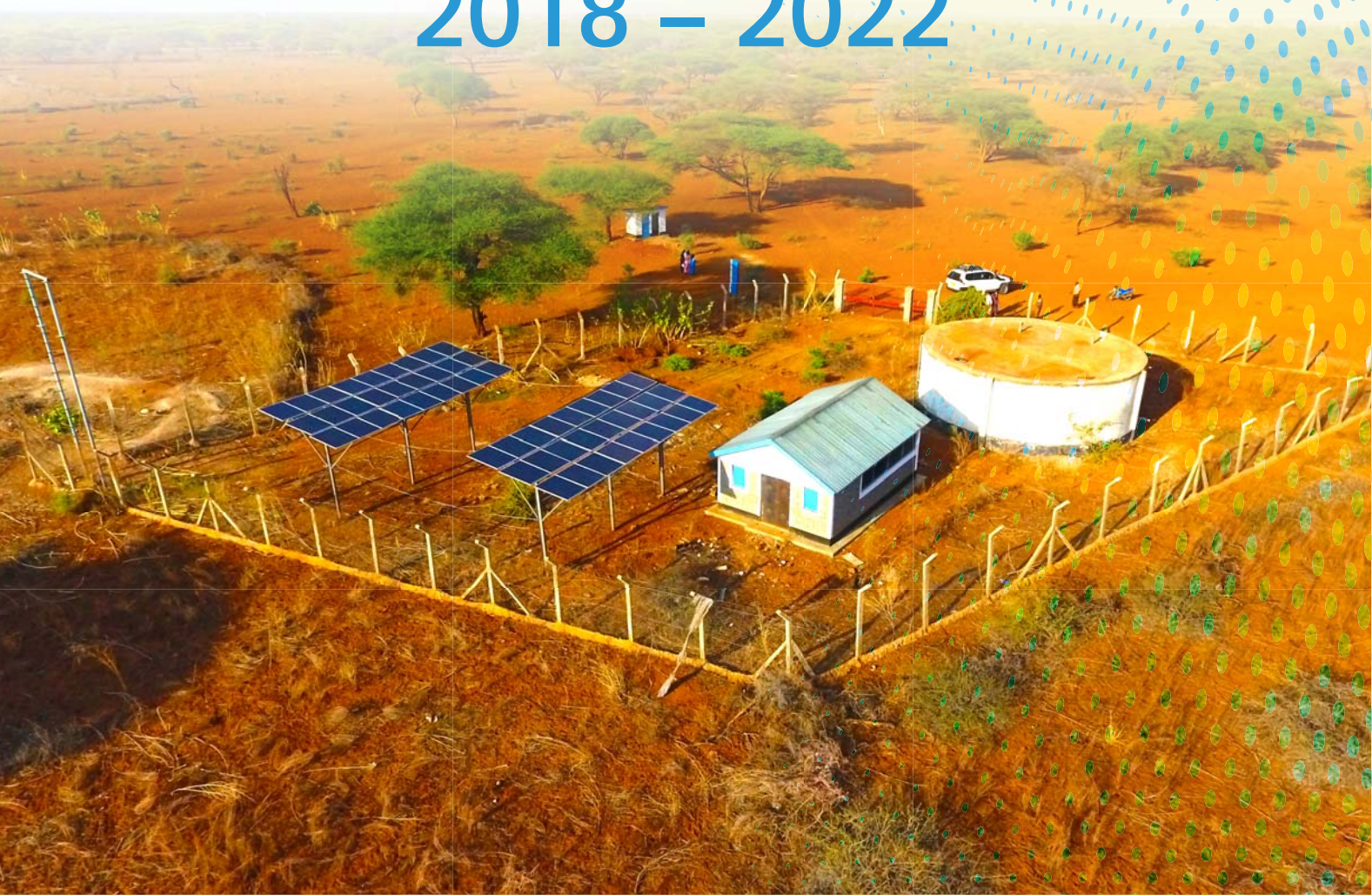


## WATER SECTOR TRUST FUND

Strategy towards accelerating  
Water and Sanitation Access  
for the underserved in Kenya

2018 – 2022





## Foreword



Water Sector Trust Fund (WSTF) is a Kenyan State Corporation under the Ministry of Water & Sanitation and Irrigation established under Water Act 2016 with the mandate to provide conditional and unconditional grants to the Counties, in addition to the Equalization Fund and to assist in financing the development of and management of water services in the marginalized and underserved areas.

As a sector financing institution, the Fund is pivotal to the realization of the Constitutional guarantee to every citizen of a right to clean and safe water in adequate quantities and to reasonable standards of sanitation.

This is further espoused in other national development goals and international commitments including the Vision 2030 3<sup>rd</sup> Medium Term Plan, Sustainable Development Goals, the African Water Vision, Africa Agenda 2063, the Ministry's Strategic Plan 2018-2022 and the Big Four Agenda.


This Strategy has been reviewed to re-align the Fund's strategies, systems and programmes to achieve the ambitions reflected in the development blueprints. The implementation of this revised strategy will be pegged on the guiding principles of the Fund and will form the basis upon which the performance of the Fund will be monitored and evaluated. The Annual work plans and performance contracts will guide the yearly implementation of the Strategy with quarterly reviews to assess the progress as well as inform on any required change in approach in realization of the Strategy.

The Board of Trustees, Management, staff and all the stakeholders are challenged to support the Fund in the implementation of this revised strategy for the realization of the universal access to water and sanitation for all as envisaged in the Vision 2030 development blue print.

I take this opportunity to acknowledge the contribution of the Ministry of Water & Sanitation and Irrigation for its leadership, development partners, the Board of Trustees, Management, Staff and Technical Advisers to the Fund in providing insights during the review of this Strategic Plan.

The strategy's overriding goal is to mobilize Kes. 23 Billion for investments in water, water resources and sanitation programmes to reach 4.7 Million underserved Kenyans by 2022.

We look forward to the successful implementation of the Strategy.

A handwritten signature in blue ink, appearing to read 'Patrick O. Kokonya', written over a horizontal line.

**Mr. Patrick O. Kokonya,  
Chairman,  
Water Sector Trust Fund**

## Preface

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Access to water and sanitation is an essential social-economic development component and it is important that economies allocate adequate resources to support development of water and sanitation infrastructure. Inadequate financing has been identified as a key bottleneck in enhancing access to water and sanitation services in Kenya. Premised on this realisation, the Water Act 2016 established the Water Sector Trust Fund as an institution to finance water sector investments in Kenya to accelerate access to water and sanitation services access focusing on the underserved in Kenya.

In this revised strategic plan, the Water Fund sets out an ambitious programme to further its objectives and outcomes over the next three years. This will be achieved through prioritisation of key results areas focusing on the following strategic objectives:

1. Mobilize Kes 23 Billion to improve access to water and sanitation to the underserved Kenyans by 2022.
2. Improved water and sanitation access to reach 4.7 Million underserved Kenyans by 2022
3. Bolster water sector research and innovation initiatives through financing 200 research projects by 2022.
4. Institutional development and systems strengthening of WSTF to enhance its capacity to deliver on its mandate.

The achievement of the stated objectives will require that the Fund implements its programmes within a stable governance framework. The Fund will be led by a Board of Trustees who will set apt strategic and policy directions. The Board will unequivocally provide strategic advice and support to the management and staff to ensure that the strategic objectives are achieved.

The ambitions of the strategy are anchored on corporate restructuring to further enhance efficiency and effectiveness in the implementation of programmes, projects and operations. This will be achieved through revamped departments of Fund Development, Programmes, Planning and Quality Management, Corporate Services, Internal Audit and Risk Assurance departments. This strategy proposes an enhanced regional presence through the establishment of regional offices which will strategically place the Fund with a reach across all the Counties.

The Fund seeks to better adapt to innovative strategies and new technologies, while also fostering collaboration at all levels. In this plan, efforts have been made to re-align the resources available to the Fund with key Strategic Objectives and planned annual activities. As the road map for the next three years, this Plan has prioritised activities and programmes in terms of their contribution to accelerating access to water and sanitation services within the context of the Water Act 2016, National Water Master Plan and policy frameworks as well as the National Development Blueprints.

This Strategic Plan is an affirmation of our commitment to enhancing access to water and sanitation services to the underserved in Kenya. It describes the transformative results that will contribute to the achievement of universal water and sanitation coverage. We are proud to be part of the journey of transforming lives and count on the support of all stakeholders to realise the ambitions set out in this strategy.



**Ismail Fahmy M. Shaiye**  
**Chief Executive Officer**  
**Water Sector Trust Fund**

## Abbreviations & Acronyms

---

AoD	Aid on Delivery
ASAL	Arid and Semi-Arid Lands
BMGF	Bill & Melinda Gates Foundation
BOT	Board of Trustees
BSC	Balanced Scorecard
BA	Basin Area
BMWRC	Basin Management Water Resource Committee
CBO	Community Based Organisation
CEO	Chief Executive Officer
CETRAD	Centre for Training and Integrated Research in ASAL Development
CMA	Capital Markets Authority
CMAR	Chief Manager, Audit and Risk
CPC	Community Project Cycle
CRA	Commission on Revenue Allocation
CRM	Clients Relationship Management (System)
CTCN	Climate Technology Centre & Network
DANIDA	Danish International Development Agency
DPs	Development Partners
EDMS	Electronic Document Management System
EMCA	Environmental Management and Coordination Act
EU	European Union
FY	Financial Year
GDP	Gross Domestic Product
GIZ	German Technical Cooperation
GOF	Government of Finland
GOK	Government of Kenya
GOS	Government of Sweden
ICT	Information Communication Technology
IFAD	International Fund for Agricultural Development
JMP	Joint Monitoring Programme for Water Supply and Sanitation
KALRO	Kenya Agriculture and Livestock Research Organisation
KCIC	Kenya Climate Innovation Centre
KENAO	Kenya National Audit Office
KEWASNET	Kenya Water and Sanitation Network
KEWI	Kenya Water Institute
KFW	Germany Development Bank
KIRDI	Kenya Industrial Research and Development Institute
KMT	Kenya Markets Trust
KNBS	Kenya National Bureau of Statistics
KWS	Kenya Wildlife Service
LAPSSET	The Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) Corridor
M&E	Monitoring and Evaluation
MDA	Ministry Department and Agency
MTAP	Medium Term ASALs Plan
MTP	Medium Term Plan
MW&SI	Ministry of Water & Sanitisation and Irrigation
NACOSTI	National Commission for Science, Technology and Innovation
NEMA	National Environment Management Authority
NGO	Non- Governmental Organisation
NRW	Non-Revenue Water
NWMP	National Water Master Plan

NWWDA	Northern Water Works Development Authority
OBA	Output Based Aid
PESTEL	Political/ Economic/ Socio – Cultural/ Technological/ Physical/ Legal environments
PM	Performance Management
PPIP	Pro Poor Investment Plan
PPP	Private Public Partnership
QCA	Quality Control Agent
RBF	Results Based Financing
SCT	Strategy Coordinating Team
SDGs	Sustainable Development Goals
SIDA	Swedish International Development Agency
SNV	Netherlands Development Organisation
SO	Support Organisation
SP	Strategic Plan
SWAP	Sector Wide Approach
SWOT	Strength /Weaknesses/ Opportunities/ Threats Analysis
UBSUP	Upscaling Basic Sanitation for the Urban Poor
UN Habitat	United Nations Human Settlements Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children’s Fund
UNIDO	United Nations Industrial Development Organisation
UPC	Urban Projects Concept
USAID	United States Agency for International Development
USD	American Dollar
VFM	Value for Money
WASH	Water and Sanitation for Hygiene
WASREB	Water Services Regulatory Board
WB	World Bank
WDC	Water Resources Users Associations Development Cycle
WRA	Water Resources Authority
WRUA	Water Resources Users Association
WSB	Water Service Board
WSP	Water Service Provider
WSS	Water Services and Sanitation
WSSCC	Water Supply and Sanitation Collaborative Council
WSTF	Water Sector Trust Fund
WSUP	Water & Sanitation for the Urban Poor

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## Executive Summary

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The Water Sector Trust Fund (The Fund) is a Financing Institution established under an Act of parliament with the mandate to assist in financing the development and management of water services in marginalised areas or any area that is considered by the Board of Trustees to be underserved.

In line with a broadened mandate in the new act (Water Act 2016), the Fund embarked on an extensive exercise to draw its roadmap for the strategic period 2018 –2022 as contained herein. This was then reviewed in 2019 to accommodate changes in the operating environment and include input from the new Board of Trustees. The main goal of this strategy is to mobilize additional resources (Kes 23b) that will go to improving access of water and sanitation for the underserved areas with a special focus on the poor and vulnerable populations in low-income areas. A review of the past five years reveals the water sector is only spending an estimated 40% of the required funds to close the access gap. This calls for new ways of raising funds in order to increase development of water and sewer services, which calls for a strengthened THE FUND in order to carry out envisioned activities and implementation of new ideas to effectively ensure funds are properly utilised to increase access to water and sanitation.

Under this strategic plan, the following Vision, Mission, values and strategic priorities will guide WTSF in realizing its overarching mandate.

**Vision: “To be the institution of choice in financing the improvement of access to water and sanitation for the underserved in Kenya.”**

**Mission: “To finance the development of sustainable water and sanitation services and water resources management.”**

Our rallying call “**A great future begins with good clean water**” shows the determination of WTSF to improve outcomes of the poor and vulnerable population by focusing on improving their access to safe water and sanitation, which essentially improves their social outcomes and health significantly in line with Vision2030 aspirations. The guiding core values, which describes our principle belief system are; sustainability, integrity, good governance, human dignity and teamwork

The above ambition calls for concerted efforts with all stakeholders, the government, water sector regulators, donors, county governments, water providers and other stakeholders to ensure funds are allocated and utilized prudently to maximize the impact of every shilling. In order to achieve the stated Vision, realize the desired Mission and overarching Goal, WTSF management team has committed itself to achieving the following outcomes by 2022;

- 1. Mobilize Kes 23 Billion to improve access to water and sanitation to the underserved poor.**
- 2. Improved water and sanitation access to the underserved poor in Kenya, reaching an additional 4.7M people by 2022.**
- 3. Bolster water sector research and innovation initiatives through financing 200 projects by 2022**
- 4. Institutional development and systems strengthening of WTSF to enhance its mandate to deliver on its mandate**

A dynamic organization structure that support seamless implementation of the strategy and envisaged operational culture has been designed and will be implemented along this plan



to support full achievement of envisioned objectives. WSTF has also identified several innovative sources to fund the implementation of this plan. This is a combination of leveraged funds from the private sector, increased donor and government funds, county government counterpart funding and other innovative schemes outlined here.

WSTF has also identified several risks that might impede its achievement of results and formulated specific action points to mitigate against those risks. Some of the major risks identified are not lack of adequate funding, projects sustainability, low funds absorption and governance challenges in the sector. An implementation matrix that identifies the key activities to be undertaken for each strategy has also been provided at the end of the plan. This will guide the employees of WSTF in their daily operations to align their day to day activities to strategy implementation.

It is anticipated that the implementation of this strategic plan will unlock critical resources that will help WSTF execute its mandate of to the citizens of Kenya by rolling out well managed projects that improve the access of safe water and sanitation to the marginalized, the poor and underserved communities.



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## 1.0 INTRODUCTION

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### 1.1 Background: The Water Act 2016

The water sector in Kenya has undergone tremendous reform over the years in a bid to ensure that the country achieves its aspirations with regard to access to clean water and sanitation by the citizens. The Water Act 2016 is part of the continuous efforts, and was operationalised through a Gazette notice on 21<sup>st</sup> April 2017. The Act sought to align the Water Sector to devolution as adopted in the Constitution of Kenya 2010. The Act also recognizes that water related functions are a shared responsibility between the national and county governments, and prioritises the use of abstracted water for domestic purposes over irrigation and other uses as opposed to the previous act. The Act also provides for affirmative action programs in water and sanitation access to ensure improved water and sanitation access for underserved and marginalized Kenyans.

The following institutions are established by the Water Act (2016), and their roles are as defined:

Figure 1: Institutional Framework for the Kenyan Water Sector (Water Act 2016).

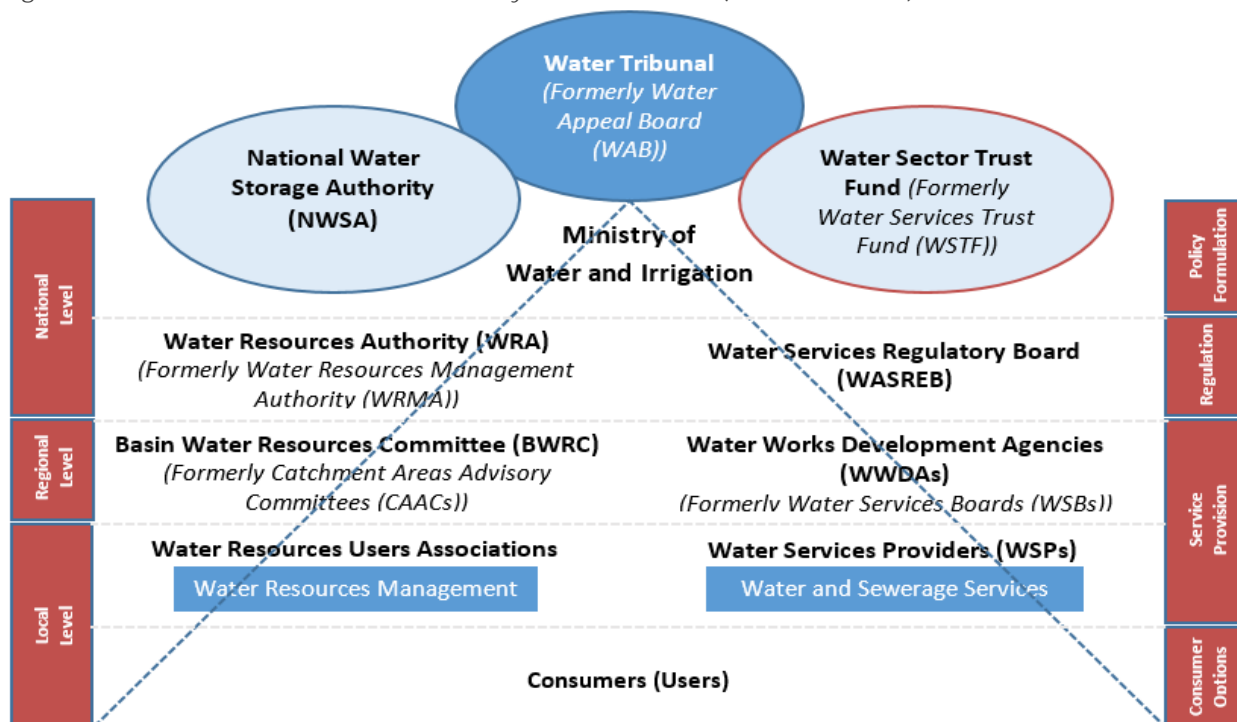


Table 1: Water Sector Institutions

Institution	Function
Water Tribunal	The new Water Tribunal includes more members and is present in more locations to deal with disputes.
Water Sector Trust Fund	Source of funds for the WSTF mandate have been expanded to include funds from national budget, county government, equalization fund, donations and grants, among others.
National Water Storage Authority	Responsible for development and management of national public water works for water resource management and flood control.
Water Resources Authority (WRA)	to protect, conserve, control and regulate use of water resources through the establishment of a national water resource strategy
Water Services Regulatory Board (WASREB)	To approve tariffs, monitor and enforce water services standards and issue licenses to Water Service Providers.
Basin Water Resource Committee (BWRC)	To manage catchments, to facilitate establishment of Water Resource User Associations and to play an advisory role to the WRA
Water Resource User Associations (WRUAs)	Community based associations for collective management of water resources and resolution of conflicts concerning the use of water resources.
Water Works Development Agencies (WWDAs)	Responsible for development, maintenance and management of national public works; operation of the national public waterworks and provision of water services as a water service provider, until the responsibility for the operation and management of the waterworks is handed over to the county government, joint committee or CCA; and provision of technical services and capacity building to county governments and water service providers within its region.
Water Services Providers (WSPs)	Responsible for provision of water services within the area specified in their licenses and development of county assets.

## 1.2 WSTF Mandate

The Water Act 2016 states that the object of the Fund is to provide conditional and unconditional grants to counties, in addition to the Equalisation Fund and to assist in financing the development and management of water services in marginalized areas or any area which is considered by the Board of Trustees to be underserved including

- (a) Community level initiatives for the sustainable management of water resources;
- (b) Development of water services in rural areas considered not to be commercially viable for provision of water services by licensees;
- (c) Development of water services in the under-served poor urban areas; and
- (d) Research activities in the area of water resources management and water services, sewerage and sanitation.

### The Fund's Transition Plan

Part IX section 151 of the Water Act 2016 contains the transition provisions for WSTF. The provisions are as below:

- (1) All property, assets, rights, liabilities, obligations, agreements and other arrangements existing at the commencement of the Act and vested in, acquired, incurred or entered into by or on behalf of the Water Services Trust Fund established by the Water Act, 2002 shall, upon the commencement of the Act, be deemed to have vested in or to have been acquired, incurred or entered into by or on behalf of the Water Sector Trust Fund to the same extent as they were enforceable by or against the Water Services Trust Fund before the commencement of this Act.
- (2) Any legal proceedings pending in any court, the Water Appeal Board or other tribunal by or against the Water Services Trust Fund established under the Water Act, 2002 in respect of any matter shall continue by or against the Water Sector Trust Fund.
- (3) Any person who immediately before the commencement of this Act is an employee of the Water Services Trust Fund established under the Water Act, 2002 shall, on the commencement of this Act, be deemed to be an employee of the Water Sector Trust Fund on the terms to be determined by the Salaries and Remuneration Commission.

As such, this Strategic Plan has been developed to ensure seamless transition, and to ensure successful take-off and focused approach to delivering this new mandate.

### 1.3 Link to National and International Development Plans and Policies

The Fund is a public institution that seeks to further the national objectives of Kenya in line with its mandate. As such, it subscribes to the goals and ideals of national programs and Kenya's international commitments.

