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Report No: PAD5449

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT
IN THE AMOUNT OF
EUR 187.6 MILLION
(US\$200 MILLION EQUIVALENT)

AND

A PROPOSED GRANT
IN THE AMOUNT OF SDR 38.1 MILLION
(US\$50 MILLION EQUIVALENT)
FROM THE WINDOW FOR HOST COMMUNITIES AND REFUGEES

TO THE
REPUBLIC OF KENYA

FOR A
WATER, SANITATION, AND HYGIENE PROGRAM

November 29, 2023

Water Global Practice
Eastern and Southern Africa Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective October 31, 2023)

Currency Unit = Kenya Shilling (K Sh)

US\$1 = EUR 0.94

US\$1 = KSh 150.70

US\$1 = SDR 0.76

FISCAL YEAR
July 1 - June 31

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ABBREVIATIONS AND ACRONYMS

AM	Accountability Mechanism
APA	Annual Performance Assessment
BCC	Behavior Change Communication
CAJ	Commission on Administrative Justice
CBA	Cost-Benefit Analysis
CEC	County Executive Committee
CLTS	Community-Led Total Sanitation
CPF	Country Partnership Framework
CWS	Community-Wide Sanitation
CWSS&IP	County-Wide Water and Sanitation Strategy and Investment Plan
DLI	Disbursement-Linked Indicator
DRS	Department of Refugee Services
ECD	Early Childhood Development
E&S	Environmental and Social
EIRR	Economic Internal Rate of Return
ESHS	Environmental, Social, Health, and Safety
ESHSRM	Environmental, Social, Health and Safety Risks Management
ESMF	Environmental and Social Management Framework
ESSA	Environmental and Social Systems Assessment
FM	Financial Management
FSA	Fiduciary Systems Assessment
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GM	Grievance Management
GoK	Government of Kenya
GRS	Grievance Redress Service
HCF	Healthcare Facility
HLO	Higher Level Objective
IGWSC	Intergovernmental Water Sector Coordination
IPF	Investment Project Financing
IRR	Internal Rate of Return
IVA	Independent Verification Agent
KNAP	Kenya National Adaptation Plan
KPHC	Kenya Population and Housing Census
KPI	Key Performance Indicator
K-WASH	Kenya Water, Sanitation, and Hygiene Program
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments, and Agencies
MHM	Menstrual Hygiene Management
MoE	Ministry of Education
MoH	Ministry of Health
MoWSI	Ministry of Water, Sanitation, and Irrigation
MTP	Medium-Term Plan
NAWASIP	National Water and Sanitation Investment Program

NRW	Non-Revenue Water
NT	National Treasury
O&M	Operation and Maintenance
OCCR	Operational Cost Coverage Ratio
OD	Open Defecation
ODF	Open Defecation Free
PAP	Program Action Plan
PCM	Private Capital Mobilization
PDO	Program Development Objective
PFM	Public Financial Management
PforR	Program-for-Results
PIAP	Performance Improvement Action Plan
PIR	Policy, Institutional, and Regulatory
PIU	Program Implementation Unit
PMU	Program Management Unit
POM	Program Operations Manual
PSC	Program Steering Committee
PTC	Program Technical Committee
RA	Results Area
RVR	Results Verification Report
SDGs	Sustainable Development Goals
SDWS	State Department for Water and Sanitation
SRM	Social Risk Management
TA	Technical Assistance
UNHCR	United Nations High Commissioner for Refugees
WASH	Water, Sanitation, and Hygiene
WASREB	Water Services and Regulatory Board
WHR	Window for Host Communities and Refugees
WSIGCF	Water Sector Intergovernmental Sector Coordination Framework
WSP	Water Service Provider
WSS	Water and Sanitation Services
Water Fund	Water Sector Trust Fund
WWDA	Water Works Development Agency



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DATASHEET

BASIC INFORMATION

Project Beneficiary(ies) Kenya	Operation Name Kenya Water, Sanitation, and Hygiene Program		
Operation ID P179012	Financing Instrument Program-for-Results Financing (PforR)	Does this operation have an IPF component? Yes	Environmental and Social Risk Classification (IPF Component) Substantial

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	<input checked="" type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Small State(s)	<input type="checkbox"/> Conflict
<input type="checkbox"/> Alternative Procurement Arrangements (APA)	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)	

Expected Approval Date 20-Dec-2023	Expected Closing Date 30-Jun-2030
Bank/IFC Collaboration No	

Proposed Program Development Objective(s)

To increase sustainable access to improved water and sanitation services, eliminate open defecation, and improve the financial performance of water services providers in selected counties, including refugee-hosting counties.



Organizations

Borrower: The Republic of Kenya
 Implementing Agency: Ministry of Water, Sanitation and Irrigation - State Department of Water and Sanitation
 Contact: Mr. Julius Korir, CBS
 Title: Principal Secretary, Water and Sanitation-State Department for Water and Sanitation
 Telephone No: 2540202716103
 Email: ps@water.go.ke

COST & FINANCING (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes
 Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Government program Cost	8,500.00
Total Operation Cost	458.00
Total Program Cost	438.00
IPF Component	20.00
Total Financing	458.00
Financing Gap	0.00

Financing (US\$, Millions)

World Bank Group Financing

International Development Association (IDA)	250.00
IDA Credit	200.00
IDA Grant	50.00

Non-World Bank Group Financing

Commercial Financing	8.00
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Unguaranteed Commercial Financing	8.00
Counterpart Funding	200.00
Borrower/Recipient	200.00

IDA Resources (US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Window for Host Communities and Refugees (WHR)	0.00	50.00	0.00	0.00	50.00
National Performance-Based Allocations (PBA)	200.00	0.00	0.00	0.00	200.00
Total	200.00	50.00	0.00	0.00	250.00

Expected Disbursements (US\$, Millions)

WB Fiscal Year	2024	2025	2026	2027	2028	2029	2030
Annual	1.26	17.38	27.62	48.26	57.99	57.66	39.83
Cumulative	1.26	18.64	46.26	94.53	152.51	210.18	250.00

PRACTICE AREA(S)

Practice Area (Lead)

Water

Contributing Practice Areas

Environment, Natural Resources & the Blue Economy; Governance; Social Sustainability and Inclusion

CLIMATE

Climate Change and Disaster Screening

Yes, it has been screened and the results are discussed in the Operation Document



SYSTEMATIC OPERATIONS RISK- RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate
9. Other	● Substantial
10. Overall	● Substantial

POLICY COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Area OP 7.60	No

ENVIRONMENTAL AND SOCIAL



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant
ESS 2: Labor and Working Conditions	Relevant
ESS 3: Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4: Community Health and Safety	Relevant
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
ESS 8: Cultural Heritage	Relevant
ESS 9: Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

LEGAL

Legal Covenants

Sections and Description

The Recipient shall, prior to the disbursement of funds to any Participating County, not later than three (3) months after the Effective Date, enter into a Participation Agreement with each Participating County, in form and substance satisfactory to the Association, which shall provide details of the mutual responsibilities for the implementation of the Operation, including the obligation of each Participating County to: (a) establish a County Program Implementation Unit referred to in Section I.A.5 of Schedule 2 to this Agreement; (b) carry out its activities under the Operation with due diligence and efficiency and in accordance with the Operations Manual; (c) maintain policies and procedures adequate to enable it to monitor the progress of its activities under the Operation and the achievement of the Operation's objectives; (d) enable the Recipient and the Association to inspect the Operation activities within the respective Participating County’s jurisdiction, and any relevant records and documents; and (e) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association may reasonably request relating to the foregoing.

The Recipient shall cause each Participating County to establish not later than three (3) months after the Effective Date, and thereafter maintain throughout the implementation period of the Operation, a dedicated County Program Implementation Unit within its respective County water department with composition, mandate and resources satisfactory to the Association, to be responsible for managing Operation activities at the County level, such units to



include staff from the County department of health to coordinate the sanitation and open defecation (ODF) activities, accountant/staff from the County treasury to support financial management and expenditures tracking aspects, as well as social and environmental experts, to manage the environmental, social, health and safety risks and impacts of the Operation (“County Program Implementation Unit”).

(a) The Recipient shall, not later than three (3) months after the Effective Date, enter into, and thereafter comply with, collaborative arrangements with the DRS, CoG, SDD, and such other entities as may be relevant and provided in the Operations Manual, detailing their respective roles in the implementation of the Operation, under such terms as detailed in the Operations Manual. (b) Without limitation to the provisions of sub-paragraph (a) immediately above, the Recipient shall also enter into, not later than three (3) months after the Effective Date, and thereafter comply with, collaborative arrangements with the following entities, in form and substance satisfactory to the Association, as further detailed in the Operations Manual: (i) Water Services Regulatory Board, which shall: (A) oversee compliance of WSPs with regulatory conditions under DLI 6; (B) provide capacity building to WSPs and County governments in the design of County-level WASH institutional structures; (C) support WSPs in the preparation and implementation of their respective Performance Improvement Action Plans; (ii) Water Sector Trust Fund, which shall provide technical assistance to the WSPs in inter alia the preparation of bankable projects for commercial financing and facilitating the transfer of portion of Association financing under DLIs 6-8; and (iii) Water Works Development Agencies, which shall provide technical assistance and capacity building to participating County governments and WSPs in the area of their expertise.

The Recipient shall: (a) not later than three (3) months after the Effective Date, retain an entity with experience, independence, and capacity and under the terms of reference acceptable to the Association (“Independent Verification Agent”) to verify the data and other evidence supporting the achievement of one or more Disbursement Linked Results (DLRs) as set forth in Schedule 4 to this Agreement; (b) cause the Independent Verification Agent to undertake verification audits, including Annual Performance Assessments, in accordance with verification protocols agreed with the Association and thereafter furnish to the Association the corresponding reports of the Independent Verification Agent in a timely manner and in form and substance satisfactory to the Association as detailed in the Verification Protocols.

The Recipient shall establish not later than three (3) months after the Effective Date, and thereafter maintain throughout the implementation of the Operation, (a) a Program Steering Committee with composition, resources and terms of reference satisfactory to the Association, to be responsible for, inter alia, providing policy guidance, oversight and strategic direction, including inter-MDA’s coordination, and such other functions and responsibilities as detailed in the Operations Manual (“Program Steering Committee” or “PSC”); and (b) a Program Technical Committee with composition, resources and terms of reference satisfactory to the Association, to be responsible for, inter alia, deliberating and preparing motions for decision-making by the PSC, reviewing implementation progress and financial accountability reports, addressing any emerging technical issues and challenges in implementation of the operation, and such other functions and responsibilities as detailed in the Operations Manual (“Program Technical Committee” or “PTC”).

Conditions

Type	Citation	Description	Financing Source
Effectiveness	Article V	The Association is satisfied that the Recipient has maintained an adequate	IBRD/IDA



		refugee protection framework.	
Effectiveness	Article V	The Recipient has established the Program Management Unit (PMU) with composition, resources and terms of reference satisfactory to the Association, and has recruited/deployed to the PMU, a Program coordinator, a procurement specialist, an accountant, an internal auditor, an environmental specialist, a social specialist, a monitoring and evaluation specialist - all with qualifications, experience and under terms of reference satisfactory to the Association.	IBRD/IDA
Effectiveness	Article V	The Recipient has prepared and adopted the Operations Manual in form and substance satisfactory to the Association.	IBRD/IDA



I. STRATEGIC CONTEXT

A. Country Context

1. **Over the last 20 years, Kenya has achieved strong development gains, becoming a lower-middle-income country with a per capita gross domestic product (GDP) of US\$2,006.**¹ Kenya is one of the largest economies in Africa and the first in East Africa. Kenya's economy staged a remarkable recovery from the COVID-19 pandemic. With a GDP growth at 4.8 percent in 2022, economic performance softened after the strong rebound from the COVID-19 crisis at 7.5 percent in 2021. Even though the economy faced challenging global financial conditions, fuel, and food price shocks, and a historic drought that affected the economy, especially in the second half of 2022, Kenya's medium-term growth remains strong. The national poverty rate fell from 46.7 percent in 2005/2006 to 33.6 percent in 2019². The onset of COVID-19 was associated with an increase in the poverty rate to 42.9 percent in 2020, but this declined to 38.6 percent in 2021 when recovery from the pandemic began. There are significant disparities between counties, with a higher incidence of poverty in the north and northeastern counties. Female-headed households tend to have a higher poverty headcount rate (38.8 percent in 2021, compared to 32.7 percent for their male counterparts). The poverty rate increases to 42.5 percent among rural female-headed households, compared to 35.5 percent for rural male-headed households.

