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**ANALYSIS OF THE KENYAN  
WATER SECTOR REFORM AND THE  
INTEGRATION OF IMPLEMENTING AGENCIES  
AND COMMUNITIES IN RURAL AREAS**

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## **ABSTRACT**

The Paris Declaration and the Water Sector Reform make it necessary to rethink the relationships between stakeholders in the field of water supply and sanitation in Kenya. This thesis focuses on the integration of Implementing Agencies and rural communities in the reformed framework and seeks to determine how their interactions with donors and the newly established institutions have to change.

The study was worked out in close collaboration with the Kenya Water for Health Organisation (KWAHO), a NGO active in the field of water services provision for the poor and its main donor, the Austrian Development Agency. Working within this cooperation provided the possibility of getting in contact with a range of stakeholders, which were consulted during the research. The main tools included semi- and unstructured interviews with representatives of the institutions, focus group discussions with communities as well as a SWOT-Analysis of KWAHO.

Main outcomes are suggested ways for better integrating funding mechanisms between donors and Implementing Agencies, considering the ongoing development of the water sector SWAP in Kenya. Additionally, the reform itself holds opportunities for Implementing Agencies to gain projects in rural areas within the framework of the reform, as identified in the thesis.

Furthermore, an analysis of the implications of the Water Sector Reform for rural communities resulted in the conclusion, that these areas have clearly been neglected. The study argues that, to the extent that approaches for the integration of rural communities do not consider the special circumstances and the specific needs of community members in such areas, the effectiveness in meeting the needs of the rural poor will be limited. Based on that perception, recommendations are presented for guiding the way forward to achieve a better integration of rural communities in the Kenyan Water Sector Reform.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>ADA</b>	Austrian Development Agency
<b>AFD</b>	French Development Agency
<b>CBO</b>	Community Based Organisation
<b>DANIDA</b>	Danish International Development Agency
<b>GoK</b>	Government of Kenya
<b>GTZ</b>	German Technical Cooperation
<b>IA</b>	Implementing Agency
<b>IGA</b>	Income Generating Activity
<b>JICA</b>	Japan International Cooperation Agency
<b>KfW</b>	German Development Bank
<b>Ksh</b>	Kenya Shilling
<b>KWAHO</b>	Kenya Water for Health Organisation
<b>KWSP</b>	Kenya Water and Sanitation Programme
<b>MDGs</b>	Millennium Development Goals
<b>MWI</b>	Ministry for Water and Irrigation
<b>NGO</b>	Non-Governmental Organisation
<b>PCPC</b>	Participatory Community Project Cycle
<b>PO</b>	Partner Organisation
<b>QCA</b>	Quality Control Advisor
<b>RWSS</b>	Rural Water Supply and Sanitation
<b>SIDA</b>	Swedish International Development Agency
<b>SO</b>	Support Organisation
<b>SODIS</b>	Solar Water Disinfection
<b>SWAP</b>	Sector Wide Approach to Planning
<b>TA</b>	Technical Assistant
<b>UN</b>	United Nations
<b>UNICEF</b>	United Nations Children's Fund
<b>WAB</b>	Water Appeal Board
<b>WRMA</b>	Water Resources Management Authority

<b>WSB</b>	Water Services Board
<b>WSP</b>	Water Services Provider
<b>WSP-WB</b>	Water and Sanitation Programme - World Bank
<b>WSRB</b>	Water Services Regulatory Board
<b>WSRS</b>	Water Sector Reform Secretariat
<b>WSRSC</b>	Water Sector Reform Steering Committee
<b>WSS</b>	Water Supply and Sanitation
<b>WSTF</b>	Water Services Trust Fund
<b>WUA</b>	Water User Association

# **1 INTRODUCTION**

## **1.1 BACKGROUND**

In the last years two major changes make it necessary to rethink the relationship between stakeholders in the field of water supply and sanitation (WSS) in Kenya, namely the Water Sector Reform in the country and the Paris Declaration on the donor side. These two basic elements bring along not only the necessity but also the opportunity for a better integration of Implementing Agencies active in the provision of water services for rural areas.

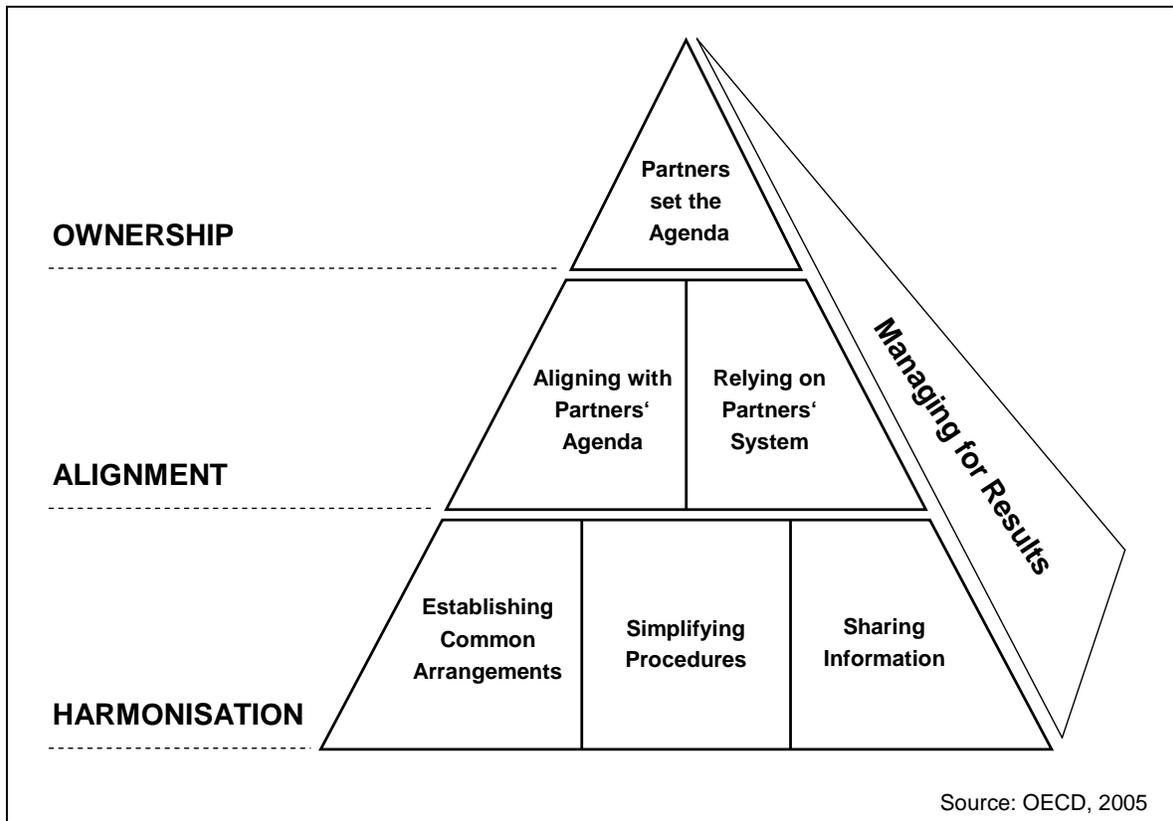
Next to the integration of Implementing Agencies, also the integration of rural communities as the biggest group of potential beneficiaries in the water sector is of major importance. According to Jung, water sector consultant of the Austrian Development Agency (ADA), experience in other countries shows that rural areas are often neglected in reforms because local people have less political influence in the country and higher per capita economic costs for the provision of Water Services in remote areas.

These circumstances provide the reason for carrying out this study and having a closer look on the water sector reform in Kenya, regarding the integration of Implementing Agencies and communities. An important part will also be to rethink the relationship between donors and Implementing Agencies for rural water supply and sanitation (RWSS) projects.

## **1.2 THE PARIS DECLARATION**

The Paris Declaration was endorsed on the 2<sup>nd</sup> March 2005. It is an international agreement which commits the signatory countries and organisations to put more effort into increasing the effectiveness of aid delivered to and managed in recipient countries. It also promotes better coordination between all stakeholders in the field of development work.

The keywords of the Paris Declaration can be summarised as ‘Harmonisation’, ‘Alignment’ and ‘Results’, supported by a set of monitorable actions and indicators.



**Figure 1: Partnership for Greater Aid Effectiveness**

The pyramid illustrates the harmonisation / alignment / managing for the results agenda of the Paris Declaration. By setting the agenda, the partner countries gain ownership of the programme for achieving the development results. Donors can now support this agenda by aligning with the Partner's programme and make use of the Partner's system. The support for capacity building and strengthening the institutions at these levels is crucial. At the bottom of the pyramid, donors harmonise their activities by establishing common arrangements, simplifying procedures and sharing the information. These activities should be focused on results at all stages of the development cycle, starting from planning through implementation to evaluation (OECD, 2005).

Even if the Pyramid is not followed completely in this sequence, certain elements of the common approach should also increase the impact of aid and reduce its costs.

Next to the aim of higher effectiveness of aid, it was also agreed in the Paris Declaration, that the volume of aid and other development resources has to increase in order to accelerate the achievement of the Millennium Development Goals (MDGs).

### **1.3 CHANGES IN THE KENYAN WATER SECTOR**

Conflicts in the water sector caused by overlapping roles of institutions made changes in the old system necessary (NETWAS, 2006). The characteristics of the former water sector included a distribution of responsibilities with the involvement of different key government players, namely the Ministry of Water Resources, the Ministry of Culture and Social Services and the Ministry of Agriculture, Livestock Development and Marketing.

The Ministry of Water Resources was charged with the responsibilities of protecting and developing water resources, including the main activities of water resources assessment, water resources development and water resources regulation. The Ministry of Cultural and Social Services played a role through community mobilisation and training of water user association members. The Ministry of Agriculture, Livestock Development and Marketing was active in the conservation of soil and water resources and the development of irrigation projects (Gichuki, 2000).

The organisational framework within the Ministry of Water Resources included the National Water Board with the responsibility of issuing water authorisations and permits. The Basin Water Boards were responsible for the consideration of applicants for water abstraction and recommended them to the National Water Board. Water Boards on the District level were in charge of water management with a District focus for rural development. The Regional Development Authorities were established to plan for the utilisation of resources in each catchment. The aim of the National Water Conservation and Pipeline Corporation was to improve efficiency of water projects developed by the Government, and, finally, the District Water Engineers, which did overall planning, control and management of all water related matter in the district (Gichuki, 2000).

The legal framework for the management of the water resources was mainly defined by the Water Act, Cap 372 of the Laws of Kenya, complemented by the Public Health Act and the Agricultural Act. The main bottlenecks in connection with the old system can be summarised as follows (Mangiti, 2005):

- Many legal provisions dealing with Water were conflicting and causing difficulties in enforcement
- No distinction between Water Resources Management and Water Services Provision
- Too many tasks (policy, regulation and services provision) handled by one institution (Ministry of Water)
- Conflicts between too many actors caused by overlapping activities and no mechanism for resolution
- Supply-driven Water Resources Usage approach was used instead of sustainable Water Resources Management

Building up on the past experiences, a new National Water Policy was adopted in the year 1999, redefining the role of actors in the Water Sector. With the new Water Act, passed by the Government in the year 2002 and going into effect in 2003, the key instrument for implementation of the new policy was developed (NETWAS, 2006).

The new Water Act 2002 aims to sort out the problems caused by the old Water Act by separating policy formulation, regulation and services provision. A clear definition of the roles of all stakeholders and the decentralized framework should supposedly prevent the sector from conflicts (MWI, et al, 2005). After Phase One in the year 2004, which mainly worked on establishing new institutions and analyzing the situation of Water Supply and Water Resources in the country, Phase Two, started in the year 2005, mandated for the transfer of obligations and responsibilities from the old to the new institutions, Kenya is right now faced with challenges of Phase Three of the implementation, busy with operationalization and enhancement of capacities of the new institutions (NETWAS, 2006).

## **1.4 THE CONTRIBUTION OF THE THESIS**

With the above mentioned recent national and international developments, changes in the relationship between stakeholders and the way stakeholders act in the WSS sector in Kenya have naturally taken place. The role of this study is to examine these in order to highlight implications for donors and Implementing Agencies, active in the field of rural WSS. The thesis is intended to be a document of guidance, giving ideas and recommendations for stakeholders in the way they could integrate their work in the changed framework.