Table 2: WSTF's Alignment to National and International Development Plans and Policies

The Constitution of Kenya 2010	The Vision 2030/ MTP III	Sustainable Development Goals (SDGs)	National Water Master Plan 2030 (MoW)	Big Four Agenda
<p><b>Articles 6, 174, 175 and 176</b></p> <ul style="list-style-type: none"> <li>• Devolved System of government</li> <li>• Water resources management is by national government.</li> <li>• Provision of water and sanitation services is by County governments.</li> </ul>	<p><b>Vision 2030</b></p> <ul style="list-style-type: none"> <li>• Country's development path for the period 2008 to 2030.</li> <li>• based on three "pillars": the economic, social and political</li> <li>• Objective of Environment, Water and Sanitation area as sketched out in the Vision is to achieve "a secure, sustainable and clean environment" by 2030.</li> </ul> <p><b>The Medium Term Plan III (MTP)</b></p> <ul style="list-style-type: none"> <li>• Shorter term (5 year) plans of implementing the Vision 2030.</li> <li>• Country is currently implementing the Medium Term III.</li> <li>• Fund is expected to implement the following earmarked flagship programmes in the MTP III:               <ol style="list-style-type: none"> <li>1) Water Resources Management Programme</li> <li>2) Urban Water Supply Programme</li> <li>3) Rural Water Supply Programme</li> <li>4) Water Research Programme</li> <li>5) Provision of Water to Underserved areas including informal settlements</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Agreed by all nations of the UN on September 25th 2015.</li> <li>• Water is identified has a dedicated goal – <b>Goal No 6</b>. "Ensure availability and sustainable management of water and sanitation for all".</li> </ul>	<ul style="list-style-type: none"> <li>• National Water Master Plan 2030 launched on 26th March 2014.</li> </ul>	<p><b>Food Security</b></p> <ul style="list-style-type: none"> <li>• Improved Water Service provision to the urban poor &amp; marginalized rural.</li> <li>• Investment in catchment conservation of water sources.</li> <li>• Capacity development in sector.</li> </ul>
<p><b>Article 204</b></p> <ul style="list-style-type: none"> <li>• Reduction of inequality in service provision by establishment of an equalisation fund.</li> <li>• The fund shall only be used to provide basic services including water, roads, health facilities and electricity to marginalised areas.</li> </ul>		<p><b>Key Yardsticks: By 2030</b></p> <p><b>6.1:</b> Achieve universal and equitable access to safe and affordable drinking water.</p> <p><b>6.2:</b> achieve access to adequate and equitable sanitation and hygiene for all especially among women, girls and the vulnerable.</p> <p><b>6.3:</b> improve water quality by reducing pollution, and substantially increasing recycling globally.</p> <p><b>6.4:</b> increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address scarcity.</p> <p><b>6.5:</b> implement integrated water resources management at all levels.</p> <p><b>6.6:</b> protect and restore water-related ecosystems.</p> <p><b>6.7:</b> expand international cooperation and capacity-building</p> <p><b>6.8:</b> Support and strengthen the participation of local communities in improving water and sanitation management.</p>	<p><b>Water Supply Dev. Plan</b></p> <ol style="list-style-type: none"> <li>1) Increase coverage of improved water supply to 100% for both urban and rural areas</li> <li>2) Increase coverage of piped water supply by registered (WSPs) to 100% for urban population</li> <li>3) Increase unit water supply amount to suitable national standard level, and</li> <li>4) Decrease NRW rate to 20% for efficient water use.</li> </ol>	<p><b>Affordable Housing</b></p> <ul style="list-style-type: none"> <li>• Improved water access in Urban Poor Area housing developments.</li> <li>• Mapping of Low - income Areas in Kenya (MajiData) to support.</li> </ul>
<p><b>Article 62</b></p> <ul style="list-style-type: none"> <li>• Water catchment areas, all rivers, lakes and other water bodies as defined by an Act of Parliament to be vested in and be held by national government in trust for the people of Kenya.</li> </ul>			<p><b>Water Resources Dev. Plan</b></p> <p>To meet all the water demands projected for the target year 2030 including domestic, industrial, irrigation, livestock, wildlife and inland fisheries water demands, and hydropower use.</p>	<p><b>Manufacturing</b></p> <ul style="list-style-type: none"> <li>• Improved water access for small towns (AfDB) to support SMEs</li> <li>• Facilitate information exchange and innovation</li> <li>• Research into innovative water sector solutions</li> <li>• Enhanced PPPs in Water Sector.</li> </ul>
<p><b>Article 21, 43</b></p> <ul style="list-style-type: none"> <li>• Right to "reasonable standards of sanitation" and "clean and safe water in adequate quantities".</li> <li>• Government to take steps to progressively realise this right</li> </ul>			<p><b>Environment Management Plan</b></p> <p>To minimise the negative impact of the water resource development activities on the natural environment.</p>	<p><b>Affordable Healthcare</b></p> <ul style="list-style-type: none"> <li>• Improved Water Access to Rural and Urban Healthcare centres</li> <li>• Reduced morbidity hence productive population.</li> <li>• Investment in improved sanitation programmes</li> <li>• School WASH</li> </ul>

## 1.4 Review of the 2017/18-20/18-19 Strategy Period

This strategy cycle runs 2017/18-2022. A mid-term review after two years of implementation reveal mixed outcomes with some targets posting good results while some were barely achieved.



Figure 2: WSTF Achievements in 2017 – June 2019 Strategic Period

The 3 key goals being reviewed were;

1. To increase financing from Kshs.14Billion to 36.5Billion for the development and management of water services and sanitation by 2022.
2. To enhance water services and sanitation access by additional 7 Million people from 4.1 Million by 2022.
3. To build the Fund's capacity to a high-performance and to a people centered culture organization.

### 1.4.1 GOAL 1: Performance Status as at 30<sup>th</sup> June, 2019

An analysis of the Fund's performance under this goal was based on funds mobilized and realized to undertake its mandate among other key strategies as summarized in the table below.

It's noteworthy that the overall performance under this goal is rated higher for the development partners; however the Fund is yet to realize some of the Funds mobilized.

Table 3: Goal one performance status

Source Of Funding	Target	Achievement	Variance	%Achievement
GoK Grants	2,166,890,892	959,966,000	-1,206,924,892	44%
Donor Funding	4,162,600,000	3,291,693,259	-870,906,741	79%
Leveraged funds	3,450,000,000	0	-3,450,000,000	0%
Water Levy	0	0	0	0%
Interest & fee Income	168,102,577	90,740,100	-77,362,477	54%
<b>Grand Total</b>	<b>10,252,593,469</b>	<b>4,342,399,359</b>	<b>-5,910,194,110</b>	<b>42%</b>



### 1.4.2 GOAL 2: Performance Status as at 30<sup>th</sup> June, 2019

The achievements under were based on populations target groups reached as well as other key result indicators.

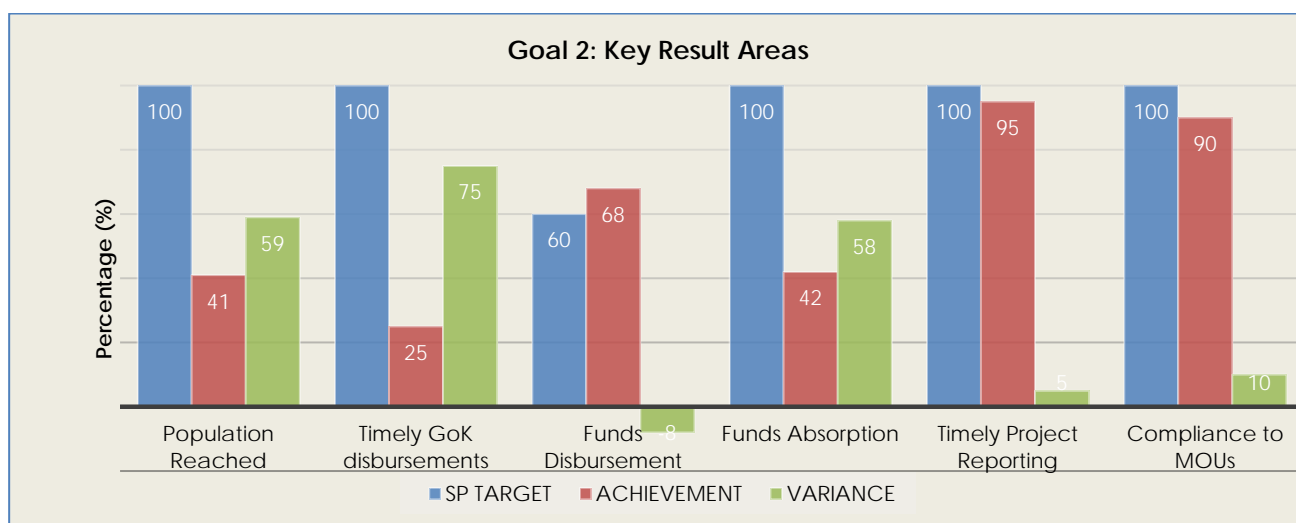


Figure 3: Goal two performance status

The overall analysis depicts a trend most strategic targets were not met in the key result areas, an indication that whereas the Fund's soft components such as compliance and reporting targets are on course, the key indicator target of the Goal is below average and is likely not to be achieved within the period.

This necessitated the review of goals in Chapter 4.

### 1.4.3 GOAL 3: Performance Status as at 30<sup>th</sup> June, 2019

Under this goal, The Fund has cumulatively achieved approximately 65% of the SP targets by employing the strategies in year 1 and 2.

Table 4: Goal three performance status

STRATEGIES	Indicator	Cumulative Target	Cumulative Achievement (%)	Cumulative Variance (%)
Greater Institutional Strengthening	% Projects completed within timelines & budgets	75%	46%	29%
	ISO Audit Ratings	100%	100%	0
Staff training and development	% staff aligned to new structure by 31st March 2018	100%	50%	50%
	% of staff trained	100%	44%	56%
Employee empowerment	% target staff with career development plans	100%	0	100%
	Communication Index - Internal	100%	78.88%	21.22%
Enhanced Performance management	% target staff on BSC	100%	100%	0%
	Number of Strategy Reviews per year	2	2	0
Improved staff motivation and retention:	Staff Wellness Index	100%	71%	29%

### 1.4.4 Challenges;

The implementation of the Strategic Plan during the period under review faced some challenges as detailed below;

Increasing Financial Resources	Enhancing WSS Access	Building Institutional Capacity
<ul style="list-style-type: none"> <li>• Reducing Management fees</li> <li>• Delayed budgetary approval</li> <li>• Leveraged funding not realized</li> <li>• GoK funding decline risk</li> <li>• Alarm financial outlook</li> <li>• Fund's sustainability compromised</li> <li>• Urban Investments red flag</li> <li>• Funding Criteria</li> <li>• Commercial Financing compromised</li> </ul>	<ul style="list-style-type: none"> <li>• Upscaling the conditional grants</li> <li>• County engagement</li> <li>• Equity in investments</li> <li>• Absorption capacity not enhanced</li> <li>• Capacity challenges by implementing partners</li> <li>• Integrated WRM in WSTF investments has not taken shape (top to tap)</li> <li>• Sustainability challenges</li> <li>• Programme and project design challenges</li> <li>• Investment Policy review</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment challenges with the transition plan</li> <li>• Water Act review, transition and implementation delays</li> <li>• Medium Term Funding constrained</li> <li>• Water Levy and alternative funding</li> <li>• Realization of the research mandate delayed due to lack of an implementation framework</li> <li>• Implementation of the RM Strategy not fully realized</li> <li>• Reviewed HR Instruments not fully implemented</li> <li>• The Equalization Fund not realized</li> <li>• Launch of the rebranded Fund</li> <li>• Staff capacity development not fully realized</li> </ul>

Figure4: WSTF challenges on the Main Strategic Objectives between 2018 – June 2019



## 2.0 INTERNAL & EXTERNAL ENVIRONMENT ANALYSIS

### 2.1 External Environment Analysis

An analysis of the external environment assisted the Fund to identify and respond to any opportunities that may be present in the environment and to plan for any inherent risks.

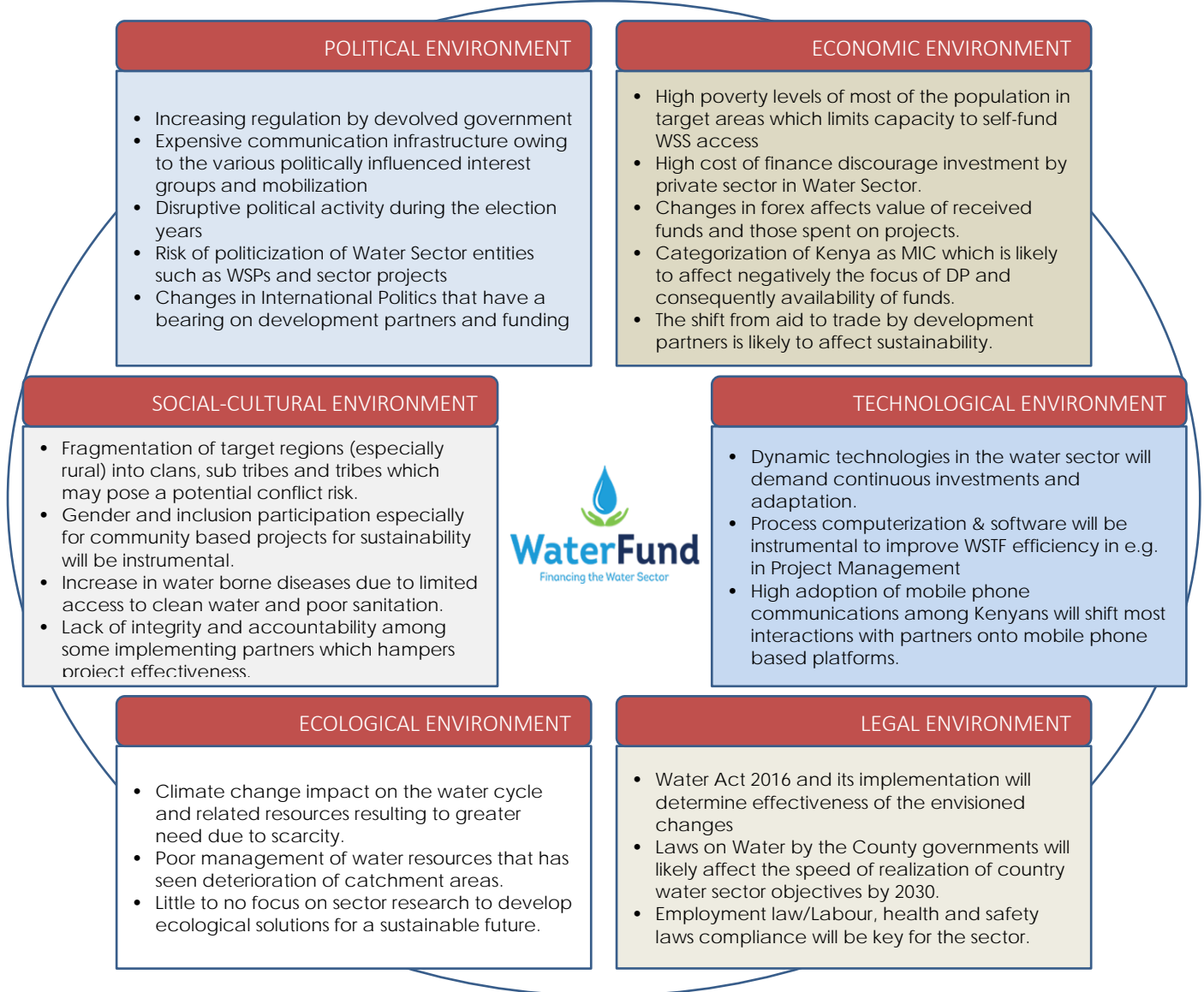


Figure 5: External Environment Analysis – PESTEL

### External Environment Analysis: Stakeholders Analysis

Actualisation of the Fund’s mission and vision is heavily hinged on the interaction, support and goodwill of the various stakeholders. As such, it is extremely important to identify all stakeholders, their roles and level of interaction/ interest as well as influence. Stakeholder analysis for this strategic period is also provided in the table just after the mapping below, and highlighting each stakeholder’s role, their key advantages, and how they are expected to support WSTF to successfully implement this plan.

Table 5: Stakeholder Analysis

Category	Listing	Roles	Expectations	WSTF Positioning
Development Partners	<ul style="list-style-type: none"> <li>• UNICEF</li> <li>• GIZ</li> <li>• USAID</li> <li>• IFAD</li> <li>• Finland</li> <li>• Sweden</li> <li>• VITENS</li> <li>• UNIDO</li> <li>• UN Habitat</li> <li>• UNESCO</li> <li>• DANIDA</li> <li>• KFW</li> <li>• WSSCC</li> <li>• BMGF</li> <li>• WSUP</li> <li>• SNV</li> <li>• Red Cross Society</li> <li>• Saudi Fund</li> <li>• WASH Alliance</li> <li>• The European Union</li> <li>• World Bank etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Building on Key Partnership Opportunities</li> <li>• Collaborating with the Public and Private sectors, Civil Society and Other sector actors to drive relevant development agendas</li> <li>• Programme design</li> <li>• Programme funding</li> <li>• Capacity Building</li> <li>• Collaborations and partnerships</li> <li>• Technical support</li> </ul>	<ul style="list-style-type: none"> <li>• Efficiency of internal processes</li> <li>• Transparency and accountability</li> <li>• Prudence, goodwill and utmost good faith</li> <li>• Commitments to MOUs</li> <li>• Effective programmes (Impact based projects)</li> <li>• Good working relationship</li> <li>• Good communication</li> </ul>	<ul style="list-style-type: none"> <li>• Expand capacity building areas to include management skills. Currently concentrated on technical areas such as engineering.</li> <li>• Strengthen monitoring of investments</li> <li>• Enhance funds absorption</li> <li>• Improved reporting to focus on impact</li> <li>• Better quality and design of projects to reduce maintenance costs</li> <li>• Profitable areas to subsidize non-profitable areas</li> <li>• Effective cost management strategies</li> <li>• Focus donor funds in non-profitable areas, the rest use commercial financing</li> <li>• Improved use of tools and technologies</li> <li>• Improved reporting (Timeliness, quality)</li> <li>• Mainstream climate change/ green approaches in all projects</li> </ul>
National Government	<ul style="list-style-type: none"> <li>• Ministry of Water, Sanitation and Irrigation</li> </ul>	<ul style="list-style-type: none"> <li>• Policy formulation and enforcement</li> <li>• National Strategic direction for the sector</li> <li>• Apex body of the sector</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption and implementation of mandate as per Water Act 2016</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient transition that is well aligned</li> <li>• Consultations and collaborations with the ministry and sector stakeholders for policy and programmes design and implementation</li> <li>• Alignment with sector development blueprint</li> </ul>
	<ul style="list-style-type: none"> <li>• Treasury</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidation of National Budget</li> <li>• Disbursement of funds</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with due process</li> </ul>	<ul style="list-style-type: none"> <li>• Seamless funds requisition and follow up</li> <li>• Maintain excellent working relationships at strategic levels.</li> </ul>
	<ul style="list-style-type: none"> <li>• KENAO</li> </ul>	<ul style="list-style-type: none"> <li>• Auditor of public entities</li> </ul>	<ul style="list-style-type: none"> <li>• Aailed financials and material for audit processes</li> <li>• Unqualified financial reports</li> </ul>	<ul style="list-style-type: none"> <li>• Proper financial records</li> <li>• Prudence and excellent stewardship</li> <li>• Efficient and effective communication</li> </ul>
	<ul style="list-style-type: none"> <li>• National Assembly</li> <li>• Environment. and Water Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Legislation</li> <li>• Oversight role</li> <li>• Advisory and policy formulation</li> <li>• Resource allocation influence</li> </ul>	<ul style="list-style-type: none"> <li>• Full disclosure</li> <li>• Good working relationship</li> <li>• Relevant and timely information</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient transition that is well aligned</li> <li>• Alignment with sector development blueprint</li> <li>• Efficient and effective communication</li> <li>• Manage political expectations professionally</li> </ul>

Category	Listing	Roles	Expectations	WSTF Positioning
County Governments	<ul style="list-style-type: none"> <li>Ministry of Environment and Forestry</li> <li>Ministry of Agriculture</li> <li>Ministry of Health</li> <li>Ministry of Devolution</li> </ul>	<ul style="list-style-type: none"> <li>Functions that touch on Water Sector – conservation, irrigation, clean water and sanitation, management of water resource etc.</li> </ul>	<ul style="list-style-type: none"> <li>Programmes that are in alignment with different sectoral plans.</li> <li>Collaborations and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Interdepartmental/ ministerial programmes</li> <li>Alignment with national development blueprints</li> <li>Efficient and effective communication</li> </ul>
	<ul style="list-style-type: none"> <li>Relevant Water/ related Sector Depts.</li> <li>County Assemblies</li> </ul>	<ul style="list-style-type: none"> <li>WSS mandate at county level as per devolved functions (Policy and Implementation)</li> <li>Oversight role (County level)</li> <li>Advisory and policy formulation (County Level)</li> <li>Budgetary approvals</li> </ul>	<ul style="list-style-type: none"> <li>Support with programmes implemented at County level</li> <li>Full disclosure</li> <li>Good working relationship</li> <li>Relevant, timely information</li> </ul>	<ul style="list-style-type: none"> <li>Manage political expectations professionally</li> <li>Consultations and collaborations with the county government and stakeholders for policy and programmes design and implementation</li> <li>Efficient and effective communication</li> </ul>
Water Sector Entities and CSO's	<ul style="list-style-type: none"> <li>WASREB</li> <li>WRA</li> <li>WUAs, WRUAs, CBOs</li> <li>Conservancies</li> <li>NEMA</li> <li>KEWASNET</li> <li>WSPs</li> <li>Water Tribunal</li> <li>NWSA</li> <li>WWDA</li> </ul>	<ul style="list-style-type: none"> <li>Roles as defined in 1.2 of this document.</li> </ul>	<ul style="list-style-type: none"> <li>Collaborations and partnerships</li> <li>Full disclosure</li> <li>Relevant and timely information</li> <li>Union of purpose to deliver the Water Sector development agenda</li> </ul>	<ul style="list-style-type: none"> <li>Efficient transition that is well aligned</li> <li>Alignment with sector development blueprint</li> <li>Improved reporting (Timeliness, quality)</li> <li>Efficient and effective communication</li> <li>Capacity building</li> </ul>
Investor Interest Organizations	<ul style="list-style-type: none"> <li>Kenya Pooled Water Fund</li> </ul>	<ul style="list-style-type: none"> <li>Provide WSPs with access to capital market financing for WSS infrastructure needs.</li> </ul>	<ul style="list-style-type: none"> <li>Full disclosure</li> <li>Relevant and timely information</li> <li>Good working relationship</li> <li>Access to development plans and programmes data</li> </ul>	<ul style="list-style-type: none"> <li>Efficient and effective communication</li> <li>Highlight opportunities in the sector</li> <li>Partnerships and collaborations</li> </ul>
	<ul style="list-style-type: none"> <li>Commercial Banks</li> <li>CMA</li> <li>KMT</li> </ul>	<ul style="list-style-type: none"> <li>Provide financing to sector players across the value chain</li> <li>Pool of potential investors in the sector</li> <li>Regulation of financial instruments</li> </ul>		
Research Organizations	<ul style="list-style-type: none"> <li>CETRAD</li> <li>CTCN</li> <li>KCIC</li> <li>NACOSTI</li> <li>KALRO</li> <li>KIRDI</li> <li>Local &amp; International Universities</li> </ul>	<ul style="list-style-type: none"> <li>Carry out research in various aspects including those affecting the Water Sector</li> <li>Provide innovative solutions for the sector</li> <li>Develop expertise using data and information</li> </ul>	<ul style="list-style-type: none"> <li>Full disclosure</li> <li>Relevant and timely information</li> <li>Good working relationship</li> <li>Funding (timely, sufficient)</li> </ul>	<ul style="list-style-type: none"> <li>Efficient and effective communication</li> <li>Partnerships and collaborations</li> <li>Develop and deploy approach to facilitate regular/ continuous sector research with special focus on mandate area</li> <li>Open up sector to competitive research and innovation initiatives that provide practical, cost effective, high impact sector solutions</li> </ul>

Category	Listing	Roles	Expectations	WSTF Positioning
Corporates	<ul style="list-style-type: none"> <li>Telcos – e.g. Safaricom</li> <li>Manufacturing Companies e.g. Coca-Cola</li> <li>Private sector associations</li> </ul>	<ul style="list-style-type: none"> <li>Provision of technologies</li> <li>Consumption of water the resource</li> <li>Support conservation initiatives</li> <li>Corporate Social Investments</li> </ul>	<ul style="list-style-type: none"> <li>Detailed proposal for project/ programme requiring support</li> <li>Full disclosure</li> <li>Relevant and timely information</li> <li>Good working relationship</li> </ul>	<ul style="list-style-type: none"> <li>Efficient and effective communication</li> <li>Highlight CSR opportunities in the sector through proposals</li> <li>Partnerships and collaborations</li> </ul>



## 2.2 Internal Environment Analysis - SWOT

SWOT is an acronym for **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats. A SWOT analysis was undertaken to identify gaps which may exist between the current status quo and a desired future. This informed the strategy development process.