2. **The Government of Kenya (GoK) aims for the country to reach middle-income industrialized status—providing a high quality of life to all citizens, including universal access to water supply and sanitation services—by 2030.** This ambition is guided by the Kenya Vision 2030, the country's long-term development blueprint, which is aligned with the UN Sustainable Development Goals (SDGs) and implemented through successive five-year medium-term plans (MTPs). Under the new MTP 2023–26, the Government has prioritized implementation of policies and structural reforms and has increased investments in five sectors³ envisaged to have the largest impact and links to the economy as well as on household welfare—collectively under the Bottom-Up Economic Transformation Agenda (BETA) (2022–2027). The BETA prioritizes water as a critical enabling factor for economic transformation with a specific strategy of increasing both storage through dams and access to water and sanitation at the household level, with an emphasis on rural areas, to close the urban-rural access gap.

3. **Kenya is highly vulnerable to the impacts of climate change, with significant impacts on economic growth.** Over the past 50 years, changes in temperature and rainfall patterns have resulted in more frequent weather-related disasters such as floods, droughts, and landslides with a profound impact on Kenya's economy and people's well-being. Each drought event affected 4.8 million people on average, and in 2017, 3.4 million Kenyans were classified as food insecure due to droughts⁴. Further, warming in Kenya and in the rest of continental Africa is projected to be greater than the global mean (2.8°C) during the twenty-first century,⁵ meaning that more climate change-exacerbated floods and droughts are expected.

4. **For more than three decades, Kenya has been home to a significant population of refugees and asylum seekers.** There are 636,024 refugees and asylum seekers in the country, the majority of whom live in two designated refugee camps

¹ World Bank. 2020. GDP per Capita Data. <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=KE>.

² Kenya National Bureau of Statistics. 2023. Kenya Poverty Report-2021. <https://www.knbs.or.ke/download/the-kenya-poverty-report-2021/>

³ Agricultural transformation, Micro, Small and Medium Enterprises (MSMEs), Housing and Settlement, Healthcare and Digital Superhighway and Creative Industry.

⁴ Government of Kenya. 2018. National Climate Change Action Plan (Kenya): 2018-2022.

⁵ IPCC, 2007: Climate Change 2007: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, M.L. Parry, O.F. Canziani, J.P. Palutikof, P.J. van der Linden and C.E. Hanson, Eds., Cambridge University Press, Cambridge, UK, 976pp.



—with 269,545 in Dadaab Camp in Garissa County and 270,273 in Kakuma Camp and Kalobeyei Settlement in Turkana County.⁶ The two camps are under the management of the GoK's Department of Refugee Services (DRS), with support from the United Nations High Commission for Refugees (UNHCR) and humanitarian partners. The inflow of refugees has significantly changed the population, spatial, and social dynamics of host counties.⁷ The GoK has demonstrated its commitment to the Global Compact on Refugees by enacting the Refugees Act of 2021, which grants refugees more rights and protections, and by drafting the Shirika⁸ plan, which seeks to create more integrated settlements where refugees can live, access social services, and work alongside Kenyans.

B. Sectoral (or Multi-Sectoral) and Institutional Context

5. **Lack of water is a growing binding constraint for Kenya's development: the country is water-scarce with variable, low, and declining freshwater resources against a fast-rising demand.** Kenya's renewable freshwater per capita availability has halved in the past 30 years. Decades of underinvestment in water infrastructure and watershed protection means that Kenya's water withdrawal is less than 15 percent of its renewable resources and its dam storage capacity is only about 103m³ per capita, well below the African average of 876m³ per capita.⁹ Furthermore, the rising population, economic growth, and urbanization, combined with climate change impacts, place increasing pressure on and cause conflict over poorly developed water resources.

6. **Access to potable water and sanitation services (WSS) in Kenya lags behind that of other public services within the country and suffers from significant rural-urban disparities.** Twice as many Kenyans have access to electricity, and 20 percent more have access to mobile phones than to basic sanitation.¹⁰ Furthermore, while 91 percent of the urban population has access to improved water services and 58 percent to piped water, only 63 percent of the rural population has access to improved water services and only 19 percent to piped water. The inequalities are similar for sanitation services where 93 percent of urban households have access to improved sanitation services compared to 75 percent in rural areas. Disparities also exist across counties. Nairobi County has near universal access to improved WSS, while in 10 counties, less than 50 percent of households have access to improved water. Additionally, almost 83 percent of all open defecation (OD) occurs in 15 counties, mainly in the northern and northeastern regions.¹¹

7. **Access to water, sanitation, and hygiene (WASH) services in public schools and health facilities in Kenya remains inadequate, undermining human capital developmental outcomes.** The situation in the 32,038 formal public schools in Kenya is dire: about 15,000 children are in schools without any WASH facilities available to them, 0.3 million without available water, and another 0.3 million without access to a sanitation facility.¹² There are about 130,000 children living with disabilities in formal public schools, requiring special consideration for access to WASH facilities. Poor access to WASH, and specifically to menstrual hygiene management (MHM) services, has been identified as one of the significant barriers preventing girls from attending and completing school.¹³ A sampling of healthcare facilities (HCFs) indicated a

⁶ United Nations High Commissioner for Refugees (UNHCR) (July 2023) <https://www.unhcr.org/ke/wp-content/uploads/sites/2/2023/08/Kenya-Statistics-Package-31-July-2023-DIMA.pdf>.

⁷ For a map, see <https://data2.unhcr.org/en/country/ken>.

⁸ Socioeconomic Hubs for Integrated Refugee Inclusion in Kenya.

⁹ UN University Institute for Water, Environment and Health (2022) Water Security in Africa: A Preliminary Assessment, Issue 13 <https://inweh.unu.edu/water-security-in-africa-a-preliminary-assessment/>

¹⁰ Kenya Population and Housing Census (2019). <https://www.knbs.or.ke/publications/>.

¹¹ Kenya Population and Housing Census (2019). <https://www.knbs.or.ke/publications/>.

¹² Ministry of Education. 2020. *WASH in Schools Situation Analysis*. Unpublished draft.

¹³ Alexander, Kelly T., et al. 2014. "Water, Sanitation and Hygiene Conditions in Kenyan Rural Schools: Are Schools Meeting the Needs of Menstruating Girls?" *Water* 6 (5): 1453–1466. <https://doi.org/10.3390/w6051453>.



similar situation: over half of those sampled had no access to clean water or adequate hand hygiene stations, and at least 20 patients shared one toilet.

8. **WSS access rates in the two major refugee-hosting counties of Turkana and Garissa lag behind national average.** Access to improved water is at 57 percent in Garissa and 52 percent in Turkana County, while access to improved sanitation is at 17 percent in Garissa and 7 percent in Turkana. The two counties have high levels of OD, with Garissa at 36.2 percent and Turkana at 68.1 percent.¹⁴ In addition, while water access rates are higher in the camps than for the host communities, there are problems of service quality, with low volumes per capita, high leakages, and long lines at the water kiosks.¹⁵ Access to sanitation services is low and weak operational and financial sustainability of WSS poses a significant public health risk in the congested camps.

9. **Under Kenya's devolved system of government, responsibility for water sector development and service provision is shared between the national and county governments.** Both levels of government have an obligation to increase people's access to WSS. The national government is responsible for water sector policy leadership, regulation, the provision of bulk infrastructure that serves more than one county, and financial support to county governments to achieve sectoral objectives. The county governments are responsible for service provision.

10. **Water sector reforms have accelerated in recent years, but there are still implementation challenges stymieing full realization of the benefits of devolved services delivery.** Kenya's devolved system is characterized by high levels of political, administrative, and fiscal autonomy and discretion. The new Water Policy and water resources management, water and sanitation services, and irrigation regulations passed in 2022 are important milestones in advancing the devolved governance system started with the 2010 Constitution and the 2016 Water Act. Establishment of a funding mechanism that incentivizes performance at the county level and operationalization of an intergovernmental coordination framework are pending critical milestones for achieving universal WSS access.

11. **Chronic inefficiencies in the operation of water service providers (WSPs), coupled with gaps in the governance of rural water service provision necessitate substantial subsidies for operation and maintenance (O&M), at the expense of service expansion.** In line with the 2016 Water Act, WSS provision is devolved to the counties who are the owners of WSPs.¹⁶ On average, Kenyan water utilities lose about US\$90 million annually due to low operational efficiencies.¹⁷ Non-revenue water (NRW) has stagnated at a national average of 45 percent over the past decade, while energy costs have remained high, reaching as high as 50 percent of total operating costs for some WSPs. This has had a negative impact on the financial stability and capacity of WSPs to expand their services. Further, COVID-19 imposed significant financial constraints on WSPs.¹⁸

12. **Service gaps and inefficiencies are larger in rural areas.** Most rural water supply systems fall outside the jurisdiction of licensed WSPs. Such schemes are operated by unregulated community groups, with tariffs that do not reflect actual costs and revenues that are not well monitored. The result is unreliable service provision and frequent non-functionality of these schemes. A more sustainable operation and financing model for rural WSPs is required to improve their efficiency and enable them to increase operating cost coverage, thus expanding services to more rural households.

¹⁴ Kenya Population and Housing Census (2019).

¹⁵ The average water volume per capita in Kakuma camp is 12.75 litres per capita per day, decreasing to only 6 litres per day in Kalobeyei. Compared to refugees, the host communities have even lower access levels.

¹⁶ There are about 87 public and three privately owned WSPs that are licensed and regulated by WASREB.

¹⁷ WASREB. 2022. *A Performance Report of Kenya's Water Services Sector - 2020/21*.

¹⁸ For instance, revenues declined by 40 percent between February and April 2020.



13. **Multiple use needs in rural systems present a reality to be addressed technically and institutionally to ensure relevance, cost-effectiveness, and sustainability of WSS investments.** Most rural households will use available domestic water supply systems for other productive activities, including for home gardens and livestock (multiple water use/WASH+). As these uses are often overlooked in technical and institutional setups, the lack of an authorizing environment can lead to overuse, low-cost recovery, breakdowns, or restrictions on uses that directly contribute to improving human capital (for example, nutrition) and climate resilience needs.¹⁹ In Kenya, it has been assessed that inclusion of WASH+ considerations typically result in high additional and pro-poor benefits, with good cost recovery.²⁰ To address these challenges, the GoK has approved the National Water and Sanitation Investment Program (NAWASIP) described under section II. Program Description, A. Government Program.

