



**WaterFund**

Financing the Water Sector

ANNUAL RURAL  
HARMONIZED REPORT

FY 2017/2018

## Preface

The Annual Rural Harmonized Report provides an overview of the WSTF Performance for the financial year 2017/2018 in the implementation of the Rural Investments Programme.

The report intends to inform the Ministry of Water and Sanitation (MWS), Development Partners (DPs), WSTF Board of Trustees and other key stakeholders on the implementation progress made in the Rural and Water Resources Investment Programmes. These programmes contribute to the realisation of the WSTF's mandate as articulated in the Water Act (2016) and its commitments within the Strategic Plan 2017-2022 on accelerating access to water services to the underserved rural areas.

The report has been compiled from various programmes and project reports received from County Resident Monitors (CRMs), implementing partners (IPs), project field visits, monitoring visits, consultant reports and peer evaluations, as well as WSTF's own financial, monitoring and audit reports accumulated during the period. The report is organized into the following chapters:

**Preface:** which gives a brief prelude on the sources of funds as well as the structure of the report

**Chapter 1:** General narrative on key achievements; summarizes the key achievements of the Rural and Water Resources Investment Programmes during the reporting period in terms of outcomes and impacts delivered against the Funds' strategic plan and the stated objectives and goals as per the current funding agreements. Analysis of results and key challenges are also included.

1 **Chapter 2:** Programmes Work plans implementation progress. This section details the progress by each investment programme at the main activity, output, and outcome and impact level against the project / programme work plan targets, highlighting areas that are behind schedule and explaining the reasons for variations from initial planning. Key challenges and lessons learnt are also enumerated in each of the programmes.

**Chapter 3:** WSTF audit and risk management. The chapter presents the WSTF internal control and risk management measures, the internal and external audits undertaken during the reporting period while analysing the questioned costs for previous audits and the trends of the same.

**Chapter 4:** Planning, Research, Monitoring and Evaluation. The chapter enumerates the main approaches used in monitoring and evaluation of the Funds programmes and projects; gives a highlight on the key achievements in support of the institutional monitoring function; summarises the key results by the investments including the output, outcome and impacts realized. It also analyses the results of the annual operations monitoring and the assessment of sustainability of investments for the FY 2017/2018. Detailed achievements against the 2017/2018 targets for each result area are presented in the result framework annex and the other annexes at the end of the report.

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## Abbreviations and Acronyms

AHADI	:	Agile and Harmonised Assistance for Devolved Institutions
ASALs	:	Arid and Semi-arid Lands
BOT	:	Board of Trustees
BP	:	Bridging Program
CBOs	:	Community Based Organizations
CECM	:	County Executive Committee Member
CLTS	:	Community Led Total Sanitation
CRM	:	County Resident Monitor
CWG	:	County Working Group
CWI	:	Credit Worthiness Index
CFA	:	Community Forest Associations
CIDP	:	County Integrated Development Plan
CTCN	:	Climate Technology Centre & Network
DANIDA	:	Danish International Development Agency
DASAL	:	Department of Arid and Semi-Arid Lands
DED	:	Development Engagement Document
DERP	:	Drought Emergency Response Programme
DI	:	Development Index
DP	:	Development Partner
DTF	:	Decentralised Treatment Facility
EACC	:	Ethics and Anticorruption Commission
EU	:	European Union
FAS	:	Fund Accountability Statement
FY	:	Financial Year
GAWASCO	:	Garissa Water and Sanitation Company
GESI	:	Gender Equity and Social Inclusion
GETF	:	Global Environment & Technology Foundation
GGEP	:	Green Growth and Employment Programme
GIS	:	Geographic Information System
GOF	:	Government of Finland
GOS	:	Government of Sweden
GOK	:	Government of Kenya
HQ	:	Headquarters
IFAD	:	International Fund for Agricultural Development
IWRM	:	Integrated Water Resources Management
JAOME	:	Joint Annual Operations Monitoring
J6P	:	Joint 6 Programme
KEWI	:	Kenya Water Institute
KFS	:	Kenya Forest Service
Ksh	:	Kenya Shillings
KWSP	:	Kenya Water and Sanitation Program
LAWASCO	:	Lamu Water and Sanitation Company
M&E	:	Monitoring and Evaluation
MCA	:	Member of the County Assembly
MOU	:	Memorandum of Understanding
MTAP	:	Medium Term ASAL Programme

MWI	:	Ministry of Water and Irrigation
NAWASCO	:	Nanyuki Water and Sanitation Company
NRMP	:	Natural Resource Management Programme
NWPC	:	National Water and Pipeline Corporation
OAG	:	Office of Auditor General
OBA	:	Output Based Aid
ODF	:	Open Defaecation Free
PC	:	Performance Contracting
PFMP	:	Participatory Forest Management Plans
PMIS	:	Project Management Information System
PMR	:	Programme Management Review
PSF	:	Public Sanitation Facility
QMS	:	Quality Management System
RF	:	Results Framework
RMF	:	Risk Management Framework
RWH	:	Rain Water Harvesting
SA	:	Service Agent
SCMP	:	Sub Catchment Management Plan
SDC	:	Swiss Agency for Development Corporation
SHARE	:	Supporting the Horn of Africa Resilience Programme
SI	:	Sustainability Index
TAWASCO	:	Tana Water and Sanitation Company
TBD	:	To be Determined
UBSUP	:	Upscaling Basic Sanitation for the Urban Poor
UNICEF	:	United Nations Children’s Fund
UTaNRMP	:	Upper Tana Natural Resource Management Programme
VIP	:	Ventilation Improved Pit Latrine
WASH	:	Water and Sanitation for Hygiene
WASREB	:	Water Services Regulatory Board
WIN	:	Water Integrity Network
WSP	:	Water Services Provider
WSTF	:	Water Sector Trust Fund
WSUP	:	Water and Sanitation for the Urban Poor
WDC	:	Water Resources Users Association Development Cycle
WRA	:	Water Resources Authority
WRUAs	:	Water Resources Users’ Associations
WU	:	Water Utility

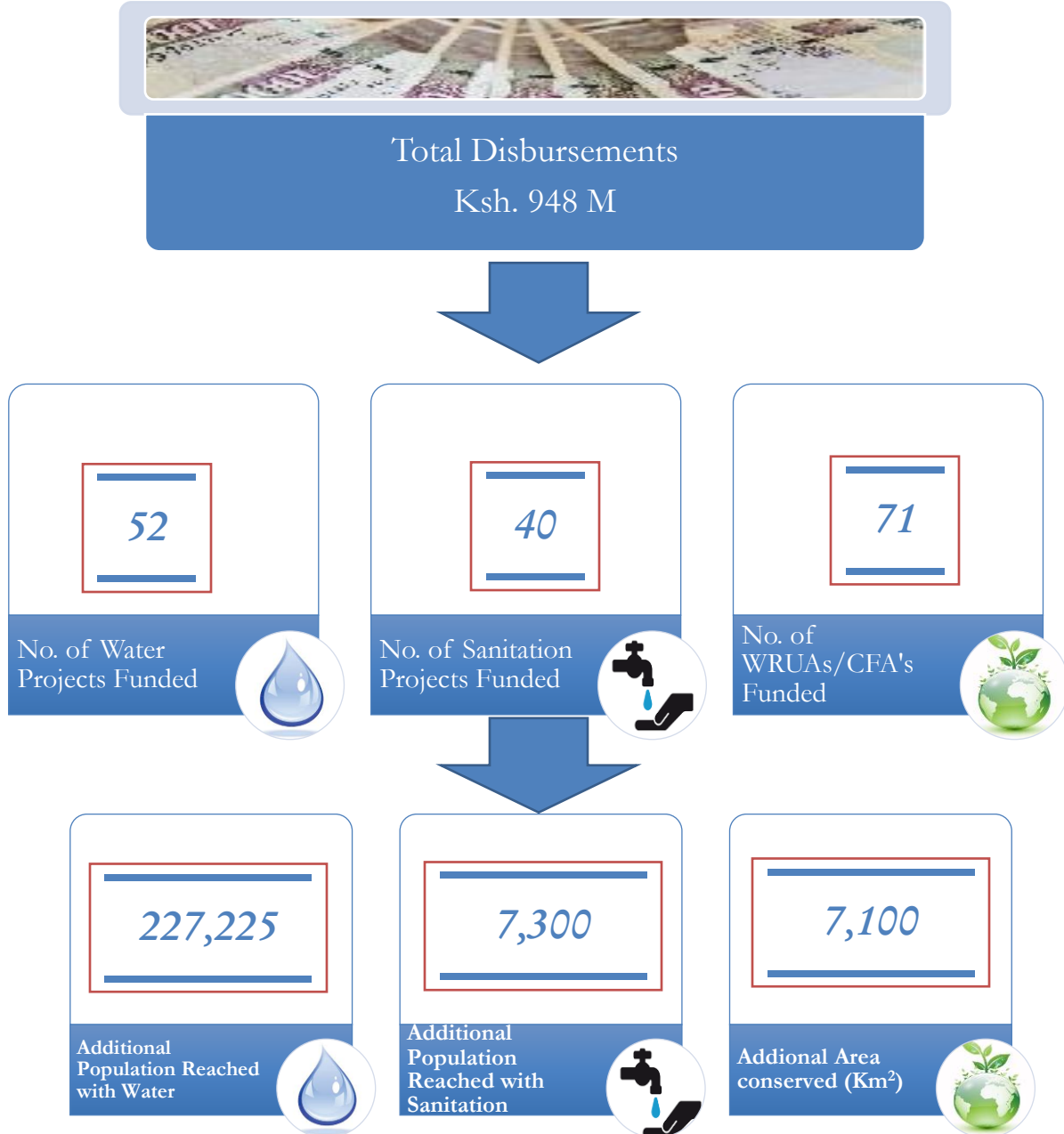


# Highlights on Key Achievements

## Introduction

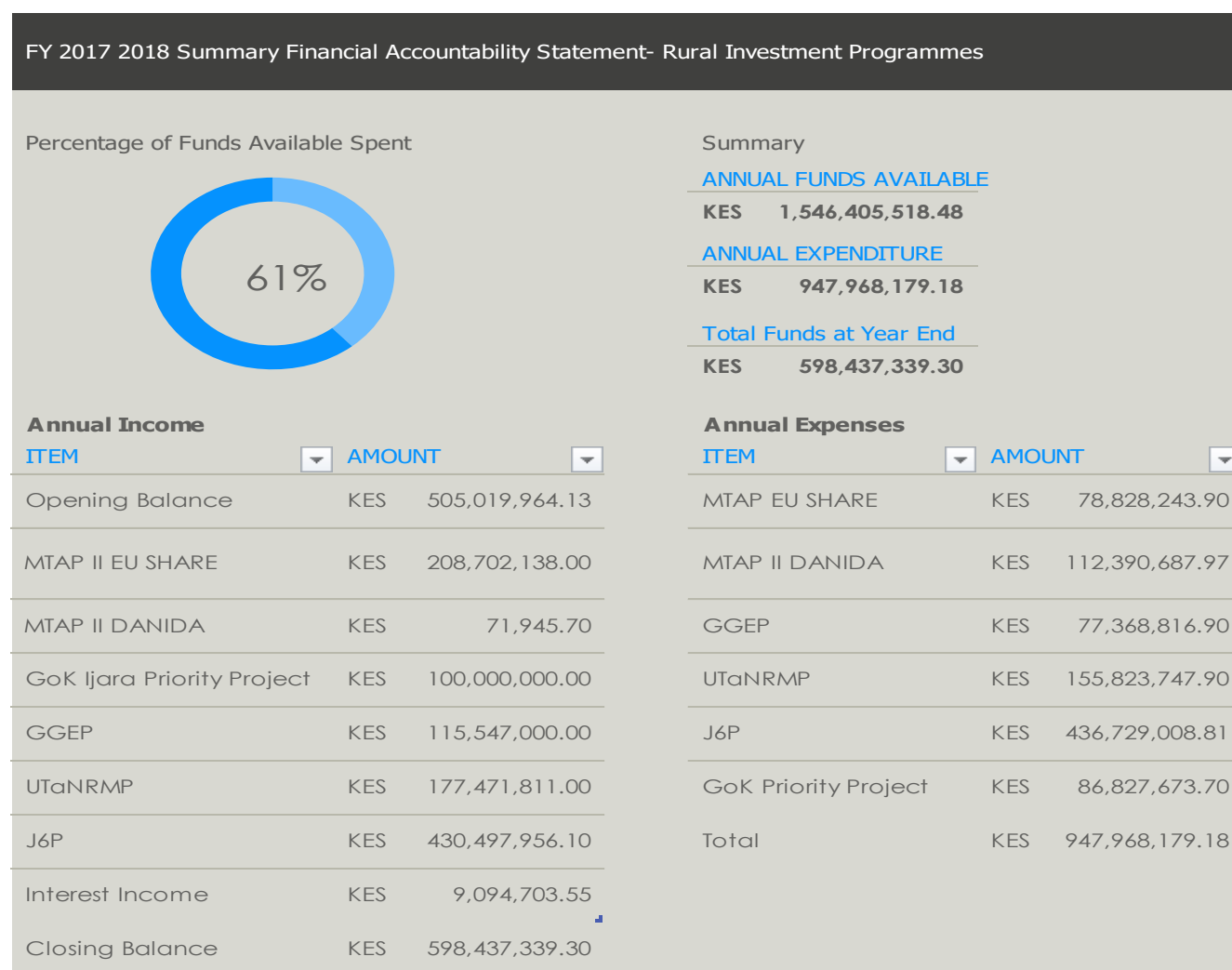
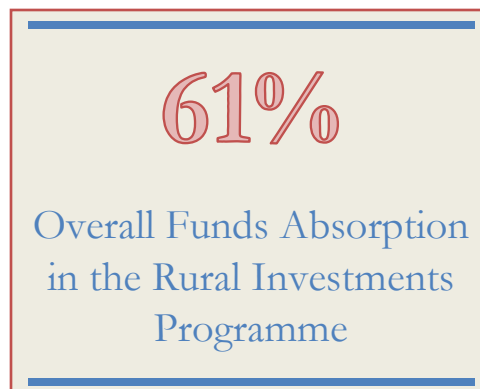
This annual report provides an analysis of the achievements of Rural and Water Resources Investment Programme for the Financial Year (FY) 2017-2018. The report is prepared for the purpose of informing the Fund's key stakeholders including the Ministry of Water and Sanitation, Development Partners, Board of Trustees and Management on the progress realized in the rural investments programmes as at the end of the FY 2017/2018.

The info graphs below present a summary of the key achievements during the year under review:



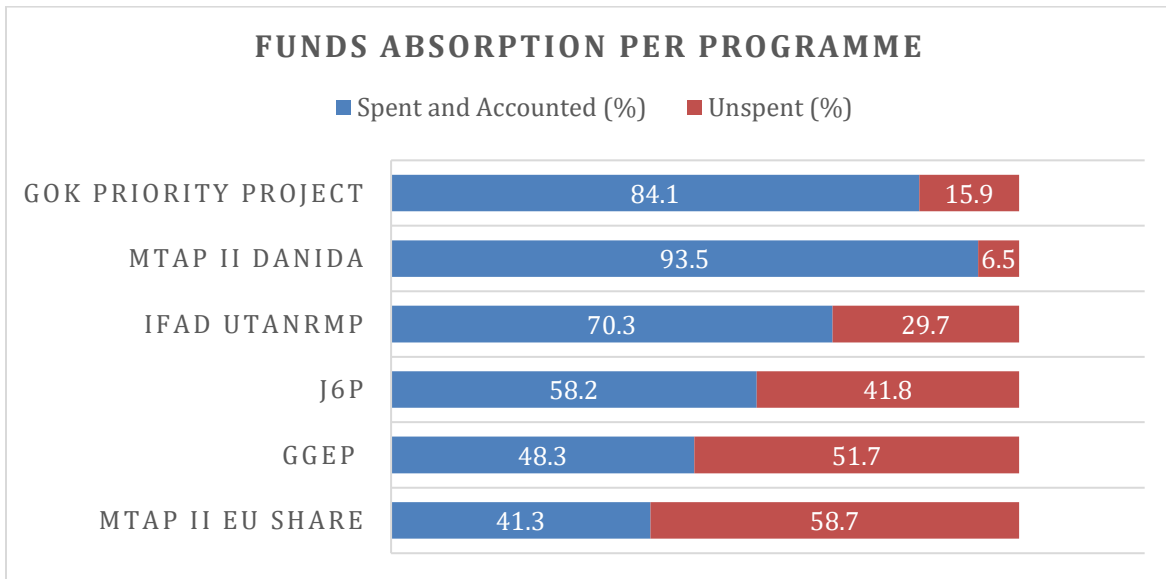
## Annual Funds Flow and Funds Absorption

During the year under review, the Rural and Water Resources Investment Programmes received a total of **Ksh 1,041,385,554.35** from the Government of Kenya, DANIDA, European Union (EU), Government of Finland, Government of Sweden, and International Fund for Agricultural Development (IFAD) and interest accruals. The Fund had balances brought forward of **Ksh 505,019,964.13** and hence a total of **Ksh 1,546,405,518.48** was available for utilization. The Fund expended **Ksh 947,968,179.18** in the Rural Investment Programme effectively absorbing **61%** of the available funds. Figure 1 shows an overview of the Funds flow to the Rural Investments Programme in 2017/18 FY.



**FIGURE 1 CONSOLIDATED ANNUAL FUND FLOW STATEMENT**

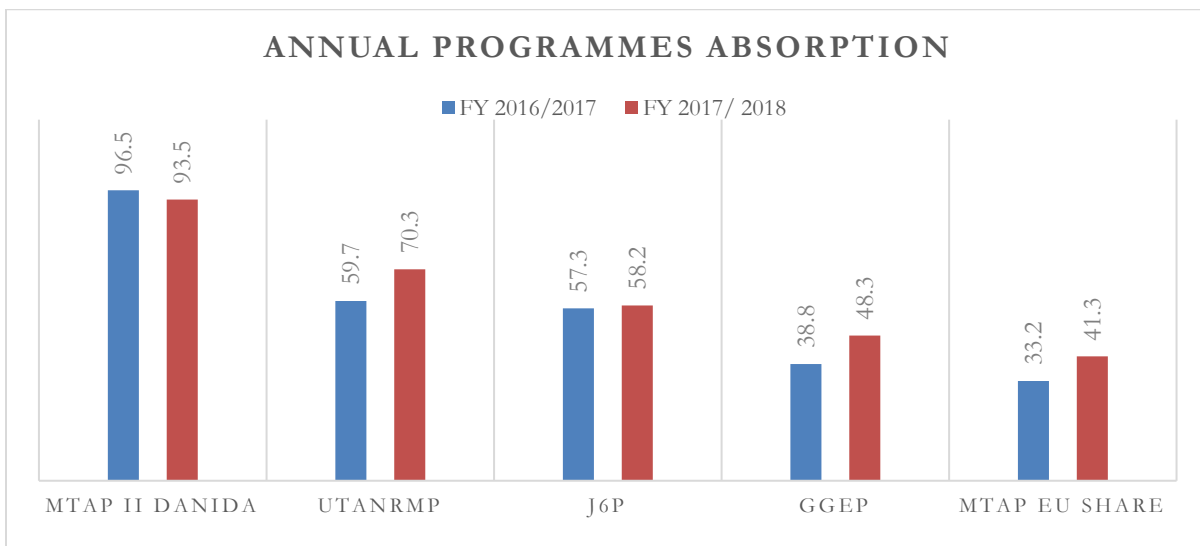
A highlight of the absorption rates for the various programmes based on the actual funds available for each programme for the entire 2017-2018 FY is shown in figure 2 below:



**FIGURE 2 FUNDS ABSORPTION PER PROGRAMME**

### Trends in Rural investments programme Fund's absorption

The programmes realised improved fund's absorption in the rural investments programme rising from 57% during the FY 2016/ 2017, to 60% in the FY 2017/ 2018. This was an improvement of 3% occasioned by the implementation of the recommendations of the Board of Trustees review committee on Funds absorption. It is anticipated that this will improve further in the next financial year. The growth in the absorption rates in the programmes is provided in the following chart:



**FIGURE 3: ANNUAL FUNDS ABSORPTION COMPARISON PER PROGRAMME**

### Efficiency in resource use

As the sector financing institution, the Fund focuses its investments' programmes to ensure that more resources are applied to development activities to ensure progressive and sustained growth.

The Fund has adopted a Development Index as a measure of efficiency in resource use, calculated as highlighted below:

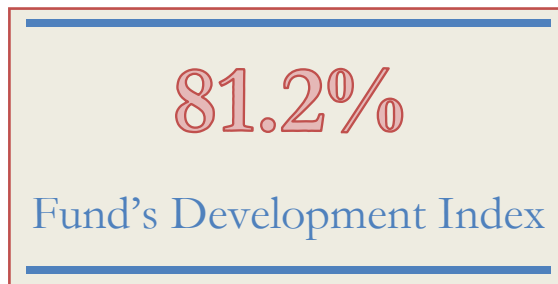
$$\text{Development Index (DI)} = (DE) / (DE + RE) \times 100\%$$

Where:

DI- Development Index

DE- Development Expenditure

RE- Recurrent Expenditure



During the year under review, the Fund disbursed approximately KShs. 1,681,792,121 on development expenditures and Kshs. 316,786,869 on recurrent expenditure. This works out to a Development Index of **81.2%**. Effectively, **18%** of the total funds spent in the Fund were allocated to investment programmes with a direct impact on the realization of the Fund's mandate.

This index compared positively with the FY 2016/2017 where a DI of 77.1% was realized indicating growth in resource use efficiency.

## Strategic Highlights

### Corporate Strategy

Following the enactment of the Water Act 2016, and the subsequent conclusion for the implementation of the corporate strategy 2012- 2017, the Fund embarked on the development of the Corporate Strategy 2018- 2022. It is anticipated that the approved document will chart the Funds growth in the realisation of it's enhanced mandate.

The corporate strategy has been crafted to provide financial support to the sector in a bid to accelerate access to water and sanitation services in Kenya. It is an ambitious strategy that seeks to raise and invest Kshs. 30 Billion in water, sanitation and water resources management projects to enhance access to 5.4 Million underserved Kenyans by 2023. This will be realised by implementation of the following strategic areas of focus:

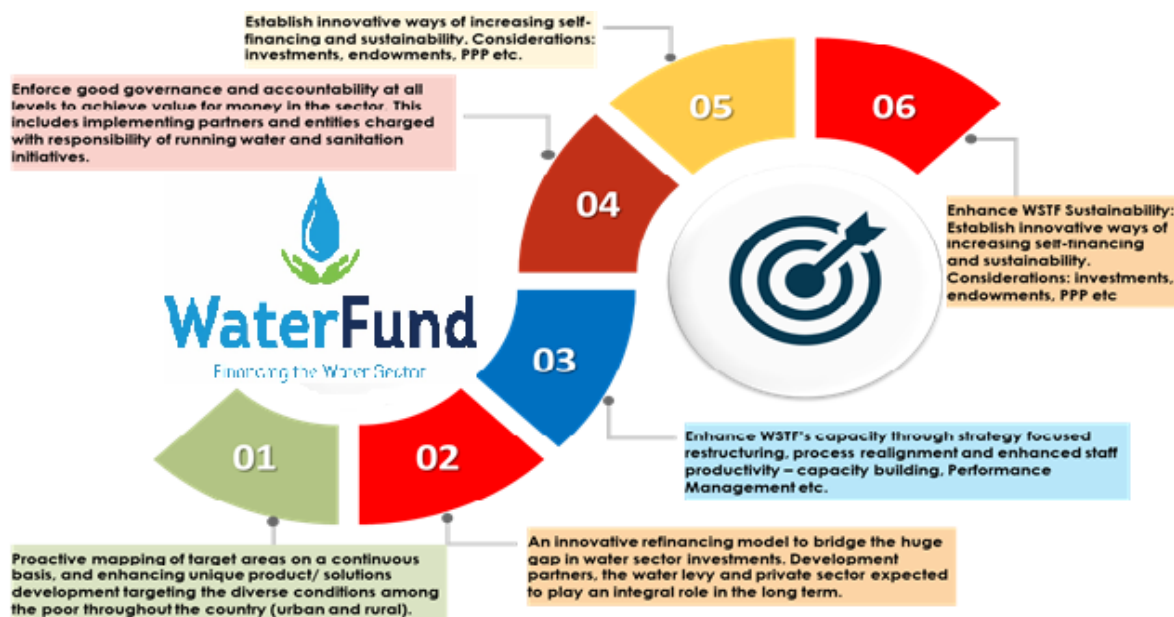


FIGURE 4 STRATEGIC AREAS OF FOCUS 2018- 2022

### Water Sector Reforms: Water Act 2016

The operationalisation of the Water Act 2016 through a Gazette notice on 21st April 2017 provided a framework for transformation of the Water Sector. The Water Act (2016) established the Fund as a sector financing institution but still focusing on the poor, underserved and the marginalised communities. It also adds a new role, to lead the sector in water research specifically targeting solutions that would enhance the Fund core mandate. The significant changes effected by the operationalisation of this Act include:

- Broadening of the Fund's mandate to cover the water sector as a *sector financing institution* from the narrow focus as a *financing mechanism* with specific target areas.

The expanded mandate as detailed in the Water Act (2016) includes the following:

- Defining target areas for water services provision initiatives and development financing as:
  - i. rural areas considered not to be commercially viable for provision of water services by licensees;
  - ii. the under-served poor urban areas.

- Outlining additional scope to include community level initiatives for the sustainable management of water resources and research activities in the area of water resources management and water services, sewerage and sanitation.

## Transition Strategy

In collaboration with the Ministry of Water and Sanitation, the Water Fund developed during the year under review a Transition Strategy that provides a framework for:

1. Engagement with the National and County Governments in the formulation of principles, regulations and procedures on for financing projects, including efficiency and effectiveness of funds with special focus on pro-poor WSS access.
2. Implementation mechanisms to enable public participation in defining qualification criteria for funding for subsequent gazettelement of the investment criteria
3. Reinvigoration of resource mobilisation strategies in light of the huge resource requirements for the Fund to meet its mandate.
4. Devising an investment policy that takes into consideration the extended mandate and prioritisation as defined in the Act.
5. Development and deployment of a clear branding strategy that will make the Fund a household name associated with financing Water Sector initiatives as defined in the Act.
6. Enhancement of the Fund's capacity to monitor projects as well as the integration of monitoring systems (both Urban and Rural).
7. Establishment of policies, procedures and mechanisms to facilitate availing information to the public on projects financed and impact of such projects as required by the act.
8. Building and enhancing the Fund's capacity for onward lending to water services providers, counties, and registered community schemes towards water services and water resources management projects in target areas.
9. Establishing and enhancing the Fund's capacity to implement and manage subsidiary funds as may be necessary for sustainable financing towards water services and water resource management.
10. Enhancement of the internal capacity to promote/ incentivise programmes for water resources management including disaster management, climate change adaptation and mitigation.

The Board approved the transition strategy and the official commissioning of the Fund in line with the new mandate is to be undertaken in the FY 2018/ 2019. Implementation of the activities in line with the new strategy and mandate is ongoing.

## Investment Policy

During the year under review, the Fund developed an investment policy, which established the responsibilities of, and guidelines for the WSTF's Management and Board on investment activities and goals. It also defined parameters within which funds are to be managed. Investments within the policy are categorised as:

- i) *Investment in the water sector* – Investments made in the form of conditional or unconditional grants to Counties for the development and management of water, sanitation services and water resources in marginalized or underserved areas,
- ii) *Investment with financial return* – This focuses on commercial financing investments under different models. It also includes investment modalities for funds earmarked for future projects or activities. These funds can be invested immediately or until they are required for their originally intended purpose.
- iii) *Investments for environmental and social sustainability* – Ensures that all supported projects integrate a component of sustainability as part of the investment plan. This is in line with the need to ensure that future water sources are sustainably managed.

The policy has also provided guidelines to ensure efficient and effective use of funds, as well as equitable sharing of funds across the country and counties.

The Fund, under the technical assistance support from WSUP, has finalised the development of the policy, which has been reviewed by the management and was approved by the Board on 11<sup>th</sup> April, 2018

### Resource Mobilisation Strategy

During the year under review, the Fund developed a resource mobilisation strategy that guides the Fund towards sustainable financing of its programmes and operations in addition to guiding communication with stakeholders and public relations activities. It also reviewed the current and past funding patterns together with resource mobilization plans and provided guiding principles and resource mobilization strategies that will drive the organization's strategic plan and ultimately lead to fulfilment of Fund's Mission and Vision.

The strategy was approved by the Board and is currently under implementation.

### Water Levy

The Water Act 2016 provides for the establishment of a water levy to be paid by consumers of piped water supplied by licensed water service providers and the proceeds of which shall be paid into the Fund.

During the year under review, the Fund developed Water Levy concept and guidelines which shall be subjected to stakeholders review and finally presented to the Cabinet Secretary for gazettelement.

The concept provides options for the establishment of an optimal piped water levy based on sector experience and proposes mechanisms through which collections can be effectively collected and used. This concept has been finalised and will be presented to the Cabinet Secretary after full Board approval.

### County Engagement Strategy

The Constitution of Kenya vests the responsibility of water service provision in the counties. The Fund is supporting the counties in the realization of their constitutional obligation of water service provision and the Fund's mandate of provision of conditional and unconditional financial support for improved access to water and sanitation services.

During the year under review, the Fund began the process of development of a county engagement strategy which is expected to provide a strategic approach for integrated county engagement to enable the Fund to work more holistically with the counties, maximize opportunities on resource mobilization, investment programmes and projects, research, governance and policy formulation programme delivery and innovation.

A draft strategy has been prepared following stakeholders consultations and it is anticipated that this will be completed in the FY 2018/ 2019.

## ISO 9001: 2015 QMS Certification

Investments in and implementation of an effective Quality Management System (QMS) plays a critical role in the realisation of the Fund's mandate. This has resulted in the institutionalisation of institutional policies, procedures and systems resulting in enhanced transparency and efficiency in investment financing.

During the year under review, the Fund successfully applied for certification against ISO 9001:2015 QMS whose implementation has resulted in:

- i) Measuring and properly assessing the input and output of processes (in line with results based management principles)
- ii) Use of risk analysis in implementation of adequate mitigation measures in the management of core business processes.
- iii) Increased focus on key stakeholder interests

## Risk Management Framework

During the year under review, the Fund reviewed the Risk Management Framework (RMF). Its implementation has resulted in enhanced systems to identify potential threats and has defined the strategies for eliminating or minimising the impact of these risks, as well as the mechanisms to effectively monitor and evaluate the strategy.

The RMF has since been approved by the Board and is currently being implemented in both the operational and investment risk management processes.

## Resource Mobilisation and Partnerships

The Fund targeted to receive Ksh 1.652 Billion in 2017/2018. However, it managed to receive a total of Ksh 1.642 Billion amounting to 99.4% of the annual target. This figure includes GOK financing of Ksh. 473.3 Million and Development Partners financing totaling Ksh.1.26 Billion.

Under the rural investments programmes, the Fund received Kshs. 888.2 Million from the Development Partners to support investments and operational costs.

