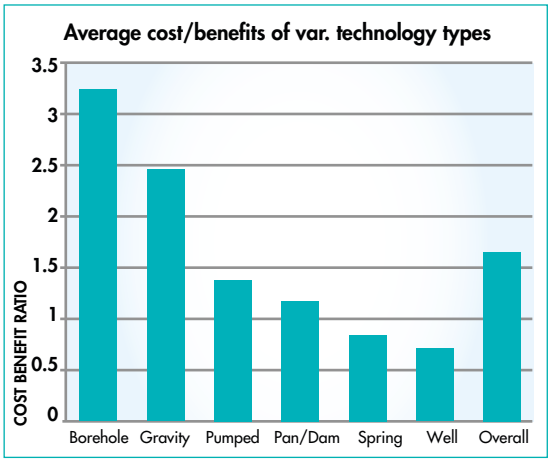


Table 10: Unit costs of common CPC structures

Maximum - Average - Minimum Unit costs of common CPC stuctures									
	Item	Unit	Size	#	Cmm	CBO	SO	Min	Av. Total	Max
1	Masonry tank	m3	100	43	135,607	680,490	3,759	556,395	819,855	1,440,049
2	Ferrocement tank	m3	30	31	26,926	122,903	0	90,000	149,829	300,000
3	Plasctic tank	m3	10	19	12,098	107,165	0	112,450	114,150	115,000
4	Spring Protection	No.	1	135	28,163	103,736	563	63,800	132,463	1,705,020
5	Borehole	No.	1	65	89,452	1,090,559	759	550,000	1,180,771	3,342,500
6	VIP Latrine	Door	2	727	14,486	40,776	78	62,681	55,340	335,848

The health benefits are not directly considered, however, quality and quantity of the water provided are considered in equal balance as regards the time saved and as implied by the determination of service level. The service level of a household is determined by the lowest common denominator, whether it be time, quality or quantity.

Unit costs of water service structures

It is common to discuss the costs of water supply projects in terms of per capita costs, however, this can provide misleading results. To begin with, population figures may be exaggerated. Further, what one really wishes to know is the average cost of, say, a 100 cubic meter tank when built through the CPC process in Kenya as compared to the same tank built through a different process. The quest for such information is only distorted by population data.

The LL Team compiled the average costs of 61 types of RWSS structures representing a total of over 2800 individual structures equaling a total investment value of Kshs 484 million.

Taking 6 common structures the LL Team then looked in more detail at the composition of the costs of these structures as shown in the table above.
The minimum and maximum costs of these same structures are shown in the figure below.

The WSTF TRUSTEES determines wether to approve or return an application for funding based on an Investment Brief. The Investment Brief provides the Board with the basic information about the proposed scheme, which includes items such as:

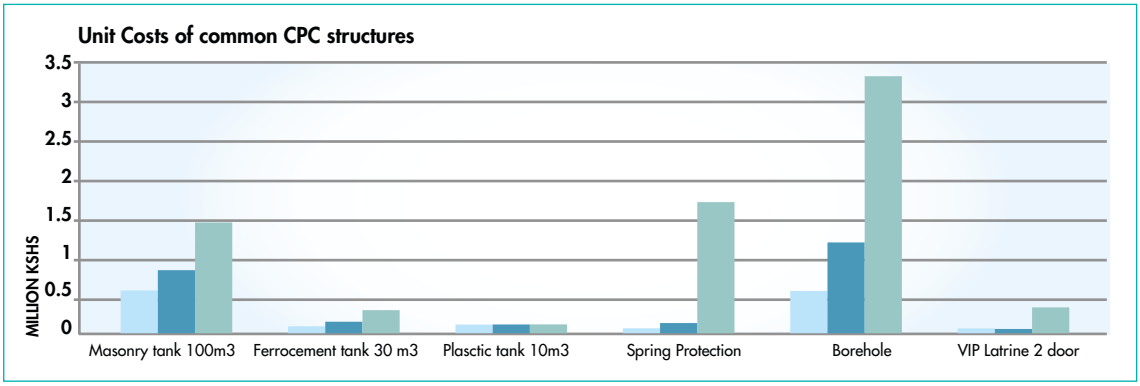
- Population, number of households
- Type and number of main Structures
- Total and disaggregated costs
- Unit costs of key structures
- Service level before and anticipated

The information also highlights any perceived risks in relation to:

- Ceiling investment of the WSTF
- Per capita costs
- Unit costs higher than within approved range

With this information, the WSTF Trustees focus on a decision whether or not to make an investment, provided with information on the costs and the expected benefits and informed about any potential risks that have been identified in the process of proposal preparation. The approval system is therefore as good as it can be. Follow up at completion to measure actual impact is poor and greater discipline is needed.

Figure 41: Minimum and Maximum Unit Costs of Common CPC Structures



4.4 DONOR HARMONISATION AND MUTUAL UNDERSTANDING IN RELATION TO COMMUNITY CONTRIBUTION

Community contributions as a component of the total input costs to a programme are important, as the figures quoted in regard to the contribution of respective programmes include community contributions. For example, as reflected in the respective programme documents:

- The KWSP is a programme representing a total investment of Kshs 4.5 billion, of which Kshs 369m or 8% is estimated to be the community's contribution.
- The UNICEF WASH Programme is a total investment of 70.6 Million dollars, of which 10.9million or 15% is estimated to be the community's contribution and so on.

There needs to be common understanding on what such figures include.

Community contributions can be realised in a number of ways, through the provision of labour or supply of local materials, or through the raising of cash. They may include the value of time inputs provided for a common community purpose. Great emphasis is placed by most donors on a measurable contribution as a proxy indicator for enhanced community ownership.

During the course of KWSP, several lessons came to light in regard to aspects of the community's contribution when considering:

1. What should and should not be considered a community contribution as it is crucial that there is general agreement on the norms applied.
2. The importance of clear separation of community contributions from budgets and financial reports in terms of what is provided and utilised in cash and in kind, to avoid confusion regarding remaining programme budget balances, etc. In signing a funding agreement, an institution such as the WSTF needs to know the resources it will receive to play its role, not the resulting total value of programme achievements.
3. A general absence of information and analysis in terms of how community contributions are raised and to what degree the contributions themselves are provided by individual households or through other funding channels such as the CDF or by wealthy benefactors on behalf of a community.

Community contributions should reflect the time and value of inputs provided that are for the common good. The LL Team uses experience of the KWSP and uses the UNICEF-WASH Programme[8] again to highlight related issues.

The WSTF undertook in 2007/8 an analysis of the proposed UNICEF programme in anticipation of receiving funds to be channelled to communities. The determination was that 60% of the budgeted community contribution was anticipated to come from the construction of private household latrines. Notwithstanding the importance of private household sanitation, it is difficult to consider these latrines a community contribution, since they do not reflect the inputs intended for the common good. (If they did, then one would also value the time spent using such facilities as a community contribution!)

In the KWSP Programme Documents, estimates of the community contributions to various intended outputs are made in line with universally accepted principals of community contribution to a common good. It can be criticised that WSTF, in respect of the CPC, should have considered such contributions in more detail, going beyond the "digging of the ditch" and reflecting contributions associated with the storage of materials, the guarding and protection of supplies and equipment and time inputs for the management and monitoring of the implementation activities.

However, as long as there was a common understanding, leaving certain types of contributions out of the equation is better than bringing new ones in that go beyond the definition. In addition, one programme to use a different means of determining community contribution from another, further detracts from efforts of harmonising approaches and the establishment of a common monitoring platform that allows for cross comparison.

Separating cash and kind elements of budgets for improved clarity

The KWSP Programme budget included the community contributions in cash and kind. This has resulted in confusion and sometimes distorted the simple expression of:

[8] GOK-UNICEF WASH PROGRAMME: Acceleration of Water Supply and Sanitation towards Reaching Kenya's Millennium Development Goals (2006 – 2011)

- the budget;
- the funds expended; and,
- the remaining balance.

It is recommended that the budget for any future Sector Support Programme clearly separate community contributions from intended budget provisions in terms of cash and kind. A programme budget follow-up should reflect budgets and expenditures without the community contribution. To often these complex budgets lead to confusion.

Estimations of community contributions are better done when reflecting on the modus operandi and approaches adopted, for example, how community contributions have been effected through direct funding. Such research is better done through case studies than by accountants reporting on budget expenditures, often simply reporting back the same estimates as were provided in the respective Programme Document.

5.
KWSP INPUTS

Actual Technical Assistance inputs are compared with those anticipated in the PD. The effective and efficient system of Short Term Technical Assistance provision and the lessons learnt concerning good practices in the management of the Technical Assistance are considered.

5. KWSP INPUTS

The overall budget for the three components and support at programme level is shown in the table below.

The KWSP total initial budget was approximately Kshs 4.6 billion. During its course additional budgets of Kshs 470 and 350 million were provided for flood and drought mitigation and RWSS support and the programme extended to June 2010. This report will not report detailed component expenditures. Expenditures reflect closely the planned framework, with approximately 80-85% of funding directed towards RWSS investment, while the majority of the remaining funds were directed to WRM.

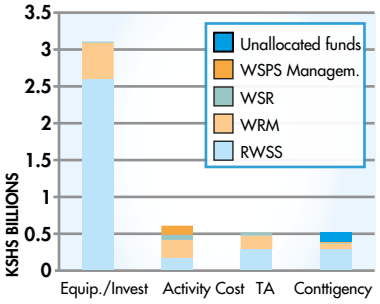
The initial Technical Assistance budget was approximately Kshs 480 million later raised to Kshs 570 million and again it is within this €5.5-6 million "ball park" that TA support has been provided 2005-2009. Technical assistance was provided to support three components, including rural water and sanitation, water resources management and the water sector reform.

The KWSP therefore provided considerable TA support to the establishment of the new WSIs. This initially included:

- A Senior Sector Adviser, located within the PCU, but recruited for 2 years directly by Danida
- An international LTTA in MWI-Water Services; 3 National LTTA supporting WSBs within the RWSS

Table 11: Total KWSP Budget

	Budget (KShs millions)					Sources of Funding		
Component	**Equip. / Invest**	**Activity Costs**	**TA**	**Cont-tingency**	**Total**	**Danida /Sida**	**GOK**	**Users**
RWSS	2,521	150	267	267	3,206	2,601	260	344
WRM	483	239	179	72	972	861	86	25
WSR	14	68	40	8	130	118	12	
WSPS Managem.		121		12	133	121	12	
Unallocated funds				130	130	118	12	
Total	**3,018**	**578**	**486**	**489**	**4,571**	**3,820**	**382**	**369**



Component, 1 International LTTA supporting the WRM Component and located within WRMA; and STTA support being provided to each component on a demand basis.

From March 2005 until September 2009 the KWSP had provided 312 national and 64 international long term person months, along with 1081 national and 296 International STTA person input weeks.

The Technical Assistance came under the management of the Project Coordinator of the PCU, while on a day to day of the TAs reported to the heads of the respective institutions that they supported.

These TA were stationed supporting the respective institutions as illustrated in the figure below.

To respond to the needs of the sector in mobilizing STTA support (over 4 +years) in relation to a huge variety of support tasks requires an efficient and effective system. The system used, was developed by ORGUT Consulting AB and the PCU, was simple and is summarized as follows:

- The respective WSI identified the area of support required, preparing TORs, these being forwarded to the PCU. (Most of the WSIs were supported also with LTTA that might assist in this process).
- The TORS were reviewed and forwarded to the TA Team Leader, where again in discussion they would be finalized.
- TORs sent to National Network Consulting Company Partners' requesting CV nominations of potential candidates for the assignment. Screening and forwarding of CVs for initial screening.
- Submission of 3 CVs toPCUfor selection and confirmation
- Contracting and supply, starting with MOU meeting between STTA and recipient institution to clarify all aspects of TORs and the assignment.