C. Relationship to the CPS and Rationale for Use of Instrument

14. **The operation is aligned with the World Bank’s Country Partnership Framework (CPF) for Kenya (FY23–FY28, Report No.172255-KE, discussed by the Board in November 2022).**²¹ The operation supports meeting the CPF’s goal “to support Kenya’s transformation into a middle-income economy that achieves inclusivity and resilience” as well as the achievement of Higher Level Objective 1 (HLO1) on faster and more equitable labor, productivity, and income growth; HLO2 on greater equity in service delivery outcomes; and HLO3 on greater resilience and sustainability of Kenya’s natural capital, through contributing to CPF Objectives 4, 5, 6, and 7 on shrinking disparities in learning and health outcomes; extending infrastructure services to the last mile; increasing household resilience to, and national preparedness for, shocks; and reducing Kenya’s water insecurity, respectively. The operation aligns with World Bank’s support to implement Kenya’s Comprehensive Refugee Response Framework under Objective 6 of the CPF. It also aligns with the World Bank Evolution and new mission to end extreme poverty and boost shared prosperity on a livable planet, as it promotes sustainability, inclusion, and resilience. Additionally, it is aligned to the World Bank Group’s Gender Equality Strategy (2016-2023) Objective 1 and 4 on Improving Human Endowment and Enhancing Women’s Voice and Agency respectively, and to Africa East Regional commitment to accelerate universal access to safely managed WSS in the region by investments in improved WSS.

15. **The Program for Results (PforR) instrument is increasingly used in World Bank financed operations in Kenya, which has active PforR lending operations in the urban, energy, social, and other sectors.** Lessons from Vietnam, Egypt, Mexico, and Tanzania indicate that a results-based approach can be effective in creating new incentive frameworks for local institutions and service providers to deliver better quality and lasting services to the population and in institutionalizing good practices. The PforR is a highly appropriate instrument to spur results while maintaining the momentum of the sector reforms in Kenya and provide support to drive achievement of the NAWASIP objectives.

16. **Investment Project Financing (IPF) has been identified as the best instrument for providing technical capacity strengthening and PforR delivery support.** The World Bank’s technical, environmental, and fiduciary assessments identified some technical and institutional capacity weaknesses in the GoK systems. A key lesson that has emerged from global and national PforR experience is that the results-based approach is more effective and can be implemented more efficiently when complemented by substantial technical assistance (TA) to support client to address weaknesses in systems, capabilities, and procedures.

¹⁹ Van Koppen, et al. 2009. *Climbing the Water Ladder: Multiple-Use Water Services for Poverty Reduction*. International Water and Sanitation Centre and International Water Management Institute.

²⁰ Hall and Davis. 2012. *Productive Use of Domestic Rural Water Systems: The Kenya Case*.

²¹ <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099421512052241562/secbos01bdb49b00208e1f0d132ef1f94>



17. **The World Bank, following consultation with the UNHCR, confirms that the protection framework for refugees²² continues to be adequate in Kenya for accessing financing from the IDA20 Window for Host Communities and Refugees (WHR).** Kenya’s treatment of refugees is governed by the Refugees Act of 2021 and is largely in line with international and regional refugee protection standards and Kenya’s commitments under the Global Compact on Refugees. It provides protection against refoulement, and outlines asylum procedures, including registration, documentation, and refugee status determination. The Act recognizes the rights of refugees to participate in economic and social development and supports refugee inclusion in development planning. Refugee Regulations are being developed in consultation with stakeholders to provide detailed procedures for implementation of the Refugees Act 2021.

II. PROGRAM DESCRIPTION

A. Government Program

18. **The Government program, NAWASIP, adopted by the GoK in March 2023, aims to accelerate achievement of universal access to WSS by 2030.** The program, to be implemented at a cost of KSh 995 billion (US\$8.5 billion) from 2023 to 2030, is the first jointly developed intergovernmental WSS sector investment plan. NAWASIP’s overall objective is to accelerate the achievement of universal access to safe water supply and improved sanitation services in Kenya’s 47 counties by 2030 in an affordable, equitable, and sustainable manner. In addition to increasing access to physical infrastructure, the program includes a targeted program of investments on enhancing the sector’s policy and institutional efficiency including improving the performance of WSPs.

19. **The NAWASIP has five components.** Component 1: Storage Infrastructure and Bulk Water Transmission Systems (US\$1 billion); Component 2: Urban Water Supply and Sanitation Services (US\$5 billion); and Component 3: Rural Water Supply and Sanitation Services (US\$1.7 billion) are primarily focused on improving and expanding infrastructure for reliable, sustainable, and affordable safe water supply and sanitation services to meet the 2030 universal access targets; Component 4: Support for Sector Efficiency Improvement and Policy Reforms Program (US\$0.5 billion) and Component 5: Program Coordination, Capacity Building and Monitoring and Evaluation (M&E) (US\$0.3 billion) are focused on enhancing sector efficiency and service delivery capacity within the devolution framework.

20. **The GoK has identified several financing sources for implementation of the NAWASIP.** Slightly more than half of the cost of NAWASIP is expected to be financed through concessional lending. About one-third of NAWASIP is proposed to be structured as public-private partnerships, and the remaining portion of NAWASIP would be supported by donor grants, domestic commercial finance, and national and county budget allocations. Through MTP 2023—2026, the GoK plans to allocate about US\$200 million toward the implementation of Components 3, 4, and 5 of NAWASIP, which envisages a results-based financing mechanism particularly for the county-level investments.

21. **The Ministry of Water, Sanitation, and Irrigation (MoWSI) through the State Department for Water and Sanitation (SDWS) is coordinating NAWASIP’s implementation in partnership with respective county governments.** The State Department of Water and Sewerage Development in the MoWSI is responsible for overall coordination of the implementation of NAWASIP. At the county level, NAWASIP is being implemented by county government water departments and their respective WSPs and at the national level, regional Water Works Development Agencies (WWDAs) for bulk and cross-county WSS infrastructure, and the Water Sector Trust Fund (Water Fund) and Water Services and

²² Based on UNHCR’s Kenya Refugee Protection Assessment Update No. 4 from July to December 2022.



Regulatory Board (WASREB) for other subcomponents. The WWDAs, in addition to the implementation of cross-county projects, also provide on-demand TA to counties.

22. **In line with the Refugees Act of 2021, the GoK is developing the Shirika Plan as the main roadmap and strategy toward the integrated settlement model for refugee management, away from a camp-based model.** The Shirika Plan will provide a multisectoral plan that delineates development solutions that benefit both refugees and host communities through an integrated delivery approach.²³ WASH is one of the priority sectors outlined in the plan that this operation will directly support. Integrated socio-economic development plans²⁴ have also been prepared by the hosting Counties of Turkana and Garissa jointly with UNHCR and other humanitarian and development partners. The interventions proposed in these plans are aligned with those under NAWASIP and the Kenya Water, Sanitation, and Hygiene Program (K-WASH), including the focus on reforms for promoting efficiency, sustainability, and resilience of WSS. They will also complement the Second Kenya Urban Support Program (P177048), which is supporting the transition of refugee camps into integrated refugee and host community municipal settlements.

B. Theory of Change

23. **Table 1 presents the Program’s Theory of Change (ToC).** The Program will support the Government’s objective under NAWASIP to accelerate the achievement of universal access to safe water supply and improved sanitation services in Kenya’s 47 counties by 2030 in an affordable, equitable, and sustainable manner. First, to address the dual challenge of increasing and sustaining access to improved rural water services, the Program will promote a sector-integrated approach with incentives provided at the village/community, county, and national levels. Second, the Program will address rural sanitation challenges in an integrated and comprehensive manner through a multipronged approach both at the household and community levels, comprising community-led total sanitation (CLTS), behavior change communication (BCC) campaigns, and sanitation marketing to eradicate OD in villages and move households up the sanitation ladder to improved facilities, thus improving community-wide sanitation (CWS) status. Third, the Program focuses on improving the governance, accountability, operational efficiency, and financial performance of WSPs, to increase their creditworthiness and reduce their dependency on public subsidies for O&M, thus freeing up valuable resources to be directed to rural areas. WSPs will be incentivized to meet and exceed national standards for women’s employment and representation in leadership positions and community engagement, which will result in more inclusive and hence productive governance.²⁵ Finally, the Program will incentivize the reform of sector policy, improve coordination, and strengthen sector monitoring and reporting to ensure that sustainable rural WSS are provided. Holistically, the Program will address local flood and drought risks and strengthen climate change adaptation and mitigation by improving climate resilience of water and sanitation schemes. The TA activities and reforms supported under the IPF component will further strengthen and accelerate the achievement of Program outcomes.

²³ The thematic pillars of the *Shirika plan* include (a) system building, governance, policy, legal, and justice; (b) access to integrated services (such as water); (c) human capital and skills development; (d) natural resource management and climate change; (e) sustainable economic development; and (f) durable solutions and complementary pathways.

²⁴ In 2023, both Turkana and Garissa Counties launched multisectoral, multistakeholder socioeconomic development plans for refugees and host community members. The Kalobeyei Integrated Socio-Economic Development Plan (KISEDIP) was adopted in 2018 and updated in 2023 (KISEDIP 2). The Garissa Integrated Socio-Economic Development Plan was launched in September 2023. The local plans are part of the wider Shirika Plan lead by the national Government.

²⁵ Thompson, Kate, Kathleen O’Dell, Sameera Syed, Hannah Kemp, and Eva Vazquez. 2017. “Thirsty for Change: The Untapped Potential of Women in Urban Water Management.” *Deloitte Review* 20: 154–167.



Table 1. Program Theory of Change

Proposed Activities	Outputs	Short-Term Outcomes	Medium-Term Outcomes/PDO	Long-Term Outcomes	
RA 1: Increasing sustainable access to improved water services for households in climate-vulnerable²⁶ rural areas					
1.1 Prepare county-wide water and sanitation strategy 1.2 Design and construct rural water supply infrastructure 1.3 Establish professional service delivery models	<ul style="list-style-type: none"> County water and sanitation strategy and investment plan approved (DLI 1) Water supply schemes constructed Delivery models for O&M adopted 	<ul style="list-style-type: none"> Climate vulnerable rural households have access to improved water services (DLI 2) Sustainably functioning rural water supply schemes (DLI 3) 	Increased sustainable access to improved water services for climate vulnerable rural households, in selected counties, including refugees hosting counties.	Universal access to safe water supply and improved sanitation services in Kenya's 47 counties by 2030 in an affordable, equitable, and sustainable manner	
RA 2: Increasing sustainable access to improved sanitation services, and elimination of OD in climate-vulnerable rural areas					
2.1 Undertake sanitation & hygiene behavior change communication/demand creation & market-based sanitation activities at community-level 2.2 Design and construct WASH facilities in rural public Early Childhood Development Centres (ECD) and primary schools and healthcare facilities 2.3 Undertake Fecal sludge management	<ul style="list-style-type: none"> Improved sanitation facilities constructed WASH facilities in rural public ECD and primary schools and HCFs constructed Fecal sludge safely emptied and disposed 	<ul style="list-style-type: none"> Climate-vulnerable rural households have access to improved sanitation services (DLI 4) Communities sustain open defecation free status (ODF, public ECD and primary schools and HCFs have access to adequate WASH facilities (DLI 5) 			
RA 3: Improved financial performance of WSPs in participating counties					
3.1 WSPs undertake reforms to ensure full compliance with legal and regulatory requirements 3.2 Prepare WSP Performance Improvement Action Plans (PIAPs) 3.3 Prepare prioritized investments in the PIAPs	<ul style="list-style-type: none"> WSPs fully compliant with legal and regulatory requirements for good governance and downwards accountability (DLI6) PIAPs approved by WSP Board of Directors (DLI6) Prioritized investments in the PIAPs implemented 	<ul style="list-style-type: none"> Improved operating cost coverage of WSPs (DLI 7) Improved gender diversity in WSP leadership positions²⁷ WSPs leveraging additional Private/commercial capital (DLI 8) 			
RA 4 - Improving Sector reforms, coordination, and M&E Capacity for integrated water management					
4.1 Design NAWASIP performance-based fiscal transfer mechanism 4.2 Design national integrated WSS sub-sector M&E system 4.3 Operationalize the Water Sector Intergovernmental Sector Coordination framework (WSIGCF)	<ul style="list-style-type: none"> NAWASIP performance-based intergovernmental fiscal transfer mechanism approved by Cabinet (DLI 9) WSIGCF implemented (DLI 9) Annual water sector M&E report prepared (DLI 9) 	<ul style="list-style-type: none"> Improved water sector accountability, coordination, capacity for service delivery and results reporting 			
RA 5 - Improving integrated WASH services for refugee hosting communities					
5.1 Design and construct water supply schemes, and WASH facilities in public ECD and primary schools and HCFs in refugee camps and host communities 5.2 Undertake sanitation & hygiene behavior change communication/demand creation & market-based Sanitation activities in refugee camps and host communities. 5.3 Prepare a transition roadmap for an integrated water utility model	<ul style="list-style-type: none"> Water supply schemes, sanitation facilities and WASH facilities constructed HCFs and public schools in refugee camps and host communities²⁸ Transition roadmap for integrated water utility services model implemented 	<ul style="list-style-type: none"> Refugees and host community households provided with access to improved water and sanitation services (DLI 10) Sustainably functioning rural water supply schemes (DLI 11) Communities sustain community-wide sanitation status (ODF, public ECD and primary schools and HCFs) (DLI 12) Sustainable integrated water utility services provided 	Improved financial performance of WSPs in selected counties, including refugee hosting counties		