This is detailed in the table below:

**TABLE 1 FUNDING SOURCES UNDER THE RURAL INVESTMENTS PROGRAMMES**

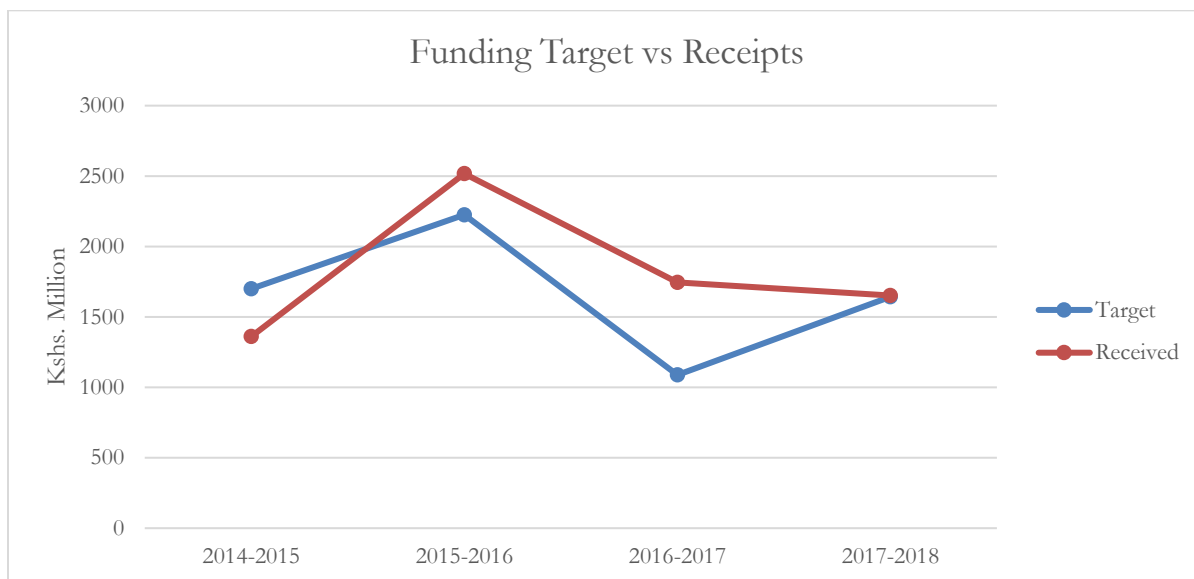
	<b>Development Partner</b>	<b>Funds Received (Kshs)</b>
1.	Government of Kenya	473,344,800
2.	Government of Finland	222,333,626
3.	Government of Sweden	164,164,330
4.	DANIDA - GGEP	115,547,000
5.	IFAD	177,471,811
6.	EU-Rural	208,702,138



## Funding Trends

The FY 2017/2018 marked the first year in implementation of the Funds' new corporate strategy 2018-2022. During the period, the fund realized new commitments amounting to Ksh. 2.5 billion in form of signed agreements and cash receipts of Ksh. 1.65 Billion. The Fund plans to raise Ksh. 36.3 Billion over the five year period in order to finance the objectives of the strategy. This calls for an average annual financing of Ksh.7.3 Billion. The Fund has embarked on financing sustainability measures to ensure the target is realized cumulatively over the strategic period. The high target is informed by the expanded mandate of the Fund under the Water Act 2016.

The charts below shows the financing trends in the Fund over the last four years:



**FIGURE 5 FUNDING TRENDS IN THE FUND**

## New Programmes

### Climate Proofed Infrastructure for Improved Water Supply and Sanitation in Arid and Semi-Arid Lands

This programme is funded by the European Union and aims to end drought emergencies and increase resilience of the most drought prone regions in the country. The programme will focus on eight (8) ASAL Counties namely Kilifi, Kitui, Turkana, Samburu, West Pokot, Taita Taveta, Mandera, and Baringo. Total funding through WSTF is Ksh. 1.8 Billion, while a further Ksh.200 Million will be channelled through Netherlands Development Organization (SNV) to facilitate Public Private Community Partnerships towards better service delivery.

The programme is meant to contribute towards making communities in drought-prone areas to be more resilient to drought and other effects of climate change, and that the impacts of droughts are contained, leading to improved food security. The project seeks to empower and increase resilience of ASAL citizens in drought-prone and marginalized counties and this will lead to improved water access and security throughout the year for the domestic needs as well as for socio-economic development among communities and households in the selected eight ASAL counties. The following components will be implemented in the programme in the targeted counties:

- a) County capacity building
- b) Rural water and sanitation investments
- c) Sustainable management of water resources
- d) Public Private Partnerships in water services and water resources management
- e) WSTF institutional performance strengthening

## Water and Livelihoods Programme in Refugee, Host and other Vulnerable Communities of Kenya

This programme is funded by DANIDA and is an addendum to the Green Growth and Employment Programme. The Programme seeks to enhance water access to both the refugees and the host communities in Turkana County. This is expected to mitigate against low and growing water access in the county, partially attributable to exponential population growth as a result of continued refugees influx from neighbouring conflict areas.

The objective of the programme is therefore to improve not only access to water and sanitation services, so that the coverage can be increased and more refugee and host populations can be reached, but also to ensure improved water resources management in both host and refugee communities in Turkana West in a more comprehensive area that integrates humanitarian and development interventions.

This programme seeks to enhance water supply to the refugee camps and to the host communities through investments in Water Supply, Sanitation, Water Resources Management and capacity development of the implementing partners to successfully implement, manage, and sustainably provide the water and sanitation services.

In this programme, the fund anticipates to receive additional support of Ksh. 535 Million, which will be directed towards projects for the refugee and host communities in Turkana West.

## Capacity Development Partnerships

During the reporting period, WSTF signed Memoranda of Understanding with four other collaborating Partners towards enhanced institutional and programming capacity as follows:

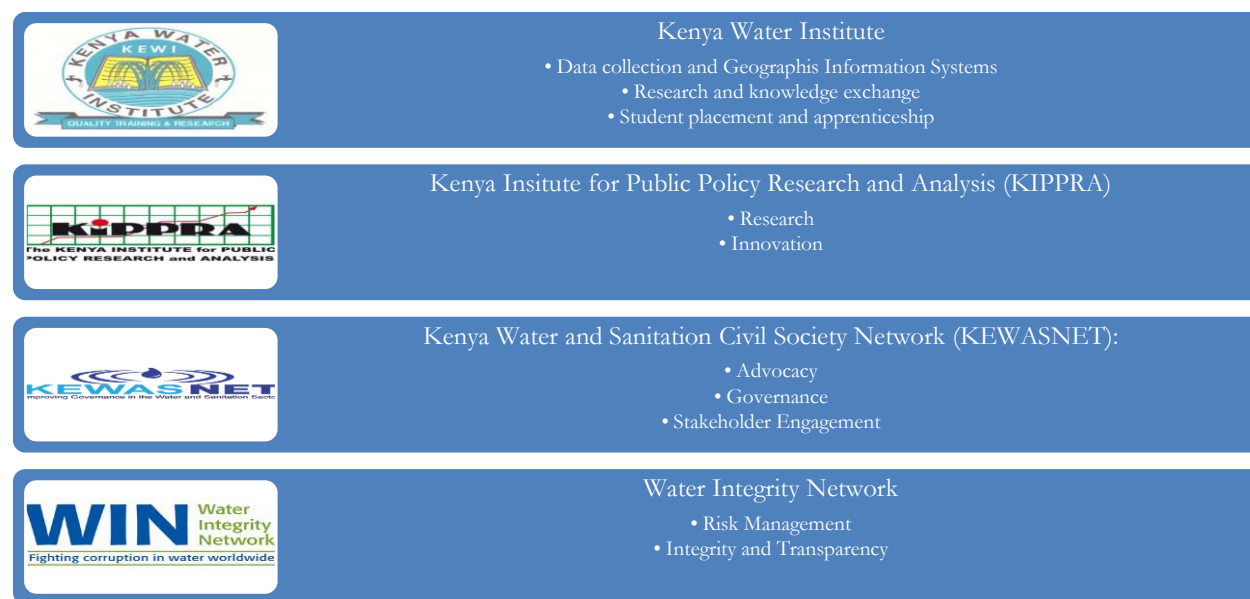


FIGURE 6 NEW CAPACITY BUILDING PARTNERSHIPS

## Prospective partnerships

The Fund is pursuing the following funding partnerships:

- i) **Enhanced Access to Financing for Green Water Technologies in Kenya:** The proposal was submitted to the Green Climate Fund and when funded, will support rural, urban and peri-urban water, sanitation and water

resources management projects through green technologies, innovative financing and focusing on improved livelihoods for the target recipients.

- ii) **Strengthening the Monitoring of the Progressive Realization of the Rights to Water and Sanitation in East Africa:** Proposal was submitted to the Swiss Agency for Development and Cooperation (SDC) through the Ministry of Water and Sanitation on behalf of the applying consortium. When funded, WSTF component will involve financing to water and sanitation projects in pursuit of increased access as a human right for Kenyan citizens.
- iii) **Endowment Fund:** This is being pursued in an effort to attain financing sustainability towards the Fund's mandate.

### Partnership Meetings

During the year, the Fund held several Steering and Partnership meetings for consultations and reporting on programme progress. These include:

- i) Rural Steering Committee Meetings towards review of progress reports and addressing programme issues with the Rural Partners
- ii) J6P Programme Steering Group Meetings to review the progress of the J6P programme and address any emerging issues
- iii) Upper Tana Natural Resources Management Programme (UTaNRMP) meetings towards revision of the existing MOU. The meetings resulted in receipt of 'no objection' to implement addendum to the MOU
- iv) Meetings with DANIDA Mission towards programme review, towards the further formulation of the newly signed Refugee and Host Community Programme
- v) Meetings with the European Union towards finalization of the Grant Contract, resulting in the signed Subsidiary Contract.
- vi) Joint Partners Meeting to deliberate on the Levy Fund concept
- vii) WSTF & Partners meeting held to deliberate on the Strategy 2018-2022
- viii) Other bilateral and multilateral meetings with existing and potential new Partners

### Partners' Projects' Visits

The Fund undertook the Annual Joint Field visit for the Rural and Urban Partners on the 26<sup>th</sup> and 27<sup>th</sup> of June 2018 in Kwale, Kilifi and Tana River Counties. The following projects were visited:

- i) Katsangani/ Hurara Water and Sanitation Project in Tana River County
- ii) Mtwapa Water Supply Project in Kilifi County
- iii) Majimboni Water and Sanitation Project in Kwale County

#### ***Participants noted the following positive aspects from the projects visited:***

- i) There is a great sense of community ownership in all the projects visited
- ii) The use of solar power to pump water from the borehole and river as seen in the Katsangani and Majimboni water projects is sustainable since its cheap and is a clean source of energy
- iii) The water projects have impacted the communities positively. Water is consumed by both human and livestock, for example the Katsangani/Hurara project
- iv) There is social inclusion in the running of water projects, gender equity is observed, women and youth are well represented in the CBOs as observed in Katsangani/Hurara water project. All the water kiosks visited are run by women

***Key recommendations:***

- i) The County governments should ensure proper training of the CBOs to enhance their capacity in managing water projects.
- ii) Project components should be comprehensive in order to cover larger populations
- iii) The County governments should provide full technical and financial support to water projects in their jurisdiction since provision of water service is a devolved function.
- iv) The Fund should make binding agreements with various county governments on issues of water support.
- v) The CRMs should be properly facilitated by the Fund in order to discharge their duties efficiently.
- vi) Proper appraisal of project design should be done before implementation to ensure sustainability of the projects and that all aspects of the project are covered.
- vii) CBOs should be held accountable by WASREB or County government to ensure proper management of water projects
- viii) Proper record keeping and payment systems should be integrated to ensure transparency and accountability of proceeds obtained from sale of water.

## Investment Programmes Implementation Progress

WSTF designs and implements its investments around five key strategic components/ result areas upon which resources are channelled to ensure efficiency and effectiveness in programme delivery. These include:

- i) County Capacity Development
- ii) Improved Management of Water Resources
- iii) Sustainable Access to Water Services
- iv) Sustainable Access to Sanitation Services
- v) WSTF Capacity Development

The achievements in these five result areas are continuously monitored and reported using the Universal Result Based Monitoring and Evaluation Framework to ensure the desired results and outcomes are met.

This chapter details the key achievements and implementation progress for the following programmes:

- i. MTAP II EU SHARE Programme
- ii. International Fund for Agricultural Development (UTaNRMP)
- iii. Support to Equitable Access to Quality Water, Sanitation, and enhanced Water Resources Management in Rural Kenya (J6P)
- iv. Green Growth and Employment Programme (GGEP)
- v. Drought Emergency Response Programme

## MTAP II EU SHARE Programme

### Introduction and programme background

This is an EU supported programme that is implemented under the DANIDA Natural Resource Management Programme (NRMP) whose objective is “to contribute to reduced poverty in the context of Kenya's Vision 2030, and of safeguarding the state of the environment and promoting sustainable management of natural resources”.

The table below provides a highlight of the programme key statistics and overall cumulative achievements up to the end of the FY 2017/2018.

**TABLE 2 MTAP II EU SHARE KEY STATISTICS AND CUMULATIVE ACHIEVEMENTS**

<b>Implementation Period</b>	June 2015 to December 2018	
<b>Programme Budget (Kshs.)</b>	690 Million	
<b>Receipts to Date (Kshs.)</b>	538 Million	
<b>Disbursements to Date</b>	421 Million	
<b>Target Counties</b>	Lamu, Tana River, Garissa, Wajir, Isiolo, Marsabit	
<b>Programme Objective/s</b>	Empowerment, and increased resilience and food security of ASAL citizens in drought-prone and marginalised Counties	
<b>Key Milestones</b>	<b>Target</b>	<b>Cumulative Achievements</b>
<i>Finance Water projects</i>	50	53 <sup>1</sup>
<i>Finance Sanitation projects</i>	50	47
<i>No. of people Reached (Water)</i>	150,000	117,994 <sup>2</sup>
<i>No. of people reached (Sanitation)</i>	5,000	6,950 <sup>3</sup>

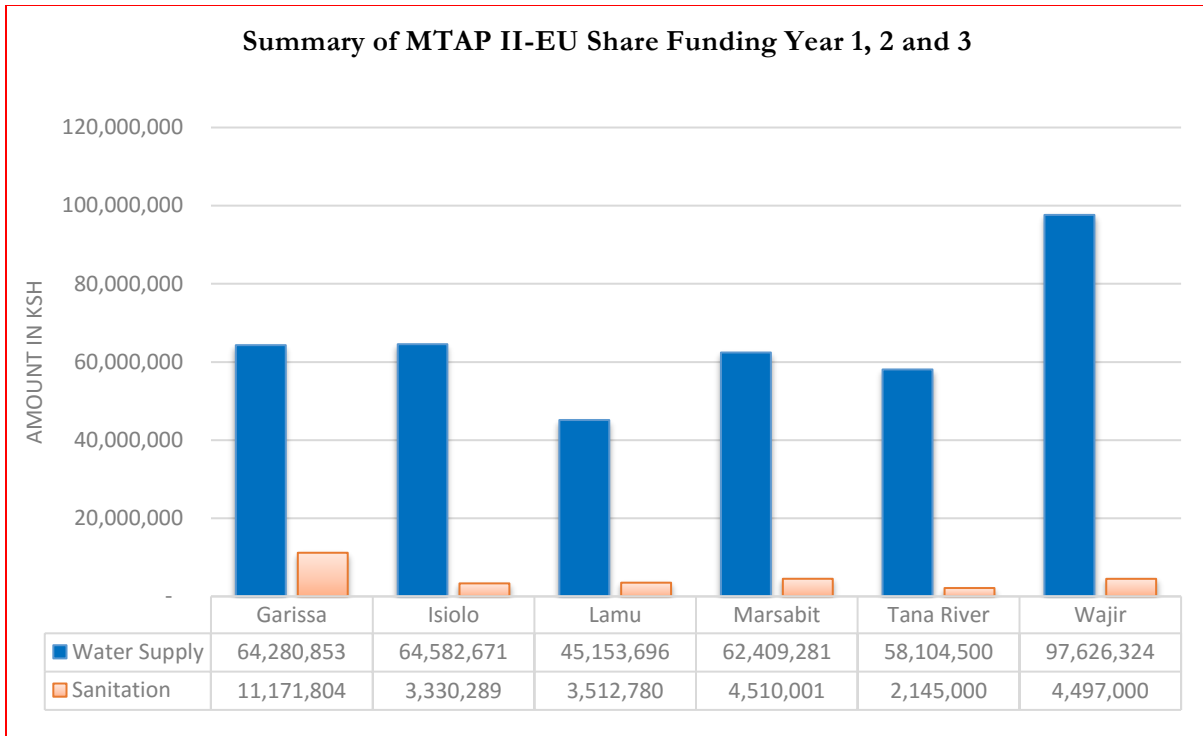
The following chart details the investments made per target county in the programme since inception:

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<sup>1</sup> Some of the funded projects were low value projects hence more funding above target

<sup>2</sup> Only 30 water projects have been completed. Upon completion of all the projects, the project target will be achieved.

<sup>3</sup> Only 84 projects have been completed and it is anticipated that upon completion, the programme target will be reached



**FIGURE 7 CUMULATIVE INVESTMENTS PER COUNTY IN THE EU SHARE PROGRAMME**

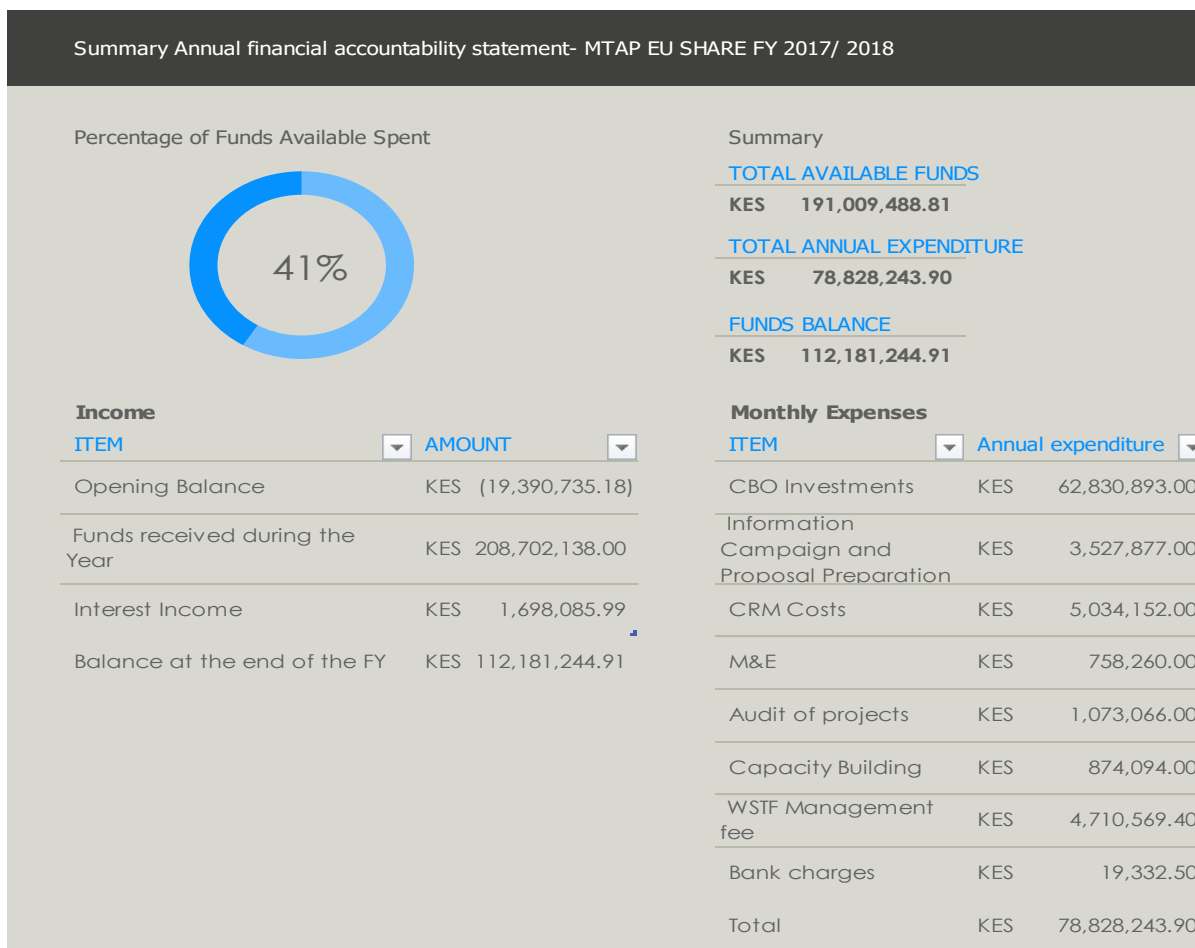
The figure above provides an overview of overall funding to the 6 Counties for the 53 water supply and 47 sanitation projects as at 30th June, 2018. Wajir county was the highest beneficiary of the WSTF investments under the programme. This is attributable to fact that the County did not receive support under the DERP and thus submitted more funding proposals under the MTAP II EU SHARE programme.



**FIGURE 8 PARTIALLY COMPLETED WATER KIOSK AT KORAKORA WATER PROJECT, GARISSA COUNTY**

## Annual Finance Report

The Fund anticipated to receive Kshs. 602 Million to support the programmes activities. As at the end of the year under review, the Fund had received Kshs. 538 Million (89.4%) of the total expected receipts.



**FIGURE 9 ANNUAL FUNDS ACCOUNTABILITY STATEMENT- EU SHARE**

During the reporting period, the programme received Ksh. 208,702,138 for year 3&4 activities, the funds available for utilization was Ksh 191,009,488.81 (emanating from EU SHARE funds and interest earned). A total Ksh 78,828,243 (41.3% of available funds) was spent as at 30<sup>th</sup> June, 2018 leaving a balance of Ksh 112,181,244. The water utilities have accounted for Ksh 62.8 million and Ksh. 61.4 million had not been accounted for as at 30<sup>th</sup> June 2018 forming part of project receivables.

## Annual Programme Achievements

The following table highlights the key achievements made under the programme during the year under review:



**TABLE 3 KEY ACHIEVEMENTS IN THE FY 2017/ 2018 UNDER EU SHARE**

<b>Implementation Period</b>	1 <sup>st</sup> July 2017 to 30 <sup>th</sup> June 2018		
<b>Funds available for disbursement (Kshs.)</b>	191 Million		
<b>Disbursements during the year (Kshs.)</b>	78.8 Million		
<b>Bank balance as at the end of the year</b>	112.2 Million		
<b>Key Milestones</b>	<b>Target</b>	<b>Annual Achievements</b>	<b>Variance</b>
<i>Fund Water projects</i>	21	21	0
<i>Fund Sanitation projects</i>	21	15 <sup>4</sup>	-6
<i>No. of people Reached (Water)</i>	69,205	0	-69,205 <sup>5</sup>
<i>No. of people reached (Sanitation)</i>	1,050	0	-1050 <sup>6</sup>

## Analysis of Results

### *Improved Access to Water Services*

As at the end of the year under review, 21 water and 15 sanitation projects were under implementation. It is anticipated that upon completion, the projects will benefit 69,205 people with improved water services and 1,050 people with improved sanitation services.

Overall, 117,994 people have benefited from improved access to water services and 6,950 people are benefiting from improved access to sanitation services. This is as a result of investments in and completion of 30 water projects and 87 sanitation projects.

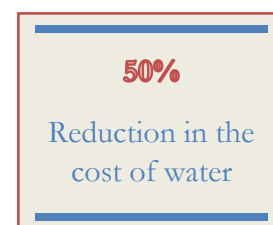
### *Reduced Distances in accessing water services*

On average, people walk for more than 10 km to access the nearest water point in the targeted ASAL counties. Upon completion of the investments, this is reduced to an average of 1-2 kilometres. The long walking distances in collecting safe drinking water is extremely time-consuming. This is time that could be spent on an economic activity. Gender disparities exist in time spent in fetching water with women spending more time than men in fetching water. The reduced walking distances have availed more time which women can invest in economic activities.

### *Reduced cost of buying water*

The project has been a success by providing cheap, portable, clean and safe water close to the community.

The approximate 50% reduction in price of water and time saved while fetching water will enable the community to engage better in economic activities and improve their livelihoods.



<sup>4</sup> Some project sites didn't have sanitation projects proposals

<sup>5</sup> No project was completed during the year due to delayed project startup

<sup>6</sup> No sanitation project was completed during the year due to delayed project startup

### *Improved access to sanitation services*

Through the investments in sanitation services (287 units in 87 schools), the programme has resulted in improved access to 6,950 people. This has reduced the open defaecation incidences in the targeted locations resulting reduced contamination of the surface water sources.

The reduced disease incidence as a result of the reduction in water borne diseases has resulted in improved economic well being through:

- i. Reduction in the lost economic contribution of the sick or prematurely deceased persons
- ii. Increase in the productivity resulting from sick workers
- iii. There are also indirect benefits which have accrued from higher productivity of the beneficiary communities in addition to those who would otherwise care for the afflicted.

### *Enhanced management capacity*

The implementing agents for the 53 water projects have been trained in financial training and procurement procedures. CBOs in 31 projects have also been trained on operations and maintenance improved their capacity in managing the completed facilities, deciding on a water fee and revenue management plans, and overall project management.

The capacity building initiatives have resulted in enhanced financial management skills, better accountability, improved governance practices and entrenchment of democratic principles in project implementation, advanced conflict management skills and improved community cohesion.

## Programme Risks and Mitigation measures

The following risks and the corresponding mitigating measures were identified within the Programme:

**TABLE 4 EU SHARE PROGRAMME RISKS AND MITIGATION MEASURES**

No	Risk	Mitigating measures
1	Delay in receipt of Year 3 funds to cater for implementation of projects.	Internal borrowing of funds to cater for carry-over activities. Counties were supported to develop viable proposals.
2	Delay in procurement process by WSPs after receipt of funds.	WSTF supported the WSPs in provision of funding for tender adverts. In addition, the implementers were trained on proper procurement procedures.
3	The Counties may not have a reliable prioritization mechanism in place to identify projects for support.	WSTF undertook intensive County engagement and capacity building on project prioritization against the County Integrated Development Plans.
4	Low capacity of the implementing agents to undertake projects:	Training of WSPs/WUAs in project management and financial management enhanced to realize better outputs.

## Key Implementation challenges and mitigation measures

The table below summarizes the key implementation challenges and the adaptive measures in the programme:

CHALLENGES	ADAPTIVE MEASURES
<ol style="list-style-type: none"> <li>1) Delays in WSPs reporting on implementation challenges especially for those projects drilling new boreholes.</li> <li>2) Inadequate capacity of the implenters in funds absorption during implementation necessitated delay in disbursement of subsequent funds. This also affected funds accountability statements reporting by the WSPs.</li> </ol>	<ol style="list-style-type: none"> <li>1) Project Implementation periods to be flexible to cater for factors beyond the control of the WSPs and proper investigations on project siting.</li> <li>2) Capacity building of CBOs on implementation planning and financial management tracking to avoid unnecessary delay during implementation.</li> </ol>

<p>3) Projects identified in Lamu County could not be supported since they fell outside the mandated service area of Lamu Water Company. The County Government cancelled the tenders and the funds disbursed were recalled.</p> <p>4) Audit issues were raised on implementation of projects through Wajir water company in terms of procurement procedures and scopes.</p>	<p>3) Need to involve the County Government on project identification &amp; prioritization in all future projects.</p> <p>4) Need to capacity build all the implementing agents on proper procurement procedures and financial management prior to disbursement of funds.</p>
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## Lessons Learnt

### Working with Registered Water Utilities

The implementation of projects through CBOs has been seen as a risk venture especially because they are not legal entities and hence cannot be sued or sue. In order to ensure sustainability of water schemes, professionalism of water committees needs to be emphasized along with ensuring that CBOs advance to water users associations with good legal standing. WSTF seeks to promote a business approach to water service provision by ensuring that rural water sector investments are well managed.

This is not the absolute way to go due to interference/state of some WSPs by County Governments. The focus will be to strengthen the CBOs and guide them towards registering as legal entities with the Attorney General's office. Eg. Mapato CBO in Tana River lodged an application to be elevated to a water user association (WUA), they qualified and are now registered.

### Change of Scope

Any change of scope from any project beneficiary had to be submitted to the funding authority for approval before any work on the same commenced. This enabled the Fund to determine whether the request was sufficient and whether there was value for money in the proposed changes.

### Training on operation and maintenance

The benefits of the training on operations and maintenance could only be realized once CBOs established the right management structures, and engaging the community members as part of the operations of the completed project. The Fund seeks to promote service delivery models to promote better management of water schemes especially in ASAL areas by linking CBOs with registered WSPs for technical and operational support. The beneficiaries require training on installation, operation and maintenance of plant and machinery for any project. This would ensure sustainability of the projects as the community will be better equipped to manage the projects.

### Stakeholder involvement

Involvement of all stakeholders such as county governments during project identification, designing and equity in distribution of projects within the existing sub counties is critical to ensure there is more support during project planning, design, implementation and operational phases. Involvement of National Environmental Management Authority (NEMA) in approving Environmental Impact Assessments (EIAs) for target projects falling under the NEMA schedules and Water Resources Authority (WRA) in issuing permits is key.

## EU SHARE Project Success Story

### Boji Galas Water and Sanitation Project

# PROGRAMME NAME: MTAP EU SHARE BOJI GARAS WATER AND SANITATION PROJECT



## The Boji Galas Water and sanitation project.

It's 11 AM in Bojigaras and Fatuma Mohamed; a mother of three happily whistles away as she draws water from a nearby water kiosk. With a baby firmly strapped to her back, she welcomes the WSTF team with an infectious smile which is an embodiment of resilience and hard work. The renewed hope and optimism registered on her face said a lot about the improved water accessibility, quality and adequacy in Boji Garas town. Fatuma was among the many poor pastoralists who moved to Boji Garas following the devastating effects of the 2011 drought. She describes the sanitation project as one that has restored their dignity and pride.

She remains grateful to the Water Sector Trust Fund for their timely interventions in the;

- Supply ,installation& erection of 50m<sup>3</sup> steel elevated tank, 9m high tower, including civil works
- 3 kilometer long water pipeline
- Construction of water Kiosks (3 No.)
- Construction of 6 (six) 2 Door VIP Latrines
- Rain water harvesting tank with a capacity of 10 cubic meters.

“In the past, we used to trek for more than two kilometers to access water from the local borehole. Today, thanks to the construction of 3 water kiosks by WSTF, we take less than 5 minutes to draw water. This is in addition to improved hygiene following the construction of 6 VIP latrines for members of the community,” says a grateful Fatuma Mohamed.

Fatuma's story validates the feeling of appreciation, optimism and hope across Boji Garas village. The rescue centre which was formed after the 2011 disastrous drought lacked basic amenities such as lack of toilet facilities. Today, with the construction of 6 VIP latrines and 3 water kiosks, Boji Garas has registered improved health. With improved hygiene and drawing of water taking less than 5 minutes, there has been a remarkable improvement in school attendance.

The Arbakheyranso Water Resource Users Association; a local Community Based Organization through which the water & sanitation project was implemented, describes the project as a complete success, having achieved all its intended objectives and outcomes with measurable results. They cite reduction in the time taken to withdraw water, improved health and sanitation as well as improved school attendance as some of the impact of the project.

## THE TRANSFORMATION STORY



Camels drinking water from one of the animal drinking troughs.



The project is serving a human population of 660 Households, and livestock population of 38,200.

# International Fund for Agricultural Development- Upper Tana Natural Resource Management Programme

## Introduction and programme background

The IFAD - Upper Tana Natural Resources Management is an eight year project (2012 - 2020) funded by Government of Kenya, International Fund for Agricultural Development (IFAD), Spanish Trust Fund and Local communities beneficiaries through Water Sector Trust Fund (WSTF).

The table below provides a highlight of the programme key statistics and overall cumulative achievements up to the end of the FY 2017/2018.

**TABLE 5 UTANRMP KEY STATISTICS AND CUMULATIVE ACHIEVEMENTS**

<b>Implementation Period</b>	June 2012 to July 2020	
<b>Programme Budget (Kshs.)</b>	600 Million	
<b>Receipts to Date (Kshs.)</b>	324.8 Million	
<b>Disbursements (Kshs.)</b>	306.4	
<b>Target Counties</b>	Nyeri, Embu, Meru, Kirinyaga, Tharaka Nithi and Murang'a	
<b>Programme Objective/s</b>	To enhance sustainable management of water resources and natural resources through the financing of Water Resources Users Associations and Community Forest Association activities.	
<b>Key Milestones</b>	<b>Target</b>	<b>Cumulative Achievements</b>
<i>Finance WRUAs</i>	128	47
<i>Finance CFAs</i>	69	30
<i>No. of beneficiaries</i>	164,000	76,575 <sup>7</sup>

The IFAD – UTaNRMP programme supports Water Resources Users Associations (WRUAs) and Community Forest Associations (CFAs) in implementing conservation activities with the aim of contributing to rural poverty reduction in the Upper Tana Catchment. It is technically supported by Water Resources Authority (WRA) in conjunction with WSTF for WRUAs and Kenya Forest Service (KFS) for CFAs. Through the implementation of Sub Catchment Management Plans (SCMP) by WRUAs and Participatory Forest Management Plans (PFMP) by CFAs activities, the programme has realised enhanced natural resource management through rehabilitation of degraded forest reserves and water catchment areas.

## Annual Financial Report

During the FY 2017/2018, a total of Ksh 221,528,636 was available for supporting WRUAs and CFAs activities (including an opening balance of Ksh 44,056,825.35, and a disbursement of Ksh 177,471,811 from IFAD). A total of

<sup>7</sup> Most of the projects supported under CFP 1 and 2 were mainly capacity development hence the low level of achievement on this indicator low on the onset. This is calculated as RWH- 67800, training- 2895, Jikos- 5440, Fish ponds- 40, Water Projects 400)



Ksh 155,823,747.90 was expended during the year hence the overall funds absorption stands at 70.3 % based on accruals.