The purpose of describing this system is to provide similar ventures with a guide. Similar programmes have been seen to have extremely slow and cumbersome systems for TA provision. In the KWSP when based on good quality TORs a consultant could be mobilized in a matter of days. The process supported WSIs by providing an early, if not immediate response, to addressing a problem identified.

It is important to note that the TA had no structure per se. The TA was managed under the PCU by the Project Coordinator. The determination of the TA Team Leader, the quarterly TA internal meetings, and the quality assurance systems etc. were all internal

Figure 43: STTA mobilization procedure

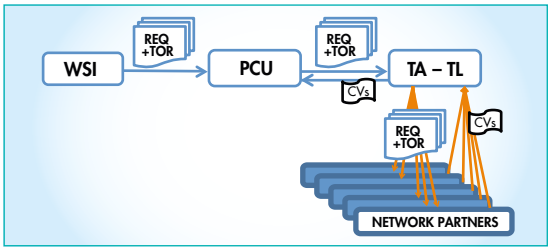


Figure 42: KWSP TA support to water sector institutions

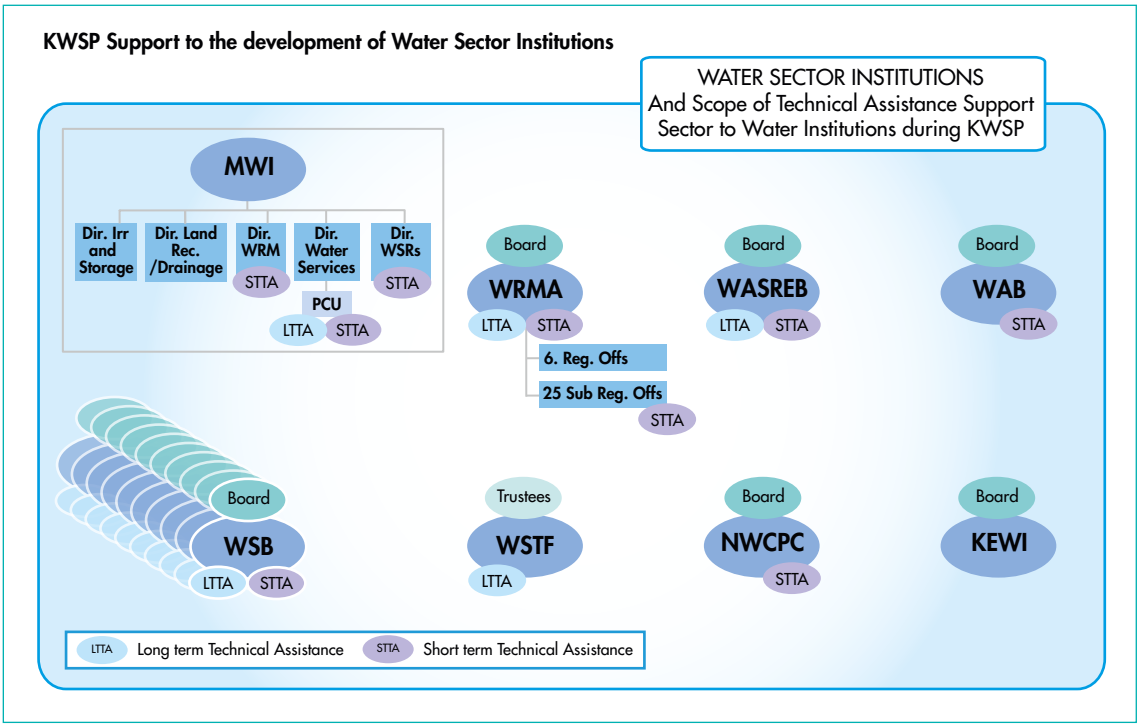
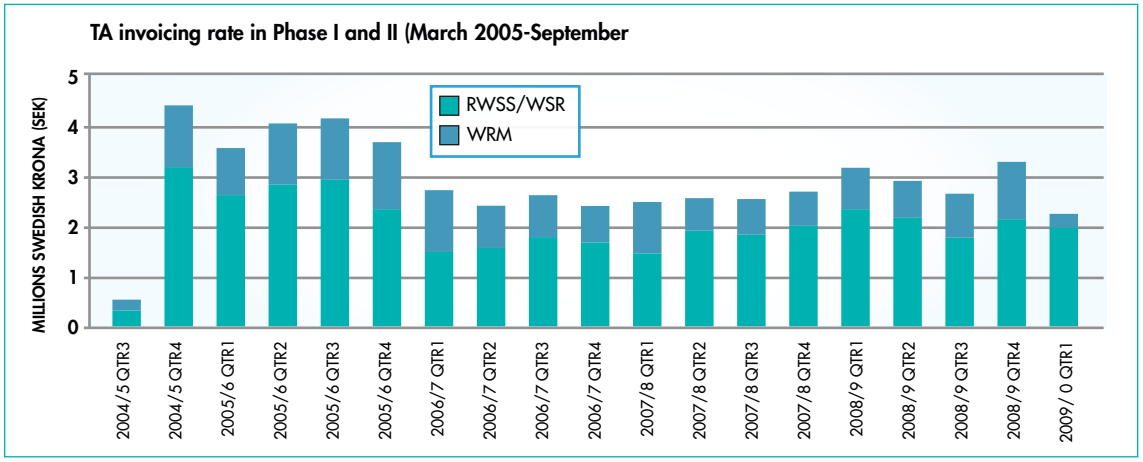


Figure 44: TA utilisation during KWSP I and II March 2005-September 2009



TA issues for the TA. As far as the client(s) were concerned the TA reported to them. As a result of interviews, discussion and from the LL Team's experience, this system is thought to have worked well.

The provision of LTTA and STTA has, from the start of KWSP, been based on requests from the respective WSIs. The supply of TA has been flexible and generally well received. By the end of the KWSP the demands for both LTTA and STTA support outstripped the supply. MWI determined that LTTA should no longer be provided so as to avoid "gap filling" in an effort to ensure the WSIs would "stand on their own feet". This freed up STTA which continued in high demand.

The demands for Technical Assistance within the 3 Components were perceived to have increased over the course of the programme, as increasingly WSIs not initially included in the frame of support realised that they too could benefit.
This cannot be discerned from the figure as the supply of TA was kept relatively constant. The requirements of the respective WSIs have varied, but in general the demand for TA has not fully kept pace with the demand. At least there was no limit found to the demand.

The PD however presents a rather different scenario where the WSIs themselves would receive an allocation which would be managed by the respective WSI. This was to some extent the modus operandi of the WRMA, which was in a strong position to plan and schedule its required STTA inputs, while other WSIs were very much dependent on a PCU decision as to whether their STTA requests would be supported. This was necessary as there simply was not enough TA to allow for a numeric allocation on man weeks to the respect WSBs and furthermore many of the assignments provided support in common areas. The PCU therefore acted to collate and augment STTA requests from respective WSBs to support the most efficient use of TA input.

During the course of KWSP:

- The Sector Adviser (Danida) left and was replaced by short term TA.
- The RWSS International TA supporting the RWSS Unit was replaced by National LTTA support at the WSBs, and the Unit per se disbanded.
- While initially one LTTA was supporting as many as three boards, all WSBs were at some time individuallly supported by designated LTTA adviser.
- The LTTA to the WRMA (TA Team Leader) initially supporting only the WRM Component was later "stretched" to support WRMA and the WSTF, while later support also to MWI/PCU was also found relevant.

INTENDED VERSUS ACTUAL KWSP TA SUPPORT

The intended division of TA support in the Programme Documents together with the actual TA finally provided in the KWSP I (until September 2009) are analysed in respect to: 1) Component TA, 2) LTTA and STTA and 3) International and National input.

Findings in regard to TA support

- In other programmes TA is not always demand based. The TA support provided was well received relevant and demand remained high during the 4.5 years.
- The scope of the TA required and provided was extremely broad and covered every conceivable aspect in support of institutions, systems development. The Catalogue of STTA inputs is provided in the CD

Findings in regard to LTTA and STTA demand/ inputs

- The demand for LTTA was considerably higher than that initially anticipated.

- Principally the demand for LTTA was based upon greater ownership over the TA resource by the respective WSI.
- In the future SPS demand for LTTA will will be influence by which institution MWI or WSIs are procuring

Findings in regard to National and International TA capacity and demand.

- There is disparity between anticipated and actual provision of STTA in regard to National versus International.
- The demand for and quality of National TA was found to be substantially higher than was anticipated.

Despite the planned termination of TA support and the WSR Component (2007), the KWSP continued to provide STTA support to a wide range of reform initiatives. TA support to the Ministry on key issues of staff transfer etc were high demand areas, but this was not considered a result of component closure.
Initially no support was anticipated in relation to WASREB, NWCPC, KEWI and/or WSTF, while demands were later clearly expressed and responded to, in relation to WASREB and the WSTF.

In addition to the more obvious conclusions drawn above, there are a number of issues and lessons learnt in regard to the provision of TA, which may have a bearing on the development of the next phase, as follows:

- **Capacity development for self procurement of TA**

By the end of KWSP I, one of the WSIs, namely the WSTF, had developed and procured its own TA fixed fee framework contracting system, which allowed it to effectively hire directly similar national STTA as that provided under KWSP I. This was principally possible because the WSTF processed greater autonomy in the use of the funds provided to it. This provides some clear pointers in regards to future procurement and supply of TA.

- **Technical Assistance in WRM**

In water resources management the historical absence of support in the development of storage, water for production and in water resources management in general, underpins the need for considerable future investment and related capacity building. The need for TA support in regard to WRM is reflected by:

1. The demands expressed by both the Ministry and the WRMA
2. The continued demands for support in technical areas of WR data management and WRUA development support and monitoring.

Figure 45: Planned and actual TA usage by Component

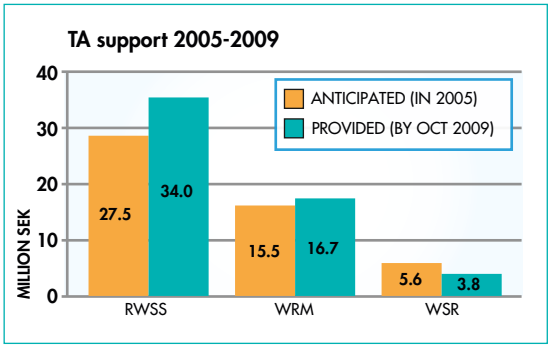


Figure 46: Planned and actual LTTA/ STTA TA usage

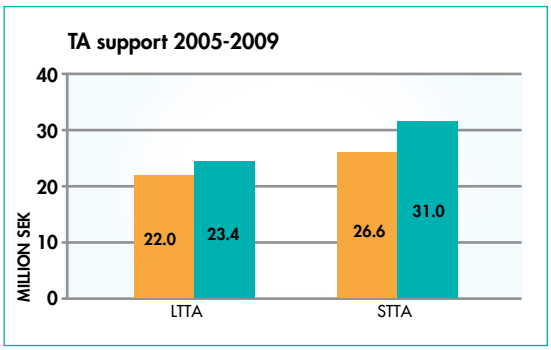
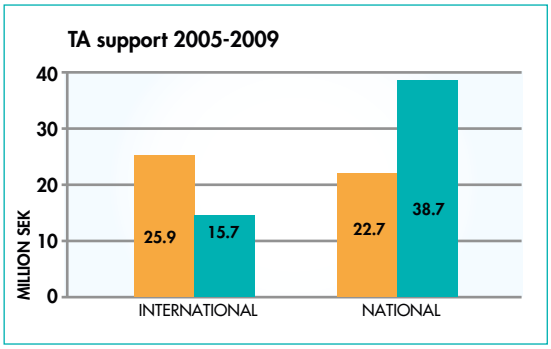


Figure 47: Planned and actual International and National TA usage



- **Best practice in management of Technical Assistance**

The hiring, management and quality control of the TA inputs represent a considerable and challenging task and the required capacity for quality assurance within WSIs should not be taken for granted. The function of TA quality control (and related capacity building in this area) should be separated from TA provisions. The TA provider in the course of KWSP I recognised that it functioned both as a provider and monitor of TA. Only in the WSTF was progress made in terms of supporting WSI systems of TA procurement and quality control.
The departure of the Senior Sector Specialist had two consequences:

1. An absence of overall support in the development of the sector towards a SWAp.
2. A reduction in MWI's capacity in regard to monitoring and quality control of the TA provision.