²⁶ Climate-vulnerable rural areas are areas that are prone to climate change-exacerbated floods and/or droughts. All rural areas under in this Program are climate vulnerable.

²⁷ There is variance across WSPs for the type and number of leadership positions that will be accounted for in indicator data. Leadership positions include Board Members, managers, or chief Executive Officers.

²⁸ Refugee camp WASH facility designs will take into account the need for lighting and design to minimize the risk of gender-based violence.



C. PforR Program Scope

24. Program boundaries. The K-WASH will support NAWASIP in 19 counties over a six-year period (2024–2030). The Program includes Components 3, 4, and 5 of NAWASIP in 19 counties focusing on increasing access to WSS in rural areas; improving sector efficiency and reforms; and program coordination, capacity development, and M&E, respectively.²⁹ Since the Program’s primary goal is to reduce the gap in WSS coverage between rural and urban areas, the selection of these 19 counties prioritizes predominantly rural counties, using six criteria with varying weights assigned.³⁰ Excluded activities are those from Components 1 and 2 of NAWASIP, which include large bulk water and urban water and sanitation infrastructure.

25. The K-WASH is a hybrid operation with a PforR and an IPF component. The total cost of the operation is US\$458 million. The PforR cost is US\$438 million which includes a Government contribution of US\$200 million, an IDA financing of US\$230 million, of which US\$40 million is an IDA grant from the WHR; a US\$190 million is an IDA Credit, and US\$8 million is to be leveraged from commercial financing by participating WSPs. The IPF component consists of US\$20 million in IDA funding, of which US\$10 million is an IDA grant from the WHR, and US\$10 million is an IDA credit to provide TA, capacity development, and program delivery support to key implementing agencies. Table 2 provides the financing breakdown.

Table 2. Proposed Financing Plan

Source	Amount (US\$, millions)	% of Total
PforR	438	96
Counterpart Funding	200	—
Commercial Financing	8	—
International Development Association (IDA)	230	—
IDA Credit	190	—
IDA WHR Grant	40	—
IPF Component	20	4
IDA Credit	10	—
IDA WHR Grant	10	—
Total IDA	250	54
Total GoK Counterpart	200	44
Total Commercial Financing	8	2
Total Financing for the Operation	458	100

PforR Component (US\$190 million IDA; US\$40 million IDA WHR; US\$200 million GoK; US\$8 Commercial Financing)

26. The Program will finance results across five results areas (RAs) as follows:³¹

- (a) **RA 1: Increasing sustainable access to improved water services for households in climate-vulnerable rural areas.** This RA will first incentivize all the 19 participating counties to undertake specific policy, institutional,

²⁹ The 19 counties are Turkana, Samburu, West Pokot, Baringo, Garissa, Mandera, Tana River, Kwale, Makueni, Kitui, Tharaka Nithi, Kirinyaga, Murang’a, Narok, Migori, Kericho, Vihiga, Bomet, and Nandi.

³⁰ The weights assigned to these six were (a) Marginalization - 2, (b) arid and semi-arid lands (ASAL) counties - 1, (c) Population density - 1.5, (d) Access to clean water -2.5, (e) Open Defecation level - 2 for those with > 50 percent, and (f) revenue allocation ratio - 1. The highest-scoring counties per region based on the nine regions mapped along water basins were prioritized and a final list of 17 counties was selected. The two refugee-hosting counties of Garissa and Turkana were added, bringing the total number of priority counties to 19.

³¹ High-risk investments with significant adverse impacts on the environment or people, for example, large dams or resettlements affecting over 200 people, are not financed under K-WASH.



and regulatory (PIR) reforms, primarily approval of a long-term County Water and Sanitation Strategy and Investment Plan (CWSS&IP)³² and investment roadmap. It will then finance the expansion of access to improved water services for populations living in rural areas of the 17 participating non-refugee hosting counties through the construction of new water supply schemes and the rehabilitation and expansion of existing schemes. The sustainability of these schemes will be ensured through sustainable and accountable professional models for O&M services.³³ The water schemes constructed through the Program will be designed to meet set quality standards, consider multiple water uses (WASH+: for livestock, farmer-led irrigation, and other productive uses to support livelihoods) to the extent required, and be climate resilient.

- (b) **RA 2: Increased sustainable access to improved sanitation services and elimination of open defecation in climate-vulnerable rural areas.** This RA will finance increased access to improved sanitation and hygiene facilities for rural households, public ECD and primary schools, and HCFs in the 17 participating non-refugee hosting counties. This will be accomplished through CLTS, sanitation marketing, and addressing of community-specific behavioral barriers to a sustained social norm of not practicing OD, as well as the provision of adequate menstrual health and hygiene-friendly and disabilities-accessible³⁴ WASH facilities for households and in public ECD and primary schools and HCFs.
- (c) **RA 3: Improved financial performance of Water Services Providers in participating counties.** This RA will provide incentives for county governments and county-owned WSPs in the 19 participating counties to achieve full regulatory compliance, good corporate governance and autonomous operation of WSPs, progressive improvement in operational efficiency, and financial performance and as a result of these improvements in the WSP's enabling environment and creditworthiness, leverage public funds to secure private capital for WSS expansion. Through a blended financing model with commercial banks, the RA will also provide matching funds to WSPs for bankable projects that contribute to an increase in their operational cost coverage ratio (OCCR).
- (d) **RA 4: Improving sector reforms, coordination, and M&E Capacity for integrated water management.** This RA aims to improve the institutional, policy, and regulatory framework to increase public and private investment for WSS in Kenya by incentivizing the implementation of a performance-based intergovernmental financing mechanism (with integrated indicators on downward accountability to citizens/consumers based on active WASREB key performance indicators [KPIs]), operationalizing the intergovernmental water sector coordination framework to improve collaboration between national and county governments, and implementing an annual water sector performance reporting system that is aligned with the SDGs. This is intended to improve the capacity of national and county governments to jointly monitor and fully implement NAWASIP. These improvements will also directly improve the creditworthiness and financial viability of the WSP's and the regulatory environment to enhance private sector financing in the water and sanitation sector.
- (e) **RA 5: Improving integrated WASH services delivery for refugees and host communities.** This RA will incentivize, through WHR funding, integrated access to WASH services for households, public ECD and primary schools, and health care facilities to facilitate the transition of water services to a development-led county-focused management model as part of the broader transition of refugee camps into integrated host

³² The preparation of the CWSS&IP will be linked with the statutory County Integrated Development Plan and harmonized with other county level WSS or water resources management strategies/plans including climate change mitigation and adaptation strategies.

³³ As part of the PIR reforms embedded in the CWSS&IP, the county will be incentivized to adopt a predictable model for the provision of professionalized O&M service delivery.

³⁴ World Bank. 2017. *Including Persons with Disabilities in Water Sector Operations: A Guidance Note (English)*. World Bank Group.



community and refugee settlements in Garissa and Turkana Counties. Priority will also be given to incentivize the adoption of an integrated refugees-host community water utility services model in refugee-hosting municipalities.

IPF Component (US\$20 million IDA including US\$10 million WHR)

27. **The IPF will provide TA and capacity-building activities for the implementing agencies and support for sector monitoring and reporting and refugee policy and coordination.** The SDWS will be supported to revise the WSS Infrastructure Design Manual, strengthen the capacity of participating counties, and enhance design and construction quality supervision. This will include specific assistance to the counties of Turkana and Garissa; DRS; and under DRS, the UNHCR, for the remodeling and planning of WASH infrastructure for the refugee camps and transition to an integrated water utility services model. This will include supporting coordination between refugee stakeholders and transition monitoring. Capacity-building activities will also include training counties on climate-resilient and universal access design and construction of water supply and sanitation infrastructure, standardizing WASH facilities for schools and HCFs including meeting standards for disability and MHM-inclusive design standards, and launching a BCC campaign and addressing the gender gaps in women’s employment in leadership positions.³⁵ WASREB and Water Fund will receive support to enhance their mandates in assisting WSPs to achieve regulatory and good governance compliance (including WASREB and country-prescribed mechanisms for citizen engagement), developing high-quality PIAPs and bankable projects for commercial financing, and leveraging private financing. The support for PIAPs will have a direct and positive impact on the financial health of the service providers and ultimately their creditworthiness. The IPF will support sector monitoring and reporting by funding a baseline survey of water points, development of a national water sector M&E system, hiring of an independent verification agent (IVA) to verify Program results, and operational costs for managing the Program. There will be ongoing refugee policy and regulatory support in the implementation of the WASH elements of the Shirika Plan and coordination of the operation’s implementation with humanitarian WASH stakeholders led by DRS.

D. Program Development Objective(s) (PDO) and PDO Level Results Indicators

28. **The PDO is to increase sustainable access to improved water and sanitation services, eliminate open defecation, and improve the financial performance of water services providers in selected counties, including refugee hosting counties.**

PDO Level Results Indicators

29. The PDO indicators by outcomes are the following:

- (a) Outcome 1: Increasing sustainable access to improved water services for households in climate-vulnerable rural areas in selected counties, including refugees hosting counties:
 - (i) People provided with sustainable access to improved climate resilient water services under the Program³⁶ (Number, disaggregated by gender, refugees, and host community members)
- (b) Outcome 2: Increased sustainable access to improved sanitation services and elimination of open defecation in climate-vulnerable rural areas in selected counties, including refugee-hosting counties:

³⁵ The GoK standards for schools are disability inclusive, but the project will support the GoK to fill gaps in disability inclusion in design standards for HCFs and other public facilities under the Program.

³⁶ Measured through DL12: number of households provided with access to improved water services; and DL13: number of sustainably functioning water schemes.



- (i) People provided with sustainable access to improved sanitation services³⁷ (Number, disaggregated by gender, refugees, and host community members)
- (ii) Villages that achieve and sustain open defecation free (ODF) status (Number)
- (c) Outcome 3: Improved financial performance of Water Services Providers in participating counties:
 - (i) WSPs that achieve 100 percent of their Operating Cost Coverage Ratio (OCCR) target (Number) as per their approved Performance Improvement Action Plans (PCE).