Details of the expenditures are as detailed in the figure below.

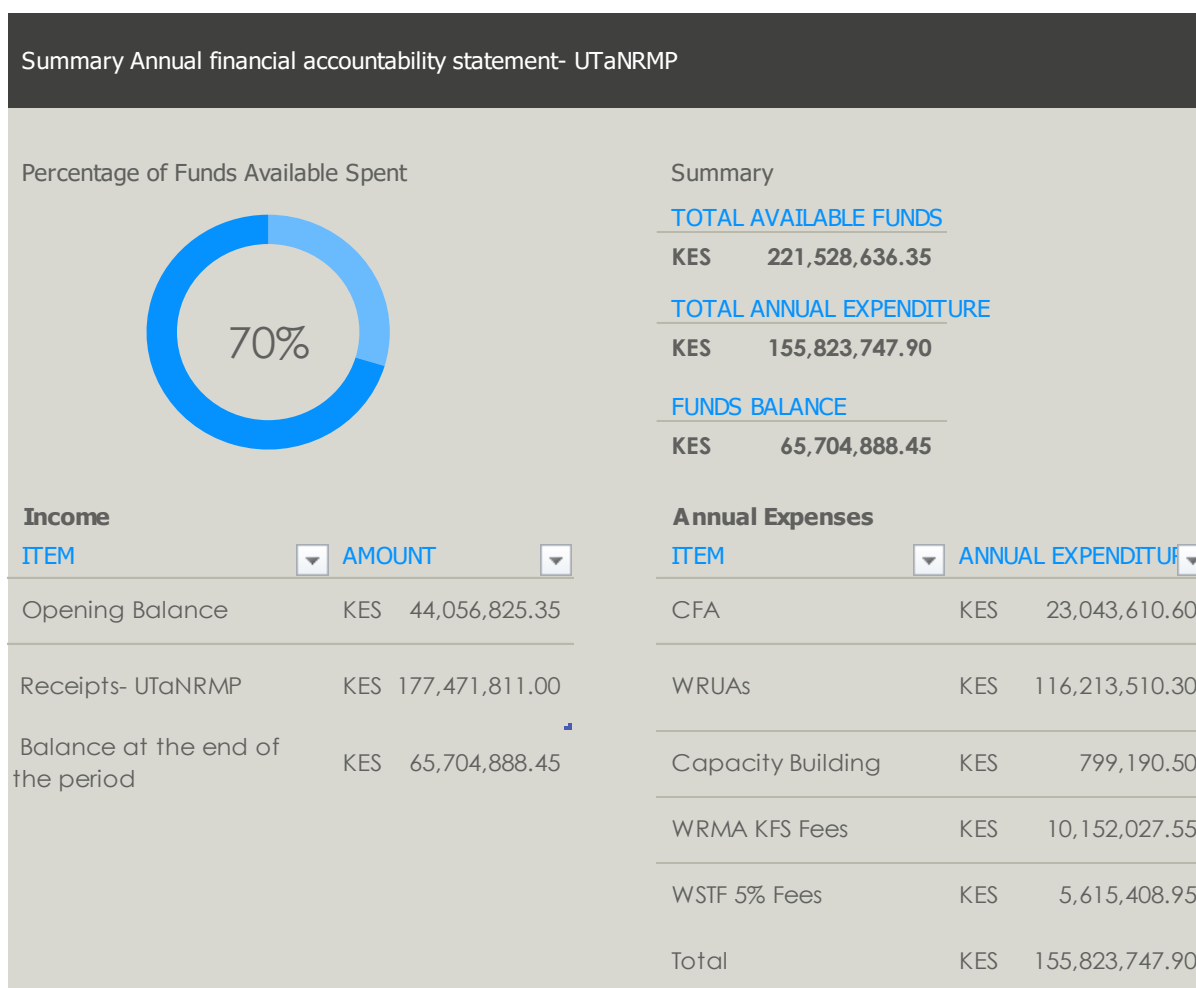


FIGURE 10 ANNUAL FUNDS ACCOUNTABILITY STATEMENT- UTaNRMP

## Annual Programme Achievements

The table below highlights the key achievements made under the programme during the year under review:

TABLE 6 KEY ACHIEVEMENTS IN 2017/ 2018 UNDER UTaNRMP

<b>Implementation Period</b>	1 <sup>st</sup> July 2017 to 30 <sup>th</sup> June 2018
<b>Annual Budget (Kshs.)</b>	174 Million
<b>Funds available for disbursement (Kshs.)</b>	221.5 Million
<b>Disbursements during the year (Kshs.)</b>	155.8 Million
<b>Bank balance as at the end of the year</b>	65.7 Million

Key Milestones	Target	Annual Achievements	Variance
<i>Finance WRUAs</i>	43	31	12
<i>Finance CFAs</i>	12	12	0
<i>No. of beneficiaries</i>	55,000	64,869 <sup>8</sup>	9,869
<i>Capacity building workshops</i>	1	0	-1 <sup>9</sup>

The Fund has so far made three calls for proposals from the WRUAs and CFAs from the six target counties. The first call was on 25<sup>th</sup> July, 2014 and resulted in 34 proposals (16 WRUAs & 18 CFAs) being successful. As at 30<sup>th</sup> June, 2017, all the call 1 WRUA and CFA projects had been fully implemented and completed. The second call for proposals was run in the print media of 6<sup>th</sup> May, 2016 with 43 projects (31 WRUAs and 12 CFAs) being successful and out of which 42 projects (12 CFAs and 30 WRUAs) have received all the funding as at 30<sup>th</sup> June, 2018. The third call for proposal was advertised on 20<sup>th</sup> March, 2018 and as a result 96 project proposals (62 WRUAs and 34 CFAs) were received by respective Water Resources Authority (WRA) sub regions and Kenya Forest Services (KFS) conservancies for further review. So far 83 projects (54 WRUAs and 29 CFAs) have been recommended for further review by the Project Review Committee. Thirteen (13) did not qualify to the next level of appraisal.

## Analysis of Results

The Fund is supporting the Programme in implementation of the sustainable water and natural resources management component. This component is designed to improve the sustainable utilization of water and other natural resources, mainly using community groups including the WRUAs and the CFAs.

Under the sustainable water resources subcomponents, the implementation of the 77 No. water resources management activities has resulted in enhanced capacity of the communities and the WRUAs to plan for and implement sub-catchment management plan activities. This community centric approach has resulted in higher levels of ownership and sustainable management of water resources.

The investment in Rain Water Harvesting (RWH) tanks has resulted in improvement of access to water for domestic and institutional use. Under this activity, 3390M<sup>3</sup> can now be harvested. This investment is also expected to have a ripple effect with communities investing in RWH tanks at the household level. The investment in schools has improved hygiene practices as well as improved access to drinking water for the school going pupils and their teachers. The promotion of rain water harvesting tanks is expected to reduce the water stress related to abstraction on existing natural water sources in the Upper Tana region among them rivers, springs, and streams.

Under capacity development, a total of 2,895 people have been trained in different aspects of water resources management. These include project management, Integrated Water Resources Management (IWRM), finance management, procurement, leadership, forest conversation, record keeping, group dynamics, tree nursery establishment, climate change, monitoring & evaluation, reporting writing, sustainable forest management and Bamboo propagation. It is expected that this investment will result in better capacity of the communities to sustainably plan for, implement and manage water and natural resources in their catchments.

<sup>8</sup> This has been achieved through RWH (62,000), Training (2,223), Energy saving Jikos (646)

<sup>9</sup> Capacity building was not conducted due to start up delays

Under the programme, 360 Hectares of land have been rehabilitated. This includes remedial works at environmental hotspots (that contribute to silt loads and pollution to water.) The project has targeted specific problem areas such as road embankments, borrow pits, quarries, and denuded hilltops, coffee processing plants, eroding riverbanks, wetlands, springs and urban waste disposal facilities.

Riverline pegging, planting of water friendly trees and Bamboos is a key success of the programme. The programme has delivered on 1,613 Kilometers of pegged river lines, planting 648,475 water friendly trees and 7,600 Bamboos planted for riparian conservation. Coupled with the establishment of eighteen (18) tree nurseries of 470,351 tree seedlings, this is expected to provide a sustainable source of trees to support afforestation and other catchment conservation measures.

The investment in 1,088 energy saving Jikos has resulted in the efficient use of fuel wood and other biomass hence reducing the demand on the established forest ecosystems. The investment in energy saving Jikos has reduced biomass fuel use by over 50%, saving families fuel collection time and affectively increased household's disposable income. This has also resulted in reduced black carbon emissions hence mitigating against the climate change and global warming from the greenhouse gases in the atmosphere.

The investment in 30 CFAs has resulted in the rehabilitation of degraded forest reserves. This is attributable to investments in capacity building of community groups in participatory forest management, seedling production, enrichment planting of degraded forests, and the rehabilitation of degraded forest areas.

The programme outcomes have been achieved through the implementation of the following activities:

- i) Financed 77 projects (47 WRUAs & 30 CFAs) in the six target counties.
- ii) Install 339 Rainwater harvesting tanks of 10m<sup>3</sup>, 12 m<sup>3</sup> and 15 m<sup>3</sup> in public institutions.
- iii) 360 hectares of land rehabilitated
- iv) 1,613 Kilometers pegged, 648,475 water friendly trees and 7,600 Bamboos planted for riparian conservation.
- v) Capacity development of 87 WRUAs/ CFAs
- vi) 2,895 WRUA and CFA members from the targeted catchment areas were trained.
- vii) 1,088 Energy saving Jikos procured and installed
- viii) 126 members were trained in the energy efficient technology installation and use.
- ix) Fifty two (52) Springs protected
- x) Establishment of eighteen (18) nurseries with 470,351 tree seedlings.
- xi) 360 hectares of land rehabilitated with 647,975 seedlings planted.
- xii) Eighty (80) gabions established towards enhancing soil and water conservation.
- xiii) Construction of 2 (300 m<sup>3</sup>) fish ponds for alternative livelihood improvement with 4030 fingerlings.
- xiv) Installation of 10 raw master meters and measuring devices to community water groups
- xv) Fifteen (15) baseline surveys undertaken by WRUAs
- xvi) Twenty one (21) Pollution surveys undertaken by WRUAs
- xvii) Twenty four (24) abstraction surveys undertaken by WRUAs
- xviii) 1 No wetland protected ; Guache wetland done by Bwathonaro WRUA
- xix) 2 No common intakes established to enhance water use allocation through WRUAs

## UTaNRMP Risks and Mitigation measures

The programme risks and mitigation measures are highlighted in the following table:



**TABLE 7 UTaNRMP RISK MANAGEMENT AND MITIGATION**

Risk	Mitigating measures
<p>a. Support from WRA delayed and not sufficient to support timely projects implementation and reporting.</p> <p>b. Delay in granting IFAD No objection to WSTF.</p> <p>c. Climate change issues; unpredictable rainfall patterns affecting planning and implementation of activities. within the WRUA &amp; CFA projects target areas</p> <p>d. Limited time &amp; budget for appraisal during IFAD-UTaNRMP 3rd call</p>	<p>a. Follow-up with to WRA and also County Resident Monitors providing technical support to bridge the short falls.</p> <p>b. Continued follow up on the No objection requests by WSTF.</p> <p>c. WRUA and CFAs work plans reviewed before signing of contracts and change of scope requests submitted by the projects to enable necessary adjustments at required times. KFS started on a modality of enhancing weather information updates in collaboration with the Kenya Meteorological station</p> <p>d. Sampling of project sites during field verification.</p>

### Lessons Learnt

- i) **Proper planning;** there is need to enhance proper planning for WRUAs and CFAs before signing of contracts to ensure climate change effects do not adversely affect project implementation. The IFAD- UTaNRMP to closely work with the county meteorological departments and this would be advantageous in supporting further planning and implementation of rainfall dependent interventions.
- ii) **Quality and timely support;** accorded to the beneficiary communities (CFAs & WRUAs) is key to their success. An evaluation of this programme indicates that CRMs support has improved the delivery of quality and timeliness for project outputs during the second call. This has complimented the areas where KFS and WRA have had shortcomings in the past.
- iii) **Develop and adhere to a Monitoring Plan;** before project disbursements and implementation to ensure effective monitoring for quality and timely deliverables by the beneficiaries.

### UTaNRMP Project Success Story

## PROGRAMME NAME: IFAD – UTANRMP PROGRAMME

### KIRWARA WATER RESOURCES USERS ASSOCIATION (WRUA) IN KIRINYAGA COUNTY

Kirwara is located about 96km from Nairobi, Muthigi ward, Kirinyaga west sub-county in Kirinyaga County. In 2015 with the support from Water Resources Authority, Makutano community came together to form Kirwara Water Users Association and elected 21 officials to run day-to-day activities of the association. Members would contribute Ksh 250 per month to help in management of the group; although the funds were not enough to carry out environmental conservation works.

*“Before we received funds from Water Sector trust fund, the association had many challenges and we were not able to carry out environmental conservation works,”* Says Timothy Chomba, the chairman of Kirwara Water Resources Association.

The main objective of the association was to promote good management practices which make efficient and sustainable use of water resources. During the formation, the association came up with sub-catchment management plan that compiled all the activities that would be carried out to improve water resource management.

*“Water Sector Trust Fund, our partners in water resources management came at the right time when we had struggled so hard to carry out environmental conservation works,”* says Veronica, a member of the association. WRUA was able to benefit from the call for proposals through the IFAD Upper Tana Natural Resources Management Project funded through Water Sector Trust Fund with Ksh 4,998,950 in two tranches. The fund provided various trainings on financial management, procurement, record keeping, conflict management and the purchase of rain water harvesting tanks to public institutions, protection of spring which has assisted over 900 people who had previously no access to clean water, Protection of riparian areas through tree planting and general public awareness on catchment conservation.

Today, the WRUA is a happy group because most community members have transformed due to awareness created by the WRUA and the general public is now assisting in managing the water resources. The community has now adopted the rain water harvesting idea “Most suppliers in Makutano town never used to supply water tanks and if they had any tank in stock they had tanks of very small capacity, this was due to low demand but currently most suppliers have water tanks of high capacity” Says Peter Gichira WRUA member. To date the funded project has benefited over 6,000 people. Kirwara WRUA is determined to achieve the objective of water resources management and at the same time transform the lives of the community.

#### THE TRANSFORMATION STORY



**A beneficiary of the project fetching water for domestic use from one of the springs protected under the project.**



**The project is serving a human population of more than 6000.**

# Support to Equitable Access to Quality Water, Basic Sanitation and Enhanced Water Resources in Rural Kenya

## Introduction and programme background

The J6P "Support to Equitable Access to Quality Water, Basic Sanitation and Enhanced Water Resources Management in Rural Kenya" is based upon collaboration between the Water Sector Trust Fund (WSTF) and the two Development Partners (DPs): the Government of Finland (GOF), the Government of Sweden (GOS) and the Government of Kenya (GOK).

The programme aims to achieve its purpose through five outcomes namely:

**Outcome 1:** County capacity enhanced, (County capacitated in fulfilling their constitutional responsibilities in establishment of an enabling environment for the provision and monitoring of WRM, Water and Sanitation services).

**Outcome 2:** Water resources management conflicts reduced, (WRM initiatives protecting water resources and ensuring equity in water access thereby reducing water related conflicts and environmental degradation).

**Outcome 3:** Increased water service access, (Water supply projects ensure improved equitable access to water services).

**Outcome 4:** Increased sanitation service access, (Sanitation investments ensure improved equitable access to sanitation).

**Outcome 5:** WSTF capacity enhanced, (The Fund being able to undertake its mandate through strengthened institutional capacity).

The table below provides a highlight of the programme key statistics and overall cumulative achievements up to the end of the FY 2017/2018 since inception.

**TABLE 8 J6P KEY STATISTICS AND CUMULATIVE ACHIEVEMENTS**

<b>Implementation Period</b>	June 2014 to December 2018
<b>Programme Budget (Kshs.)</b>	2025 Million
<b>Receipts to Date (Kshs.)</b>	1003 Million
<b>Disbursements to Date</b>	795.2
<b>Target Counties</b>	Kwale, Laikipia, Migori, Nandi, Narok and Tharaka Nithi
<b>Programme Objective/s</b>	Equitable Access to Quality Water, Basic Sanitation and Enhanced Water Resources Management in the targeted counties

Key Results	Target	Cumulative Achievements	% Achievement
<b>Component 1: County capacity enhanced</b>			
<i>No. of Counties with accurate baseline WS coverage data (available and updated online)</i>	6	5	83%
<i>No. of Utilities with GIS maps used for planning and decision making</i>	72	23	32% <sup>10</sup>
<i>No. of Counties applying approved legal systems in water management</i>	6	0	0 <sup>11</sup>
<i>% Allocation of budgets to WSTF supported water investments</i>	30	10	33.3% <sup>12</sup>
<i>No. of counties with approved GESI guidelines</i>	6	0	0 <sup>13</sup>
<b>Component 2: Enhanced Water resources management</b>			
<i>No. of basin wide action plans developed/ implemented</i>	18	14	77.8%
<i>Amount of Funds disbursed to support water resources management activities (M)</i>	300.8 million	71.2	23.7% <sup>14</sup>
<i>Area covered in water resource management (KM<sup>2</sup>)</i>	1800	1400	77.8%
<i>Counties implementing a transboundary WRUA management framework to reduce water conflicts</i>	0	2	0 <sup>15</sup>
<i>No. of WRUAs trained in governance, finance, procurement and management of water resources</i>	18	14	77.8%
<b>Outcome 3: Increased Water Services Access</b>			
<i>No. of projects funded in the target counties</i>	40	27	67.5%
<i>Funds utilised to support water projects in the target counties</i>	708.9 million	482.6 million	68.1%

<sup>10</sup> All the funded projects were mapped. The achievement is low as the target number of projects as per the PD was not funded.

<sup>11</sup> The water prototype Bill was completed in the first year of implementation. Consultations with the Ministry of Water and Sanitation delayed the adoption of the Water Bills. 4 No. Counties have been financed to implement the Water Laws

<sup>12</sup> Only Laikipia County has honored their commitment to co-finance water projects

<sup>13</sup> The GESI guidelines have not been completed and approved hence not rolled out for implementation. The consultancy is ongoing.

<sup>14</sup> Few WRUAs have been funded and most of them are level II hence attracting maximum funding of Ksh 5million. Some areas also do not have established WRUAs.

<sup>15</sup> There was no planned target to finance transboundary WRUA projects but it emerged that most WRUAs are covering more than one county.

<i>No. of people reached with improved water services in the target counties</i>	168,000	114,350	68.1%
<i>Sustainability index of the supported projects</i>	100	TBD in JAOME	TBD in JAOME
<i>Creditworthiness of the supported projects</i>	4	2.7	67.5%
<i>Average customer satisfaction from the supported projects</i>	1	1.74	57.5
<i>No. of Utilities trained in governance, finance, procurement and management of water and sanitation services</i>	40	23	57.5 <sup>16</sup>
<i>% County and community contribution in water services projects</i>	30	1.2	4% <sup>17</sup>
<i>% of the poorest population (those HH in SL 3&amp;4 rising to 1&amp;2)</i>	168,000	TBD	TBD after JAOME
<b>Outcome 4: Increased Sanitation Access</b>			
<i>No. of projects funded in the target counties</i>	144	62	43% <sup>18</sup>
<i>Funds utilised to support sanitation projects in the target counties</i>	99.5	50.1	50.3%
<i>No. of people reached with improved sanitation services in the target counties</i>	0	6250	0 <sup>19</sup>
<i>Sustainability index of the supported projects</i>	< 70%	TBD	TBD
<i>No. of villages implementing CLTS activities</i>	480	142	29.6% <sup>20</sup>
<i>No. of villages declared ODF free</i>	376	0	0 <sup>21</sup>
<i>No. of public latrines with adequate access for PWDs</i>	50	8	16% <sup>22</sup>
<b>Outcome 5: Enhanced WSTF Capacity</b>			
<i>No. of new project cycles developed and implemented</i>	6	6	100%
<i>No. of new Investments Monitoring systems developed and implemented</i>	3	2	67%

<sup>16</sup> No new Utility was funded in the FY 2017/2018 owing to delayed disbursement of counterpart funds

<sup>17</sup> Counties never made their contribution other than Laikipia which contributed 16% of the required amount.

<sup>18</sup> No new project was funded apart from Batch I projects.

<sup>19</sup> The target was based on the number of institutions benefitting and not the population.

<sup>20</sup> Financing of CLTS started in FY 2017/2018 where 142 villages were supported

<sup>21</sup> CLTS support is still on going and no village has been declared ODF

<sup>22</sup> A consideration of PWDs will be enhanced in the second phase. In phase I, institutional sanitation sparingly considered PWDs as majority if not all the students do not have that challenge.

<i>No. of Information Systems developed and implemented</i>	1	1	100%
<i>Risk management efficiency- questioned costs as a proportion of total disbursements (%)</i>	<3%	<3%	100%
<i>No. of research projects funded</i>	12	0	0 <sup>23</sup>
<i>Funds disbursed to support research initiatives (Ksh. M)</i>	4	4	100%
<i>Staff gender equity- proportion of women in total staffing</i>	50	42.9	85.8%
<i>Proportion of staff with disabilities (%)</i>	5	1	20%
<i>CRMs engaged to support project activities</i>	6	6	100%
<i>Proportion of technical staff to total staffing</i>	63	25	39.6% <sup>24</sup>
<i>Staff trained on project implementation &amp; management</i>	40	15	37.5% <sup>25</sup>
<i>Development index (%)</i>	85	81	85.8%
<i>Project processing efficiency</i>	90	120	67.7%
<i>Red flag alert system operational - % of projects red flagged</i>	1	1	100%
<i>WSTF monitoring visits per project</i>	2	2	100%
<i>Knowledge management- Academic articles published on the programme</i>	12	0	0% <sup>26</sup>

## Annual Financial Report

During the FY 2017/2018, a total of Ksh 750,215,060 was available for supporting the programme activities (including an opening balance of Ksh 318,305,392.03 and receipts of Ksh 430,497,956.10). A total of Ksh 436,729,008.81 was expended during the year hence the overall funds absorption stands at 58 % based on accruals. Details of the expenditures are as detailed in the figure below.

<sup>23</sup> The Transition Strategy was completed in the FY under review. This has unbundled the research mandate of the Fund and will be rolled out in the new FY.

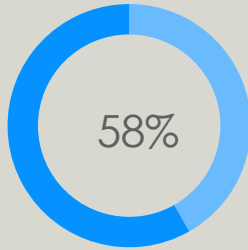
<sup>24</sup> Staffing freeze by the government has resulted in a low number of technical officers supporting programmes. This is augmented by the technical consultants supporting the programmes

<sup>25</sup> There were implementation delays in the first year of implementation resulting in fewer trainings.

<sup>26</sup> The Transition Strategy was completed in the FY under review. This has unbundled the research mandate of the Fund and will be rolled out in the new FY.

## Annual Summary Financial Accountability Statement- J6P

### Percentage of Funds Available Spent



### Summary

#### TOTAL AVAILABLE FUNDS

KES 750,215,060.25

#### TOTAL QUARTERLY EXPENDITURE

KES 436,729,008.81

#### FUNDS BALANCE

KES 313,486,051.44

### Income

ITEM	AMOUNT
Opening Balance	KES 318,305,392.03
Funds Received	KES 430,497,956.10
Interest earned	KES 1,411,712.12
Closing Balance	KES 313,486,051.44

### Annual Expenses

ITEM	Annual expenditure
Component 1	KES 45,304,596.65
Component 2	KES 50,659,322.05
Component 3	KES 287,661,682.86
Component 4	KES 21,709,017.35
Component 5	KES 31,331,392.40
Bank charges	KES 62,997.50
Total	KES 436,729,008.81

**FIGURE 11 J6P ANNUAL FUNDS ACCOUNTABILITY STATEMENT**

The detailed analysis of the fund accountability statement is provided for in the annexes.

The low absorption rate in the programme is attributable to:

- i. Delayed completion of Batch I projects to pave way for preparation and implementation of Batch II projects. This delay was occasioned by failure by counties to meet their bargain thus affecting implementation of projects. This has however been sorted but the impact is still being felt.
- ii. Challenges of transboundary nature of WRUAs affected the selection and funding of WRM projects. This has however been sorted by adopting PMR recommendations of programme funding 100% of the WRUA budget. This recommendation is in line with Position paper strategy that was developed to provide solution to this challenge.
- iii. Capacity of implementing partners also affected the implementation of project activities as most of these utilities are not equipped with adequate technical skills that could easily drive the implementation like the Water Service Providers who completed implementation in good time.

The programme since inception has utilized a total of Ksh. 795.2 million against programme budget of Ksh 1,585.7 million. The total utilization translates to 50.15% with component 2 registering the least expenditure as detailed in the following table:

**TABLE 9 CUMULATIVE J6P PROGRAMME EXPENDITURE**

No	Component	Programme Budget (Ksh. M)	Cumulative Expenditure (Ksh. M)	Cumulative Expenditure (%)	Balance (Ksh. M)
1.	County capacity enhanced	231.34	92.9	40.1	138.44
2.	Water resources management improvement	300.75	71.2	23.6	229.55
3.	Sustainable Access to Water Services	708.92	482.6	68	226.32
4.	Sustainable Access to Sanitation Services	99.50	50.1	50.3	49.4
5.	WSTF Capacity Development and Programme Support	245.19	98.4	40.1	146.79
	<b>Total</b>	<b>1,585.7</b>	<b>795.2</b>	<b>50.1</b>	<b>790.5</b>

The information from the table above shows that no components except component 3, are likely to exhaust the budgetary allocation owing to the nature of activities that are being supported. Following a series of reviews, WSTF proposes to reallocate funds across components to meet the financing obligations of investment contracts and prioritize core activities to meet the overall programme objectives. During implementation of phase II (batch II) of the programme, reallocation of funds is expected, as component 3 is likely to exhaust its budgetary allocation.

## Annual Programme Achievements

The fiscal year July 2017 – June 2018 marked the third year of implementation of the programme. The table below highlights the key achievements made under the programme during the year under review:

**TABLE 10 ANNUAL J6P PROGRAMME ACHIEVEMENTS**

<b>Implementation Period</b>	July 2017 to June 2018		
<b>Programme Budget (Kshs.)</b>	984 Million		
<b>Amount available for disbursement</b>	749.1 Million		
<b>Disbursements during the year</b>	431.9 Million		
<b>Balance at the end of the year</b>	317.3 Million		
<b>Key Results</b>	<b>Target</b>	<b>Annual Achievements</b>	<b>% Achievement</b>
<i>Component 1: County capacity enhanced</i>			
<i>No. of Utilities with GIS maps used for planning and decision making</i>	24	23	95.8%



<i>No. of Counties applying approved legal systems in water management</i>	6	0	0 <sup>27</sup>
<i>% Allocation of budgets to WSTF supported water investments</i>	30	1.2	4 <sup>28</sup>
<i>No. of counties with approved GESI guidelines</i>	6	0	0 <sup>29</sup>
<b>Component 2: Enhanced Water resources management</b>			
<i>No. of WRUAs funded</i>	16	12	75%
<i>Amount of Funds utilised to support water resources management activities (Ksh. M)</i>	88.8	45.1	50.7%
<i>Area covered in water resource management</i>	1600	1200	75%
<i>Proportion of funds invested in Water Resources Management (%)</i>	15	8	53.3%
<i>Counties implementing a transboundary WRUA management framework to reduce water conflicts</i>	0	2	100%
<i>No. of WRUAs trained in governance, finance, procurement and management of water resources</i>	16	5	31.2
<b>Outcome 3: Increased Water Services Access</b>			
<i>No. of projects funded in the target counties</i>	39	27	69.2%
<i>Amount utilised to support water projects in the target counties (Kshs. M)</i>	279.9	161.4	57.6%
<i>No. of people reached with improved water services in the target counties</i>	72,000	114,350	158%
<i>Sustainability index of the supported projects</i>	100	TBD from JAOME	TBD from JAOME
<i>Creditworthiness of the supported projects</i>	1	2.07	50%
<i>Average customer satisfaction from the supported projects</i>	1	1.74	100%
<i>No. of Utilities trained in governance, finance, procurement and management of water and sanitation services</i>	12	0	0%
<i>% County and community contribution in water services projects</i>	30	1.2	4%
<b>Outcome 4: Increased Sanitation Access</b>			

<sup>27</sup> The water prototype Bill was completed in the first year of implementation. Consultations with the Ministry of Water and Sanitation delayed the adoption of the Water Bills. 4 No. Counties have been financed to implement the Water Laws

<sup>28</sup> Only Laikipia County has honored their commitment to co-finance water projects

<sup>29</sup> The GESI guidelines are still under development. They will be rolled out upon completion and approval by the Fund

<i>No. of projects funded in the target counties</i>	37	25	67.5%
<i>Amount utilised to support sanitation projects in the target counties (Ksh. M)</i>	72.6	21.8	30%
<i>No. of people reached with improved sanitation services in the target counties</i>	8600	6250	72.7%
<i>Sustainability index of the supported projects</i>	100	TBD	TBD
<i>No. of villages implementing CLTS activities</i>	100	142	142%
<i>No. of villages declared ODF free</i>	100	0	0
<b>Outcome 5: Enhanced WSTF Capacity</b>			
<i>No. of new project cycles developed and implemented</i>	2	2	100%
<i>No. of new Investments Monitoring systems developed and implemented</i>	2	2	67%
<i>No. of Information Systems developed and implemented</i>	1	0	0% <sup>30</sup>
<i>Risk management efficiency- questioned costs as a proportion of total disbursements (%)</i>	<3	<3	100%
<i>No. of research projects funded</i>	1	0	0
<i>Funds disbursed to support research initiatives</i>	10	0	0
<i>Staff gender equity- proportion of women in total staffing</i>	50	42.9	85.8%
<i>Proportion of staff with disabilities</i>	5	1	20%
<i>CRMs engaged to support project activities</i>	6	6	100%
<i>Proportion of technical staff to total staffing</i>	63	25	39.6%
<i>Staff trained on project implementation &amp; management</i>	10	15	150%
<i>Project processing efficiency (days)</i>	90	120	67%
<i>Red flag alert system operational - % of projects red flagged</i>	1	1	100%
<i>WSTF monitoring visits per project</i>	2	2	100%
<i>Knowledge management- Academic articles published on the programme</i>	1	0	0% <sup>31</sup>

<sup>30</sup> The PMIS has been developed and completed and is currently under review. The concept notes and SRS have been completed.

<sup>31</sup> The Transition Strategy was completed in the FY under review. Under the unbundled mandate, the Knowledge Management function is to be undertaken under this function.

A detailed outputs matrix and workplan is provided in the annexes.

## Analysis of results

### *Outcome 1: County Capacity Enhanced*

The programme has in the financial year 2016/2017 supported the counties in the development of GIS mapping capabilities for use by the utilities and counties. All the projects supported under the programme now have access to an online platform that has mapped all their investments hence allowing for timely and factual information based decision making processes. In addition, the mapping of the infrastructure will enable the utilities rein in on unaccounted for water through illegal connections. This system has also been useful in the evaluation of the utility creditworthiness which is a critical component in the realization of bankable and creditworthy utilities.

Water utility mapping, if well utilized, will enable the utilities manage their investments optimally. During the period under review, extensive mapping was carried out in 5 of the 6 counties. It is worth noting that most infrastructure that were supported under batch I funding were completed in the FY2017/2018. Unlike the baseline mapping, household survey was not done through sampling but 100% coverage. This presented an opportunity to appreciate, in a single map, the spread of beneficiaries, both current and potential. The boundaries of supply area had earlier been marked and the current extent of supply could be identified.

The Fund engaged consultants to support the development of County Water Strategies for Kwale, Migori and Narok. Draft strategies have been presented to the counties for discussion and improvement before the final document is presented for adoption and implementation. The exercise is expected to be concluded in the first quarter of FY 2018/2019. The Fund is also supporting the development of Water master plans for Laikipia, Nandi and Tharaka Nithi counties. The process is on course and is expected to be concluded in the FY2018/2019.

Annual Programme Review (APR) was carried out in the FY2017/2018. This saw the participation of all the counties involved, representatives of governments of Sweden and Finland, Ministry of Water and Sanitation and WSTF. The sole objective was taking stock of what the programme has achieved, lessons learnt and possible areas of improvement as well as reigniting the spirit of commitment as the programme enters its final stage. The counties provided undertakings, in a statement read by the CECM for Water, Tharaka Nithi County, to renew their commitment and ensure that the objectives of the programme, which is supporting the county function of water service provision, is realized in the long haul. The push towards completion of batch I projects, the development of new project concepts and the drive by the counties to have County Water Strategies and Master plans completed is a clear indication of commitment.