When scrutinizing the terms of reference of the Sector Adviser, duties related to TA monitoring and quality control are ill-defined, in hindsight however, the LL Team suggests that there was, and remains a need for more focused support in relation to TA management support functions in relation to such large scale TA provision. There are possibly other areas where a Sector Adviser's contribution may have been beneficial, as follows:

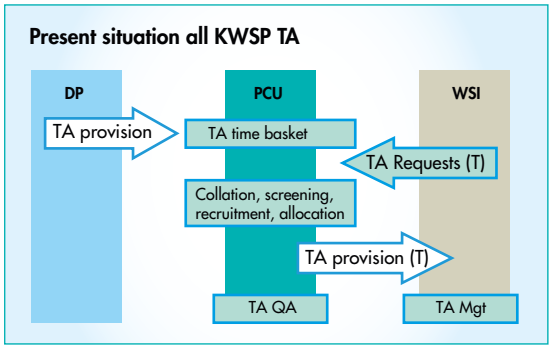
- Broadening the support of the KWSP at an earlier juncture to include WASREB, WSTF, KEWI, NWCPC and Directorates of WRM and Irrigation/Storage
- Contributing advice and guidance in moving towards a SWAp.
- Supporting WRM, Irrigation and Storage Directors in the establishment of links with WSTF
- Promoting the development and operationalisation of the Sector Investment Plan and Sector Information System.

Cross-check and balance mechanisms in TA provision

The TA provisions in KWSP I are determined by MWI yet provided by Sida. This system of TA provision is shown diagrammatically in the figure below.

The TA during the KWSP was not procured by the WSIs. In the case of the WRM component TA time was allocated and budgeted allowing WRMA to plan its TA requirements in relation to a "time budget". In the case of the other WSIs, TA was requested and partly shared and partly distributed on a first come first served basis. Those WSIs best equipped took full advantage of the facility, while others did not or were not able. Over the course of KWSP I, the number of WSIs aware that their application for TA assistance might be positively considered increased, with TA being provided to key institutions such as WASREB and WSTF.

Figure 48: Present system for the provision of the TA in KWSP



Legend: (T) = Time, (QA) = Quality Assurance

In regard to any future SPS it is hoped that the individual WSIs may have greater autonomy and control over the TA resources, in a similar manner as WRMA has had. To varying degree, the management of the TA by the WSBs has been influenced by their management ability, capacity and sense of ownership for the TA.

A new model for TA based provision on the lessons learned is presented in Volume 2. This model emphasises autonomous TA procurement by the WSIs with the TA management support being provided seperately.

Increased management of TA

The original project documents provided for 2 international TA, one in Water Services and the other in Water Resources Management. The Consultant was required to fill both posts and then determine which of these might also function as Team Leader. There were no requisite TORs for the team leader in regard to management responsibilities for the TA, as this responsibility was held by the PCU and the institution to which the TA was to report. By the end of KWSP I, the National Team Leader's time was entirely directed to this TA provision/management function.

6.
SUMMARY FINDINGS, LESSONS LEARNT AND RECOMMENDATIONS

The Lessons Learnt and respective recommendations are analysed in relation to the indicators of the Paris Declaration (2005) to highlight the sector needs in relation to: Ownership, Alignment and Harmonise. This chapter further considers aspects of GOK-Donor mutual accountability, in terms of the transparency of the present monitoring framework in the joint assessment of progress.

6. SUMMARY FINDINGS, LESSONS LEARNT AND RECOMMENDATIONS

This document provides material findings, substantiated through interviews, field surveys and analysis of secondary data, further detailed in Volume 2. The analysis of key findings underscores the Lessons Learnt, which lead to concrete recommendations. To contribute to the reporting structure of the Lessons Learnt and respective recommendations, the LL Team utilises the indicators of the Paris Declaration. The formal indicators have been interpreted only in relation to support the Kenyan/Water Sector context of the discussion.

Table 12: Summarised (interpreted) indicators of the Paris Declaration (2005)

	Ownership
1	GOK and Donor inputs are linked to: *1) National strategic priorities 2) Mid- term expenditure and framework and 3) Reflected in annual budgets.*
	Alignment
2	Reliable country systems: *WSIs Procurement FM systems adhere to accepted good practices.*
3	Aid flows are aligned on national priorities: *Donors funds reported on GOK's national budgets.*
4	Strengthen capacity by co-ordinated support: *Donors coordinated support linked to GOK strategies.*
5a	Use of country public financial management systems: *Donors use WSIs financial management systems*
5b	Use of country procurement systems: *Donors use WSIs procurement systems*
6	Strengthen capacity by avoiding parallel implementation structures: *Avoidance of PIUs/PMUs/PCUs*
7	Aid is more predictable: *Donor funds released on multiyear frameworks.*
8	Aid is untied: *Percent of bilateral aid that is untied.*
	Harmonisation
9	Use of common arrangements or procedures: Donors combine in using common arrangements
10	Encourage shared analysis: Donors combine for Field missions, joint analytic work and reviews.
	Managing for results
11	Results-oriented frameworks: Transparent and monitorable performance assessment framework
	Mutual Accountability
12	Mutual accountability: GOK/Donor mutual assessments aid effectiveness and progress

The LL Team discuss below the lessons learnt and recommendations in relation to these indicators

Table 13: Lessons learnt and recommendations in relation to the indicators of the Paris Declaration (2005)

	Ownership	
1	GOK and Donor inputs are linked to: *1) National strategic priorities 2) Mid- term expenditure and framework and 3) Reflected in annual budgets.*	
	Issue	**Description**
1(i)	Inconsistencies in sector funding	The report demonstrates, through the analysis of the recent GOK funding of the sector, an inconsistency between 1) GOK fund flows and, 2) documented national strategic priorities. The Joint KWSP/WSRP-MTR refers to the need for agreed common outcomes and this cannot be achieved unless both GOK donors have common . goals and agreed fund flows to achieve these goals.
1(ii)	MTEF lacking	The GOK and Donor funding of the Water Sector should be consistent and predicable, supporting the national priorities. The MTEF should demonstrate this consistency and predictability. The Water Sector lacks a clear Mid-Term Expenditure Framework. It is important not only to prepare an MTEF, but to ensure that it be used as a concrete framework for the future funding of the sector. The WSIs, indeed all water sector stakeholders, have little or no appreciation of the anticipated future support provisions through the GOK (Treasury)/ Donor budgeting process.
1(iii)	CPC/WRMA/WDC lack funding	The present situation is that many of the new institutions are desperately under-funded. The public's expectations have been raised. Stakeholders in 400+ target locations and in over 200 WRUAs have had their expectations raised, through concept marketing. The absence of predictable resource availability to support the implementation of CPC schemes and catchment management activities will ultimately undermine the confidence of the public in the Water Sector.
1 (iv)	Practical measures in addressing Climate Change	Whilst the need to address climate change, through adaptive and mitigative measures is being accorded increasing importance, the WSIs are yet to establish the tangible and practical through which such measures should be addressed. Many of the measures required to address climate change require: 1. political support in relation to regulation 2. clearly articulated climate change related actions (for example: – a moratorium on drilling in ALARM / depleted and over stress aquifers (such as the Nairobi Aquifer)) 3. better communication with the politicians/public as to the need for sector discipline in relation to enforcing regulations. 4. Supporting guidelines and related documentation on the practical measures to be taken.
1 (v)	The importance of political commitment	The TA and public servants work closely together in providing skills transfer, but the politicians are not influenced by this scenario. This is clearly demonstrated within the sector perceptions survey. The Lesson Learnt is that despite intensive skills transfer and capacity enhancement for public servants the ultimate result is ultimately very .... much influenced by the political decision makers, in relation to which the TA has little or no influence. This may be a universal lesson as it is also true in industrialised countries. This again underlines the need to ensure that future SPS is based on national strategies and politically agreed goals and outcomes.
	Alignment	
2	Reliable country systems: *WSIs Procurement FM systems adhere to accepted good practices.*	
2 (i)	Support to Financial Management	The KWSP provided a disproportionate amount of STTA support, from that initially reflected in the PD in relation to FMIS development. The ability of WSIs to respond to and address audit questioned costs has during the course of KWSP been a major constraint to fund disbursement. Financial management support was found to be required at all levels. This not only includes the WSIs but, due to the systems of financing implementation through CBOs and WRUAs, the demand for financial management support development was found to be very large at all levels (WSI, WSP, CBO, SO and WRUA etc).

		In regard to the usage of funds provided to CBOs the findings have generally been positive, where public audit of fund use has contributed to the mitigation of fiduciary risk. Support in the development and use of FM Systems continues to be a major requirement within the sector. Financial management training is required particularly by the new WSPs, where efficient financial management, billing, and sound business planning are relatively new concepts. Likewise financial management training in support of CBOs and WRUAs is a critical element. Only through capacity development in financial management can CBOs and WRUAs be empowered to be effective managers of their own development. Recommendation: As the needs were not adequately assessed in KWSP I, the formulation of future SPS should give financial management support needs adequate recognition.
2 (ii)	Performance based payment of costs	The positive experience of institutions taking a % of the funds provided as a management fee in relation to their respective roles in CPC and WDC should be continued. Up front line budget funding in regard to the CPC development phase funding through WSBs might be better replaced by performance base compensation payments on approval of a CPC proposal. (See Specific recommendations for the CPC)
2 (iii)	Right Based Approaches, Transparency, and good governance	When rural communities are empowered to manage, in the vast majority of cases, communities respond and are able to handle and monitor financial resources under their control. The challenge facing the sector is to ensure that the public are aware of their responsibilities and are encouraged to embrace this role. Where funds are misused it is most often due to the lack of transparency within the communities, where responsibilities are not clearly understood. This places a responsibility on each of the WSBs to ensure that the general public are aware. To achieve this the WSBs need to review its communication strategy and assess whether the materials presently at its disposal – fliers etc are adequate. Transparent funding procedures have guaranteed that resource allocation is based on equitable treatment of citizens. The conceptual framework for the WRM, which includes the permit allocation system, is an instrument for right based water allocation. To be effective the system must be backed with sufficient long term funding for related infrastructure, capacity building and be supported politically. The FMIS development within institutions has increased transparency of accounting and the continued system of rolling audits has place pressure on institutions to perform with diligence in maintaining their accounts to the highest standards. As a consequence accounting discrepancies are more easily identified resulting in the withholding of subsequent fund flows. Many of the audit questioned costs however reflect, an inability of the management to respond to the auditor's queries, rather than reflecting misappropriation of funds. (For example: The absence of a workshop report, as a supporting document, results in the delay of an institution's subsequent funding). The capacity of the institutions to operate the new FMIS system will require continued support in the foreseeable future
2 (iv)	Private sector participation and commercialization of the sector	The sector reform has brought about increased opportunities for private sector participation, for SOs, QCAs, contractors and consultants. Commercialization of the WSP still suffers from the unclear roles of the WSP, DWO and MWI. The Government continues to support WSP in terms of investment and operational costs directly and/or through DWOs. Pending electricity bills can be paid though external resources and structures rehabilitated by DWOs. This continues not only a dependency syndrome in the WSP, but underlines an inability of WSP to follow the cost structure of business operations and make long term business and investment plans together with the WSB.
3	Aid flows are aligned on national priorities: *Donors funds reported on GOK's national budgets.*	
3 (i)	Alignment in funding the Water Sector	There is a high degree of alignment in aid fund flows in relation to national priorities. It is the means (the funding channels) used to fund the sector that reflects the lack of alignment, resulting in different donors confusing the mandates of respective institutions, for example: • The NWRMS indicates funding of WRUAs through WSTF to WRUAs utilising the WDC (yet WB/NRM transfers funds to WRUAs through WRMA (the WRM Regulator)