30. The estimated number of beneficiaries in the 19 counties under the Program is 4 million people, including 320,000 refugees and 400,000 host community members. This represents 33 percent of the population without access to improved water and sanitation services nationally.

E. Disbursement Linked Indicators and Verification Protocols

31. **The Program’s incentive model consists of 12 disbursement-linked Indicators (DLIs) grouped into five RAs across five disbursement periods.** Table 3 presents the DLIs under each of the proposed RAs and the financing amounts allocated to each DLI. Further details, including eligible expenditures, activity descriptions, and verification procedures are provided in annex 2.

Table 3. Description of DLIs under the Program

Disbursement Linked Indicator	Allocation (US\$, millions)	Description of DLI	Comments on Related Activities
RA 1: Increasing sustainable access to improved water services for households in climate-vulnerable rural areas (US\$71.8 million)			
DLI 1: Number of counties that have an approved County Water and Sanitation Strategy and Investment Plan (CWSS&IP)	19	Five-year CWSS&IP and its implementation roadmap are formally approved by the County Executive Committee (CEC). The minimum structure and contents of the CWSS&IP will be defined in the Program Operations Manual (POM).	Strategy will assess the county’s water resources to ensure proposed developments of water supply schemes are resilient to projected climate variability and change, resulting in projected greenhouse gas (GHG) emissions reduction. The investment plan and implementation roadmap will guide both public and private investments.

³⁷ Measured through DLI 4: number of households provided with access to improved sanitation services and DLI 5: number of villages achieving and sustaining community-wide sanitation (CWS) status.



Disbursement Linked Indicator	Allocation (US\$, millions)	Description of DLI	Comments on Related Activities
DLI 2: Number of households provided with access to improved water services	32.8	Number of households provided with access to improved water services out of water supply schemes developed under the Program: the connections should come from a scheme that has technical design meeting the minimum design checklist as defined in the POM, including proof of climate resilience; the household served is in an unserved rural area; the water scheme complies with water quality standards issued by WASREB; access is through either a metered connection, shared yard tap, or water kiosk at a maximum of 500m from the household. New connections from schemes rehabilitated under the program are eligible.	Design checklist will focus on climate resilience and WASH+ approach. Investments under DLI 2 are projected to lead to GHG emissions reduction of about 277,936 tCO ₂ -eq per year for a total of 8,616,014 tCO ₂ -eq over the project's economic lifetime with respect to water supply activities.
DLI 3: Number of sustainably functioning water schemes	20	Number of water schemes that are deemed sustainable, meaning that (a) at least 90 percent of household services (metered or kiosk) are functioning as per definition of functionality defined in the POM, (b) water schemes have a tariff system, (c) water schemes achieve gradual O&M cost recovery as defined in the POM, (d) water schemes are operated by an approved service provider as per WASREB regulations for rural areas as defined in the POM, (e) leadership positions within the service provider should not be more than two-thirds of the same gender.	Sustainability referring to functionality, inclusive and transparent tariffs, O&M cost recovery, and a regulated service provider.
RA 2: Increasing sustainable access to improved sanitation services and elimination of open defecation in climate-vulnerable rural areas (US\$69.4 million)			
DLI 4: Households provided with access to an improved sanitation facility	24.6	Number of households provided with access to an improved sanitation facility, meaning a facility at household level that hygienically separates human waste from human contact. Options of improved sanitation services will be defined in the POM.	Design and construction criteria to ensure disability accessible, MHM friendly, and climate-resilient sanitation facilities.



Disbursement Linked Indicator	Allocation (US\$, millions)	Description of DLI	Comments on Related Activities
<p>DLI 5: Number of villages achieving and sustaining community-wide sanitation (CWS) status</p>	<p>44.8</p>	<p>This DLI includes three disbursement-linked results (DLRs) to account for (a) DLR 5.1 - number of villages that achieve ODF status, (b) DLR 5.2 - number of villages certified as achieving CWS status. The following requirement of CWS certification must be fully met: (i) village has been verified as achieving ODF status; (ii) at least 70 percent of households in the village have access to an improved sanitation facility; (iii) all public ECD and primary schools within the village have improved school WASH facilities meeting minimum standards, (iv) all public HCF within the village have access to improved WASH facilities that meet minimum standards, and (v) fecal waste from the schools and HCFs are safely disposed. (c) DLR 5.3 - number of villages that sustain CWS status.</p>	<p>The WASH facilities in public ECD and primary schools and HCFs will comply with the minimum standards set by the Ministry of Health (MoH) and Ministry of Education (MoE), inclusive and climate resilient. The WASH facilities will also adhere to O&M framework to be prepared under the IPF. Sanitation activities covered under DLIs 4 and 5 result in net average annual emissions are – 243,375 tCO₂-eq per year for a total of –7,544,629 tCO₂-eq over the project’s economic lifetime.</p>
<p>RA 3: Improved financial performance of Water Services Providers in participating counties (US\$43.8 million)</p>			
<p>DLI 6: Number of WSPs compliant with the legal and regulatory requirements for good governance and have an approved PIAP</p>	<p>13.5</p>	<p>This DLI will be considered achieved when all the following five conditions are fully met: (a) have a valid WASREB license; (b) have a WASREB-approved justified tariff; (c) have a fully constituted Board of Directors as per WASREB regulations, with leadership not being more than two-thirds of the same gender; (d) have a performance contract between the WSP and the county government with clear KPIs³⁸ and conditions for ring-fencing autonomy of the WSP operations; and (e) have a Performance Improved Action Plan (PIAP) approved by the Board of Directors to improve WSP performance.</p>	<p>Achieving legal and regulatory requirements for good governance and implementing the PIAPs are critical building blocks toward achieving creditworthiness and an enabling environment for attracting private sector financing. The PIAP will have targets for energy efficiency, water demand management, NRW reduction, resource efficiency, gender diversity, and community engagement.</p>
<p>DLI 7: Number of WSPs progressively achieving their Operating Cost Coverage Ratio (OCCR) targets as per their approved Performance Improvement Action (PIAPs)</p>	<p>22.3</p>	<p>To be eligible for disbursement under this DLI, the WSP must show sustained full compliance with the legal and regulatory requirements for good governance defined in DLI 6. OCCR is selected as a good aggregate measure for the successful implementation of the PIAPs. Yearly disbursements will be made against progressive achievement of the OCCR target stated in the PIAP. Each WSP will set an OCCR target and disbursement under this DLI will be scalable to the change made toward that target.</p>	<p>Reduction in physical losses through metered areas, instalment of micro-meters, and replacement of pipes and inefficient pumps will lead to a significant reduction in energy and associated costs bringing NRW down from 51 percent to 30 percent by 2027. Gains from switching to solar-diesel power from 100 percent diesel similarly culminate in net emissions reduction of 19,675.94 tCO₂-eq. A positive OCCR is a precursor to attract private capital to the water sector.</p>

³⁸ WSP responsibilities required by county contracts are based on WASREB and national policy. They include standards for community engagement and client satisfaction monitoring and reporting through KPIs.



Disbursement Linked Indicator	Allocation (US\$, millions)	Description of DLI	Comments on Related Activities
DLI 8: Amount of financing leveraged by WSPs from private/commercial financing sources	8	Disbursement will be triggered by the WSP securing a commercial loan deal to finance bankable projects included in the PIAP, contributing to improvements in the OCCR. This DLI will provide 50 percent of total bankable project cost, or 100 percent of the commercial loan secured. For example, for a bankable project cost of US\$100,000, commercial loan should be US\$50,000 and the DLI contribution will be US\$50,000.	Bankable project supported by this DLI will fund interventions mentioned above in the WSP’s PIAPs to become more cost efficient. This figure represents Private Capital Mobilization (PCM).
RA 4: Improving sector reforms, coordination, and M&E Capacity for integrated water management (US\$5 million)			
DLI 9: Water sector intergovernmental Planning, Coordination and Monitoring reforms implemented	5	This DLI will include two DLRs: (a) DLR 9.1 for the Approval and implementation of a Water Sector Performance-based Financing Mechanism to facilitate intergovernmental fiscal transfers for water services between the Ministry of Water, Counties and WSPs and (b) DLR 9.2 for the implementation of the Water Sector Inter-Governmental Coordination Framework including annual joint M&E reporting by both levels of government.	Establishment of the intergovernmental fiscal transfer mechanism and effective intergovernmental coordination are critical sector reforms necessary to improve enabling environment for increasing public and private investments for WSS.
Result area 5: Improving integrated WASH services delivery for refugees and host communities (US\$40 million)			
DLI 10: Number of refugee and host community households in Refugee Hosting Counties provided with improved access to WASH services	20	Disbursements will be triggered under two DLRs: (a) DLR 10.1 - Number of households in the refugee camps, and in the host, communities provided with access to improved water services under the Program (b) DLR 10.2 - Number of households in the refugee camps, and in the host, communities provided with access to an improved sanitation facility. Same definition of access as in DLIs 2 and 4 to apply.	The design and construction of water schemes and sanitation facilities will be based on a design checklist with a focus on inclusive climate resilient designs and a WASH+ approach. Designs and construction within refugee camps will be required to align the designs with the Shirika Plan and updated WSS design manual.
DLI 11: Number of sustainably functioning water schemes in refugee-hosting counties	8	Disbursements to refugee hosting counties will be triggered proportionate to the number of sustainably functioning water schemes in both the refugee camps and in host communities as defined in the POM. Same definition of sustainable schemes used in DLI 3 applies with the addition that schemes in refugee camps are operated as per DRS regulations for the refugee camps.	This DLI will primarily incentivize sustainable O&M of water schemes for refugees and host communities constructed under the Program.
DLI 12: Number of villages in the refugee camps, and in the host communities certified as achieving and sustaining CWS status	12	This DLI includes three DLRs to account for (a) DLR 12.1 - number of villages that achieve ODF status, (b) DLR 12.2 - number of villages certified as achieving CWS status, and (c) DLR 12.3 - number of villages that sustain CWS status. Same definition used in DLI 5 will apply under these DLRs.	Activities covered under DLIs 10 and 12, along with DLIs 4 and 5 result in net average annual emissions are – 243,375 (–277,936) tCO ₂ -eq per year for a total of –7,544,629 (–8,616,014) tCO ₂ -eq over the operation’s economic lifetime.



32. **Verification of DLIs will be carried out by the IVA hired by the SDWS.** The results reported by the SDWS (Results Report), as achieved under the Program, will be verified through a paper audit, physical inspection, and phone calls that test the accuracy and quality of results claimed. In accordance with good audit practice, physical verification will take place against a sampling framework. The IVA will prepare a Results Verification Report (RVR), which will be shared with the SDWS and the World Bank. The RVR will be used to determine the amount of the eligible disbursement to be made based on the results achieved. Further details on the verification process for each DLI are included in Annex 2.

