



**Ministry of Water Resources Management and Development
Ministry of Foreign Affairs, Denmark
Swedish International Development Co-operation Agency**

**MWRMD
Danida
Sida**

**COMPONENT DESCRIPTION
FOR
SUPPORT TO THE
WATER SECTOR REFORM PROCESS**

COVER SHEET

Country : Kenya **Sector:** Water and Sanitation
Programme Title : Water and Sanitation Sector Programme Support (WSPS)
Component Title : Support to the Water Sector Reform Process
National Agency : Ministry of Water Resources Management and Development
Duration : 30 months
Starting Date : 1st January, 2005
GOK Budget Support : KShs 11,770,000¹ **Danida Budget Support:** DKK 4,900,000
Sida Budget Support : SEK 5,900,000

COMPONENT DESCRIPTION:

The development objective of the Component is:

‘An enabling environment for the water sector that ensures effective and equitable delivery of water services and integrated management of water resources.’

The immediate objective and related outputs are:

‘Enhanced capabilities of restructured institutions in the water sector.’

Output 1. The WSRS enabled to complete its role by mid-2006.

Output 2. A restructured MWRMD enabled to manage its new role in regards to RWSS and WRM

In accordance with the requirements Water Act of 2002, a number of pre-component activities are being undertaken supporting the new water sector institutions to emerge as effective, efficient and transparent instruments of the government’s policy.

All the reforms and transitional arrangements are being guided by a Water Sector Reform Steering Committee (WSRSC) supported by a secretariat (WSRS). These temporary bodies have been established to facilitate and guide the transition and then disband once the reforms have taken root and can be further developed within the new institutions themselves. The basic strategy of the Component is to provide the necessary support to the WSRS, ensuring that the reform and restructuring process is successfully implemented, and that this in turn will lead to a Sector Wide Approach to Planning. The recommendations of a number of studies will guide the managers of the new institutions with regard to gender mainstreaming, poverty orientation, and good governance, as well as strategies for achieving financial sustainability.

On behalf of the Government of Kenya

Ministry of Water Resources Management and Development:

_____ Date _____

Royal Swedish Embassy, Nairobi:

_____ Date _____

Royal Danish Embassy, Nairobi:

_____ Date _____

¹ Additionally, the GOK contribution includes all recurrent staff and office expenses.

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LIST OF ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
AMREF	African Medical Research and Education fund
ASAL	Arid and semi arid land
CAAC	Catchment Area Advisory Committee
CBO	Community Based Organisation
Danida	Danish International development Assistance
DKK	Danish Kroner (1 DKK = 12 KShs)
ERS	Economic Recovery Strategy
GOK	Government of Kenya
GTZ	German Technical Co-operation
HIV	Human Immune Deficiency Virus
HRD	Human Resources Development
IPRSP	Interim Poverty Reduction Strategy Plan
ITDG	International Technology Development Group
IWRM	Integrated Water Resources Management
JICA	Japanese International Co-operation Agency
KFW	German Agency for Credit
MDG	Millennium Development Goal
MWRMD	Ministry of Water Resources Management and Development
NEMA	National Environmental Management Agency
NGA	Non Government Agency
NGO	Non Government Organisation
NWCPC	National Water Conservation and Pipeline Corporation
NWRMS	National Water Resources Management Strategy
NWSS	National Water Services Strategy
O&M	Operation and Maintenance
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
PSC	Programme Steering Committee (also known as WSPS committee)
SEK	Swedish Kroner (1SEK= 10 KShs)
RWSS	Rural Water Supply and Sanitation
Sida	Swedish International Development Co-operation Agency
SWAp	Sector Wide Approach to Planning
TA	Technical Assistance
TNA	Training Needs Assessment
ToR	Terms of Reference
WB	World Bank
USD	United States Dollars
WRM	Water Resources Management
WRMA	Water Resources Management Authority
WRUA	Water Resources User Association
WSB	Water Services Board
WSRB	Water Service Regulatory Board
WSRS	Water Sector Reform Secretariat
WSRSC	Water Sector Reform Steering Committee
WSP	Water Services Provider
WSPS	Water Sector Programme Support
WSS	Water Supply and Sanitation
WSTF	Water Services Trust Fund
WUA	Water User Association

EXECUTIVE SUMMARY

Background

The Water Act of 2002 restructures the institutional environment of the water sector where water resources are separated from water services, and where market forces are the dominating factor in water services provision. All the reforms and transitional arrangements are to be guided by a Water Sector Reform Steering Committee (WSRSC) supported by a secretariat (WSRS). The WSRSC and WSRS are temporary bodies designed to facilitate and guide the transition and then disband once the reforms have taken root and can be further developed within the new institutions themselves. The WSRSC and WSRS are supported by a German (GTZ) technical assistance support project, and by a Sida programme, terminating at the end of 2004, which is carrying out many pre-programme activities that will be consolidated and built upon by the Support to the Water Sector Reform Process Component of the Kenya/Sida/Danida Water and Sanitation Sector Support Programme (WSPS).

Objectives, Outputs and Activities

The Development Objective is: *An enabling environment for the water sector that ensures effective and equitable delivery of water services and integrated management of water resources.*

The Immediate Objective is: *Enhanced capabilities of restructured institutions in the water sector.*

The Outputs are:

1. The WSRS enabled to complete its role by mid-2006.
2. A restructured MWRMD enabled to manage its new role in regards to RWSS and WRM

The Activities to Outputs are:

1. *The WSRS enabled to complete its role by mid-2006.*
 - 1.1 Provision of funds for technical assistance and facilities to assist in work planning, coordination and communication with stakeholders, and drafting of necessary documents.
2. *A restructured MWRMD enabled to manage its new role in regards to RWSS and WRM.*

Provision of Technical Assistance and resources to assist MWRMD in the following:

- 2.1 Follow-up and implementation of the Study of the Reorganisation of MWRMD
- 2.2 Planning and financial support to the transfer of staff to new institutions.
- 2.3 Planning and implementation of re-training courses for retained staff.
- 2.4 Capacity building of staff for water service providers.
- 2.5 Follow-up and implementation of the Economics and Financing Study of the Water Sector.
- 2.6 Preparation and implementation of a Water Sector Gender Strategy.
- 2.7 Preparation and implementation of measures to strengthen small-scale private sector participation in the water sector.
- 2.8 Drafting of strategies and guidelines to ensure poverty criteria are reflected in project identification and funding priorities.
- 2.9 Support to the implementation of essential communication with all stakeholders.
- 2.10 Introduction and consolidation of the monitoring, evaluation and co-ordination roles of the MWRMD.

Strategy

The basic strategy of the Component is to provide the support necessary to ensure that the reform and restructuring process in the water sector is completed and implemented, and that this in turn will lead to a Sector Wide Approach to Planning. The focal point of activities is the Water Sector Reform Secretariat, and the wider forum is the MWRMD.

Each of the two outputs has a different implementation period. Output 1 continues until the WSRS completes its work, which is expected to be at the end of June 2006. Some activities of Output 2, in particular training, will continue for another year until the end of June 2007. By that time it is expected that the restructuring exercise and operationalisation of the new structures in the water sector will be complete.

The Water Sector Programme Support (WSPS) is a Sida/Danida co-operation programme. The programme will help to stimulate a Sector Wide Approach to Planning (SWAp) that will involve all donors, which in turn can lead to a common donor basket approach to the water sector. This will hopefully reduce the degree of fragmented support provided by donors in the past. The most immediate co-operation partner for the WSPS is GTZ, which has a complimentary programme planned for a ten year period starting in January 2005.