The study was developed in close relationship with the Kenya Water for Health Organisation (KWAHO), a Kenyan NGO which has the benefit of a long tradition in implementing WSS projects in the whole of the country. One of its donors, the Austrian Development Agency (ADA), is currently supporting two of its rural projects. Interviews and discussions on the project level were carried out within the cooperation of these two actors. The recommendations in this research are therefore partly based on that relationship. Ideally, the recommended way for these two stakeholders to act in the reformed water sector could become a model for other stakeholders in rural WSS as well. At least it gives them a concrete idea of what integration can look like.

Nevertheless, next to the mentioned organisations, the rural communities themselves have to play their part in the reform as well. Emphasis was therefore also given to identifying the challenges people in the remote areas of the country will have to face in the upcoming years. For that reason the study reviewed the implications for and consideration of rural communities in the Kenyan Water Sector Reform.

## 1.5 OBJECTIVES

Following on from the general aims of this thesis, the objectives of the study include the following:

- a) To review the Water Sector Reform in terms of the degree of integration of rural communities. The presumption that rural communities were neglected should be verified. Criteria for the verification include:
  - Creation of awareness by local people about the reform
  - Communication with communities and information flow
  - Access to funds for infrastructure development
  - Support for capacity building and training
  - Access to public institutions
  - Proposed models for the relationship between communities and institutions
  - Consideration of the special environment and circumstances in remote areas
- b) To analyse the Water Sector Reform in terms of the implications for Implementing Agencies in Kenya. The main questions include:
  - Relationship of the IA with Donors (in Kenya and International in terms of funding mechanisms)
  - Relationship with Institutions (responsibilities, reporting, monitoring and evaluation, auditing, project areas)
  - Forms of training and capacity building for the integration of communities in the reformed Water Sector
- c) Detection of additional roles for Implementing Agencies in connection with the Water Sector Reform (e.g. support for institutions, opportunities for consultancy, etc.)
- d) Verification of the current activities in Kenya in connection with the Paris Declaration and to assess the possibilities for harmonisation and alignment of donor activities with other donors and institutions in the country.

- e) Recommend further procedures for the determination of appropriate structures and forms of collaboration between Donors / Institutions / Implementing Agencies / Communities for a better integration of rural areas in the Water Sector Reform.

## **1.6 STRUCTURE AND CONTENT OF THE THESIS**

The structure and content of the thesis are as follows. Chapter 1 provides a theoretical background and literature review to create awareness and understanding of the topic. The short description of the two major changes, the Paris Declaration and the Water Sector Reform in Kenya, provide the justification for the study and some indication of the value for concerned stakeholders. Out of this formulation of the problem, the aims of the thesis and its objectives were developed.

Chapter two gives further background information about the topic, which is important for the deeper understanding of the context of the study. An overview about the Millennium Development Goals and the Country Facts of Kenya set the background for the reader of the problem and give an impression of the magnitude of the challenge for developing countries in providing their citizens with safe water and proper sanitation. Additional information about the Water Sector Reform, the new established Institutions and KWAHO as an example of an Implementing Agency is essential for the reader to be able to follow the core of the study later on.

With deeper knowledge about the topic and the environment around the study, the reader should be able to follow the approaches in Chapter three, which deals with the methodology used to carry out the study.

Chapter four is the heart of the thesis, where the results of the research are presented and discussed. The thesis is completed with Chapters five and six, where the conclusions refer to the objectives worked out previously and the recommendations guide the way forward for further development and the research which needs to be done.

## **2 BACKGROUND OF THE STUDY**

### **2.1 THE MILLENNIUM DEVELOPMENT GOALS**

The UN Millennium Development Goals (MDGs), ranging from the eradication of extreme hunger and poverty through combating HIV/AIDS and other diseases to the establishment of a global partnership for development draw an outline agreed by all countries and leading development institutions. To “halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation” is mentioned as Target 10 in “Goal 7: Ensure Environmental Sustainability” (United Nations, 2006). Halving the proportion is a target for rural and urban areas, considering that no areas should be neglected or favoured because of difficulties in achieving the goal in on or the other. However, the progress is delayed and more efforts will be needed especially in Sub-Saharan Africa, where the development in Rural Area Water Supply is classified as “progress but lagging” and in Sanitation as “no change” (United Nations, 2005).

### **2.2 COUNTRY FACTS AND CHALLENGES FOR KENYA**

Kenya is a water scarce country. With a renewable fresh water supply of 647 cubic meters per capita for all uses, Kenya lies considerable under the boundary value of 1000 cubic meters, where countries are classified as “water scarce”. Only 8.3% of the countries worldwide are in this category (NETWAS, 2006). This fact emphasises the need for the sustainable use of the countries water resources.

Concerning the coverage of Water Supply and Sanitation services, Table 1 illustrates the situation in Kenya:

Region	Population		Water Supply		Sanitation	
	Total (thousands)	%	Total (thousands)	%	Total (thousands)	%
Urban	11,990	38	10,670	89	6,710	56
Rural	19,550	62	8,990	46	8,410	43
Total	31,540	100	19,550	62	15,140	48

Source: WHO & UNICEF, 2004

**Table 1: Level of WSS access in Kenya**

The country's coverage is significantly different between urban and rural areas. With water supply coverage of only 46% in rural regions, these areas were considerably neglected in the past. Referring to reports, the coverage even declined due to the collapse of some large rural schemes (WSP-WB, 2003). Although it is mentioned, that 89% of the urban population is covered, it is most likely that the poor receive an inferior quality of service and coverage numbers do not tell the whole story about the level of services and related costs.

Remarkable is the significance of Non-Governmental sector's contribution in the provision of rural areas with WSS services, where for almost a third of the population the Government is not directly involved (see Table 2). The Table also shows that Local Governments in Kenya are mainly involved in the Service Provision for urban areas.

Region	Share of served population by type		
	Central or regional Government	Local Government	Non Government
Urban	37.9	50.5	11.6
Rural	65.6	3.3	31.3
Total	51.4	27.6	21.1

Source: WSP-WB, 2003 % of served population

**Table 2: Share of served population by type**

## **2.3 THE WATER SECTOR REFORM IN KENYA**

### **2.3.1 OVERVIEW AND PRINCIPLES**

Due to the weak performance of the old Kenyan Water Sector in connection with the Water Act, Cap 372 of the Laws of Kenya, reforms were inevitable to accelerate the provision of the Country's population with water services. Following the new national water policy from 1999, the Water Act 2002 provides the modernised legal and institutional framework for that purpose.

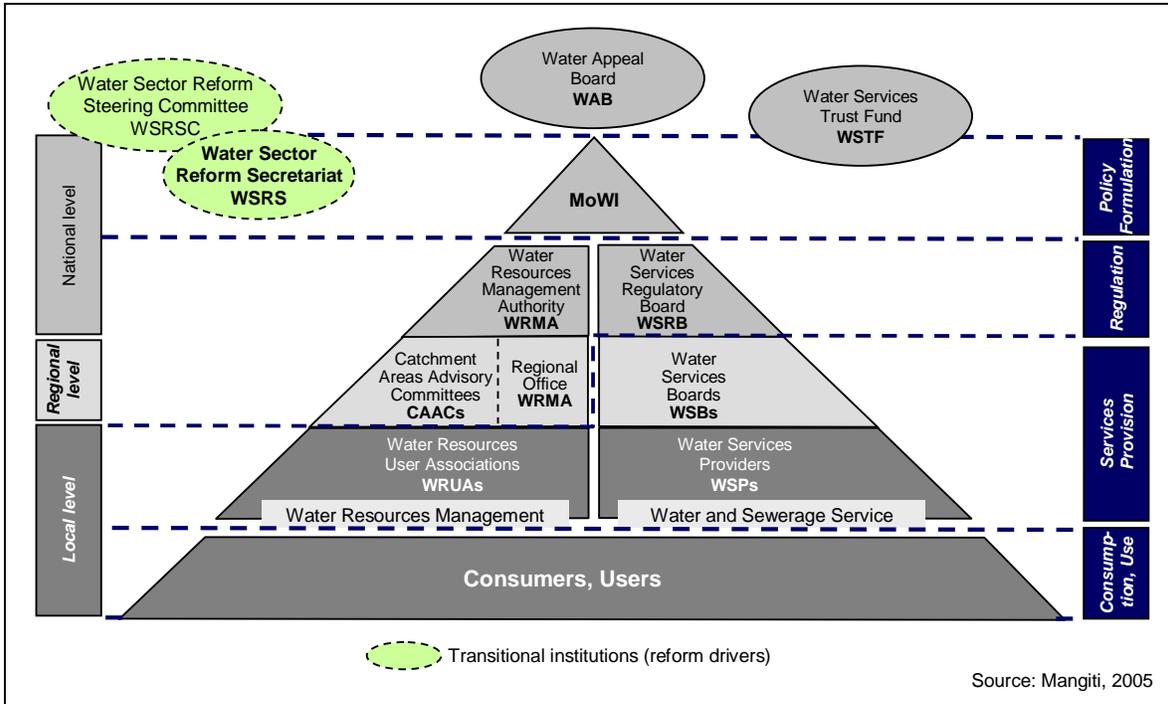
The key principles underlying the Water Sector Reform can be summarised as follows (MWI, et al, 2005 & NETWAS, 2006):

1. Decentralized decision making by separation of policy, regulation and service provision within the water and sanitation sector
2. Separation of Water Resource Management from Water Services Provision to avoid conflicts between water allocation and water management
3. Delegation of responsibilities for Water Resource Management and Water Services Provision to the local level
4. Water as a social and economic good
5. Commercialisation of water related services and private sector participation
6. Cost-recovery principle taking into account a pro-poor pricing policy that meets equity, economic, financial and environmental concerns
7. Stakeholder involvement and participation

Also the current National Development Plan (2002-2008) lays great emphasis on the value of water for achieving the Country's development objectives. The vision for the Kenyan Water Sector is that of achieving sustainable development and management of the Country's water resources as a basis for poverty reduction and promotion of socio-economic development.

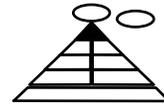
### 2.3.2 THE NEW INSTITUTIONAL SET-UP

With the Water Sector Reform a whole set of new institutions was created. Authority over the sector has been decentralized and the new group of actors operates on all levels, from the Ministry of Water and Irrigation down to the Communities themselves. Figure 2 illustrates the new institutional set-up under the Water Act 2002:



**Figure 2: Institutional set-up under Water Act 2002**

The Water Sector Reform Steering Committee (WSRSC) and the Water Sector Reform Secretariat (WSRS) are transitional institutions and act as reform drivers. While the WSRSC as an interministerial institution guides the reforms and coordinates the process, the function of the WSRS is to implement its decisions.



### ***Ministry of Water and Irrigation (MWI)***

The new distribution of responsibilities also changed the role of the Ministry of Water and Irrigation. The Ministry is not involved in operational functions any more and is now primarily dealing with the development and formulation of policy, sector coordination, planning and financing, direction and supervision of the public institutions as well as parliamentary business (NETWAS, 2006 & WSRS, 2003).



### ***Water Resources Management Authority (WRMA)***

The Water Resources Management Authority is responsible for the sustainable management of the county's water resources (WSRS, 2003). For that purpose, the nation has been divided into six catchment areas, where regional managers are in charge of the management of the water shed.

The responsibilities of the Authority include broadly the following:

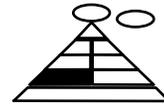
- Development of principles, guidelines and procedures for the allocation of water
- Management, protection and conservation of the catchment and the quality of the resource
- Receiving, monitoring and enforcing permits for water use
- Determining charges for the use of water from any water source
- Liaising with other bodies and advising the Ministry

(NETWAS, 2006)



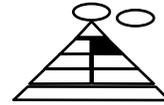
### ***Catchment Area Advisory Committees (CAACs)***

The Catchment Area Advisory Committees were established within the previously mentioned catchment areas. The role of the CAAC is to advise the WRMA in water and environmental conservation activities, the use and apportionment of water and the grant, adjustment and variation of any permit (NETWAS, 2006 & WSRS, 2003).