Table 6 SWOT Analysis – Strengths, Weaknesses Opportunities and Threats

STRENGTHS	OPPORTUNITIESS	THREATS
<ul style="list-style-type: none"> <li>Established governance structure in line with provisions of Water Act 2016.</li> <li>Unique mandate enables a focused approach to business and minimizes potential sector conflict especially on scope.</li> <li>Qualified, competent and dedicated staff that have maintained professional excellence.</li> <li>Global reputation as a reliable and credible institution committed to its purpose.</li> <li>Wide partner base and goodwill</li> <li>Strong county engagements and relationships</li> <li>Established quality management systems</li> <li>Documented procedures and systems as well as Standardized toolkits</li> <li>Unique and responsive investment mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Water Act 2016 provides a water levy to finance WSS access initiatives.</li> <li>Degraded Watersheds and Rangeland requiring conservation and restoration.</li> <li>National Coverage for Safely Managed Water and Sanitation remains low (58% for Water and 7% for sanitation, KNBS)</li> <li>Increased focus on Green and Climate Change Financing by local and international corporations, DSs, governments etc.</li> <li>Supportive Legislation E.g. Water Act 2016, Climate Change Act 2016, EMCA etc.</li> <li>Improvement of Water Utilities operating and Management Systems</li> <li>Availability of qualified Water Sector Expertise nationally and internationally provides a pool for technical and sector expertise.</li> <li>Constitutional Human Right to Water and Sanitation</li> <li>Potential for enhanced efficiency of internal operations through ICT technologies</li> <li>Increased Government Support as a result of economic growth</li> <li>Growth of Water Business Development which if well tapped will improve interest in the sector by the business world.</li> <li>Demand for diversified financing products (grants, loans, subsidies, equity...)</li> <li>Learning and Synergies with relevant sector players/stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Political interests and Interference</li> <li>Restrictive donor conditions</li> <li>Perceived competition with other Institutions e.g. WASREB</li> <li>Technological changes and the expensive need to adapt/ align</li> <li>Climate change affects water availability and use, as well as the innovations for solutions especially in ASAL areas.</li> <li>Corruption and general lack of accountability interfere with projects effectiveness</li> <li>Prolonged droughts force refocus of certain project aspects</li> <li>Inadequate capacity of implementing partners that limits implementation effectiveness.</li> <li>Development Partners shift from Aid to Trade thereby limiting available resources especially for the areas that are not economically viable.</li> <li>Changes in Government Priorities that leads to delayed or cancelled projects/ delayed disbursement of funds</li> <li>Challenges of Devolution and ensuing conflicts and misalignments</li> <li>Insecurity in areas of operation which limit the fund's project implementation effectiveness</li> </ul>
WEAKNESSES		
<ul style="list-style-type: none"> <li>Low staffing levels which affects delivery or overworking existing resources.</li> <li>Low brand equity owing to the sector's perceived complex organization to citizens.</li> <li>Low staff skills development investments as the focus is mostly on technical and projects.</li> <li>Inadequate internal revenues and funding in general compared to required resources.</li> <li>Inefficient internal / external communication</li> <li>Ineffective teamwork, and thus underexploited synergy among teams</li> <li>Limited investment products especially for rural areas not within ASAL regions.</li> <li>Over dependency on donor funding and development partner programmes</li> </ul>		

## 2.3 WSTF's Situational Context

### 2.3.1 The Water & Sanitation Access Challenge

The Fund under this strategy seeks to enhance water access to the underserved in Kenya. This will focus on enhancing non-discriminatory physical access to a water outlet in urban areas with a 30 minutes cycle and in rural areas within a distance of 2km round trip with key considerations being sustainability of access, acceptable water quality, affordability reliability, right to have grievances resolved (participation/ access to standardized complaint mechanism) and transparency and accountability (access to sector information)).

Access to sanitation refers to access to physical access to an acceptable toilet (household, public, working place, recreational facilities, learning institutions etc.), with key considerations being storage, collection and treatment of human and other waste, Evacuation of treated effluent according to minimum standards and clean environment free of solid, liquid and gaseous wastes.

The WASH Joint Monitoring Programme Report (2019) by The World Health Organization and UNICEF found that only 59% of Kenyans have access to basic water services and only 29% have access to sanitary services. These are against the targeted universal access by 2030.

Table 7: National Population versus Population with access to Water and Sanitation

	Access to Water	% Access	Gap	Access to Sanitation	% Access	Gap
National	28,062,935	59%	41%	13,793,646	29%	71%
Rural	17,242,057	50%	50%	9,310,711	27%	73%
Urban	11,118,154	85%	15%	4,578,063	35%	65%

(UNICEF JMP 2019 (Progress on household drinking water, sanitation Progress on household drinking water, sanitation and hygiene 2000-2017); National Bureau of Statistics (2019 Kenya Population and Housing Census Results))



Inconsistency in the execution of sustainable water and sanitation projects can be attributed to the following factors:

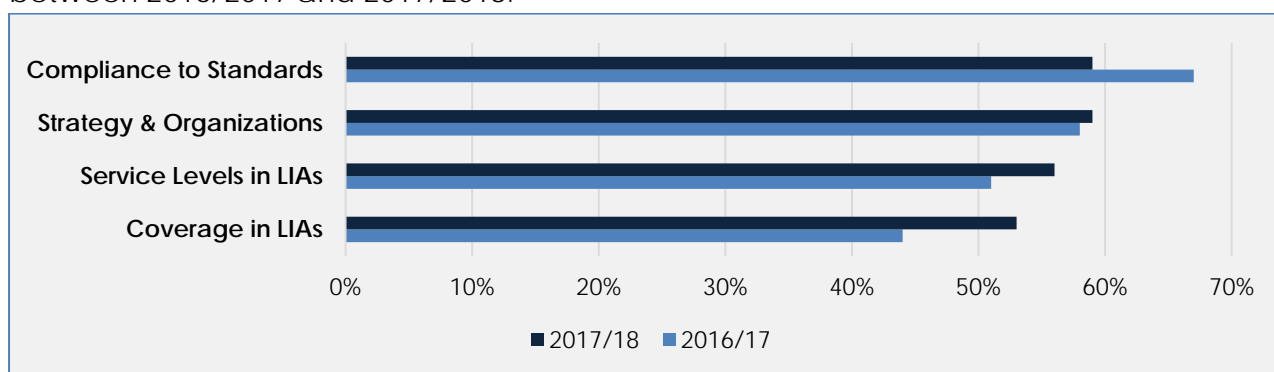
- Constrained sector funding against high service demand
- Scarcity of water resources in most parts of Kenya
- Low sustainability of implemented projects



- Limited or no coverage by WSPs (both regulated and unregulated providers) in ASAL, remote rural and poor urban settlement areas. Many of these areas may not be economically viable for would be service providers.
- Inadequate management capacity on the part of the implementing partners. This leads to project delays and underwhelming outcomes in some cases. This may be in the areas of governance, financial management, project management among other.
- Poor monitoring and evaluation of projects post implementation.
- Inadequate focus on the sustainability of projects implemented.

### Water Services in Low Income Areas (Urban Poor and Rural Areas)

According to WASREB’s Impact Reports, WSPs have been reporting on their initiatives in low income areas and the baselines are summarized in the graphs below showing comparison between 2016/2017 and 2017/2018:

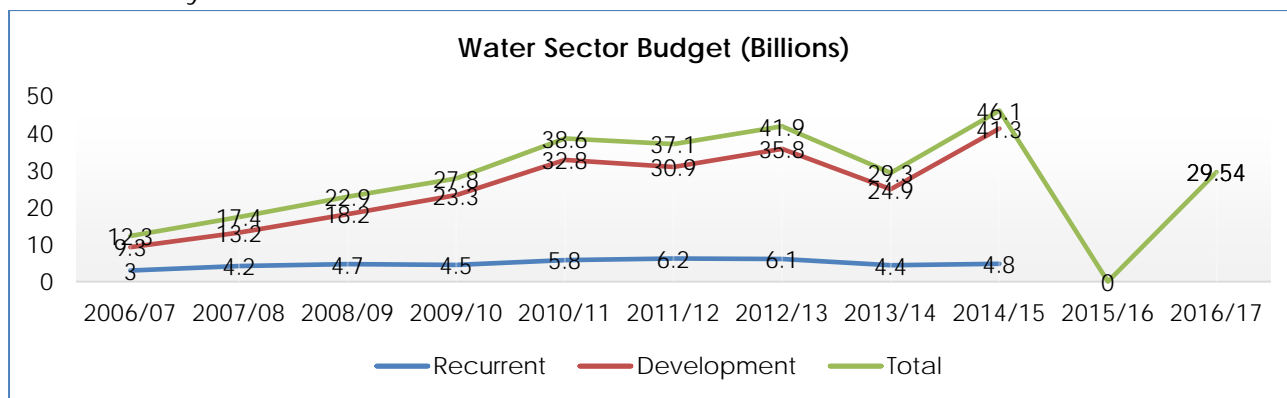


Graph 1: Water Services in Low Income Areas (LIAs) - WSPs Baselines (WASREB Impact Report 11)

This shows the situation is still grave as only slightly above half of LIAs are covered by WSPs, despite the 9 points shift in improvement. Since most WSPs are predominantly urban in nature (coverage), it points to a bigger challenge in rural areas not covered by WSPs especially where such WSPs consider those areas not to be commercially viable.

### Funding Gap to Enhance Access to Water Sanitation

The budget provision required for universal access to water and sanitation by 2030 is KSh.1.764 trillion that translates into annual requirement of KSh.100 billion of which only about KSh.40 billion is availed. In this regard, financing gap is still very wide and has to be bridged through innovative ways of funding including Public, Private Partnerships. Ordinarily, the biggest casualties in such disparity are the urban poor and rural areas that are not commercially viable.



Graph 2: Water Sector Budget, 2006/2007 – 2014/2015 (Source: WASREB Report, 2016.)

While the table shows actual budgeted funds, the received funds have been lower than due to the Treasury delays in disbursements. Actual funds received over the past three years have increased from KSh 21.4 billion in FY2013/14 to KSh 31.8 billion in FY2014/15, and to KSh33.55 billion in FY2015/16. The low disbursement is caused partly by the slow absorption rate that has been sustained over time due to inadequate financial planning and management. Funds absorption also continues to be a key challenge. Development partners' changing priorities and limited investments in the sector by private sector have dealt a significant blow to progress in resource mobilisation.

The table below shows the required investments in the years 2014-2016 which is significantly higher than what was availed in the periods as in the graph above:

Table 8: Required Investments in the Water Sector, 2014/2015 – 2015/2016

Sub-Sector	Required investment (KSh millions)	
	2014/15	2015/16
Water supply and sewerage services	58,099	64,784
On-site sanitation systems and services	66,898	68,868
Water resources	112,813	116,141
Land reclamation, drainage and irrigation	31,985	32,623
Sector management	3,641	3,722
<b>Total required investment inconsistencies</b>	<b>273,436</b>	<b>286,138</b>

### 2.3.2 Community Based Water Resources Management

Sustainability is a key attribute of projects in the water sector. The Water Act 2002 was instrumental in entrenching vital transformations in the water sector in Kenya. This Act saw the recognition of the vital role played by the communities in ensuring water resources are properly managed. The Water Act 2016 reinforces this recognition of Water Resources Users Associations (WRUAs), and provides for their alignment within the sectoral institutional framework.

The activities of WRUAs and other unregistered entities at community level in the local community have a significant bearing on the success of the water sector goals in the long run. Challenges experienced at present include disconnect between the interests of the members of the associations and the overall objectives of the sector, low skill levels that translate to capacity inadequacies with regard to implementation and monitoring and maintenance of programmes, lack of access to or insufficient funds, socio-cultural imbalances in their compositions and execution of initiatives etc. The Fund in conjunction with other stakeholders will seek to innovatively address these challenges as defined within its mandate.



### 2.3.3 Research in Water Resources Management and WSS

The place of research and innovation in the institution of practical and sustainable solutions in the water sector cannot be understated. This is especially so given the progressive steps the country has made in the sector over the years. With various aligned functions (institutions and stakeholders), and sectoral development agenda, the need for purposive scientific consolidation of data, information and learning to inform decision making will see the fund fill the void of a substantive dedicated (mandated) government body in sector research.

This will help organize research initiatives in the sector – which are currently disjointed and The Fund will therefore fulfil this mandate as shall be outlined in the later sections of this plan. This will significantly boost initiatives by such bodies as the Water Research and Resource Center (WARREC), Kenya Water Institute (KEWI), Institute of Environment and Water Management (IEWM), local and international colleges and universities with research programmes touching on the Fund’s research mandate as well as other stakeholders – both public and private that have invested resources in sectoral research.

### 2.4 Insights from the Analyses

In light of the above analyses, the following insights will be key considerations for WSTF in its planning both in the short, medium and long term as shall be evident in the rest of this document:

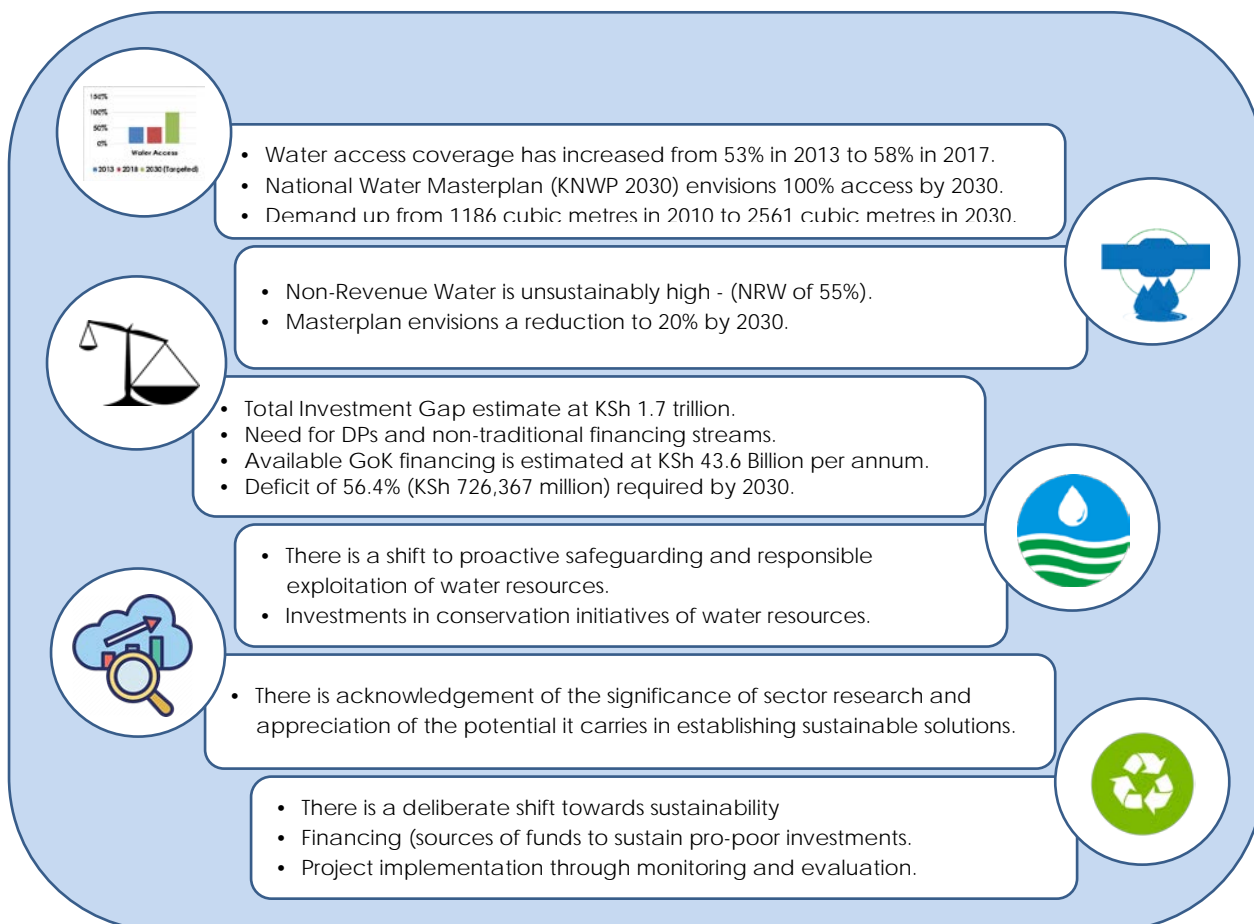


Figure 6: Trends Analysis

## 3.0 OUR STRATEGIC COMPASS



### 3.1 Overview

In view of the challenges and opportunities outlined in the previous chapters, the Water Sector Trust Fund seeks to align its strategic priorities as it plays a critical role in achieving water and sanitation goals in the country as already defined in the sector guiding policies and development blueprints already discussed. Buoyed by the strategic themes and guiding principles identified in Chapter One, the 2018 – 2022 Strategic Period seeks to build on achievements from the previous periods, deploying lessons from challenges experienced and benchmarking with global best practice. The guiding/ operating principles of the fund are;

1. Sustainable investment programmes
2. Equity and Social Inclusion
3. Efficiency in resource management
4. Accountability and Good Governance

### 3.2 Vision Statement

The Fund will be guided by the following vision:

***To be the institution of choice in financing the improvement of access to water and sanitation for the underserved in Kenya.***

The Fund will position itself to ensure a game changing approach to perpetually funding water initiatives and related investments that will raise the bar in Africa and across developing nations.

### 3.3 Mission Statement

The Mission of the Fund is summarised as below:

***To finance the development of sustainable water and sanitation services and water resources management.***

The Fund's unique purpose will be enshrined in deliberate efforts to ensure sustainability in financing access to services, water security, as well as research in both the short and long run through continuous ingenious solutions provision and being proactive in the management of water resources.

### 3.4 Strategic Goal

In the planning period 2018- 2022, the Fund will be guided by the following Strategic Goal in line with its statutory mandate:

***"Mobilize Kes. 23 Billion for investments in water, water resources and sanitation programmes to reach 4.7 Million underserved Kenyans by 2022"***

### 3.5 Strategic Objectives

The achievement of the strategic goal will require concerted efforts by all the stakeholders in the water sector. To achieve this goal, we have utilized the balanced scorecard (BSC) approach to arrive at four main strategic priorities aligned to WSTF mandate, for the period 2018 – 2022 as illustrated below:

1. Mobilize Kes 23 Billion to improve access to water and sanitation to the underserved Kenyans by 2022.
2. Improved water and sanitation access to reach 4.7 Million underserved Kenyans by 2022
3. Bolster water sector research and innovation initiatives through financing 200 research projects by 2022.
4. Institutional development and systems strengthening of WSTF to enhance its capacity to deliver on its mandate

### 3.6 Core Values

To achieve this mission and vision, the Fund will be guided by the following:

1. **Sustainability:** We believe in providing solutions that guarantee continuity in value delivery ensuring achievement of long-term water sector goals.
2. **Integrity:** The foundations of good governance are enshrined in integrity and transparency. The Fund will at all times demonstrate high degree of responsibility.
3. **Good Governance:** The Fund will strive to enhance a governance framework that encourages the efficient use of resources and strongly promotes accountability for the stewardship of those resources.
4. **Human Dignity:** Everyone who interacts with the Fund at any level will be treated with absolute human dignity. Our engagements will uphold human dignity at the core.
5. **Teamwork:** The Fund vision is the driver of our commitment to become a better institution every day. As such, it takes collective action to drive a common agenda in order to realise the Fund's Vision. Our people will work collaboratively with each other, and with our stakeholders to achieve our strategic goals.

### 3.7 Operating Principles

To deliver on its mandate, the Fund will have to change its approach to doing business. The focus is to build a culture that is anchored on highly effective teamwork, innovation to ensure sustainability within the Fund and across the sector is defined by integrity and excellent stewardship with commendable regard to human dignity.

- a) **Customer focus:** The customer at the centre of our approach to fulfilling our mandate. We are mindful of their expectations, fears and interests.
- b) **Fairness and Equity:** We uphold that every stakeholder – staff included – is important. They have a right to be given an audience, treated fairly and equally, and to have access to information relevant to them.
- c) **Accountability:** The foundations of good governance are enshrined in integrity and transparency. The Fund will at all times demonstrate high degree of responsibility and accountability with regard to resources extended to us and their subsequent use. This will be anchored in the Fund Risk Management Framework.
- d) **Passion:** Organisation culture is to be guided by a strong desire to satisfy our stakeholders and water consumers. Staff should at all times be extremely delighted to deliver investment projects that improve on WSS access.
- e) **Continuous improvement:** Fulfilling our mission requires continuous deliberate efforts to exploit our strengths to our mandate’s advantage, to eliminate our weaknesses, taking advantage of opportunities around us and minimise or eliminate the impact of existing and potential threats thus becoming a better, stronger institution.
- f) **Innovation:** Our mission is driven by continuous innovative solutions to enhance value delivery to all our strategic customers – Mwananchi, stakeholders (national and devolved governments as well as development partners).

### 3.8 Slogan

To summarise the Fund’s long-term vision and mission, and to embody what the institution is all about as is predominant in this document, our slogan for this strategic period is as below:

***“Accelerating water access to the underserved in Kenya”***





## 4.0 THE TRANSFORMATION GAME PLAN: WSS ACCESS FOR ALL



In line with the Water Act 2016, the country's development blueprints as anchored in the Vision 2030, the Fund's vision and mission for this strategic period as elucidated in this document is founded on the theme of transformation in a bid to accelerate access to water and sanitation services. The transformation game plan is to be realised through mainstreaming of the following thematic areas in the implementation plan:

- **Research and innovation** as a catalyst for accelerating access: This plan will emphasise investment in research, and application of innovative approaches in financing and undertaking investments targeting the urban poor and underserved rural population.
- **Sustainable investments and Green Approaches** as a driver to sustainable investments: This document provides for development of sustainable, climate smart and green investments, harnessing of renewable energy in water service provision, and incorporation of climate change mitigation and adaptation measure in its investments.
- **Innovative and Sustainable Resource Mobilisation Strategies:** Inadequate financing continues to be a key bottleneck in water access in Kenya. As the Sector Financing institution, enhanced resource mobilisation is a critical success factor in the realisation of the strategy's objectives.
- **Organisational capacity development:** The transformation agenda will only be achieved through building adequate institutional capacity to respond to the growing funding, knowledge and human capacity needs in the sector. This will be achieved



through investments in institutional/ organisational development and systems strengthening.