	Confusing WRMA's role as that of regulator	• The NWSS indicates two funding channels for Water Services development, namely through the WSBs and through the WSTF. The role of the DWO being to support liaison, (yet some donors insist upon systems that rely upon DWOs receiving AIEs (authorisation to incur expenditure) and DWO procurement/contracting. Recommendation: A survey and analysis of Donor funding of the sector would highlight these anomalies and support greater future alignment in donor funding of the sector. Donor Pier Review during the process of programme preparation would further support alignment, but also require greater commitment by donors to the principle of harmonisation.
4	Strengthen capacity by co-ordinated support: *Donors coordinated support linked to GOK strategies.*	
4 (i)	Role delineation	The delineation of roles in relation to institutional mandate has been a central consideration in the implementation of the reforms and in regard to the support provisions during the course of the KWSP. The KWSP has supported, both in conceptual and practical terms, the respective WSIs, to operationalise according to their mandated functions. This has been particularly important in relation to the respective roles of: • The WSTF as an WSS investment bank making decisions on investment and providing oversight monitoring. The WSBs being responsible for asset development and the respective facilitation of CBOs as managers, supported by competent SOs that have been hired (outsourced) by the WSBs. • WRMA as the WRM regulator, supporting WRUAs to development as managers of catchment related activities, financed by the WSTF. There is still some way to go in the future in relation to: • The support needed by the NWCPC to become an efficient and effective developer of major storage. (Desisting from community and other groundwater development). • Inter-Ministerial overlap in relation to roles, for example between WRMA and NEMA on issues of water quality permitting, still undermine the implementation of an effective government programme to address water quality issues. • WASREB and WSTF determination of rural water coverage/service level criteria and responsibilities for data collection and reporting. For example the WARIS (WASREB's Water Sector Information System), does not recognise or reflect the water status of the rural population. In each case the clarification and internalisation of these roles has been thwarted as donors take unilateral decisions in respect of the roles and responsibilities to be taken by different institutions. The WB being one such example adopting different means of financing WRUAs in different parts of the country - even in the support of similar goals.
4 (ii)	WDC "Bottle necks" and the dangers of becoming overly dependent on donor funding	The CPC was developed and hands on support provided at Regional Level in the ..... operationalization of this system. The primary role and responsibility of the regionally base LTTA was to support the WSBs in nurturing the early development of the CPC ... system of implementation. This support included the training of WSB staff as well as the induction and mentoring of the Support Organisations (SOs) and Quality Assur... ance Agents (QCAs). The WRUA Development Cycle (WDC) was developed later due to the fact that, ... first and foremost, WRMA was required to develop the conceptual monitoring and .. regulatory framework, and then operationalise the respective systems Internalisation of WRMAs primary role as that of regulator and not implementer also took time. The WDC concept only being developed towards the end of the 4 years of the KWSP. The WDC is presently constrained in the absence of such practical guidance and technical LTTA support as was provided in the CPC. The change in roles of the WRM staff, (previously MWI staff) is possibly a greater transformation, when compared to their respective colleagues in water services. WRMA staff have been challenged to embrace participatory catchment management concepts engaging civil society and multi-sectoral stakeholders. The support requirements in the WDC development process can be considered equal if not a greater challenge than the CPC. Consistent long term support is considered necessary in the practical implementation of the SCMPs. The detailed elements of which include: • Problem and Stakeholder analysis, Development of the constitution and bye-laws of the WRUA, leadership, conflict and financial management training • Baseline data collection in abstraction and water use, effluent and water quality, vegetation and land use, socio-economic and livelihoods, natural resources mapping

		• Catchment and riparian rehabilitation, riparian pegging and consensus of riparian land use, soil conservation needs assessment and related activities, tree nursery development and afforestation • Building compliance, bulk metering, permit provisions, introducing water regulation technologies/structures. The development of and support to the monitoring of permits, monitoring and collection of fees for raw water use • Water resources development outsourcing and management of feasibility studies, assessment of water storage needs and development options • Water demand management, impacting upon abstraction monitoring, water use efficiency in irrigation use and reduction of wastage. The list is long, requiring a wider range of technical and managerial skills within a demanding process of WRUA support. A process to be supported by GOK/WRMA staff unfamiliar with this new role. The WSTF staff, in supporting such funding arrangements, are likewise less familiar with this process as compared with the well tried and tested approaches developed over decades within RWSS. In short, the WDC is a more challenging assignment with a higher ambition level, yet one less well supported and/or resource. The WDC is no less important to the Kenya's future. The recommendation therefore is that in future SPS should give adequate recognition of the respective capacity building and financing needs of the WDC. Both GOK and donors, in placing WRM development as a priority, must agree on a robust and predictable funding arrangement to support it. Consideration may be given to the funding of WRMA on a basis of 1:1 Development (Revenue) funding by GOK matched equally by a consortium of donors, to avoid WRMA becoming overly dependent on donor support. Likewise such funding arrangements might also be considered in relation to the funding of the WSTF to avoid the WSTF and the rural poor being overly dependent on donor financing.
4 (iii)	WSI QTR Interlinks	The KWSP initiated and then supported the regular quarterly meeting between the WSBs where experiences could be shared, achievements reflected and issues of concern addressed. Initially these QTR meetings were intended to support only .... the interaction of the WSBs, but through experience it was found that such exchanges required, being augmented by, the participation of other key actors within the sector and later included contribution and participation by WSTF, WASREB, WRMA, KEWI, WAB and NWCPC. It is recommended that: 1. Related support to allow for this positive inter-exchange continue 2. That larger institutions such as WRMA promote the adoption of similar regional exchanges with focus on WRM issues, while engaging in both water sector and other actors in such forums.
4 (iv)	TA – Support to independent oversight	The KWSP TA provision model, whilst efficient, reflects one area of potential weakness in that it was entirely dependent on the recipients' capacity to manage and oversee inputs and ensure quality. The framework for TA provision as reflected in the PD was undervalued the time requirements in respect of TA management and quality assurance. Whilst the PCU/MWI was manager of the TA inputs in the KWSP, to some extent, the TA supply contract became one and the same with overlapping roles for TA management, supervision and quality assurance. Both roles are important and capacity requirements related to each should not be assumed. The management of a TA contract (especially in relation to one the size of the KWSP TA contract) is a time consuming and technically demanding assignment. It is recommended therefore that in future SPS the TA supply contracts should be separated from TA support in the management and quality assurance of TA supply.
5a	Use of country financial management systems: *Donors use WSIs financial management systems*	
5a (i)	The need for clarity in sector funding	Donor budgets are seen as one programme entry. The funds provided to and used by a respective WSI are not reflected. In using GOK systems it would be necessary for donors to reflect their budgets in line with the GOK estimates, and for GOK to reflect donor funds in line with their own systems. The information in the GOK estimates in regard to anticipated donor investment is clearer than in regard to actual donor expenditure. It is extremely difficult from the estimates of the last 3 years, to determine where GOK funds are used and by whom, given the larger proportion of parallel funding systems. There are two reform funding channels for water services, namely through the WSBs and through the WSTF. In reviewing the estimates these two channels are not clearly reflected.

5b	Use of country procurement systems: *Donors use WSIs procurement systems*	
5b (i)	Bulk procurement	The report describes specific cases where specific donors use bulk procurement (for example hand pumps) in order to reduce units costs, while other donors insist upon WSTF transfer of funds to communities to 1) reduce fiduciary risk 2) enhance management capability 3) augment local spare part supply networks and 4) reduce transaction costs. Such divergence of views and systems is not conducive to the development of unified systems and approaches and confuses sector actors and communities alike.
5b (ii)	Agreed approaches in prioritised targeting of the poorest	The introduction of the concept of "target locations" inherent within the CPC is probably one of the most far reaching impacts of the KWSP. The pre-KWSP NON-CPC process reflected a "first come first served" system, where NGOs were the main actors in the determination of the allocation of resources. The prioritising of the poorest location, supported by GOK's sustained resolve to support these rural communities first, has demonstrated a paradigm shift away from pre-reform systems. The criteria for target location selection and the results of the ranking of locations is public information to be scrutinised. This system can be equated to a procurement (a tendering) process. Those not selected can understand the process and have confidence that it was transparent. Yet it is the donors that thwart GOK's efforts by introducing their own criteria for resource allocation such as restricted geographical coverage. Can donors equally publish the criteria by which "their" selected districts were chosen? The principles of equitable resource allocation are central to the principles of transparency and good governance, yet when introduced, by GOK, they are not necessarily supported, worse they are undermined. It is recommended therefore that MWI develop guidelines to guide the preparation of donor programmes in support of the water sector. Whilst the principles are clear in all the presently available documentation, a short and concise check list would support donor alignment and harmonisation.
5b (iii)	Tax/VAT exemption	The present system is that donor funds are exempt of Value Added Tax (VAT). Communities receive funding for their water supply schemes from the WSTF. These funds are designated exempt of VAT. The community go through their procurement process as described in the CPC and will as a result purchase (for example) a quantity of pipes from a supplier. On delivery the purchase is paid for together with the VAT. The VAT is paid by the community with the funds received from the WSTF. The receipt is then processed, through WSB, to WSTF, to Ministry, to Embassy, to KRA to VAT department etc. The process finally results in a DA1 exemption. The exemption is provided to the purchaser – the community – and once provided the community takes it to the supplier of the pipes. Here the supplier credits the purchaser either in cash or kind. For the communities to keep simple books of accounts has proved a challenge. To add to this a system which results in fund availability after the implementation of the scheme in the hands of few – at a time after the implementation – that can result in cash hand outs is clearly open to abuse. It is strongly recommended that the donors look for other means to compensate this VAT element (16%) or consider that CPC investment funds should no longer be considered exempt of VAT.
6	Strengthen capacity by avoiding parallel implementation structures: *Avoidance of PIUs/PMUs*	
6 (i)	TA Procurement	The provision of TA in KWSP I was largely managed by the PCU/MWI. As the new WSIs develop capacity such roles should be decentralised and rest with the respective WSI. MWI role being one of support and oversight in regard to quality assurance. A case in point is the WSTF, due to its having more autonomy in the use of its funds and TA support, was able to develop its own TA fix fee framework procurement contracts and more effectively access TA support as required. Such systems should be considered in relation to any future SPS.
7	Aid is more predictable: *Donor funds released on multiyear frameworks.*	
7 (i)	Supporting more predictable fund release through practical means	This report acknowledges the difficulties faced, mistakes made and lessons learnt in regard of direct funding of NGOs, within the NON-CPC and the early reliance place upon them to act in the best interest of a community. The report also recognises the weaknesses in financial management within the new WSIs that has resulted in the lack of/continuity of assured fund flow. Over dependence by a WSI upon donor funding has also been demonstrated to represent a very high risk. There have been repeated instances where donor funding has been "switched off "on account of post election violence, or as a result of a lack of action in responding to au-