### ***Water Resources User Associations (WRUAs)***

Water Resources User Associations work closely together with the communities and enable the public to participate in managing water resources within each catchment area. Their role is to harmonise water uses (e.g. upstream and downstream) to avoid conflicts and provide a forum for the resolution of disputes (NETWAS, 2006 & WSRS, 2003)



### ***Water Services Regulatory Board (WSRB)***

The Water Services Regulatory Board, established in 2003, is the national institution for the regulation of water services and provides general oversight and monitoring for the WSS sector. At the national level, the WSRB is responsible for the implementation of Government policies and strategies in connection with WSS, additional functions include

- Licensing of Water Services Boards (WSBs)
- Giving consent to Service Provision Agreements (SPAs) between WSBs and Water Services Providers (WSPs)
- Development of model licence agreements (btw. WSRB and WSBs)
- Development of model Service Provision agreements (btw. WSBs and WSPs)
- Development of tariff guidelines for the fixing of tariffs and other charges imposed on water services
- Determination of service standards
- Establishment of procedures for customer complaints

(NETWAS, 2006 & WSRS, 2003)



### ***Water Services Boards (WSBs)***

The responsibility for the provision of water services is vested in the Water Services Boards. They were established on regional level and their area of jurisdiction is delineated on the basis of catchments, administrative boundaries and economic viability. So far, 7

WSBs have been licensed by the WSRB (see Appendix 1 for a map of the areas of jurisdiction).

Water Services Board	No. of districts	Area km <sup>2</sup>	1999 population (thousands)
Coast	7	82,816	2,487
Athi	6	40,130	5,617
Central	13	52,777	5,032
Rift Valley	8	113,771	2,999
Northern	9	244,864	1,703
Lake Victoria North	11	16,977	5,135
Lake Victoria South	16	20,340	5,730
<b>Total</b>	<b>70</b>	<b>571,675</b>	<b>28,703</b>

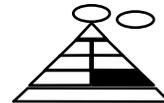
Source: Kisima, 2005

**Table 3: Gazetted Water Services Boards**

The functions and responsibilities of WSBs include:

- Development of facilities and management of the systems
- Preparation of business plans and performance targets
- Applying (at the WSRB) for a licence to provide WSS services
- Applying regulations on water services and tariffs
- Purchasing, leasing or acquiring water and sewerage infrastructure and land

WSBs are realising their mandate in service provision by contracting WSPs with so-called Service Provision Agreements (SPAs), which have to be confirmed by the WSRB (NETWAS, 2006 & WSRS, 2003).



**Water Services Providers (WSPs)**

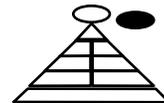
Water Services Providers have the sole mandate to provide water and sanitation services in accordance with the SPA set up with the competent WSB and approved by the WSRB. Water Services Provision may be undertaken by the communities themselves or third

parties (in any case registered as a legal person). Whoever provides water to either “more than twenty households, more than twenty-five thousand litres of water a day for domestic purposes or more than one hundred thousand litres of water a day for any purpose” (Water Act, 2002), has to be registered as a WSP. WSPs have to bid for services provision, operate and maintain the facilities, comply with quality standards and service levels as well as bill and collect the revenue from consumers of water services.



### ***Water Appeal Board (WAB)***

The Water Appeal Board has “jurisdiction to hear and determine disputes” (Water Act, 2002). It provides mechanisms for the resolving of conflicts in the water sector. The Board consists of a chairman, appointed by the President and two other persons, appointed by the minister. An appeal on a matter of law goes to the High Court. The WAB has been gazetted but has not become functional yet (NETWAS, 2006).



### ***Water Services Trust Fund (WSTF)***

The Water Services Trust Fund was established to “assist in financing the provision of water services to areas of Kenya which are without adequate water services” (Water Act, 2002). It derives its mandate from Section 83 of the Water Act 2002. The WSTF became operational in May 2004 and is basically a basket fund, mobilizing resources through government budgetary allocations, development partners, grants and donations from institutions and individuals (WSTF, 2006a). The WSTF acts as a financing mechanism but not as an agency for the implementation of projects. It provides financing and support towards (WSRS, 2003):

- Capital investment for WSS projects
- Capacity building initiatives
- Awareness creation and information dissemination for community management of water services

- Community participation in the implementation and management of water services

Because the WSTF is a relatively small Institution (15-18 employees according to Mwangi, WSTF C.E.O.), it is necessary for the fund to work with a country wide network of partner organisations to ensure support for underserved communities in order to meet the pro-poor targeting approach.

### **2.3.3 CONCLUDING REMARKS**

To manage the national water sector in a way that every Kenyan should have access to potable water and adequate sanitation has tasked every Government since independence. In the seventies the policy for ensuring availability of water to every household by 2000 was mainly characterized by centralization of the sector (Kisima, 2005). Later on it was revealed that this plan was unsustainable and one of the principles of the actual Water Sector Reform is now decentralization. By segmentation of duties, powers and responsibilities, this principle seems to be satisfied, but, in some aspects centralization is taking place again. With a shift from institutions previously acting at District Level to WSBs acting mainly at Provincial Level, the danger of a gap between institutions and beneficiaries which is difficult to bridge is present.

Next to this challenge it might also cause difficulties to give adequate attention to sanitation, which is not considered enough in the Sector Reform. This circumstance becomes obvious by having a look at the regulations in the Water Act 2002 for becoming a WSP. The conditions are only based on the supply of water and not on basic sanitation. While sewerage systems are addressed, household sanitation falls under the mandate of the Ministry of Health (MWI, 2005).

It also seems as though the WSRB is only regulating the tariffs for water, which is, like in other countries, a public issue. Sanitation is still neglected by seeing it as a private matter. The weakness of the Water Act 2002 relating to wastewater results in an urgent need for

enacting additional legislation and establishing enforcement mechanisms (NETWAS, 2006).

## **2.4 THE KENYA WATER FOR HEALTH ORGANISATION (KWAHO)**

### **2.4.1 HISTORICAL CONTEXT**

1975 was declared by the UN as the International Women's year under the theme 'Equality, Development and Peace'. As part of the Kenyan Government's preparation of its delegates, women were engaged to participate in finding their priority agenda for development. Water was on the top of the priority list in the country.

Women NGOs under the umbrella of the 'National Council of Women in Kenya' went into partnership with UNICEF and created the 'UNICEF/NGO Water for Health Programme' (KWAHO, 2005a). The programme was recognized by the government and various donors and resulted in a nationwide movement, giving birth to the 'Green Belt Movement' and the 'Kenya Water for Health Organisation' which was initially founded as a project in the year 1976. KWAHO translated its status with the registration under the Society's Act in the year 1983 to an NGO (KWAHO, 2005b). It has since implemented 200 projects in 8 provinces of Kenya, assisting over the years about 2 million people to get access to safe water and sanitation. KWAHO currently operates with a staff of 53 people in 5 regional offices (KWAHO, 2005a).

### **2.4.2 FIELDS OF ACTIVITIES AND CURRENT PROGRAMMES**

KWAHO's mission is to "partner with disadvantaged communities to improve their livelihoods by facilitating the access to safe water and sanitation and by hygiene education" (KWAHO, 2005c).

The core business of KWAHO can be summarised as follows:

- Water and Sanitation
- Hygiene Education and Promotion
- Community Capacity Building

- Environmental Management
- Promotion of Income Generating Activities (IGAs)

KWAHO is currently active with projects in 4 Provinces of Kenya. The main activities include provision of water through the drilling of boreholes fitted with hand pumps or the installation of rainwater harvesting tanks. The technologies chosen for sanitation contain Ventilated Improved Pit (VIP) Latrines and Ecological Sanitation (EcoSan). Participatory methodologies like HUMASA (Huduma za Maji safi) or PHAST (Participatory Hygiene and Sanitary Transformation) are used to support sustainability of the projects and for the facilitation of hygiene behaviour change (KWAHO, 2005a). A list of the current KWAHO projects and areas of activities is given in Appendix 2.

### **2.4.3 PARTNERS AND FUNDING**

Caused by the historical development of the organisation a close relationship with the Government Sector Ministries and Departments prevails. This is displayed by the fact that KWAHO is one of the members of WSB Lake Victoria South, whose members are appointed by the Minister of Water and Irrigation. KWAHO offices are also partly subsidised by the Government of Kenya (KWAHO, 2005a).

Funding Partners play a major role in the work of the organisation. KWAHO can look back on a history of working with well known partner organisations within the water sector, from UNICEF over Water Aid to the World Bank. The current funding partners include next to others ADA, WaterCan EauVive, SIDA and the Water Services Trust Fund.

### 3 METHODOLOGY

#### 3.1 APPROACH

The methodology of this study began with a review of the literature and the existing legislative, judicial and regulatory framework in connection with the water sector in Kenya. It is characteristic for the Water Sector that a whole range of stakeholders is concerned and affected by the issue. These stakeholders can be identified at high institutional levels such as the MWI through the WSBs on the regional level down to the beneficiaries at the grass-roots level, the communities themselves. In order to achieve sustainable solutions for challenges it is therefore important to consider views, opinions and interests of a wide range of concerned parties.

Appreciating this reality affects the approach and methodology of this study. It was therefore regarded as crucial to gain information and capture views from a wide scope of concerned parties in order to draw a comprehensive picture of the situation. Table 4 illustrates identified key stakeholders in the Kenyan Water Sector classified on a continuum:

Continuum	Level	Stakeholders
Macro  Micro	Global and international	ADA, SIDA, DANIDA, GTZ, other Donors, WSP-WB, International NGOs
	National	MWI, WSRB, WSTF, WRMA, WAB, KWAHO (National NGOs)
	Regional	WSBs, CAACs
	Local off-site	KWAHO Project Offices, WUAs, WSPs, WRUAs, Companies, CBOs, Communities, KWAHO Project, Individual Water Consumers (domestic)
	Local on-site	

Source: DFID, 2002

**Table 4: Identification of stakeholders and typology on a continuum**

Appendix 4 contains a list of stakeholders which were consulted in order to identify their different roles, strategies and views.

Part of the approach is to work in the context of a practical problem, namely the integration of KWAHO in the Kenyan Water Sector and the alignment of Austria's support for the organisation. These questions are currently engaging ADA, which wants to pay attention to the changes in the country as well as to the commitments in the Paris Declaration. Finding ways as to how the relationship between ADA and KWAHO could look like is a task of the study which was worked out in close cooperation with both organisations. Working within this collaboration also gives support to get in contact with key-informants, institutions and communities. The existing structures and connections of KWAHO, which is a well-known NGO in Kenya, were also used extensively to gain information from Institutions and Communities. The quality of the data was assessed by cross-checking during the process of collection.

It is also important to mention that proposed solutions and approaches to solve the problem were discussed with the concerned stakeholders themselves during the study. This approach provided useful feedback and allowed any proposed steps for the integration of Implementing Agencies and Communities in the future to be re-thought and changed.

## **3.2 TOOLS**

A range of different tools were used for data collection and analysis. These are described and where and how they were applied in the research is explained. For a list of completed interviews and Focus Group discussions see Appendix 4.

### **a) Literature Review**

The first step of the research consisted of a Literature Review about the existing legislative, regulatory and judicial framework in connection with the Water Sector Reform in Kenya. The main sources of information were Government Institutions, Development Partners (GTZ, SIDA and ADA), the Water and Sanitation Programme of the World Bank (WSP-

WB) and KWAHO as a Kenyan Implementing Agency. Also the Internet is a useful tool to capture information in the form of papers or reports and the homepages of different Organisations offer a variety of up-to-date information about the Kenyan Water Sector in the state of transformation.

#### **b) SWOT-Analysis**

As already mentioned the practical problem presents an important element of the methodology adopted and KWAHO plays a significant role in this approach. In order to gain a better understanding of this Implementing Agency in connection with the Water Sector, a SWOT-Analysis was carried out. The SWOT-Analysis provides a good framework for identifying the strategy, position and direction of an organisation (Chapman, 2006). It gives an idea about the internal situation of an organisation (strengths and weaknesses) as well as an understanding of the position in the external environment (opportunities and threats). The SWOT-Analysis was carried out in two steps:

- First step: Group discussion with five members of staff
- Second step: Data cross-checking by unstructured interviews with additional members staff

In the first step, a meeting was held with five members of staff, which included next to the executive director, project officers responsible for different fields of activities as well as a trainee. In the group discussion strengths, weaknesses, opportunities and threats were addressed, following a list of main topics which was previously prepared.