Assumptions and Risks

The key assumptions for the Component are that the Government of Kenya (GOK) will pursue and implement the sector reforms especially in terms of the following aspects:

- That adequate funding from GOK will be available to support the new and restructured institutions in the GOK budget for 2004/5 and subsequent years.
- That transfer of personnel, temporary or permanent staff for the establishment of the new and restructured institutions will take place during the 2004/5 financial year.
- That the staff allocated key positions in the new institutions will be appropriate and capable (with capacity building if necessary) to carry out their functions.

The risk factors that could lead to failure of these assumptions are the lack of timely forward planning, the impact of vested interests working against the reforms and inflexible and poor quality external support.

Management Aspects

The Component will be based in the WSRS and managed by the head of the WSRS until the end of June 2006. The Director of Water will appoint a project manager for the remaining period up to the end of June 2007. The head of the technical assistance (TA) team will advise the head of the WSRS. The Component will report to the WSPS Programme Steering Committee. An international consultancy company will be contracted to provide TA for the whole WSPS.

Inputs

The total budget is KShs 129,500,000. Sida/Danida will provide approximately 91% of the budget, while GOK will contribute 10% of the combined Sida/Danida contribution. The funding arrangements are as follows:

Expenditure Category	KShs million			Percent
	Danida/Sida	GOK	Total	
Tools/equipment	12.73	1.27	14.00	11%
Activity expenses	61.57	6.16	67.73	52%
Technical assistance	36.00	3.60	39.60	31%
Contingencies (10% of non-TA costs)	7.43	0.74	8.17	6%
Total	117.73	11.77	129.50	100 %

The total Danida/Sida contribution is equivalent to DKK 9,811,000 or SEK 11,773,000.

Danida and Sida shall contribute DKK 4,900,000 and SEK 5,900,000, respectively.

1. INTRODUCTION

1.1 Background

Sweden and Kenya have been co-operating in the water sector since the early 1970s. More recently a programme of co-operation (2000 – 2003) is under completion, with focus on rural water supply, water resources management and institutional reforms. This programme will be extended until the end of 2004 with an expected level of funding of around Swedish Kroner (SEK) 20 – 25 million.

The Swedish country strategy for Kenya foresees a 5-year programme of co-operation in the water sector from 2005 to 2009 with continued support to rural water supply and sanitation, water resources and institutional reforms but with a strong shift from project modalities towards Sector Wide Approach (SWAp) arrangements.

At the annual consultations between Kenya and Denmark in May 2003, it was appreciated that the water and sanitation sector is given high priority by the Kenyan Government (GOK) and it was agreed that the sector would be considered included in the future Danish development assistance to Kenya from 2004.

As a result a concept paper was prepared to identify possible areas of co-operation as basis for a phased Danish Water and Sanitation Sector Programme Support (WSPS) to Kenya in 2004/7 with the objective to improve the living conditions for the people of Kenya by better access to water and sanitation related services, particularly for the poor or otherwise disadvantaged groups of society. This objective being very well in line with the overriding objective of the Kenyan and Danish development policies aiming at creating lasting improvements in the living conditions of the poorest sections of the population.

The concept paper outlines 3 main potential components as described below:

1. Rural Water Supply and Sanitation (RWSS)
2. Water Resources Management (WRM), and
3. Water Sector Reform Process

It was recognized during the late 1990s that the water sector was not performing well in its tasks of managing the nation's scarce water resources and the provision of water and sanitation services. As a result, the water and sanitation sector has been undergoing reforms since 1999 starting with the launching of the Sessional Paper No. 1 of 1999 on national policy on water resources management and development. The main thrusts of the reforms are to separate the functions of WRM and water service provision and to focus the efforts of the Ministry for Water Resources Management and Development (MWRMD) on policy formulation, regulation, financing and co-ordination.

The implementation of water development and provision of water services will be decentralized and commercialised and an enabling environment will be created for community based and private sector service provision.

The policies are in line with best international practice and reflect the lessons learnt in the water sector in developing countries in the last 20 years. However, some aspects like community contributions for rural water supply and sanitation still need a more detailed national policy to emerge.

The lead ministry for the water sector is the MWRMD, which will now co-operate on the sanitation and irrigation mandates of the Ministry of Health and the Ministry of Agriculture.

The Water Act 2002 followed the national policy and created the legal framework for new institutions to implement the new policy. Draft national WRM and water services strategies followed in mid 2003.

In late 2002, a Water Sector Reform Steering Committee (WSRSC) composed of 11 members including the permanent secretaries from 7 ministries was formed to direct the efforts of a Water Sector Reform Secretariat (WSRS). An operational plan for the WSRS was put forward in December 2002 and support from the donor community (especially Swedish International Development Co-operation Agency (Sida) and German Technical Assistance (GTZ)) has been provided.

A draft sector investment plan is being formulated and it is expected that this will be finalised in the near future. The investment plan and the launching of the Water Sector Trust Fund (WSTF) are essential first steps in the development of a convincing SWAp. A monitoring and evaluation section will be established in MWRMD. It is expected that the ministry will develop a gender policy and monitor performance in gender mainstreaming and gender equality initiatives within the sector.

The constitutional reform process will through changes in the local government act influence the water sector reforms.

The water reform process has been delayed as the changes proposed have been subject to misunderstandings and in some cases resistance. In response to delays the WSRS is being strengthened and a new initiative on improved communication of the reforms is being planned. Following this new initiative, it is expected that the institutional design of the reforms and most of the subsidiary legislation and the major new institutions envisaged will be inaugurated in 2004. There will still however be a major challenge of restructuring the present sector institutions including the MWRMD, which will involve significant staff transfers from the central to the local level. Consolidation of the reforms and capacity building in the public and private sectors to undertake the new roles will be needed over the coming years.

Transitional and transformation needs of the sector need to be addressed in order to ensure that the vision of the sector reforms are realised in a timely manner so as to reduce the risks of these important reforms being discredited through slow implementation.

The approach of the Component would be to assist the sector to restructure and transform in accordance with the sector reform strategies that should mostly be completed at the time the Component starts. The new institutions would be supported in their attempts to emerge as effective, efficient and transparent instruments of the government's policy.

1.2 The Sector Context

1.2.1 A Situation Analysis – Challenges in the Sector

The WSPS focuses on the rural areas of Kenya in which 24 million equivalent of more than 60% of the population live. Urban poverty and inadequate urban environmental management including water and sanitation provision is a serious problem which is being addressed by the GOK supported by donors like the World Bank (WB), the African Development Bank, Germany, France and others. Most national WRM issues relate to inappropriate agricultural and forestry management practices, and rural people are poorly served with regards to safe water and sanitation.

The un-served rural population is quite high. Of an estimated rural population of 24 million people, about 10 million have access to improved water supply through piped and point source systems operated by the government and self help groups. About 40% of the rural population have access to sanitation mainly through ordinary pit latrines. The RWSS service coverage is particularly low in arid and semi-arid land areas, where ground water resources are scarce, surface sources are not perennial and population often nomadic.

The cost of services is much higher than in the urban areas. Rural families are estimated to spend a much higher share of their income on a much lower level of services than even the urban poor.

The WSPS Document contains an in depths analysis of the National Context and the Sector Context of the assistance. The Component Descriptions regarding WRM and RWSS, respectively, present the situation analysis for the two sub-sectors. Therefore, only a brief account of the major problems related to the reform process will be presented here.

