

WATERFUND STRATEGIC PLAN

POPULAR VERSION

2023 – 2027





WATER SECTOR TRUST FUND



VISION

Sustainable funding of safe water and sanitation for all

MISSION

To finance sustainable and climate-friendly water and sanitation initiatives for improved quality of life in Kenya.

CORE VALUES

Quality
Integrity
Human dignity
Equity
Inclusivity
Transparency

GUIDING PRINCIPLES

Sustainability
Good governance
Teamwork
Learning
Innovation

SLOGAN/RALLYING CALL

Financing the Water Sector

QUALITY STATEMENT

Water Sector Trust Fund (WaterFund) is committed to assist in financing the development and management of water and sanitation services in addition to integrated water resources, climate change, research and innovation initiatives. WaterFund is also committed to comply with the requirements of ISO 9001:2015 and ensure continual improvement of its Quality Management System (QMS) processes and services to achieve excellence in customer satisfaction. In addition, WaterFund commits to comply with statutory and regulatory requirements relevant to its operations.

Consistent with this quality policy, WaterFund shall establish quality objectives which shall be reviewed annually for continuous suitability.

FOREWORD



The funding of water and sanitation investments is declining due to over reliance of the traditional funding models like the exchequer, conditional grants and balance sheet funding for water service providers that have developed capacity. The resultant effect of this is that the water service providers have been unable to meet the demand for water and sanitation services in all the 47 counties of the Republic of Kenya. Millions of Kenyans in urban and rural areas have therefore been left without access to safe water and dignified sanitation.

In this five-year strategic planning period (2023 – 2027), the WaterFund presents a paradigm shift in raising funds with a focus on alternative and innovative water infrastructure funding models. These includes financial markets (off budget), Public Private Partnerships (PPPs), private sector markets and own source revenue generation initiatives. This will see the funding for water and sanitation projects increase from the current Ksh. 20 B to over Ksh. 52 B in five years.

The population reached with safe water is targeted to reach 2 million people while a further 1.2 million people will be supported to access dignified sanitation. A further 2,500 Sq. km of water catchment areas will be conserved alongside mitigation of climate change across all the activities. The WaterFund also plans to finance more research initiatives as well as innovations in the sector. This will revolutionize service provision in addition to generation of new knowledge.

To achieve this, the WaterFund will work with multiple stakeholders including National Government Agencies, Private Sector Entities, Implementing Partners, Development Partners, Research Institutions and County Governments. I wish to call upon all the stakeholders to work closely with the WaterFund in order to realize water in every household ("Maji Nyumbani") as the rallying call in supporting the realization of Kenyans dream of accessing safe water and dignified sanitation. Thank you!

Dr. Erick K. Ruffo
Board Chairman
Water Sector Trust Fund

PREFACE



The Strategic Plan 2023 – 2027 for the WaterFund presents a new awakening in the business of the WaterFund. The plan seeks to operationalize the bottom-up economic transformation agenda as anchored in the Fourth Medium Term Plan (MTP) and Vision 2030 blueprint. A departure from the previous plans, the Strategic Plan puts the citizens at the core of all its activities in articulating the WaterFund's contributions towards the realization of increased water and sanitation coverage in Kenya.

In the last planning period, there were several challenges that affected the realization of the strategic goals. These included Covid 19 pandemic, capacity challenges amongst the Water Service Providers (WSPs) as well as reduced funding for water and sanitation infrastructure. To address these challenges, the WaterFund will undertake a mapping of all the underserved and marginalized areas, with a view of having a more proactive approach to addressing access challenges. Additionally, new and innovative financing models will be explored to ensure sustainability. The capacity of WSPs will be enhanced in areas of project management as well as operational efficiency which will in turn enhance project uptake and completion, increase collection efficiency as well as reduce commercial losses.

The 2023 – 2027 Strategic Plan is prepared in accordance with the fifth-generation guidelines and is aligned to the national development agenda and the Government's priorities on water and sanitation. The plan is anchored in four pillars of increasing access to safe water and dignified sanitation, fund development, water resource management and climate change, and research and innovation. These pillars are supported by a strong foundation that includes risk management, strong human resource component, prudent financial management and planning, communication as well as technology. All these are espoused in the WaterFund's core values and guiding principles.

Under each pillar, strategic goals and several targets have been identified alongside key strategic objectives. An elaborate monitoring and evaluation system has also been developed to ensure that the WaterFund will always remain on course. The plan was developed through a consultative and participatory process that involved all key internal and external stakeholders right from inception to completion.