In the second step, the outcome of the group discussion was cross-checked by unstructured interviews with members of staff who were not present in the meeting. By addressing the same topics as in the group discussion again, the outcome of the first step was checked. The open climate of discussion in the second step avoided critical points not being addressed, which might have been the case in the group discussion.

### **c) Qualitative Research Interviews**

Qualitative Research Interviews lend themselves well to use in combination with other methods in a multimethod approach (Robson, 2002). They are a useful tool to complement information previously gathered in the literature review. The applied types of Qualitative Research Interviews include the following:

- *Semi-structured Interviews*: This type is characterized by predetermined questions, but the order and wording is open (Robson, 2002). Semi-structured Interviews were used with GTZ and SIDA after the Literature Review to clarify open questions.
- *Unstructured Interviews*: They were used in the advanced stage of the research. Unstructured Interviews let the conversation develop within an area of general interest and concern (Robson, 2002). This type was a useful tool for the development of the strategy for the integration of IAs and communities and applied in meetings with the WSRB, WSTF, MWI, WSBs and KWAHO.

### **d) Focus Group Discussion**

This is a group discussion guided by a researcher on a specific topic (Robson, 2002). The Focus Group Discussion was used in the SWOT-Analysis as already mentioned and turned out to be a powerful tool for gathering views and opinions from the women groups in the rural project areas of KWAHO (Maseno and Lower Tana). It was also used to capture information from KWAHO staff about existing awareness of the Water Sector Reform.

## **3.3 CONCLUDING REMARKS AND DISCUSSION**

The methodology of the study is based on a qualitative approach, executed with tools such as Literature Review, SWOT-Analysis, Qualitative Research Interviews and Focus Group Discussions. It was carried out partly under the background of the practical question of the integration of KWAHO as an Implementing Agency in the Sector Reform. This approach brings along a range of advantages which have been already highlighted.

However, the position of KWAHO in the Kenyan Water Sector certainly differs from other Implementing Agencies and cannot be seen as representative for the whole range of likewise organisations. Conclusions and recommendations are also geared towards KWAHO's position and its relationship with ADA, the institutions and communities. But, as mentioned previously, although the study might partly be focused on one Implementing Agency, donor and project areas of one IA, the results should be valuable for similar organisations and situations as well. Also the ideas for a model for the integration of rural communities should be adoptive for other project areas.

In the available time it was not possible to carry out the research in collaboration with additional IAs, Donors or in further project areas. This form of extended approach would not change the whole picture but would possibly enrich the study with additional aspects and ideas.

## **4 RESULTS AND DISCUSSION**

### **4.1 CHALLENGES FOR RURAL AREAS IN CONNECTION WITH THE REFORM**

The Water Sector Reform brings along a whole range of challenges for rural areas in connection with the provision of WSS services. One of the principles of the reform should be decentralization. However, ultimate decision making still remains centralized and in some respect the reform abandons appropriate structures of the former sector architecture.

Section 51 of the Act establishes WSBs, which are “responsible for the efficient and economical provision of water services” (Water Act, 2002) in their area of jurisdiction (see [Appendix 1](#)). For doing this, the WSBs must obtain a licence from the WSRB. It is prohibited by the Act for WSBs to be involved in direct service provision. This must be done by “an agent of the board in accordance with section 55” (Water Act, 2002), a so-called WSP, except in circumstances where no WSP can be found or service provision by an agent is not practicable.

Section 56 of the Act regulates the requirements for a licence. No person shall provide water to either

- more than twenty households,
- more than twenty-five thousand litres of water a day for domestic purposes, or
- more than one hundred thousand litres of water a day for any purpose,

except under the authority of a licence. Otherwise the concerning person is guilty of an offence. Accordingly, communities in rural areas must be licensed by WSBs for providing water. This regulation implicates far reaching consequences for rural communities (Mumma, 2005). It is necessary, even for very small communities in remote areas, to be registered as a WSP.

In order to do this, an application is necessary which requires at least the following particulars:

- a) technical and financial capability of the applicant
- b) applicant's plans for the provision of efficient, affordable and sustainable water services
- c) performance targets
- d) details of planned financial and infrastructural improvements
- e) a proposed tariff structure

(Water Act, 2002)

The problems with this regulation are apparent if it is considered that rural areas are already suffering from limited access to state based systems (Mumma, 2005). This is partly caused by a lack of capacity in such regions. With the Water Act 2002, the pre-conditions for an integration of rural WSS in form of WSPs are too demanding for the communities. Peter Jorgensen, Sector Advisor for the Kenya Water and Sanitation Programme (KWSP), defines his position with the statement "I have always said that the limit of twenty households is too low". If every scheme above this limit has to be registered as a WSP, then "It will be a huge bureaucracy and I don't foresee much coming out of it".

Also the new sector architecture does not provide enough support. The former water offices on district level (71 districts in Kenya) lost significance. Large parts of their responsibilities were taken over by WSBs at the provincial level (7 WSBs in the country). This decision can be rated as a step towards greater centralism of the sector, resulting in a gap between WSBs and communities.

Next to these significant problems, additional challenges exacerbate the integration of rural communities in the Kenyan Water Sector Reform. According to Njonjo (1997), 2.3 million people in Kenya get services operated by self-help community groups. These groups are

registered under an informal registration system operated by the Ministry in charge of community development. The registration can be done in the district office of the Ministry, is relatively easy, inexpensive and can be characterised as a purely administrative exercise (Mumma, 2005). Now, with the Water Act 2002, these self-help groups will have to become WSPs. According to the Act, “water service provider means company, non-governmental organization or other person or body providing water services”. The word “person” refers to a legal or natural person. Hence, a registration under the Societies Act will be necessary for the community groups in order to become a legal person. The transformation of already existing Community Based Organisations (CBOs) “is a huge process” (personal comment Peter Jorgensen), not only for the institutions but also for the communities themselves. Again, the advantages of the former system at the district level will be lost.

Probably one of the most critical issues is the planned transfer of assets to the respective WSBs. Section 113 of the Water Act 2002 provides the legal framework for this. That this should be done even for schemes in the ownership of rural communities raised eyebrows. Thomas Levin, Project Assistant of GTZ, characterises this regulation as a “bottleneck” of the reform, “because the communities don’t want to hand over the ownership”. According to Jacqueline Musyoki, Technical Service Manager of the WSRB, in some cases “the WSB will lease the assets”. That the jury is still out on this topic can be seen in the contrasting statements of the different stakeholders. However, the emphasise on ‘community ownership’ in a recent presentation by Mr Ombogo (2006) suggests that this section of the Water Act 2002 will probably not be implemented as previously intended.

Finally, views and perceptions of rural communities about the Water Sector Reform should not be left out. Therefore two focus group discussions with women groups in Maseno and Lower Tana were carried out. Some of the findings speak for themselves. In Maseno for instance, the women were not happy when they heard about the reform on the radio because “they want to keep their drinking water”. This statement reflects the general mistrust against Government activities and is one example for the need of a carefully worked out

communication strategy. This point also finds support by the perception of the women groups, that “it always takes time to get information from the Government”.

Asking them about the main sources of information, chiefs, radio, church, funerals, NGOs, councillors, drama groups, schools and newspapers were mentioned, although far not everybody possesses a radio and the coverage with newspapers is also very limited because basically they are not affordable.

Although the existing communication strategy from the MWI, worked out with support by GTZ and WSP-WB, seems to realise the need of alternative approaches such as community meetings and barazas (MWI, 2004a) for spreading information in rural areas, greater emphasise on the special circumstances in rural areas is needed.

## 4.2 SWOT-ANALYSIS OF KWAHO

The SWOT-Analysis was carried out in two steps, including a Group Discussion followed by personal Interviews for data cross-checking. The methodology has already been discussed in 3.2.

The following is the list of attendees at the Group Discussion:

SWOT-Analysis KWAHO – Group Discussion – List of Attendance Date: Monday 10 <sup>th</sup> July 2006 Location: KWAHO Headquarters, Nairobi, Kenya	
Name	Function
Mrs Catherine Mwangi	KWAHO Executive Director
Mr Jushua Otieno	KWAHO Project Officer - SODIS
Mr Arysterico Evans Muhinda	KWAHO Project Officer - Kibera WSS
Mr Edmond Odaba	KWAHO Project Officer
Ms Lucie Kaveke Maingi	Trainee

**Table 5: SWOT-Analysis, List of Attendees**

Unstructured interviews were chosen as a tool for data cross-checking. The form can be completely informal (Robson, 2002), as was the case for step two of the SWOT-Analysis.

The Interviews were carried out with following members of staff:

- Mr Joshua Maneno                      KWAHO Project Manager Maseno
- Mr Paul Mutava                         KWAHO Project Manager Lower Tana

Step two confirmed the main part of the outcome of the group discussion. However, because of the deviating background in terms of the project areas (see [Appendix 2](#)), the interview partners were able to contribute additional valuable information to the SWOT-Analysis.

The results of the discussion are presented below in the form of a grid, comprising four sections, each displaying one of the main headings (strengths, weaknesses, opportunities and threats):

<b>Topic: General strengths and weaknesses of KWAHO and opportunities and threats in connection with the Water Sector Reform in Kenya</b>	
<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>- Well established / historical background</li> <li>- Experienced in working with communities</li> <li>- Good relationship with communities</li> <li>- Efficient methodology to communicate with communities</li> <li>- Decentralized / Active in the whole of Kenya</li> <li>- Good relationship with the Government</li> <li>- Motivated staff</li> <li>- Freedom of staff in the way they work</li> <li>- Diverse background of members of staff in their skills and tribes (languages)</li> <li>- Active in establishing innovative ideas (EcoSan, SODIS, etc.)</li> <li>- Donors trust</li> <li>- Ownership of rig</li> <li>- Existence of a website</li> </ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>- Weak link of the headquarter with the projects</li> <li>- Too less documentation</li> <li>- Little accountability</li> <li>- Weak internal coordination with some project sites</li> <li>- Financial lack between project phases / Continuity of financial support</li> <li>- Ability to raise funds for overhead costs</li> <li>- Dependency on external sources of funding outside of Kenya</li> <li>- Lack of assets (vehicles, computers, etc.)</li> <li>- Too little fundraising efforts of other KWAHO-offices</li> <li>- Lack of maintenance of drilling equipment</li> <li>- Tendency of using same methodologies</li> <li>- To less training / capacity building of staff</li> <li>- Lack of funding for research</li> <li>- No website updating / No newsletter</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>- General increasing global focus on WSS</li> <li>- WSTF – Funding institution within the country</li> <li>- Increased opportunity to raise funds because of the Sector Reform / more attractive for Donors</li> <li>- Influence on the Reform / Member of WSB</li> <li>- Connecting communities with the institutions</li> <li>- Capacity building (of KWAHO-staff and for the communities)</li> <li>- Support of ADA in the Reform Process</li> <li>- Qualifying as Support or Partner Organisation</li> <li>- Implementation of further projects</li> <li>- Few reliable NGOs in the Sector</li> <li>- Inadequate coverage of water and sanitation services in Kenya</li> <li>- Conflicts over Water Resources</li> <li>- Activities in neighbour countries would increase attractivity of KWAHO</li> <li>- Possible partnerships with private companies</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>- Security of external funding for KWAHO</li> <li>- Dependency of the WSTF on external funds</li> <li>- Focus of funding on projects and not the organisation</li> <li>- Short project time frames undermine financial security</li> <li>- Compromising effect of competition for funds between implementing agencies</li> <li>- Little coordination between implementing agencies</li> <li>- Corruption in Kenya causes image loss</li> <li>- Not qualifying as Support Organisation / Partner Organisation in the Water Sector</li> <li>- Competition within the Sector</li> <li>- Shift of donor priorities</li> <li>- Low salaries may cause loss of staff</li> <li>- Absence of a Pension scheme</li> <li>- General mistrust of NGOs by Donors</li> <li>- Uncertainty of Government activities</li> </ul>

**Table 6: SWOT-Analysis, results displayed in form of a grid**

In the following, the results are discussed and the main outcomes summarised with an explanation of the relevance for the study.

One of the most important findings of the SWOT-Analysis is that KWAHO cultivates good relationships with both, institutions and communities. This fact can be explained by the historical background of the organisation, developing out of the grass-roots in a nation-wide movement which was recognized and supported by the Government. This circumstance, which can undoubtedly be categorized as a strength, offers various opportunities for the NGO and the sector in the future. One obvious opportunity is to become active in the development of the Water Sector Reform in terms of the integration of rural communities. The pre-conditions are given with an understanding for the challenges in rural areas, what supports the development of models for closing the gap between rural communities and the national institutions.