In general the sector has suffered from many years of inadequate attention in terms of allocation of resources and their effective utilisation. The decrease in Gross National Product per capita and the failure of the government to attract development assistance has contributed to the negative development. Poor governance and misappropriation of funds have been the rule rather than the exception and have worsened the situation.

Water resources and other natural resources have not been properly managed due to failure of the administration to secure compliance with policies and regulation. Sources are drying up and rivers are silting. Extreme situations like flooding and droughts are becoming more frequent. Even well constructed WRM structures and water supply schemers of the 60'es and 70'es have become defunct or in need of immediate rehabilitation (and in some cases redesign) in order to enhance natural resources management and provide a level of services that communities and consumers would be willing to pay for.

Kenya faces a complex water resources crisis arising from three legacies. The first is a natural legacy: an extremely limited per capita endowment of freshwater resources (of less than 650 m³ making it among the most water scarce countries in the world) and high hydrological variability, both spatially and temporally. Droughts are endemic and floods occur frequently, with huge regular direct and indirect impact on the economy.

Secondly, Kenya has a management legacy. This is characterised by a rapidly growing demand for water for many sectoral uses, on the one hand, and a diminution of natural storage capacity (wetlands, catchments, and aquifer recharge areas) and lack of development of artificial storage

capacities (dams and reservoirs) to meet demand and to buffer against water shocks to provide water for irrigation, hydro-power generation, industrial production and urban and rural water supply and prevent heavy economic losses. Water resources have been poorly managed through unsustainable water and land use policies, laws and institutions, weak water allocation practices, growing pollution, and increasing degradation of rivers, lakes, wetlands, and aquifers and their catchments, and severe environmental degradation. The annual cost of poor water resources management is conservatively estimated at US\$ 50 – 120 million.

Thirdly, Kenya shares over half of its rivers, lakes, and aquifers with neighbouring countries, which offer opportunities for co-operation and joint actions. At the same time, it complicates management of these water resources and has implications for regional security and development, particularly as the nation faces increasing pressure to develop and manage its water resources.

Due to inappropriate natural resources management and inadequate investments in extensions to serve the increasing population, the service level has been decreasing.

In this situation many donors turned to non-government organisations (NGOs) and community based organisations (CBOs) in search of a more effective mechanism for the implementation of development projects.

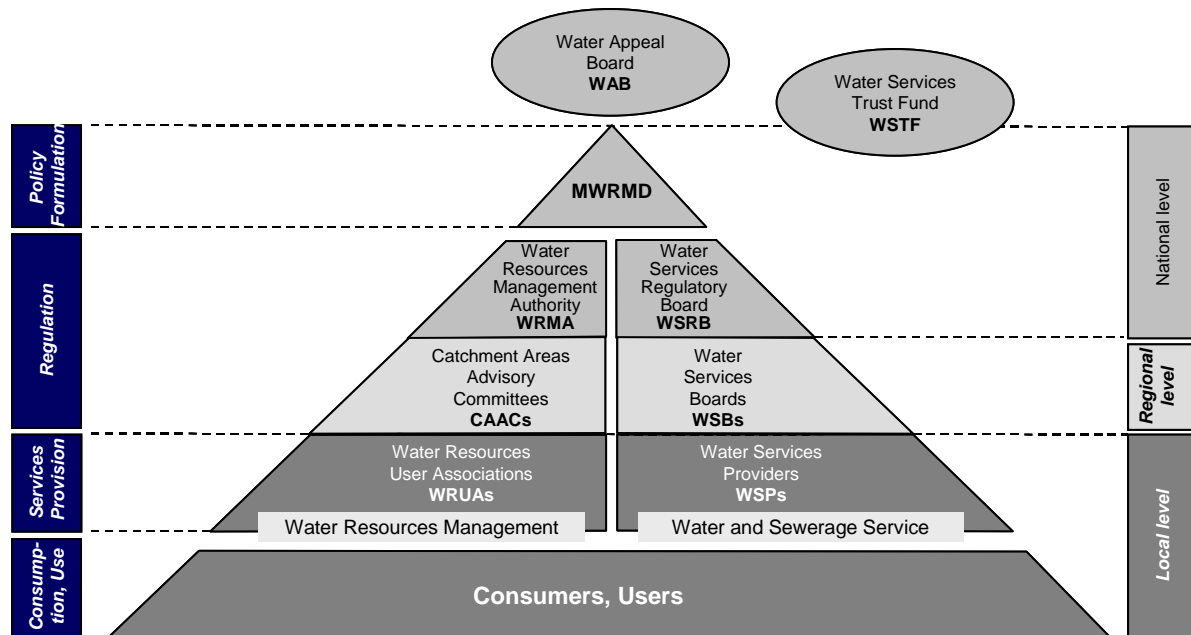
Individuals continue inappropriate natural resources management practices and communities have (with the exception of a few cases) remained reluctant to take full responsibility for the operation and maintenance of rural WRM and services structures including water supply and sanitation facilities. In fear of being left without possibilities for future government support for major repair and extension work the formal “taking over” of schemes by communities has been very low, and in most cases the payments for services of improved “safe” systems are inadequate to cover even operation and maintenance costs.

1.2.2 The Institutional Set-up, the Reforms and the Reform Process

The Water Act of 2002 foresees a completely new institutional environment where water resources are separated from water services and where market forces are the dominating factor in water services provision. Figure 1 illustrates the new institutions as presented by the WSRS, details of the roles to be played by the key institutions are outlined in Annex A.

The major separation of responsibilities is that the public sector will determine policy, regulate and plan but will not be involved in direct service provision. Service provision is left to the private sector. The MWRMD will regulate and provide a strategic planning overview through seven Water Services Boards (WSBs) and will not have district level representation through district water officers. Channelling of subsidies is placed in an independent Water Services Trust Fund (WSTF).

Figure 1. New institutional set up in the water sector



* Details in new institutions flyer
Source: WSRS

Under the proposed arrangement, the role of the different actors will be as follows (for details, refer to Annex A):

- The Ministry in-charge of water affairs will be responsible for policy formulation, sector co-ordination and financing;
- The Water Resources Management Authority (WRMA) will regulate WRM issues such as water allocation, source protection and conservation, water quality and pollution control, and international waters;
- Catchments Area Advisory Committees (CAACs) will advise the WRMA on water management issues in their specific areas;
- The Water Services Regulatory Board (WSRB) will regulate the provision of water services and issue licenses to water service providers;
- WSBs will be responsible for water and sanitation services provision and assets development in the area of their jurisdiction;
- WSTF is to facilitate financing of water and sanitation in un- or underserved urban and rural low-income areas of the country;
- An inter-ministerial committee is set up to ensure collaboration across ministerial boundaries.

1.3 Challenges in the Capacity Building and in the Reform Process

All the reforms and transitional arrangements are to be guided by a Water Sector Reform Steering Committee (WSRSC) composed of the permanent secretaries of core ministries plus representatives of professional associations, the association of local authorities and civil society in the form of NGOs and others. This committee is then supported by a secretariat (WSRS) that has developed a plan of action for implementing the reforms over a 3-year period up to December 2005. The WSRSC and WSRS are temporary bodies that are designed to facilitate and

guide the transition and then disband once the reforms have taken root and can be further developed within the new institutions themselves.

The mandate of the WSRS is given in its Terms of Reference (TOR) and presented in a report of the MWRMD dated July 2002.² It states that the role of WSRS is to co-ordinate and guide the reform process in both the water and sanitation services and WRM in accordance with the objectives, principles and activities set out in the National Policy and the respective sub-sectors strategies.