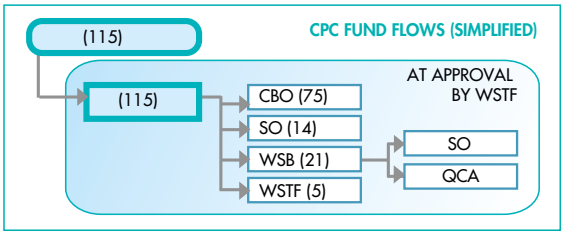
		dit questioned costs. WRMA and the WSTF particularly have been overly depended on donor funding. WRMA has expressed (cried out for) support in the form of financial management assistance in order to upgrade its financial management operations and while denied support, has not been able to secure funding due to a recognised weakness to address audit questioned costs. Future financial support to these two institutions should be developed with GOK on a more equal footing (perhaps a 1:1 input ratio) to ensure 1) adequate funding 2) a more secure financing framework and 3) a more predictable financial supply. The donors should continue the regular vigorous process of independent rolling audits that require high performance and strong management, yet staffing constraints, lack of recurrent budgets to employ accountants etc, should at the same time be recognised such that support in capacity building is relevant and effectively addresses the constraints that an institution faces.
8	Aid is untied: *Percent of bilateral aid that is untied.*	
8 (i)	"Ear marking" by donors	Tied aid is that which is "ear marked" to be spent by a donor in its respective country. There a no such examples in the Kenyan Water Sector, however for the purposes of this report and analysis there are issues that are related, namely: Tying aid to a specific geographical location. The Water Sector needs to consider the development of clear policy guidelines for donors that intend to provide support in areas of water services either directly through MWI or indirectly as part of (for example) An Integrated Development Programme with restricted geographical coverage. There are several pre-reform programmes supported by IFAD and other donors which continue to operate and be implemented through the DWO reflecting pre-reform relationships. As other donors consider their approaches they would benefit through the provision of guidelines on the current norms and expectations of the sector. Likewise a focus on a geographical area by a donor, willing to support WS, will de facto mean that support to only prioritised target locations does not match with the goal of perhaps universal coverage in a specific area. Guidelines on working methods are required.
	Harmonisation	
9	Use of common arrangements or procedures: *Donors combine in using common arrangements*	
9 (i)	Donor alignment	The Water Sector Working Group has discussed the idea of programme throug Pier Review, yet no such reviews have been put into effect. Harmonisation can only be achieved when donors take joint action and call each other to account. During the course of the last four years a number of donors/development banks have developed a variety of different systems and procedures relating to their supporting the Water Sector, this has undermined efforts at harmonisation and created confusion within communities in relation to developing a common standard understanding by the public in relation to means of support that may be expected from the new WSIs. An effective system of Pier Review, at a point in the process of programme development that would allow for changes, might enhance donor harmonisation.
9 (ii)	Systems of TA Provisionin	The system of TA provision, particularly STTA provision developed by PMU/MWI collaboration with the consultant was responsive and efficient. Programmes in the Water and other Sectors with similar intentions (i.e. the demand-based provision of considerable quantities of STTA support) have oftentimes found themselves virtually "grounded" due to the use of more cumbersome and bureaucratic mechanisms. The KWSP TA Provision Model should be considered and perhaps copied and used in other programmes where found appropriate.
10	Encourage shared analysis: *Donors combine for Field missions, joint analytic work and reviews.*	
10(i)	Combining efforts	The KWSP has been a good example of where like minded donors have teamed up to support the water sector, combining to support harmonization and reduce transaction costs. Other such joint initiatives are reflected by Kfw/WB/AfDB and GTZ. The merging of donor efforts in light of the present divergence in approaches needs to continue.
10(ii)	Comprehensive Sector Analysis	In the determination of sector performance in moving towards a SWAp it is critical to understand the sector as a whole. Whilst MWI and donors have engaged in joint sector and programme reviews, and each review has consequentially looked with increasing scope at the water sector, these assignments have failed to undertake a comprehensive analysis of the sector as they have left almost entirely out of the analysis the largest single recipient of the GOK funding, namely the NWCPC. This should be addressed and in future the joint reviews should give priority to those institutions where GOK has demonstrated it places its priority.

		Recommendation: Annual Joint Sector Reviews (AJSR) to consider the entire Water Sector. The criteria for the respective review team, and the technical capabilities of the team members, should be determined in relation to scale and scope of the fund flows coming to the water sector. Expertise in major storage development for example should be considered within the teams make up.
10 (iii)	Financial analysis a precursor to Sector Review	The past Annual Joint Sector Reviews (AJSR) have been undertaken in the absence of mutually understood Sector Wide Financial Data. Any AJSR review should be undertaken in reference to the overall sector funding framework. Whilst this report attempts an analysis, the establishment of mutually agreed categories and indicators for sector financing would aid common understanding. Thereafter analysis of Sector Financing should be undertaken jointly on an annual basis as a precursor to, and setting the context within which the AJSR would be undertaken.
	Managing for results	
11	Results-oriented frameworks: *transparent and monitorable performance assessment framework*	
11 (i)	Realistic targets	Unrealistic targets or where the criteria for fulfilment are either unclear or overambitious is no basis for planning. The MDGs are clear in how access is defined, however the data from the WSTF indicates that even in areas funded by the WSTF approximately 40% of the population is anticipated to remain below the MDG target even after the implementation of a CPC scheme. Future plans and targets need to be made in recognition of the realities on the ground. Whilst for example it is relevant to aim for rural water supplies to conform to KBS/WHO quality standard, it is over ambitious to achieve this in the short term as a pre-condition to reaching the MDGs. For example a stream source untreated places the user in service level 3 and even the most advanced urban WSPs struggle to reach required water quality standards in the mid term. Whilst Urban coverage is to be judged against the same criteria – in practice reported coverage is not. It is important the targets are realistic and the reporting against those targets meaningful and accurate. A lack of realism undermines a clear plan in how to address the problem. To address this challenge a step-wise approach requires as follows: 1. A realistic transparent and monitorable service level based systems needs to be established and universally/nationally accepted/embraced, with measurable indicators covering time/distance, quality and quantity for rural water supplies 2. A comprehensive baseline needs to be undertaken, based on these indicators, matched by training and systems developed to operationalise the updating of the data. 3. Realistic targets need to be set in relation to these same indicators. The targets in term of these indicators will vary depending on the setting urban/rural. 4. A sector MTEF/investment framework needs to be agreed, with agreed contributions to achieve these targets, using mutually agreed methods.
11 (ii)	The desperate need for comprehensive baseline data	As recently indicated by MWI in regard to coverage issues and the attainment of the MDGs the main intermediate goals to meet the water related MDGs by 2015 include: • To ensure environmental sustainability (Goal 7). • To "halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation (Target 10) MWI recognises that the information systems and the database in the RWSS Sub Sector have not yet developed to the extent that precise figures for coverage responding to the key notions of sustainability, safe water, assessibility etc are available. Nevertheless the approach taken is to continue to augment the available data, through surveys and studies, that reflect MWI's estimated (2006) coverage in regard to : • Urban setting is 60% water coverage and 55% sanitation coverage • Rural setting is 40% water coverage and 45 % santitation coverage The present situation therefore is that there is no clear comprehensive baseline on the present status of the RWSS Sector, To be a useful tool for spatial planning and resource allocation such piecemeal information as represented by small stand alone studies is of little value. The studies and surveys undertaken to date are stand alone in that they do not use standardized systems or criteria for the determination of service level and do not therefore result in a sequential contribution as a part of a coherent system of information gathering.

		The WSTF and WSBs have developed the Service Level criteria and determination of coverage in relation to clearly understood parameters of distance/time, water quality and quantity. The resulting data allows for a professional discussion on resource allocation in relation to comparative needs and the possibility to reflect upon the anticipated and actual returns on a $ invested. As indicated above they also provide material that allows for realistic ambition levels to be set in relation to the achievement of targets to be articulated. The information also provides an overview of the RWSS status in the poorest locations representing possibly the largest detailed field survey in the determination of services level/coverage in the poorest rural areas. Added to which several comprehensive surveys have been undertaken that map overall coverage/service levels in at least 50% of Kenya. Compilation of all this data is required. Together with a system that reflects the contribution of other actors. MWI's assessment presently focuses on the provision of improved access through MWI and related WSIs, giving little consideration of coverage supported by NGOs and the private sector. The Water Sector requires: • National recognition of the criteria for the determination of service level • A national programme to build up a national spatial database • Clarity on the roles and responsibilities of different organisation in hosting/reporting, and sharing information on service level coverage.
11(iii)	Case studies and Standard systems in evaluation costs and benefits.	Case studies in water usage and the impacts at the household level resulting from improved access are required if a more accurate determination of service level improvement and related benefits are to be determined. The benefits need to be quantified if they are to be evaluated. For example: • What are the actual benefits derived from a water source being brought closer to the homestead resulting in a 1 hour reduction in water collection time? Is more water used? Is more water hauled? Is time actually saved? What are the benefits derived? Are the benefits derived from improved access through distance equivalent to the benefits accrued through the increased use of water? This study assumes that: • Time saved of one hour through reduced distance to source is equivalent to • a 15 litre per person increased use of water, which is also equivalent to • an improvement of water quality from highly polluted to poor (requiring treatment) The term equivalent means equivalent in respect of the benefits derived. This is not an unreasonable assumption but usually before making such a large investment (Kshs 79.3 billion over a 4 year period) one would wish to know with some certainty the actual impact at the household level and the real importance in relation to each indicator. A universal system for the determination of costs and benefits, would contribute to this and this report provides a simple one row excel model to determine the costs/benefit ratio. It is the value place upon each parameter that needs to be better understood and nationally accepted.
11(iv)	Reporting the effectiveness of gender	The original Programme Document stresses the importance of addressing gender issues. The reporting of detailed achievements both qualitative and quantitative are found in measures. Volume 2, particularly within the Log Frame Follow-Up. Generally gender disaggregated data is missing in sector reports and analysis. In practice the CPC and WDC systems insure the opportunities for women to participate and there is evidence that women have taken a leading role in both water service provision and water management issues. Gender reporting should be improved. To achieve this a set of mutually agreed gender related indicators established and followed. The present indicators followed by UN and OECD, mainly reflect the national indicators and are too coarse to be used in a sector context. Water services and resources management have specific issues impacting women's lives, which should be described by specific indicators (e.g. time consumption used in unproductive activities, i.e. water haulage). This is already taken into consideration in the service level indicators, but should be better understood and highlighted in relation to gender. The LL Team has raised lessons learnt in relation to gender, in for example the attainment of MDG's and in the empowerment of communities, where women have played an equal if not predominant role through their representation in the committees and their respective organisation and management within the community. The inability of the sector to establish a baseline framework within which to effectively measure MDG

		parameters and related achievements, and LL Team's recommendations for case studies at the household level to determine actual impacts and benefits, underlines a concern that it is clearly women and young girls that are the most effected in the absence of a meaningful debate on coverage. The LL Report highlights that even after a CPC project, still 40% of households are not anticipated to reach the minimum MDG level. Clearly it is the women, child headed and HIV effected households that will suffer the most. The consequence of the failure of an effective monitoring system, on women and girl children, is enormous. The sector would benefit from: 1) highlighting the effectiveness of the means used to address issues of gender and 2) establishing, following and reporting a small number of sector-wide gender related indicators.
	Mutual Accountability	
12	Mutual accountability: *GOK/Donor mutual assessments aid effectiveness and progress*	
12 (i)	The need for mutual assessment	The report demonstrates that GOK and donor funding of the sector is not closely aligned. The funding priorities differ and the reporting of expenditures in relation to relevant categories makes analysis difficult (as found in this assignment). In the absence of joint (GOK/donor) analysis, sector funding is not mutually understood, allowing for supposition and inaccurate perceptions. The LL Team have made every effort to: 1) make an analysis of the sector, 2) delineate the GOK and donor contributions in an unbiased an objective manner and. 3) present the results in a transparent and easily understood fashion.