- **Business Process Re-engineering:** For the Fund to efficiently and effectively realise its mandate, the strategy proposes a review of systems, procedures and its internal processes to enhance value delivery. It is envisaged that application of Information systems will serve to enhance efficiency in organisational systems.

### Achieving the Strategic Objectives

The following strategies are meant to address key strategic objectives for the Fund. This section explains the above strategic priorities in detail.

#### 4.1 Strategic Objective 1: Mobilize Kes 23 Billion to improve access to water and sanitation to the underserved in Kenya.

SDG 6 envisions 100% access to WSS by 2030. To this end, Kenya will need to invest an estimated KSh 100b annually while actual expense is currently only 40B. As a premier financing mechanism to the water sector, the Fund will aim to significantly increase the resources requirement progressively as shown in the table below in order to bolster funding to the underserved areas.

Table 9: Funds Mobilized in 2018-19

2017/18	2017/18 Actual	2018/19	2018/19 Actual	2019/20	2021/22	2022/23
KSh 3.3 Billion	KSh 3.3 Billion	KSh 4.2 Billion	KSh 1.0 Billion	KSh 4.4 Billion	KSh 5.8 Billion	KSh 7.2 Billion

The above table shows depressed performance in the first two years mainly due to late disbursements and low absorption. This reviewed strategy aims to address the above challenges. The strategies to scale up financing by WSTF include;

- Intense Fund Growing effort from Foundations, existing development partners, private sector, new development partners.** Grants and donations will continue to play a significant role in the near future in improving access to the poor and most vulnerable. These donations and grants will be primarily used to impact on the neediest communities where there is no much commercial financing viability. The Fund will increase resource mobilisation efforts to expand the donor base and this will also go hand in hand with improving absorption capacity.
- Tapping on to the private sector:** Since the government and donors are unlikely to bridge the financing gap in the near term, WSTF will seek to leverage on funds from the private sector to scale financing. This may be in the form of public private partnership initiatives at various levels of water services sector, or through commercial financing which has the ability to plug the funding gap if the sector was more disciplined and commercially viable. This strategy proposes the formulation of a dedicated Division within the Fund development Department whose key priorities will be:
  - Develop a framework of working with sector players such as regulators (WASREB) and authorities on how to collectively improve the financial viability of WSS providers across the country.
  - Work with registered and unregistered WSS providers in conjunction with other stakeholders to fund governance and other forms of capacity as part of the financing available for WSS access. The goal is to enhance stewardship, institute

financial soundness and thus ability to honour commitments that arise with engagements with the private sector expectations i.e. sound creditworthiness.

- Assist select WSS providers develop watertight (bankable) proposals that attract funding from the private sector. Key areas of focus are:
  - Bulk Water Solutions (Reservoirs, harvesting, treatment etc.)
  - Distribution water solutions.
  - Operational efficiency solutions such as metering, piping etc.
  - Commercial sanitation solutions.
  - Household sanitation solutions.
  - Relevant Environmental conservation and management solutions.

- iii. **Lobbying the government for increased budgetary allocations** and for increased allocation from the Equalisation Fund.
- iv. **Upscale results based financing to Kes 3bn annually by 2022** by strengthening more WSPs
- v. **Self-sustainability funding initiatives** will ensure that resources earmarked for the sector are available annually. These initiatives will include the following measures;
  - Development of a revenue generation policy
  - Enforcement of the Fund levy as enshrined in Water Act 2016. However, as per the Resource Mobilisation Strategy, this is considered Medium term subject to factors beyond the Fund, preferably to kick on in year 3 after sufficient stakeholder consultations and agreements. With current water bills at 17B annually and growing by roughly 10% annually, it is recommended that the Fund can charge a 3% levy on water bills to be collected via WSPs which should give the Fund a good sustainable fund to leverage for more pro-poor funding from other financing institutions.
  - Work with the industry to launch an infrastructure bond to raise KSh 1bn annually for access improvement. The Fund can play a key role to guarantee investors of the fund in order to increase chances of success for water bonds.
  - Rental income from the envisioned Water Complex in industrial area which should provide KSh 100M annually on completion in the next strategy cycle.
  - The government has already provided an initial endowment fund of KSh 250M. The Fund will work with the MWS to increase the amount available and fund-raise from donors, corporates and Foundations more monies to shore up its endowment fund which should be operational by 2020 with envisioned KSh 1Bn.
  - Interest income from loans advanced to water utilities to fund bankable projects identified by the product development division.
- vi. **Better costs management and budgetary controls** in order to avail more funds for development. This should result in increased savings.
- vii. **Adoption of innovative financing schemes** - Currently funding to the water sector is largely by donors and government of Kenya grants. Donor funds constitute an out-sized 90% of sector investments. Since both donors and the government are unlikely to significantly increase the available funds in the short term, unique funding strategies are envisioned in this plan to ramp up investments like;
  - Encourage commercial financing especially for Urban based WSPs.

- Lobby to have WSPs to charge urban consumers more to subsidise rural consumers water networks.
- Incentivise target group investments / projects to cushion non-commercially viable investments in the short and long term. This will ensure rural underserved and poor regions are no longer ignored since the risk of little or no returns is cushioned by the Fund or stakeholders through the Fund.
- Providing commercial guarantees to banks in order to lend to the utilities.
- Fund strategies to reduce NRW by WSPs.
- Development and establishment of a PPP node at WSTF.

#### 4.2 Strategic Objective 2: Improved water and sanitation access to reach 4.7 Million underserved Kenyans by 2022

There are approximately 1,900 mapped low-income areas in Kenya with an estimated population of close to 18 million, 10 Million of which are in low income urban areas and remote rural communities. These underserved people pay much higher prices for water than consumers with household connections. In the absence of an outlet from a registered utility, the water supplied by informal water service providers to this portion of the population is of doubtful and uncontrolled quality. To reach these people adequately, the Fund will invest in low-cost solutions in order to improve access to 4.7 Million of these communities by 2022. These solutions/ products will cover the three different areas the fund focuses on

- i. **Urban and peri-urban areas** – To improve access to low income areas, the fund will primary focus on water kiosks and DTFs that give immediate access to safe water and sanitation within 30 minutes from resident’s homes. Improving the quality of water in the tanks, increasing hours of reliable supply and working to keep the rate consumers pay at around KSh 2-3 per 20 litre jerry cans would be significant in ensuring 100% access to safe WSS for these communities.
- ii. **Rural Areas** – Rural areas present a huge challenge as residents are more dispersed and could cover a huge area unlike urban settings. The main products here include implementation of water harvesting systems for rural communities, community shallow wells/ boreholes and other lucrative products that tap into the potential of private sector investments e.g. encompassing hydro-power plants in rural schemes.
- iii. **ASAL areas**- This will mainly be served with water pans/ small dams that can provide water for both animals and people.



To that end, the Fund will be implementing several strategies as below;

- a) **Development and review of the water and sanitation investment programmes and approaches** to align with emerging issues in the water sector. This will focus on funding programmes with utilities, water service providers, county governments and registered organisations to enhance access to water services to the most deserving poor communities in both urban and rural areas.
- b) **Improve capacity of implementation partners** through:
  - i. Establishment of a dedicated capacity-building unit within the Fund.
  - ii. Development of operations manuals and framework tools to improve their capability.
  - iii. Development and monitoring of post commissioning monitoring and evaluation tool kit for implementers.
- c) **Create Sustainable partnerships with stakeholders** involved in the sector in order to strengthen linkage and collaborations among sector players involved in pro-poor access projects. These can be enhanced through initiatives such as;
  - i. County engagement and participation in county forums in order to strengthen linkage with the Fund. Holding county open days
  - ii. Initiate quarterly publications on programmes to share with partners.
  - iii. Develop guidelines for MoU development and ensure strict compliance to the MoUs.
  - iv. Participation in water week, water related exhibitions, County agricultural shows.
  - v. Organise the Fund Open days in Counties to reach out to local stakeholders.
- d) **Sustainable management of water resources** - Environmental stress brought about by the growing Kenyan population, urbanisation and industrialisation will continue to grow. There is need to protect the eco-system, and to extend the health giving and productive properties of freshwater resources equitably, efficiently and sustainably among humankind, with special emphasis on poorer and underserved people.

WSTF will intensify funding activities relating to water resources management through reviewed funding systems in water resources management, and the introduction of best practices consistent with the internationally agreed core principles on water resources management. Some of the initiatives here include;

- a) Reviewing the WRM funding approaches to enhance efficiency and effectiveness in the realisation of programme objectives
- b) Finance WRUAs in degraded catchment areas
- c) Finance CFAs to enhance Water Resources Management in forested areas
- d) Finance conservancies and common interest groups to enhance conservation of rangelands and ASAL areas
- e) Finance Water Service Providers and other registered utilities to support catchment and water resource management activities
- f) Support capacity development activities for supported organisations to enhance water resource management initiatives
- g) Enhancing stakeholder participation - Water development and management should be based on a participatory approach, involving users, planners and policy-makers at all levels.

- h) Collection of water levies to boost investments in water resources management - Water has an economic value in all its competing uses and should be recognised as an economic good. In line with the Water Act 2016, WSTF will take a lead role in collecting levies Charged for water services (water supply, irrigation and wastewater disposal in order to generate funds for operating, maintaining and investing in systems; ensure that scarce supplies are allocated to essential purposes; and signal to users the real value of the resource.
- i) Adoption and mainstreaming of Green Approaches to water and sanitation services provision. This can be achieved by emphasizing on projects that incorporate various environmental friendly (conservation/ mitigation) components.

#### **4.3 Strategic Objective 3: Bolster water sector research and innovation initiatives through financing 200 research projects by 2022.**

The full operationalisation of the Research Function at the Fund will lead to enhancement of the Sector's Scientific, Technological and innovative capabilities in water service provision for the target population, water resources management and sanitation service provision. The below strategies will be pursued;

- a) Establish structures and infrastructure requirements to roll out the research function within the Fund. This will require;
  - i. Development of a Research funding framework
  - ii. Establishment of the scope and outlining criteria for partnerships on relevant areas.
  - iii. Institution of a research policy in line with water sector objectives relevant to the Fund. This will among others highlight purpose, scope and functions.
  - iv. Outline the incubation concepts that will be used to support upscaling of innovative research concepts
- b) Developing an innovation policy that incentivises staff and partners who develop solutions to expand access.
- c) Enter into research support arrangements with identified partners like universities in order to mainstream research ideas into practice
- d) A training section to monetise research finding by advising other sector players on sustainable approaches in water provision.
- e) Conduct Institutional Research and support WSTF departments to enhance operational efficiency.

#### **4.4 Strategic Objective 4: Institutional development and systems strengthening of WSTF to enhance its capacity to deliver on its mandate**

In order to meet its ambitious transformation agenda and increase investments capacity as envisioned in this strategy, the Fund will seek to build a cohesive, motivated and highly trained team who will be adequately supported with proper systems to achieve this mandate. In order to do so, it seeks to implement the following strategies to improve its capability to achieve its ambitious transformation agenda:

- a) **Staff training and development;** - All staff will undergo continuous professional training in line with established TNAs. Average competency score for staff at the Fund to be at least 85% (tracking academic qualification, professional qualification, experience / Skills level and continuous professional development training).

- b) **Employee empowerment** – Enhance Staff involvement in decision making. The Fund will strive to make the work environment dynamic to support taking initiative, enhance innovation, availability of information to facilitate faster decision making. These targets to ensure all staff are proud to be associated with the Fund.
- c) **Enhance Succession plan:** To ensure no vacuum in critical positions at any time in the event of absence of office holders, the Fund will ensure staff in these positions are preparing people to handle their responsibilities competently. This will include providing the necessary support at all times. The goal is to ensure that all key positions can be filled from within should the need arise.
- d) **Organisation Restructuring** – It will be critical to review the organisation structure and align it to the new strategy. This will go hand in hand with job grading and career guidelines to ensure a smooth roll-out of the new organisation structure
- e) **Enhanced Performance management:** An objective and fair system that will ensure focus and alignment across the organisation will be adopted. The system shall ensure streamlined approach to executing this strategy. The Balanced Scorecard will be the main tool that shall facilitate PM across organisation as a strategy-focused organisation. All staff will therefore be on the Balanced Scorecard.
- f) **Improved staff motivation and retention:** An elaborate reward scheme will be established and communicated appropriately to all staff at the beginning of each performance periods. The scheme will address both positive and negative consequences of performance.
- g) **Governance Improvements** – Strengthen the relationship and collaboration between management and the board of Trustees. This will also entail continuous board training and development of board charters, evaluation tools to strengthen their oversight role.
- h) **Business Processes Improvement** – Re-engineering the CRM and investing in Capacity Development Support (IPs) & in more efficient M&E systems and tools in order to boost water and sanitation investments. This will also include
  - i. Standardised and Agile Operational Processes & Workflows - Have Standardised SOPs for all departments.
  - ii. Leverage on technology to improve efficiency of the Fund and partners. This involves; Improved internet and connectivity and automation, Cloud- Virtualisation and mobility, Technology mediated Stakeholder engagements, Information (ICT) security management. Project management and data collection information systems, automating fleet management, Enhance Contract management automation (QPulse), EDMS, Records management system and digitise filing systems (QPulse as an option).
  - iii. Development of project management tools to improve the efficiency and effectiveness of projects implemented by the fund.
  - iv. Enterprise Risk Management – Pro-active risks management initiatives to mitigate any adverse effects on the Fund.
- i) **Increase the Fund's capacity to absorb more funds.** One of the biggest impediments to increasing access is low absorption of funds as outlined earlier. This will require concerted efforts with partners in order to progressively grow absorption to 100%. Some of the key initiatives that WSTF will implement will be;
  - i. Hiring project-based staff to speed up projects implementation.

- ii. Continued engagement of the Government of Kenya for timely disbursement of funds as well as lobby for increased allocation of recurrent and development budgets.
- iii. Enhancing the monitoring of the Fund investments and programmes through improved capacity to support, monitor and report on the investment programmes, strengthening of the M&E Unit and the information management systems.
- iv. Enhance the Fund's effectiveness in risk management through a robust risk management framework.



## 5.0 THE INVESTMENT PROGRAMMES



### 5.1 The Investment Policy

In line with the new Water Act 2016, the Fund will largely take on a sector financing role while still focused on the underserved communities. Investments for the Fund is to be viewed in three contexts:

- **Investment in the water sector** – Made in the form of conditional or unconditional grants:
  - i. To counties to assist in financing the development and management of water services in marginalised or underserved areas
  - ii. To support Water Resources Management activities.
  - iii. To support applied research projects.
- **Investment with financial return** - Ensures funds earmarked for future projects or activities, that are available but not immediately required are invested for a financial return until when they are required for their intended purpose. This primarily targets internally generated funds from interest and fee income as defined in the Resource Mobilisation Strategy document.
- **Investments for environmental and social sustainability** – Ensure that all supported projects integrate a component of Water Resource Management as part of the investment plan. This is in line with the need to ensure that future water sources as sustainably managed.

To achieve the above, WSTF will rely on its comprehensive investment policy whose objectives are:

- (a) To implement risk management by undertaking investments in a manner that ensures due process, value for money and transparency to investors and the public. The goal will be to mitigate against inherent investment risks at the operations and



implementation level.

- (b) To maintain sustainable investments that takes into consideration the social, environmental and economic aspects of the projects. The investments must deliver long-term benefits to the people.
- (c) To ensure equitable distribution of investments across the whole country, in line with the Constitution and in collaboration with the county governments, especially targeting the underserved and unreached populations.
- (d) To attain value for money in the implementation of investment programmes through proactive cost management and prudent use of resources. Cost benefit analyses investments will be critical in the evaluating proposed projects before financing.
- (e) To attain acceptable social return on investments throughout the investment cycles as measured against the impact indicators specified in the Fund Results Framework.

As a financing institution, the Fund will package its investment programmes into products which shall guide the formulation of proposals for funding by implementing partners. The main Programmes are categorised into two as in the table below.

Table 10: WSTF Investment Programmes

<b>1. Primary Investments</b>		
<b>a. Urban Investments Programme (UIP)</b>	<b>b. Rural Investments Programme (RIP)</b>	
<ul style="list-style-type: none"> <li>1. Urban Water Supply Programmes</li> <li>2. Urban Sanitation Programmes</li> </ul>	<ul style="list-style-type: none"> <li>1. Rural Water Supply Programmes</li> <li>2. Rural Sanitation Programmes</li> </ul>	<ul style="list-style-type: none"> <li>1. Rural Water Supply for ASAL Programmes</li> <li>2. Rural ASAL Sanitation Programmes</li> </ul>
<b>c. Water Resource Management Investment (WRMI) Initiatives</b>		
<b>2. Other Investment Programmes</b>		
<ul style="list-style-type: none"> <li><b>a. Result-Based Financing Programme</b></li> <li><b>b. Research Programme</b></li> <li><b>c. Emergency Programme</b></li> </ul>		

## 5.2 The Investment Cycle

For effective vetting and selection of investments will require a defined approach from beginning to end. For the fund, a prototype investment cycle will involve the following steps:

- i. Project Identification
- iv. Project Approval
- vi. Review, Monitoring and Evaluation
- ii. Project Formulation
- v. Project Implementation
- vii. Project Closure
- iii. Project Appraisal

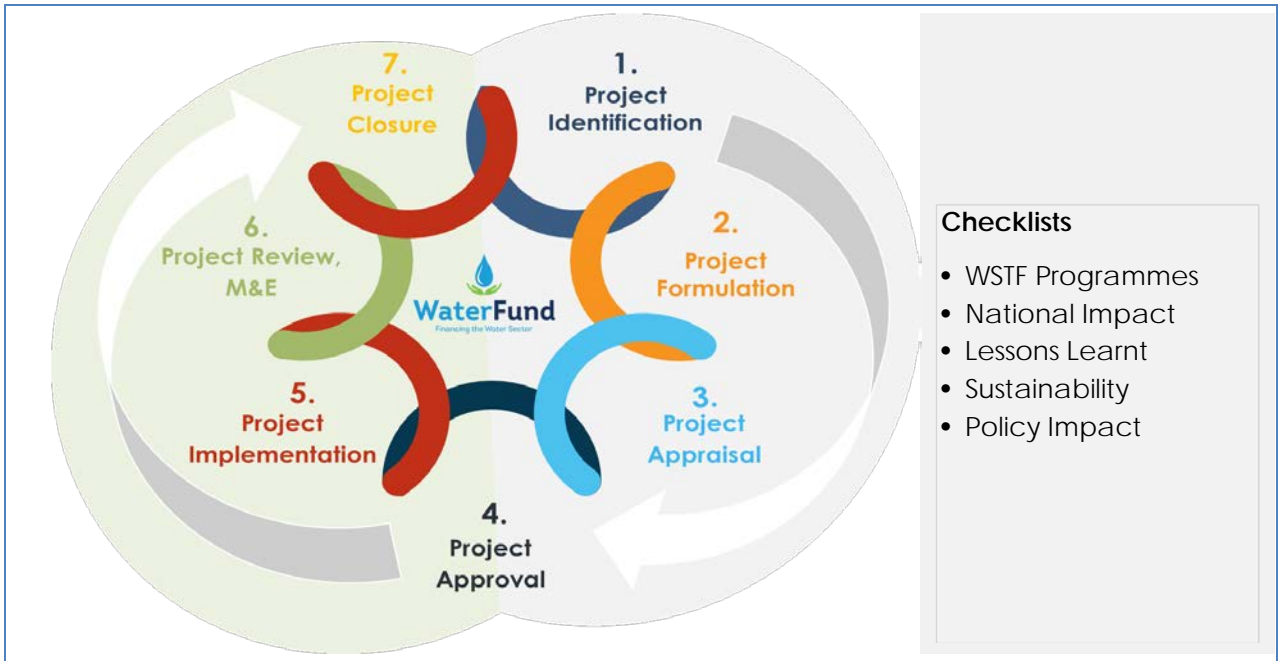


Figure 7: Investment Cycle (Source: WSTF Investment Policy).



### 5.3 The Investments Schedule

Below is the summary of the planned Investments for the period 2018-2022 as envisioned in this plan.