The WSRSC would be responsible for and have the powers to carry out the following:

- By membership, or through consultation, seeking to achieve consensus on the implementation of the reform activities;
- Ensuring that the activities necessary to carry out the reforms are carried out in a timely and coordinated manner;
- Receiving and approval annual operating plans for implementing reform activities from the WSRS and monitoring the achievement of these plans;
- Reviewing and, where necessary, approving recommendations, regulations and guidelines prepared by the WSRS;
- Reviewing and approving submissions to the MWRMD where the Minister is required to take action to implement the reforms through the relevant legislation;
- Proposing secondary legislation to the Minister necessary for setting up and operationalising of the new institutions;
- Preparing and submitting to the MWRMD such proposals or recommendations which will require Cabinet approval;
- Monitoring the co-ordination of external support agencies supporting the sector reforms;
- As the new sector organisations responsible for policy and regulatory functions are operationalised, handing over responsibilities to these organisations.

The role of the WSRS is to ensure that all necessary activities are carried out under the guidance of the WSRSC.

The responsibilities of WSRS are many as indicated by the list below³:

General Responsibilities

1. Advising central and local government institutions on sector reform issues and coordinating activities for the sector between government institutions;
2. Organising stakeholder consultations during the reform process;
3. Co-ordinating and appraising the input from external support agencies;
4. Carrying out supplementary studies for the implementation of the legal framework and the institutional framework;
5. Drafting detailed handing over guidelines;
6. Preparing quarterly reports and an annual report on progress of the reforms
7. Setting up a national database for the two sub-sectors;
8. Drafting general pricing policies (tariffs and tariff structures) to support sector goals;
9. Supporting the preparation for redeployment of personnel;

² GOK, MENR, Establishment of a Water Sector Reforms Secretariat, Final Report, July 2002.

³ Source: Ibid p. 9-10, GOK, MENR, July 2002.

10. Designing and carrying out information campaigns to support the transition process, to include politicians, authorities, institutions, stakeholders and the public in general;
11. Participating in international discussions of sector reforms by presenting the reform process at conferences etc;
12. Supporting the various pilot projects;
13. Contributing to the mobilisation of funds;
14. Identifying the overlapping responsibilities in water and sanitation and in WRM and proposing corrective measures;
15. Proposing a general HRD plan for the sector.

Responsibilities vis a vis Water Supply and Sanitation

16. Preparing and supporting the establishment of the WSBs;
17. Preparing and supporting the establishment of the WSRB;
18. Drafting the license for WSS and issuing provisional licences until the WSRB is operational;
19. Drafting guidelines for the information system for WSS, including performance of the licenses, which can be used later as monitoring system by WSRB;
20. Evaluating contracts for Private Sector Participation and forwarding comments to involved parties including WSRSC;
21. Supporting the establishment of an inventory of infrastructure for WSS and its re-evaluation for the purpose of transfer of assets;
22. Supporting the establishment of a human resources inventory of service providers in order to prepare for the possible transfer of personnel to new sector institutions;
23. Assessing the need for working capital for the new institutions;
24. Preparing the integration of rural water schemes into the WSB framework;
25. Proposing solutions to the transfer or take over of liabilities and income of existing institutions, which will be dissolved;
26. Proposing training programmes of the new institutions, particularly the new Water Services Providers (WSPs);
27. Preparing the establishment of the WSTF.

Responsibilities vis à vis Water Resources Management

28. Preparing and supporting the establishment of WRMA;
29. Defining the boundaries of the catchment areas;
30. Preparing and supporting the establishment of the CAACs;
31. Advising on issues on international shared watercourses;
32. Drafting guidelines on the information system for WRM including the monitoring system;
33. Supporting the establishment of an inventory of infrastructure for WRM;
34. Supporting the establishment of a human resources inventory of service providers in order to prepare for the possible transfer of personnel to new sector institutions;
35. Assessing the need for working capital for the new institutions;
36. Proposing solutions to the transfer or take over of liabilities and income of existing institutions, which will be dissolved;
37. Drafting guidelines for issuing, cancelling and varying permits;
38. Drafting guidelines for the support to be given to the user groups;
39. Drafting guidelines for the ground water conservation areas;
40. Participating in the creation of an inventory of water use and existing infrastructure;
41. Initiating a national development plan.

In order to implement its responsibilities the WSRS have been allocated a small staff and it is assisted by TA staff working to particular ToR agreed with the donors of GTZ and Sida. The WSRS prepares annual work plans and progress reports.

The water reform process has not been smooth; the changes proposed have been subject to misunderstanding and in some cases resistance. In response to delays the WSRS is being strengthened and a new initiative on better communication of the reforms is being planned. Following this new initiative, it is expected that the institutional design of the reforms and most of the subsidiary legislation and the major new institutions envisaged will be inaugurated in 2004. There will still however be a major challenge of restructuring the present sector institutions including the MWRMD, which will involve significant staff transfers from the central to the local level and from the public to the private sector. Consolidation of the reforms and capacity building in the public and private sectors to undertake the new roles will also be needed over the coming years.

1.4 Donor Assistance to Water Sector Capacity Building and the Reform Process

Kenya has a long record of co-operation with development partners in the water sector including Sida and Danida (up to the early 1990s). Sida is currently supporting the reforms (e.g. helping with subsidiary legislation for the water act and the restructuring of the water department and the National Water Conservation and Pipeline Corporation (NWCPC). With the implementation of sector reforms and the election of the new Government, there has been a renewed interest in co-operation within the sector.

Other development partners of particular relevance are:

- The World Bank is supporting Nairobi water supply and in the near future will be initiating new investment programmes for WRM, RWSS and a small towns projects. Additionally, the Arid Lands Management Project supports a variety of infrastructure, including water supply, in ASAL areas.
- KfW/GTZ, AFD and others in the medium and smaller towns. The GTZ programme is of particular relevance as there are many activities that overlap/complement the activities of the WSPS Components.
- UNICEF are currently carrying out some sanitation projects and making a survey of water and sanitation in schools.
- JICA is involved in Meru water supply and sanitation project and also in borehole projects within the Central WSB area.
- DFID supports the water sector through the NGO sector mostly in small towns and rural water supply and sanitation (ending 2003).
- The African Development Bank is formulating a project supporting Nakuru WS and is scheduled to include Kenya under the next phase of its RWSS initiative.
- The European Union – Africa water initiative launched at the World Summit on Sustainable Development (WSSD) in September 2003.

There are various mechanisms in place for GOK led donor co-ordination at national and sector levels. However, it is generally concluded that there is a need to improve co-ordination particularly to bring about or carry out a move towards a fully developed SWAp.

1.5 The MWRMD- Sida Co-operation Programme in 2004

During the Kenya/Sida/Danida programme preparation it was agreed that the joint programme should support the WSRS in strategic areas. This programme would build on the previous and on-going Sida support to the WSRS and the reform process. During the Appraisal of the programme it was agreed that the programme would also include support to the reform and restructuring process within MWRMD. The preparation team assisted WSRS in preparing an activity plan for the Sida supported activities in 2004. The Appraisal team reviewed the activity plan and revised it based on the progress to date and identification of specific tasks that need to be completed before the start of the joint programme. This activity plan is found in Annex B. The plan shows the activities expected to be completed through Sida support by the end of 2004, and the activities that are expected to be continued and completed by the Component after 2004. GTZ, through its complementary support to sector reform, will assist Sida in tendering and implementing the studies listed in Annex B.