Specific recommendation in relation to the CPC process	
Issue	Description / Recommendation
General	WSBs have fully operationalized the CPC process for RWSS development. This is reinforced by the acceptance and uptake of the CPC process by other Development Partners, such as the AfDB, and EU. As part of development process, WSBs, relevant government departments and other stakeholders (SOs, QCAs, NGOs, etc) should continue to hold regular (quarterly) experience sharing meetings to support the identification of challenges. It is therefore recommended that: • The sector continues to build the capacity of all actors in RWSS developments who include staff of WSBs and relevant government departments and private sector institutions (SOs, QCAs, NGOs) on the use of CPC guidelines and any subsequent improvements. • Regular reviews/reflections on CPC guidelines and process, field experience sharing, training modules, etc. be maintained, and arising issues and way forward should be documented and widely circulated to WSIs as a basis for further development of CPC. Whilst it is not recommended that the NON-CPC learning experience be repeated, positive lessons can be drawn, such as: • The WSTF is much clearer regarding its role and works now more closely with the WSBs in the implementation of the CPC • The NON-CPC experience supported the devolvement of financial flows directly to the communities, resulting in their empowerment • The WSTF tools relating to the CPC process are much improved • The WSTF has recognised the need to be "one step ahead of the external auditor". In other words, the WSTF has worked actively in developing and applying the tools necessary for a positive review from the external auditor in relation to the governance of monies disbursed and has not waited for the results of the external auditor before taking action. • The donors too may have learnt that pressure to disburse funds does not necessarily result in the attainment of targets in the long run.

	The CPC is not perfect. There is a tendency for "slippage" in any system and there are many weaknesses that need to be addressed. The CPC requires constant improvements and adaptations to ensure its sustainability. As indicated in the last 2008/9 TA annual report, the future sustainability of CPC will depend on the MWI continuing to take the lead role in the ownership of the process and in supporting the implementing WSIs.
CPC financing	• GOK must commit to greater financing of the CPC and desist from continued financing of DWOs. At present one would be forgiven for concluding that there is little GOK interest in the funding of the poorest areas through the CPC process. • The WSTF/WSBs must continue to resist pressure to revert to funding of non-target locations, at the expense of target locations. • A suggested modification to the CPC funding mechanism, by enhancing the post payment performance based concept, should be considered. • On analysis of CPC financing it is found that when the resources for Development and Implementation are combined the result is broadly as shown in the figure below. To fund a CPC scheme would mean that for every Kshs 115 transferred to the WSTF, the WSB should receive Kshs 21 to cover the SO preparation costs and the WSB supervision and/or QCA costs. To all be paid based on an acceptable proposal. **Figure 49: Revised financing of CPC in relation to the role of the WSB**  • It would result in no up front line budget financing of the WSB but would result in fund payment/re-imbursement of the WSB as a result of a successful proposal approved for funding by the WSTF. • It would further lead to greater WSB autonomy and encourage a stronger management role by the WSB in regard to the activities of the SO both during development and implementation
CPC monitoring	• WSBs must resist the tendency to exclude the use of QCAs. There are valid justifications for the WSBs to consider that this function can more efficiently and effectively be undertaken by the WSBs, however from experience and interviews it is clear that the quality of the reporting is declining where QCAs are no longer used. The opportunity for independent oversight monitoring is also diminished. • There is a need to strengthen SOs supervision through the WSBs. This may partly be achieved through the revised payment system proposed, however the WSBs need to be clear that whether paid by the WSB or paid by the WSTF, an SO is not paid without the authority and confirmation in writing provided by the WSB.
Service levels	• The water and sanitation service levels are a key aspect of establishment of baseline and measurement of impact. There can be no "short cuts". The WSTF/WSBs must ensure the provision of accurate verifiable information as a key element in the CPC process. • Service levels: 1) Before 2) Anticipated and, 3) Actual after completion are a fundamental element in the 4-party contract signed between the WSTF/WSB/SO and CBO. It is a critical part of the justification of investment and follow-up to determine the costs and related benefits.
Public financial and services level data	• There is considerable variation in unit costs since the start of the WSTF and the CPC implementation. The unit cost variation has been reduced over time and a system for the determination of acceptable unit costs established, but is in its rudimentary stages. The WSTF would benefit from a more developed system that would account for regional differences and provide better upfront guidance to the SOs in the development of the designs, BOQs and costs. Transparency and public access to information is a key pre-requisite for improved governance. The WSTF should make public on the web the investment briefs following the approval of the WSTF Board of Trustees.

7.
PERCEPTIONS AND REFLECTIONS OF THE WATER SECTOR REFORM PROCESS

The Perception Survey provides the basis, in relation to which, the views and opinions of a wide cross section of sector stakeholders are analysed and discussed. The Lessons Learnt Team thereafter concludes by providing its own reflections on the transformations ongoing within the water sector.

7. PERCEPTIONS AND REFLECTIONS OF THE WATER SECTOR REFORM PROCESS



PERCEPTIONS

The Perception Survey focused interviews on a number of questions (35 in total) providing a broad scope of views of the progress in the reform process across the sector. Respondents were requested to score their responses on a scale of 1 to 5 providing a quantitative indication of their perceptions regarding the achievements of the reforms. The detailed information is contained in Volume 2.
Figure 50 provides a synopsis in relation to the question areas and the positive or more negative responses found.

10 key selected response areas, highlighting the diversity of views and opinions and selected quotes made by a wide range of the sector stakeholders, as found within the perception survey, are provided below:

1. "Whilst there are still many officers who resist the reform process the reforms are Kenyan owned". The remaining gaps in the reforms include the reorganization of the Ministry, the need to address the issue of staffing and GOK budget allocations in line with the reform. "The Ministry remains with its own agenda finding it impossible to delink from implementation". "MWI should reform first and then the WSIs". "In 2005 the Ministry was intended to be supportive of the new WSIs but more recently not".

2. "Originally, MTEF was done well within the sector but later degenerated to ministerial units, more like 'divide the cake' ". "There has to be buy-in at high level. To be a SWAp requires the government to be fully engaged. It is promoted by the donors but requires discipline on the part of the Ministry. I don't think there are any real ongoing SWAp activities". "There is contraction since the reforms do not recognize the position of DWO and having two accounting authorities at that level brings no meaningful change". "The fact that the reforms has stalled or stopped is an open secret. There are clearly now two parallel systems: 1) Donor and GOK money to the reform institutions and 2) GOK money to the DWOs and non reformed institutions. "Getting information on the minimum budget ceilings is beginning to happen. This is important as it is only with firm information that one can make plans".

3. "In hindsight the KWSP could have made a valuable contribution to the support development of NWCPC and KEWI as both have a very important role to play. The whole question of storage development and storage ownership on behalf

of government, were initially very unclear and have only recently been clarified. The NWCPC must focus on storage". "Storage is a fundamental development need for Kenya". "The drilling rigs should be privatized".

4. "The most important contribution of the donors was to set the new WSIs off on the correct direction. This they did particularly in regard to WRMA, but their support should have also been shared with MWI/WRM as this subsequently has been a barrier. One cannot fault the donors for management responsibilities in the hands of MWI". "The donors could seek to have MWI meet conditionality's and can link funding to a harmonised and aligned policy implementation but donor support has also not been predictable as they often change strategies".

5. "The donors don't have one approach and don't act as one with different procedures i.e. auditing, procurement, monitoring". "There are all kinds of donors pushing their own agendas for different reasons. One donor wants to route their money through the WSTF another doesn't. The WSIs/MWI are also not clear on what they want, but the result is the donors are not aligned".

6. "The TA needs of the institution should be left to the institutions to decide in some cases". "The LTTA input was inadequate, but MWI can make sweeping decisions that they do not have to justify". "The LTTA often ended up doing the work and the expected capacity building was overlooked".

7. "Politicians provide leadership and enable the mobilization of co-funding resources through the CDF and other organizations; they are thus are a big resource". "The politicians are responsible to make decisions and it is not that they must take the technical considerations into account, but it is unfortunate that within the present climate that they don't want even to listen to the technical opinion and then make the decision even if it is contrary to the technical advice".

8. "A main problem faced by our institution in regard to the enforcement of regulations is impunity and MWI interference making it difficult to enforce compliance together with the lack of support from MWI in getting other institutions to recognise the role of WRMA. Nairobi Water Company has paid its water charges but Mombasa, KenGen and others have not".

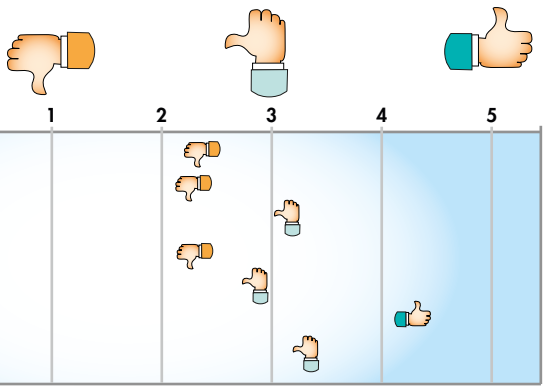
9. "CPC is very good, it involves the people and is being used. The process leads to improving access in rural areas". "The WDC process is thorough and with good intentions. It is good for funding to go through WRUAs". "The reports on the activities of the WRUAs are most encouraging. It is thanks to the WRUAs, upon whom the regional and sub regional offices are heavily dependent, that particularly political issues are addressed". "The WRUAs are helping to solve a lot of the local problems."

10. "WRMA is very much focused on equitable access to a limited resource over which there is conflict. If the WRMA does its job properly all will benefit and as shown in this drought." "WRMA with the support of civil society, through WRUAs, can have a real impact." "Climate change adaptations are essential but rarely addressed. It is important that funding is linked to climate change." "WRMA is all about planning with the resources available. This is a resource that fluctuates and one in relation to which WRMA is creating systems and methods to adapt and allocate the resource depending on these variations." "WRMA is important in providing early warning and raising the alarm in terms of categorising the magnitude of the problems faced by an area in term of its catchment degradation, water pollution, over abstraction."

Figure 50: Lessons Learnt Perception Survey Results

Lessons Learnt Perception Survey Results

Perception on	# of questions	Rating 1-5
Reforms/policy	9	2,4
Budget	4	2,3
Donor contribution	10	3,2
Institutional relationships	5	2,3
Management approaches	2	2,9
Tools and systems	2	4,1
Cross-cuting issues	3	3,3



REFLECTIONS

The reflections found below are provided in conclusion by the Lessons Learnt Team.