County engagement forums were held in 5 of 6 counties. The participants in these workshops were drawn from the water sector and it involved the executive and County Assembly Members (MCA) who are in the committee of water and natural resources. The aim of these workshops were to inform the County Assembly Committees on the opportunities that the programme provides to support legislation and capacity strengthening. All the six counties have started the process of domesticating county prototype water bill. MCAs pledged to support the executive in budgetary allocation that will see implementation of the projects (both batch I&II) succeed. This has borne fruits as 5 out of 6 counties have made their cash contribution to projects for Batch II. These are Laikipia, Migori, Nandi, Narok and Tharaka Nithi counties.

County exchange visits were conducted with county executive members from all the six counties and other officials from the departments of water. The team visited Tharaka Nithi and Kwale Counties on learning and sharing events. These visits, exposed the participants to successes, challenges, opportunities and risks faced during project implementation and allowing for common solutions to be agreed upon.

### ***Outcome 2: Improved Management of Water Resources***

The implementation of project activities by 7 WRUAs funded under batch I continued and by the end of this financial year, 6 WRUA projects had been completed. This saw installation of 69 No. rain water harvesting tanks in various institutions, protection of 12 springs by 3 WRUAs, tree planting and construction of gabions and sand dams. Protection of springs led to improved yield, which supported the beneficiaries and reduced the time of collecting water as the resource became more reliable. The quality of water also improved owing to a level of supporting aquatic life. This was witnessed in Orkina Oirobi spring which was protected by Naroosura WRUA in Narok County.

Rain water harvesting in institutions, particularly schools, have been reported as one of the main success stories worth documenting from Lower Oyani WRUA in Migori County to Loisukut WRUA in Laikipia County. Six WRUAs in Kwale, Laikipia, Migori, Narok and Tharaka Nithi implemented rain water harvesting structures in institutions. Installation of these rainwater harvesting infrastructure resulted in improved water storage in schools which translated to improved hygiene. Pupils no longer carry water in containers to schools as was the case before.

Construction of gabions by Lower Oyani and Loisukut WRUAs in Migori and Laikipia counties respectively assisted in controlling soil erosion during the long rains witnessed in the months of March to May, 2018. Sepeyo and Leriakorok gabions constructed by Loisukut WRUA proved vital during this period.

Sand dams constructed by Loisukut WRUA have started yielding results. The sites where these structures were constructed are Olkarkar, Lwngai and Katunga. These sand dams managed to collect and store water during the long rains witnessed in the country. The communities living in that area have started utilizing water from these sources. This has reduced the distance that the community had to travel to fetch water for domestic purposes or to water their animals.

South Maara WRUA in Tharaka Nithi County protected Karigirini swamp among other activities. The swamp, which was a source of livelihood and water for the residents of the Karigirini village has over the years been encroached and degraded to a level that it no longer serves its natural purpose. According to residents, the swamp dries up soon after the rainy season leaving them with no option other than to look for an alternative source of water for their livestock. Protection of the swamp received support from the community who are committed to ensuring the swamp is restored. After protection, natural vegetation have slowly rejuvenated clearly indicating that the swamp is slowly getting restored. Upon full realization, it is expected that the yield from the springs which being recharged by the swamp will improve, both in quantity and quality.

The Fund, during the period under review, financed 5 transboundary WRUA projects. This was to implement one of the short term recommendations of the Position paper. However, one WRUA (Oroba WRUA) in Kisumu and Nandi counties could not implement the planned activities due to governance issues.

### ***Outcome 3: Sustainable Access to Water Services***

The implementation of phase I projects continued with an average completion rate of 95% across all the counties. Out of the funded projects, 20 No were completed in the period under review. The completion of these projects saw 114,350 people benefitting from improved water services across the 5 counties. The distribution of beneficiaries per county is as tabulated as follows:

**TABLE 11 POPULATION SERVED PER COUNTY UNDER J6P PROGRAMME**

No	County	Population reached
1.	Kwale	12,400
2.	Laikipia	23,345
3.	Migori	11,380
4.	Nandi	5,950
5.	Tharaka Nithi	61,275
	<b>Total</b>	<b>114,350</b>

Nandi County registered the least population reached. This is due to the low number of projects that have been successfully completed. Two out of five projects supported have completed implementation of their activities. There will be a continued support to projects in this county to ensure that all projects are completed and functioning as intended.

Equitable access to water (Water supply projects to ensure improved equitable access to water services) is a story that beneficiaries of Murugi Mugumango, Nyasare Water supply, Kamwene, Majimboni Muungano and Muthambi 4K among others will live to tell. The shift from pure electric power driven pumping system to a hybrid of solar and electric power driven system in Majimboni Muungano water is a game changer and as of April, 2018, the Utility managed to have the water supply running on solar power and made a revenue collection of Ksh 30,000.

Technological change has enabled the Utility to supply water to a target population of 6,000 people and reduce the cost of operations and maintenance by reducing the duration of having the system run on electric power. By the time of this intervention, the Utility had unpaid electricity bill of Ksh 250,000 which led to power disconnection. The biggest challenge that is standing between the Utility and optimum potential of the system is prevailing weather conditions that limits utilization of solar power. To unravel this, the Utility needs to pay for reconnection of electric power as an alternative source especially during the rainy season.

Kamwene water project has not been left behind in reporting the success this programme has brought to them. The Utility managed to expand the supply area and increase the number of people reached. The entire scheme is metered and this has seen monthly revenue collection doubled from Ksh 80,000 to Ksh 160,000.

Commissioning of six projects took place during the period under review. These projects are Kamwene and Muthambi 4K in Tharaka Nithi, Sirimon SH, Katheri Nyariginu and Limunga water and sanitation projects in Laikipia, Majimboni Muungano water and sanitation project in Kwale County. However, the other 14 projects that have been completed are operational and commissioning is expected as beneficiaries continue enjoying the fruits of improved services. A total of 20 water projects have been completed across the five counties.

Concepts and proposals on water projects were submitted by four counties for consideration. Appraisal process took place and 9 projects were recommended for funding. Additional funding was recommended for 12 projects funded in batch I to ensure that the projects are operating optimally. The success of this activity was through the support of SAs and programme TAs as well as WSTF staff.

#### ***Outcome 4: Improved Sanitation Services Access***

The implementation of phase I projects continued with 24 projects out of 25 across all 5 counties being completed. In total, the implementation of VIP latrines with a total of 238 doors in 59 different institutions have been completed. 5,850 persons have benefitted from improved sanitation services in their respective institutions. This is a conservative

figure based on the public health's recommended ratio of boys and girls to 1 door of a sanitation facility which is 1:30 and 1:25 for boys and girls respectively. However, the population in most of the schools Vis a vis the available sanitation facilities might not respect the recommended ration and thus the number of pupils sharing the constructed toilets is likely to go up.

In addition, the construction of a 4 door pour flush toilet in Kathwana was completed and is serving an average of 500 people per day. This will go a long way in improving sanitation services in Kathwana town, particularly within the market area. Handwashing facilities were fitted in most of the sanitation facilities but inadequate supply of water is affecting their intended purpose. It is therefore important to upscale awareness on importance of handwashing in schools. The management of these schools should devise other methods of ensuring that there is water throughout the school duration days. These alternatives include rain water harvesting, connecting to the nearby water supply systems among others.

Concepts on school sanitations and public sanitation facilities were presented by four counties for consideration. Appraisal process took place and 7 school sanitation projects were recommended for approval. Additional funding was recommended for 2 projects funded in batch I to ensure comprehensive sanitation in the needy schools.

WSTF staff, County public health staff and water utilities were trained on CLTS, thereby enhancing their skills in implementing the approach which will contribute to the National CLTS goal to end open defecation in Kenya by 2018. The programme support has seen a total of 115 villages triggered in the target counties. In total approximately 2,300 people have participated in the exercise in 115 villages across the 5 counties. Post triggering process of verification and certification of 19 villages in Migori and 1 village in Kwale County is on course. These villages are ready for third party certification which will lead to being declared as Open Defecation Free (ODF). The remaining 95 villages are in various stages of follow ups which are either the first round or second round with the PHO offering support to ensure they pass the verification stages. It is envisaged that at least 15 villages will be declared ODF. The community engagement in the CLTS has resulted in a shift in the community's mind-set on sanitation approaches and appreciation for the need for better health, sanitation and hygiene practices.

Benchmarking exercise involving 25 participants drawn from Laikipia County public health sector, community and WSTF staff took place in Narok County. This was done to enhance the rate of implementation of CLTS activities which has been slow. The exposure tour revitalized the team, particularly community members and plans to conclude CLTS activities were laid down after the exposure tour. These activities are expected to be concluded in all the counties by December, 2018.

#### ***Outcome 5: Water Services Trust Fund's capacity***

This component is to enable the Fund enhance its capacity to undertake its mandate through strengthened institutional capacity and fiduciary risk management. CRMs engaged in J6P counties have ensured continued and timely support to the implementing partners and counties they are representing. This has improved communication between the Fund and the implementing partners, ensuring that decision making is efficient. CRMs are also representing WSTF at the County level sector engagements hence raising the profile of the Fund at the county level. This has improved the level of understanding of the Fund's operations resulting in increased political and technical support to the WSTF programmes.

The value of project level audit issues have considerably reduced due to timely implementation support and financial advice by the CRMs to the implementing partners. Coordination of field level activities have also been enhanced due to the active involvement of the CRMs.

The investment in Service Agents to support programme implementation has resulted in the following benefits:

- i) Supported the implementing partners in planning & proposal development as well as review of their proposals
- ii) Project implementation including advisory services, works certification, implementation support, compliance monitoring and reporting, business performance planning
- iii) Communication, development of implementation plans, integration of Gender Equity and Social Inclusion concerns in the overall programme implementation.

During the period under review, project monitoring and evaluation was carried out by programme staff. This was to ensure that the implementation of projects were carried out as per the laid down specifications and to prepare the projects that have been completed for closure. The exercise also focused at carrying out an initial project concept appraisal by visiting the identified sites to evaluate the feasibility of presented concepts.

Programme management review (PMR) was conducted during in FY2017/2018. The exercise proposed a raft of recommendation to ensure speedy implementation of the programme without missing the intended objectives. These measures were and are still being implemented and have triggered positive changes that included completion of batch I projects. Preparation of batch II projects saw support from SAs in the design and preparation of tender documents. Furthermore, counties have had their contribution divided into two (10% Cash and 20% in-kind) and the cash contribution to be remitted in advance before WSTF disburses its funds to the projects. This has been realized and is expected to ease the implementation of projects in the second phase of the programme.

The Fund conducted joint annual operation monitoring exercise (JAOME) in September, 2017 assessing the functionality, performance and sustainability of sampled WSTF-funded infrastructure and investments that were implemented during the period 2011-2017. The exercise was executed by sampling projects that were monitored in the previous JAOME of 2016/2017. However, J6P projects were not included in the sample as all of them were still under implementation. Through establishing the operational status of the WSTF-funded infrastructure, JAOME supports long term planning and robust monitoring through identifying supply and service gaps, highlighting underserved areas and ensuring better controls for future funding based on performance. It also supports learning lessons on what kind of investments work and why, thereby informing future investment planning and priorities. Finally it allows key stakeholders to monitor coverage and access, ensuring accountability for the past investments.

## Risks and Mitigation Measures

The risks and mitigation measures that were experienced during the reporting period are summarized in the table below.

**TABLE 12 J6P PROGRAMME RISKS AND MITIGATION MEASURES**

No.	Risk	Mitigation measures
1.	i) <b>Damage of projects:</b> - Vandalism cases reported in Laikipia - Sipili and Doldol project due to road construction.	i) Consultation with other government authorities on easement and repair of vandalized infrastructure.
2.	<b>Political and social</b> i) New changes expected in 3 counties that have new governors. ii) All counties have mostly new county assembly members that need orientation on J6P and WSTF mandate to their counties.	i) Orientation of both the political and executive arms of county governments on the programme and the roles of each player. ii) County engagement meetings to address emerging issues in programme implementation
3.	i) Role of Counties in Water Resource Management (WRM) still not clear and the role of Water Resources Authority yet to be understood at County level. WSTF seeks to facilitate coordination meetings to spur the	i) Water Act, 2016 has been operationalized. ii) WSTF has an increased mandate to support counties and also support research activities. The role of counties and WRA in water resources management is as elaborated in the Water Act 2016.

No.	Risk	Mitigation measures
	discussion on how WRM stakeholders will work together.	There are ongoing institutional reforms and its anticipated that on full implementation, clarity of roles will address implementation challenges.
4.	Lack of technical capacity by counties, WUs and WRUAs.	i) Private sector support to counties ii) Training & capacity building, iii) Engagement of SAs to support the Utilities and WRUAs in technical issues e.g. technical designs
5.	Lack of capacity to implement CLTS activities	Capacity building of county public health officers, WSTF staff and the communities.

## Key implementation challenges

The following are the key implementation challenges and the adaptive measures

**TABLE 13 IMPLEMENTATION CHALLENGES OF J6P PROGRAMME**

KEY ISSUES	ADAPTIVE MEASURES
1) The capacity of most of the WUs, both in technical and financial aspects is low and requires constant support.	1) The Utility Capacity Development Guidelines will inform the capacity development process for nascent and established utilities. 2) Engagement of SAs or Resident engineers to support implementation of projects and other activities.
2) Limited technical expertise of utilities to implement projects	WSTF has engaged the services of Kenya Water Institute to support in capacity building of WUs.
3) Delayed County contribution hampering project implementation	Requirement for advance contribution has improved county contribution
4) Quality challenges in projects	Engagement of SAs and Resident Engineers has improved project quality
5) Poor Project designs	Institutionalisation of Design reviews before funding is anticipated to enhance the quality of projects

## Lessons Learnt

In the course of the implementation of the programme, the following ;

- i) During project planning and preparation stage, comprehensive project analysis should be carried out to avoid omissions that may result in failed project.
- ii) There is need to have a proper plan and come up with comprehensive projects, sound concepts and engineering designs, bills of quantities and tender documents
- iii) WUs require support in procurement of goods and services in order to avoid delays and/or cancellation of contracts.
- iv) Timely project supervision by qualified engineer(s) to avoid approval delays and improper implementation of works by WUs. SAs would support in proposal preparations, engineering designs, structural drawings and preparation of tender documents.
- v) Advance contribution by counties to projects will reduce unnecessary delays.
- vi) WRUAs need to be supported closely by service agents and not rely entirely on WRA office.
- vii) Capacity of both WUs and WRUAs need to be enhanced to enable them manage and operate the completed works to ensure sustainability.



# J6P Programme success Story

## Katheri Nyariginu Water Project in Laikipia County

The Success story of Katheri Nyariginu water

Saying it in numbers....

- 0.5- 2- The number of hours of water supply per day prior to project implementation
- 3- the number of schools benefitting from the Water project
- 12- The number in months as taken to implement Katheri Nyariginu water project
- 22- The number of water supply hours per day after project implementation
- 100- The capacity in m3 of the Katheri Elevated steel tank

Katheri and Nyariginu areas are located within Umande ward Laikipia East Constituency, Laikipia County. The area population is approximately 10,000 people. The two areas fall under water service provision agreement for Nanyuki Water and Sewerage Company (NAWASCO).

In the year 2009, the Company initiated water distribution network in the area mostly targeting Katheri rural Centre and its environs. However, these efforts did not bear fruits as the pressure levels for water distribution were very low. The hopes of the community to access safe water was short lived as the taps went dry and initial connections rendered inactive. One of the water kiosks constructed at Katheri rural Centre was closed indefinitely. The area residents were left with only two options; either traveling 6km one way to fetch water from the nearby Likii River or buying unreliable water from water vendors at Ksh 20- Ksh 30 per 20 liter Jerican.

School going students from Bingwa Primary and Secondary in addition to those of St. Jude Secondary Schools were not spared either in fetching water from Likii River during school hours.

### Project implementation

Implementation of the J6P projects commenced with the signing of the MoU between the WSTF and Laikipia County government where parties were to contribute 70% and 30% respectively. Subsequent signing of contract between WSTF and NAWASCO was done in June 2016 for the project cost of Ksh. 22,224,075. The project activities included construction

of 100m<sup>3</sup> elevated steel tank- which was to address both pressure and increase storage; construction of 22.6km pipeline extension- to reach out to new consumers and procurement of 228 water meters as accompanying measures to the project. The implementation involved joint supervision by Laikipia County and WSTF to ensure project success. Despite the challenges with delays in 30% County contribution, the project was successfully completed within one year and was formally commissioned on 28<sup>th</sup> July 2017.

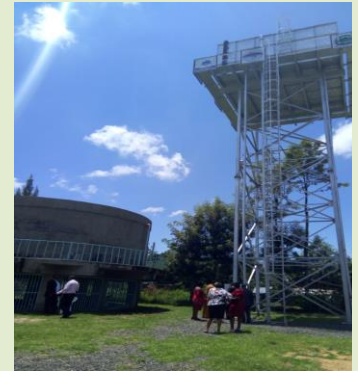
### Projects impact

- Instant registration 1,232 new individual connections
- Re-activation of 450 previously dormant connections
- Overall, the improved access to water to 7,500 residents 350 residents fetching water at the Kiosk
- Increased supply time to 22 hours per day from 1 hr per day.
- Water cost has been reduced considerably @ Ksh 38 per 1000litres compared to purchasing water @ Ksh 1000 per 1000litres
- Pupils and students from Bingwa primary, Bingwa Secondary and St. Jude secondary schools can now enjoy a better learning environment without interruptions to fetch water at their respective schools.
- NAWASCO is equally a beneficiary from increased revenue to the company approximated at Ksh.465, 000 per month.

### Factors contributing to the success of the project

Participatory stakeholder engagement  
Technical support by the Fund's SA

## THE TRANSFORMATION STORY



Elevated steel tank



Activated NAWASCO water kiosk at Katheri Centre

Frequent and timely supervision of the on-going works WSTF –J6P head office team immense support and guidance, good communication, liaison and coordination between the Water Service provider (NAWASCO), Laikipia County and WSTF through the CRM.

In conclusion Katheri Nyariginu water project has been a great success. It has improved the livelihood to Katheri community through access to quality, affordable and sufficient water. One of the key lessons learnt is that county contribution needs to be set a pre-condition prior to WSTF funding to avoid implementation delays in subsequent WSTF/County similar engagements.

# Green Growth and Employment Programme

## Introduction and Programme Background

Water Sector Trust Fund, under the support of the Governments of Kenya and Denmark is implementing the Green Growth and Employment Programme to support access to and management of water resources in the Arid and Semi-Arid Lands. The operating framework of its implementation is detailed in the bilateral agreement between the Danish Ministry of Foreign Affairs and the Water Sector Trust Fund in a development engagement that entered into force on 1<sup>st</sup> July 2016.

The programme aims to achieve its objectives through the following components:

Output 1: ASAL counties capacity and engagement in water related planning improved

Output 2: Water and sanitation access and deficit in the ASAL addressed

Output 3: Sustainable and community based management of water resources improved

Output 4: Improved capacity of and engagement by implementing agents (WRUAs, CBOs, and Water Services Providers) for planning and efficient water service delivery

Output 5: Enhanced experience for promoting public private partnerships in water provision in the ASALs

Output 6: Strengthened institutional performance of WSTF

The table below provides a highlight of the programme key statistics and overall cumulative achievements up to the end of the FY 2017/2018 since inception.

**TABLE 14 GGEP KEY STATISTICS AND CUMULATIVE ACHIEVEMENTS**

<b>Implementation Period</b>	July 2016 to December 2020		
<b>Programme Budget (Kshs.)</b>	246.4 million		
<b>Amount available for disbursement</b>	160,180,455		
<b>Disbursements during the year</b>	77,368,816.90		
<b>Balance at the end of the year</b>	82,811,638.1		
<b>Key Results</b>	<b>Cumulative Target</b>	<b>Cumulative Achievements</b>	<b>% Achievement</b>
<i>Overall Outcomes</i>			
<i>Increase in number of households with sustained coverage from improved water services in eight ASAL counties as a result of the DED</i>	24	0	0%

<i>Increase in number of households with sustained coverage from improved sanitation services in eight ASAL counties as a result of the DED<sup>32</sup></i>	24	0	0% <sup>33</sup>
<i>Increase in area implemented under improved water resources management planning (as SCMP or other water and range management arrangements) in the eight targeted ASAL counties as a result of the DED</i>	27	16	59.3 <sup>34</sup> %
<b>Component 1: County Capacity Enhanced</b>			
<i>No. of Counties effectively using water and sanitation data for planning and for performing their regulatory functions</i>	8	8	100%
<i>No. of Counties with an effective water sector legislative and policy formulation framework to support effective planning and implementation</i>	8	5	62.5 <sup>0</sup> % <sup>35</sup>
<b>Component 2: Water and sanitation access and deficit in the ASALs addressed including those in refugee impacted ASAL areas</b>			
<i>Increase in number of households with water services from WSTF in this engagement in the eight ASAL countries (Including Turkana West Sub-County)</i>	24	0	0%
<i>Increase in number of households with sanitation services from WSTF in this engagement in the eight ASAL countries</i>	24	0	0%
<i>Average Sustainability Index of the WSTF supported investments in the 8 target counties</i>	TBD	TBD	TBD
<i>% of facilities funded through the engagement that are climate proofed and mainstream green approaches</i>	TBD	TBD	TBD
<i>% Satisfaction on service of the targeted households in the programme Counties</i>	TBD	TBD	TBD
<b>Component 3: Sustainable and community based management of water resources improved</b>			

<sup>32</sup> \*Sustainability in this case means the average Sustainability Index of the target counties to be more than 70% by 2020

<sup>33</sup> 9 Water and sanitation projects were approved but not financed due to a presidential directive freezing all new projects. They will be funded in the FY 2018/2019

<sup>34</sup> Level 3 WRUAs required re-designing which was affected by heavy flooding experienced across the country

<sup>35</sup> Kenya RAPID financed development of County Water Bills in 5 No. Counties

<i>Number of WRUAs, Community Conservancies or other community based natural resource management organisations reporting improved natural resource management from partnering with WSTF</i>	27	16	59.3%
<i>% increase in total water storage capacity from the WSTF investments</i>	30	100	100%
<i>Increase in areas with improved planning for water resources including range management in Turkana West and progress in catchment planning for Tarach river basin.</i>	7,000	1,600	22.3% <sup>36</sup>
<b>Component 4: Capacity of implementing Agents improved</b>			
<i>Number of successfully implemented projects by WRUAs/CBNRM organisations and WUs/WSPs under this engagement</i>	27	16	59.2%
<i>Number of successfully implemented projects by WUs/WSPs under this engagement</i>	24	0	20.8% <sup>37</sup>
<i>Credit worthiness index of the projects funded by this engagement</i>	TBD	TBD	TBD
<i>Percentage of implementing agents for new WSTF projects in Turkana West with improved capacity for addressing and managing water, sanitation and water resources including range in an integrated manner</i>	TBD	TBD	TBD
<i>No. of Implementing Partners trained in financial and procurement management</i>	8	5	62.5%
<b>Component 5: Experience generated from PPP in Water Provision in ASALs</b>			
<i>Number of new innovative PPP funding and management approaches piloted in target ASALs counties</i>	2	0	0% <sup>38</sup>
<i>% of external finance leveraged by piloted PPP models</i>	1	0	0%
<b>Component 6: Strengthened institutional performance of WSTF</b>			

<sup>36</sup> There was a delay in the receipt of proposals from WRA. Only 4 No. Counties were financed during the year

<sup>37</sup> This is dependent on the successful completion of the projects.

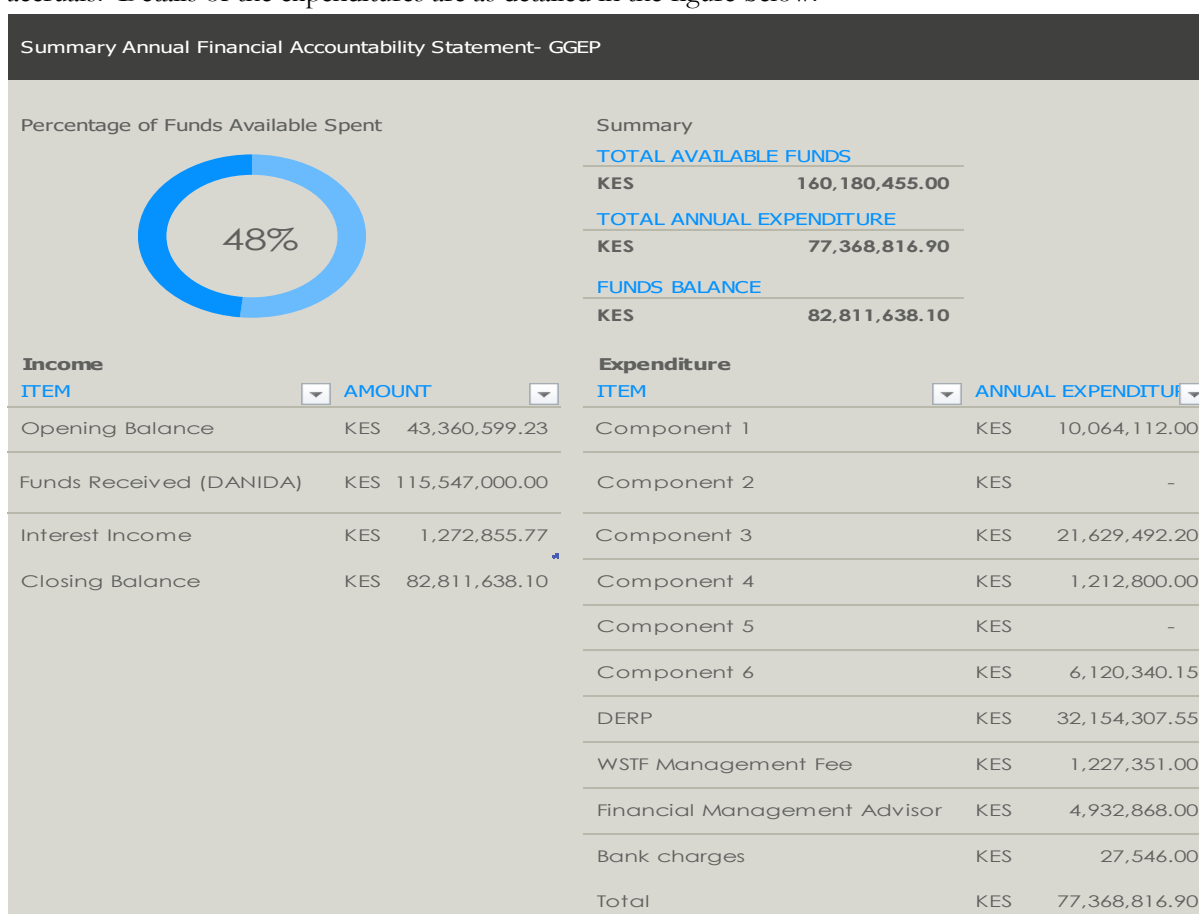
<sup>38</sup> The PPP framework is yet to be developed. Procurement of the consultant was delayed by the Presidential Directive sending all procurement officers on leave.

Proportion of WSTF supported investments mapped and managed in an effective management information systems (100)	100	0	0% <sup>39</sup>
WSTF capacity to support project identification, implementation support and monitoring is improved (%)	51	16	31.4%
Proportion of questioned costs against total WSTF investments to assess value for money and the WSTF capacity to manage fiduciary risk as a result of its investments (%)	10	TBD	TBD

The detailed analysis of the cumulative achievements is provided in the annexes.

## Annual Finance Report

During the FY 2017/2018, a total of Ksh 160,180,455 was available for supporting the programme activities (including an opening balance of Ksh 43,360,599.23 and receipts of Ksh 115,547,000). A total of Ksh 77,368,816.90 was expended during the year hence the overall funds absorption stands at 48 % based on accruals. Details of the expenditures are as detailed in the figure below.



**FIGURE 12 FUNDS ACCOUNTABILITY STATEMENT- GGEP**

<sup>39</sup> There was a delay in the identification of projects which were approved in June 2018. This will be undertaken in FY 2018/2019

The low rate of absorption is attributable to: intense county engagement after entry of new county officials, who took time to understand WSTF operations and align the county needs to the County Integrated Development Plan (CIDP) while considering equity balance. 21 projects were appraised and 9 passed the approval process and were approved by the Board. The approved projects were not financed during the reporting period due to a presidential directive that halted any disbursements to projects during the close of the financial year.

## Annual Programme Achievements

The expected outcome of the programme is enhanced water resource management and investments in selected counties for improved and sustained access by communities and households to water and sanitation for their domestic and productive needs. The core GGEP outputs realized substantial progress in the period under review by implementing start up activities in five outputs apart from Output 5 on Enhanced experience for promoting public private partnerships in water provision in the ASALs. In addition DANIDA provided Technical Assistance in development of Turkana West Programme and initiated the process of reviewing development engagement document. The following table provides an overview of some of the GGEP achievements during the year:

**TABLE 15 GGEP PROGRAMME ANNUAL ACHIEVEMENTS**

<b>Implementation Period</b>	July 2017 to June 2018		
<b>Programme Budget (Kshs.)</b>	975 Million		
<b>Receipts to Date (Kshs.)</b>	115.5 Million		
<b>Disbursements to Date</b>	77.4 Million		
<b>Target Counties</b>	Tana River, Isiolo, Lamu, Wajir, Garissa, Marsabit, Mandera & Turkana		
<b>Programme Objective/s</b>	“To contribute to inclusive green growth and employment in Kenya”		
<b>Key Results</b>	<b>Target</b>	<b>Annual Achievements</b>	<b>% Achievement</b>
<b>Overall Outcomes<sup>40</sup></b>			
<i>Increase in number of households with sustained coverage from improved water services in eight ASAL counties as a result of the DED</i>	36,000	0	0%
<i>Increase in number of households with sustained coverage from improved sanitation services in eight ASAL counties as a result of the DED<sup>41</sup></i>	4,000	0	0%
<i>Increase in area implemented under improved water resources management planning (as SCMP or other water and range</i>	7,000	1,600	23%

<sup>40</sup> The footnote comments in the cumulative achievements apply to this matrix

<sup>41</sup> \*Sustainability in this case means the average Sustainability Index of the target counties to be more than 70% by 2020

<i>management arrangements) in the eight targeted ASAL counties as a result of the DED (KM<sup>2</sup>)</i>			
<b>Component 1: County Capacity Enhanced</b>			
<i>No. of Counties effectively using water and sanitation data for planning and for performing their regulatory functions</i>	8	8	100%
<i>No. of Counties with an effective water sector legislative and policy formulation framework to support effective planning and implementation</i>	8	5	63% (Funded under KRAPID)
<b>Component 2: Water and sanitation access and deficit in the ASALs addressed including those in refugee impacted ASAL areas</b>			
<i>Increase in number of households with water services from WSTF in this engagement in the eight ASAL countries (Including Turkana West Sub-County)</i>	36,000	0	0%
<i>Increase in number of households with sanitation services from WSTF in this engagement in the eight ASAL countries</i>	4,000	0	0%
<i>Average Sustainability Index of the WSTF supported investments in the 8 target counties</i>	70	TBD	TBD
<i>% of facilities funded through the engagement that are climate proofed and mainstream green approaches</i>	80	0	0
<i>% Satisfaction on service of the targeted households in the programme Counties</i>	80	TBD	TBD
<b>Component 3: Sustainable and community based management of water resources improved</b>			
<i>Number of WRUAs, Community Conservancies or other community based natural resource management organisations reporting improved natural resource management from partnering with WSTF</i>	27	16	59.3%
<i>Increase in water storage capacity in the target areas<sup>42</sup></i>	30	100	100%
<i>Increase in areas with improved planning for water resources including range management in Turkana West and progress in catchment planning for Tarach river basin.</i>	2300	1600	69.5%
<b>Component 4: Capacity of implementing Agents improved</b>			

<sup>42</sup> A total of 321M<sup>3</sup> of additional storage was realized as a result of the investments during the year under review



<i>Number of successfully implemented projects by WRUAs/CBNRM organisations and WUs/WSPs under this engagement</i>	8	5	62.5%
<i>Number of successfully implemented projects by WUs/WSPs/WRUAs under this engagement</i>	47	16	34%
<i>Credit worthiness index of the projects funded by this engagement</i>	70	TBD	TBD
<i>Percentage of implementing agents for new WSTF projects in Turkana West with improved capacity for addressing and managing water, sanitation and water resources including range in an integrated manner</i>	100	TBD	TBD
<i>No. of implementing partners trained in financial and procurement management</i>	8	5	62.5%
<b>Component 5: Experience generated from PPP in Water Provision in ASALs</b>			
<i>Number of new innovative PPP funding and management approaches piloted in the target ASAL Counties</i>	2	0	0
<i>% of external finance leveraged by piloted PPP models</i>	50	0	0
<b>Component 6: Strengthened institutional performance of WSTF</b>			
<i>Proportion of WSTF supported investments mapped and managed in an effective management information systems (%)</i>	100	100	150%
<i>Enhanced Project monitoring (No.)</i>	36	16	44.4%
<i>Staff capacity development (No.)</i>	4	5	125%
<i>Proportion of questioned costs against total WSTF investments to assess value for money and the WSTF capacity to manage fiduciary risk as a result of its investments (%)</i>	10	TBD	TBD

## Analysis of Results

### ***Output 1: ASAL counties capacity and engagement in water related planning improved***

County engagement workshops were undertaken in all eight counties to obtain buy in with the various set of stakeholders. A special sensitization and planning meeting with the eight (8) County Executive Committee Members was held in Nairobi to kick start the programme roll out and obtain indicative dates on key activities such as signing of a Memorandum of Understanding between WSTF and the County. Eight baseline survey were carried out in the target counties to assess and document pre-investment levels of key performance indicators and provide baselines for the programme activities in the Counties. Validation workshops were conducted in 7 counties prior to submission of final baseline reports to provide stakeholder assurance that the consultants had captured the true reflection of the county's water sector needs and plans.