Table 11: WSTF Investment Schedule

Program	2017-18		2018-19		2019/20		2020/21		2021/22	
	TARGET IMPACT	BUDGET (KSh)	TARGET IMPACT	BUDGET (KSh)	TARGET IMPACT	BUDGET (KSh)	TARGET IMPACT	BUDGET (KSh)	TARGET IMPACT	BUDGET (KSh)
Number of people with Access WS - Urban Poor	115,000	1,050,000,000	360,000	1,495,000,000	253,000	1,523,000,000	265,650	2,010,360,000	225,803	2,533,053,600
Number of people with access SS - Urban Poor	100,000	405,000,000	184,000	435,000,000	150,000	403,874,193	157,500	533,113,934	133,875	671,723,557
Number of people with Access WS - Underserved Rural	93,000	891,431,021	189,000	476,000,000	340,000	603,517,857	357,000	802,678,750	303,450	1,011,375,225
Number of people with access SS - Underserved Rural	5,500	73,180,000	20,000	73,090,000.00	50,000	73,090,909	52,500	96,480,000	44,625	121,564,800
Number of people with Access WS - Rural - ASAL	132,000	350,000,000	198,000	436,160,000	327,000	536,163,205	343,350	707,735,431	291,848	891,746,643
Number of people with access SS - Rural - ASAL	20,000	56,500,000	20,000	109,600,000	30,000	79,602,327	31,500	105,075,072	26,775	132,394,591
UBSUP	89,000	296,000,000	200,000	400,000,000	320,000	354,300,094	336,000	467,676,124	285,600	584,595,155
No. of Research initiatives financed		3,000,000		3,630,000	25	10,000,000	75	30,000,000	100.00	45,000,000
Water Resource Management - No. of WRUAs Financed		206,000,000		817,000,000	50	450,000,000	55	450,000,000	60	450,000,000
Water Resource Management - No. of CFAs Financed					20	200,000,000	20	200,000,000	20	200,000,000
Water Resource Management - No. of Conservancies and groups in Rangelands and ASAL areas Financed					10	100,000,000	20	200,000,000	30	300,000,000
Water Resource Management - No. of WSPS in catchment areas Financed					5	50,000,000	10	100,000,000	20	200,000,000
Water Resource Management - No. of Organisations supported with capacity building					75	30,000,000	100	50,000,000	170	70,000,000
	<b>554,500</b>	<b>3,125,111,021</b>	<b>1,171,000</b>	<b>3,428,480,000</b>		<b>4,413,548,587</b>		<b>5,753,119,313</b>		<b>7,211,453,573</b>

## 6.0 RISK ANALYSIS

Strategic risk relates to risk at the corporate level, and it affects the development and implementation of the Fund's strategy. It includes risk relating to the long-term performance of the organisation. This chapter looks at some of these risks, highlights their consequences, the likelihood of occurring, as defined by the Risk Management Framework and some strategies to mitigate against these risks. WSTF uses a red and yellow flagging mechanism to alert the departments on severity of risks and ensure appropriate action is taken (Red is Severe, yellow is mild). The summary in the table below also indicates the offices in charge of keeping tabs on the said risks:

Table 12: Risk Analysis

Risk Event	Consequence of Risk	Likelihood	Impact	Strategies to Minimise Risk	Responsibility
Inadequate funding	i) Delay in completion of projects ii) Low staff morale iii) Cancellation of signed agreements	Medium	High	i) Pursue alternative financing streams ii) Sustain existing Partnerships	BOT, CEO GMFD
Governance challenges and corruption	i) Low Development Partners' goodwill ii) Reduced funding iii) Low political support iv) Corporate reputation affected, image	High	High	i) Entrenchment of corporate governance mechanisms, ii) Continuous staff training and implementation of the anticorruption policy	CEO GMIAR BOT
High Staff turnover	i) Loss of institutional memory ii) Low performance iii) Reduced staff morale	Medium	High	i) Develop a career progression guideline to retain competent staff ii) Introduce various incentives to motivate and retain staff	CEO GMCS BOT
Non-Compliance with Laws, Regulations and financing agreements	i) Costly litigation ii) Termination of financing agreements iii) Corporate reputation affected	Medium	High	Regularly review contracts to ensure compliance. Carry out compliance audits	Manager, Legal
Misalignment of the Departmental Strategies with the Fund's Business Strategy	Inadequate and inconsistent departmental Policies and Procedures	Low	High	Periodic review and adjustments on SP activities and implementation of departmental policies and procedures	CEO GMPQM
Noncompliance with service charter on payments to suppliers and disbursements to implementing partners	i) Unrealised fund disbursement by Development Partners and Government ii) Leads to low absorption of funds	Low	High	Enforce the provisions of the service charter on payments	GMCS
Failure to reach targeted population	Failure to achieve mandate and objectives	High	High	Continuously carry out resource mobilisation Periodic review of financing mechanisms	CEO GMP

Risk Event	Consequence of Risk	Likelihood	Impact	Strategies to Minimise Risk	Responsibility
Project sustainability	Funded projects may not achieve the intended objectives	High	High	<ul style="list-style-type: none"> <li>i) Enhanced appraisal and implementation process</li> <li>ii) In-depth analysis of the results of the Operations Monitoring and learning from them</li> <li>iii) Outline clear strategy and responsibilities within WSTF to increase the operating ratio of financed infrastructure found dysfunctional in the previous Operations Monitoring</li> <li>iv) Communicate with Counties and WSPs on steps to take to operationalise non-functioning infrastructure and follow-up</li> <li>v) Report to BoT on implementation of the strategy to increase ratio of operating infrastructure</li> </ul>	GMP GMPQM
Poor selection of projects	Funded projects not achieving the intended purpose	Medium	High	<ul style="list-style-type: none"> <li>i) Develop clear rules and procedures/apply them.</li> <li>ii) Carry out research and development</li> <li>iii) Enhanced project appraisal system</li> <li>iv) Development of a clear project targeting and selection criteria</li> </ul>	GMP
Low absorption of allocated funds	Failure to achieve the desired mandate	Medium	High	<ul style="list-style-type: none"> <li>i) Carry out county and stakeholder engagement to ensure that allocated funds are utilised.</li> <li>ii) Carry out periodic analysis of the Fund's fund absorption rate</li> <li>iii) Enhanced capacity of both the WSTF capacity and implementing partners.</li> </ul>	GMP GMCS

## 7.0 KEEPING OUR FOCUS



In order to ensure that the Fund is able to measure and track its progress on the Strategic Objectives in this document, the management team has developed a monitoring and evaluation framework, which will be adhered to conscientiously during the planning period.

### 7.1 Implementation of the Balanced Scorecard (BSC)

This strategy proposed implementation of the Balanced Scorecard to facilitate strategy implementation, performance reporting and communication. Balanced scorecard reports will be generated on a quarterly basis.

Operationalisation of this plan will be key in ensuring the envisioned goals are achieved. The Balanced Scorecard will therefore be the centrepiece of this exercise. Among other things, it will involve breaking down and translating the key yardsticks contained in this plan into objectives (also called key performance indicators), define how success will be measured and set targets guided by the strategy. These will be categorised into the four parts of the BSC:

- a) **Financial Perspective:** Will contain objectives that address the financial aspect/ outcomes (economic consequences) of implementing strategy. This will generally include objectives on optimizing resource mobilisation, absorption and disbursement as well as costs aspects among others.
- b) **Customers Perspective:** Will contain objectives on expected output with regard to strategic customers – both internal and external. This will include such aspects as number of projects financed (existing and new), number of people impacted by projects, interdepartmental synergies, corporate branding and

communication (both internal and external), partnership development and management, value addition to implementing partners among others.

- c) **Internal Business Processes:** Here, the focus will be the expected output on how to improve the Fund's processes efficiency and effectiveness. It will include aspects of operational expectations, technology deployment and use, turnaround times improvement, effectiveness of project management, innovation and research, etc.
- d) **Innovation and Learning:** This will focus on expected outcomes on the Fund's organisational capital such as leadership, culture and structure; human capital on areas such as continuous professional development, knowledge and capacity development, staff welfare and motivation, affirmative action etc. as well as informal capital such as data and information.

### **Recommended Approach**

1. This document recommends corporate wide training on the balanced scorecard and development of scorecards for all positions as below:
  - **Training of BOT and Senior Management:** Key output will be development/refining of the Corporate Scorecard from where cascading to the departmental scorecards will be done.
  - **Training of Managers and Supervisors:** Key output will be the cascading of departmental scorecards to managers and supervisors' positions.
  - **Training of the rest (all) of staff:** Key output is all staff to have BSCs cascaded from their managers and supervisors.
2. The document also recommends regular BSC reviews for all staff to enhance building a performance-based culture within the Fund. Monthly and quarterly reviews are encouraged as they allow for timely corrective action and in the process, breathe life into this strategic plan throughout the organisation. Due to the involving nature of the exercise, it is recommended that this function (BSC reporting) be automated.
3. It is also recommended that rewards and recognitions within the Fund to be aligned to performance so as to create a healthy competitive environment driven by fairness.

### **Expected Impact and Benefits of Excellent Execution of the BSC**

With the successful implementation of this plan, the expected benefits and impact to the Fund will be:

- Improved performance leading to increased productivity, efficiency and thus higher access to WSS.
- Enhanced resource mobilisation.
- Improved motivation and work ethics of staff.
- Improved corporate image and reputation of the organisation.

## **7.2 Regular Strategy Reviews**

**Bi Annual Strategy Reviews** will focus on outputs and outcomes. They will form a self-evaluation mechanism during which the stakeholders reflect upon how well the

Strategic Plan is progressing towards achieving its objectives. They also give the Fund an opportunity to reanalyse its operating environment – both internal and external, and make necessary adjustments where necessary, ensuring the Strategic Plan does not remain static. It is important to note that Strategic Reviews need not wait for the assigned timelines in light of changes in the said environments.

The Fund Results Framework will be key in these reviews, the output of which will advise strategic decision making at personal, departmental and corporate level.

### **7.3 Our People**

The organisational structure was reviewed ensure it aligned to the Fund’s vision, mission and the strategic objectives. The conclusion is that a new organisational structure is necessary to ensure that the internal workings of the Fund will be more aligned to perform its core functions and towards implementation of the new strategic priorities.

The stronger the relationship between strategy and structure the more successful the Fund will be in implementing this plan.

The following are the guiding principles upon which the new organisation chart was developed. The structure;

- a) Focuses on the core business as articulated in the strategy, i.e. Pro poor access investments (poor urban, rural and rural ASAL) as well as water resource management and research and innovation.
- b) Operate like a financing institution; Develop products/ investments, invite projects implementers to bid, appraise proposals submitted, monitor effective implementation and the impact achieved
- c) Will recognise the key support functions to the core functions
- d) Will enhance effective delegation and control
- e) Will facilitate timely and efficient communication for decision making
- f) Will integrate governance, leadership and management
- g) Is flexible to accommodate business dynamics
- h) Will provide visibility and predictability on major outcomes

The new recommended organisation structure is as in the next page.



## 7.4 WSTF Organization Structure

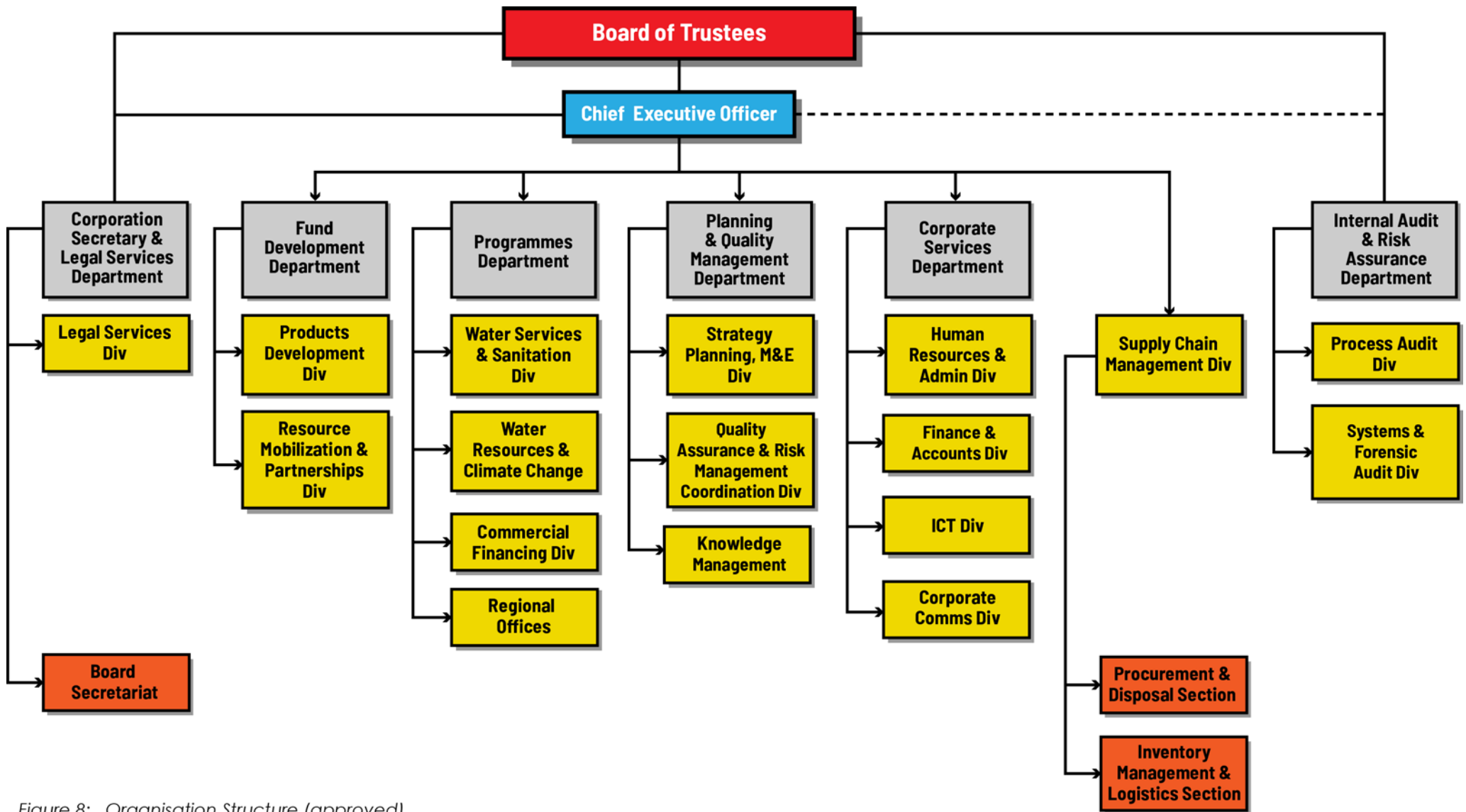


Figure 8: Organisation Structure (approved)

## 8.0 FINANCING THE PLAN



The Fund will implement sound financial management principles and practices to ensure efficient and effective utilisation of its financial resources. The following are the guiding principles that the Fund will strive to apply in financial management;

- a) **Sound Internal Control Systems:** This will be achieved through the implementation of strong internal control systems with in-built checks and balances that will ensure, among other things, that resources are safeguarded against loss and waste.
- b) **Budgeting and Budgetary controls:** The Fund will carry out its budgeting activity and will utilise budgets as a planning and control tool.
- c) **Financial Management and Reporting:** The Fund will implement an effective financial management and reporting system that will capture, summarise, classify, analyse and report financial transactions in an accurate and timely manner. The objective is to enhance reliability of records, enhanced transparency and financial custodial integrity.

### 8.1 Resources Requirement for the Strategic Period

The draft strategic plan for the period 2018-2022 has an estimated funding requirement of KSh 23 billion. The table below represents a summary of resources required for the period:

Table 13: Resources required for the strategic period

Budget Items	2017-18	2018-19	Proposed Budget 2019-20	Proposed Budget 2020-21	Proposed Budget 2020-21
WS - Urban Poor	1,050,000,000	1,495,000,000	1,523,000,000.00	2,010,360,000.00	2,577,960,000.00
SS - Urban Poor	405,000,000	435,000,000	403,874,193.04	533,113,934.81	671,723,557.86
WS - Underserved Rural	891,431,021	476,000,000	603,517,857.14	802,678,750.00	988,562,250.00
SS - Underserved Rural	73,180,000	73,090,000	73,090,909.09	96,480,000.00	119,722,909.09
WS - Rural - ASAL	350,000,000	436,160,000	536,163,205.41	707,735,431.14	878,235,330.46

Budget Items	2017-18	2018-19	Proposed Budget 2019-20	Proposed Budget 2020-21	Proposed Budget 2020-21
SS - Rural - ASAL	56,500,000	109,600,000	79,602,327.84	105,075,072.75	130,388,613.00
UBSUP	296,000,000	400,000,000	354,300,094.48	467,676,124.71	575,737,653.53
Water Resources Management	206,000,000	817,000,000	830,000,000.00	1,000,000,000.00	1,220,000,000.00
Research & Innovations	3,000,000	3,630,000	10,000,000.00	30,000,000.00	45,000,000.00
HO Expenses (Personnel and Admin.)	416,917,841.16	473,809,571.38	420,000,000.00	546,000,000.00	710,000,000.00
<b>Total Costs</b>	<b>3,748,028,862</b>	<b>4,719,289,571</b>	<b>4,833,548,587</b>	<b>6,299,119,313</b>	<b>7,917,330,314</b>

## 8.2 Sources of Funds for 2018-2022 period

To finance the initiatives in this strategic plan, the Fund will source for funds as defined in the Water Act 2016 Section 117-part (i). In summary (details are provided in the Resource Mobilisation Strategy), the following will be the main sources of funds:

- appropriated by parliament from the national budget;
- provisions from the equalisation fund on agreed programmes;
- provisions by county governments on agreed programmes;
- donations, grants, and bequests from development partners and other sources;
- proceeds of the levy imposed under subsection (2): and
- Amounts payable into the Fund under any act.

Of this total requirement, a fraction is expected to be in the form of funds that the Fund crowds as it makes its investments. However, the split between the two funding sources is not clear. Sustainable mechanisms of raising funds for the Fund have been dealt with in this document under the strategic objective of Increasing Financial Resources to KSh 10 Billion Annually.

In generating the projected cash flow, it has been assumed that the Fund mobilised resources will meet 50% of the required SP funding. The sources of the Fund mobilised funding will include interest and fee income, GOK grants and donor grants. The latter two sources will plug the shortfall if interest income, which is the only source of internally generated income, is inadequate. In plugging the shortfall, donor grants and GOK contributions will be in the ratio of 70% and 30%, respectively. This is line with their current contribution to the Fund's income. The table below shows how this strategy will be funded:

Table 14: Sources of funds for the strategic period

	FY2017/2018	FY2018/2019	FY2019/2020	FY2020/2021	FY2021/2022
GoK Grants	483,000,000	1,683,890,892	900,000,000	1,050,000,000	1,826,000,000
County Govt Funding			120,000,000	150,000,000	200,000,000
Donor Funding	1,888,600,000	2,274,000,000	2,750,000,000	3,200,000,000	3,500,000,000
Leveraged funds	1,350,000,000	2,100,000,000	1,000,000,000	1,500,000,000	2,000,000,000
Water Levy				100,000,000	110,000,000
Interest & fee Income	51,899,588	116,202,989	115,000,000	150,000,000	200,000,000
Funding for Office complex (raised through various methods)		300,000,000		200,000,000	300,000,000
Endowment Fund				1,000,000,000	1,000,000,000
Consultancy, Training & Other Incomes	-	5,000,000		5,000,000	10,000,000
<b>Grand Total</b>	<b>3,773,499,588</b>	<b>6,479,093,881</b>	<b>4,885,000,000</b>	<b>7,355,000,000</b>	<b>9,146,000,000</b>

## 9.0 IMPLEMENTATION MATRIX

### 9.1 2018-2019 Implementation Matrix

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
<b>GOAL ONE: INCREASED FINANCIAL RESOURCES TO KSHS 10 BILLION ANNUALLY</b>					
a) Tapping on to the private sector: (Leveraged Funding)	i. Develop a framework of working with sector players	Time line; Formulation & Implementation	June 30th	0.00	Investments, Fund Dev.
	ii. Build capacity WSPs - Registered	Number of Registered WSPs qualified	5	1,500,000.00	Product Devt. Div.
	iii. Build capacity WSPs - Unregistered	number of Unregistered WSPs qualified	5	1,000,000.00	Product Devt. Div.
	iv. Assist select WSS providers develop bankable proposals	Number of WSPs with at least 1 financed proposal	8	0.00	Product Devt. Div.
	v. Lobby for PPP for select proposals	Number of PPP secured for WSPs	5	0.00	Investments, Fund Dev.
b) Expand RBF/ OBA exponentially	i. Increase No. of WSPs that qualify through capacity building in 1.1 (a) (ii)	Number of WSPs qualified	10	0.00	Product Dev. Div.; Fund Dev.; Investments
	ii. Enhance uptake of RBF/OBA facilities to compliment leveraged funding	Impact/ Amount disbursed under RBF/ OBA - Water Supply	20,000	145,000,000.00	Investment
		Impact/ Amount disbursed under RBF/ OBA - Water Sanitation	50,000	130,000,000.00	
c) Intense Fundraising from DPs	i. Lobbying from Existing Partners for Increased Funding	Total funding from Development Partners	KSh 908,670,288.00		CEO; Fund Dev.
	ii. Lobbying from New Dev. Partners for Funding				
d) Lobbying the government for increased Funding	i. Lobbying from Central Government for increased budgetary allocation	Total funding from Government	KSh 389,430,124.00	0.00	CEO; Fund Dev.
	ii. Exploring opportunities for other forms of funding from Central Govt.				
	iii. County Governments capacity building on sector				
	iv. Lobby County Governments to remit Equalisation Fund				
	v. Exploring opportunities for other forms of funding from County Governments on specific programmes				
e) Self-sustainability funding initiatives	i. Spearhead the operationalisation of the Water Levy	Amount Raised from Levy	Consultations done		Fund Dev.; Accounts
	ii. Launch an infrastructure bond to raise KSh 1B p.a.		Feasibility Done		
	iii. Launch Preparations to enable sector lending	Revenue from Interests and Fee Income	KSh 51,899,588.00	0.00	Fund Dev.t; Accounts
	iv. Set up and operationalise investment policy (For Revenue Generation)				Fund Dev.t; Accounts
	v. Explore property development for rental and other forms of income on WSTF/WRA property	Milestone Achieved	Feasibility Completed	5,291,000.00	CEO; Fund Dev.t; Accounts

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	vi. Explore, set up endowment fund by 2019	Milestone Achieved	Feasibility Done	3,000,000.00	Fund Dev.t; Accounts
f) Costs management and budget controls	i. Establish Cost management restructuring plan	Variance on Budgets	5%	0.00	Accounts; Investments; M&E; ALL
	ii. Implementation of plan			0.00	
g) Enhance monitoring of project implementation	i. Review of PM tools	Timeline, Review of PM Tools	June 30th	0.00	M&E; Investments
	ii. Enhance technology use for PM, data gathering and Reporting	Number of systems enhanced	MajiData, Geo Mapping		ALL
<b>TOTAL BUDGET</b>				<b>285,791,000.00</b>	

**GOAL TWO: REDUCE NUMBER OF URBAN POOR AND UNDERSERVED RURAL WITHOUT ACCESS TO WSS BY 30%**

a) Development of unique standard investments products	i. Develop and implement a comprehensive rebranding strategy for WSTF to enhance identification with sector and stakeholders	Branding Strategy in place; Implementation (Publicity & Advocacy)	100%	5,200,000.00	Corporate Affairs; Accounts	
	ii. Enhance marketing and uptake of products to WSPs - registered & Unregistered (WSTF driven sector absorption of funds);	i. % Raised funds disbursed		50%	0.00	Product Development Div.; Investments
		iii. Enhance access by target group	ii. Number of people with Access WS - Urban Poor	95,000	475,000,000.00	Product Development Div.; Investments
			iii. Number of people with access SS - Urban Poor	50,000	305,000,000.00	Product Development Div.; Investments
		iv. Number of people with Access WS - Underserved Rural	93,000	225,000,000.00	Product Development Div.; Investments	
		v. Number of people with access SS - Underserved Rural	5,500	18,000,000.00	Product Development Div.; Investments	
		iv. Number of people with Access WS - Rural - ASAL	132,000	350,000,000.00	Product Development Div.; Investments	
		v. Number of people with access SS - Rural - ASAL	20,000	56,500,000.00	Product Development Div.; Investments	
	vi. UBSUP		89,000	296,000,000.00	Product Development Div.; Investments	