This idea also finds support from the circumstance that KWAHO firstly is already present and recognized by institutions at the regional level (Catherine Mwangi is a member of WSB Lake Victoria South), and secondly that the organisation carries out projects in the whole of Kenya, thus providing a better insight into the entire Water Sector of the country. That KWAHO is composed of a multidisciplinary team with substantial language skills is an additional advantage in a country with 42 tribes and an equal number of different languages.

It is obvious that these ideas can only be converted into practice with financial support for the organisation. This was considered in the SWOT-Analysis as both, a weaknesses and a threat for KWAHO. Dependency on a single source of funding (mainly external from donors) is not supportive towards sustainability of the organisation, because external funding is partly depending on circumstances beyond the sphere of influence of KWAHO (e.g. perception of donors about political circumstances in Kenya, change of global focus on WSS). Additional main pillars are therefore important for securing financial

sustainability of the NGO. The Water Sector Reform also offers opportunities in this respect with the establishment of the WSTF as a financing instrument for WSS projects in Kenya. However, the WSTF as a basket fund is also dependant on external resource flow. Table 7 illustrates the proposed budget for the WSTF:

Source	Total Budget Cost	Government of Kenya	SIDA DANIDA	Beneficiary Communities	Requested from Development Partners
Amount [billion Ksh]	7.4	0.6	1.5	1.1	4.2

Source: WSTF, 2006b

**Table 7: Proposed budget for the WSTF**

Although the proposed budget for the WSTF is mainly dependant on donors and development partners, shifting the financial dependency of KWAHO away from single donor support (ADA as the main donor) towards project financing from a number of sources certainly increases the financial sustainability and reduces threats for the organisation.

### **4.3 INTEGRATION OF IMPLEMENTING ACTIVITIES IN THE REFORM**

#### **4.3.1 SECTOR WIDE APPROACH TO PLANNING (SWAP) IN KENYA**

Sector Wide Approach to Planning “brings together governments, donors and other stakeholders within any sector. SWAP is characterized by a set of operating principles rather than a specific package of policies and activities” (WHO, 2000). The prime goal of SWAP is to contribute towards improvement of sector performance through collaboration and coordination (MWI, 2005). It is an opportunity for donors and development partners to conciliate their activities with the commitment entered into with the Paris Declaration.

The main components of the Water Sector SWAP were started to be develop in the year 2005 (MWI, 2005). Hence, the SWAP already exists but it needs further attention and is

still in the process of development. Following, the priority issues and principles for the SWAP are summarised:

<b>Priority Issues</b>	Opportunities in connection with a SWAP	<ul style="list-style-type: none"> <li>- SWAP and reforms complement and reinforce each other</li> <li>- SWAP can lead to reduction of transaction costs and increase efficiency</li> <li>- Mobilisation of more resources</li> <li>- Improvement of the flow of funding in the sector</li> </ul>
	Challenges which need to be addressed	<ul style="list-style-type: none"> <li>- Decentralised rather than centralised planning</li> <li>- Simplify rather than complicate reforms</li> <li>- Enhance rather than reduce NGO involvement in the sector</li> <li>- Increase government capacity rather than overwhelm it</li> </ul>
<b>Principles</b>	<ul style="list-style-type: none"> <li>- Ownership and involvement of government ministries</li> <li>- SWAP should be simple and minimise the complexity of the sector</li> <li>- SWAP should support the ongoing reforms</li> <li>- The reforms are the main roadmap</li> <li>- Adoption of the framework for planning and funding</li> <li>- Gradual convergence of donor activities with the SWAP</li> </ul>	

Source: Water Sector Policy Workshop, 2006 & MWI, 2005

**Table 8: Priority Issues and Principles of the Water Sector SWAP in Kenya**

According to the principles and priority issues presented in Table 8, stakeholders should work together in order to strengthen the water sector SWAP. Eight core elements were developed for that purpose, which are situated within a policy, planning and funding framework.

<b>Framework</b>	<b>Main elements of the SWAP</b>
Policy framework	<ol style="list-style-type: none"> <li>1. Definition of the national sector framework (what to align to)</li> <li>2. Partnership principles (common donor policies on how to align)</li> </ol>
Planning framework	<ol style="list-style-type: none"> <li>3. Sector Investment Plan –SIP (tool for prioritisation)</li> <li>4. Sector Information System – performance monitoring</li> <li>5. Coordination – both inter-sectoral and with external partners</li> </ol>
Funding framework	<ol style="list-style-type: none"> <li>6. Channels of funding (ladder of options – project, basket, budget support)</li> <li>7. Financial management (transparency, accountability, value for money)</li> <li>8. Resource mobilisation (using SWAP to increase funding)</li> </ol>

Source: MWI, 2006

**Table 9: Core-elements of the SWAP framework**

Concerning the policy framework, the definition of the national sector is largely done. The partnership principles between the donors are in the process of development, starting off from the template of the education sector (Water Sector Policy Workshop, 2006).

Within the planning framework, the work on the sector investment plan and the sector information system should end within 2006. For inter-sectoral and external coordination, different mechanisms are already in place (Water Sector Working Group (WSWG), Water Sector Technical Group (WSTG), Annual Reviews). Austria is already member of the WSTG, which meets regularly in Nairobi (ADA, 2005).

Relating to the funding framework, the options for channelling through project, basket or budget support are possible. According to the MWI (2006), support for rural areas should be channelled through the WSTF. Newly established parastatals act as the main budget executing agencies.

Harmonisation and alignment in accordance with the SWAP means, that strong coordination with other multilateral and bilateral partners, who are already active in the Kenyan Water Sector, takes place. Such organisations are currently: GTZ, AFD, UNICEF, JICA, WSP, KfW, SIDA and DANIDA (ADA, 2005). The following summary of important partnerships should provide an overview about the ongoing activities:

- **Joint Financing Arrangement (JFA):** The JFA is an arrangement between MWI, SIDA, DANIDA and GTZ, started in May 2005. It can be seen as a first step towards SWAP (MWI, 2005). JFA provides a coordination mechanism for the provision of financial and professional resources.
  
- **Kenya Water and Sanitation Programme (KWSP):** The KWSP is a Swedish-Danish-Kenyan sector programme and started in 2005. It consists of three main components: (1) Assisting the MWI with the institutional reforms, (2) Assistance and

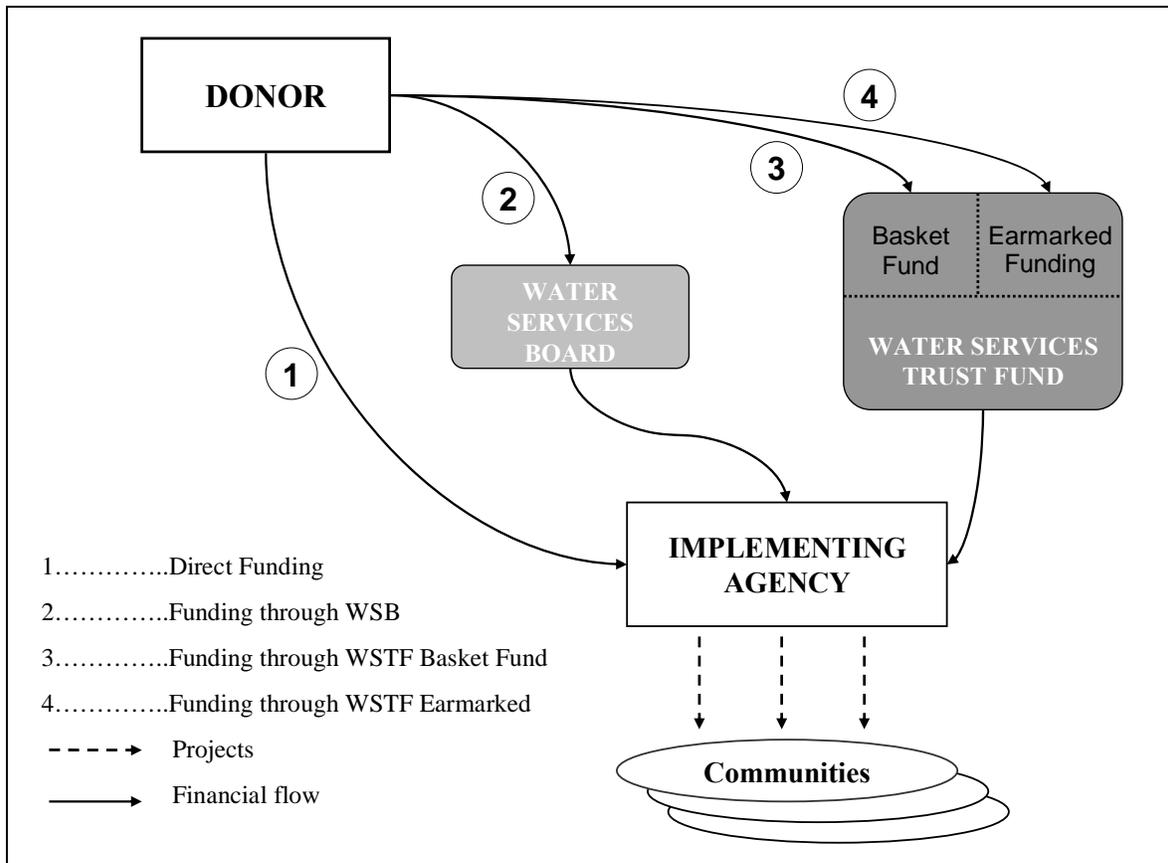
support to water resource management, (3) Assistance and support to Rural WSS in close collaboration with the WSTF.

- **Water Sector Reform Programme (WSRP):** GTZ, MWI, DANIDA and SIDA are involved in the WSRP, which provides ongoing support to the Kenyan reform efforts in the water and sanitation sector. KfW and AFD are co-chairing together the Water Sector Donor Coordination Group. The programme consists of four components, namely (1) Institutional reform of the WSS sector, (2) Commercialisation of Water Services Providers, (3) Water Resource Management and (4) Communications (MWI, 2005).

Any activities which take place in the Kenyan Water Sector should be aligned with other development partners. The SWAP provides a framework for that purpose. According to Mwangi, WSTF C.E.O., coordination is needed especially for rural WSS because KWSP and WSRP are already active in such areas and working in partnership increases the impact of support for the Kenyan Water Sector.

#### **4.3.2 FORMS OF DONOR FUNDING FOR IMPLEMENTING AGENCIES**

A crucial factor for every Implementing Agency is the way financial resources are allocated. Till now, organisations like KWAHO are often directly financed by donors. This practice results in parallel structures for financial flow in the water sector, causing difficulties in the coordination and efficient allocation of available resources. Bypassing the official government facilities is also undermining efforts to strengthen the water sector at an institutional level. In the following, possible ways of funding for Implementing Agencies are identified and their accordance with the water sector SWAP are discussed.



**Figure 3: Identified Channels of funding for Implementing Agencies in Rural Areas**

Figure 3 illustrates the possible channels of donor funding for Implementing Agencies. Four main possibilities have been identified. Direct funding (1) of IAs, as KWAHO has been financed by ADA till now, is still possible. Channelling the funds through the WSB (2) and the WSTF (3) & (4) represent additional options which now arise with the establishment of the new institutional set-up. However, although these possibilities for funding exist, not every option offers the same advantages for the integration of Implementing Agencies in the Kenyan Water Sector Reform.

According to Mangiti, representative of the MWI, the main distinction between urban and rural funding is located in the form of the financial resource. Rural areas are mainly depending on grants, which should be channelled through the WSTF in accordance to agreements in the SWAP. Because of the commercialisation of the water sector, it is

estimated that urban areas should be able to pay back loans, which represent the main form of funding in such regions and should be channelled through the WSBs. In some cases (such as with the World Bank in Nairobi) direct funding of WSPs in urban areas also makes sense.

Having a closer look at the funding of rural projects, the common entry point for donors should be the WSTF (MWI, 2006). This institution dealt till now exclusively with rural WSS facilities, although in the long term its operations could be extended to also cover under-served urban areas (MWI, 2005). As already mentioned in 2.3.2, the WSTF is mainly a basket fund, financing projects in underserved target locations (see [Appendix 3](#)). These target locations (362 countrywide) were jointly identified by the WSTF and WSBs, using a rapid assessment method based on the national poverty survey report (WSTF, 2006b).