The Water Sector Reform (WSR) Component takes its starting point at the end of the Sida supported activities in December 2004. It is expected that by January 2005, as shown in Annex B, the status will be as follows:

- Core staff has been appointed to the new various institutions.
- Organogrammes and functional analysis of the new institutions complete.
- TOR and job descriptions of staff in the new institutions complete.
- Studies of the reorganisation of MWRMD complete.
- Decision taken on the future structure and organisation of MWRMD.

2. COMPONENT DESCRIPTION

2.1 Development Objective

An enabling environment for the water sector that ensures effective and equitable delivery of water services and integrated management of water resources.

2.2 Immediate Objective

Enhanced capabilities of restructured institutions in the water sector.

2.3 Strategy

The basic strategy of the Component is to provide the support necessary to ensure that the reform and restructuring process in the water sector is completed and implemented, and that this in turn will lead to a Sector Wide Approach to Planning. The focal point of activities is the WSRS, and the wider forum is the MWRMD.

Timing

The comprehensive restructuring of the water sector as stipulated in the Water Act 2002 has taken place, but it will take some time before the restructured institutions are fully operational. The WSRS is a temporary unit that will be disbanded when its work is complete. The present status of restructuring and the work plans of the WSRS indicate that it should be possible for the WSRS to complete its work by the end of June 2006 (the original plan of action was for the WSRS to complete its work by December 2005). This date, which fits to the end of the GOK fiscal year, is a useful deadline that can be used in the WSPS and the WSR Component planning. Until June 2006, the Component will be anchored in the WSPS. After that date it is anticipated that there will be some follow-up tasks, in particular with regard to staff training, support to water service providers and private sector involvement that will need some Component support. It should be possible to complete this work by the middle of 2007. During the period July 2006 to June 2007, the Component will be anchored in the Directorate of Water in MWRMD. The Component will thus have an implementation period from October 2004 to June 2007 – 33 months. Any further institutional support to the new water sector structures after that period can be provided by the two remaining components.

Donor Co-operation

The WSPS is a Sida/Danida co-operation programme. The programme will help to stimulate a Sector Wide Approach to Planning (SWAp) that will involve all donors, which in turn can lead to a common donor basket approach to the water sector. This will hopefully reduce the degree of fragmented support provided by donors in the past.

The most immediate co-operation partner for the WSPS is GTZ, which has a complimentary programme.

GTZ has been supporting MWRMD with a Water Sector Reform Project since 2003, including assistance in setting up the Water Services Regulatory Board, the Water Resources Management Authority, and a communication strategy for publicising the reforms. A new Water Sector Reform Programme is planned for a ten year period starting in January 2005. A three years Phase I will include the following four components: operational and management support to three Water Service Boards (Lake Victoria North, Lake Victoria South, and Central); support to commercialisation of Water Service Providers in eight small urban schemes under the three WSBs;

support to a water resource management framework in two catchment areas (Lake Victoria North and Tana River); and a comprehensive communication plan for WRMA, CAACs, WSRB, WSBs and MWRMD. There are clear areas of complementarity and potential overlap with the Kenya/Sida/Danida programme, and there will need to be a close co-ordination between the programmes in order to avoid duplication, share experiences and work on common approaches.

Poverty Alleviation and Cross-Cutting Aspects

The Component will assist in creating common policies and guidelines for the Boards that will ensure that pro-poor and gender sensitive strategies are operationalised in activities, and that there is a demand responsive and participatory approach to planning and implementation. The RWSS and WRM Components will take up these issues in detail as described in the component documents. The Water Sector Reform Component will in particular ensure that the Water Sector Gender Study is completed and implemented. In addition, pro-poor strategies will be drafted and implemented, such as Guidelines for Socio-Economic Analysis of water service schemes that will assist in prioritising investments in favour of disadvantaged groups and communities. Pro-poor strategies need to be manifested in the funding priorities of the Water Services Trust fund.

It is noted that the reformed structure of the water sector is a form of centralisation of authority regarding water services, where the previous role of the districts in service delivery has been considerably reduced. This development is somewhat in contradiction to Danida policies on democratisation and human rights, which places emphasis on public participation and decentralisation of government services to the lowest possible levels. It is also noted that the draft Constitution of Kenya envisages a devolved form of government in which the districts will have the primary responsibility for water and sanitation. If the Constitution is enacted with this provision it will necessitate a revision of the Water Act 2002 and a consequent revision of the WSPS strategy.

2.4 Outputs

1. The Water Sector Reform Secretariat enabled to complete its role by mid-2006.
2. A restructured MWRMD enabled to manage its new role in regards to RWSS and WRM

2.5 Activities to Outputs

1. *The Water Sector Reform Secretariat enabled to complete its role by mid-2006.*
 - 1.1 Provision of funds for technical assistance and facilities to assist in work planning, co-ordination and communication with stakeholders, and drafting of necessary documents.
 2. *A restructured MWRMD enabled to manage its new role in regards to RWSS and WRM*

Provision of technical assistance (TA) and resources to assist MWRMD in the following:

- 2.1 Follow-up and implementation of the Study of the Reorganisation of MWRMD
- 2.2 Planning and financial support to the transfer of staff to new institutions.
- 2.3 Planning and implementation of re-training courses for retained staff.
- 2.4 Capacity building of staff for water service providers.

- 2.5 Follow-up and implementation of the Economics and Financing Study of the Water Sector.
- 2.6 Preparation and implementation of a Water Sector Gender Strategy.
- 2.7 Preparation and implementation of measures to strengthen small-scale private sector participation in the water sector.
- 2.8 Drafting of strategies and guidelines to ensure poverty criteria are reflected in project identification and funding priorities.
- 2.9 Support to the implementation of essential communication with all stakeholders.
- 2.10 Introduction and consolidation of the monitoring, evaluation and co-ordination roles of the MWRMD.

2.6 Activity Outline

1.1 Provision of funds for Technical Assistance and facilities to assist in work planning, coordination and communication with stakeholders, and drafting of necessary documents.

The TA will assist the WSRS with funds for necessary office equipment, training, workshops, and publications that will help to promote the efficiency of the WSRS in guiding the water sector reforms. Assistance will be given to time-bound work planning on a critical path basis that will ensure there is a logical sequence of events for all reform processes. Communication and co-ordination will be enhanced with stakeholders so the reforms are understood and accepted. Milestones will be established, with the aim of completing the work of the WSRS by mid-2006. When requested, the TA will assist in drafting policies, strategies, guidelines, rules and procedures that are necessary for operationalising the reform process in the various new and restructured institutions.

2.1 Follow-up and implementation of the Study of the Reorganisation of MWRMD

The study will be carried out in 2004 as part of the Sida/GTZ pre-programme activities. This is a wide-ranging activity that concentrates on assisting the Ministry and its personnel to adjust to its new role as policy making, coordinating and monitoring institution. This will include assistance to operationalising an accountable, transparent and human rights based approach to development in regard to policies, coordination and monitoring activities. The activity will also assist MWRMD in moving towards a Sector Wide Approach to Planning (SWAp), that will promote integrated national planning that incorporates all donor inputs in a coordinated manner. Activity 2.1 will be responding to needs as they arise, and will be detailed in the annual and semi-annual work plans.

2.2 Planning and financial support to the transfer of staff to new institutions.

Studies carried out in 2004 will determine the staffing requirements for the new institutions and for the restructured Ministry. There will then be an exercise in moving staff from the Ministry to the new institutions and within the Ministry among restructured departments and sections. It is estimated that about 500 staff will have to move from one part of Kenya to another within approximately one year. This activity will assist the Ministry with planning the relocations and with moving costs (normally the equivalent of one month's salary) in order to ensure that lack of

funds for this exercise does not hinder the whole process of making the new institutions fully operational.