The WaterFund's management team and staff spent considerable time and effort for the success of this process and will continue to do so to ensure its successful implementation. I wish to express my sincere gratitude to the Board of Trustees and the other stakeholders for their valuable input throughout the formulation process. I also acknowledge the professional input provided by the Consultant, Borasoft Consulting Limited for their strategic insight and guidance. Thank you all!

Willis Ombai

Chief Executive Officer

Water Sector Trust Fund



EXECUTIVE SUMMARY

Water Sector Trust Fund (WaterFund) is the 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 and to assist in financing the development and management of water services in the marginalized and underserved areas. The role and functions of the WaterFund are anchored in the various national, global and regional development blueprints.

In the last planning period, the WaterFund mobilized a total of Ksh. 20 B out of a target of Ksh. 23 B. Additionally; WaterFund reached a total of 2.2 million people out of the targeted 4.7 million people. There were several factors that hindered the achievement of the set targets during implementation of the strategic plan 2018-2022. These included lengthy funding cycles, rigid legislative processes, delays occasioned by bureaucracies, limited capacity of Implementing Partners and limited focus on integrated water resources management among others.

An internal analysis was conducted on the WaterFund's role of supporting the realization of the development agenda. From the lessons learnt, the key issues that had an impact on the Strategic Plan were identified as water and sanitation access, financing water and sanitation projects, water resource management, climate change, research and knowledge management and institutional strengthening. The WaterFund has reviewed its vision to: Sustainable Funding of safe water and sanitation for all; while its mission has been restated to: To finance climate friendly water and sanitation initiatives for improved quality of life in marginalized and underserved areas in Kenya.

To achieve its long-term vision and mission, the WaterFund has identified five key strategic outcomes:

- a. Increase access to additional 3.2 million people accessing safe water and dignified sanitation.
- b. Ksh. 52 B mobilized to finance water, sanitation, IWRM, Climate Change and Research and Innovations.
- c. Financing the conservation of 2,500 sq.km and improve storage capacity by 0.55 Million Cubic Meters (0.55MM3)
- d. Finance at least 50 research studies and 25 innovations in the water and sanitation sector financed
- e. A Holistic Organization Capacity Assessment Index (HOCAI) of 70% and above achieved by end of the plan period.

A strategic matrix has been developed to match the key result area with strategic objectives, appropriate strategies and initiatives outlined. Implementation of the plan is expected to cost a total of Ksh. 38B from the 52B to be raised through increased GoK funding to Ksh. 7B, increased funding from Development Partners to Ksh. 32B, increase leveraged funding to Ksh. 7.5B, operationalize the Water Levy to unlock Ksh. 2.5B, raise Ksh. 1.8B from investment income, raise Ksh. 200Million through own source revenues in addition to Ksh. 1B to be raised through Public Private Partnerships and increase the WaterFund capability in resource mobilization. The additional Ksh. 14B to be realized from the mobilized funds is expected to be used towards supporting WaterFund beyond the strategic plan period in line with perpetual nature of the Trust Fund.

This Strategic Plan will be subjected to a continuous review of performance on the various deliverables. Annual reviews of the plan shall be conducted to assess and evaluate how funds and resources have been utilized as well as the outcomes of the resources. Other focus areas will include the challenges, issues and key lessons learnt faced during implementation of the Strategic Plan.



1.INTRODUCTION

1.1 Strategy as an imperative for Organizational Success

Specifically, the strategic plan is important for WaterFund since it: -

1. Assists WaterFund to align its activities and resources with overarching goals and objectives.
2. Enables WaterFund to make informed and evidence-based decisions.
3. Allows WaterFund to optimize the allocation of limited resources.
4. Facilitates engagement and collaboration with stakeholders, including citizens, community groups, businesses, and other government agencies.
5. Establishes performance measures and metrics that enable WaterFund to track progress and evaluate their performance.
6. Support WaterFund anticipate and respond to changing circumstances and emerging challenges.
7. Promotes alignment and coordination within WaterFund.
8. Allows WaterFund to establish a long-term vision for the future.

1.2 Context of Strategic Planning

The 2023 – 2027 strategic plan has been aligned to the Global, Regional and National development agenda as articulated in the Sustainable Development Goals (SDG), the Africa Agenda 2063, the East Africa Community (EAC) Vision 2050, Vision 2030, Fourth Medium Term Plan (MTP) IV and the Bottom-up Economic Transformation Agenda (BETA). The SDGS have been domesticated in Africa through the Africa Agenda 2063 and the EAC Vision 2050.