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

33. **Program implementing agencies.**³⁹ The primary implementing agencies under the Program are as follows:
- (a) **The MoWSI, through the State Department of Water Sanitation and Sewerage Development, will have overall accountability for Program delivery.** A dedicated Program Management Unit (PMU) headed by a program coordinator will be set up by the SDWS. The PMU will include a program accountant, procurement officer, an internal auditor, an M&E officer, a social development specialist, an environmental specialist, and a communications' specialist. The PMU will provide technical coordination, capacity building, and backstopping support and undertake activities leading to the national levels results in DLI 9 under RA 4. The SDWS will also engage the IVA to undertake results verification under the Program.
 - (b) **The county governments, through their water departments, will be the main implementing agencies for activities under RA 1, RA 2, and RA 5.** Each participating county government will establish a dedicated Program Implementation Unit (PIU) under the County Water Department to lead implementation of all county-level activities. The PIU will be headed by a fulltime program coordinator and will include staff from the County Department of Health and Department of Education among other staff.
 - (c) **The WSPs will be the main implementing agencies for RA 3** within their areas of licensed service coverage. The WSPs will undertake the eligible program of expenditures leading to the results envisioned in RA 3.
 - (d) **Special PIUs will be formed for implementation of WASH activities in the refugee camps in Turkana and Garissa Counties under RA 5.** These PIUs will be chaired by the respective Refugee Camp Manager and co-chaired by the respective County Chief Officer in-charge of Water. The PIUs' composition will include staff from each county, the respective WWDA, and the DRS. The special PIUs will coordinate closely with the UNHCR, through the DRS, and with the main county PIUs.
 - (e) **The Water Fund** will provide TA to the WSPs in the preparation of bankable projects for commercial financing and to facilitate the disbursement of funds directly to WSPs for the results achieved under RA 3.
34. **Participating entities.** Other key entities participating in the Program in collaboration with the implementing agencies include the DRS to coordinate and provide oversight of all refugee camp activities; Ministry of Health (Public Health Department) to coordinate the sanitation activities with the counties including the BCC campaign, WASH in HCFs and technical and capacity-building support to counties; MoE to coordinate with the counties on the WASH in schools' activities; WASREB to provide technical support to counties and WSPs to ensure regulatory compliance and implementation of O&M service delivery models and WSP PIAPs. The Council of Governors and State Department of

³⁹ Further details on the implementation arrangements, the role of each entity and oversight mandates will be defined in the Program Operation Manual (POM).



Devolution will both work with the SDWS in coordinating with county governments and DRS, and under it, with UNHCR, to support coordination of refugee WASH stakeholders. As needed, WWDAs may extend TA and capacity building to county governments and WSPs. Each of these entities will appoint a focal point who will coordinate with the PMU in the implementation of the Program.

35. **The Program will have a Program Steering Committee (PSC) and a Program Technical Committee (PTC).** The PSC will provide policy guidance, oversight, and strategic direction including inter-ministries, departments, and agencies (MDAs) coordination and conflict arbitration. The PSC will meet at least biannually and as and when required and will be responsible for endorsing the Annual Performance Assessment (APA) results. The PTC will deliberate and prepare motions for decision-making by the PSC. The PTC will meet at least quarterly and as and when required, to review Program implementation progress and financial accountability reports, review and verify APA reports, identify, and address any emerging technical issues and challenges in implementation of the operation. Further, the PTC will advise the PSC on policy and strategic issues. The composition of the PSC and PTC and their terms of reference will be detailed in the POM.

36. A POM will be prepared as an effectiveness condition and will include (a) the activities and timetable of actions to be carried out under the Program and excluded activities; (b) the respective roles and responsibilities of entities participating in the Program; (c) the composition and responsibilities of the PMU and the county PIUs; (d) the fiduciary, technical, and operational aspects and procedures for implementation of the Program, including the financial management (FM) procedures; (e) the procedures for distribution of IDA credit proceeds to the 19 participating counties and to the WSPs; (f) the verification protocols for the DLIs and DLRs; and (g) the anti-corruption guidelines.

B. Results Monitoring and Evaluation

37. **The SDWS will retain overall responsibility for Program results M&E.** Results reporting and verification will be conducted on an annual cycle linked to the national planning and budgeting process. Each county PIU will produce and submit to the SDWS PMU a quarterly Program Results Monitoring Report. The SDWS will compile a combined results report for all the 19 participating counties and their WSPs before the start of each verification period, summarizing the progress in achieving results up to the verification date. The reports will be submitted to the IVA as the starting document to work with before conducting the actual verification as per the verification protocol defined in the POM. A template of the quarterly Program Monitoring Report will be included in the POM. The Program will adopt the approach and tools developed by the Geo-Enabling Initiative for Monitoring and Supervision (GEMS) to collect and track achievement of results. Use of the GEMS tools and a dedicated K-WASH M&E dashboard established by the SDWS to display the Program data will enhance the transparency and accountability of the Program. Several of the results indicators under the Program will be disaggregated by gender (Annex 1). These indicators measure progress toward reducing important gender gaps that could affect program outcomes if not addressed. These data will facilitate gender-inclusive planning and management of the Program. The PMU will submit semiannual progress reports, a midterm review report, and a completion report for the Program to the World Bank.

C. Disbursement Arrangements

38. **Disbursements will be triggered by the achievement of DLI-related results for the Program and verified by the IVA.** The IVA will compile an RVR and share it with the SDWS PMU and World Bank. The SDWS will submit a withdrawal application to the World Bank upon notification of the formal approval of the verification report by the World Bank. The following is how IDA funds will be distributed: for RAs 1, 2, and 5 funds will be disbursed directly from the National Treasury (NT) to the County Revenue Fund upon the SDWS's request to NT, accompanied by an RVR; for RA 3, the Water Fund,



which manages the WSPs' performance enhancement window, will receive funds from the NT, through the SDWS, then disburse to WSPs; and for RA 4, the NT will disburse funds to the SDWS based on the RVR.

D. Capacity Building

39. **Through the IPF component, the SDWS PMU will coordinate TA and a program of capacity-building activities for the implementing agencies.** The IPF component will provide technical assistance and training to the implementing agencies to support them in addressing gaps identified in the technical, fiduciary, and environmental and social systems assessments, and in overall program management. It will also support the achievement of actions outlined in the Program Action Plan (PAP).

IV. ASSESSMENT SUMMARY

A. Technical (including program economic evaluation)

40. **NAWASIP is a strategic relevant program playing a key role in supporting Kenya's sustainable development and boosting its human capital.** In assessing its technical soundness, a key element that requires strengthening is the sustainability of investments in the sector. Ensuring equity of growth in Kenya will require a sustained focus on reducing rural poverty, and thus the strategic relevance of improving sustainable access to water and sanitation and WSP performance is high.

41. **Kenya already has a well-tested model for expanding the coverage of household sanitation in rural areas, where the core strategy utilizes CLTS to eradicate OD.** However, challenges include (a) inadequate funding for tackling OD, (b) slippage in maintaining ODF status, (c) collapsing latrine pits, and (d) inadequate marketing of sanitation products. The rural sector also lacks safe options for managing fecal sludge. Thus, the Program incentivizes achieving and sustaining the ODF gains and improving the supply and installation of quality, aspirational, and affordable improved sanitation products and facilities, as well as safe fecal sludge management.

42. **The rural water sector challenges identified in the technical assessment, which includes refugees, are well addressed by the Program design.** These include low access to improved water supply and sustainability issues due to a lack of appropriate management models, weak governance and accountability, and poor-quality construction. The assessment recommends paying special attention to the potential vulnerability of water resources to local hydrological variability, exacerbated through climate change, requiring adaptation and mitigation strategies. WSPs require support to improve operational efficiencies and incentives to strengthen governance and regulation. Incorporation of multiple water use requires TA on designs, water quality, water bylaws, multiple-use governance, and O&M to be integrated in WSS design standards.

43. **Public schools and HCFs lack sufficient clean water, and sanitation facilities are often unsegregated with insufficient drop holes and no MHM provision⁴⁰ or accessibility for people with disabilities.** Handwashing facilities with soap and water are often lacking and hygiene behaviors are poor. There are no national-level standard designs for WASH facilities at HCFs, and construction quality is an issue at both schools and HCFs. The Program will incentivize constructing quality standardized WASH facilities with gender sensitivity and/ or accessibility for people with disabilities and ensuring suitable MHM arrangements and effective hygiene behavior change that also reaches refugees and host communities.

⁴⁰ World Bank. 2021. *Menstrual Health and Hygiene Resource Package*.



44. Implementation of NAWASIP will be accompanied by institutional and policy reform programs to ensure that universal access to WSS is achieved and sustained, as infrastructure alone is insufficient to achieve NAWASIP's goals. The operation will collectively incentivize addressing persistent institutional constraints by incorporating national and county-level reforms as criteria for achieving Program disbursements. A national integrated M&E system and Results Framework will be established by the SDWS for monitoring and reporting of the national program. The project will provide M&E capacity to the PMU and counties, including an M&E expert in the PMU at the SDWS to support both the PMU and the counties. Technical recommendations are provided in the Technical Assessment report.

Program Expenditure Framework

45. The Program Expenditure Framework identifies expenditure categories and activities included in NAWASIP, within the boundaries of this Program amounting to US\$438 million for the PforR. Eligible expenditures are compatible with the description of RAs, and the Technical Assessment included an exercise to review such expenditures and update them with information provided by all implementing agencies at ministerial and county level. Details of budget classification structure have been reviewed, to ensure that expenditure categories have codes that allow tracking of Program expenditures during Program implementation and at closure. The summary Program Expenditure Framework is shown in Table 4 below.

Table 4: Summary Program Expenditures

Program Expenditure Category	Total Allocation (capex and opex)	
	K Sh	US\$
RA 1: Increasing sustainable access to improved water services for households in climate vulnerable rural areas	24,098,325,341	165,057,023
RA 2: Increased access to improved sanitation services, & elimination of OD in climate vulnerable rural areas	16,766,864,982	114,841,541
RA 3: Improved operational & financial performance of Water Service Providers in participating counties	13,716,236,787	93,946,827
RA 4: Improving Sector reforms coordination & M&E Capacity for integrated water management	876,000,000	6,000,000
RA 5: Improving integrated WASH services for refugee hosting counties	8,490,572,890	58,154,609
TOTAL COST OF PROGRAM	62,780,000,000	438,000,000

Program economic Evaluation

46. The Program economic and financial analyses evaluate the economic and financial impact of improvements in water supply and sanitation improvement in the 19 participating counties. A cost-benefit analysis (CBA) was undertaken to estimate the economic and financial feasibility based on information provided by eight selected WSPs and by WASREB and its reports, as well as data from national household surveys. A six percent discount rate has been used. The CBA results shows an Internal Rate of Return (IRR) between 20 and 2 percent and a Net Present value (NPV) between US\$2,189 and US\$2,947 million depending on the shadow price of carbon adopted. Water benefits are significantly higher compared to the sanitation benefits.⁴¹ Economic benefits include improvements in water supply systems and beneficial (including productive) use and decreases in NRW. The rehabilitation and expansion of water supply and sanitation/wastewater systems will have a positive impact on the incidence of waterborne-related diseases, primarily diarrhea (direct and

⁴¹ The economic NPV for water systems ranges from US\$2,095 to US\$2,507 million depending on the shadow price of carbon rate used, with the IRR ranging from 75 to 94 percent, while sanitation benefits range from US\$131 million to US\$ 498 million and the IRR ranges from 7 to 10 percent.



indirect), nutrition, and household small productive activities. Diarrheal disease is transmitted chiefly through the fecal-oral route. An estimated 94 percent of the diarrheal burden of disease is attributable to the environment, linked to unsafe drinking water, poor sanitation, and hygiene. Direct savings are related to reduction of diarrhea incidence (in 2023, 21.3 percent of Kenyan children under five years reported diarrhea). Based on the World Health Organization global estimates, the Program is expected to reduce diarrhea incidence in selected counties by 5 percent per year from 21.3 percent to 16 percent a year. The Program will reduce GHG emissions through strategic investment into WSS provision, with the most GHG emission reductions expected from reduced use of charcoal due to improved water quality, conversion of wet latrines into emptiable latrines, investment into solar pumping, and reduction of losses and NRW. The water supply activities yield net average annual emissions of –277,936 tCO₂-eq per year for a total of –8,616,014 tCO₂-eq over the project’s economic lifetime. For the sanitation activities, the net average annual emissions are –243,375 tCO₂-eq per year for a total of –7,544,629 tCO₂-eq over the project’s economic lifetime. Thus, the Program will contribute to 31 percent reduction in carbon emissions compared to the baseline estimated at 16.2 million tCO₂e over the 30 years analysis period or 540,768 tCO₂e annually.