### ***Output 2: Water and sanitation access and deficit in the ASAL addressed through support to 56 new and county prioritized water and sanitation services delivery systems***

County engagement meetings included all water resource, water and sanitation services stakeholders to ensure involvement throughout out the programme implementation. The stakeholders were informed on



the critical role of ensuring proper project targetting, community involvement, mobilization, providing oversight in implementation and planning for sustainability. The County Integrated Development Plan was used as a guide in targetting projects and ensure that there was no duplication of resources by different development partners 21 concept notes and proposals were received in total from seven counties excluding Lamu. WSTF Programme staff carried out desk and field appraisal to evaluate the need and assess their viability. 9 projects were successful from five counties and were approved by the Board of Trustees for funding.

County consultative meetings were also held at different levels in Turkana County to sensitize the leaders on the Turkana West Refugee/host component. WSTF worked closely with a team of consultants from the Nordic Consulting Group assigned to develop the grant management framework which resulted in development of concept forms and proposal templates to be used by bidders. A call for bidders was placed in the local dailies under MY GOV supplement. The bidders evaluation will take place in FY 2018/2019 after the close of call for bidders.

***Output 3: Sustainable and community based management of water resources improved through support to 56 WRUAs***

In the period under review 16 No. WRUAs were funded; 12 No. Level 1 WRUAs were supported to develop their Sub Catchment Management Plan (SCMP) which is a descriptive plan of their water resource management situations within their sub-catchments and a set of prioritised activities aimed at improving the water catchment. Ksh 16.1m was disbursed to the Level 1 WRUAs to facilitate this activity. First disbursement of Ksh 8.4m was disbursed to 4 No. Level 2 WRUAs to facilitate implementation of sand dams to provide clean safe water and also prevent downstream soil erosion. Level 3 WRUA water pans designs were completed despite the rainfall hampering accessibility to the project sites. Level 2 and 3 WRUAs sand dams and water pans will increase water access to the communities and provide an opportunity for the women to engage in other socio-economic activities at the local level improving the family social and health standing

***Output 4: Improved capacity of and engagement by implementing agents (WRUAs, CBOs, and Water Services Providers) for planning and efficient water service delivery***

Financial and Procurement Management training was carried out in five counties namely: Garissa, Isiolo, Marsabit, Tana River and Wajir. A total of seventy five (75) participants were trained from those counties, the representative were selected from the Water Service Providers, Water Utilities and County staff supporting GGEP. The skills will be utilized during procurement and monthly reporting to WSTF. The training provided an opportunity for the participants to network, learn the challenges of various technologies and come up with innovative solutions that have worked and could be replicated in their respective projects with a little or no modification. It was also an opportunity to build consensus amongst the stakeholders on how to proceed with the programmes expectations and deliver them within the set timelines.

***Output 5: Enhanced experience for promoting public private partnerships in water provision in the ASALs***

This activity required the procurement of a consultant by the Fund to develop the concept and strategy. . It is scheduled be undertaken in the next financial year due to lack of resources in the budget.

***Output 6: Strengthened institutional performance of WSTF***

The seven CRMs engaged under this programme continued offering support to the county officials. They were instrumental as liaison officers between the WSTF headquarter and County officials especially in the

development of concept notes, appraisal and subsequent follow up to WRUAs implementing on-going projects in the various counties. The Fund was involved in the Green Growth Conference preparation and sponsorship. The conference is scheduled to take place from 12<sup>th</sup> to 13<sup>th</sup> July, 2018. WSTF CEO will be one of the panelists at the conference and WSTF will have an exhibition space to engage with stakeholders and participants and improve its visibility.

During the Kenya Water Week in 2016, WSTF initiated a WSTF Innovations Challenge Awards (WICA) to spur innovations in the water sector that can be nurtured into viable business ventures. 9 out of the 16 finalists were declared winners and received cash prizes on 21<sup>st</sup> July 2017 at WSTF offices. The innovators were further undertaken through business and financial management training through the support of Kenya Market Trust.

The Green Growth Strategy Consultant held a series of meetings with various stakeholders and internal interviews to gather comprehensive information that could enrich the strategy document. A draft report has been submitted to WSTF for review and a Management meeting has been scheduled for the consultants to present their findings prior to submission of a final report.

As part of integrating the Turkana West Programme to the overall Development Engagement Document (DED) of the Green Growth Programme, WSTF worked closely with consultants from NIRAS and NCG to review the log frame matrix and narrative information. This has enabled WSTF to have a harmonized DED catering for the additional funding for Turkana West and also capturing new approaches that will be considered by the programme.

**TABLE 16 GGEP PROGRAMME RISKS AND MITIGATION MEASURES**

No.	Risk	Mitigation measures
1.	Inequalities in project targeting	<ol style="list-style-type: none"> <li>1) Align projects with County Integrated Development Plans</li> <li>2) Conduct baseline surveys to identify needs</li> <li>3) Ensure equitable targeting through county engagement</li> </ol>
2.	Poor quality of proposals	<ol style="list-style-type: none"> <li>1) Simplify proposal application documents</li> <li>2) Capacity building agents on proposal writing</li> <li>3) Disclosure of conflicting interests</li> <li>4) Proper mobilization/ Proper targeting tools</li> <li>5) Provide Technical support and reviews in the proposal preparation process. Insist on adherence to design standards and proposal requirements</li> </ol>
3.	Poor performance by the implementing partners	<ol style="list-style-type: none"> <li>1) Capacity building of the agents</li> <li>2) Work with established implementing partners</li> <li>3) Proper mobilization and awareness</li> <li>4) Allocate additional resources for M&amp;E</li> <li>5) Strengthen rules &amp; procedures</li> <li>6) Encourage whistle blowing</li> <li>7) Constitute effective project teams</li> <li>8) Encourage county level support WSTF technical support and CRM monitoring</li> </ol>

## Key implementation challenges

The following are the key implementation challenges and the adaptive measures

**TABLE 17 IMPLEMENTATION CHALLENGES OF GGEP PROGRAMME**

KEY ISSUES	ADAPTIVE MEASURES
Insecurity while appraising Mandera and Turkana counties projects	1) Sensitize on anti-terrorism 2) Security alerts before proceeding to high risk areas
Change in Lamu County leadership	1) Several sensitization and consultative meetings with the various county heads to explain WSTF operational modalities and develop a working formula.
Inaccessibility of projects sites due to heavy rainfall	1) Re-planning on travel dates to avoid flooding possibilities.
Low Capacity of implementing partners	2) Implementing partners training on Financial and Procurement Management.
Poor Sub Catchment Management Plans from Level 1 WRUA funding	1) Consultative meetings held with WRA to request for value for money support to the ASAL WRUA.
Poor design of Level 3 water pans	1) WSTF outsourced consultants to design quality water pans for implementation.
Political influence	1) Sensitization to the county staff and political leaders on programme 2) Open communication channels at county level through CRMs and with HQ staff

## Lessons Learnt

### *Stakeholder Engagement*

Stakeholder engagement is a key aspect in programme implementation. All the eight counties appointed new officials after the last general elections which necessitates fresh sensitization sessions to be conducted to provide insights on WSTF programmes and working modalities. Lamu and Turkana West stakeholders required several meetings to address critical issues of programming and reach consensus on working modalities. This will ensure aversion of conflicts at the local level due to misguided information and lack of general understanding.

### *Green Growth Strategy*

The strategy is under development to assist the Fund streamline programme approaches. It will act as a guide to both WSTF staff and the implementing partners. The Fund is currently advocating to the Counties to include indigenous green growth approaches to the current GGEP projects.

### *Project design support to counties*

After review of the proposals, it was evident that the counties would require support to conduct surveys and develop designs that will match the needs of the target communities. The Fund supported the county teams to undertake these activities for the proposed WRUA and WSP/WUs projects. This process yielded proposals and better quality designs.

### *Monitoring*

Continuous monitoring and reviews is important as this enabled the programme to review the WRUA activities which enlisted need to improve the WRUA Level 1 SCMPs. The Fund will undertake close monitoring of all GGEP projects to ensure quality works and timely support to WSP/WUs on any arising challenges. Project activities will also observe the community seasonal calendars for maximum and timely participation. The Joint Annual Operations Monitoring provided good insights of the sustainability of projects funded in the ASAL counties that will improve the level of decision making and targeting of future investments.

# Drought Emergency Response Programme

## Introduction and Programme Background

This programme was initiated following the declaration of drought as a National disaster by the Kenya Government on 10<sup>th</sup> February, 2017 with 23 out of 47 counties affected, the Water Sector Trust Fund (WSTF) was appointed by Ministry of Water & Sanitation as one of the financing partners in the Drought Emergency Water Response Programme.

The table below provides a highlight of the programme key statistics and overall cumulative achievements up to the end of the FY 2017/2018 since inception.

**TABLE 18 DERP KEY STATISTICS AND CUMULATIVE ACHIEVEMENTS**

<b>Implementation Period</b>	March 2017 to December 2018		
<b>Programme Budget (Kshs.)</b>	250 Million		
<b>Receipts to Date (Kshs.)</b>	250 Million		
<b>Disbursements to Date</b>	163 Million		
<b>Target Counties</b>	Lamu, Garissa, Tana River		
<b>Programme Objective/s</b>	Emergency water service provision for the identifies counties to mitigate against the effects of drought		
<b>Key Results</b>	<b>Target</b>	<b>Cumulative Achievements</b>	<b>% Achievement</b>
<i>No. of people reached with emergency water supply</i>	69,970	43,670	62% <sup>43</sup>
<i>No. of Sub counties benefiting from emergency water supply</i>	5	5	100%
<i>No. of water projects developed/rehabilitated</i>	39	36 (33 completed)	85%

## Cumulative Programme Progress

The achievements are further elaborated per county herein below:

### a) Tana River County

Tana Water & Sanitation Company (TAWASCO) was the main implementing agent and implemented projects in 3No. Subcounties within Tana River County at a total cost of Ksh.32, 468,990. All the funds were disbursed to the WSP as per the signed contract. TAWASCO has reported that all the works had been completed by October 2017 and the closure documents have been submitted.

The following is the approved scope of works:-

#### Funded project Scope:

- i) Rehabilitation of 2 boreholes and 4 shallow wells
- ii) Water trucking in 3 sub counties

<sup>43</sup> Three high impact projects are still pending (Hulugho, Pangani and Mkunumbi)

- iii) Assessing and desilting of 3 existing water pans
- iv) Administrative and project operation costs

**TABLE 19 PROJECT IMPLEMENTATION STATUS – TANA RIVER COUNTY AS AT 30TH JUNE, 2018**

No	Name of Project	WSTF funding (Ksh)	Current status
1.	Desilting of Bulto Mulito Water pan	5,560,950	100% complete
2.	Desilting of Lakole Water pan	5,560,950	100% complete
3.	Rehabilitation of Assa Water pan	5,560,950	100% complete
4.	Rehabilitation of Nduru 1 shallow well	400,000	100% complete
5.	Rehabilitation of Nduru 2 shallow well	400,000	100% complete
6.	Rehabilitation of Handaraku shallow well	400,000	100% complete
7.	Rehabilitation of Marava shallow well	400,000	100% complete
8.	Rehabilitation of Kalalani Borehole	2,900,000	100% complete
9.	Rehabilitation of Walsorea Borehole	2,900,000	100% complete
10	Water trucking in 3 No sub -counties.	6,840,000	100% complete
11.	WSP administration costs	1,546,140.00	
	<b>Total</b>	<b>32,468,990</b>	

**b) Garissa County**

The total funds approved for Garissa County was Ksh. 32,488,561. Garissa Water and Sewerage Company (GAWASCO) was the implementing agent. All the funds were disbursed to the WSP and all activities were reported as completed. Closure documents have been submitted as per the contract.

The following are the funded activities:-

**Funded project Scope:**

- i. Rehabilitation of 6 boreholes
- ii. Water trucking in 2 sub counties
- iii. Assessing and desilting of 4 existing water pans
- iv. Administrative and project operation costs

**TABLE 20 PROJECT IMPLEMENTATION STATUS FOR GARISSA COUNTY AS AT 30TH JUNE, 2018**

No	PROJECT NAME	WSTF FUNDING ( KSH)	COMPLETION STATUS
1.	Afwein water pan – Lagdera	4,690,000	100% Completed
2.	Auliya water pan – Balambala	6,300,000	100% Completed
3.	Tinas water pan – Dadaab	2,780,000	100% Completed
4.	Ijara water pan – Ijara	4,200,000	100% Completed
5.	Amuma genset rehabilitation – Fafi	300,000	100% Completed
6.	Abdisamet genset servicing– Balambala	1,500,000	100% Completed

7.	Dujis submersible pump installation – Balambala	300,000	100% Completed
8.	Skanska submersible pump installation – Lagdera	500,000	100% Completed
9.	Skanska 2 submersible pump installation - Lagdera (Baraki-kokar)	2,500,000	100% Completed
10.	Bahuri submersible pump installation – Dadaab	400,000	100% Completed
11.	Water trucking	7,364,700	100% Completed
12.	WSP administration cost	1,653,861	
	<b>Total</b>	<b>32,488,561</b>	

### c) Lamu County

Lamu Water and Sewerage Company (LAWASCO) was the main implementer and signed a contract of Ksh. 34,172,460. All funds were disbursed to the WSP and all activities were completed and closure documents submitted to WSTF.

The following is a list the funded activities:-

#### Funded project Scope:

- i) Rehabilitation of 9No. Djabias
- ii) Rehabilitation of 4 No. shallow wells
- iii) Water trucking in 3 wards
- iv) Assessing and desilting of 5No. existing water pans
- v) Administrative and project operation costs

**TABLE 21 PROJECT IMPLEMENTATION STATUS FOR LAMU COUNTY AS AT 30TH JUNE, 2018**

No	Name of the project	WSTF Funding - Ksh	Current status
1	Rehabilitation of Katsakakairu water Pan 10,000 m3	4,380,000	100% complete
2	Rehabilitation of Chalaluma water pan of 8,000 m3	3,420,000	100% complete
3	Rehabilitation of Dide Waride water pan 19,000 m3	6,261,000	100% complete
4	Rehabilitation of Pandaguo water pan 10,000 m3	3,940,000	100% complete
5	Rehabilitation and Expansion of Koreni water pan 15,000 m3	5,103,000	100% complete
6	Siyu Djabia	700,000.00	100% complete
7	Faza/Rasini Djabia	700,000.00	100% complete
8	Tcundwa Djabia	700,000.00	100% complete
9	Mbwajumali Djabia	700,000.00	100% complete

10	Kizingitini Wakunga Djabia	700,000.00	100% complete
11	Kizingitini Women Djabia	700,000.00	100% complete
12	Basuba/Mararani Djabia	700,000.00	100% complete
13	Siyu Shindaywa Djabia	700,000.00	100% complete
14	Shanga Rubu Djabia	700,000.00	100% complete
15	Rehabilitation Jima/Pandanguo Shallow well	300,000.00	100% complete
16	Rehabilitation of Kiongoni shallow well	250,000.00	100% complete
17	Rehabilitation of Lamu Dunes Well at Shella (2No.)	1,000,000.00	100% complete
18	Water Trucking; Manda maweni village & primary school	1,590,787.00	100% complete
19	WSP Administration cost	1,627,673.00	
	<b>Total</b>	<b>34,172,460.00</b>	

### Progress of additional DERP projects

Under this programme, 3 additional projects were approved for support in Lamu and in Garissa County. The following table provides the status for these projects:-

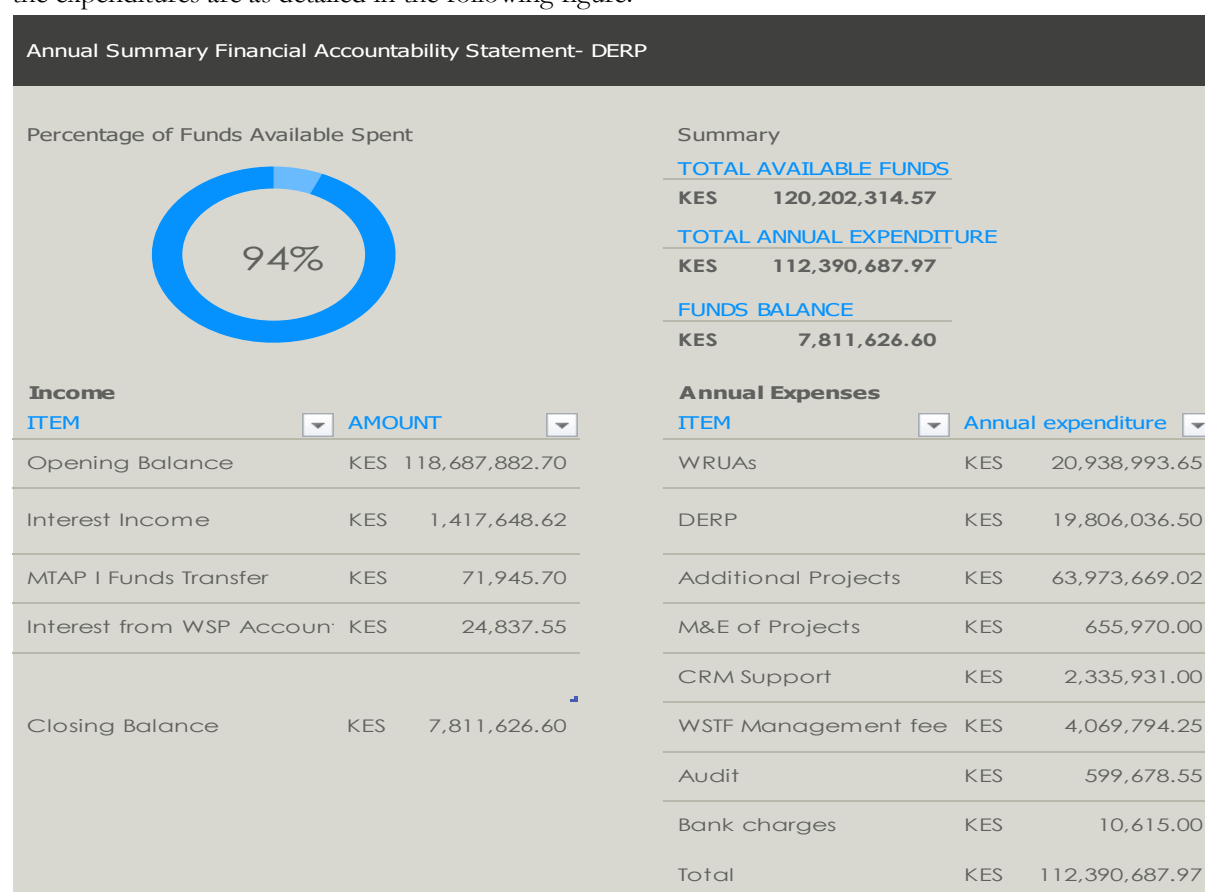
**TABLE 22 STATUS OF ADDITIONAL PROJECTS UNDER DERP**

No	Projects name	County	Proposed Activities	WSTF funding - Ksh	Status as at 30th June 2018
1	Pangani water project	Lamu	60m <sup>3</sup> elevated steel tank construction and pipeline connection	5,000,000.00	Overall progress is 90%, all project structures have been constructed and completed. Pending works pressure testing of tank & pipeline. Lakwa has requested for contract extension.
2	Mkunumbi water project	Lamu	Installation of solar system, 1 km pipeline, hydrogeological survey.	2,977,430.00	Overall progress is 40%. Shallow well construction is on-going. Pending works - pipeline lying, purchase & installation of solar pumping system. Lawasco has requested for contract extension.
3	Hulugho water pan	Garissa	Rehabilitation & desilting of water pan, solar system, 3 cattle troughs, pipeline, communal water point, fencing,	59,234,117.04	Overall project implementation progress is at 95%. Construction of a new pan, electric fencing of the pan, construction of cattle trough & wild animal trough, and elevated steel tank of 150m <sup>3</sup> on a 10m tower completed. Pending works - solar power connection to electric fence, pump &

			elevated steel tank, 2No. 2 door VIP latrines		pipeline testing, installation of ball valves to animal troughs, pan grassing.
4	Social engagement component	Garissa	Mobilization of community, establishment of a community project leadership team & operations & maintenance.	1,965,400.00	A local NGO - Womankind kenya was contracted to undertake the task for social engagement of the project beneficiaries. Management committee identified, sensitization. Pending activities - full committee training, O&M training, identification of O&M committee and pump operator. NGO has requested for contract extension till 30th August 2018.
<b>Total</b>				<b>69,176,947.04</b>	

## Annual Finance Report

During the FY 2017/2018, a total of Ksh 120,202,314.57 was available for supporting the programme activities (including an opening balance of Ksh 118,687,882.70). A total of Ksh 112,390,687.97 was expended during the year hence the overall funds absorption stands at 94 % based on accruals. Details of the expenditures are as detailed in the following figure:



**FIGURE 13 FUNDS ACCOUNTABILITY STATEMENT DERP**



**TABLE 23 DERP ANNUAL PROGRAMME ACHIEVEMENTS**

<b>Implementation Period</b>	July 2017 to Junem2018		
<b>Annual Budget (Kshs.)</b>	157.8 Million		
<b>Funds available for utilisation (Kshs.)</b>	120.2 Million		
<b>Balance at the end of the year (Kshs.)</b>	7.8 Million		
<b>Target Counties</b>	Lamu, Garissa, Tana River		
<b>Programme Objective/s</b>	Emergency water service provision for the identifies counties to mitigate against the effects of drought		
<b>Key Results</b>	<b>Target</b>	<b>Annual Achievements</b>	<b>% Achievement</b>
<i>No. of people reached with emergency water supply</i>	57,570	43,670	75.9% <sup>44</sup>
<i>No. of Sub counties benefiting from emergency water supply</i>	5	5	100%
<i>No. of water projects developed/ rehabilitated</i>	42	39	92.8%

## DERP Identified Risks and Mitigation Measures

The identified risks and mitigations measures in the programme are detailed in the following table:

No	Risk	Mitigating measures
1.	A shift in donor policies & priorities with regards to ASAL development and drought resilience.	Continuous Government commitment as expressed in the priorities communicated to donors, will facilitate continued alignment against Ending Drought Emergency priorities.
2.	<b>Security issues in Northern Kenya &amp; target counties:</b> Recent national (ethnic) and cross border clashes have made mobility and access to some project areas difficult.  Risk of monitoring projects located in Al-shabab hot spots region.	Key institutions focusing on the EDE-6 <sup>th</sup> pillar for example the Pastoralists Parliamentary Group can contribute to upholding peace and stability in the affected areas.  Project planning to take into account the possible security risks and lay down measures to address the issue.

<sup>44</sup> Some funded projects had not been completed as at the time of reporting

No	Risk	Mitigating measures
3.	<b>Low capacity of communities to undertake projects:</b> Communities in ASAL counties have less experience in undertaking community projects than communities in other parts of Kenya.	WSTF engaged Water Service Providers (WSPs) & NW&PC to implement DERP projects and ensure that communities are engaged all through the project cycle for ownership and project sustainability.

## Key Implementation Challenges

The following table details the implementation challenges and the adopted adaptive measures:

Challenges	Adaptive measures
1) High demand for services - The biting drought resulted in high demand for the water services among the local communities.	1) The county government had to ensure that the affected communities in other sub counties were supplied with water through trucking under county support.
2) Vastness of the program area posed difficulty in monitoring of all the projects within the limited/short contract period.	2) The CRMs of the targeted counties provided additional support in monitoring of the projects.
3) Short timeframes within which to implement the projects due to their emergency nature.	3) Request for direct procurement provided due to drought being declared as a national disaster to fast track activities. Extension of implementer's contract was granted to ensure smooth closure of affected projects.
4) Failure to involve the communities from the onset of the projects hindered the smooth implementation of the projects as these communities were not consulted during project identifications.	4) Involvement of communities in the target project sites is vital during all stages of project cycles for ownership and sustainability.

## Lessons Learnt

- i) **Contingency planning (Emergency Response) is a necessity** - These programs are triggered due to “catastrophes”. Projects were meant to be implemented within short timeframes and were of medium term intervention. However, the implementers were over stretched in terms of coping with the challenges after heavy rains impounded on the affected areas. Organizations are required to put in place “contingency plans” to be applied under such circumstances.
- ii) **Develop a Clear Monitoring Schedule** – Vastness of the program area poses difficulty in monitoring of all the projects within the limited/short contract period. This will ensure that these activities are effectively monitored within the limited timeframe. A tool kit including the weekly SITREPs (situational reports) should also be implemented for ease of monitoring and reporting.
- iii) **Collaborating with County Drought Response Teams/Structures** is important to have a coordinated response plan and identify the implementers to be engaged in emergency response activities. This will help in effective identification; design; implementation; close supervision and effective monitoring of the programmes.

# WSTF Audit and Risk Management

## Introduction

The realization of WSTF's key strategic objectives is anchored on engagement of implementing partners with adequate capacity to plan, develop, implement, monitor and supervise its investments. The Fund's key role in the project implementation cycle is resource mobilization, investment and risk management. In order to ensure that fiduciary risks are adequately identified and mitigated against, one of the key responsibilities of WSTF is to ensure that the inherent project, program and operational risks are managed effectively and efficiently. This is done through continuous review and assessment of the funding procedures and systems, review of operating systems as well as project implementation. Risk Management is a key progressive activity in the Audit and Risk department of the Fund.

## Internal Controls

These are controls designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss. The Fund has established and maintained strong internal control systems to manage and mitigate risks.

## Audit and Risk Management

This is the identification, assessment, and prioritization of risks and the coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities.

During the period under review the Audit and Risk department spearheaded the implementation of the risk management system through the Risk Management Framework.

The Fund in collaboration with Water and Integrity Network (WIN), an international organization with the mandate of promoting water integrity to reduce corruption and improve water sector performance worldwide, reviewed the risk framework.

During the period under review there were several red flagged projects. These projects had been flagged by several players in the project cycle, including staff at the Fund and project monitors on the ground. The following are projects flagged by the department during the period:

**TABLE 24 SUMMARY OF FLAGGED PROJECTS**

	<b>Project Name</b>	<b>Amount Disbursed (Ksh)</b>	<b>Flag</b>	<b>Key Issues Raised</b>	<b>Current Status</b>
1.	Kone Community Water Project- Tana River County	9,622,000	Red	Failure by the contractor to complete all project milestone.	The project has stalled.
2.	Manda Maweni water project – Lamu County	9,230,000	Red	Corruption allegations	The project is complete

As part of its responsibilities, the Internal Audit and Risk department carried out audits of the various programmes and payments in the WSTF. Walk through tests on the various functions at the Trust Fund office were carried out to check for weaknesses in the various systems at WSTF.

The department was involved in capacity building of the Trust Fund's agents with the Investment Department requesting it to make presentations in the various financial and procurement training sessions

held by the Fund. Follow up of previous audit queries and in particular costs questioned by both the external and internal audits were done.

## External Audits- Harmonised Audit FY 2016/2017

During the year under review the Fund contracted PricewaterhouseCoopers (PwC) to carry out financial audit and technical reviews of its sub-grantees. The audit assignment was in line with the financing agreements which WSTF had executed with various development partners which required projects audits to be carried out every financial year.

The objectives and scope of the audits were;

- i) To report on whether the fund accountability statements for each project managed by WSTF have been prepared, in all material respects, in line with the WSTF's accounting policies;
- ii) Express an opinion on whether the Fund's accountability statement for the projects present, in all material respects, project revenue received and costs incurred for the period audited and is in accordance with WSTF's accounting policies;
- iii) Evaluate and obtain a sufficient understanding of the projects' internal control structure, access control risk, and identify reportable conditions including material internal control weaknesses;
- iv) Perform tests to determine whether WSTF had complied, in all material respects, with agreement terms and applicable laws and regulations.

## Audit Findings from the External Audits

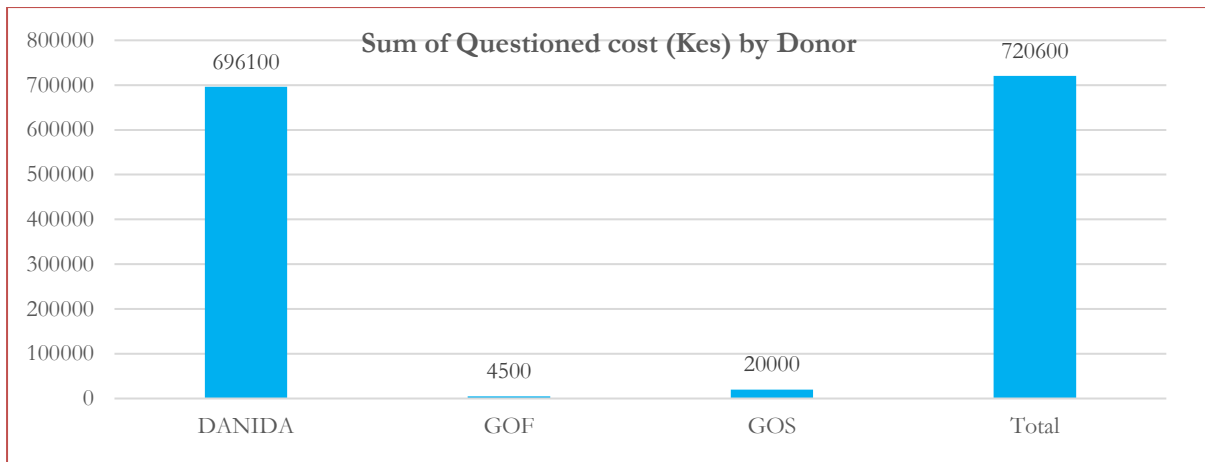
The auditors questioned expenditure amounting to Ksh 720,600 from the review of expenditure incurred for the sampled projects as a result of it either being unsupported, inadequately supported or overstated. The questioned costs are provided in the following table:

**TABLE 25 QUESTIONED COSTS BY EXTERNAL AUDITORS**

Project	Donor	Total expenditure incurred and verified	Questioned cost (Ksh)	Status
Majimboni Muungano - J6P	GOF	135,431,613	4,500	Open
Kibunga Kakimiki- J6P	GOS	101,732,495	20,000	Open
Kasha WRUA- MTAP II	DANIDA	59,815,020	566,100	Open
Manda Maweni- MTAP II	DANIDA	59,815,020	130,000	Open
<b>Total</b>		<b>356,794,148</b>	<b>720,600</b>	

MTAP II a programme funded by DANIDA had the highest amount questioned costs during this cycle of audits with Ksh 696,100 being questioned. The Fund made a follow-up visit to Kasha WRUA after the audit and managed to get supporting documentation for the amount questioned. This was then submitted to the auditors who will then make an independent verification during the next cycle of audits. As for Manda Maweni Water Project the documents have been taken by the Ethics and Anti-Corruption Commission (EACC) as the project was reported to them over allegations of fraud. The Fund is still making a follow-up on the other queries too.