1.3 Brief of The WaterFund

Water Sector Trust Fund (WaterFund) is the Kenyan State Corporation under the Ministry of Water, Sanitation and Irrigation. In the Water Act, 2016, the mandate of the WaterFund is to provide conditional and unconditional grants to the Counties and to assist in financing the development and management of water services in the marginalized and underserved areas including:

- Community level initiatives for the sustainable management of water resources

- Development of water services in rural areas considered not to be commercially viable for provision of water services by licensees
- Development of water services in the underserved poor urban areas
- Research activities in the area of water resource management and water services, sewerage and sanitation



3. SITUATIONAL AND STAKEHOLDER ANALYSIS

Performance Targets 2018 - 2022

S No.	STRATEGIC OBJECTIVE	TARGET (s)
1.0	Mobilize Ksh. 23 B to improve access to water and sanitation to the underserved poor	Ksh. 23 B
2.0	Improve water and sanitation access to the underserved poor in Kenya reaching out an additional 4.7 million people by 2022	4.7 million
3.0	Bolster water sector research and innovation initiatives through financing 200 projects by 2022	200
4.0	Institutional development systems strengthening	Composite Performance Score of 6.73(100%)

3.1 Situational Analysis

Political Factors

Political factors include issues such as changes in government and government policies, political conflicts as well as political ideological differences.

Economic Factors

These relates to the performance of the economy including an increase or decrease in GDP, factors such as inflation and forex volatility. Additionally, it includes performance of sectors such as manufacturing, trade and agriculture, which have a direct impact on the WaterFund's work.

Social Cultural Factors

Some of the social cultural factors are deeply entrenched cultural beliefs that relegate women to the periphery. Others include as increased population with the youth being the majority, increased opportunities in education and other spheres as well as pandemics such as COVID 19.

Technological Factors

Technological factors includes mobile phone penetration, increased internet penetration, social media usage, increased availability and use of technology-based solutions and cyber security. Mobile phone penetration and internet usage and coverage makes communication easier.

Ecological Factors

These are environmental factors and include climate change, continued degradation of the environment including water catchment areas and increased legislation on environmental matters.

Legal and Regulatory Factors

These are factors relating to changes in laws and its impact on society. The country has become litigious owing to the Fundamental freedoms enshrined in the constitution.

4. STRATEGIC ISSUES, GOALS AND OBJECTIVES

4.1 Strategic Issues

Strategic issues stem from the analysis of the Mandate and the Role of WaterFund, Performance, Challenges, lessons learnt, strengths, weaknesses, opportunities, threats, and stakeholder analysis. These issues indicate fundamental policy choices, critical challenges gap or opportunities that must be addressed or tapped in order for WaterFund to achieve its vision and mission.

4.2 Strategic Goals

- Improve access to safe water and dignified sanitation
- Increase funding for water and sanitation access
- Enhance Water Resource Management
- Bolster research and innovations in the water and sanitation sector
- Enhance institutional capacity of the WaterFund



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Objective	Outcome	Outcome Indicator	Target	Projection				
				Year 1	Year 2	Year 3	Year 4	Year 5
KRA 1: Access to safe water and dignified sanitation								
Increase the number of persons accessing safe water and dignified sanitation	Additional 2.2 million people accessing safe water	No. of persons in Millions reached with safe water	2.2 M	205,000	349,000	403,000	565,000	678,000
	Additional 1 million people accessing dignified sanitation	No. of persons in Millions reached with dignified sanitation	1M	93,000	158,500	183,000	256,500	309,000
KRA 2: Fund Development								
Increase funding for Waterfund activities	An additional Ksh. 52 B to finance water, sanitation, IWRM, climate change and research and innovations	Amount in KES Billion of funds mobilized	52 B	5.55	9.09	11.11	12.68	13.57

Objective	Outcome	Outcome Indicator	Target	Projection				
				Year 1	Year 2	Year 3	Year 4	Year 5
Increase area under conservation	Area under conservation increased	Area in Km ² conserved	2,500	275	430	470	520	805
	Storage Capacity increased	Capacity in m ³ of storage increased	0.55 Million M ³	0.066	0.088	0.11	0.132	0.154
KRA 4: Bolstering Research and Innovation								
Increase the research outputs from WaterFund financing	At least 50 research studies in the water and sanitation Sector funded	No. of Research Studies Financed	50	4	6	8	10	12
	At least 25 innovations in the water and sanitation sector funded	No. of Innovations Financed	25	0	4	6	7	8
KRA 5: Institutional Strengthening and Sustainability								
Increase Organizational Capacity to Deliver on Mandate	Holistic Organization Capacity Assessment Index (HOCAI) of 70% and above achieved	Percentage Score of HOCAI	70%+	63	65	67	69	71

6. IMPLEMENTATION AND COORDINATION FRAMEWORK

6.1 Implementation Plan

6.1.1 Action Plan

Implementation of the strategic plan will be undertaken through various activities that have been outlined under each strategy.