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	iv. Research & Development on suitable products and their packaging for different stakeholders	Number of New Products Developed and funded (to implementing partners) per category	1	0.00	Research & Innovation
b) Adoption of innovative financing schemes	i. Enhance uptake of RBF/OBA facilities to compliment leveraged funding	Amount disbursed under RBF/OBA	KSh 275,000,000.00	0.00	Investment
	ii. Institute incentives for WSPs to engage non-commercially viable investments in target population areas	Number of Projects Undertaken under incentive programme			Investment
	iii. Enhance uptake of Guaranteed Commercial bank loans	Amount of loans taken by WSPs			Investment
	iv. Develop & Implement a framework to enhance WSPs' management/ reduction of NRW	Overall National NRW	35%	0.00	Investment
	v. Catalyse BOT concept PPP projects financing	Number of PPP secured for WSPs	5	0.00	Investment
	vi. Increased R&D in the area of innovative financing	Number of new ideas adopted	1	0.00	Investment; Research & Innovation
c) Increase WSTF capacity to absorb funds.	i. Increase WSTF project-based staff to speed up Project implementation	Number of Project based staff at WSTF			Investment; HR
	ii. Continuous lobbying GoK for timely disbursements of funds	% disbursements made by GoK on time	75%	0.00	Investment; Accounts
	iii. Improve CRM to enhance M&E and reporting on programmes	% Project Reporting Done on time	95%	0.00	Investments; M&E;
d) Improve capacity of implementation partners	i. Establishment of a dedicated capacity building unit within WSTF	Timeline	June 30th	0.00	Organisation Dev.
	ii. Development of operations manuals and framework tools to improve their capability.	Timeline	N/A	0.00	Organisation Development
	iii. Development and monitoring of post commissioning monitoring and evaluation tool kit for implementers.	Timeline	N/A	0.00	M&E; Organisation Dev.
	iv. Enhancing communication channels with implementing partners	Communication Index	90%	0.00	Investment; M&E; IAR
e) Enhance involvement in Water Resources Mgt & climate change mitigation	i. Adoption and mainstreaming of green approaches in WSS	% Projects funded incorporating green components	50%	0.00	Investments; Product Development Div.
	ii. Establishment of water resources and climate financing mechanisms	Timeline for Completion	N/A	0.00	Investments; Product Development Div.
	iii. Financing of water resources management initiatives and relevant climate change mitigation initiatives at the community level,	Number of initiative funded	4	20,000,000.00	Investments
	iv. Financing of WRUAs	Number of WRUAs Financed	82	186,000,000.00	Investments
f) Create Sustainable partnerships with stakeholders	i. County engagement and participation in county forums in order to strengthen linkage with WSTF.	Number of Counties contributing to water projects	24	0.00	CEO; Fund Dev.; Investment; C. Affairs
	ii. Initiate quarterly publications on programmes to share with partners.	Number of Publications	4	200,000.00	Corporate Affairs
	iii. Develop guidelines for MoU development and	Compliance level with signed MoUs	100%	0.00	Fund Dev.;

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	ensure strict compliance to the MoUs.				Investments; Legal
	iv. Participation in water week, water related exhibitions, County agricultural shows.	Number of Water related exhibitions and Agricultural shows participated in	ALL	0.00	ALL
	v. Organise WSTF Open days in Counties to reach out to local stakeholders.	Number of WSTF Open Day per County	4	500,000.00	ALL
g) Establishment of a Research Unit for WSTF	i. Adequate staffing of the research unit.	Timeline for full staffing	N/A	0.00	HR; Strategy, OD & M&E
	ii. Developing an innovation policy that incentivises staff and partners who develop solutions to expand access.	Timeline for Operationalisation	N/A	0.00	Strategy, OD & M&E
	iii. Institution of a research policy in line with water sector objectives.	Timeline for Operationalisation	N/A	0.00	Strategy, OD & M&E
	iv. Initiate partnerships with local and international institutions in relevant research programmes in the country.	Number of Research Programmes Sponsored	5	3,000,000.00	Strategy, OD & M&E
	v. A training section to monetise research finding by advising other sector players on sustainable approaches in water provision.	Revenue from Training & Consultancy	N/A	0.00	Strategy, OD & M&E
<b>TOTAL BUDGET</b>				<b>1,940,400,000.00</b>	
STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
<b>GOAL THREE: BUILD WSTF'S CAPACITY TO A HIGH-PERFORMANCE, PEOPLE CENTRED CULTURE</b>					
a) Greater Institutional Strengthening	i. Re-engineering the CRM and investing in Capacity Development Support (IPs) & in more efficient M&E systems and tools	% Projects completed within timelines & budgets	70%		Investment; Strategy, OD & M&E; IT
	ii. Standardised and Agile Operational Processes & Workflows - Have Standardised SOPs for all departments.	ISO Audit Ratings	Zero Major Non-compliances	400,000.00	Internal Audit & Risk
	iii. Leverage on technology to improve efficiency of WSTF and partners.	Automation level	X+10%	5,000,000.00	IT
b) Staff training and development	i. Staff evaluation and mapping as per new structure	% staff aligned to new structure by 31st March 2018	100%	0.00	HR
	ii. Continuous staff training needs analysis and development planning	% of staff with training & development plan	100%	0.00	HR
	iii. Continuous Staff training & development	% of staff trained	100%	10,083,252.00	HR
c) Employee empowerment	i. Establish a culture of dependability that encourages initiative and innovativeness	Culture change index	X+10%	0.00	ALL
	ii. Establishment of Career plans for all staff	% target staff with career development plans	100%	0.00	HR
	iii. Improve internal communication and access to relevant information to staff	Communication Index - Internal	X+10%	0.00	Management
d) Enhance Succession plan	i. Development of a corporate succession plan	Timeline implementation	N/A	0.00	HR
	ii. Implementation of the succession plan over the strategic period		N/A	0.00	Management
e) Enhanced Performance management:	i. Ensure effective communication to staff on strategy				Management
	ii. Training, development and roll out of staff BSCs	% target staff on BSC	100%	750,000.00	HR
	iii. Establish a performance culture by aligning rewards scheme to BSC	Timeline, implementation	June 30th	0.00	HR

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	iv. Institute a quarterly BSC review system for all staff	Frequency - Quarterly Reviews	1	0.00	HR
	v. Mapping of quarterly performance on WSTF Performance Framework for Strategy Monitoring	Number of Strategy Reviews per year	2	0.00	Strategy, OD & M&E
f) Improved staff motivation and retention:	i. Establishment of a comprehensive fair reward scheme	Timeline for Operationalisation	June 30th 2018		Management & BOT
	ii. Enhancing the workplace environment (Space, equipment)	Staff Wellness Index	X+10%	0.00	Management & BOT
	iii. Proactively enabling work - life balance across the Fund			0.00	HR
	iv. Enhancing teamwork within units, departments and across the Fund			0.00	HR
	v. Enhance staff welfare mechanisms			0.00	HR
<b>TOTAL BUDGET</b>				<b>16,233,252.00</b>	

## 2018-2019

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
<b>GOAL ONE: INCREASED FINANCIAL RESOURCES TO KSHS 10 BILLION ANNUALLY</b>					
a) Tapping on to the private sector: (Leveraged Funding)	i. Develop a framework of working with sector players	Time line; Formulation & Implementation	1-Jul-18	0.00	Investments, Fund Dev.
	ii. Build capacity WSPs - Registered	Number of Registered WSPs qualified	10	3,000,000.00	Product Development Div.
	iii. Build capacity WSPs - Unregistered	number of Unregistered WSPs qualified	10	2,000,000.00	Product Development Div.
	iv. Assist select WSS providers develop bankable proposals	Number of WSPs with at least 1 financed proposal	16	0.00	Product Development Div.
	v. Lobby for PPP for select proposals	Number of PPP secured for WSPs	10	0.00	Investments, Fund Dev.
b) Expand RBF/ OBA exponentially	i. Increase No. of WSPs that qualify through capacity building in 1.1 (a) (ii)	Number of WSPs qualified	20	0.00	Product Development Div.; Fund Dev.; Investments
	ii. Enhance uptake of RBF/OBA facilities to compliment leveraged funding	Impact/ Amount disbursed under RBF/ OBA - Water Supply	175,000	500,000,000.00	Investment
		Impact/ Amount disbursed under RBF/ OBA - Water Sanitation	75,000	370,000,000.00	
c) Intense Fundraising from DPs	i. Lobbying from Existing Partners for Increased Funding	Total funding from Development Partners	KSh 1,388,657,908.00		CEO; Fund Dev.
	ii. Lobbying from New Dev. Partners for Funding				
d) Lobbying the government for increased Funding	i. Lobbying from Central Government for increased budgetary allocation	Total funding from Government	KSh 595,139,103.00	0.00	CEO; Fund Dev.
	ii. Exploring opportunities for other forms of funding from Central Govt.			0.00	CEO; Fund Dev.t
	iii. County Governments capacity building on sector			0.00	Fund Dev.; Organisation Dev.
	iv. Lobby County Governments to remit Equalisation Fund			0.00	CEO; Fund Dev.
	v. Exploring opportunities for other forms of			0.00	CEO; Fund Dev.



STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO	
	funding from County Governments on specific programmes					
e) Self-sustainability funding initiatives	i. Spearhead the operationalisation of the Water Levy	Amount Raised from Levy	Roll Out	0.00	Fund Dev.; Accounts	
	ii. Launch an infrastructure bond to raise KSh 1B p.a.					
	iii. Launch Preparations to enable sector lending	Revenue from Interests and Fee Income	KSh 116,202,989.00	0.00	Fund Dev.t; Accounts	
	iv. Set up and operationalise investment policy (For Revenue Generation)				Fund Dev.t; Accounts	
	v. Explore property development for rental and other forms of income on WSTF/WRA property	Milestone Achieved		300,000,000.00	CEO; Fund Dev.t; Accounts	
	vi. Explore, set up endowment fund by 2019	Milestone Achieved		1,407,294,941.04	Fund Dev.t; Accounts	
f) Costs management and budget controls	i. Establish Cost management restructuring plan	Variance on Budgets	5%	0.00	Accounts; Investments; M&E; ALL	
	ii. Implementation of plan			0.00		
g) Enhance monitoring of project implementation	i. Review of PM tools	Timeline, Review of PM Tools	N/A	0.00	M&E; Investments	
	ii. Enhance technology use for PM, data gathering and Reporting	Number of systems enhanced			ALL	
<b>TOTAL BUDGET</b>				<b>2,582,294,941.04</b>		
STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO	
<b>GOAL TWO: REDUCE NUMBER OF URBAN POOR AND UNDERSERVED RURAL WITHOUT ACCESS TO WSS BY 30%</b>						
a) Development of unique standard investments products	i. Develop and implement a comprehensive rebranding strategy for WSTF to enhance identification with sector and stakeholders	Branding Strategy in place; Implementation (Publicity & Advocacy)	100%	5,720,000.00	Corporate Affairs; Accounts	
	ii. Enhance marketing and uptake of products to WSPs - registered & Unregistered (WSTF driven absorption of funds);	i. % Raised funds disbursed	60%	0.00	Product Development Div.; Investments	
	iii. Enhance access by target group	ii. Number of people with Access WS - Urban Poor		185,000	625,000,000.00	Product Development Div.; Investments
		iii. Number of people with access SS - Urban Poor		109,000	335,000,000.00	Product Development Div.; Investments
		iv. Number of people with Access WS - Underserved Rural		189,000	476,000,000.00	Product Development Div.; Investments
		v. Number of people with access SS - Underserved Rural		20,000	73,090,909.09	Product Development Div.; Investments
		iv. Number of people with Access WS - Rural - ASAL		198,000	436,000,000.00	Product Development Div.; Investments
	v. Number of people with access SS - Rural - ASAL		20,000	109,602,327.84	Product Development Div.; Investments	

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
		vi. UBSUP	200,000	400,000,000.00	Product Development Div.; Investments
	iv. Research & Development on suitable products and their packaging for different stakeholders	Number of New Products Developed and funded (to implementing partners) per category	1	0.00	Research & Innovation
b) Adoption of innovative financing schemes	i. Enhance uptake of RBF/OBA facilities to compliment leveraged funding	Amount disbursed under RBF/OBA	KSh 870,000,000.00	0.00	Investment
	ii. Institute incentives for WSPs to engage non-commercially viable investments in target population areas	Number of Projects Undertaken under incentive programme			Investment
	iii. Enhance uptake of Guaranteed Commercial bank loans	Amount of loans taken by WSPs			Investment
	iv. Develop & Implement a framework to enhance WSPs' management/ reduction of NRW	Overall National NRW	33%	0.00	Investment
	v. Catalyse BOT concept PPP projects financing	Number of PPP secured for WSPs	10	0.00	Investment
	vi. Increased R&D in the area of innovative financing	Number of new ideas adopted	2	0.00	Investment; Research & Innovation
c) Increase WSTF capacity to absorb funds.	i. Increase WSTF project-based staff to speed up Project implementation	Number of Project based staff at WSTF			Investment; HR
	ii. Continuous lobbying GoK for timely disbursements of funds	% disbursements made by GoK on time	80%	0.00	Investment; Accounts
	iii. Improve CRM to enhance M&E and reporting on programmes	% Project Reporting Done on time	100%	0.00	Investments; M&E;
d) Improve capacity of implementation partners	i. Establishment of a dedicated capacity building unit in WSTF	Timeline	N/A	0.00	Organisation Dev.
	ii. Development of operations manuals and framework tools to improve their capability.	Timeline	Dec-18	0.00	Organisation Development
	iii. Development and monitoring of post commissioning monitoring and evaluation tool kit for implementers.	Timeline	Dec-18	0.00	M&E; Organisation Dev.
	iv. Enhancing communication channels with partners	Communication Index	90%	0.00	Investment; M&E; IAR
e) Enhance involvement in Water Resources Mgt & climate change mitigation	i. Adoption and mainstreaming of green approaches in WSS	% Projects funded incorporating green components	60%	0.00	Investments; Product Development Div.
	ii. Establishment of water resources and climate financing mechanisms	Timeline for Completion	Dec-18		Investments; Product Development Div.
	iii. Financing of water resources management initiatives and relevant climate change mitigation initiatives at the community level,	Number of initiative funded	10	50,000,000.00	Investments
	iv. Financing of WRUAs	Number of WRUAs Financed	75	767,000,000.00	Investments
f) Create Sustainable partnerships with	i. County engagement and participation in county forums in order to strengthen linkage with WSTF.	Number of Counties contributing to water projects	30	0.00	CEO; Fund Dev.; Investment; C. Affairs
	ii. Initiate quarterly publications on programmes	Number of Publications	4	200,000.00	Corporate Affairs

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
stakeholders	to share with partners.				
	iii. Develop guidelines for MoU development and ensure strict compliance to the MoUs.	Compliance level with signed MoUs	100%	0.00	Fund Dev.; Investments; Legal
	iv. Participation in water week, water related exhibitions, County agricultural shows.	Number of Water related exhibitions and Agricultural shows participated in	ALL	0.00	ALL
	v. Organise WSTF Open days in Counties to reach out to local stakeholders.	Number of WSTF Open Day per County	4	500,000.00	ALL
	g) Establishment of a Research Unit for WSTF	i. Adequate staffing of the research unit.	Timeline for full staffing	Dec-18	
	ii. Developing an innovation policy that incentivises staff and partners who develop solutions to expand access.	Timeline for Operationalisation	Dec-18	0.00	Strategy, OD & M&E
	iii. Institution of a research policy in line with water sector objectives.	Timeline for Operationalisation	Dec-18		Strategy, OD & M&E
	iv. Initiate partnerships with local and international institutions in relevant research programmes in the country.	Number of Research Programmes Sponsored	10	3,300,000.00	Strategy, OD & M&E
	v. A training section to monetise research finding by advising other sector players on sustainable approaches in water provision.	Revenue from Training & Consultancy	KSh 5,000,000.00	1,000,000.00	Strategy, OD & M&E
<b>TOTAL BUDGET</b>				<b>3,282,413,236.93</b>	
STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
<b>GOAL THREE: BUILD WSTF'S CAPACITY TO A HIGH-PERFORMANCE, PEOPLE CENTRED CULTURE</b>					
a) Greater Institutional Strengthening	i. Re-engineering the CRM and investing in Capacity Development Support (IPs) & in more efficient M&E systems and tools	% Projects completed within timelines & budgets	75%		Investment; Strategy, OD & M&E; IT
	ii. Standardised and Agile Operational Processes & Workflows - Have Standardised SOPs for all departments.	ISO Audit Ratings	Zero Major Non-compliances	400,000.00	Internal Audit & Risk
	iii. Leverage on technology to improve efficiency of WSTF and partners.	Automation level	X+10%	5,000,000.00	IT
b) Staff training and development	i. Staff evaluation and mapping as per new structure	% staff aligned to new structure by 31st March 2018	100%	0.00	HR
	ii. Continuous staff TNA and development planning	% of staff with training & development plan	100%	0.00	HR
	iii. Continuous Staff training & development	% of staff trained	100%	11,091,577.20	HR
c) Employee empowerment	i. Establish a culture of dependability that encourages initiative and innovativeness	Culture change index	X+10%	0.00	ALL
	ii. Establishment of Career plans for all staff	% target staff with career development plans	100%	0.00	HR
	iii. Improve internal communication and access to relevant information to staff	Communication Index - Internal	X+10%	0.00	Management
d) Enhance Succession plan	i. Development of a corporate succession plan	Timeline implementation	Jun-19	0.00	HR
	ii. Implementation of the succession plan				Management
e) Enhanced Performance management:	i. Ensure effective communication to staff on strategy				Management
	ii. Training, development and roll out of staff BSCs	% target staff on BSC	100%	0.00	HR

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	iii. Establish a performance culture by aligning rewards scheme to BSC	Timeline, implementation			HR
	iv. Institute a quarterly BSC review system for all staff	Frequency - Quarterly Reviews	1	0.00	HR
	v. Mapping of quarterly performance on WSTF Performance Framework for Strategy Monitoring	Number of Strategy Reviews per year	2	0.00	Strategy, OD & M&E
f) Improved staff motivation and retention:	i. Establishment of a comprehensive fair reward scheme	Timeline for Operationalisation	30th June 2019		Management & BOT
	ii. Enhancing the workplace environment (Space, equipment)	Staff Wellness Index	X+10%	0.00	Management & BOT
	iii. Proactively enabling work - life balance across the Fund			0.00	HR
	iv. Enhancing teamwork across the Fund			0.00	HR
	v. Enhance staff welfare mechanisms			0.00	HR
<b>TOTAL BUDGET</b>				<b>16,491,577.20</b>	

Following a Mid-term review in September 2019, the objectives were aligned to the mandate and to reflect emerging issues revealed in the first two years strategy review. While there was notable progress in goals around institutional strengthening, performance on funds mobilisation in addition to funds absorption were too low which impacted on execution of investment programs. The end result was the goals one and two were not met as shown in Chapter 1.4.1. Thus, on review of the strategic direction, the key goals, strategies and targets changed to ensure WSTF remain on track to achieve its overall goal of mobilizing Kes 23B to reach 4.7M underserved Kenyans.

## 9.2 Reviewed 2019-2022 Implementation Matrix

### 9.2.1 GOAL ONE: Mobilize Kes 23 Billion to improve access to water and sanitation to the underserved poor.

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Tapping on to the private sector: (Leveraged Funding)	i. Build capacity of Licensed WSPs to qualify for Commercial Loans	Number of Licensed WSPs qualified for Commercial Loans	5	3,000,000.00	Investments/ Programmes
	ii. Build capacity of Unlicensed WSPs (Water Utilities) to qualify for Funding	Number of Unlicensed WSPs (Water Utilities) qualified for Funding	10	2,000,000.00	Investments/ Programmes
	iii. Assist select WSP to develop bankable proposals	Number of WSPs with at least 1 financed proposal	6	0	Investments/ Programmes
	iv. Leverage private sector funding for WSTF programmes	Amount of leveraged funds	KSh 500,000,000.00		Investments/ Programmes
	v. Establish a PPP node at WSTF	No. of Functional PPP nodes by June 2020	1	0	Investments, Fund Dev.
b) Upscale Uptake of RBF	ii. Enhance uptake of RBF facilities	Amount disbursed under RBF	KSh 1,000,000,000.00	0.00	Investment
c) Fundraising from DPs	i. Lobbying from Existing and New Partners for Increased Funding	Total amount in new Agreements signed with Development Partners	KSh 2,800,000,000		CEO; Fund Dev.
		Total funding received from Development Partners	KSh 2,556,595,185		CEO; Fund Dev.
d) Lobbying the government for increased Funding	i. Lobbying from Central Government for increased budgetary allocation	Total funding from Central Government	KSh 600,000,000	0	CEO; Fund Dev.
	ii. Exploring opportunities for other forms of funding from Central Govt.		KSh 100,000,000	0	CEO; Fund Dev.t
	iv. Lobby National Government to appropriate the Equalisation Fund through WSTF	Value of appropriated Equalization Funds in the WSTF budget	KSh 200,000,000	0	CEO; Fund Dev.
	v. Exploring opportunities for other forms of funding from County Governments on specific programmes	Total funding from County Governments	KSh 100,000,000	0	CEO; Fund Dev.
e) Self-sustainability funding initiatives	i. Spearhead the operationalisation of the Water Levy	Number of Regulations passed on Water Levy by June 2020	1	0	Fund Dev.; Accounts
	ii. Launch an infrastructure bond to raise KSh 1B p.a.	Number of infrastructure bonds launched	1		Fund Dev.; Accounts
	iii. Launch Preparations to enable sector lending	Number of on lending programmes launched	1	0	Fund Dev.t; Accounts
	iv. Set up and operationalise Revenue Generation policy	Number of policies developed	1		Fund Dev.t; Accounts
	v. Explore property development for rental and other forms of income on WSTF property	Amount in the budget proposal	KSh 100,000,000	5,000,000.00	CEO; Fund Dev.t; Accounts
	vi. Explore, set up endowment fund	Number of business models developed	1	467,510,765.72	Fund Dev.t; Accounts
f) Adoption of innovative financing	i. Providing commercial guarantees to banks in order to lend to the utilities	Number of guarantees provided to banks	Jan-00		Fund Dev.t; Accounts
	ii. Fund strategies to reduce NRW by WSPs.	Amount funded	KSh 1000000		Fund Dev.t;

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
schemes					Accounts
	iii. Development and establishment of a PPP node at WSTF	PPP node operationalised			Fund Dev.t; Accounts
g) Costs management and budget controls	i. Establish and implement Cost management plan	Variance on Budgets	Less than 5%	0	Accounts; Investments; M&E; ALL
<b>TOTAL BUDGET</b>				<b>477,510,765.72</b>	

### (2020 - 2021)

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Tapping on to the private sector: (Leveraged Funding)	i. Build capacity of Licensed WSPs to qualify for Commercial Loans	Number of Licensed WSPs qualified for Commercial Loans	5	3,000,000.00	Investments/ Programmes
	ii. Build capacity of Unlicensed WSPs (Water Utilities) to qualify for Funding	Number of Unlicensed WSPs (Water Utilities) qualified for Funding	10	2,000,000.00	Investments/ Programmes
	iii. Assist select WSP to develop bankable proposals	Number of WSPs with at least 1 financed proposal	6	0	Investments/ Programmes
	iv. Leverage private sector funding for WSTF programmes	Amount of leveraged funds	KSh 500,000,000.00		Investments/ Programmes
	v. Establish a PPP node at WSTF	Number of Functional PPP nodes by June 2020	1	0	Investments, Fund Dev.
b) Upscale Uptake of RBF	ii. Enhance uptake of RBF facilities	Amount disbursed under RBF	KSh 1,000,000,000.00	0.00	Investment
c) Fundraising from DPs	i. Lobbying from Existing and New Partners for Increased Funding	Total amount in new Agreements signed with Development Partners	KSh 2,800,000,000		CEO; Fund Dev.
		Total funding received from Development Partners	KSh 2,556,595,185.01		CEO; Fund Dev.
d) Lobbying the government for increased Funding	i. Lobbying from Central Government for increased budgetary allocation	Total funding from Central Government	KSh 600,000,000	0	CEO; Fund Dev.
	ii. Exploring opportunities for other forms of funding from Central Govt.		KSh 100,000,000	0	CEO; Fund Dev.t
	iv. Lobby National Government to appropriate the Equalisation Fund through WSTF	Value of appropriated Equalization Funds in the WSTF budget	KSh 200,000,000	0	CEO; Fund Dev.
	v. Exploring opportunities for other forms of funding from County Governments on specific programmes	Total funding from County Governments	KSh 100,000,000	0	CEO; Fund Dev.
e) Self-sustainability funding initiatives	i. Spearhead the operationalisation of the Water Levy	Number of Regulations passed on Water Levy by June 2020	1	0	Fund Dev.; Accounts
	ii. Launch an infrastructure bond to raise KSh 1B p.a.	Number of infrastructure bonds launched	1		Fund Dev.; Accounts
	iii. Launch Preparations to enable sector lending	Number of on lending programmes launched	1	0	Fund Dev.t; Accounts
	iv. Set up and operationalise Revenue Generation	Number of policies developed	1		Fund Dev.t;