Table 5. Project GHG Accounting

GHG Accounting	Water	Wastewater	Total
	tCO ₂ e	tCO ₂ e	tCO ₂ e
Baseline	24,219,667	28,206,402	52,426,069
With Program	15,583,977	20,619,066	36,203,043
Net reduction	(8,635,690)	(7,587,336)	(16,223,026)
Annual reduction	(287,856)	(252,911)	(540,768)
Percent reduction, %	36	27	31

Paris Alignment

47. **The Program is aligned with the goals of the Paris Agreement on both mitigation and adaptation.** The Program is consistent with Kenya’s updated first Nationally Determined Contribution (submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in 2020), Kenya National Adaptation Plan (KNAP, 2015–2030), and with Kenya Vision 2030—its long-term development blueprint. The Program is designed to build rural communities’ resilience to local climate risks and support the federal and county government’s joint efforts to make water supply and sanitation schemes more resilient to climate change and less emissive. All activities envisaged under the Program are on the Universally (Paris) Aligned sanitation objectives of KNAP, 2015–2030, by mainstreaming disaster risk reduction into water sector planning, promoting efficient water resource technologies, and enhancing capacity of institutions responsible for water and sanitation.

48. **Assessment and reduction of adaptation risks.** The technical assessment revealed that the Program is aligned with the Paris Agreement, as it promotes reduction of GHG emissions and provision of solutions for adaptation and climate resilience. The Program area faces high exposure to climate risks, with the main climate and disaster risks affecting the project being droughts and floods. Increased climate risks will raise pressure on limited rural water resources, and population movements may increase strain on infrastructure. Extreme flooding and sea-level rise could also increase risks both to water production and sanitation facilities. These climate change-related risks are reduced by the Program design through upgrading critical water and sanitation infrastructure and proactively reducing risks through soft components. Adaptation-related activities include (a) improved watershed management and switching rural villages from ephemeral to permanent water sources—thereby increasing water security; (b) reducing NRW through rehabilitation and construction of climate-resilient infrastructure and increasing the water available for end users; (c) strengthening the county government and WSP institutional capacity to respond to climate shocks and increase reliability of services offered



by WSP;⁴² and (d) designing climate-resilient sanitation infrastructure to increase access and improving reliability of sanitation services in households, public schools, and HCFs, thereby improving public health outcomes in the program area. Improving WSPs' performance will allow them to continue investing in climate-resilient infrastructure and their maintenance, thus contributing to sustainable service delivery. As a result, climate risks will be reduced to an acceptable level and will not have a material impact on the program achieving its development objectives.

49. **Assessment and reduction of mitigation risks.** The operation is not at material risk of having a negative impact on the country's low-GHG emissions development pathways. A reduction of GHG emissions will be derived from both water supply and sanitation interventions. Mitigation-related activities center on (a) reducing the use of charcoal for boiling water, (b) reducing untreated or partially treated wastewater discharged into rivers, (c) improving fecal sludge management (mainly collection and transport) and public facilities (schools and hospitals), and (d) reducing energy consumption by improving energy efficiency and utilization of solar pumps. The largest GHG emission reduction is expected from the reduced use of charcoal and conversion of wet latrines to emptiable latrines, followed by reduction of NRW and employment of solar pumping. In addition, improving the operational and financial performance of WSPs will allow them to continue investing in energy efficiency enhancements in both water and wastewater, thereby further reducing GHG emissions.

B. Fiduciary

50. **A Fiduciary System Assessment (FSA) was conducted on the Program based on the World Bank's Program-for-Results Fiduciary Systems Assessment Guidance Notes of March 8, 2022.** The assessment revealed that the procurement and FM systems capacity and performance are adequate to provide reasonable assurance that the Program funds will be used for the intended purposes with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. A detailed standalone FSA has been prepared clarifying the risk and mitigating measures. High-value contracts involving procurement of goods, works, and services whose estimated values exceed the applicable Operations Procurement Review Committee thresholds set out in the World Bank procurement procedures shall be excluded from the Program.

51. **The Program benefits from well-established public financial management (PFM) and procurement legal frameworks and systems but is prone to fiduciary risks that are assessed as substantial.** Despite the various progress noted in the overall PFM framework, the Program is exposed to risks associated with gaps noted in FM, procurement, and management of fraud and corruption including inadequate budget; missing budget codes for program budget and expenditure tracking and reporting; delays in disbursement of funds leading to pending bills and delayed procurements; recurring audit opinion especially on WSPs; limited number of internal audit staff in most entities and high turnover/transfer of staff; lack of accounting and billing systems in some of the WSPs; inadequate disclosure of procurement-related documents; lack of contract management and tracking arrangements; and gaps in procurement-related handling mechanisms. Furthermore, the reporting arrangements for fraud and corruption and coordination among the various stakeholders will require further strengthening.

52. **The Program has mechanisms in place to mitigate the identified risks using DLIs, the PAP, and the POM.** The Program will benefit from the reform supporting operations that the World Bank has in the PFM sector. In addition, the DLIs aim to address the institutional challenges that the implementing entities face. Additional PAP measures have been proposed to strengthen the current system, including accounting and financial recording system for the WSPs; monitoring

⁴² World Bank. 2018. *Building the Resilience of WSS Utilities to Climate Change and Other Threats: A Road Map*. Washington, DC: World Bank Group; World Bank. 2020. *Resilient Water Infrastructure Design Brief*. Washington, DC: World Bank Group.



timeliness of county audit reports; publication of procurement-related documents; development of procurement-related complaint handling mechanisms; development and implementation of procurement and contract management monitoring and tracking arrangements; and capacity-building initiatives for FM, procurement, and the Commission on Administrative Justice (CAJ). To ensure proper reporting of fraud and corruption complaints as indicated in the World Bank's anti-corruption guidelines,⁴³ both the CAJ and the Ethics and Anti-Corruption Commission will undertake annual certification of the implementing agencies and the process will be monitored and reported on by the PMU as defined in PAP. The use of debarred firms will be monitored regularly during the preliminary Evaluation of the Tenders from the World Bank website: <http://www.worldbank.org/debar>.

53. **The FM residual risk for the operation is substantial, with country-level fiduciary systems having strengths and weaknesses.** The Government has implemented reforms, such as the 2012 PFM Law, Integrated Financial Management and Information System, Treasury Single Account, International Public Sector Accounting Standards, and Office of the Auditor General, to enhance accountability, transparency, and cash management. The assessment identified significant fiduciary risks at the MoWSI, including delays in exchequer releases, delayed development activities, variances in financial statements, unreported bills, inconsistent project budgeting, and unresolved prior year matters. The internal audit committee was not fully constituted, and external audit reports for 2021/2022 were not submitted nine months after the financial year's end.

54. **The MoWSI will implement a Financial Management Action Plan to mitigate risks in K-WASH, as it will have the fiduciary responsibility.** It will establish a separate IDA budget code, open a Designated Account, designate a project accountant and internal auditor, conduct annual risk-based fiduciary reviews, and document FM procedures. A designated accountant will be the focal point at the Water Fund and WASREB. Overall, the FSA shows that the FM arrangements meet World Bank's minimum requirements, providing accurate and timely project status information. Financial reporting and audit arrangements are captured under the Disbursement and Financial Information Letter and the FM Manual will capture the detailed FM arrangements.

C. Environmental and Social

55. **The Environmental and Social System Assessment (ESSA) assessed the Program's E&S features,** including (a) the adequacy of the country system to manage the Environmental, Social, Health, and Safety (ESHS) risks and impacts; (b) the system as written and as practiced; (c) E&S compliance monitoring, reporting, and feedback; and (d) the existence and effectiveness of the grievance redress mechanism (GRM). Potential E&S risks are linked to civil works subprojects under RAs 1, 2, and 5. They include vegetation clearing; generation and unsafe disposal of construction waste and septage effluents; soil and water pollution; increased demand for water for construction; traffic congestion, obstruction of access, roads/paths and increased road accidents; community and occupation health and safety incidents; soil and water pollution; disruption of existing infrastructure or services; land/wayleave acquisition without compensation; physical and economic displacement; loss of livelihoods; labor influx; sexual exploitation and abuse and sexual harassment; elite capture/political interference; exclusion of vulnerable and marginalized groups and other vulnerable individuals and groups from Program benefits; use of forced and child labor; inadequate stakeholder engagement and information disclosure; social conflict over scarce resources in arid and semi-arid lands counties; conflict between refugees and host communities; ineffective management of labor risks; ineffective/inadequate/inaccessible GRM; weak E&S capacity of implementing agencies; and institutional E&S gaps identified in the ESSA.

⁴³ The World Bank (2011). Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing



56. **The ESSA found that the country has robust legal, regulatory, and institutional frameworks consistent with the Program’s ESHS Core Principles at the national level, and if applied as written, the system can effectively manage the ESHS effects.** However, social risk management (SRM) functions are fragmented across various MDAs without coordination mechanisms. Counties have environment, climate, and natural resource management departments but their functions are unstructured, with no oversight roles over other departments. There is low commitment to SRM at the national and county levels, both of which have inadequate E&S human and financial resources. Other challenges include limited understanding of E&S frameworks, shortage of skilled staff, weak grievance management, exclusion of vulnerable and marginalized groups, inadequate stakeholder engagement, and inadequate legislative frameworks for SRM and monitoring and reporting on E&S performance.

57. **To mitigate the Program ESHS risks, the exclusion principles in PforR programs are applied and mitigation measures included in the PAP.** High-risk investments with significant adverse impacts on the environment or people, for example, large dams or resettlements affecting over 200 people, are not financed under K-WASH. Enhancing the Program’s ESHS risk management involves integrating the following measures into the PAP: (a) actions to strengthen environmental, health, and social systems, including adequate human and financial resources; (b) actions to strengthen environmental, health, and SRM practice and monitoring; and (c) actions to build the capacity of implementation staff.

58. **The IPF component will finance activities related to TA, capacity building, and supporting Program operational coordination, mainly at the SDWS, Water Fund, and other MDAs that will be participating in the Program.** In line with the Environmental and Social Framework requirements, the GoK has prepared an Environmental and Social Commitment Plan, Stakeholder Engagement Plan, and Labor Management Procedures to manage E&S risks associated with this component. Consultations were carried out in Nairobi on April 11, 2023, for national level stakeholders, and in Kirinyaga, Kitui, Kericho, and Baringo counties between April 12 - 19, 2023, targeting county level stakeholders where counties were grouped in geographical clusters. Additional consultations were held with county level stakeholders on October 5, 2023, to review and concur with the draft instruments. All the E&S documents were disclosed by the GoK on October 13, 2023⁴⁴ and on the World Bank’s external website on October 23, 2023.

59. **OP 7.50 for Projects on International Waterways.** OP 7.50 is applicable to the Program as some of the proposed interventions may impact water resources of the Kilimanjaro, Dawa, Rift and Sudd transboundary aquifers; and the Juba, Logatipi Swamp, Lake Natron, Lake Turkana, and Nile River systems. These are considered as international waterways according to the Policy. The Bank, on behalf of the GoK, notified the other riparian countries (Burundi, DRC, Egypt, Eritrea, Ethiopia, Rwanda, South Sudan, Sudan, Somalia, Tanzania, and Uganda) and informed the Nile Basin Initiative and the Lake Victoria Basin Commission of the proposed Program. As of November 24, 2023, which was the latest deadline set out in the notification letters sent to the riparian countries to respond on the Program, no responses have been received. Based on the outcome of the notification process and the assessment that the operation will not cause appreciable harm, RVP clearance was given to proceed with preparation of the operation.