6.1.2 Annual Work plan and Budget

Every year, an annual work plan based on the strategic plan shall be developed. This shall guide the development of the annual budget for WaterFund.

6.1.3 Performance Contracting

The costed annual work plans shall be the basis of the performance contracts of which WaterFund shall commit to annually.

6.2 Coordination Framework

6.2.1 Leadership

The office of the CEO Shall be responsible for the overall coordination of strategic plan implementation. The Research, Planning and Strategy Department shall provide secretariat services.

6.2.4 Systems and Procedures

Being an ISO 9001 certified institution, the WaterFund has all the necessary systems and procedures required for implementation of the strategic plan. However, there will be need to update some of the procedures in light of additional activities required in this strategic plan.

6.3 Risk Management Framework

The purpose of the Matrix is to identify high level risks that may hinder the realization of the strategic plan. A description of risks and their categorization is also provided. The risks have been categorized and prioritized based on the likelihood of occurrence and expected impact with suggested actions for mitigation.

6.4 Corporate Communication and Visibility Framework

In alignment with the overall strategic objectives of Water Sector Trust Fund, has in place a Communication Strategy that serves a crucial component in supporting and enhancing the effectiveness of the organizational Strategic Plan.

7. RESOURCE REQUIREMENTS AND MOBILIZATION STRATEGIES

7.1 Financial Requirements

It is projected that implementation of the plan is expected to cost approximately KES 52 Billion. The overall resource requirements per year are shown in table 7.1.

7.2 Resource Mobilization Strategies

Sources of funding to be pursued under this Strategic Period:

No.	FUNDS PURSUED	AMOUNT (KES)
1.	Increased National Government (GoK) Funding	6 B
2.	Increased funds leveraged from County Governments	1B
3.	Increased funding from development partners	32 B
4.	Increased leveraged funding from commercial and private sources	7.5 B
5.	Operationalized the Water Levy to unlock	2.5 B
6.	Raised investment income including capital and financial markets	1.8 B
7.	Funding raised through own source revenues e.g office premises and the knowledge hub	200 Million
8.	Funding raised through viability financing and other PPPs activities	1 Billion

Financing Gaps

The implementation of the plan is faced with a resource deficit of approximately KES 30 Billion over the five-year period. The annual deficits are summarized in table 7.2.

Period	Requirement Ksh.M	Estimated Resource Allocations Ksh. M	Variance Ksh.M
Year 1	4,601.10	4,100	-501.1
Year 2	7,979.85	4,240	-3,739.9
Year 3	10,333.3	4,370	-5,963.3
Year 4	13,525.35	4,510	-9,015.4
Year 5	17,086.8	4,650	-12,436.8
Total	52,526.40	21,870	-30,656.4

8. MONITORING, EVALUATION AND REPORTING FRAMEWORK

8.1 Monitoring Framework

This Strategic Plan will be subjected to a continuous review of performance on the various deliverables. There shall also be annual reviews of the plan. The reviews will be focused on how the available inputs have been used and what outputs and short-term outcomes have been produced. This review shall also focus on challenges, issues and key lessons learnt.

8.2 Performance Standards

This will involve monitoring the implementation of the planned activities and evaluating their impacts on the desired goals. The monitoring activities will result to identifying any gaps or deficiencies which will then be addressed by management. Daily, weekly, monthly and quarterly reporting will be critical for the monitoring function.

8.3 Evaluation Framework

The purpose of evaluation is to measure the actual performance against target levels and establishing the size of variance, causal factors for the variance and recommending appropriate remedial measures, including a review of the objectives and/or strategies. The evaluation plan will help determine objectively the relevance, effectiveness and efficiencies of the activities proposed in the strategic plan. A mid-term evaluation will be undertaken with the purpose of verifying that the plan is on the right track and provide information to correct observed deficiencies including the revision of objectives, strategies or activities. The mid-term review will be conducted mid-2025. The final evaluation will assess the achievement of the activities of the plan and identify and document the success or failure. The final evaluation will be undertaken at the end of the plan period which is 2027.

8.4 Reporting

The Reporting of the progress made and the achievements shall be done within the required timelines. The WaterFund will develop and implement a knowledge management system that will support learning and adaptation within the organization. Key to this system shall be a learning-oriented monitoring and evaluation system, an information management system that shall support identification and documentation of good practices, a communication system that shall support internal and external communication and finally a system that supports experimentation and innovation.