The poverty focus of the WSTF brings along implications for the Implementing Agencies, namely that funds in the basket of the WSTF are only used for projects in target locations. Hence, funding for ongoing KWAHO projects cannot be channelled through the basket (channel 3 on [Figure 3](#)), because the projects in Maseno and Lower Tana are not on the WSTF target location list. However, gradual convergence of donor activities with the SWAP is one of its principles (see [Table 8](#)) and according the Mwangi, “you cannot constrain NGOs too much”. For that reason, the possibility for donors to earmark funds, channelled through the WSTF, is possible (channel 4 on [Figure 3](#)). This regulation also makes sense for the reason, that IAs are already well known and established in certain areas of the country. With earmarking it is possible for IAs to keep on working on ongoing projects on one side. On the other side, funds are channelled through the WSTF, which pays attention to the SWAP and gives donors the opportunity to use the country’s own financial and project management system of the WSTF. According to Mwangi, the overhead costs in connection with channelling the funds through the WSTF are currently estimated at 2.5% for SIDA and DANIDA projects, but may increase in the future. The overhead costs cover the following:

- Monitoring and Evaluation
- Auditing
- Appraisal
- Field Visits (sometimes by the WSTF, but mainly by the WSB)
- Office costs of the WSTF

Further details are normally agreed in the ‘Memorandum of Understanding’, which is necessary to enter into between the WSTF and donors (MWI, 2004b).

Table 10 summarises the main findings in this section:

Investments and related promotion	Funding through	Form of funding	Accordance with water sector SWAP	Comment
Rural WSS	Direct Funding	Grants	X	For projects in urban areas mainly; not appropriate for rural areas in terms of SWAP
	WSB		X	Possible, but not recommended in terms of SWAP
	WSTF Basket Fund		✓	Resources in the Common Pool used for projects in target areas of the WSTF
	WSTF Earmarked Funding		✓	Earmarking for organisations / regions / projects / etc. possible
Urban WSS	WSB WSP	Mainly loans but grants possible	✓	Loans for WSBs and WSPs because of commercialisation in the sector
	WSTF	Grants	≈	Purpose of WSTF till now is not to finance urban projects. In the long term financing of projects for urban poor probably possible

**Table 10: Appraisal of funding possibilities in accordance with the SWAP**

### **4.3.3 WSTF BASKET FUND AND THE PARTICIPATOR COMMUNITY PROJECT CYCLE (PCPC)**

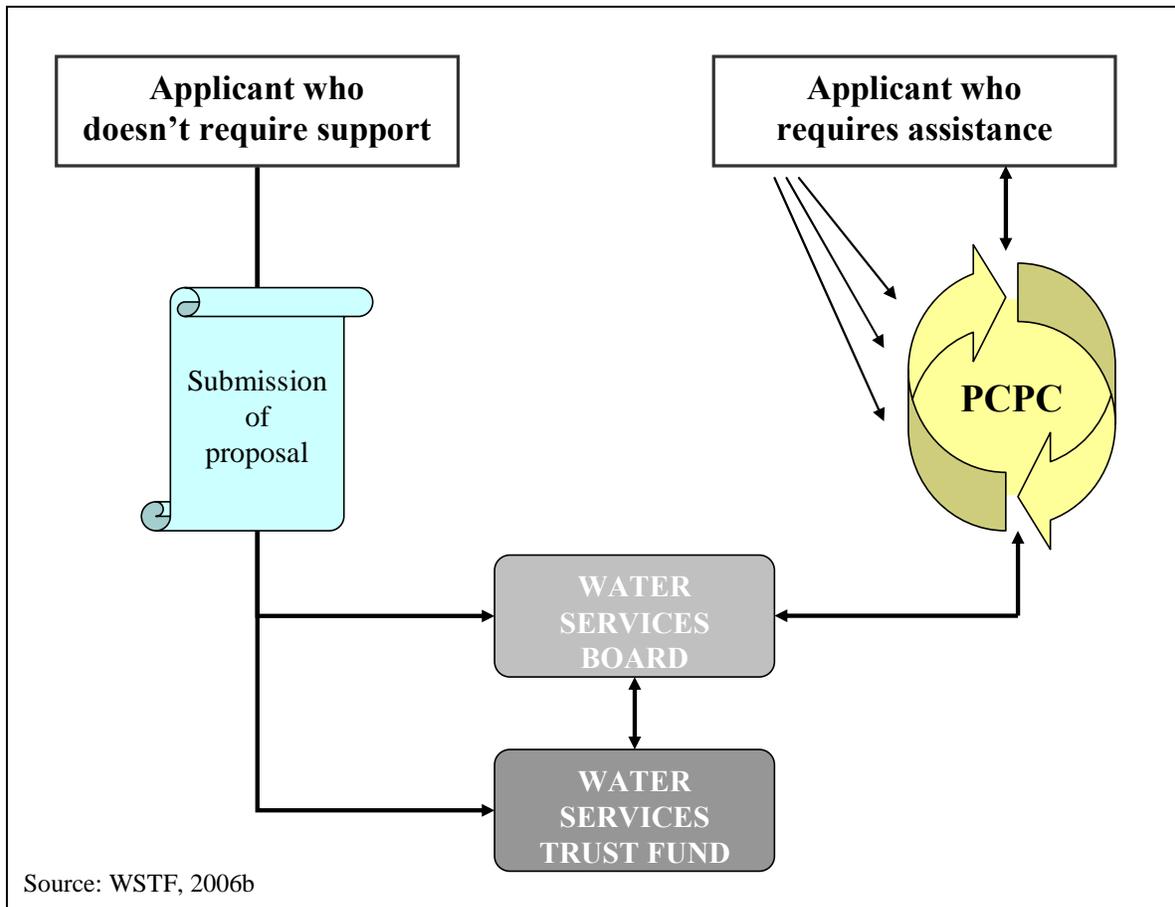
Basket funding and the PCPC are connected with the WSTF as the main institution for financing projects in rural areas. Both have in common that they were recently established to support communities in the WSTF target locations. WSTF basket funding and the PCPC offer additional opportunities for Implementing Agencies to gather projects in the water sector. As already mentioned in the previous section, the basket fund is a common pool of financial resources. The PCPC is the process through which underserved communities are provided with assistance to improve water and sanitation services. These activities are financed out of the WSTF basket.

Figure 4 illustrates the different options available for applicants to receive WSTF funding. Applicants, who feel they do not require support with the preparation of a funding proposal, submit the completed proposal directly to the WSB and the WSTF. Funding can be given not only to CBOs, but also to NGOs (e.g. KWAHO) or other organisations which apply for funding of projects in target locations (WSTF, 2006a).

Applicants, who require assistance with the preparation of a proposal or the implementation of a project, can choose an entry point in the PCPC which suits their circumstances. The main stages of the PCPC include:

1. Awareness creation and mobilization of communities in target locations
2. Submission of initial application letter to respective WSB
3. Development and submission of detailed proposal
4. Appraisal and recommendation of the project proposal by the WSB
5. Consideration of the project proposal by the WSTF
6. Signing and funding agreement, transfer of payments and implementation

(WSTF, 2006a)



**Figure 4: WSTF funding options – flow chart**

In order to carry out the PCPC, the WSTF and the WSBs collaborate with a set of different agencies. This offers opportunities for Implementing Agencies to become active and to support rural communities within the framework of the Water Sector Reform. The PCPC is based on collaboration with the following agencies:

### **Partner Organisations**

A Partner Organisation (PO) is creating awareness and carries out capacity building activities as support to, or establishment of, CBOs for implementation and management of WSS projects (WSTF, 2005). POs are expected to have a high national profile.

### **Support Organisations**

A Support Organisation (SO) is a region or district based organisation, which provides support for communities during proposal preparation and project implementation (WSTF, 2006a).

### **Quality Control Advisor**

A Quality Control Advisor (QCA) is supporting WSBs in checking quality of proposals and monitoring of ongoing projects. An engineering background, community development skills and experience is therefore necessary in order to fulfil this task.

### **Monitoring Agent**

A Monitoring Agent and Evaluation Agent (MA) is carrying out monitoring and evaluation for the WSTF. The organisation is therefore contracted by the Fund.

Working in the framework of the PCPC as one of the above mentioned agencies is an opportunity for IAs to gather projects. In the case of KWAHO and caused by its experience in the water sector, especially acting as a PO, SO or QCA would be of interest. According to Mwangi, these organisations are nominated annually by respective WSBs (SOs and QCAs) and the WSTF (POs). Every WSB nominates approximately six SOs and three QCAs. During the PCPC, the community can choose from a list, which SO they would like to work together with.

#### **4.3.4 CONCLUDING REMARKS AND DISCUSSION**

The water sector SWAP represents an approach to convert the Paris Declaration into practice. Because the SWAP is also working in accordance with the reforms in the country, it can be seen as a guide to integrate implementing activities in the Kenyan water sector. Therefore, the different forms of donor funding for IAs have been characterised by their ability to fit into the SWAP. What clearly came out was, that the WSTF should be the main entry point for donor funding of projects in rural areas. For ongoing projects outside of the WSTF target areas, earmarking is possible according to the agreed minutes of

understanding between the WSTF and the donor. This practice also fits into the principles of the SWAP.

Within the target areas, the WSTF basket fund and the PCPC offer additional opportunities for IAs to integrate their activities in the sector and to gather projects. One possibility would be to apply directly as an organisation (CBO, NGO, etc.) with a proposal for funding of a project at the WSTF/WSB. The other opportunity is to be nominated as a collaboration agency for the WSTF and WSBs in order to support rural communities in the framework of the PCPC. It is interesting to note that during the period of this research, KWAHO was invited by the WSTF and the WSBs to apply in the next selection cycle.

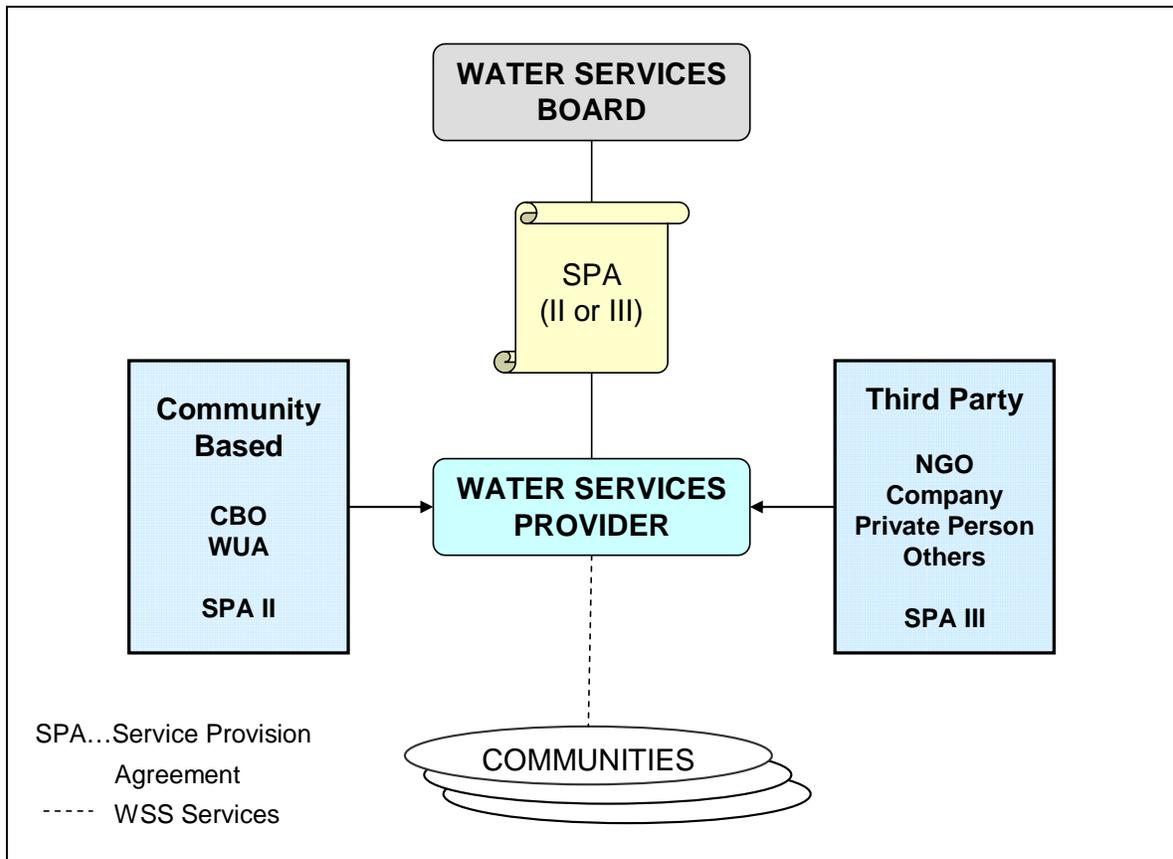
## **4.4 INTEGRATION OF RURAL COMMUNITIES IN THE REFORM**

### **4.4.1 BACKGROUND**

The sector reform brings far reaching changes for rural areas. According to Section 56 of the Water Act 2002, even water service provision for small rural villages with only 20 households needs to be licensed by the WSB with a SPA. Service Providers will therefore need to be registered as WSPs. In 4.1 the problems in connection with this regulation were already mentioned. In the following, approaches for the integration of rural communities are presented and challenges addressed. The ideas highlighted in this chapter can be seen as recommendations for the way forward only because the sector is in the process of development and too many questions are still open. What integration will, in the end, really look like has to be worked out in close collaboration with institutions and the rural communities themselves, which have not been considered enough in the WSR so far.