The chart below shows the sum of questioned costs by development partner:

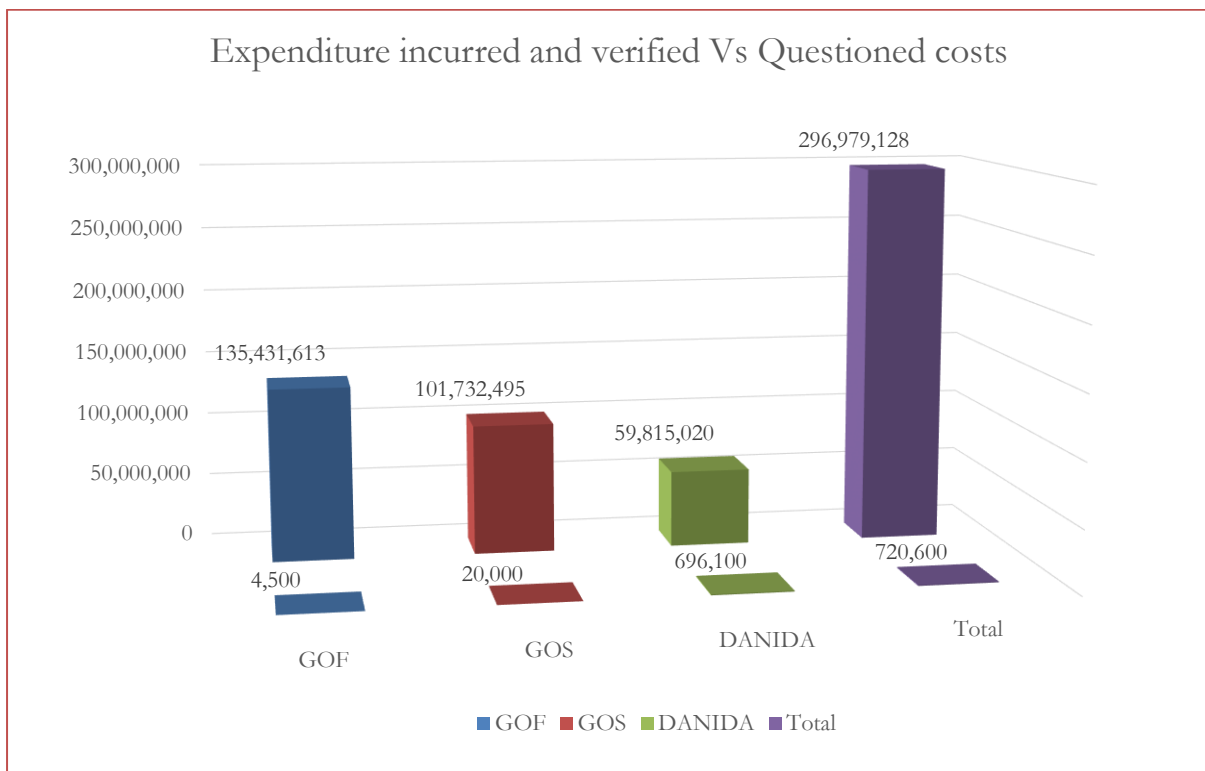


**FIGURE 14 SUM OF QUESTIONED COSTS BY DP**

It was noted that only 0.242% was of the total expenditure incurred and verified by the auditors was questioned, a great improvement as when compared to the past audit cycles for the rural harmonized projects audits. This was due to better monitoring through the WSTF-HQ staff and more so the presence of the County Resident Monitors.

The following is a comparative chart showing the expenditure incurred against the questioned costs:

**FIGURE 15 COMPARISON CHART ON PROGRAMME EXPENDITURE VS QUESTIONED COSTS**



### Status of Questioned Costs

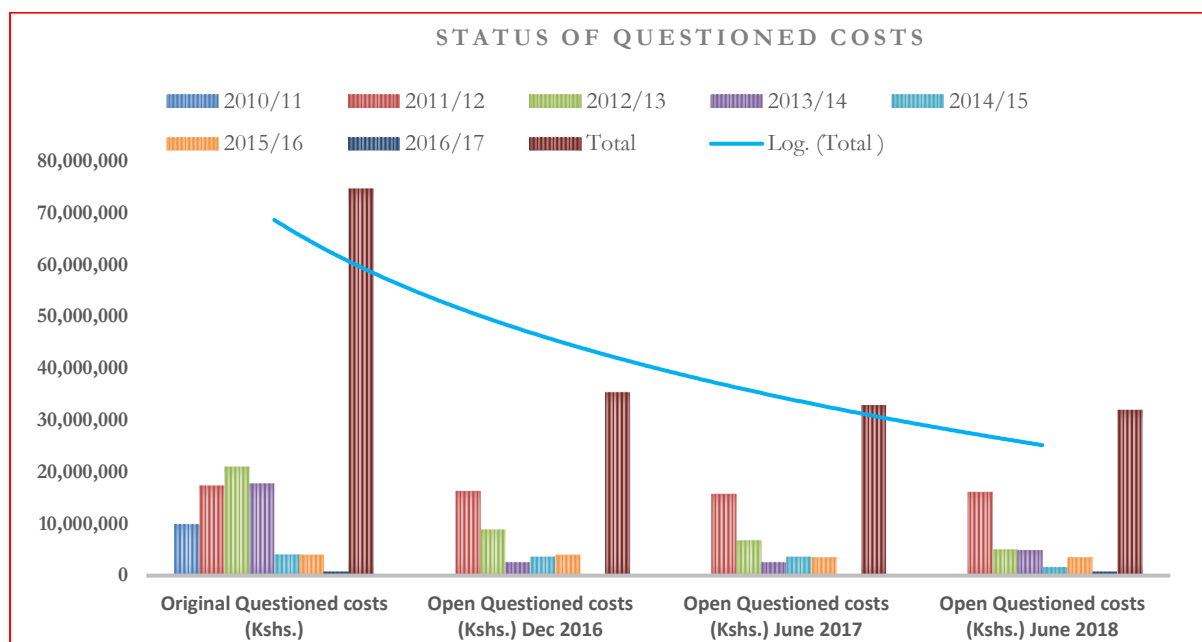
The questioned costs from the various harmonized audits stand at Ksh 31,984,949 detailed in the table 26 below:

**TABLE 26 COMPARISON BETWEEN ORIGINAL QUESTIONED COSTS FROM VARIOUS AUDITS AND THEIR TRENDS**

Financial Year	Original Questioned costs (Ksh.)	Open Questioned costs (Ksh.) Dec 2016	Open Questioned costs (Ksh.) June 2017	Open Questioned costs (Ksh.) June 2018
2010/11	9,872,132	-	-	-
2011/12	17,337,047	16,318,922	15,751,790	16,144,513
2012/13	21,020,446	8,883,799	6,764,905	5,031,090
2013/14	17,772,684	2,578,362	2,578,362	4,948,157
2014/15	4,049,388	3,644,524	3,644,524	1,661,534
2015/16	3,955,055	3,955,055	3,479,055	3,479,055
2016/17	720,600	-	-	720,600
<b>Total</b>	<b>74,727,352</b>	<b>35,380,662</b>	<b>32,939,236</b>	<b>31,984,949</b>

There was an increase in the reported questioned costs for the audit period 2011/12 and 2013/14 due to the re-opening of some questioned costs that did not get approval for closure from the Board of Trustees. These costs will be reconsidered for closure after getting further evidence.

The chart below shows the trends in the questioned costs over time:



**FIGURE 16 TRENDS IN QUESTIONED COSTS**

The Fund has been following up on the outstanding costs by making visits to the affected projects as well as engaging the external auditors’ technical team to assess whether the projects have met their objectives.

The Fund has also engaged the EACC to assist in the follow up of corruption related matters. The EACC has visited some of the projects, Manda Maweni Water Project in particular, with the investigations being at an advanced stage, even though no formal report has been presented to the Fund.

### Statutory Audit

During period, the Office of the Auditor-General (OAG), released the statutory audit report of the Fund in which the OAG issued an unqualified opinion on the financial statements of the Fund.

### Planned Activities for FY 2018/ 2019

This Fund is planning for the statutory and projects audits for the just ended financial year in the 1<sup>st</sup> quarter of 2018/19 as well as carry out routine audits of the various departments and programmes as mandated by the Audit Committee charter.

The Fund has also scheduled to follow-up on the process of sourcing new external auditors for the WSTF as PricewaterhouseCoopers term is about to end. The Fund has sought the advice of the Office of the Auditor-General on the matter and is waiting for the official response.

# Planning, Capacity Development, Monitoring, Evaluation and Research

## Introduction

The realization of WSTF's key strategic objectives is anchored on engagement of implementing partners with adequate capacity to plan, develop, implement, monitor and supervise its investments. The Fund's key role in the project implementation cycle is resource mobilization, investment, risk management and reporting. In order to ensure that fiduciary risks are adequately identified and mitigated against, one of the key responsibilities of WSTF is to monitor the implementation of programme activities as well as evaluate the achievement of specified objectives.

The Fund saw a strategic shift in its Monitoring and Evaluation approach with improved focus on tracking project implementation and outputs and the systematic measurement of the achievement of component objectives, programmes completion, timeliness and effectiveness. This shift has seen improved provision of strategic information to inform planning, design and implementation of projects. This chapter details the approaches taken in the monitoring and evaluation of the Funds' Investments as well as the key outcomes in the results framework.

## Monitoring and Evaluation approaches

The fund continued to undertake monitoring and evaluation functions through County Resident Monitors, Use of independent consultants and through planned routine monitoring. The Fund undertakes monitoring and evaluation functions through the following approaches:

### CRM engagement and alignment

During the period under review, the Fund engaged a total of 17 CRMs who are based at the respective Counties and responsible for undertaking monitoring and support functions at County level. The CRMs continued with their support to the Fund in addressing, technical, social and financial issues related to all WSTF investments while working closely with the Fund's implementing partners. The monitors furnished the Fund with specific project implementation reports and monthly reports covering status of all on-going investments in their Counties. In addition, the CRMs were actively involved in the Joint Annual Operations Monitoring exercise.

Following the commencement of two rural programmes (EU SHARE and Green Growth and Employment Programme) and the UBSUP Programme in the year, the Fund has proposed to engage additional CRMs in Tana River, Kitui, Taita Taveta, Baringo, West Pokot, Kilifi, Kajiado, Turkana, Murang'a/ Nyeri, Kericho and Nyandarua Counties with interviews scheduled in first quarter of FY 2018/2019.

### Use of Independent Consultants and technical advisors

The Fund engages framework consultants to support it in routine short term consultancies. The consultants are expected to cover technical support to implementing partners, capacity building services, spot check monitoring, technical audit support, provision of support agency services and investigation and assessment services. Specifically, consultants gave the following support;

Support to Implementing Partners in development of proposals, technical designs to ensure that funds for activities are utilized for the purpose intended.

Verification of proposals from a social perspective to ensure social aspects, including conflict resolution, health and sanitation are in conformity with the intended objectives.

Technical support from a financial perspective to check compliance in order to ensure that the project financial management procedures and arrangements results in funds being properly accounted for, utilized for the purpose intended and result in value for money

Provision of technical progress monitoring reports on the projects' achievement and associated challenges.



During the period under review, the Fund continued to work with the consultants to support the Investments Programmes in the aforementioned areas;

- i. Supporting registration, planning and proposal development,
- ii. Offering quality assurance for J6P projects and advice on quality control systems to water utilities,
- iii. Provision of mentoring support to water utilities and CRMs on technical areas such as procurement, contract designs/supervision, and other related utility systems,
- iv. Capacity Building/Training including; supporting the development of operations and maintenance plans; development of Commercial Operations & Accounting Procedures Manual; and training the WU in adopting business planning as integral part of the operating process;
- v. Supporting water utilities to develop and review their business plans in order to ensure profitability and enhanced creditworthiness of the water utilities,
- vi. Offering strategic guidance to related programme outcomes including: interactions with County Governments; linkages with WRUAs and compliance to WRA requirements; collaboration with public health

### Routine Project Monitoring

The Fund undertook a monitoring and evaluation coordination role through its Planning, Research, and Monitoring and Evaluation department. Monitoring is usually integrated and undertaken through specific programme teams with the technical support of officers from the Planning, Monitoring and Evaluation department. The department is strongly supported by a team of Technical Advisors (TAs) in the achievement of its Monitoring support role. This function is further augmented by independent framework consultants engaged by the Fund from time to time.

During the period under review, a total of 186 (85.7%) projects against an annual target of 217 were monitored as summarised in Table 25 below. A summary of the key issues and their mitigation measures is provided in Table 26.

**TABLE 27 SUMMARY OF PROJECTS MONITORED AGAINST TARGETS IN 2017/18 FY**

Investments	Target	No. Monitored
Monitor rural investment projects and develop monitoring reports	87	87
Monitor urban investment projects and develop monitoring reports	24	25
Monitor water resources projects and develop monitoring reports	98	68
Monitor Result based financing projects and develop monitoring reports	8	6
Total	217	186

**TABLE 28 SUMMARY OF PROJECTS' MONITORING ISSUES AND THEIR MITIGATION MEASURES**

No.	Key Issue	Mitigation Measures instituted
1.	Project implementation delays occasioned by procurement challenges, low capacity of the implementing partners, insecurity in specific counties/ areas	Constant monitoring and support to projects particularly through CRMs and WSTF technical team. Improved focus on capacity development of the implementing partners at the start and during project implementation including procurement training and reporting

		A flagging system with a follow up mechanism has been introduced to address the projects with implementation challenges and delays Issue log system introduced to track and alert on projects with implementation challenges
2.	Governance and management challenges especially in community managed schemes	The Fund has revised its implementation approaches with investments focused on successful utilities using the utilities model The Fund is in the process of adopting appropriate Service Delivery Models for different investments projects Capacity development of the implementation and support partners has been prioritised in the implementation of the programmes
3.	Quality issues in some of the developed infrastructure	Continued project monitoring and CRM participation in the procurement process as an observer contributed to engagement of better quality and qualified contractors The Fund is redesigning the projects options for various technologies to enhance availability of suitable investment options for different environments. Technical back stopping by the currently engaged team of Technical Advisors and framework consultants
4.	Lack of clear sustainability mechanisms for community managed schemes	Project commercial viability as opposed to service provision approaches has enhanced the prospects of sustainable projects Commercial sustainability entrenched in the project implementation cycle Development of a sustainability index based on the Joint Annual Operations monitoring
5.	Lack of clearly defined operational structures and relationships between the implementing partners and the County Governments within which they operate	The Fund is supporting Counties in the development of appropriate legislation framework to manage water investments in the Counties. The Fund has advocated for the establishment of County Working Groups to enhance stakeholder participation in project identification, implementation and decision making
6.	Heavy dependence on financial support for the various investment partners especially the WRUAs	Enhanced investments in rural livelihoods Continued capacity development of the members to enhance participation and sustainability of the WRUAs Investments in alternative funding sources e.g. micro electricity generating plants, community water supply and supply of seedlings
7.	Inconsistent/ poor project branding	Standardisation of the branding standards Training of the CRMs and the implementation Partners on the branding guidelines Post implementation assessment of projects to be conducted before project closure

## Progress in the Funds Monitoring and Evaluation and County Capacity development support

During the period under review the Fund continued to undertake activities aimed at improving appraisal, management, implementation, monitoring and evaluation of proposals and projects.

### Water Utility mapping

Water Utility (WU) mapping was conducted in June 2018 with the objective of supporting the counties and water utilities under the Joint 6 Programme (J6P) on the mapping of their infrastructure and service levels. The exercise was carried out in cooperation with Kenya Water Institute (KEWI), the engagement being part of a broader framework in capacity building support to J6P funded water utilities. The mapping supports the utility in planning and monitoring of projects, tracking changes in service levels and coverage areas and identification of under-served areas. The assessment of the creditworthiness will help the utilities

to track the changes in their performance and to identify and address issues in their technical, financial or management systems. After the initial support from the WSTF and KEWI, the mapping is meant to be a continuous activity which the utility is to carry on with on their own to populate the maps with the current and potential customers as well as with new infrastructure.

The utility mapping has been carried out in two phases. In 2017, baseline maps on infrastructure, creditworthiness and households were done in order to establish the status of the utilities prior to the completion of the J6P projects. This was done to help determine the impact of the projects on the service levels and coverage. In 2018, the second phase of mapping initiated with the revision of the three tools used with a GPS-enabled Android application developed by Upande Limited, namely: The creditworthiness tool, the household tool and the infrastructure tool. The creditworthiness tool assesses the financial, technical and management performance of the utility using indicators on expenditure, income, technical aspects, governance and systems. The assessment of creditworthiness was supported by documents such as registration certificates, water permits and financial statements, amongst others. The household tool was used to collect service level data by targeting all the connections of each utility. The infrastructure tool was used to collect data for all the components of the infrastructure within the service network, such as intakes, pipelines, pipeline appurtenances, distribution systems and storage tanks, amongst others. The infrastructure maps required validation of the data and post-processing with the support of the utility staff. The utilities and the county representatives were trained in the use of the data collection tools. All the data was submitted to a GIS cloud-based mapping system, which is available as open source software. The maps will be available to the public on the WSTF website in the FY 2018/2019.

## ***Results and example maps***

### ***Households***

The key data collected from the sampled households was the service levels determined by the quality, quantity and distance to the water source. The exercise targeted to visit all the connections in the utility coverage areas. In some cases the consumer was not available to answer questions on the service level, and in such cases only the GPS coordinates of the connection were collected for future reference.

The collected data shows that most common service level category is level 2 at in 52% of all the connections visited as shown in table 27. The highest level, service level 1, was the second most common service level, at 38% of all the households. To reach the service level 1, the household had to have scored level one for all four indicators contributing to the service level. This means that the household would have enough water (40 l/capita/day), very good water quality which does not require further treatment, less than one kilometer to the nearest water point and less than one hour of fetching time to the water point. Tharaka Nithi, Laikipia and Kwale seemed to generally score slightly better for the average service level of all sampled households. The two most common contributing factors for lowering the service level was the quantity (65% of cases) or the quality of water (80% of cases), and fewer cases the fetching time (40% of cases) or distance to water source (39% of cases).

**TABLE 29 PERCENTAGE OF HOUSEHOLDS IN EACH SERVICE LEVEL (SL) CATEGORY (1-4) FOR ALL UTILITIES AND AVERAGED FOR EACH COUNTY**

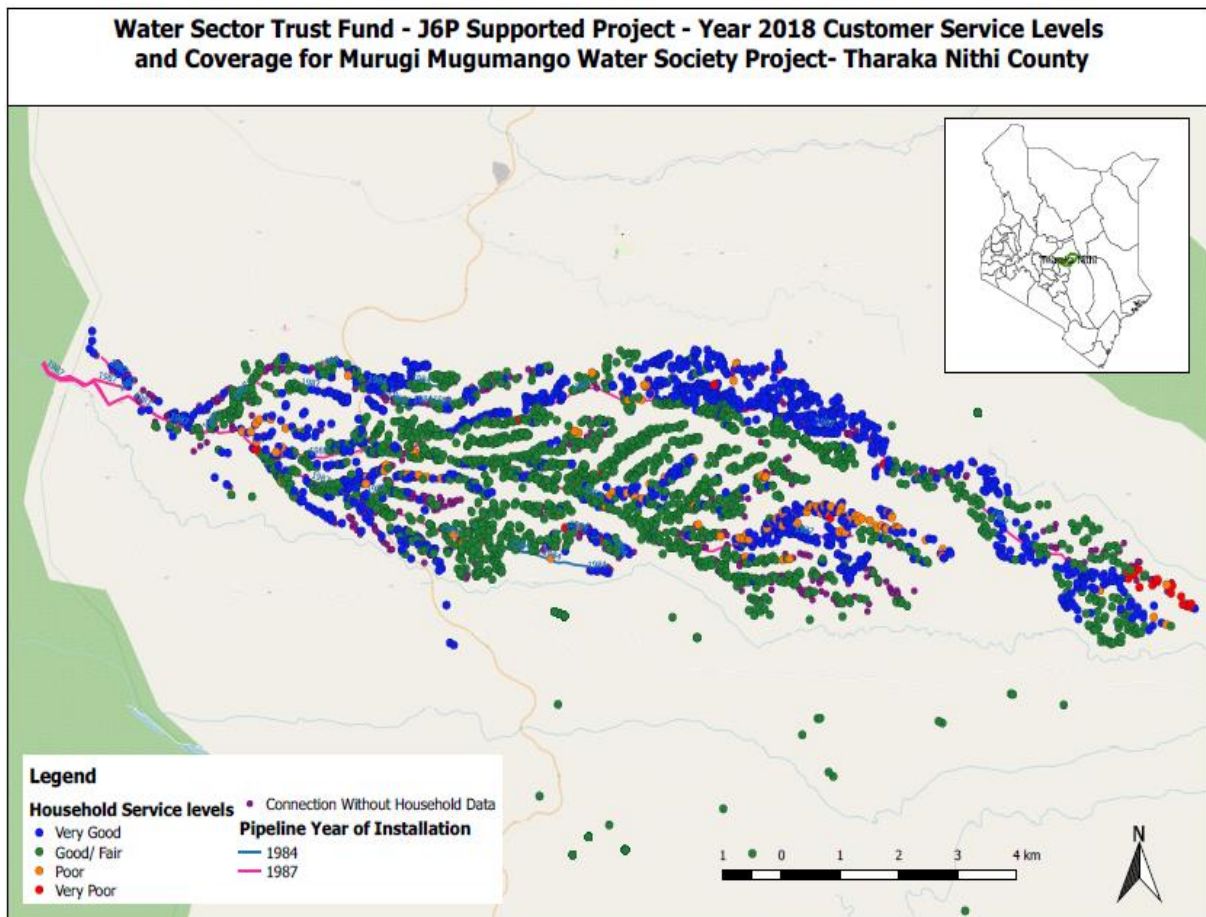
Utility / Project Name	No of connections	SL 1	SL 2	SL 3	SL 4	No of connections without SL data
Migori Rongo Water & Sanitation Project	101	6%	84%	10%	0%	106
Migori Kigonga Water & Sanitation Project	7	14%	43%	43%	0%	3
Nyaprosomy Water & Sanitation Project	14	21%	7%	64%	7%	5

Utility / Project Name	No of connections	SL 1	SL 2	SL 3	SL 4	No of connections without SL data
Nyanduong C Community Water Supply	67	27%	52%	9%	12%	4
Migori Uriri/Bware Water & Sanitation Project	82	13%	78%	7%	1%	45
Nyasare Water & Sanitation Co. Ltd	333	12%	55%	30%	3%	328
MIGORI	604	13%	61%	22%	38%	491
Lelmokwo Water WUA	91	7%	46%	31%	16%	82
Kobujoi community WUA	84	0%	46%	35%	19%	41
Cheptil dam WUA	97	0%	22%	78%	0%	53
Kimatkei/Kipkoil WUA	71	42%	21%	32%	4%	74
Kimngoror WUA	46	4%	59%	37%	0%	13
NANDI	389	10%	37%	44%	9%	263
Kamwene WUA	571	55%	42%	3%	0%	330
Nithi Kathwana Water Project	56	88%	11%	2%	0%	15
Nithi Kibunga Kakimiki Water Project	563	22%	71%	5%	2%	325
Murugi Mugumango Water Society	3315	38%	58%	4%	1%	770
Muthambi 4K Water Association	1633	58%	40%	2%	0%	774
THARAKA NITHI	6,138	44%	52%	3%	1%	2,214
Nyahururu Limunga Water Project	39	26%	67%	5%	3%	5
Nanyuki Katheri Project	224	55%	29%	9%	7%	228
Sipili Borehole WUA	180	33%	56%	7%	4%	129
Doldol water and sanitation association	63	6%	56%	38%	0%	22
Sirimon Self Help Group Water Project	486	17%	60%	22%	2%	80
LAIKIPIA	992	28%	52%	17%	3%	464
Majimboni Muungano Water Self Help Group	62	3%	48%	45%	3%	65
Mwangani Community WUA	28	79%	14%	4%	4%	8
Mrima Borehole & Pipe Extension Project	18	0%	50%	50%	0%	18
Panama Shimoni Water Project	115	47%	47%	4%	2%	33
Kwale Godoni - Chitsanze Water Supply Project	37	16%	65%	16%	3%	2

Utility / Project Name	No of connections	SL 1	SL 2	SL 3	SL 4	No of connections without SL data
Kwale Taru Gatsakuleni Water Project	16	75%	19%	0%	6%	14
KWALE	276	35%	45%	18%	3%	140
<b>TOTAL</b>	<b>8399</b>	<b>38%</b>	<b>52%</b>	<b>9%</b>	<b>2%</b>	<b>3572</b>

*Maps of households*

The below maps provide examples of the maps produced from the customer survey presenting the service level for two utilities, the Murugi Mugumango project in Tharaka Nithi County (Figure 15) and the Sirimon Water Users Association (WUA) in Laikipia County (Figure 16). Some patterns for the service levels are detectable from the maps, especially with Sirimon, where service level 3 (poor) are clustered around specific zones of the service area.



**FIGURE 17 HOUSEHOLDS SERVICE LEVELS IN MURUGI MUGUMANGO PROJECT SERVICE AREA**



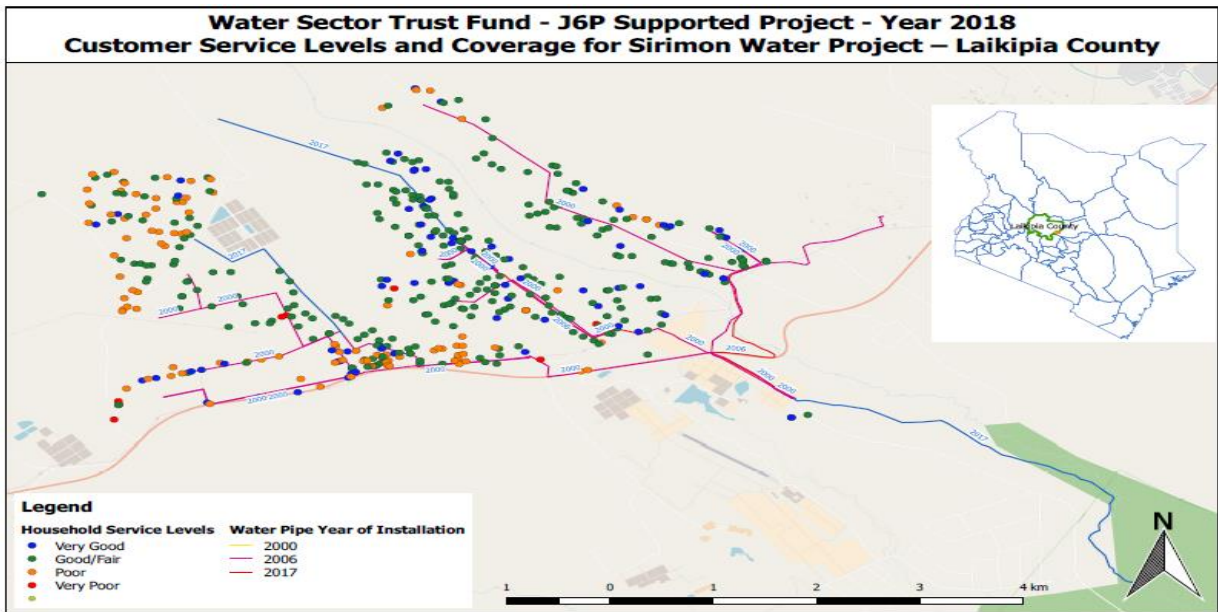


FIGURE 18 HOUSEHOLDS SERVICE LEVELS IN SIRIMON PROJECT SERVICE AREA.

*Infrastructure*

The mapping of infrastructure aimed at providing geo-referenced data on all the current infrastructure of each J6P funded utility after the completion of the J6P projects. The data included some technical details of the infrastructure in addition to the operational status and condition. Presented here are two example baseline maps for two projects: Murugi Mugumango water project in Tharaka Nithi County (Figure 17) and Sirimon water project in Laikipia County (Figure 18). Both project sites have pipelines, storage tanks and the water intake mapped. The mapping of infrastructure is to be continued as new infrastructure is added to the network.

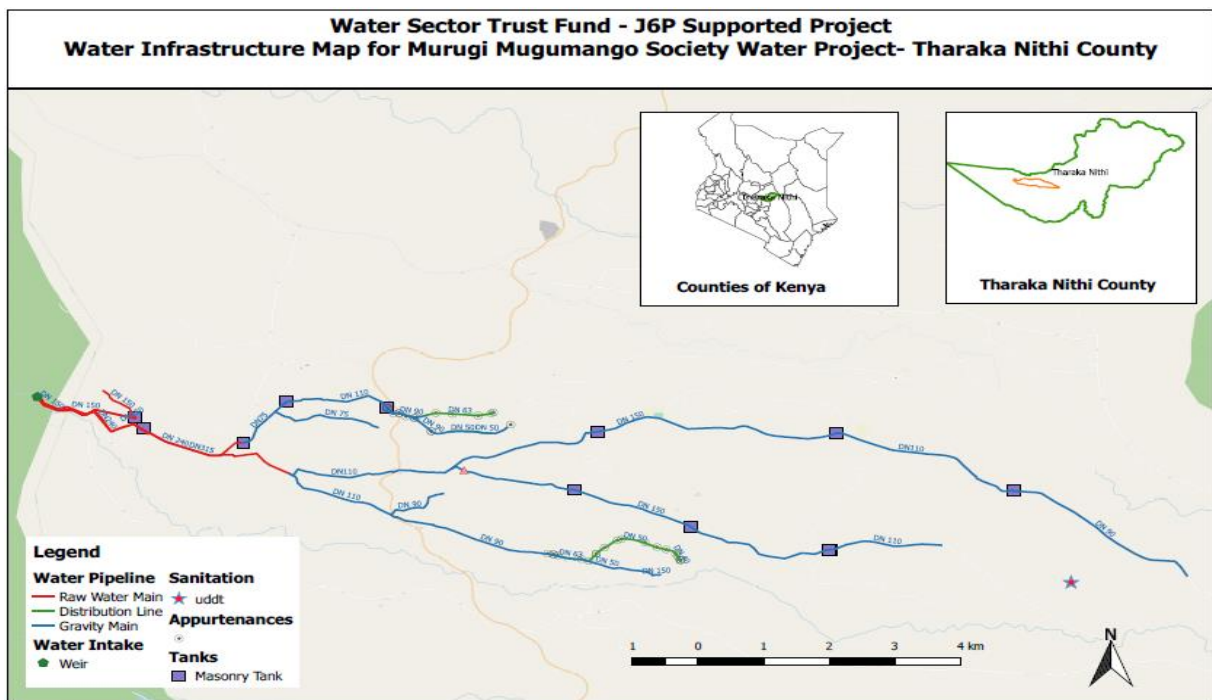
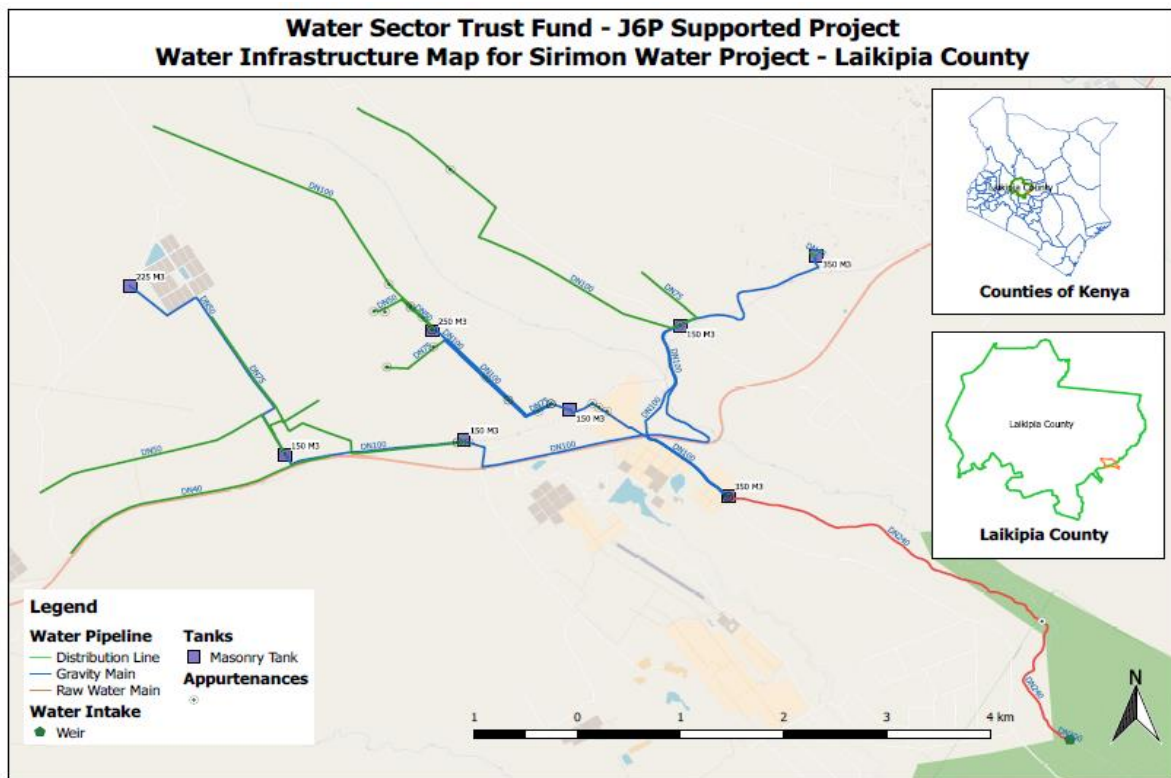