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	policy				Accounts
	v. Explore property development for rental and other forms of income on WSTF property	Amount in the budget proposal	KSh 100,000,000	5,000,000.00	CEO; Fund Dev.t; Accounts
	vi. Explore, set up endowment fund	Number of business models developed	1	467,510,765.72	Fund Dev.t; Accounts
f) Adoption of innovative financing schemes	i. Providing commercial guarantees to banks in order to lend to the utilities	Number of guarantees provided to banks	10		Fund Dev.t; Accounts
	ii. Fund strategies to reduce NRW by WSPs.	Amount funded	1000000		Fund Dev.t; Accounts
	iii. Development and establishment of a PPP node at WSTF	PPP node operationalised	1		Fund Dev.t; Accounts
g) Costs management and budget controls	i. Establish and implement Cost management plan	Variance on Budgets	Less than 5%	0	Accounts; Investments; M&E; ALL
<b>TOTAL BUDGET</b>				<b>477,510,765.72</b>	

## 2021- 2022

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Tapping on to the private sector: (Leveraged Funding)	i. Build capacity of Licensed WSPs to qualify for Commercial Loans	Number of Licensed WSPs qualified for Commercial Loans	5	3,000,000.00	Investments/ Programmes
	ii. Build capacity of Unlicensed WSPs (Water Utilities) to qualify for Funding	Number of Unlicensed WSPs (Water Utilities) qualified for Funding	10	2,000,000.00	Investments/ Programmes
	iii. Assist select WSP to develop bankable proposals	Number of WSPs with at least 1 financed proposal	6	0	Investments/ Programmes
	iv. Leverage private sector funding for WSTF programmes	Amount of leveraged funds	KSh 500,000,000.00		Investments/ Programmes
	v. Establish a PPP node at WSTF	No. of Functional PPP nodes by June 2020	1	0	Investments, Fund Dev.
b) Upscale Uptake of RBF	ii. Enhance uptake of RBF facilities	Amount disbursed under RBF	KSh 1,000,000,000.00	0.00	Investment
c) Fundraising from DPs	i. Lobbying from Existing and New Partners for Increased Funding	Total amount in new Agreements signed with Development Partners	KSh 2,800,000,000		CEO; Fund Dev.
		Total funding received from Development Partners	KSh 2,556,595,185.01		CEO; Fund Dev.
d) Lobbying the government for increased Funding	i. Lobbying from Central Government for increased budgetary allocation	Total funding from Central Government	KSh 600,000,000	0	CEO; Fund Dev.
	ii. Exploring opportunities for other forms of funding from Central Govt.		KSh 100,000,000	0	CEO; Fund Dev.t
	iv. Lobby National Government to appropriate the Equalisation Fund through WSTF	Value of appropriated Equalization Funds in the WSTF budget	KSh 200,000,000	0	CEO; Fund Dev.

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	v. Exploring opportunities for other forms of funding from County Governments on specific programmes	Total funding from County Governments	KSh 100,000,000	0	CEO; Fund Dev.
e) Self-sustainability funding initiatives	i. Spearhead the operationalisation of the Water Levy	Number of Regulations passed on Water Levy by June 2020	1	0	Fund Dev.; Accounts
	ii. Launch an infrastructure bond to raise KSh 1B p.a.	Number of infrastructure bonds launched	1		Fund Dev.; Accounts
	iii. Launch Preparations to enable sector lending	Number of on lending programmes launched	1	0	Fund Dev.t; Accounts
	iv. Set up and operationalise Revenue Generation policy	Number of policies developed	1		Fund Dev.t; Accounts
	v. Explore property development for rental and other forms of income on WSTF property	Amount in the budget proposal	KSh 100,000,000	5,000,000.00	CEO; Fund Dev.t; Accounts
	vi. Explore, set up endowment fund	Number of business models developed	1	467,510,765.72	Fund Dev.t; Accounts
f) Adoption of innovative financing schemes	i. Providing commercial guarantees to banks in order to lend to the utilities	Number of guarantees provided to banks	10		Fund Dev.t; Accounts
	ii. Fund strategies to reduce NRW by WSPs.	Amount funded	1000000		Fund Dev.t; Accounts
	iii. Development and establishment of a PPP node at WSTF	PPP node operationalised	1		Fund Dev.t; Accounts
g) Costs management and budget controls	i. Establish and implement Cost management plan	Variance on Budgets	Less than 5%	0	Accounts; Investments; M&E; ALL
<b>TOTAL BUDGET</b>				<b>477,510,765.72</b>	



## 9.2.2 GOAL TWO: Improved Water and Sanitation Access To Reach 4.7M Underserved Poor by 2022. (2019 – 2020)

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Development and review of the water and sanitation investment programmes and approaches	i. Develop a financing criteria	Financing criteria in place	100%	5,000,000.00	Investments
	ii. Develop and implement a comprehensive rebranding strategy for WSTF to enhance identification with sector and stakeholders	Branding Strategy in place; Implementation (Publicity & Advocacy)	100%	6,292,000.00	Corporate Affairs; Accounts
	iii. Enhance marketing and uptake of products to WSPs - registered & Unregistered (WSTF driven sector absorption of funds);	i. % Raised funds disbursed	70%	7,000,000.00	Investment
	iv. Enhance access by target group	ii. Number of people with Access WS - Urban Poor	103,000.00	1,523,000,000.00	Investment
		iii. Number of people with access SS - Urban Poor	135,000.00	403,874,193.04	Investment
		iv. Number of people with Access WS - Underserved Rural	340,000.00	603,517,857.14	Investment
		v. Number of people with access SS - Underserved Rural	20,000.00	73,090,909.09	Investment
		vi. Number of people with Access WS - Rural - ASAL	234,000	536,163,205.41	Investment
		vii. Number of people with access SS - Rural - ASAL	20,000	79,602,327.84	Investment
viii. UBSUP	100,000.00	354,300,094.48	Investment		
b) Sustainable management of water resources	i. Finance WRUAs in degraded catchment areas	No. of WRUAs funded	50	450,000,000	Investments
	ii. Finance CFAs to enhance Water Resources Management in forested areas	No. of CFAs funded	40	400,000,000	Programmes
	iii. Finance conservancies and common interest groups to enhance conservation of rangelands and ASAL areas	No. of conservancies and groups funded	20	200,000,000	Programmes
	iv. Finance Water Service Providers and other registered utilities to support catchment and water resource management activities	No. of WSPs funded	10	100,000,000	Programmes
	v. Support capacity development activities for supported organisations to enhance water resource management initiatives	No. of organisations supported	5	50,000,000	Programmes
c) Improve capacity of implementation partners	i. Establishment of a dedicated capacity building unit within WSTF	Timeline	75	30,000,000	Programmes
	ii. Development of operations manuals and framework tools to improve their capability.	Timeline	N/A	0	Organisation Dev.
	iii. Development and monitoring of post commissioning monitoring and evaluation tool kit for implementers.	Timeline	N/A	0	M&E; Organisation Dev.
	iv. Enhancing communication channels with implementing partners	Communication Index	90%	0	Investment; M&E; IAR
d) Create Sustainable	i. County engagement and participation in county forums in order to strengthen linkage	Number of Counties contributing to water projects	35	0	CEO; Fund Dev.; Investment; C.

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
partnerships with stakeholders	with WSTF.				Affairs
	ii. Initiate quarterly publications on programmes to share with partners.	Number of Publications	4	200,000.00	Corporate Affairs
	iii. Develop guidelines for MoU development and ensure strict compliance to the MoUs.	Compliance level with signed MoUs	100%	0	Fund Dev.; Investments; Legal
	iv. Participation in water week, water related exhibitions, County agricultural shows.	Percentage of Water related exhibitions and Agricultural shows participated in	50%	0	ALL
	v. Organise WSTF Open days in Counties to reach out to local stakeholders.	Number of WSTF Open Day in Counties	1	500,000.00	ALL
<b>TOTAL BUDGET</b>				<b>3,932,540,587.00</b>	

## 2020 – 2021

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Implement low-cost solutions in order to improve access to communities	i. Develop a financing criteria	Financing criteria in place	100%	5,000,000.00	Investments
	ii. Develop and implement a comprehensive rebranding strategy for WSTF to enhance identification with sector and stakeholders	Branding Strategy in place; Implementation (Publicity & Advocacy)	100%	6,292,000.00	Corporate Affairs; Accounts
	iii. Enhance marketing and uptake of products to WSPs - registered & Unregistered (WSTF driven sector absorption of funds);	i. % Raised funds disbursed	70%	7,000,000.00	Investment
	iv. Enhance access by target group	ii. Number of people with Access WS - Urban Poor	103,000.00	2,010,360,000.00	Investment
		iii. Number of people with access SS - Urban Poor	135,000.00	533,113,934.81	Investment
		iv. Number of people with Access WS - Underserved Rural	340,000.00	802,678,750.00	Investment
		v. Number of people with access SS - Underserved Rural	20,000.00	96,480,000.00	Investment
		vi. Number of people with Access WS - Rural - ASAL	234,000	707,735,431.14	Investment
		vii. Number of people with access SS - Rural - ASAL	20,000	105,075,072.75	Investment
viii. UBSUP		100,000.00	467,676,124.71	Investment	
b) Sustainable management of water resources		i. Finance WRUAs in degraded catchment areas	No. of WRUAs funded	50	450,000,000
	ii. Finance CFAs to enhance Water Resources Management in forested areas	No. of CFAs funded	20	200,000,000	Programmes
	iii. Finance conservancies and common interest groups to enhance conservation of rangelands and ASAL areas	No. of conservancies and groups funded	20	200,000,000	Programmes
	iv. Finance Water Service Providers and other registered utilities to support catchment and water resource management activities	No. of WSPs funded	10	100,000,000	Programmes
	v. Support capacity development activities for supported organisations to enhance water	No. of organisations supported	100	50,000,000	Programmes

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	resource management initiatives				
	vi. Collection of water levies to boost investments in water resources management	Amount collected	100,000,000.00		Finance/ Investments
c) Improve capacity of implementation partners	i. Establishment of a dedicated capacity building unit within WSTF	Timeline	N/A	0	Organisation Dev.
	ii. Development of operations manuals and framework tools to improve their capability.	Timeline	N/A	0	Organisation Dev.
	iii. Development and monitoring of post commissioning monitoring and evaluation tool kit for implementers.	Timeline	N/A	0	M&E; Organisation Dev.
	iv. Enhancing communication channels with implementing partners	Communication Index	90%	0	Investment; M&E; IAR
d) Create Sustainable partnerships with stakeholders	i. County engagement and participation in county forums in order to strengthen linkage with WSTF.	Number of Counties contributing to water projects	35	0	CEO; Fund Dev.; Investment; C. Affairs
	ii. Initiate quarterly publications on programmes to share with partners.	Number of Publications	4	200,000.00	Corporate Affairs
	iii. Develop guidelines for MoU development and ensure strict compliance to the MoUs.	Compliance level with signed MoUs	100%	0	Fund Dev.; Investments; Legal
	iv. Participation in water week, water related exhibitions, County agricultural shows.	Percentage of Water related exhibitions and Agricultural shows participated in	50%	0	ALL
	v. Organise WSTF Open days in Counties to reach out to local stakeholders.	Number of WSTF Open Day in Counties	1	500,000.00	ALL
<b>TOTAL BUDGET</b>				<b>3,932,540,587.00</b>	

## 2021 – 2022

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO	
a) implement low-cost solutions in order to improve access to communities	i. Develop a financing criteria	Financing criteria in place	100%	5,000,000.00	Investments	
	ii. Develop and implement a comprehensive rebranding strategy for WSTF to enhance identification with sector and stakeholders	Branding Strategy in place; Implementation (Publicity & Advocacy)	100%	6,292,000.00	Corporate Affairs; Accounts	
	iii. Enhance marketing and uptake of products to WSPs - registered & Unregistered (WSTF driven sector absorption of funds);	i. % Raised funds disbursed	70%	7,000,000.00	Investment	
	iv. Enhance access by target group	ii. Number of people with Access WS - Urban Poor		103,000.00	2,533,053,600.00	Investment
		iii. Number of people with access SS - Urban Poor		135,000.00	671,723,557.86	Investment
		iv. Number of people with Access WS - Underserved Rural		340,000.00	1,011,375,225.00	Investment
v. Number of people with access SS - Underserved Rural			20,000.00	121,564,800.00	Investment	
	vi. Number of people with Access WS - Rural -		234,000	891,746,643.24	Investment	

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
		ASAL			
		vii. Number of people with access SS - Rural - ASAL	20,000	132,394,591.66	Investment
		viii. UBSUP	100,000.00	584,595,155.89	Investment
b) Sustainable management of water resources	i. Finance WRUAs in degraded catchment areas	No. of WRUAs funded	50	450,000,000	Programmes
	ii. Finance CFAs to enhance Water Resources Management in forested areas	No. of CFAs funded	20	200,000,000	Programmes
	iii. Finance conservancies and common interest groups to enhance conservation of rangelands and ASAL areas	No. of conservancies and groups funded	30	300,000,000	Programmes
	iv. Finance Water Service Providers and other registered utilities to support catchment and water resource management activities	No. of WSPs funded	20	200,000,000	Programmes
	v. Support capacity development activities for supported organisations to enhance water resource management initiatives	No. of organisations supported	170	70,000,000	Programmes
	vi. Collection of water levies to boost investments in water resources management	Amount collected	110,000,000.00		Finance/ Investments
c) Improve capacity of implementation partners	i. Establishment of a dedicated capacity building unit within WSTF	Timeline	N/A	0	Organisation Dev.
	ii. Development of operations manuals and framework tools to improve their capability.	Timeline	N/A	0	Organisation Dev.
	iii. Development and monitoring of post commissioning monitoring and evaluation tool kit for implementers.	Timeline	N/A	0	M&E; Organisation Dev.
	iv. Enhancing communication channels with implementing partners	Communication Index	90%	0	Investment; M&E; IAR
d) Create Sustainable partnerships with stakeholders	i. County engagement and participation in county forums in order to strengthen linkage with WSTF.	Number of Counties contributing to water projects	35	0	CEO; Fund Dev.; Investment; C. Affairs
	ii. Initiate quarterly publications on programmes to share with partners.	Number of Publications	4	200,000.00	Corporate Affairs
	iii. Develop guidelines for MoU development and ensure strict compliance to the MoUs.	Compliance level with signed MoUs	100%	0	Fund Dev.; Investments; Legal
	iv. Participation in water week, water related exhibitions, County agricultural shows.	Percentage of Water related exhibitions and Agricultural shows participated in	50%	0	ALL
	v. Organise WSTF Open days in Counties	Number of WSTF Open Day in Counties	1	500,000.00	ALL

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	to reach out to local stakeholders.				
<b>TOTAL BUDGET</b>					<b>3,932,540,587.00</b>

### 9.2.3 GOAL THREE: Bolster Water Sector Research and Innovation Initiatives Through Financing 200 projects by 2022

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Establish structures and infrastructure requirements to roll out the research function within the Fund	i. Development of a Research funding framework	No. of research cycles developed	1	1,000,000	MPME&R
	ii. Establishment of the scope and outlining criteria for partnerships on relevant areas.				MPME&R
	iii. Institution of a research policy in line with water sector objectives				MPME&R
	iv. Outline the incubation concepts for upscaling of innovation research; 1) Developing an innovation policy that incentivises staff and partners who develop solutions to expand access.				MPME&R
	2) Enter into research support arrangements with universities	No. of agreements signed	2	1,000,000	MPME&R
	4) Conduct Institutional Research and support WSTF departments to enhance operational efficiency	No. of adopted innovations/ department	1	0	MPME&R
b) Enhance Research and Innovation	Develop research funding cycles	No. of research cycles developed	1	1,000,000	MPME&R
	Finance Research Initiatives	No. of research initiatives financed	25	10,000,000	MPME&R
	Implement Research and innovation in investment programmes	Evidence of research results applied in investment programmes	1	1,000,000	MPME&R
<b>TOTAL BUDGET</b>					<b>14,000,000.00</b>

## 2020 – 2021

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Establish structures and infrastructure requirements to roll out the research function within the Fund	i. Development of a Research funding framework	No. of research cycles developed	1	1,000,000	MPME&R
	ii. Establishment of the scope and outlining criteria for partnerships on relevant areas.				MPME&R
	iii. Institution of a research policy in line with water sector objectives				MPME&R
	iv. Outline the incubation concepts for upscaling of innovation research; 1) Developing an innovation policy that incentivises staff and partners who develop solutions to expand access.				MPME&R
	2) Enter into research support arrangements with universities	No. of agreements signed	2	1,000.000	MPME&R
	3) A training section to advise other sector players on sustainable water provision.	Amount of revenue	5,000,000		MPME&R
	4) Conduct Institutional Research and support WSTF departments to enhance operational efficiency	No. of adopted innovations/ department	1		MPME&R
b) Enhance Research and Innovation	Develop research funding cycles	No. of research cycles developed	1	1,000,000	MPME&R
	Finance Research Initiatives	No. of research initiatives financed	75	30,000,000	MPME&R
	Implement Research and innovation in investment programmes	Evidence of research results applied in investment programmes	1	1,000,000	MPME&R
<b>TOTAL BUDGET</b>				<b>34,000,000.00</b>	

## 2021 – 2022

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Establish structures and infrastructure requirements to roll out the research function within the Fund	i. Development of a Research funding framework	No. of research cycles developed	1	1,000,000	MPME&R
	ii. Establishment of the scope and outlining criteria for partnerships on relevant areas.				MPME&R
	iii. Institution of a research policy in line with water sector objectives				MPME&R
	iv. Outline the incubation concepts for upscaling of innovation research; 1) Developing an innovation policy that incentivises staff and partners who develop solutions to expand access.				MPME&R
	2) Enter into research support arrangements with universities	No. of agreements signed	2	1,000,000	MPME&R
	3) A training section to advise other sector players on sustainable water provision.	Amount of revenue	10,000,000		MPME&R
	4) Conduct Institutional Research and support WSTF departments to enhance operational efficiency	No. of adopted innovations/ department	1		MPME&R
b) Enhance Research and Innovation	Develop research funding cycles	No. of research cycles developed	1	1,000,000	MPME&R
	Finance Research Initiatives	No. of research initiatives financed	100	45,000,000	MPME&R

	Implement Research and innovation in investment programmes	Evidence of research results applied in investment programmes	1	1,000,000	MPME&R
	<b>TOTAL BUDGET</b>			<b>49,000,000.00</b>	

#### 9.2.4 GOAL FOUR: Institutional Development & Systems Strengthening of WSTF to enhance its capacity to deliver on its Mandate (2019 – 2020)

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Systems improvement	i. Re-engineering the CRM and investing in Capacity Development Support (IPs) & in more efficient M&E systems and tools	No. of capacity building sessions for CRMs and Resident Engineers	2	1,500,000.00	Investment; Strategy, OD & M&E; IT
	ii. Standardised and Agile Operational Processes & Workflows - Have Standardised SOPs for all departments.	No. of Major non-compliances	Zero Major Non-compliances	1,000,000.00	Internal Audit & Risk
	iii. Leverage on technology to improve efficiency of WSTF and partners.	Automation level	98%	3,000,000.00	IT
b) Staff training and development	i. Continuous staff training needs analysis and development plan	% of staff with training & development plan	100%	0	HR
	ii. Continuous Staff training & development	% of staff trained	100%	25,000,000.00	HR
c) Employee empowerment	i. Establishment of Career plans for all staff	% target staff with career development plans	100%	0	HR
	ii. Improve internal communication and access to relevant information to staff	Communication Index - Internal	85%	0	Management
d) Enhance Succession plan	i. Review of a corporate succession plan	No. of reviewed succession plans/ position	1	0	HR
	ii. Implementation of the succession plan over the strategic period	% implementation of the succession plan	100%	0	Management
e) Organisational restructure	1. Review Career Guidelines 2. Review Grading structure 3. Continuous implementation of the Organisation structure and Staff establishment	% Reviewed career guidelines % Reviewed grading structure % Implemented org structure	100% 100% 100%	3,000,000.00	HR
f) Enhanced Performance management:	i. Ensure effective communication to staff on strategy	No. of strategy sensitisation meetings held with staff	1	100,000.00	Management
	ii. Training, development and roll out of staff BSCs	% target staff on BSC	100%	0	HR
	iii. Implement the rewards scheme in line with the BSC	% of staff who improved performance	40%		HR
	iv. Institute a biannual BSC staff performance review	No. of Reviews	2	0	HR
	v. Institutional performance reviews	No. of institutional performance reviews	4	0	Planning; M&E
g) Improved staff motivation and retention:	i. Implementation of a comprehensive fair reward scheme	(1) Staff satisfaction index (2) Work environment satisfaction index	Staff satisfaction index- 81% Work environment Index- 89%	1,000,000	Management & BOT
	ii. Enhancing the workplace environment (Space, equipment)				Management & BOT
	iii. Proactively enabling work - life balance across the Fund				HR
	iv. Enhancing teamwork within units, departments and across the Fund				HR