### **4.4.2 WATER SERVICES PROVIDERS IN RURAL AREAS**

The fact, that services provision needs to be done by registered WSPs raises the question of who fits best into this role in rural areas. The WSRB has therefore already provided two different kinds of SPAs, which leave service provision open to either an organisation formed out of the community itself, or a third party which takes over this responsibility.



**Figure 5: WSPs in rural areas**

Working out the model SPAs lies within the responsibility of the WSRB. With both intended solutions for the integration of rural areas, a number of problems arise. The model might work for urban communities with major piped schemes but difficulties exist for communities with point source and on site solutions. Following, the main points of concern in connection with the intended models for rural areas are listed:

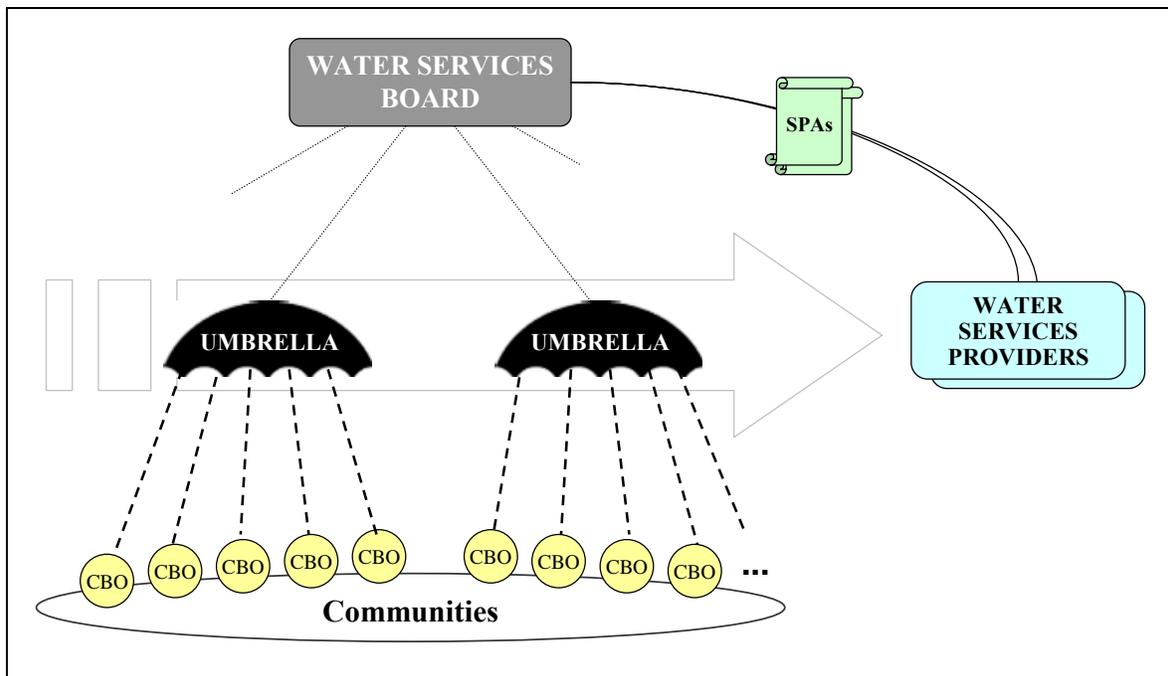
- With the intended model, commercialisation should also be carried out in rural areas. According to Thomas Levin, GTZ, 1% and 5% of the tariffs are supposed to be delivered monthly as a ‘Regulatory Levy’ and a ‘Licensee Remuneration’ to the institutions. This regulation causes practical difficulties in remote areas (access to bank account, distance to WSB) and profitability is not given, because the administrative costs are expected to be higher than the revenues

- Rural communities can be self-sustaining but problems arise with commercialisation. The lack of financial resources is normally bridged by increased personal involvement.
- A decrease in the willingness to pay can be expected if money has to be paid to the WSRB and the WSB without getting an obvious service back
- Metering is intended in the SPAs for all new connections and according to the Asset Management Plan and Capital Works Plan for all existing connections. How this should be done for point sources is still open. In this regulation the inflexibility of the proposed model and its focus on piped schemes becomes obvious
- The question of the transfer of asset ownership to the WSBs is still open. A change in the attitude of rural communities to the negative can be expected if the ownership gets transferred
- The intended model for acting as a WSP is too demanding. Without support and capacity building, communities are in danger of entering into contracts with WSBs without being able to fulfil them
- Existing structures of District Water Offices have been dissolved without providing sufficient information about the reform
- The planned communication between communities and the WSB is difficult because of the increased gap between community and institution (WSB on provincial instead of district level)

Since the sector reform is still in the process of implementation, a lack of experience is causing difficulties with the integration of rural communities in the existing system.

Although the PCPC should provide support for rural areas, it is mainly focusing on the implementation of projects and not on the integration of CBOs. According to Thomas Levin, GTZ started a programme in WSB Lake Victoria North, where water supply schemes were clustered in order to increase the commercial viability, but this was only done with small towns and not rural villages.

Concluding, a lack of integration has been identified which needs to be addressed. ADA offered funding of a Technical Assistant (TA) for that purpose. The starting point should be the already existing cooperation between ADA, KWAHO and the rural communities in Maseno and Lower Tana. These two project areas are located within two different WSBs. In both locations, KWAHO already supported the formation of umbrella associations, where different CBOs were joined together for collaboration and support of each other. These already existing umbrella structures could be strengthened in order to become WSPs.



**Figure 6: Umbrella Associations as Water Services Providers**

If and how this should be done will be the mission of the TA, who has to work in close cooperation with KWAHO, the communities as well as with the institutions. The overall goal of the task will be to form a replicable model for the integration of rural areas in the Water Sector Reform. This approach has already been discussed with representatives of different organisations in Kenya (WSTF, WSB Lake Victoria South, WSB Coast and KfW), who support the plan. Also close collaboration with the already existing programmes for rural areas, the KWSP and WSRB, will be crucial and has been suggested from Mwangi as well.

Next to these groups, one of the most important stakeholders, the communities themselves, have been consulted as well in order to capture their views and perceptions. The outcome of the group discussions can be characterized as promising. The women groups demonstrated motivation for strengthening the umbrellas. This “can and should be done” according to them. “Funds, training and space / office” would be necessary therefore. Asking them, which kinds of training they consider as important, the main answers included “Operation and Maintenance, Hygiene Education, Organisational and Financial Management”. Also the ideas of the women groups for the financial sustainability of the umbrella can be characterized as sophisticated.

They included

- contributions from the communities through a percentage of the tariffs,
- selling of spare parts for assets to CBOs in order to make profits,
- a certain percentage of income generating activities,
- small business (e.g. typing, computer services, photocopies in the umbrella office),
- consultancy for groups from other umbrellas or for the Constituency Development Fund and
- Loans

These were mentioned as appropriate instruments in order to support the umbrella financially.

Summarising - the umbrella structures in existing project areas can be considered as reasonable starting points for the formation of WSPs in rural areas. In areas without any projects till now, this structure could be implemented in the course of WSS projects as well.

#### **4.4.3 WSTF TARGET LOCATIONS, PCPC AND RURAL WSPS**

The intent of this short section is to address questions in connection with existing instruments for the support of rural communities. This is mainly done through the WSTF and the PCPC, which should help communities in getting access to WSTF funds.

According to Mwangi, every CBO enters after completion of the PCPC into a contract with the respective WSB in order to become a WSP. The problem with this regulation is that the PCPC does not provide ongoing support for rural communities after completion of the project. Assessing the performance of these WSPs would be a valuable contribution towards the development of a model for rural areas. The PCPC also seems to be built up by a relatively complex setting of sequences and support agents. The appropriateness for rural areas should be questioned.

The second concern which needs to be addressed is the approach of the WSTF target locations. Because the WSTF is a national institution, the same amount of approximately 50 target locations is identified in the area of every WSB (Mwangi). This policy can cause problems with the formation of umbrella groups intended to become WSPs, because the target locations are scattered throughout the country. Also the methodology for the designation of target areas, which is solely based on the national poverty survey report (WSTF, 2006b), should be questioned. It might be the case that alternative approaches, which consider WSS investments as a steering instrument for development, could be a better way forward.

#### **4.4.4 CONCLUDING REMARKS AND DISCUSSION**

The Water Sector Reform in Kenya did not consider the integration of rural communities adequately. The reform was mainly designed for piped schemes in urban areas but not point source and on site solutions in rural villages. Inflexible and demanding SPAs in order to become WSPs are constraining the integration of the rural areas. Although the PCPC provides support towards the implementation of WSS projects, a lack of continuing assistance will limit the effectiveness in meeting the needs of the rural poor. In coordination with concerned stakeholders in Kenya, a TA should work out a model for the integration, based on already existing umbrella structures which could be strengthened in order to become WSPs. Integration will only be possible with the personal involvement of the communities themselves.

## 5 CONCLUSIONS

Concluding, the objectives of the thesis could be achieved on the whole. Although the approach of the study does not allow making quantitative statements about the situation in the entire country, the major challenges could be addressed and suggestions given. The conclusions which can be drawn are summarised in the following.

The Water Sector Reform is still in the process of implementation. Although the general principles of the Water Act 2002 and the new policy are well meaning, still a lot of open questions cause concern in terms of the integration of rural areas. The established framework of structures and institutions might work for urban areas. However, the impression that the reform was solely based on consideration of those areas could not be disproved. Explicitly, a lack of awareness creation and communication about the sector reform was identified. Dissolved former institutional structures at district level were replaced by WSBs, which act at the provincial level. This development causes a gap between communities and institutions, resulting in a lack of access to public systems, where no working structure for bridging was established till now.

Although efforts like the adoption of the PCPC in order to support communities in the implementation of WSS projects in rural areas are welcome, no ongoing support which would be necessary for further integration in the proposed model is provided. For closing the gap an intermediate structure between WSBs and communities will be necessary, which has to pay attention to the special circumstances and capacity of the rural poor. Clustering of CBOs in the form of umbrella associations could be the way forward. These umbrella associations could further be transformed into registered WSPs. Ongoing support in the form of training and capacity building will be crucial. In order to work out a model, which should be applicable for other rural areas in the whole country, ADA will sponsor a TA. This TA has to work in close cooperation with the communities, institutions and other development partners, based on the already existing collaboration between KWAHO and ADA.

With the Paris Declaration and the reforms in Kenya, also the relationship between KWAHO and ADA needs to be readjusted. Participation in the SWAP is crucial therefore. The main entry point for donor funding of projects in rural areas should be the WSTF. For funding of projects outside of WSTF target locations, earmarking of funds is possible. Within target locations, the WSTF basket fund is considered as the appropriate instrument. Implementing Agencies can apply for funding of projects in these areas. Next to this option, becoming a partner agency in the framework of the PCPC offers additional opportunities for Implementing Agencies in order to be integrated in the Kenyan Water Sector Reform.