KWSP has achieved a great deal in supporting changing attitudes of the Kenyan Water Sector operatives and in formalizing the delineation of mandates and roles.

Water as an economic good. There is a growing appreciation of the value of water as a finite economic resource, demonstrated through the economic value attached to its allocation and use, and the increasing revenues raised in the sector.

The water service and water resources management associations have, due to their newly defined economically independent status, increasingly recognized the relevance of water fees, the need to reduce wastage and run systems in a frugal and efficient way. This economic awakening has come through the introduction of new funding arrangements, the repeated formulation of the business plans and related training.

Operating WSPs as business entities has caused service providers to increasingly look to their customers as clients and as the means for increased cost recovery. There is still a lot of work to be done. The Kenya Water and Sanitation Programme has supported the approaches inherent within the water sector reforms contributing in the development of transparent financial management systems and encouraging systems of community ownership and empowerment that support improved future operation and maintenance. Through capacity building and skills development the water services sector has been clearly supported in moving in the right direction.

The WRMA has developed a sound conceptual framework for catchment management and started the long journey toward increased compliance and improved management. The KWSP has extended considerable support in WRM systems development, enabling the water resources administration to be able to assess the status of the water resource and future demands to be placed upon it. The Water Sector is in a much better position today, as compared to 2005, to check the wanton misuse of this threatened resource. The introduced systems of permitting and raw water use charges for abstraction, together with waste water/effluent permits provides a good basis for long term improvement in the regulation and control process, combining fiscal discipline with sound principles, such as "polluter pays", together with technical instruments encouraging users to understand the value of the resource, the environment and enhance the more efficient and considerate use of water.

The era of free water is over and there is greater recognition of the need for all to be accountable for its use.

Delineation of roles leading to new incentive structures. The delineation of roles and responsibilities commensurate with the introduction of performance contracting has had a clearly discernable impact on the efficiency of the sector operators. The new institutional structure, created with the KWSP support, has also opened up opportunities for the participation of the private sector. The SOs have eagerly taken up the business opportunities to support the communities by providing know-how and expertise, with payment systems based on performance criteria related to the services provided, the technical designs and proposals provided and the schemes completed. The lessons learnt have resulted in a lower fiduciary risk with opportunities for mismanagement of the investment funds being reduced. This has been achieved by giving financial management responsibility to the users, encouraging public audit of fund use, and through the development of systems that provide for checks and balances through independent monitoring oversight. This can be clearly shown in the comparison between the efficiency and effectiveness of the NON-CPC versus the CPC implementation modalities. The KWSP support has led to better understanding of the incentive structures within which each sector stakeholder operates, and the lessons learnt have contributed ultimately to more robust and transparent systems being developed.

The SOs and QCAs, as private sector services providers, have been engaged through transparent competitive and public procurement processes. Through their engagement they have demonstrated the possibility for WSBs to increase institutional capacity without increasing their size. The WSBs are now better able to respond to the, hopefully temporary, fluctuations in fund availability for CPC scheme investment.

The WSBs are increasingly being financed through water sales collected by the WSPs. It is in the interest of the WSBs that the WSPs in their area do well. They increasingly depend on the incomes generated from the WSPs to pay their salaries and other operating costs. Such payments are based on the user fees collected, such that it is in the interest of the WSBs to develop the skills based within their WSPs, to facilitate training in improved business operations and improved financial management. WSBs are increasingly assuming their role as the overall regula-

tors and procurers of the services, facilitating project implementation in close cooperation with the WSTF and overseeing the water supply development in the board areas. Likewise the WSPs' incentive is to improve their operations and economic performance by reducing costs and wastage.

Poverty reduction as a focus. The importance of the joint WSTF/WSB selection process to identify the poorest target locations cannot be underestimated. Many similar initiatives in support of rural water services both nationally and internationally are based on demand-driven community management systems. Whilst they are equally commendable, they generally lead to a response and subsequent engagement of communities with mid-income and good social capital. If the economic rate of return is used as the selection criteria and basis for selection, the result is that communities with relatively high income levels are prioritized. The concept being that the poorest people lack the capability and economic resources to improve their own water supply and sanitation, require high investment support and "require others to do things on their behalf". "Lead farmers" – "organized communities" are usually the first to be selected. It is anticipated that they will show the way for the poorest and most marginalized to follow and benefit through demonstration by the more able.

The Kenyan experience has shown that poorest locations eagerly take the opportunity to develop their own situation, are not discouraged by the often considerable challenges and are able to manage project development with good effect and efficiency. The CBOs take the investment and turn it into water and sanitation supplies competing with low unit costs (compared to other implementers). This has not been achieved through inflated support costs or reduced construction quality. The capacity of the CBO is simply enhanced through cooperation with the SOs which provides technical assistance.

Reduced and known transaction costs. The traditional cascading systems for aid administration, where each level within the "aid pyramid", adds on its own costs, has allowed for "rent seeking behavior", reducing efficiency and cost-benefit relationships. The KWSP has contributed to changing these prevailing systems. Through the introduction of transparent management fees, outsourcing of support services, performance based payments and self procurement of technical assistance, the KWSP has contributed to improving both the efficiency and transparency of GOK and donor support to the water sector. By clearly disaggregating the costs of inputs attributable to implementation, institutional management and administration, the intended use of funds and the expected outputs are clearer and more transparent.

Gradual withdrawal of donor support. The Kenya Water Sector has been able to begin the process of improving its image and the KWSP has made a significant contribution to this process. The increased number of published business opportunities have made the sector a more interesting client/employer and the scope and working environment for the numerous capable and motivated water sector professionals is improving, albeit more slowly than many might wish for. When the KWSP started, the sector was heavily dependent on TA support, in terms of both financial and technical guidance. During the course of the Programme, through the introduction of effective systems, skills transfer and staff capacity development, reliance upon donor support has diminished.

The Government of Kenya has acquired many instruments for an efficient, economically and ecologically sustainable water sector. Water supply and sewerage in western countries is a very good business, creating wealth and well being. There is no reason that it could not be the same in Kenya.

The water sector in Kenya is considerably more able to stand on its own feet as compared to 2005. Should the GOK fund flows in future prioritize the new WSIs and the reforms backed by the political be completed, the need for further donor assistance could be questioned. The present lack of alignment in fund flows and the prevailing inertia reflected by the lack of progress in the restructuring of the Ministry and continued operations of the NWCPC and DWOs however suggests that it would be overly premature for the donors to back out and/or move to sector basket financing.

There is light at the end of the tunnel but still some ways to go.

8. INTRODUCTION TO CONTENT OF VOLUME II AND CD

8.1 THE CONTENT OF VOLUME II

The content of Volume II is found as follows :

- List of abbreviations
- List of figures
- List of tables

ANNEXES

1. Detailed approach and methodology
2. Detailed follow up of KWSP's Programme Document Logical Framework and the achievements in relation to each Component and intended Output.
3. List of Kenyan Ministries involved in water services
4. Perception survey results and analysis
5. Detailed Water Sector financing information 2006/7-2009/10
6. Unit costs of CPC Schemes and Service Level Worksheets
7. Database of all WSTF funded CPC projects (September 2009)
8. CPC Project Investment Costs
9. Proposed model for procurement in future Water Sector Support
10. Literature references
11. Summary of the ORGUT Consulting STTA Catalogue of Inputs
12. Useful Maps

- Map 1

Kenya and coverage of the offices of the Water Resources Management Authority

- Map 2

Kenya and the coverage of the Water Services Boards

- Map 3

Target Locations of the Water Services Trust Fund

8.2 THE CONTENT OF THE CD ATTACHED

The content of the CD attached is as found in the below:

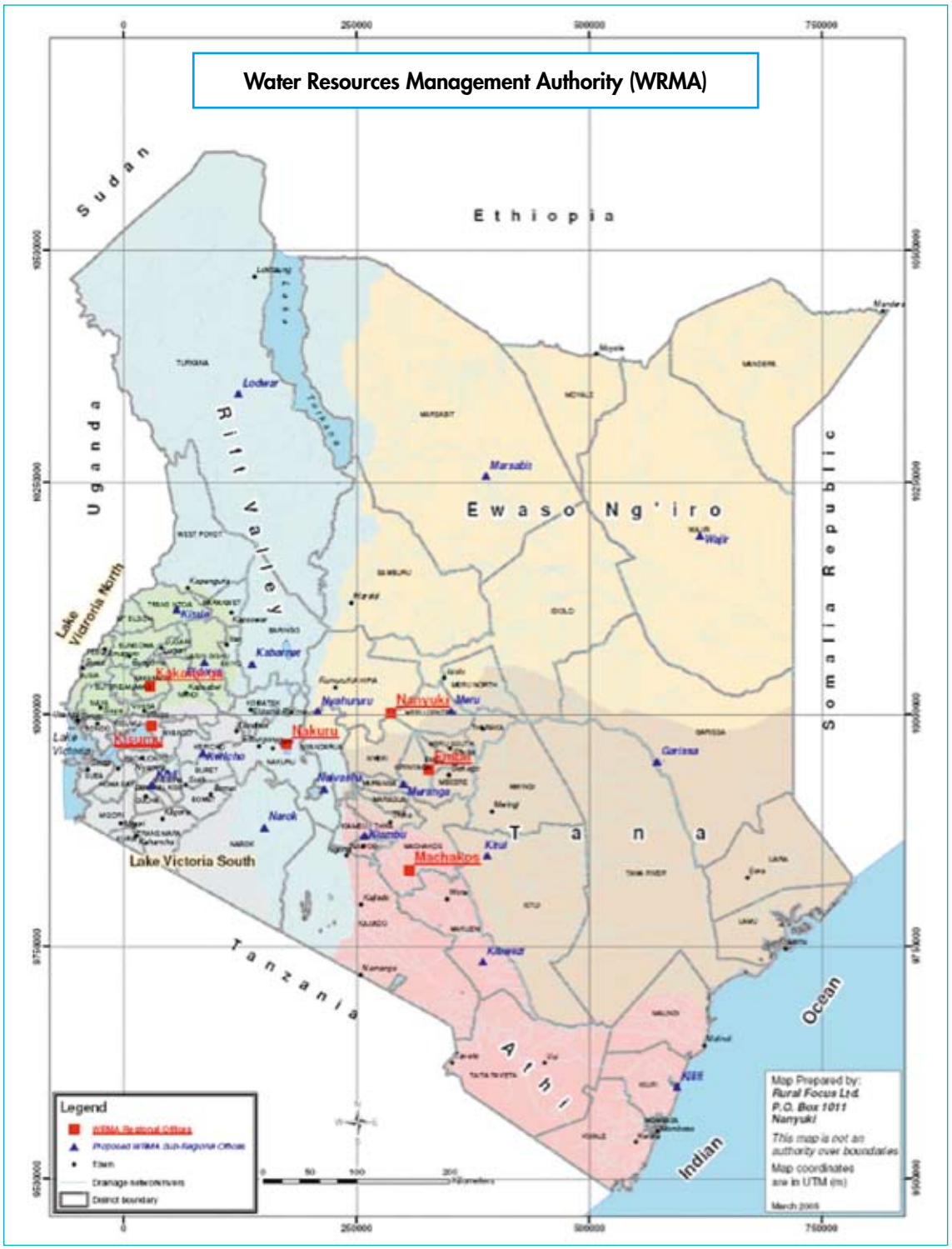
1. Lessons Learnt and Good Practices from Support to the Kenyan Water Sector Volume 1
2. Lessons Learnt and Good Practices from Support to the Kenyan Water Sector Volume 2
3. Technical Assistance Quarterly and Annual Periodic Reports
4. Short Term Technical Assistance Catalogue including all Assignment Completion Reports and the respective outputs of all STTA assignments
5. The Original Programme and Component Documents
6. Inception Documents Volumes I-IV
7. CPC Manual
8. CPC Pamphlet and Posters (in Coral Draw)
9. WDC Manual
10. Library of other documents specific to the KWSP
11. Library of other useful sector documents