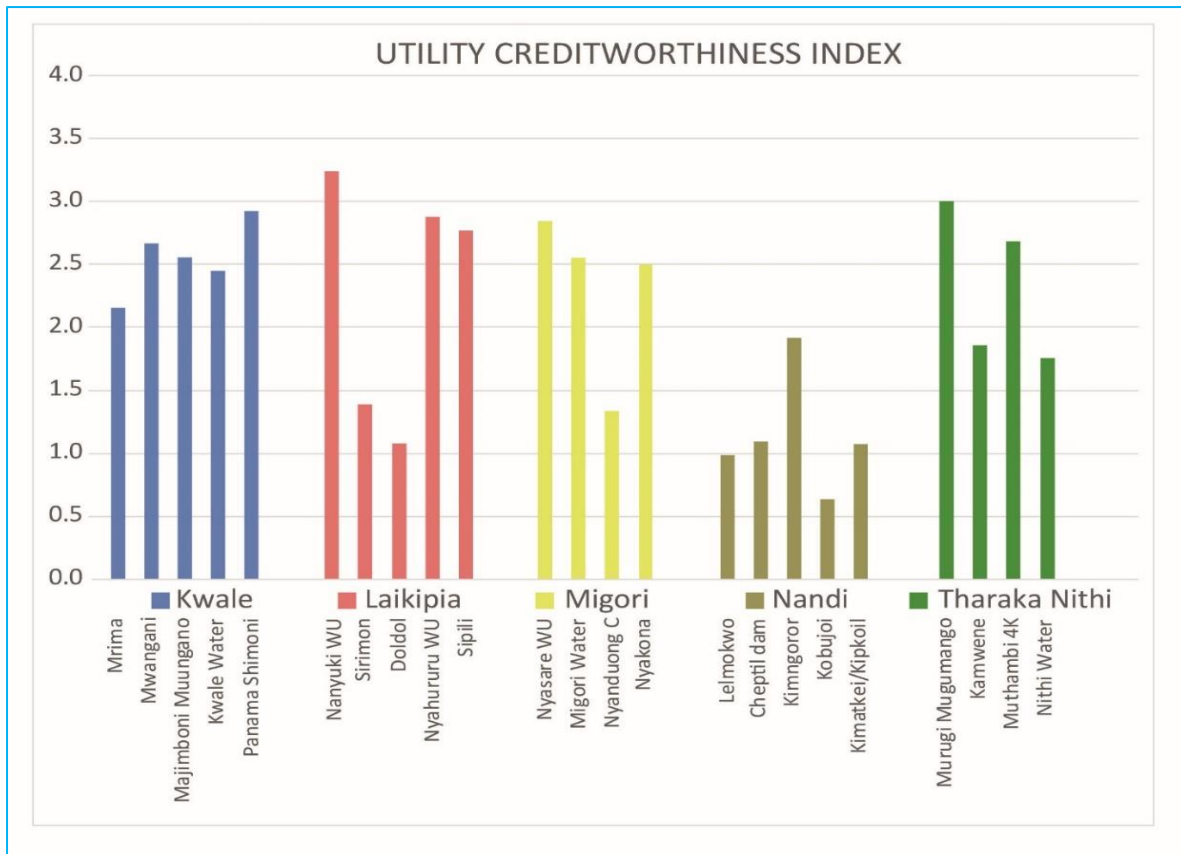
FIGURE 19 INFRASTRUCTURE IN MURUGI MUGUMANGO PROJECT



**FIGURE 20 INFRASTRUCTURE IN SIRIMON PROJECT**

### Creditworthiness Assessment

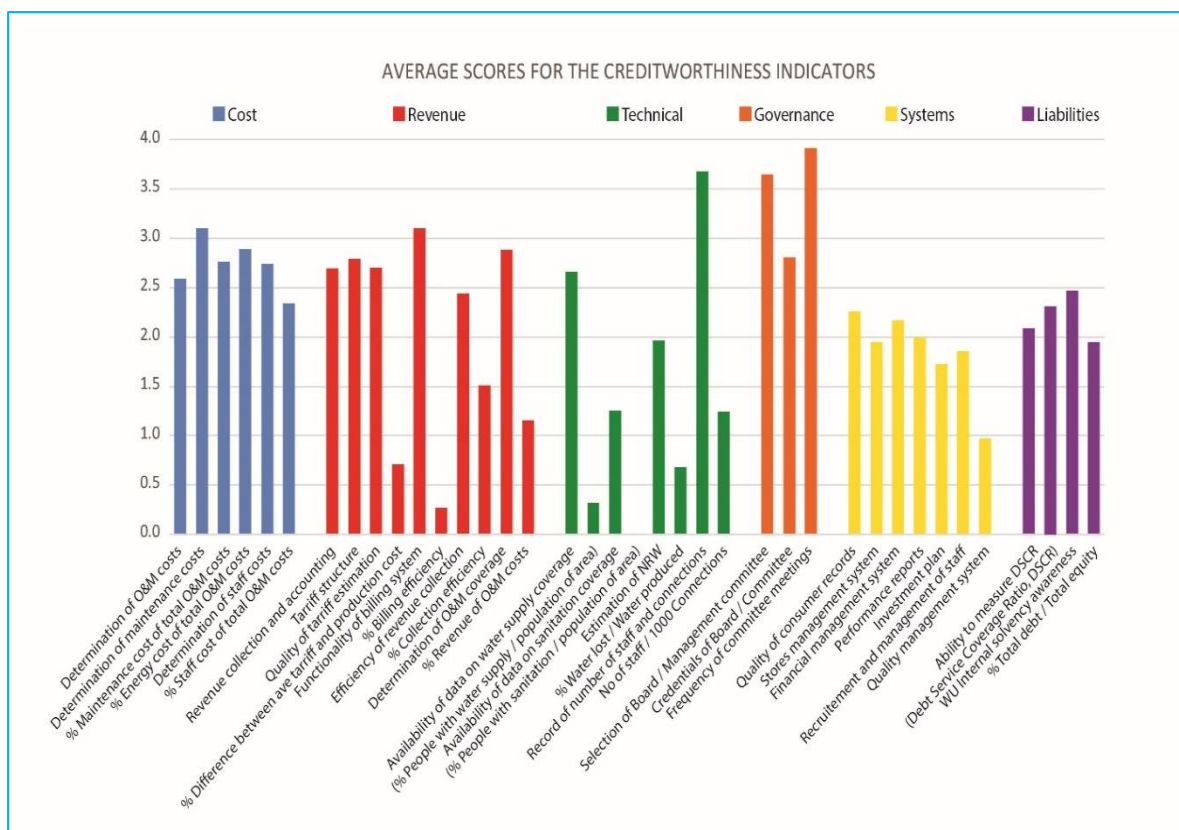
The scores for the Creditworthiness Index (CWI) for each utility are presented in Figure 22. It is evident that the water utilities, such as the Nanyuki Water and Sewerage Company mandated to supply water to Nanyuki town and its environs, the Nyahururu Water and Sanitation Company mandated to supply water to Nyahururu town and its environs, and the Nyasare Water and Sanitation Company registered as a company in 2013 performed better than their younger and less established counter-parts in terms of the creditworthiness. Out of the community projects, especially Murugi Mugumango scored well for creditworthiness. Especially the smaller, community run projects, namely Sirimon, a self-help project, Doldol, currently under formation and all community projects in Nandi, had more challenges with their financial systems, estimating indicators such as Non-Revenue Water (NRW), investment plans or management systems. Despite these challenges and the lower scores, it is still useful to highlight which areas need improvement and what the next steps should be in strengthening the operations of the utility.



**FIGURE 21 UTILITY CREDITWORTHINESS INDEX FOR EACH J6P PROJECT FUNDED**

Figure 22 shows the average scores for each indicator contributing to the CWI for all recorded utilities. The indicators focus on six key areas: Expenditure, Revenue, Technical systems, Governance, Operational systems and Liabilities. It is shown that the areas of governance seemed to perform better than the other result areas. The qualitative indicators seemed to generally get a higher score than the quantitative ones. Even the indicators that were describing the same issue both qualitatively and quantitatively scored much higher on the qualitative indicator. There is a tendency to estimate the qualitative indicators optimistically, whereas the corresponding quantitative data, which tells the same story in figures, shows a much worse scoring across the board. This demonstrates that more attention needs to be paid when asking the questions on the qualitative indicators to avoid overly positive estimates of the situation in reality.





**FIGURE 22 AVERAGE SCORES FOR THE CREDITWORTHINESS INDICATORS ACROSS ALL J6P UTILITIES**

### *Action Areas in Utility Mapping*

The WU mapping aimed at producing maps for households and infrastructure for all the J6P utilities that have been funded through the programme. The infrastructure maps show all the investments of the utility with technical data and information on their operational status. The household survey collected data on the level of water supply and sanitation services which were compiled into an index on service level. Also, data was compiled to calculate the CWI for each J6P funded utility.

Through the household survey, water utilities can have a means of engaging the customers and would have an opportunity to continue to build trust and credibility as they respond to the customers concerns. Also the utilities will be able to track the changes in their coverage and service levels as the schemes develop and expand.

During the mapping the utilities were meant to be capacitated to continue the mapping as part of their other daily operations and to train them on the concept of the mapping and the tools. However, there is still need for re-engagement with the utilities to ensure continued mapping of their own utilities. This is necessary despite the fact that the utilities found the tools easy to use and the concept was readily grasped. The key part is to ensure that there are specific people dedicated to continue the mapping as part of routine activities. The utility could make mapping of any additional or rehabilitated infrastructure as a mandatory requirement for proving of the completion of work. Similarly the utilities could also make it mandatory for all new households to be mapped prior to the actual connection which would provide the baseline service level data that would be used later to determine the impact of the supply to the service level at the household level. Also, there needs to be a change in mentality as many of the utilities perceived that the mapping was done for the WSTF and not for the benefit of the utilities themselves.

The long term objective is to upscale the utility mapping to other utilities and counties and take it as a systematic approach in all the programmes funded through the WSTF. This would support all the funded

utilities in becoming well-established and sustainable entities which attract investments and customers. Broad cooperation with the numerous stakeholders and especially with the sector regulator should be pursued to make the mapping as a sector standard and to promote transparency across the sector.

Comprehensive mapping report is being prepared and will be shared. The mapping report will include all the produced maps and more detailed analysis of the creditworthiness survey and the household data. The report will also include comparative analysis of the data collected in 2017 and 2018, highlighting the change in service levels as well as the financial and operational management of the utilities after the completion of the J6P projects.

### Key Recommendations on Utility Mapping

Baseline maps for all J6P supported utilities have been completed for households and infrastructure. The infrastructure maps show all the investments of the utility with technical data and information on their operational status. The household survey collected data on the level of water supply and sanitation services which were compiled into an index on service level with all data being geo-referenced.

Data for calculation of the creditworthiness index has been compiled for each J6P funded utility.

The android tools that were developed for the exercise served the purpose well, after some adjustments had been made.

The utilities and Counties were engaged in the exercise to capacitate them in utility self-mapping and to train them on the concept of the mapping and the tools. However, there is still need for re-engagement with the utilities to ensure continued mapping of their own utilities.

The utilities need to be supported after the projects have been completed to map the change in service levels. This will allow a review of the impact of the projects when compared to the baseline maps.

The tools and the approach needs to be revisited in order to accommodate upscaling of the WU self-mapping concept to other utilities and Counties

# Joint Annual Operations Monitoring of WSTF investments – 2017

## Introduction and Rationale

The WSTF, its development partners and the counties are increasingly emphasizing the need for sustainability, the need to monitor the functionality and performance of the existing (WSTF-funded) infrastructure and schemes. The objective of the WSTF is to ensure that five years after commissioning 95% of all infrastructures are still fully operational and in good technical and operational condition. The Joint Annual Operations Monitoring Exercise (JAOME) was carried out for the second time during August – September 2017. The aim of the JAOME is to assess the operational status and the sustainability of the investments funded by the WSTF during the previous five years (2012-2017). The exercise also informs whether the funded infrastructure has been implemented and are used according to the intended purposes.

Through establishing the operational status of the WSTF-funded infrastructure, the Joint Annual Operations Monitoring Exercise (JAOME) supports long term planning and robust monitoring through identifying supply and service gaps, highlighting underserved areas and ensuring better controls for future funding based on performance. It also supports learning lessons on what kind of investments work and why, thereby informing future investment planning and priorities. Finally it allows key stakeholders to monitor coverage and access, ensuring accountability for the past investments.

## Methodology

The data was collected using an Android application which gives provision to capturing the geo-referenced coordinates as well as provides for an ‘as is’ photograph of each investment. The results of the annual operations monitoring exercise are published on Georeferenced maps based on geo-referenced data based on a web platform which enhances transparency, accountability and sustainability.

During the first JAOME (2016) all 788 completed WSTF-funded projects from the 5-year period of 2011-2016 were visited. This baseline data is essential for future operations monitoring, but due to limited resources, it was not be possible to carry out the exercise on the same scope every year. Based on the lessons learned from the JAOME 2016, the concept and methodology of the exercise was thus partially revised.

Instead of monitoring all projects as done the first year (2016), the projects were sampled instead. The sample included 445 projects, covering 58% of all projects funded during the review period. The sample was designed to be representative in terms of the age of the investments, the different investment programmes as well as the counties. Firstly, the sample varies depending on the age group of the projects. All projects are monitored, when they have reached their five-year completion anniversary (sample size of 100%). The projects are considered to be fully handed over to the implementing partners after the period of five years and are no longer monitored by the WSTF. Furthermore, all newly completed projects are monitored within their first year of operation. The 2nd, 3rd, and 4th year-projects are sampled. Of each year 33 percent of the projects will be visited. The 33% rotates so that all of the projects are visited once within the three years. After setting the criteria for the sample, the projects were picked at random. During the monitoring, each investment/component within each sampled project was visited. This sampling approach has been successfully implemented in the second JAOME of 2017.

The monitoring methodology includes interviews with key stakeholders, documentation review, and observations on technical feasibility, operational status of the investment projects, management capacity, approaches and challenges, and the status of the infrastructure. The observed information is filled into forms using an Android application on GIS-enabled tablets.

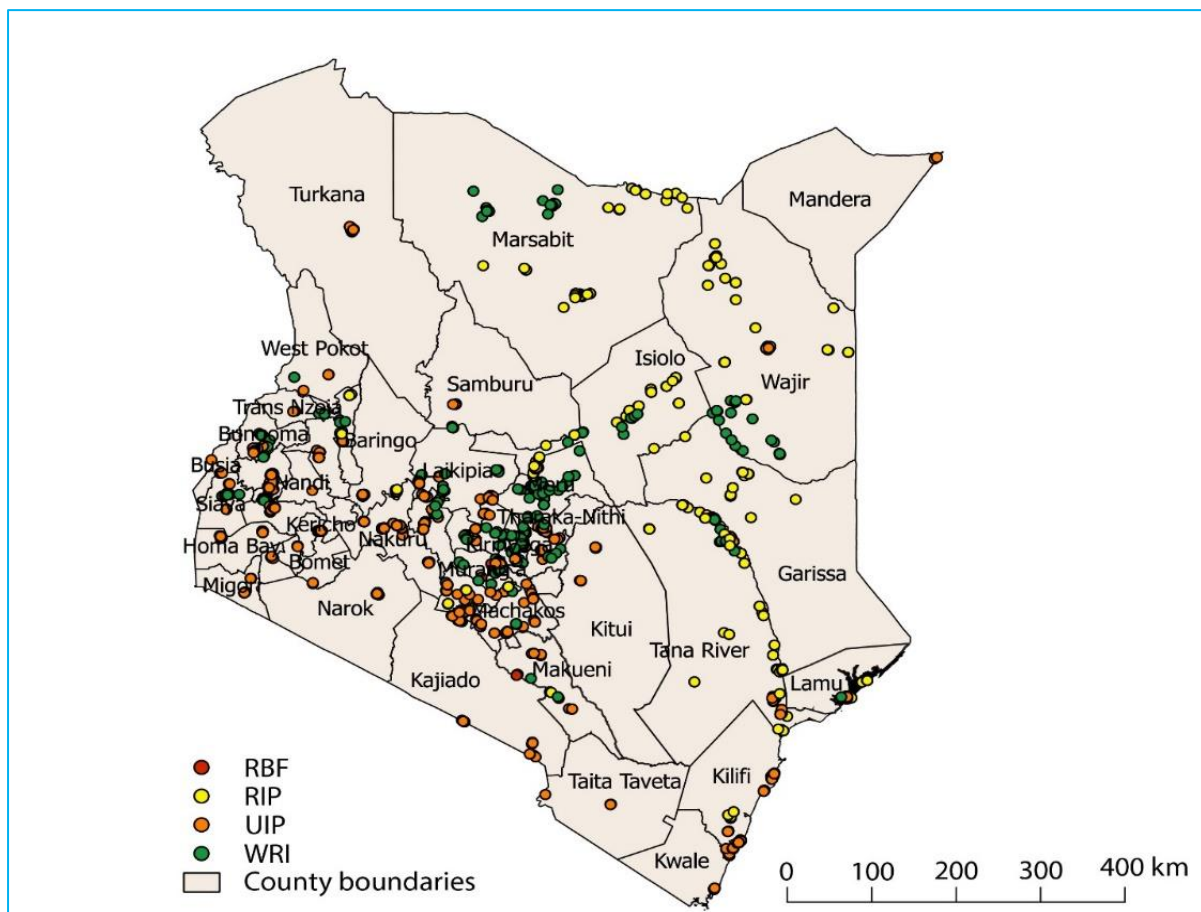
In the second year of JAOME the quality assurance of the data was developed to be more systematic. Information on all the projects to be monitored were loaded to the monitoring tools in order to have a reference to what is expected to be found on the ground including the locations and the project briefs describing the funded project components. Also a two phased quality check was carried out. First, the field teams went through the data with the team leaders before submitting it to the Trust Fund. Secondly, the submitted data with focus on the key indicators, including the operational status, the condition and the

quality of works, were checked against the picture of the investment and, if necessary, changed. Another team double-checked those answers, after which the dataset was ready for analysis.

In the long term the aim is to have a streamlined monitoring system both in terms of the tools as well as a consistent data quality. In order to take steps towards the harmonization of the data collection and monitoring systems, the tools were revised to incorporate also the requirements of the urban investment programmes. In addition, the monitoring questions were tailored to fit the investment types more accurately to cater for more precise data for each investment. The harmonization of the data collection systems helps in comparing data across programmes which is a key step towards a systematic and robust monitoring system.

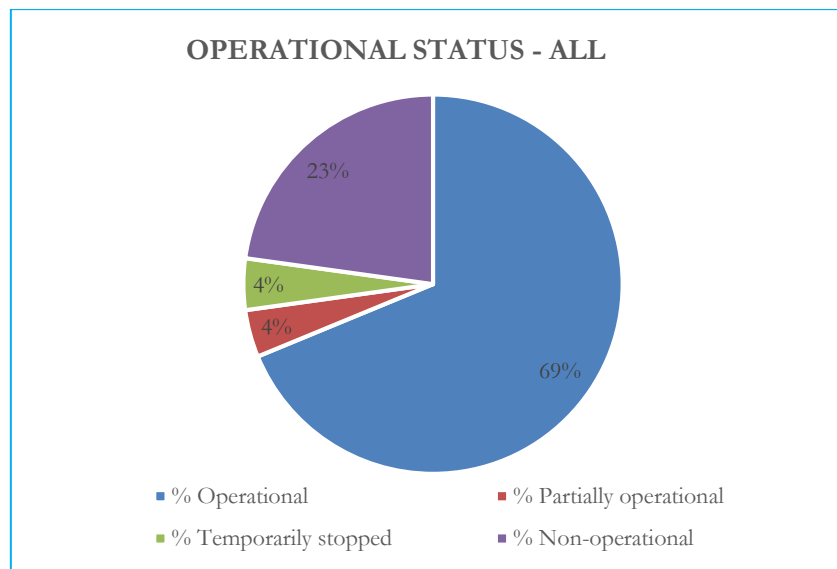
## Results

The planned operations monitoring targeted 445 projects, out of which 414 were decided to be safe to monitor after a closer evaluation, excluding the projects on the Lamu main land (closed for security reasons). Out of these, 390 were reached, with some factors such as weather, security or closure to access impeding the reaching of some projects. The 390 projects covered 1,736 investments, out of which 11 were under Results Based Financing (RBF), 991 under the Urban Investment Programme (UIP), 415 under Rural Investment Programme (RIP) and 318 under Water Resources Investments (WRI). Locations of the monitored investments are shown in Figure 21. Out of the investments, 97% were found to be completed.

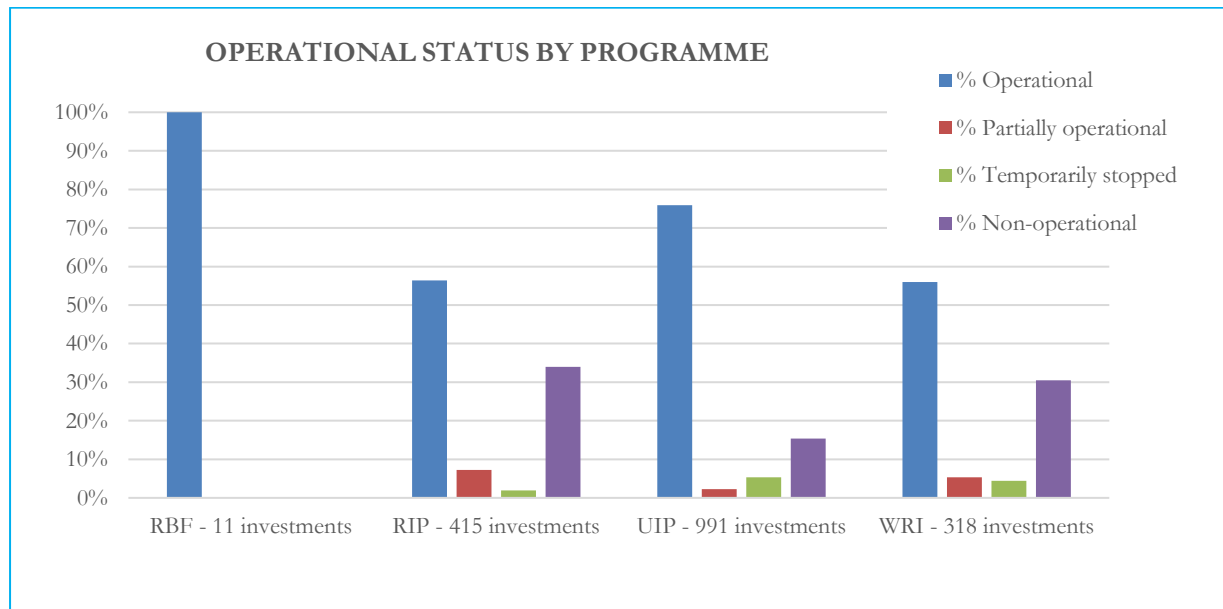


**FIGURE 23 GEO-REFERENCED LOCATIONS OF THE MONITORED INVESTMENTS BY INVESTMENT WINDOWS**

A total of 69% of all visited infrastructures were found to be operational<sup>45</sup> (Figure 23), where 100% of the RBF investments, 76% of the urban investments, 56% of the rural investments and 56% of the water resources investments being operational during the time of visit (Figure 24). When comparing investment categories, the sanitation was the most successful one with 82% of investments operational, whereas 66% of water supply investments and 56% of water resources investments were found to be operational (Figure 25).

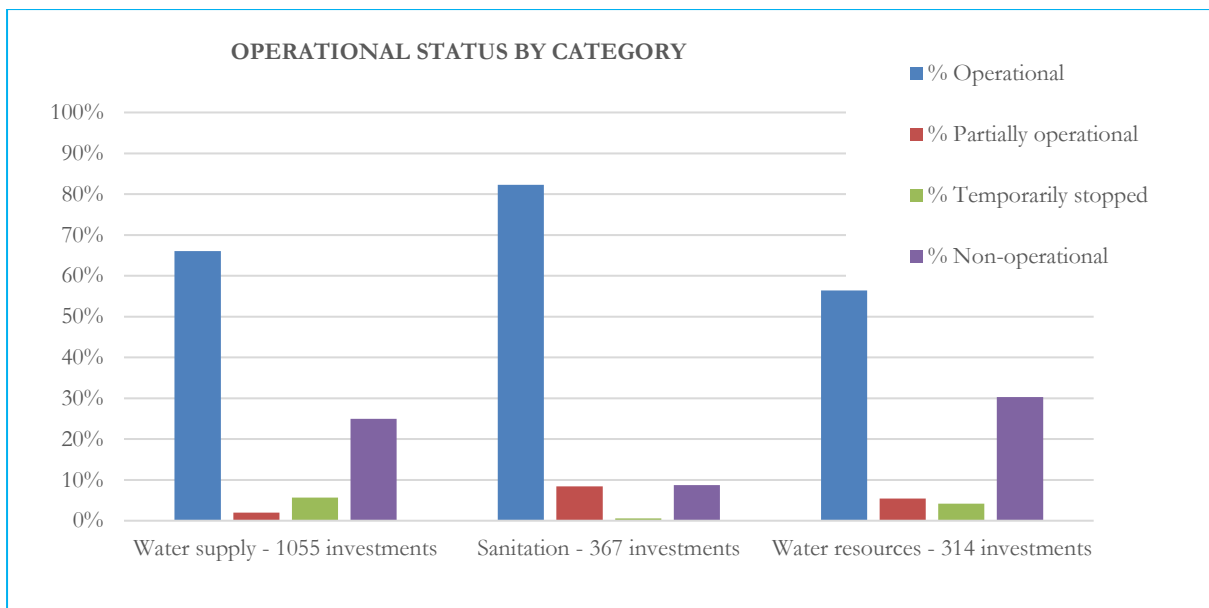


**FIGURE 24 OPERATIONAL STATUS OF ALL INVESTMENTS FUNDED BY WSTF DURING 2012 – 2017**



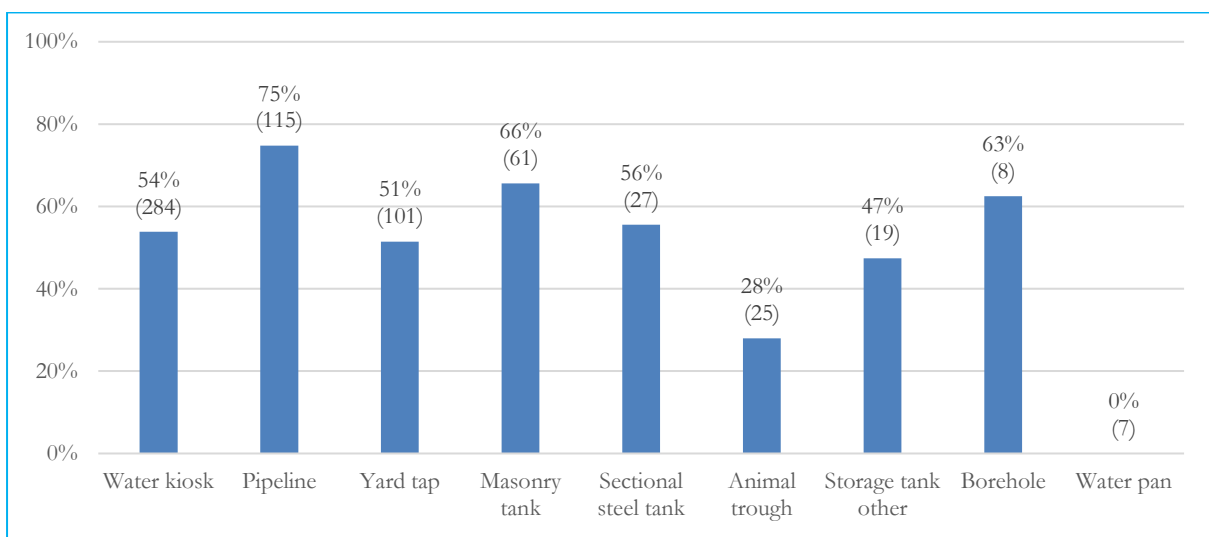
**FIGURE 25 OPERATIONAL STATUS BY PROGRAMME**

<sup>45</sup> An investment was considered to be operational if it was operating at the time of visit, temporarily stopped if the structure was functional but for example the water source was temporarily dry, partially operational if some of the investment was operating while some components were not, and non-operational if the investment was completely non-functional, it was not being operated or used or the water source permanently dry.



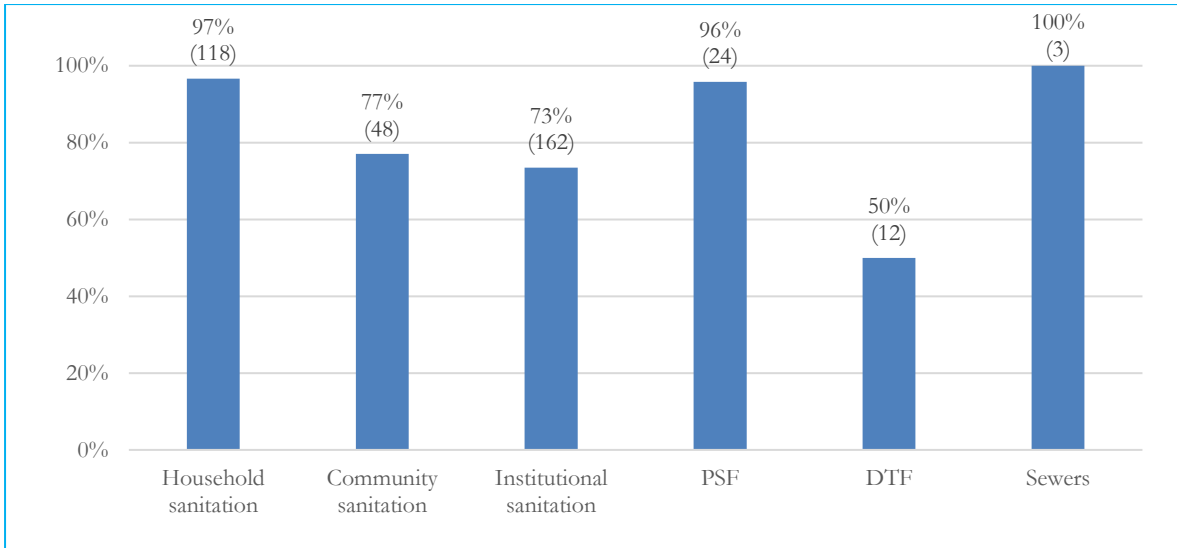
**FIGURE 26 OPERATIONAL STATUS BY INVESTMENT CATEGORY**

The most common water supply investment types and their operational status are presented in Figure 25, showing that the more successful water supply investments have been pipelines, boreholes and storage tanks, whereas none of the seven water pans were found to be fully operational. The non-operational status of the water pans can be partially explained by the prevailing drought conditions at the time of monitoring.



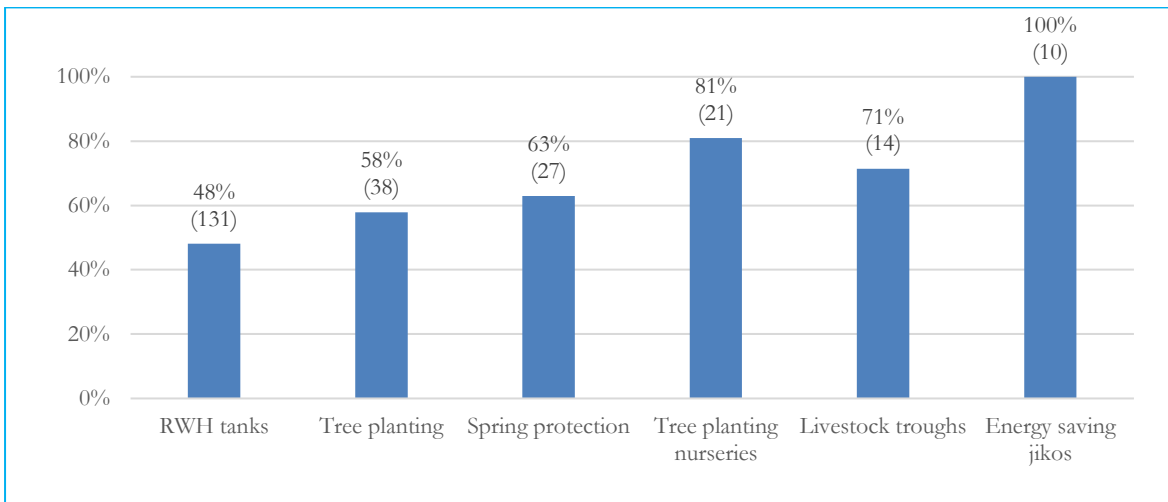
**FIGURE 27 OPERATIONAL STATUS OF THE MOST COMMON WATER SUPPLY INVESTMENT TYPES**

Out of the sanitation investment types, the household sanitation funded under the Upscaling Basic Sanitation for the Urban Poor (UBSUP) concept as well as the Public Sanitation Facilities (PSFs) were most commonly operating (Figure 26). The PSFs were commonly found to be in frequent use with a good level of revenue collection.