## 6 RECOMMENDATIONS

In the following, recommendations are given in no particular order of priority for development partners and Implementing Agencies. These recommendations are meant to guide a direction for the way forward in facing the challenges in the Kenyan Water Sector.

- Collaboration in the SWAP framework should be emphasised in order to strengthen it and to meet the commitments in the Paris Declaration
- Cooperation of the planned TA should also include support for the integration of KWAHO, on an operative level with the WSBs, for funding with the WSTF
- TA should be positioned at the level of WSBs for the creation of a model for the integration of rural communities. NB, discussions have already been held with representatives of the WSB Lake Victoria South and WSB Coast (KWAHO project areas)
- In addition to the need of capacity building for umbrella associations in order to become WSPs, KWAHO should receive additional support in order to fulfil the task
- Alternative roles should be developed for Implementing Agencies (e.g. KWAHO) in connection with the formation of umbrella associations
- Mechanisms for knowledge and information sharing and a communication strategy, tuned for the needs of the proposed umbrella associations, should be created
- Initiation of a discussion about the appropriateness of the PCPC, taking into consideration the experience of recently established WSPs in rural areas

- Initiation of a discussion to review the WSTF target locations approach in terms of his appropriateness for the integration of rural communities and its steering function for development

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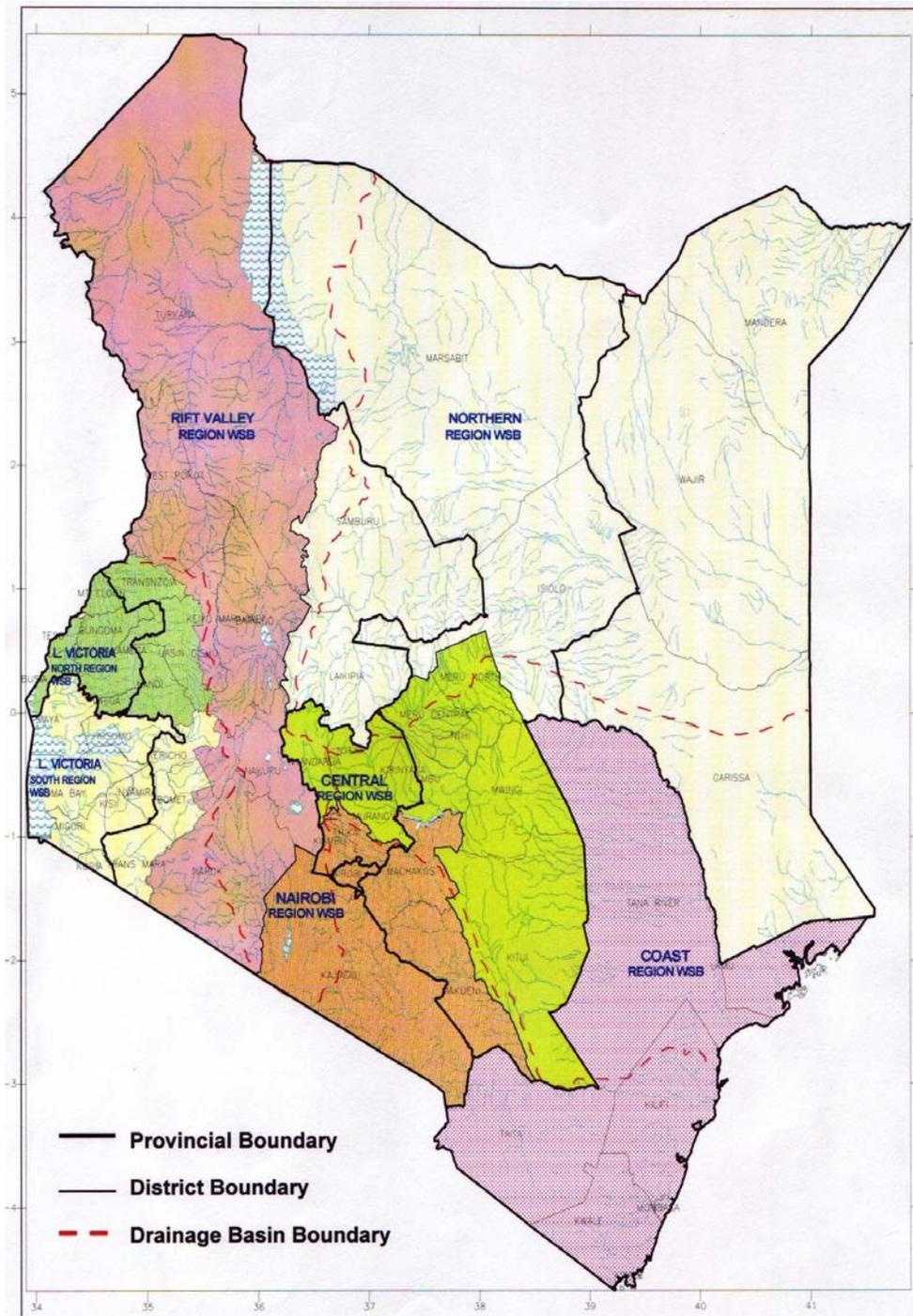
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## **APPENDICES**

## APPENDIX 1: WATER SERVICES BOARDS COVERAGE AREAS



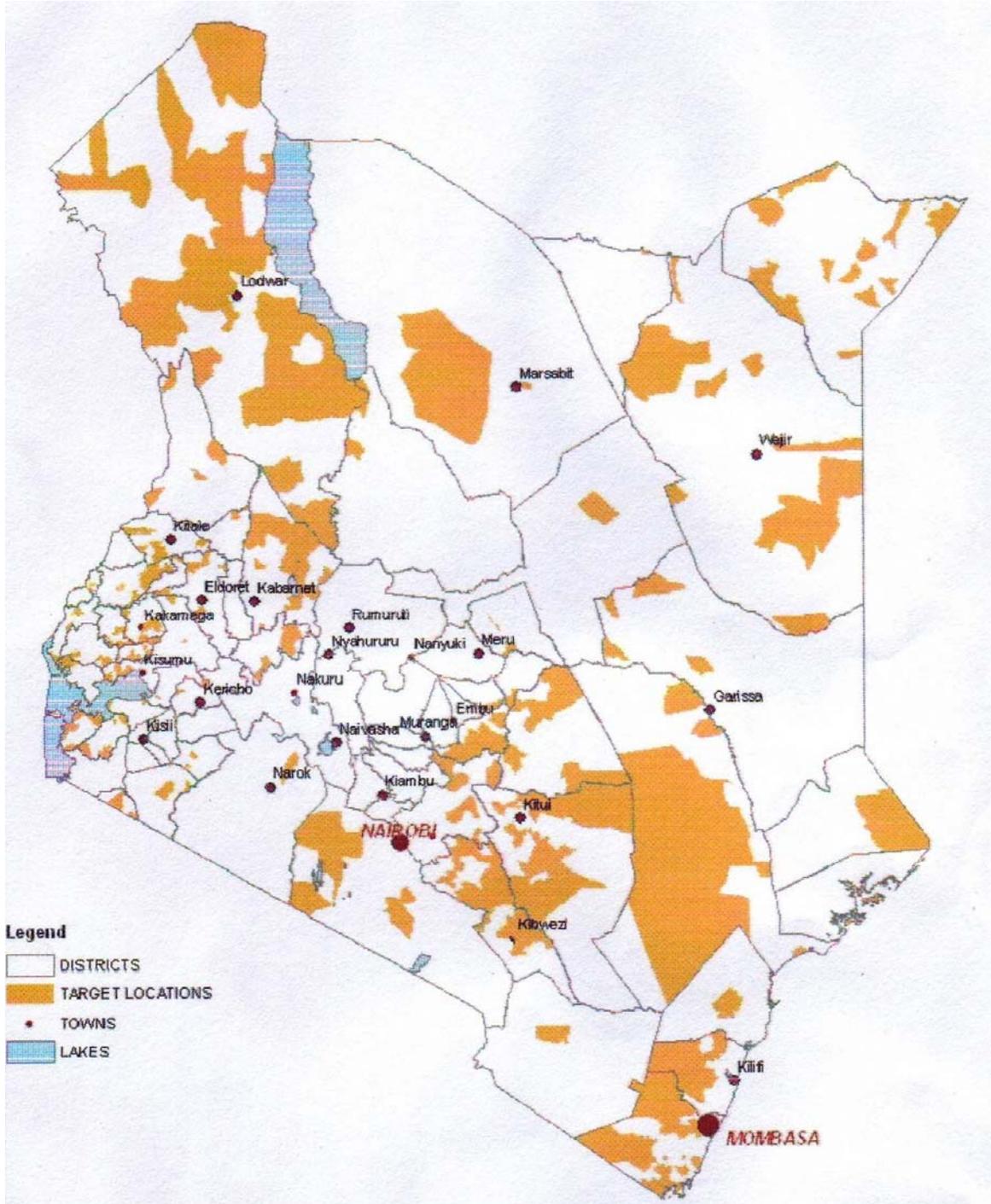
Source: WSRB, 2006



No	Project Name	Activities	Funding
1	Maseno WatSan Project	<ul style="list-style-type: none"> <li>- Bore hole drilling and Spring Protection</li> <li>- Rainwater Harvesting</li> <li>- Water Sampling and Testing</li> <li>- VIP Latrines and EcoSan</li> <li>- Hygiene Promotion</li> </ul>	Austrian Government through ADA
2	Lower Tana WatSanProject	<ul style="list-style-type: none"> <li>- Drilling of Shallow Wells with hand operated rig</li> <li>- Rainwater Harvesting</li> <li>- VIP Latrines and EcoSan</li> <li>- Hygiene Promotion</li> </ul>	
3	Butere Mumias WatSan Project	<ul style="list-style-type: none"> <li>- Bore hole drilling and Rehabilitation</li> <li>- Spring Protection</li> <li>- Rainwater Harvesting</li> <li>- VIP Latrines and EcoSan</li> <li>- Hygiene Promotion</li> </ul>	SIDA through the WSTF (Target Area)
4	Kibera WaterCan WatSan Project	<ul style="list-style-type: none"> <li>- Installation of Community Water Tanks</li> <li>- VIP Latrines</li> <li>- Hygiene Promotion</li> </ul>	WaterCan EauVive Canada
5	Kibera SODIS Project Mukuru SODIS Project	<ul style="list-style-type: none"> <li>- Solar Disinfection</li> <li>- Hygiene Promotion</li> </ul>	SANDEC/EAWAG through the LCIF, Government of Luxembourg and CDTF
6	Kibera WatSan CDTF Project	<ul style="list-style-type: none"> <li>- Installation of Community Water Tanks</li> <li>- SODIS Promotion</li> <li>- VIP Latrines and Hygiene Promotion</li> <li>- Drainage Systems</li> <li>- Garbage Collection Centres</li> </ul>	Development Trust Fund (European Commission)
7	Siaya WaterCan WatSan Project	<ul style="list-style-type: none"> <li>- Bore hole drilling, Rainwater Harvesting and Water Testing</li> <li>- Hygiene Promotion</li> </ul>	WaterCan EauVive Canada

Source: KWAHO, 2006

### APPENDIX 3: MAP OF THE WSTF TARGET LOCATIONS



Source: WSTF, 2006

#### **APPENDIX 4: LIST OF INTERVIEWS / DISCUSSIONS – DATA ON CD**

<b>Interview Number</b>	<b>Organisation</b>	<b>Person / Group/Function</b>	<b>Date</b>
1	GTZ	Thomas Levin Project Assistant	03/07/2006
2	SIDA	Peter Jorgensen Sector Advisor KWSP	12/07/2006
3	WSRB	Eng. Jacqueline Musyoki Technical Service Manager	12/07/2006
4	Donor Coordinator MWI	Peter Mangiti	13/07/2006
5	KWAHO	Paul Mutava Joshua Maneno	15/07/2006
6	WSB Lake Victoria South	Eng. P. L. Ombogo C.E.O.	17/07/2006
7	CBO	Women Group Maseno Project	17/07/2006
8	WSTF	Simon G. Mwangi C.E.O.	18/07/2006
9	KWAHO	Staff in Tana River Region	19/07/2006
10	CBO	Women Group Tana River Project	20/07/2006
11	WSB Coast	Eng. Iddi A. Mwasina C.E.O.	20/07/2006