2.3 Planning and implementation of re-training courses for Ministry retained staff.

Many staff members of the Ministry will find themselves in new roles. They will not necessarily require to be retrained in technical and administrative matters, but they will need a re-orientation regarding their roles and relationships with the public and other stakeholders. A training needs assessment will be worked out and training exercises conducted for the affected staff. The re-orientation should be based on the need for new work attitudes and practices in order to ensure that staff understand and carry out an accountable, transparent and human rights based approach to their work. Approximately 400 staff members will be covered.

2.4 Capacity building of staff for water service providers.

The total nation-wide staff number of MWRMD is approximately 8000. Many of these are employed as operation and maintenance staff at about 600 Ministry operated water supply schemes. The Water Act specifies that the Ministry will no longer own, operate or run water and sanitation schemes. These staff members therefore need to be released from government service and facilitated in being transferred to other Water Service Providers. This activity will look into their qualifications and re-training needs so that they are equipped to work in WSPs. Training of trainers will be included. The Component will have provision for the re-training of approximately 1000 persons.

2.5 Follow-up and implementation of the Economics and Financing Study of the Water Sector.

The study will be carried out in 2004 as part of the Sida/GTZ pre-programme activities, and will shed light on the various financing mechanisms that are appropriate for the sector. The activity will assist the Ministry in assessing the steps necessary for implementing the relevant options, and provide resources for implementation where appropriate.

2.6 Preparation and implementation of a Water Sector Gender Strategy.

One of the first activities of the programme will be to assist the Ministry in preparing a sector gender strategy that is a practical guide to specific, advantageous steps that can be implemented for the promotion of gender equity in the sector.

2.7 Preparation and implementation of measures to strengthen small-scale private sector participation in the water sector.

This activity will require some strategic assessments of how best to strengthen the role of small contractors, manufacturers, artisans, repair workshops and spare parts suppliers. The role that the Ministry should and can play in this regard will be investigated, and measures will be taken to implement appropriate initiatives.

2.8 Drafting of strategies and guidelines to ensure poverty criteria are reflected in project identification and funding priorities.

This activity will assist the Ministry in fulfilling its role in the implementation of Kenya's Poverty Reduction Strategy.

2.9 Support to the implementation of essential communication with all stakeholders.

The overall objective is to increase awareness and improve knowledge of water sector reforms among key stakeholders and also to build support for the reforms among key stakeholders.

The activity will also promote positive water management and conservation practices among the key stakeholders.

This will be achieved through internal communication, advocacy and outreach to opinion leaders, phased multi media communication and media advocacy.

2.10 Introduction and consolidation of the monitoring, evaluation and co-ordination role of MWRMD

As the MWRMD moves out of its current roles and functions, it needs to build strong monitoring and evaluation functions. This will require training and equipment to enable the retained staff to carry out their new roles.

2.7 Inputs

Inputs from the Government of Kenya

Professional and support staff in the WSRS.

Professional and support staff in other MWRMD departments as required for implementation of Output 2 activities.

Offices for TA and support staff.

Component budget support amounting to 10% of the donors' contribution.

Inputs from Danida and Sida

Funds to cover approximately 91% of the Component costs as shown in the budget.

Technical Assistance

Input in person months	National	International
<i>Output 1</i>		
Water Sector Management Specialist	10	2
<i>Output 2</i>		
Water Sector Management Specialist (Activities 2.1, 2.2)	3	2
Water Sector Training Specialist (Activities 2.3, 2.4)	5	3
Water Sector Economist (Activities 2.5, 2.7)	4	3
Gender and Poverty Specialist (Activities 2.6, 2.8)	4	2
Water Sector Monitoring and Evaluation Specialist (Activity 2.10)	4	3
Totals	30	15

The TA staff will be provided by the international consultancy company awarded the TA contract by MWRMD/Danida/Sida. The companies tendering for the contract will take into account the qualifications and previous experience of the national TA working under the Sida supported water sector reform activities in 2004. This in particular applies to the 10 months input under Output 1.

Equipment Costs will cover the following:

- One 4x4 vehicle, which will mainly used for the training activities around the country. It will be under the joint control of the Head of the WSRS and the Head of the TA Team.
- Twenty computers, which will be used as necessary to replace/renew IT capacity within MWRMD.
- Software as required.

Activity Costs will cover the following:

- Travel, per diems, accommodation, for trainees and organisers, training materials, fees for trainers (Activities 2.3, 2.4, 2.9 and 2.10)
- Administration/office costs, travel, per diems and accommodation for MWRMD and programme staff as required for all activities.
- Costs of transferring staff.

2.8 Budget

The budget for the period October 2004 to June 2007 expressed in KShs million is summarised as follows. Budget details are found in Annex C.

Expenditure Category	KShs million			Percent
	Danida/Sida	GOK	Total	
Tools/equipment	12.73	1.27	14.00	11%
Activities	61.57	6.16	67.73	52%
Technical assistance	36.00	3.60	39.60	31%
Contingencies (10% of non-TA costs)	7.43	0.74	8.17	6%
Total	117.73	11.77	129.50	100 %

Total in Danish Kroner: DKK 10,790,000 Exchange rate DKK 1.00 = Kshs 12.00

Total in Swedish Kroner: SEK 12,950,000 Exchange rate SEK 1.00 = Kshs 10.00

Danish/Swedish Contribution: DKK 4,900,000/SEK 5,900,000

Unit Costs: Equipment

Vehicle Kshs 3,600,000

Computers Kshs 240,000

Software Kshs 600,000

2.9 Assumptions and Risks

The key assumptions for the Component are that the GOK will pursue and implement the sector reforms especially in terms of the following aspects:

- That adequate funding from GOK will be available to support the new and restructured institutions in the GOK budget for 2004/5 and subsequent years.
- That transfer of personnel, temporary or permanent staff for the establishment of the new and restructured institutions will take place during the 2004/5 financial year.

- That the staff allocated key positions in the new institutions will be appropriate and capable (with capacity building if necessary) to carry out their functions.

These assumptions will seriously affect the objectives of the Component if they are not correct. If the reforms are not pursued vigorously and if staffing and financial aspects are delayed, then the achievement of the programme will be delayed and the costs will increase. If staff allocated to key positions is not suitable for the tasks, the whole area of co-operation could be threatened.

The risk factors that could lead to failure of this assumption are the lack of timely forward planning, the impact of vested interests working against the reforms and inflexible and poor quality external support. The mitigating action that can be taken is to ensure successful implementation of the extended Sida programme in 2004, with the co-operation of GTZ; the early establishment of a basket fund for the reforms so as to simplify and improve the delivery of external assistance; and support to putting forward innovative proposals to the Public Service Commission for interim staffing solutions based on secondment. The monitoring action that can be taken is to review the situation during the preparation of 2004/5 supplementary GOK budget.

3. ORGANISATION AND MANAGEMENT

The WSR Component is part of the WSPS and will be managed as one of three components within the overall programme management structure, as illustrated in the figure on the next page.

The programme will be managed, as far as possible, at the component level meaning that responsibility for financial and operational management will be held at the component level. A national Programme Steering Committee with representatives from all components will be formed to guide and direct the programme. The steering committee will focus on fostering a strategic dialogue with the GOK and the relevant development partners. All detailed administration will be done at component level.