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
	v. Enhance staff welfare mechanisms				HR
h) Enhance Governance	Board Evaluation	No of evaluations	1	1,500,000.00	M Legal
	Compliance Audit	No of audits	1	4,000,000.00	M Legal
	Board Charter	No. of reviewed board charters	4	2,000,000.00	M Legal
	Board Training	% of Board members trained	100%	5,000,000.00	M Legal
i) Business Process performance improvement	Development index	Development Index	70	0	CMF/ M&E
	Development versus recurrent expenditure	DE/RE Ratio	2.33	0	CMF/ M&E
	Project processing efficiency	Average time taken to process proposals (days)	90	0	MPME&R
	Implement issues management and flagging system	% of projects red flagged	0	0	MPME&R
	Develop and implement a project management information system	No. of project implementation systems No.	1	20,000,000	MPME&R
	Enhanced project monitoring	WSTF monitoring visits per project	2	12,000,000	MPME&R
j) Enhanced Enterprise Risk management	Standard unit cost development/ review	No. of standard unit cost frameworks developed	1	5,000,000	CMI&P
	Enhance project financial management and accountability	Value of Questioned costs	>10	0	CMIAR
		Questioned costs as a % of funds disbursed	5	5,000,000	CMIAR
	Conduct annual Joint Operations Monitoring	No. of JAOME conducted	1	15,000,000	MPME&R
Enhance risk management and incidence response	% of enterprise risk survey recommendations implemented	100	2,000,000	CMIAR	
k) Increase the Fund's capacity to absorb more funds	i. Hiring project-based staff to speed up projects implementation.	% of projects completed in time	100%		Investment; HR
	ii. Continued engagement of GOK for timely disbursement of funds and increased allocation	% of funds disbursed onetime	70%		Investment; Accounts
		% increase of allocation	30%		Investment; Fund
	iii. Enhance M & E for Fund investments and programmes by improving the capacity to support, monitor and report on the investment programmes, strengthening of the M&E Unit and the information management systems.	% of timely M&E Reports	90%		Investments; M&E;
	iv. Enhance the Fund's effectiveness in risk management through a robust risk management framework	% of enterprise risk survey recommendations implemented	100%	2,000,000	Investments; M&E;
	<b>TOTAL BUDGET</b>			<b>108,100,000.00</b>	



2020 – 2021

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Systems Improvement	i. Re-engineering the CRM and investing in Capacity Development Support (IPs) & in more efficient M&E systems and tools	No. of capacity building sessions for CRMs and Resident Engineers	2	1,500,000.00	Investment; Strategy, OD & M&E; IT
	ii. Standardised and Agile Operational Processes & Workflows - Have Standardised SOPs for all departments.	No. of Major non-compliances	Zero Major Non-compliances	1,000,000.00	Internal Audit & Risk
	iii. Leverage on technology to improve efficiency of WSTF and partners.	Automation level	98%	3,000,000.00	IT
b) Staff training and development	i. Continuous staff training needs analysis and development plan	% of staff with training & development plan	100%	0	HR
	ii. Continuous Staff training & development	% of staff trained	100%	25,000,000.00	HR
c) Employee empowerment	i. Establishment of Career plans for all staff	% target staff with career development plans	100%	0	HR
	ii. Improve internal communication and access to relevant information to staff	Communication Index - Internal	85%	0	Management
d) Enhance Succession plan	i. Review of a corporate succession plan	No. of reviewed succession plans/ position	1	0	HR
	ii. Implementation of the succession plan over the strategic period	% implementation of the succession plan	100%	0	Management
e) Organisational restructure	1. Review Career Guidelines 2. Review Grading structure 3. Continuous implementation of the Organisation structure and Staff establishment	% Reviewed career guidelines % Reviewed grading structure % Implemented org structure	100% 100% 100%	3,000,000.00	HR
f) Enhanced Performance management:	i. Ensure effective communication to staff on strategy	No. of strategy sensitisation meetings held with staff	1	100,000.00	Management
	ii. Training, development and roll out of staff BSCs	% target staff on BSC	100%	0	HR
	iii. Implement the rewards scheme in line with BSC	% of staff who improved performance	40%		HR
	iv. Institute a biannual BSC staff performance review	No. of Reviews	2	0	HR
	v. Institutional performance reviews	No. of institutional performance reviews	4	0	Planning; M&E
g) Improved staff motivation and retention:	i. Implementation of a comprehensive fair reward scheme	(1) Staff satisfaction index (2) Work environment satisfaction index	Staff satisfaction index- 81% Work environment Index- 89%	1,000,000	Management & BOT
	ii. Enhancing the workplace environment (Space, equipment)				Management & BOT
	iii. Proactively enabling work - life balance across the Fund				HR
	iv. Enhancing teamwork within units, departments and across the Fund				HR
	v. Enhance staff welfare mechanisms				HR
h) Enhance Governance	Board Evaluation	No of evaluations	1	1,500,000.00	M Legal
	Compliance Audit	No of audits	1	4,000,000.00	M Legal
	Board Charter	No. of reviewed board charters	4	2,000,000.00	M Legal
	Board Training	% of Board members trained	100%	5,000,000.00	M Legal
i) Business Process	Development index	Development Index	70	0	CMF/ M&E

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
performance improvement	Development versus recurrent expenditure	DE/RE Ratio	2.33	0	CMF/ M&E
	Project processing efficiency	Average time taken to process proposals (days)	90	0	MPME&R
	Implement issues management and flagging system	% of projects red flagged	0	0	MPME&R
	Develop and implement a project management information system	No. of project implementation systems No.	1	20,000,000	MPME&R
	Enhanced project monitoring	WSTF monitoring visits per project	2	12,000,000	MPME&R
j) Enhanced Enterprise Risk management	Standard unit cost development/ review	No. of standard unit cost frameworks developed	1	5,000,000	CMI&P
	Enhance project financial management and accountability	Value of Questioned costs	>10	0	CMIAR
		Questioned costs as a % of funds disbursed	5	5,000,000	CMIAR
	Conduct annual Joint Operations Monitoring	No. of JAOME conducted	1	15,000,000	MPME&R
Enhance risk management and incidence response	% of enterprise risk survey recommendations implemented	100	2,000,000	CMIAR	
k) Increase the Fund's capacity to absorb more funds	i. Hiring project-based staff to speed up projects implementation.	% of projects completed in time	100%		Investment; HR
	ii. Continued engagement of GOK for timely disbursement of funds and increased allocation	% of funds disbursed onetime	70%		Investment; Accounts
		% increase of allocation	30%		Investment; Fund
	iii. Enhance M & E for Fund investments and programmes by improving the capacity to support, monitor and report on the investment programmes, strengthening of the M&E Unit and the information management systems.	% of timely M&E Reports	90%		Investments; M&E;
iv. Enhance the Fund's effectiveness in risk management through a robust risk management framework	% of enterprise risk survey recommendations implemented	100%	2,000,000	Investments; M&E;	
	<b>TOTAL BUDGET</b>			<b>108,100,000.00</b>	

2021 – 2022

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
a) Systems Improvement	i. Re-engineering the CRM and investing in Capacity Development Support (IPs) & in more efficient M&E systems and tools	No. of capacity building sessions for CRMs and Resident Engineers	2	1,500,000.00	Investment; Strategy, OD & M&E; IT
	ii. Standardised and Agile Operational Processes & Workflows - Have Standardised SOPs for all departments.	No. of Major non-compliances	Zero Major Non-compliances	1,000,000.00	Internal Audit & Risk
	iii. Leverage on technology to improve efficiency of WSTF and partners.	Automation level	98%	3,000,000.00	IT
b) Staff training and development	i. Continuous staff training needs analysis and development plan	% of staff with training & development plan	100%	0	HR
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	ii. Implementation of the succession plan over the strategic period	% implementation of the succession plan	100%	0	Management
e) Organisational restructure	1. Review Career Guidelines 2. Review Grading structure 3. Continuous implementation of the Organisation structure and Staff establishment	% Reviewed career guidelines % Reviewed grading structure % Implemented org structure	100% 100% 100%	3,000,000.00	HR
f) Enhanced Performance management:	i. Ensure effective communication to staff on strategy	No. of strategy sensitisation meetings held with staff	1	100,000.00	Management
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	iii. Implement the rewards scheme in line with BSC	% of staff who improved performance	40%		HR
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g) Improved staff motivation and retention:	i. Implementation of a comprehensive fair reward scheme	(1) Staff satisfaction index (2) Work environment satisfaction index	Staff satisfaction index- 81% Work environment Index- 89%	1,000,000	Management & BOT
	ii. Enhancing the workplace environment (Space, equipment)				Management & BOT
	iii. Proactively enabling work - life balance across the Fund				HR
	iv. Enhancing teamwork within units, departments and across the Fund				HR
	v. Enhance staff welfare mechanisms				HR
h) Enhance Governance	Board Evaluation	No of evaluations	1	1,500,000.00	M Legal
	Compliance Audit	No of audits	1	4,000,000.00	M Legal
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	Board Training	% of Board members trained	100%	5,000,000.00	M Legal
i) Business Process	Development index	Development Index	70	0	CMF/ M&E

STRATEGIES	KEY ACTION PROGRAMME	KEY INDICATOR	TARGET	BUDGET (KSh)	BY WHO
performance improvement	Development versus recurrent expenditure	DE/RE Ratio	2.33	0	CMF/ M&E
	Project processing efficiency	Average time taken to process proposals (days)	90	0	MPME&R
	Implement issues management and flagging system	% of projects red flagged	0	0	MPME&R
	Develop and implement a project management information system	No. of project implementation systems No.	1	20,000,000	MPME&R
	Enhanced project monitoring	WSTF monitoring visits per project	2	12,000,000	MPME&R
j) Enhanced Enterprise Risk management	Standard unit cost development/ review	No. of standard unit cost frameworks developed	1	5,000,000	CMI&P
	Enhance project financial management and accountability	Value of Questioned costs	>10	0	CMIAR
		Questioned costs as a % of funds disbursed	5	5,000,000	CMIAR
	Conduct annual Joint Operations Monitoring	No. of JAOME conducted	1	15,000,000	MPME&R
Enhance risk management and incidence response	% of enterprise risk survey recommendations implemented	100	2,000,000	CMIAR	
k) Increase the Fund's capacity to absorb more funds	i. Hiring project-based staff to speed up projects implementation.	% of projects completed in time	100%		Investment; HR
	ii. Continued engagement of GOK for timely disbursement of funds and increased allocation	% of funds disbursed onetime	70%		Investment; Accounts
		% increase of allocation	30%		Investment; Fund
	iii. Enhance M & E for Fund investments and programmes by improving the capacity to support, monitor and report on the investment programmes, strengthening of the M&E Unit and the information management systems.	% of timely M&E Reports	90%		Investments; M&E;
iv. Enhance the Fund's effectiveness in risk management through a robust risk management framework	% of enterprise risk survey recommendations implemented	100%	2,000,000	Investments; M&E;	
	<b>TOTAL BUDGET</b>			<b>108,100,000.00</b>	

## 10.0 APPENDIX

### 10.1 WSTF Performance Framework

KEY RESULT AREA	KEY PERFORMANCE INDICATOR	REF	RESULTS AREAS
<b>RESULT AREA 1: COUNTY CAPACITY DEVELOPMENT</b>			
<b>County Capacity Enhanced</b> County capacitated in fulfilling their constitutional responsibilities in establishment of an enabling environment for the provision and monitoring of Water Resources, Water and Sanitation Services.		11	County capacitated in utilising factual, evidence-based decision support systems in planning of investments and management of water, sanitation and water resources management services
		12	A clear county framework for the development of effective sustainable pro-poor water services, supported.
		13	County has capacity to record and address the needs of the underserved, ensuring GESI
<b>RESULT AREA 2: IMPROVED MANAGEMENT OF WATER RESOURCES</b>			
<b>WRUA Capacity Enhanced</b> WRM initiatives protecting water resources and ensuring equity in water access thereby reducing water related conflicts and environmental degradation.		21	WRUA capacity to support measurement, regulation and abstraction/effluent discharge compliance in addressing water conflicts at intra/inter county level enhanced.
		22	WRUA capacity to implement catchment conservation and protection through their sub catchment management plans enhanced
		23	WRUA operational sustainability enhanced
		24	Equitable benefits derived from WR interventions
<b>RESULT AREAS 3: SUSTAINABLE ACCESS TO WATER SERVICES</b>			
<b>Improved Water Service Access</b> Water supply projects ensure improved equitable access to water services.		31	Increased water access and utilisation of services (coverage) for the un-served
		32	WU Operational performance in the sustainable provision of water services improved
		33	All members of society (within WU mandated water service areas) derive equal benefit from improved water services
<b>RESULT AREA 4: SUSTAINABLE ACCESS TO SANITATION SERVICES</b>			
<b>Improved Sanitation Service Access</b> Sanitation investments ensure improved equitable access to sanitation.		41	Improved access to sanitation facilities in public places (markets, schools, health centres- within mandated supply areas of water utilities)
		42	Household sanitation coverage increased (within WU mandated supply areas)
		43	All members of society (within WU mandated water service areas) equitably have access to and derive benefit from improved sanitation services
<b>RESULT AREA 5: CAPACITY DEVELOPMENT OF WSTF TO FULFIL ITS MANDATE</b>			
<b>WSTF Capacity Enhanced</b> WSTF able to undertake its mandate through strengthened institutional capacity		51	Project management tools developed for standard planning, financing, implementation and monitoring of Improved Water Services and WRM Investments
		52	Operational systems within the WSTF contribute to investment alignment and harmonisation for more efficient, effective and transparent operation and coordination of investments
		53	WSTF's capacity to manage fiduciary risk enhanced
		54	The WSTF supports innovative research initiatives in addressing key water sector challenges
		55	The capacity of WSTF to contribute to the WSTF's fulfilment of its objectives enhanced
		56	The WSTF demonstrates improved efficiency and effectiveness in its business performance
57	Lessons learnt, research Information, Education and Communication on Rural WS/Sanitation and WRM Modalities developed.		

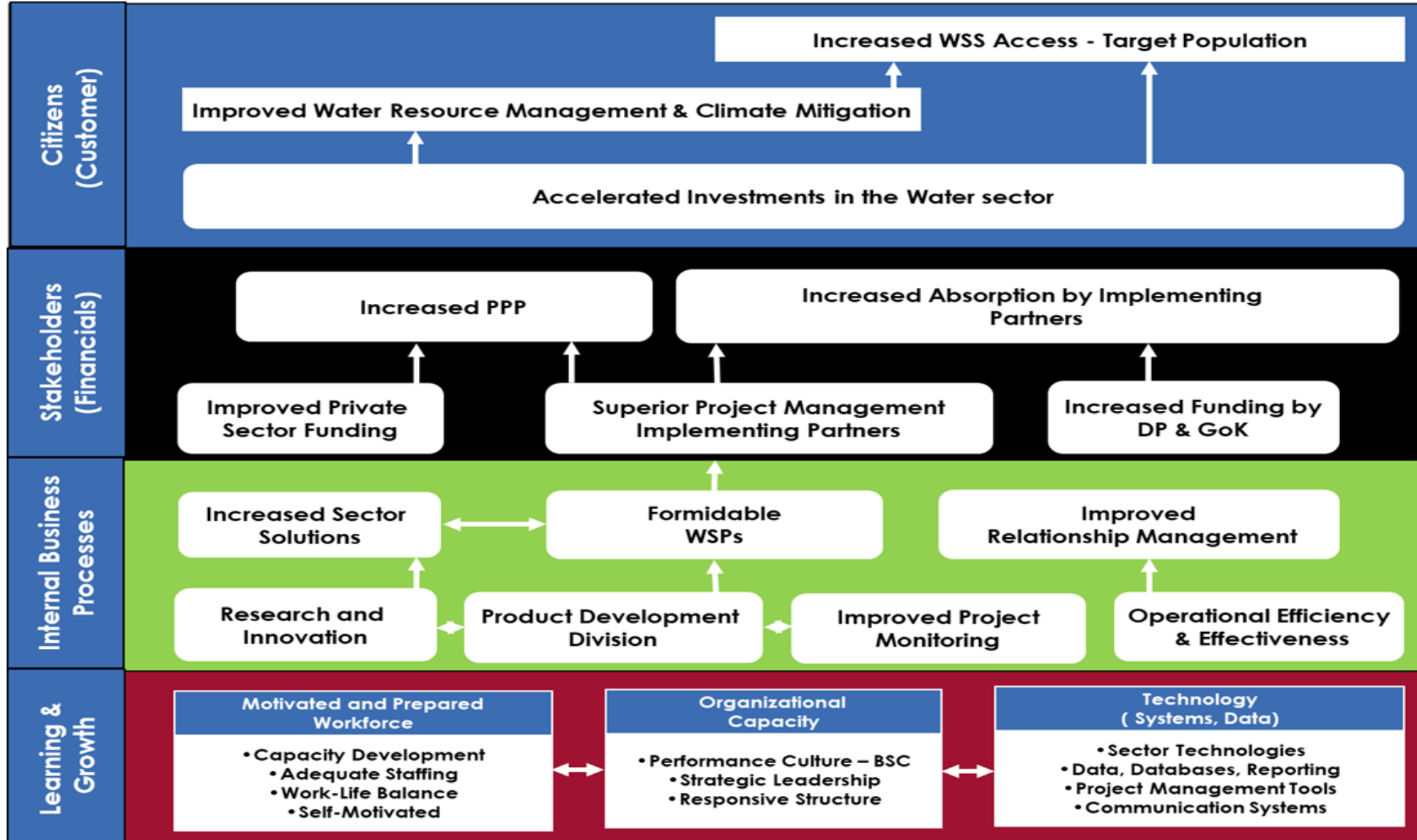
## 10.2 Detailed 5-year Budget

	FY2017/2018	FY2018/2019	FY2019/2020	FY2020/2021	FY2021/2022
GoK Grants	483,000,000.00	1,683,890,892.00	900,000,000.00	1,050,000,000.00	1,826,000,000.00
County Govt Funding			120,000,000.00	150,000,000.00	200,000,000.00
Donor Funding	1,888,600,000.00	2,274,000,000.00	2,750,000,000.00	3,200,000,000.00	3,500,000,000.00
Leveraged funds	1,350,000,000.00	2,100,000,000.00	1,000,000,000.00	1,500,000,000.00	2,000,000,000.00
Water Levy				100,000,000.00	110,000,000.00
Interest & fee Income	51,899,588.25	116,202,989.23	115,000,000.00	150,000,000.00	200,000,000.00
Funding for Office complex (raised through various methods)		300,000,000.00		200,000,000.00	300,000,000.00
Endowment Fund				1,000,000,000.00	1,000,000,000.00
Consultancy, Training & Other Incomes	-	5,000,000.00		5,000,000.00	10,000,000.00
<b>Grand Total</b>	<b>3,773,499,588.25</b>	<b>6,479,093,881.23</b>	<b>4,885,000,000.00</b>	<b>7,355,000,000.00</b>	<b>9,146,000,000.00</b>
Head Office Expenses					
Personnel Expenses	173,710,524.16	191,081,576.58	246,000,000.00	320,000,000.00	416,000,000.00
Administrative Expenses	243,207,317.00	282,727,994.80	174,000,000.00	226,000,000.00	294,000,000.00
<b>Total HO Expenses (Personnel + Admin.)</b>	<b>416,917,841.16</b>	<b>473,809,571.38</b>	<b>420,000,000.00</b>	<b>546,000,000.00</b>	<b>710,000,000.00</b>
<b>Program Investments</b>					
WS - Urban Poor	1,050,000,000.00	1,495,000,000.00	1,523,000,000.00	2,010,360,000.00	2,577,960,000.00
SS - Urban Poor	405,000,000.00	435,000,000.00	403,874,193.04	533,113,934.81	671,723,557.86
WS - Underserved Rural	891,431,021.00	476,000,000.00	603,517,857.14	802,678,750.00	988,562,250.00
SS - Underserved Rural	73,180,000.00	73,090,000.00	73,090,909.09	96,480,000.00	119,722,909.09
WS - Rural - ASAL	350,000,000.00	436,160,000.00	536,163,205.41	707,735,431.14	878,235,330.46
SS - Rural - ASAL	56,500,000.00	109,600,000.00	79,602,327.84	105,075,072.75	130,388,613.00
UBSUP	296,000,000.00	400,000,000.00	354,300,094.48	467,676,124.71	575,737,653.53
Water Resources Management	206,000,000.00	817,000,000.00	830,000,000.00	1,000,000,000.00	1,220,000,000.00
Research	3,000,000.00	3,630,000.00	10,000,000.00	30,000,000.00	45,000,000.00
<b>Sub-Total Investments</b>	<b>3,331,111,021.00</b>	<b>4,245,480,000.00</b>	<b>4,413,548,587.00</b>	<b>5,753,119,313.41</b>	<b>7,207,330,313.94</b>
Capital Expenditure	-	1,407,294,941			200,000,000.00
Endowment Fund Provision	5,291,000	305,000,000	-	1,000,000,000.00	1,000,000,000.00
<b>TOTAL OPEX + PROGRAMME</b>	<b>3,753,319,862.16</b>	<b>6,431,584,512</b>	<b>4,833,548,587</b>	<b>7,299,119,313</b>	<b>9,117,330,314</b>
Loss provisions	- 20,179,725.70	- 47,509,368.81	- 51,451,412.67	- 55,880,686.59	- 28,669,686.06
Total Outflow	3,773,499,588	6,479,093,881	4,885,000,000	7,355,000,000	9,146,000,000
<b>Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>

### 10.3 2020 Balanced Scorecard

1. FINANCIALS (key result areas)	PERFORMANCE MEASURES	TARGET	Weighting (%)
Increase funding	Amount raised from DP & Gov in 2019/20	3,370,000,000	5%
Grow investment Income	Amount raised	115,000,000.00	5%
Increase leveraged funds into the sector	Amount of leveraged funds in sector	1,000,000,000	7%
Increase absorption of funds in sector	% of raised funds absorbed	90%	8%
<b>Total Rating</b>			<b>25%</b>
2. CUSTOMER PERSPECTIVE (key result areas)	PERFORMANCE MEASURES	TARGET	Weighting (%)
Increase access to WS by target population	i. No. of urban poor with new access	253,000	5%
	ii. No. of underserved rural with new access	340,000	5%
	iii. No of rural ASAL with access	327,000	4%
Increase access to SS by target population	i. No. of urban poor with new access	150,000	5%
	ii. No. of underserved rural with new access	50,000	3%
	iii. No of rural ASAL with access	30,000	3%
Enhance sector research	No. of sector researches funded	25	3%
Increase funding to water resources management & Climate Mitigation initiatives	No. of initiatives funded	50	3%
Improve key stakeholder relationship	Average Stakeholder Relationship Ratings	X+10%	4%
<b>Total Rating</b>			<b>35%</b>
3. INTERNAL BUSINESS PROCESS (key result areas)	PERFORMANCE MEASURES	TARGET	Weighting (%)
Standardisation of processes	ISO Audit Ratings	0 Major non-compliances	2%
Ensure compliance with signed MoUs	Compliance level	100%	2%
Enhance use of technology in core functions	Number of systems upgraded / deployed	MajiData, ERP, PM, EDMS?	3%
Faster TATs	Compliance with WSTF service charter	100%	3%
Introduce new products	No. of new products successfully funded	1 per category	2%
Improved Project Management	% Projects by IP on time and within budget	90%	4%
Mitigate against company risks	Risk Maturity Index	X+5%	4%
<b>Total Rating</b>			<b>20%</b>
4. LEARNING & GROWTH (key result areas)	PERFORMANCE MEASURES	TARGET	Weighting (%)
Staff alignment and recruitment	% of positions with staff aligned/ recruited	100%	5%
Succession planning	% completion of the corporate succession plan	100%	3%
Staff training	% of staff trained	60%	5%
Improve corporate culture integration	Culture Change Index	X+10%	7%
<b>Total Rating</b>			<b>20%</b>

## 10.4 The Strategy Map







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