8.3
LIST OF ABBREVIATIONS

CAAC	Catchment Area Advisory Committees
CBO	Community Based Organisation
CMUs	Catchment Management Units
CPC	Community Project Cycle
Danida	Danish International Development Assistance
DHI	Danish Hydrological Institute (now known as DHI Group, which provided consulting services to KWSP)
FMIS	Financial Management Information System
GIS	Geographic Information System
GOK	Government of Kenya
GTZ	German Technical Co-operation
HRD	Human Resources Development
IWRM	Integrated Water Resources Management
KANU	Kenya Africa National Union
KWSP	Kenya Water and Sanitation Programme
KEWI	Kenya Water Institute
LL	Lessons Learnt
LTTA	Long Term Technical Assistanc
MDGs	Millennium Development Goals
MIS	Management Information System
M&E	Monitoring & Evaluation
MIS	Management and Information System
MOE	Ministry of Education
MOH	Ministry of Health
MWI	Ministry of Water and Irrigation
NEMA	National Environmental Management Authority
NGO	Non-Governmental Organisation
NWCPC	National Water Conservation and Pipeline Corporation
NWRMA	National Water Resources Management Authority
O&M	Operation and Maintenance
PCs	Performance Contracts
PCU	Programme Coordination Unit
PD	Programme Document
QCA	Quality Control Agent
QCs	Questioned Costs (Audit)
QMA	Quality Monitoring Adviser
RWSS	Rural Water Supply and Sanitation
SAP	Special Adjustment Programme
SL	Service Level
SPS	Sector Programme Support
Sida	Swedish International Development Cooperation Agency
SO	Support Organisation
STTA	Short Term Technical Assistance
SWAp	Sector Wide Approach
TA	Technical Assistance
TOR	Terms of Reference
UNESCO	United Nations Education, Scientific, and Cultural Organisation
WAB	Water Appeal Board
WASREB	Water Service Regulatory Board
WDC	WRUA Development Cycle
WRM	Water Resources Management
WRMA	Water Resources Management Authority
WRMIS	Water Resources Management Information System
WRUA	Water Resources User Associations
WSB	Water Services Board
WSI	Water Sector Institution
WSR	Water Sector Reform
WSP	Water Services Provider
WSPS	Water Sector Programme Support
WSS	Water Supply and Sanitation
WSSPSC	Water and Sanitation Programme Steering Committee
WSTF	Water Services Trust Fund
WUA	Water User Association

8.4 MAPS

Map 1: Kenya and coverage of the offices of the Water Resources Management Authority

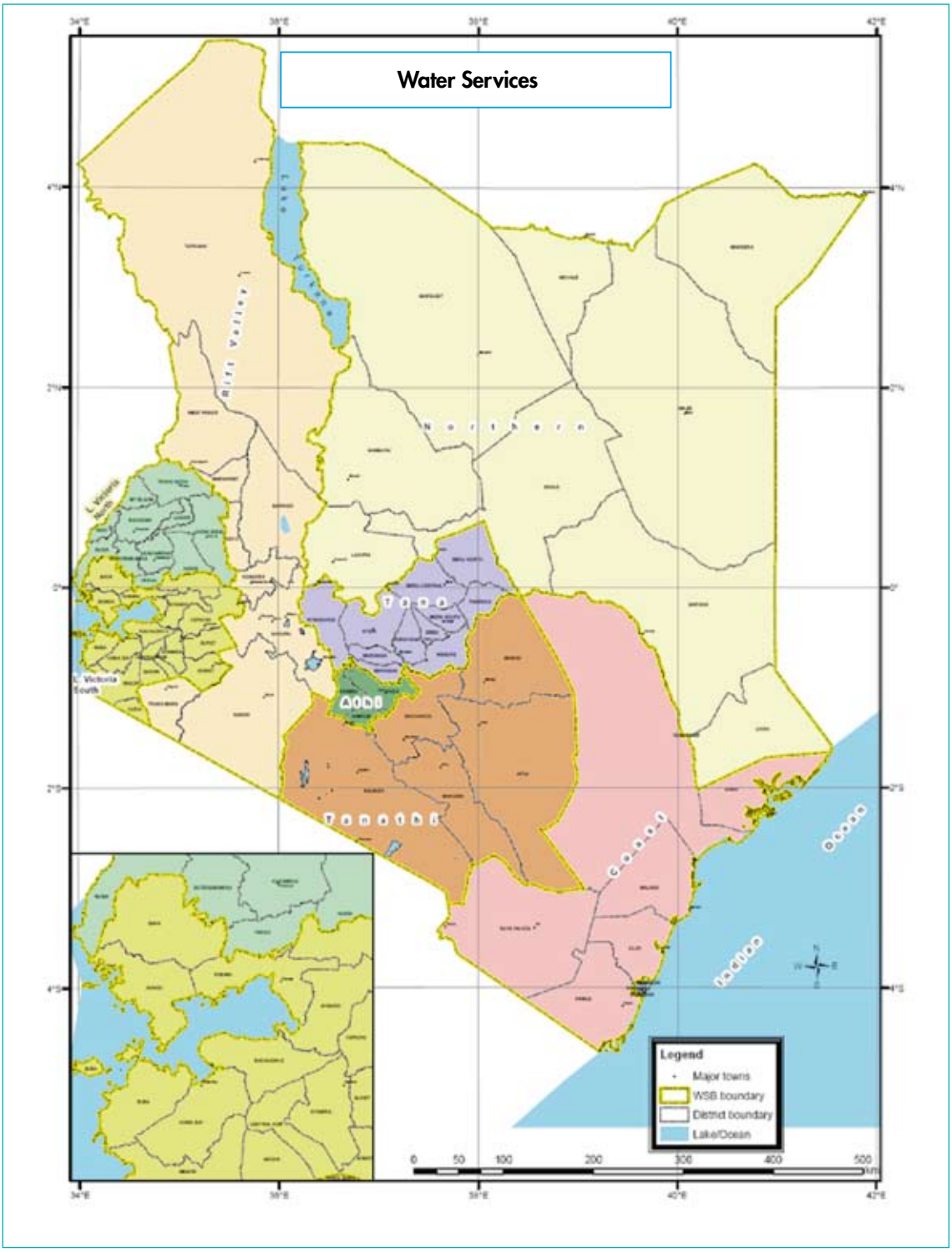


Map Source: Rural Focus Ltd.

- 1 National Office (Nairobi)
- 6 Catchment Offices
  - LVN Catchment (Kakamega)
  - LVS Catchment (Kisumu)
  - Rift Valley Catchment (Nakuru)
  - Tana Catchment (Embu)
  - Ewaso Ng'iro (Nanyuki)
  - Athi Catchment (Machakos)

The name written in brackets is the town/location of the Regional Office

Map 2: Kenya and the coverage of the Water Services Boards



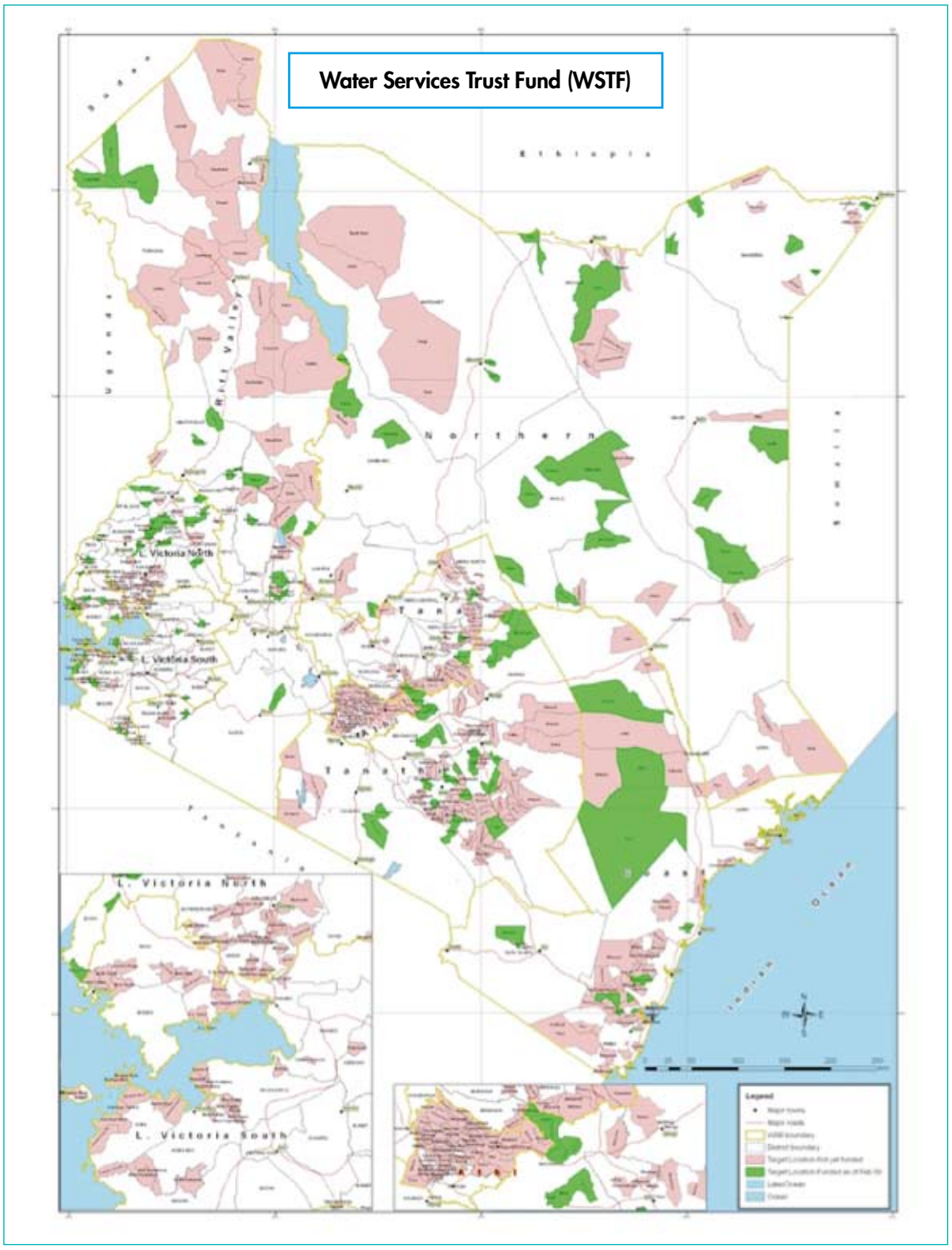
Map Source: Rural Focus Ltd.

8 Water Services Boards (WSBs)

- Lake Victoria North (Kakamega)
- Lake Victoria South (Kisumu)
- Rift Valley (Nakuru)
- Tana (Nyeri)
- Athi (Nairobi)
- Tanathi (Kitui)
- Coast (Mombasa)
- Northern (Garissa)

The name in the brackets is the town/location of the Water Services Board Offices

Map 3: Target Locations of the Water Services Trust Fund



Map Source: Rural Focus Ltd.

Target Locations funded (Green)

Target Locations yet to be funded (Pink)

LESSONS LEARNED & GOOD PRACTICES FROM

SUPPORT TO THE KENYAN **WATER SECTOR**