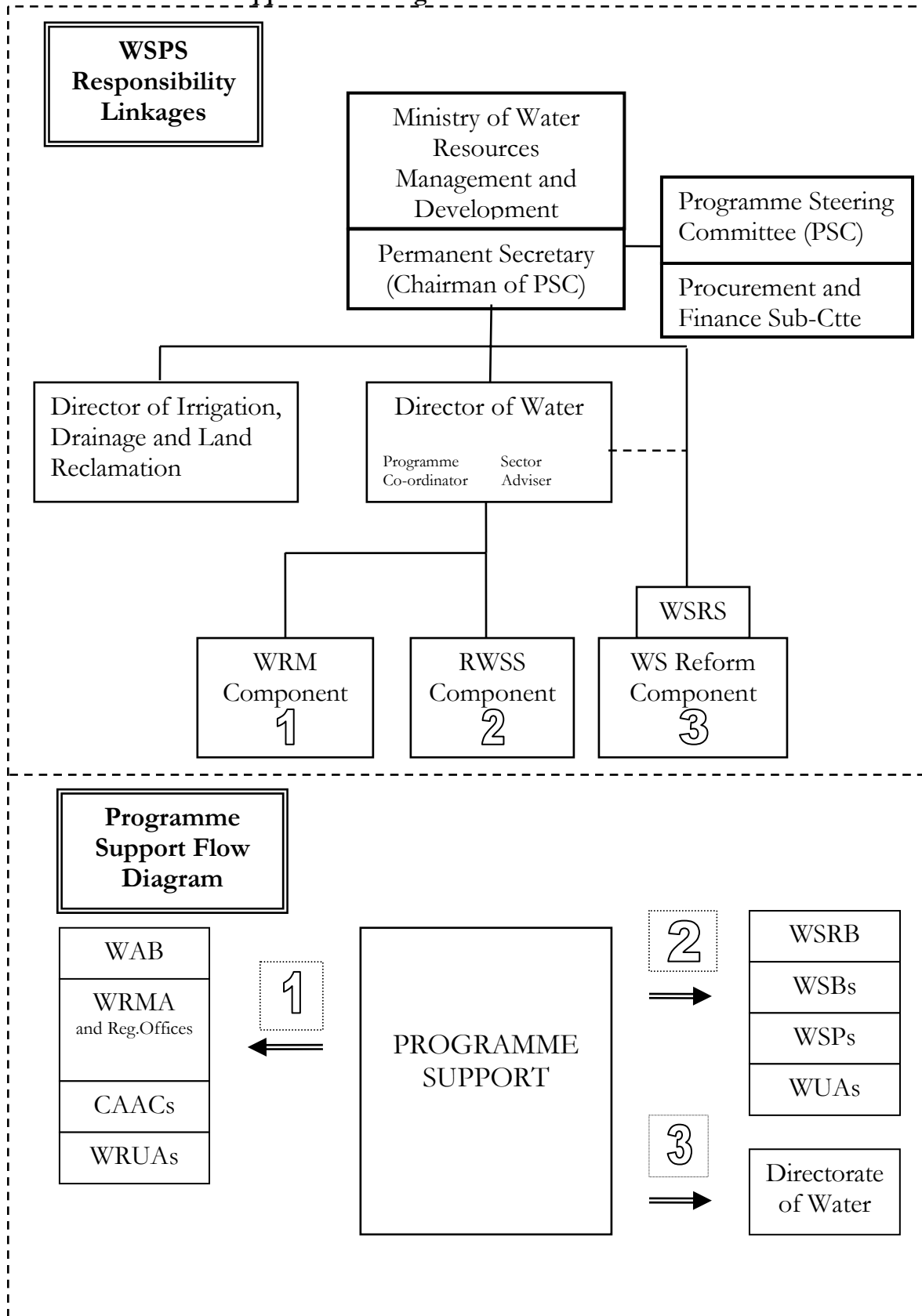
MWRMD as the lead agency will provide a Programme Co-ordinator in the office of the Director of Water, who will act as the secretariat to the Programme Steering Committee. A long-term Sector Adviser appointed by Danida will be the counterpart to the Programme Co-ordinator.

The management structures set up to direct the transition to the new sector reform will manage the Component. At an overall level the reforms are overseen by the WSRSC, which is composed of the representatives of participating ministries (at Permanent Secretary level). The WSRS undertakes the major transition functions and in turn delegates the detailed transition tasks to the new institutions once they are established.

The WSRS already has a clear structure for managing the reforms. The plan is for a weekly meeting to be held within the secretariat, a monthly meeting to be held with the WSRSC and bimonthly meetings to be held with the various donors involved. Once established and operational, this management and reporting structure will serve the Component activities just as it serves all the other reform activities not supported by Sida/Danida.

The Head of the WSRS will be the Component manager until the WSRS completes its work, which is expected to be at the end of June 2006. The Component work plan will be fully integrated into the overall WSRS work plan. The head of the WSRS reports direct to the Permanent Secretary, with reference to the Director of Water. The Director of Water will appoint a project director for the period July 2006 until the completion of the Component in June 2007. The support activities of the Component will be implemented through the Director of Water. The head of the company TA team will advise the head of the WSRS and the subsequent project director. TA to the Component will be as described in section 2.7 above.

WSPS Structure and Support Flow Diagram



4. FINANCIAL MANAGEMENT AND PROCUREMENT

4.1 Financial Management

The financial management and accounting procedures for the Component will be in line with the general programme guidelines and principles which means:

- The use of funds should be transparent, easily traceable and should provide value for money.
- Funds will flow to the organisation that is undertaking the component activities. In no case are Sida/ Danida funding all the activities needed – only a contribution, which supports significant financing by the Kenyan partners involved.
- Flow of funds for Component activities should follow the same route as far as possible as the flow of funds for the GOK.

At the programme level, the Financial and Procurement Sub-committee, supported by resources to engage financial monitoring and support consultants will ensure that financial reporting is transparent, timely and highly accountable. Thus the reports reaching the Programme Steering Committee will foresee problems and suggest solutions. If this does not work sufficiently well in the first year, considerations will be given to employ a full time Financial Management Adviser. In order to establish mutual confidence in the system and ensure that the SWAp approaches are not undermined.

As regards this Component the chosen route should be through the WSRS. Danida and Sida funds will be channelled to a joint sector reform consolidation account held at a commercial bank. This fund will be controlled by the head of the WSRS in conjunction with a representative for the consulting firm responsible for the reform component or the Sector Adviser. The accountancy and booking keeping function will be outsourced⁴ as the WSRS is not permanent function of government and there is no need to build up complex internal procedures that only serve a temporary purpose. As and when other development partners contribute to this common fund, the procedures will be amended accordingly. It is likely that other donors will join this basket fund either in cash terms or in kind terms e.g. in terms of TA contribution. GTZ is actively exploring the possibility of joining this mechanism.

The above systems of financial control will be tested at the first audit after six months and at annual audits thereafter. If found necessary the procedures will be tightened, the component in question redesigned, or the support to the component ultimately withdrawn.

4.2 Procurement

The WSR Component is to its nature a temporary one, basically dealing with pure institution building functions and with limited procurement requirements. What little procurement needs there will be in this field should be handled under the consultancy contract.

⁴ Or if found more appropriate the relevant resources to ensure transparent and timely accounting will be employed as individuals by the WSRS an alternative is that the MWRMD makes available the necessary staff.