**FIGURE 28 OPERATIONAL STATUS OF THE SANITATION INVESTMENT BY TYPE**

In water resources, the energy saving jikos and the tree nurseries were more successful with over 80% of the investments found to be operational, whereas the water harvesting tanks were commonly found to be non-operational due to often missing a connection to the water harvesting structures. Instead of operating for collecting rainwater, the tanks were commonly used for storage for other purposes.



**FIGURE 29 OPERATIONAL STATUS OF THE MOST COMMON WATER RESOURCES INVESTMENT TYPES**

### Sustainability Index

The Water Fund’s Sustainability Index (SI) is a statistical measure describing the sustainability of investments for each County. This tool was established for JAOME 2016 as a key quantitative performance measure to facilitate the assessment and monitoring of sustainability of investments in the Counties to support progress evaluation over time and the development of appropriate response measures. For the purposes of the assessment, sustainability will be defined as the ability of an investment to realize the objectives within 5 years of operation. This definition is purely focused on outcomes and outputs of the investments.

In addition to the County level assessments, the National Level average will be assessed and any County with an index of less than 70% of the National Average will be red flagged and considered as a High Risk



County. This year's assessment and analysis builds on the baseline created in Year 2016. It is expected that refinements to the Index will be made annually in line with best practices, better methodological approaches and availability of better performance indicators. However, during the second year the same indicators were used so that comparisons to the baseline can be conducted.

The sustainability Index comprises of four categories- the Functionality and Reliability of an investment, Revenue collection, Age and Survival rate of an investment and the Functionality of an investment.

The function is specified as:

$$SI=f(FR,RC,AS,GC)$$

#### **EQUATION 1 CALCULATION OF THE SUSTAINABILITY INDEX**

Where:

*SI is the Sustainability Index*

*FR is the Functionality of the investment*

*RC is the Revenue Collection*

*AS is the Age and Survival (and operational) rate of an investment*

*GC is whether the investment is in Good Condition (and operational)*

The Sustainability Index score is between 0 - 100%, with 100% depicting a high sustainability rate of the investments. The highest weight (50%) was given to revenue collection with the idea that without revenue collection, the investment does not have long term sustainability. Functionality, i.e. the operational status, is a key attribute to describe the status of the services and is given the weight of 25%. The age and survival rate of the investment is given a weight of 15%. The condition of an investment is given a smaller weight (10%) since the condition is, while important, not essential for the usability and sustainability of the facility.

The results for the County Sustainability Index show that there is a large variance in terms of the sustainability of investments across the counties. The best performing counties were Nandi (though only one investment), Kwale (8 investments), Migori (18 investments), Nyandarua (70 investments), Nairobi (4 investments), Kakamega (14 investments), Turkana (27 investments) and Kisumu (33 investments), in that order. In all top performing counties all the projects were funded through the urban investment window. The performance difference between urban, rural and water resources projects is largely related to revenue collection, which is higher for urban investments. In both JAOME 2016 and 2017, there is no doubt that the urban investments, which because of their connection to the established WSPs, collect revenue across the board, the sustainability index is consistently higher. This points to the need to build a strong culture of revenue collection and management under a regulatory regime preferably linked to WASREB, for the upcoming WUs. The three lowest performing counties, namely Nyamira, Mandera and Bomet, did not have any operating investments.

It should be noted that though the sustainability index can be used as indicative of the sustainability of investments in counties, it cannot be used as the sole indicator to determine future investments, as more performance indicators are necessary to provide a fully informed and accurate picture of the sustainability of the investments in each county. The relevance and weight of the SI is strongly influenced by the numbers and values of investments, in this case, the per capita investment costs. In the future, investment per capita should be reflected to the SI results in order to inform the investment policy of WSTF on the most optimal size and amount of funding to reach sustainable results.



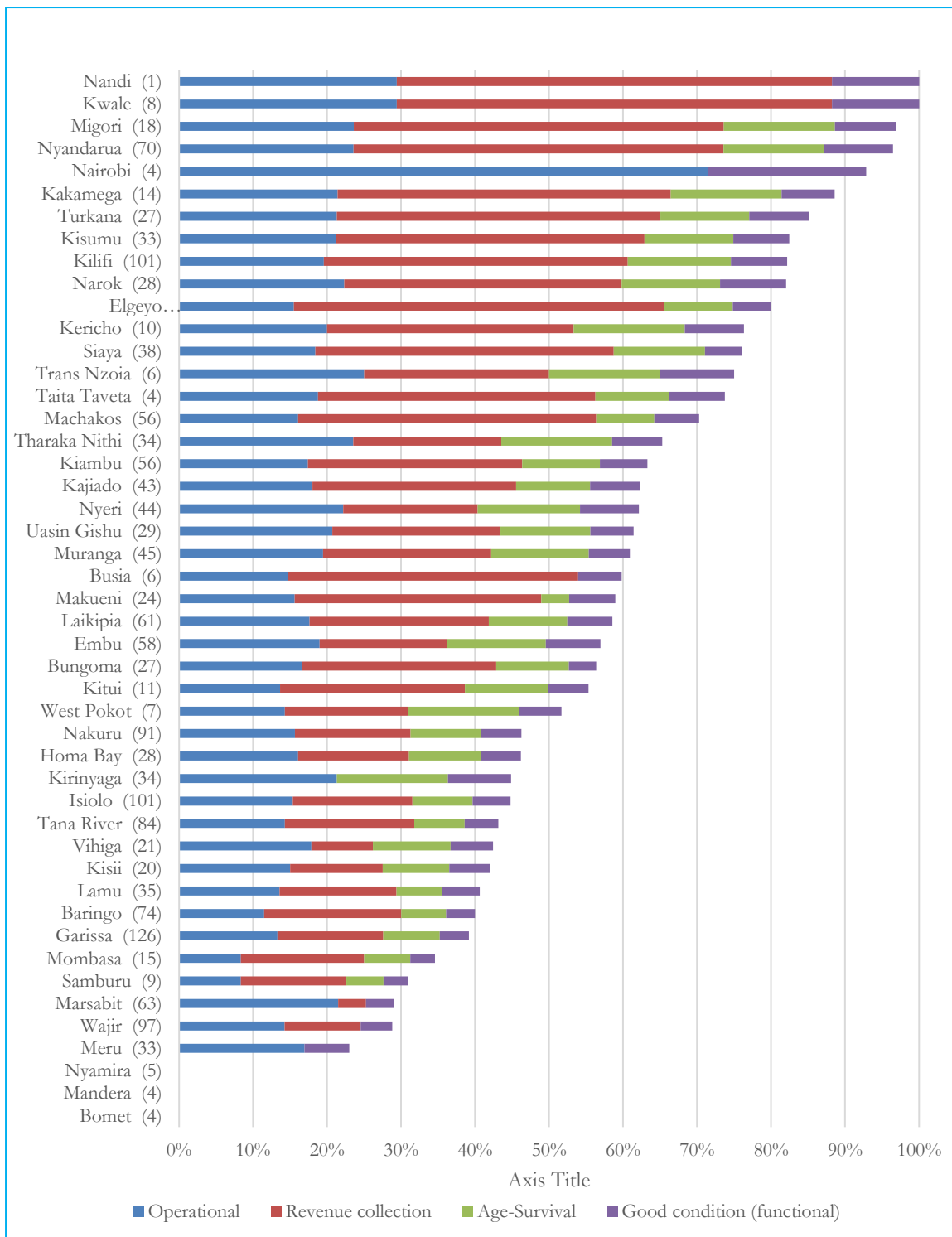


FIGURE 30 OVERALL COUNTY SUSTAINABILITY INDEX

## Trends

The Operations Monitoring conducted in 2016 provides a useful baseline for comparisons with data collected in the subsequent years. The comparisons should however be done with caution since there are some differences in the methodology used in the first and the second year. Firstly, the projects are different as the first year covers those of 2011-2016 and the second year those of 2012-2017. Secondly, the projects of years 2013-2016 were sampled in the second year. The county SI thus depends largely on the type of investments that are monitored that specific year. However, counties performing consistently well or poorly based on the SI helps in the consideration for future WSTF support, but observing this requires a long-term and consistent monitoring. Thirdly, the quality control for the data was more systematic during the second year as described in Methodology Section. This meant that it was determined more strictly whether or not a specific investment is considered to be actually operational, affecting the overall sustainability score. Fourth, some changes were done to the tools, including the question on revenue collection more specifically directed on investments such as distribution systems, intakes, and water resources management structures, livelihoods, PSFs and decentralized treatment facilities (DTFs). The revenue indicator was then counted as the percentage where revenue is collected out of the number of investments where revenue should be collected. In the previous year the indicator was calculated as percentage of investments where revenue collected out of all investments (including investments such as fencing).

The new method of calculating is more precise but naturally also results in a change in the indicator value. Also, in 2016 the urban projects were approximated to be collecting revenue if revenue collection efficiency for the project areas were  $> 0\%$ . This meant that the revenue collection was estimated more optimistically in 2016, whereas in 2017 the indicator was more accurate.

The overall national SI was 56% in 2016 and 55% in 2017, and no major difference between the two monitoring years. The county SI partially followed the same patterns as last year, with counties such as Meru, Garissa, Baringo, Lamu, Vihiga, Tana River, Nakuru, West Pokot, Makueni, Tharaka Nithi, Kakamega, Nyandarua and Nandi getting the SI index with a less than 10% difference to the previous year (Figure 29).

The counties where a difference of more than 20% to last year's index occurred included: Bomet, Marsabit, Samburu, Mombasa, Homa Bay, Kitui, Embu, Busia, Kericho, Elgeyo Marakwet, Narok and Turkana. In Bomet, all four monitored investments were funded during FY 2016/2017 through urban investment window under one project which was non-operational due to water shortage. The previous year the monitored project and its three investments funded in 2012/2013 were fully functional and thus the SI score was quite high. In Marsabit, majority of the projects monitored both in 2016 and 2017 were institutional sanitation and rain water harvesting structures. This year specific care was taken to clean the data making sure that if for example a toilet was missing doors or if a rain water harvesting tank was not connected to the gutter, they were not recorded as functional. This most likely has lowered the score for the Marsabit investments this year. In Samburu, last year only one project was monitored with nine components and it was considered largely operational with only one investment non-operational. This year the entire project was non-operational, as the fencing and the water source had been destroyed by vandalism. In Mombasa the SI score had lowered drastically as last year one fully functional project was monitored and this year two of the water kiosks were non-operational, one lacking a water source and another due to operational issues. This year also two other projects were monitored in Mombasa, one new one that was incomplete and one 5-year old one which was almost entirely non-operational due to the area not having enough water for the project to run. Also the SI score lowered drastically for Homa Bay, as revenue collection in the projects had gotten much more irregular, whereas in the previous year revenue was recorded as being collected in 100% of the infrastructure. Again, in Kitui, the revenue collection was the largest determinant in the difference between the SI score in the previous year in comparison the next year. Further, in Embu the main difference between years 2016 and 2017 in terms of the SI score is found in the revenue collection efficiency. Four recently completed WRUA projects were monitored in Embu, which commonly do not collect revenue, thus affecting the SI score negatively. In Busia, the set of projects monitored were completely different from previous year, making comparisons difficult to make and thus

explaining the large difference in the SI score. Finally, in Kericho, the difference in the SI score of 2016 and 2017 can be largely explained by the difference in revenue collection and the change in the methodology applied in estimating the indicator.

A major improvement in the SI score since 2016 occurred in Elgeyo Marakwet, Narok and Turkana. In Elgeyo Marakwet the difference can be explained by a large change in the indicator describing revenue collection. A significant change in the SI score for Narok can be explained by the fact that in 2016 two largely non-operational rural projects were monitored whereas in 2017 four largely operational urban projects were monitored. Finally, in Turkana the projects monitored in 2017 mostly collected revenue, which improved the SI score considerably. In the rest of the counties the difference between the SI score in 2016 and in 2017 fell in between the difference of 10-20%.

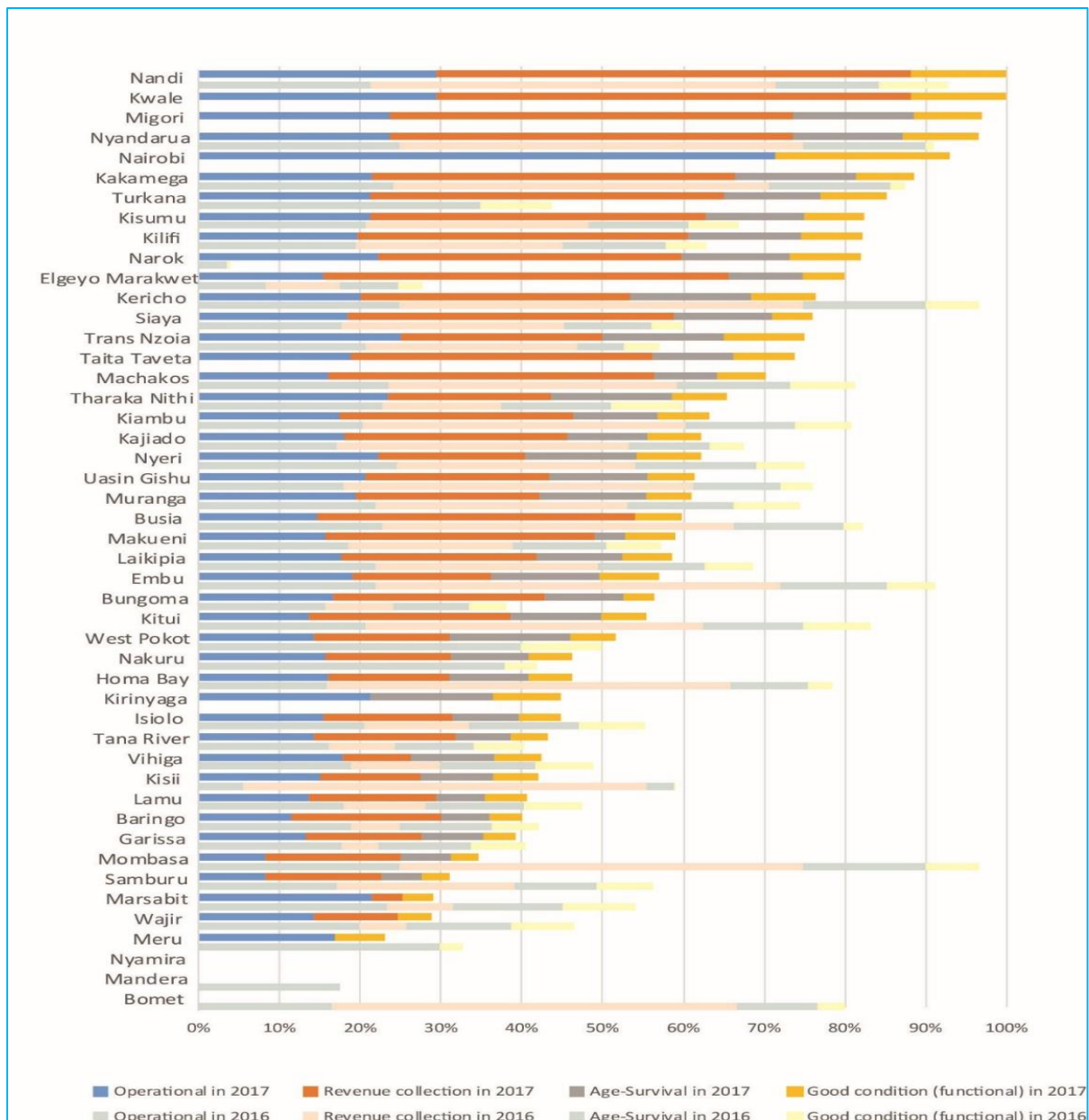
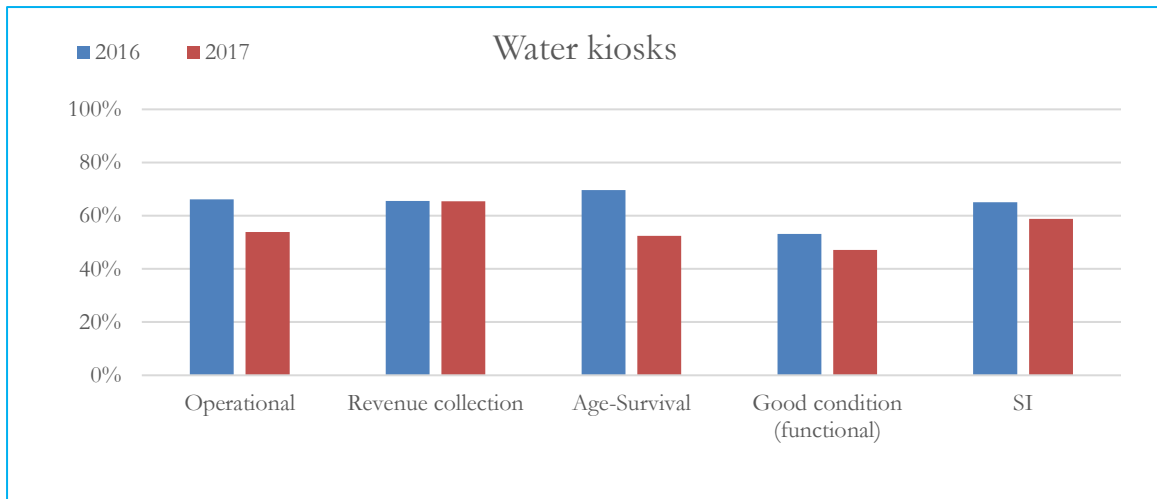


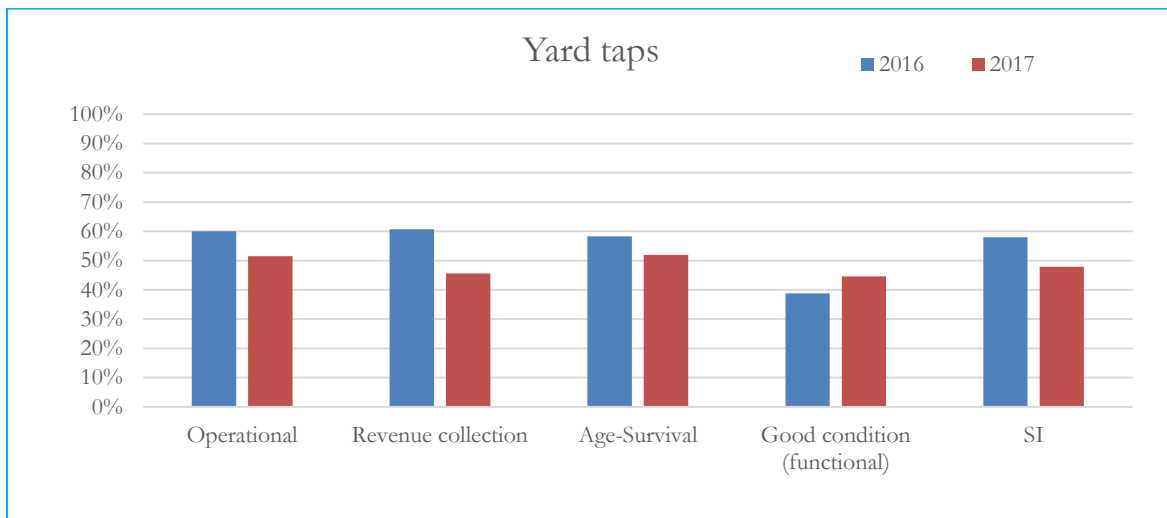
FIGURE 31 COUNTY SUSTAINABILITY INDEX IN 2016 AND 2017

If key investment types, namely water kiosks, yard taps, PSFs and rain water harvesting (RWH) tanks are compared for the results of the SI in 2016 and in 2017, it is evident that they follow similar patterns (Figure

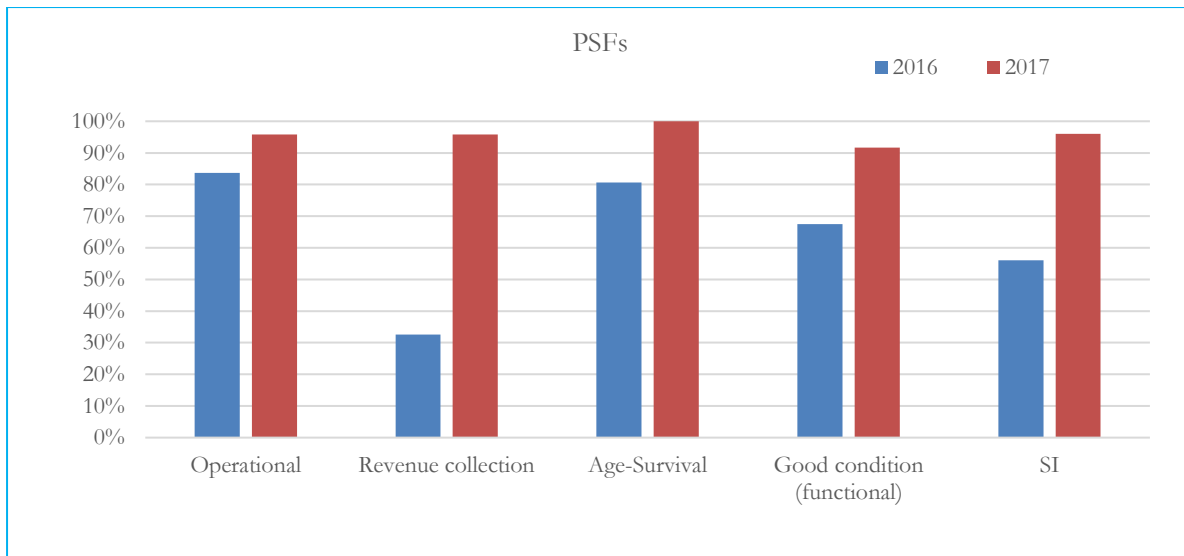
30-33). The water kiosks and yard taps have a slightly lower score for each indicator, but this is most likely a result from the more systematic data cleaning, where a more strict criteria was applied for determining whether a not an investment is operational. The monitored PSFs show a better score in the subsequent year, largely due to a more frequent revenue collection. Also, many of the newly monitored facilities had been completed in year 2016/2017, which has a positive impact on the recorded overall operational status of the PSFs. For RWH tanks the indicators for operational status and for condition were significantly lower than in the previous year mostly because the data cleaning carried out in 2017 meant that many of the tanks recorded as operational were changed to non-operational due to the tank not being connected to the gutter, even if they were operating as storage tanks instead.



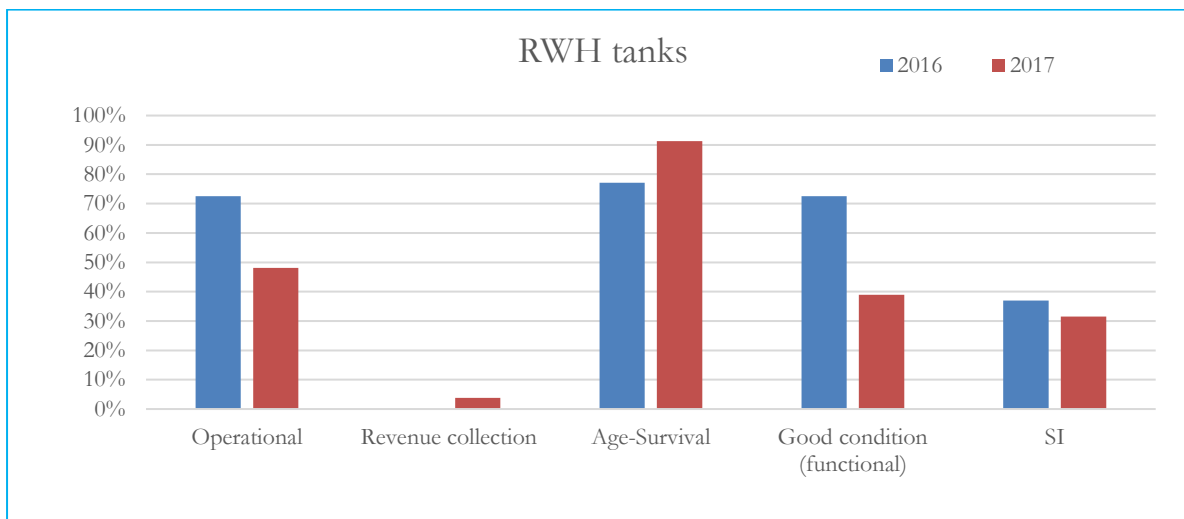
**FIGURE 32 SUSTAINABILITY INDEX FOR WATER KIOSKS IN 2016 AND 2017**



**FIGURE 33 SUSTAINABILITY INDEX FOR YARD TAPS IN 2016 AND 2017**



**FIGURE 34 SUSTAINABILITY INDEX FOR PSFs IN 2016 AND 2017**



**FIGURE 35 SUSTAINABILITY INDEX FOR RAIN WATER HARVESTING TANKS IN 2016 AND 2017**

### Key findings and recommendations

The future operations monitoring will provide increased opportunities in observing trends and for conducting more detailed comparisons across counties and investment categories in terms of the operational status and the sustainability of investments. The more established the methodology becomes, the more concrete conclusions and robust findings can be drawn on the performance of different counties as well as on the success rates of various investment types in order to inform future investments.

Based on the collected data it was possible to establish the operational/functional status of the funded investments, however, comprehensive findings on factors affecting or influencing the sustainability of these investments requires a more in-depth study on the management, implementation and operational levels throughout the different stages of the project cycle. Against the WSTF target of 95% of investments being operational after five years of commissioning, merely 56% of rural investments, 56% of water resources investments and 76% of urban investments were found to be fully operational for the period under review. This corresponds to as many as 390 out of the total of 1,736 monitored investments being non-operational, in addition to some being temporarily stopped or only partially functioning. The three most common and easily identifiable reasons for non-operational status were found to be the water source lacking or being unreliable (41% of non-operational investments), the investment having poor structural integrity (33%), or natural/climatic causes, such as drought (22%). Undoubtedly the persisting drought especially in the

northern parts of the country has affected the operational status of many of the investments, especially of the rainwater harvesting structures. When looking at a broader picture, poor or non-existence of proper management and governance systems is most likely a significant contributor of low performance and low sustainability of the projects.

While some of these presented figures may seem discouraging, they highlight how extremely useful the monitoring exercise is in terms of identifying areas of improvement. A key observation based on the conducted operations monitoring exercise, much in line with the previous year's findings, is that an assessment of the less sustainable investment types for their relevance, efficiency and value for money is called for. Meanwhile, the sanitation investments were again found to be more successful in terms of sustainability, both in rural and in urban contexts. 97% of the household sanitation facilities funded through the UBSUP concept, and first time monitored as part of JAOME, were found to be operational. These investments were demonstrated to have had a significant impact on the improvement on the sanitation levels of the urban poor. Also 96% of PSFs were operational with high level of demand and active revenue collection. The high success rate of the institutional and public sanitation facilities can be explained by more established O&M structures. For water resources investments the inability to generate revenue streams even through the livelihood components continues to be a factor hindering the sustainability of the WRI funding, an issue which needs to be revisited in the programme design. Finally, in addition to reviewing the less successful investment types through a stricter appraisal process, in order to improve the sustainability of investments especially in the counties with low SI score requires customized service delivery, operations and maintenance models which should be identified and promoted through the capacity building component.

In addition to these observations and the overview on this year's JAOME presented here, a more in-depth analysis on the findings of the exercise can be found in the forthcoming Operations Monitoring 2017 report.

## Development of County Water Strategies

The Fund under the J6P, is supporting Migori, Narok and Kwale Counties in the development of their County Water Strategies. This is aimed at providing guidance for the thrust and directional framework for water sector and sanitation investments in the Counties.

The overall objective is to support the development of the Counties' Water Sector Strategic Plans to cover the period 2018-2022 taking into consideration the review of the implementation level of the County Integrated Development Plans (CIDPs), identification of implementation challenges, lessons learnt and key success factors. The targeted Counties under this support are Migori, Kwale and Narok Counties.

The assignment is ongoing in two Counties whereas the Migori Strategy has been completed.

## Development of County Water Master Plans

Under the J6P programme, the Fund is supporting Nandi, Laikipia and Tharaka Nithi Counties in the development of their Water Master Plans. This will not only provide a foundation for water development but also guide the Counties in directing investments that rely on water for growth.

The development of the Water Master Plans is ongoing and anticipated to be completed in the FY 2018/2019.

## Universal Result Based Monitoring and Evaluation Framework

During the year under review, the Fund used the results framework as a corporate tool designed to monitor progress in the realization of the Fund's objectives and enhance corporate consistency through consolidation and streamlining of the various reporting frameworks and harmonization across the various financing mechanisms and investment programmes.

The results measurement framework has enhanced a results culture across all levels of the Fund. This has focused on the key strategic priorities: programme progress review, performance management, investment effectiveness, and identification performance improvement areas. The framework entails continual measurement and assessment of both qualitative and quantitative indicators within the national, sector and the Funds frameworks.

The detailed results framework is presented in the annexes in this report.

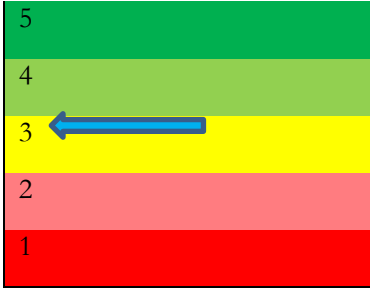

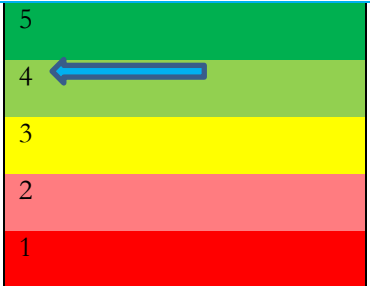
The key results areas as detailed in the results framework in the Fund are:

- i. Enhance capacity of the Implementing and support partners to implement projects
- ii. Improved water resources management
- iii. Improved access to water services
- iv. Improved access to sanitation services
- v. Enhanced capacity of WSTF to support project implementation

The table below presents the overall rating of the key result areas in the Fund during the year under review:

Showing overall rating of the key result areas for FY 2017/2018

Key Result area	Rating	Remarks
<p>Results area 1: Enhance capacity of the Implementing and support partners to implement projects;</p> <p><i>There were shortcomings in the achievement of some of the planned intermediate result for the current Period, such as GESI interventions, formulation of the County reporting framework and annual progress report</i></p>		<p>Implementation of these interventions is in process and</p>
<p>Results area 2: Improved water resources management</p> <p><i>There were shortcomings in the achievement of some of the planned intermediate result for the current year.</i></p>		<p>Achievement of targets under IFAD- UTNRMP was recommendable – Closure of 33 WRUAs/CFAs under 2nd call, funding of 43 WRUAs/CFAs under 2nd call, and recommendation of 83 projects for funding under call 3. The fund absorption of 70%. Performance under IFAD was above average.</p>

<p>Results area 3: Improved access to water services</p> <p><i>There were shortcomings in the achievement of some of the planned intermediate result for the current reporting period. However, tremendous improvement was noted as compared to the achievements of 2016-17 FY</i></p>		<p>The Fund has engaged service County Resident Monitors and Technical support by Technical Advisors (TAs) to offer technical support in projects implementation and oversight roles.</p>
<p>Results area 4: Improved access to sanitation services</p> <p><i>There were shortcomings in the achievement of some of the planned intermediate result for the current reporting period particularly Household sanitation, ODF and CLTS interventions.</i></p>		<p>There has been a delay in procurement processes by the water utilities as a result of low capacity of implementing agents.</p>
<p>Results area 5: Enhanced capacity of WSTF to support projects</p> <p><i>Most of the activities were preparatory in nature hence achieved.</i></p>		<p>Most activities under this result area were achieved.</p>