5. MONITORING, REPORTING, REVIEWS AND EVALUATION

5.1 Monitoring System

The WSR Component support through the WSRS will form part of the WSRS regular annual work plan, which will be monitored through monthly meetings of the WSRS. These meetings will be attended by the Sector Adviser and the head of the TA Team.

The baseline data for Component monitoring will be provided by the Sida and GTZ supported pre-programme activities of the WSRS. The data will be in the form of the studies undertaken during 2004 as listed in Annex B.

In relation to the outcome of the support provided by Sida/Danida, the most relevant measure of progress will be through performance indicators. An outline indicator system is proposed as follows:

	Key Performance Indicators	Means of Verification
<u>Development Objective</u> Enabling environment that ensures effective and equitable delivery of water services and integrated management of water resources.	- WSRB, WSBs, WSTF, WRMA, WAB, CAACs fully staffed and operational.	- Programme reviews and audits.
<u>Immediate Objective</u> Enhanced capabilities of restructured institutions in the water sector	- Annual GOK budgets fully cover operational costs of the institutions. - Retraining completed for all institutions. - Staff attitudes and practices reflect service minded and demand responsive approach.	- GOK approved budgets. - Programme progress reports. - Programme reviews and audits.
<u>Output 1</u> Water Sector Reform Secretariat enabled to complete its role by mid-2006	-Work plans of WSRS completed.	- WSRS and programme progress reports.
<u>Output 2</u> A restructured MWRMD enabled to manage its new role in regards to RWSS and WRM	- Organisational structure finalised. - Staff transfers completed. - Staff retraining completed. - Poverty, gender and human rights criteria used in financing and implementation of WSS schemes. - WSS financing strategy in place. - Private sector support strategy in place.	-WSRS and programme progress reports. -Programme reviews and audits.

Milestones for each of the indicators will be established during the Inception Phase of the Component.

5.2 Reporting, Reviews and Evaluation

The WSRS will prepare half-yearly progress reports for approval by the WSRSC. After approval the reports will be tabled and acknowledged by the WSPS Programme Steering Committee. The Component management will prepare half-yearly progress reports for approval by the Programme Steering Committee. These reports will be the same as the WSRS reports until the WSRS completes its work in June 2006. After that the progress reports will be prepared by the new project director in the Directorate of Water.

Joint Annual Sector Reviews will be carried out by Sida/Danida/MWRMD. Technical Reviews/Performance Audits of the Component will be carried out on a need basis as directed by the Programme Steering Committee.

Ex-post evaluations may be carried out if so determined by Sida, Danida or MWRMD.

Annex A

Roles of New Institutions in the Water Sector

Annex A: Roles of New Institutions in the Water Sector

<p>The role of the <u>MWRMD</u> is</p> <ul style="list-style-type: none"> - Policy formulation and strategy development - Research and training - Registration of professionals, Contractors and Consultants - Sector coordination, planning and financing - Supervision of sector institutions - Guidelines for design and safety of hydraulic structures 	<p>The role of the <u>WRMA</u> is:</p> <ul style="list-style-type: none"> - Classify, monitor, and allocate water resources - Determine reserve water - Protect quality of water resources - Monitor and enforce permit conditions - Determine applications for water use permit - Manage and conserve water catchments - Determine charges for use of water resources - Provide information on water resources - Liaise with sector bodies and institutions - Advise Minister on water resource
<p>The role of the <u>WRSB</u> is Gives advice to Minister</p> <ul style="list-style-type: none"> -Licensing of WSBs -Consent to agreement between WSBs and WSPs - Monitor WSBs and WSPs - Develop tariff guidelines - Develop model license agreements - Develop model performance agreements - Establish procedures for customer complaints - Inform the public on sector performance 	<p>The role of the <u>CAACs</u> is:</p> <ul style="list-style-type: none"> - Advise officers of the WRMA at the appropriate regional office concerning: - Water resources conservation, use, and apportionment - The grant, adjustment, cancellation or variation of any permit - Any other matter pertinent to the proper management of water resources
<p>The role of the <u>WSB</u> is</p> <ul style="list-style-type: none"> - Develop facilities -Prepare business plans and performance targets - Apply for license to provide water and sewerage service -Apply regulations on water services and tariffs -Contract Water Services Provider - Purchase, lease or acquire water and sewerage infrastructure and land 	<p>The role of the <u>WRUAs</u> is:</p> <ul style="list-style-type: none"> - Enable public and communities to participate in managing water resources within each catchment area
<p>The role of the <u>WSPs</u> are</p> <ul style="list-style-type: none"> - Bid for service provision - Operate and maintain facilities - Comply with quality standards and service levels - Billing and revenue collection 	<p>The role of the <u>WSTF</u> is</p> <ul style="list-style-type: none"> - Provide financing and support towards: -Capital investments for community water services

Annex B

Sida/Water Sector Reform Secretariat Work Plan

Annex C

Detailed Budget

Annex C: Detailed Budget

Water Sector Reform Component		Component Budget (KShs '000)				TOTAL	GOK Input	Danida/Sida Contribution
		Tools & Equipment	Activity Costs	National TA	International TA			
Output 1 - Activities		0	1000	5400	3120	9520	870	8650
1.1	Planning, coordination, communication, drafting		1000	5400	3120	9520		
						0		
Output 2 - Activities		14000	66730	10800	20280	111810	10160	101650
2.1	Follow-up Study of Reorganisation of MWRMD	12000	2900	1350	2250	18500		
2.2	Support to transfer of staff		11000	270	750	12020		
2.3	Re-training of Ministry retained staff		10100	1620	3120	14840		
2.4	Capacity building of staff for WSPs		25000	1080	1560	27640		
2.5	Follow-up Economics and Financing Study		500	1080	3870	5450		
2.6	Water Sector Gender Study		500	1080	1560	3140		
2.7	Strengthen small private sector participation		2500	1080	750	4330		
2.8	Strategies and guidelines for poverty criteria		1500	1080	1560	4140		
2.9	Support to stakeholder communication		4730	0	0	4730		
2.10	MWRMD's monitoring, evaluation and co-ordination role	2000	8000	2160	4860	17020		
						0		
Sub-Total		14000	67730	16200	23400	121330	11030	110300
10% Contingencies		1400	6770			8170	740	7430
TOTAL		15400	74500	16200	23400	129500	11770	117730

Contingencies 10% component budget excluding TA

Water Sector Reform Component		Annual Financial Inputs					TOTAL
		2005	2006	2007	2008	2009	
Output 1- Activities		6420	3100				9520
1.1	Planning, coordination, communication, drafting	6420	3100				9520
Output 2 - Activities		65530	34620	11660			111810
2.1	Follow-up Study of Reorganisation of MWRMD	15000	3000	500			18500
2.2	Support to transfer of staff	9500	2520				12020
2.3	Re-training of Ministry retained staff	10000	3600	1240			14840
2.4	Capacity building of staff for WSPs	9000	12000	6640			27640
2.5	Follow-up Economics and Financing Study	5450					5450
2.6	Water Sector Gender Study	3140					3140
2.7	Strengthen small private sector participation	1300	2500	530			4330
2.8	Strategies and guidelines for poverty criteria	4140					4140
2.9	Support to stakeholder communication	2000	2000	730			4730
2.10	MWRMD's monitoring, evaluation and co-ordination role	6000	9000	2020			17020
Sub-Total		71950	37720	11660			121330
Contingencies			3170	5000			8170
Total		71950	40890	16660			129500
GoK Input		6540	3720	1510			11770
Danida/Sida Contribution		65410	37170	15150			117730