60. **Grievance Management (GM).** There will be two levels of project grievance management: at national and at county level. At county level, the first responsibility for addressing grievances will be by the sub-county technical teams who can then escalate to the county grievance management committee, whose work will be coordinated by the County PIU. At the national level, a national grievance management committee will be established, and its work will be

⁴⁴ http://www.water.go.ke/wp-content/uploads/2023/10/Final-ESCP-K-WASH_16102023.pdf; <http://www.water.go.ke/wp-content/uploads/2023/10/Final-ESSA-Report-for-WASH-P179012-Aug-31st.pdf>; <http://www.water.go.ke/wp-content/uploads/2023/10/Final-Labour-Management-Procedure-K-WASH-P179012-111023.pdf>; <http://www.water.go.ke/wp-content/uploads/2023/10/Stakeholder-Engagement-Plan-SEP-for-K-WASH-P179012-111023.pdf>



coordinated by the national PMU. The PMU will have a GM expert who will handle all the grievances at the national level as well as those escalated by the counties. Should a grievance not be resolved by the county and national level project mechanisms, the aggrieved party will be free to seek redress from other grievance handling mechanisms including the judicial system, the Bank's Grievance Redress Services (GRS) or the Bank's Accountability Mechanism.

D. Private Capital Facilitation, Gender, and Citizen Engagement

61. **Private Capital Facilitation. The Program reflects the World Bank's mobilizing finance for development strategy, promotes PCM and is private capital enabled (PCE).** A total of US\$8 million PCM out of commercial loans for WSPs is expected to be leveraged under DLI 8. Collectively, the achievement of indicators from DLIs 1, 3, 6, and 7 on improving WSPs' operating performance and sustainability are removing the binding constraints to enable sustainable private sector solutions over the project duration. These are aligned with the approved County Water and Sanitation Investment Plans that include roadmaps for sustainable private sector solutions. For the PCE indicator, at the Implementation Completion and Results Report stage, the number of WSPs achieving OCCR targets will be reviewed if additional commercial loans are accessed, for example, US\$10 million, which is the balance of the US\$18 million, net of US\$8 million PCM, projected by the Water Fund, through a market study, as potential commercial loans that can be leveraged by the participating WSPs.

62. **Gender Equality. A baseline survey of WSPs identified key gender gaps in women's employment in leadership positions for most of the Program's WSPs.** Numerous factors contribute to this gender gap including entrenched gender norms that deter women from applying to leadership positions and entering technical fields, lower rates of promotion, and weak or opposing incentives for hiring and promoting women.⁴⁵ The baseline for women in leadership positions in the Program's WSPs range from 0 to 55 percent.⁴⁶ National policies require that no more than two-thirds of either gender occupy leadership positions in WSPs and DLI 3 includes this criteria to achieve a qualifiable "Number of households with access to a sustainably functioning water point." DLI 6 will incentivize hiring and promoting women in WSPs through implementation of the PIAP. The intermediate results indicator, "WSPs with at least one-third share of women in leadership positions," will directly measure the share of women in leadership positions. Improved gender diversity and representation is predicted to improve WSP efficiency and productivity, leading to more sustainable services. The Program will also address gender gaps that are in the purview of the MoWSI at public schools and health facilities.⁴⁷ Poor WASH access is a significant barrier preventing Kenyan girls from attending and completing school.⁴⁸ With the United Nations Children's Fund (UNICEF), the GoK has established standards for women's and girls' sanitation facilities in schools,⁴⁹ which the Program incorporates as criteria for CWS (DLIs 4 and 5), such as lockable latrine doors, functional lights in facilities, and so on. Meeting these criteria will be monitored with intermediate results indicators. The IPF component will further support development of universal access standards for WASH facilities in HCFs.⁵⁰

63. **Citizen Engagement (CE). The Program will have a beneficiary-oriented design.** A Program-level analysis has identified stakeholders affected by the Program or whose participation can affect outcomes. The Program will support implementation and monitoring, including support to establish citizen's feedback and consultation with WSPs and

⁴⁵ Ochieng, Christine. 2020. "Unlocking Women's Potential in Kenya's Water and Sanitation Sector." *World Bank Blog*, July 8, 2020. <https://blogs.worldbank.org/water/unlocking-womens-potential-kenyas-water-and-sanitation-sector>.

⁴⁶ These numbers reflect the data collected for 17 of 31 WSPs, which were the responders at the time of writing the PAD.

⁴⁷ Ministry of Health 2019–2030. *Menstrual Hygiene Management Policy*. Refer to paragraph 36 of this PAD for arrangements.

⁴⁸ World Bank. 2022. *The Enabling Environment for Menstrual Health and Hygiene: Case Study – Kenya*. Washington, DC: World Bank.

⁴⁹ Ministry of Education, Ministry of Health, and Ministry of Water and Irrigation. 2017. *Standards and Guidelines for WASH Infrastructure in Pre-Primary and Primary Schools in Kenya*. UNICEF - Kenya.

⁵⁰ In addition to the standards cited above, disabilities-inclusive sanitation facilities are contained in the GoK (2016) Kenya Environmental Sanitation and Hygiene Policy 2016–2030. Ministry of Health and the GoK (2016) Kenya Environmental Sanitation and Hygiene Strategic Framework (KESSF) 2016–2020. These standards will also be met in public facilities under the Program.



counties, and WSP GRSs. WSPs are already required to facilitate community engagement at multiple levels (according to both WASREB license and county contracts) but there is wide variability in the extent to which it is occurring. WSPs will be incentivized to implement community engagement mechanisms specified by county contracts and measured by WASREB KPIs as a criterion of DLI 6 (Number of WSPs compliant with the legal and regulatory requirements for good governance and have an approved PIAP). Particular attention will be given to complaint resolution mechanisms and efficiency. An intermediate result indicator will broadly implement iterative beneficiary monitoring (WSP customers satisfied with their water supply services). The Program will also support community-led BCC through the CLTS approach to assist communities to achieve ODF status.

V. GRIEVANCE REDRESS SERVICE

64. **Grievance Redress.** Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance mechanism or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.

VI. KEY RISKS

65. **The overall risk rating of the operation is Substantial.** The main risks and mitigation measures are summarized in the following paragraphs.

66. **Political and governance risks are rated Substantial.** While water is a key priority both at the national and county government levels, water sector intergovernmental relations remain weak. The Program's coverage of only 19 out of 47 counties could raise some tensions among counties and between the national and county governments including where refugee hosting counties have been prioritized. Additionally, if investments from NAWASIP do not materialize due to resource challenges, it may create local political tensions. These risks will be mitigated through continuous engagement with the leaders at both levels of government to ensure sector gains are sustained. In addition, the Program will incentivize operationalization of the intergovernmental coordination mechanism through DLI 9. The IPF component will be used to support policy dialogue including on refugee issues.

67. **Macroeconomic risks are rated Substantial.** Rising inflation and tighter global financial conditions have resulted in sharp increases in cost of food and fuel, leading to increased price of commodities. Recurrent droughts have serious impact on food security and livelihoods, necessitating need for government intervention. This increases the risk of insufficient government budget allocation for the sector. However, the Program is a top government priority given that the Program activities will help improve livelihoods and resilience of rural communities. In addition, the World Bank is undertaking high-level engagement with the GoK to ensure adequate budget allocation to the water sector, including through the Africa East Regional WASH Scale-up Strategy where attention will be given on adequate allocation of finance to the water sector.



68. **The technical design of the Program risk is rated Substantial.** The technical assessment has highlighted several technical challenges in the sector, including lack of sufficient funds allocated to achieving and sustaining ODF gains; poor WASH access in schools and HCFs; inadequate arrangements for the safe collection, transport, treatment and disposal/re-use of fecal sludge; inefficient WSPs with poor financial performance; weak arrangements for the sustainable management of rural water supply services, including O&M of infrastructure; weak enabling environment, including on sector policy, planning, coordination and M&E; and lack of involvement of the private sector in service delivery among others. The Program is designed to mitigate these technical risks through the incentives built into the DLIs. DLIs 3, 5, 11, and 12 will be used to incentivize sustaining the gains such as achieving ODF and ensuring that water points remain functional. Targeted TA will be provided through the IPF to support the achievement of the DLIs, such as technical support for WSPs to improve operational performance and creditworthiness.

69. **Institutional capacity for implementation and sustainability risks are rated Substantial.** As this the first PforR for the sector, there is a general lack of experience in implementing results-based programs. While counties are gaining experience in implementing World Bank-financed projects, County Water Departments and their WSPs have limited experience and high staff turnover further affects implementation capacity. The TA package is set up to support the national government and counties in carrying out activities related to improved planning, staff and systems capacity strengthening, and sustainability.

70. **Fiduciary risks are rated Substantial.** There is a persistent funds' flow challenge from national to county governments that has negatively affected county-implemented programs. Additionally, lessons from ongoing PforRs in Kenya show that the monetary incentives are not always correctly transferred from central to local governments. There is a risk that county-level departments and WSPs may not receive project funds, irrespective of their performance. The Program will learn from existing PforR operations in Kenya and the region, work closely with the NT, and specify in the PAP the rules and procedures that govern the flow of Program funds.

71. **Environment and Social risks are rated Substantial.** The E&S risks are related to civil works subprojects under RAs 1, 2, and 5. These could include soil and water pollution; poor waste management; traffic and other health safety incidents and accidents; land/wayleave acquisition without compensation; physical and economic displacement and loss of livelihoods; labor influx and exclusion of some groups from stakeholder consultations or program benefits; sexual exploitation and abuse and sexual harassment; inadequate stakeholder engagement and information disclosure; potential social conflict, especially between refugees and host communities; inadequate, ineffective, or inaccessible grievance redress and feedback mechanisms, especially for refugees; weak E&S capacity of the PMU and PIUs; and the E&S gaps identified in the institutions responsible for managing ESHS risks in the country. To mitigate such risks, the Program will exclude high risks subprojects; develop an ESHS manual to guide screening and management of E&S risks; integrate institutions with mandate for E&S risk management early into Program activities; ensure that E&S risk management strategies are incorporated at an early stage in the planning process; allocate adequately skilled and experienced E&S staff and financial resources for implementing E&S risk management; involve DRS and the UNHCR in host community and refugee areas and ensure the operation GRM is practical and can effectively mitigate any conflicts among refugees and between refugees and host communities; and undertake capacity building of the PMU and PIUs on E&S risk management and monitoring.

72. **Other risks are rated Substantial.** While offering a range of benefits to refugee protection in Kenya, the Refugees Act of 2021 contains elements that are not fully compliant with the relevant provisions of the 1951 Refugee Convention. There are protection risks regarding delays or restrictions on the access to asylum for some individuals, constraints on the freedom of movement, and lack of simplified access to labor markets. Ongoing access to sufficient land within the proposed integrated municipalities presents a substantial risk, as does social cohesion risks on the access to water and



other resources such as firewood between refugees and host communities. The refugee-related risks will be managed through the IPF component, policy dialogue with the Government-led DRS, and joint engagement with relevant agencies such as the UNHCR and other stakeholders supporting the development of both the Shirika Plan and Refugee Regulations.⁵¹ In addition, the World Bank, in collaboration with DRS and the UNHCR, will undertake periodic reviews of Kenya's refugee policy and institutional environment under its Refugee Policy Review Framework. K-WASH will be implemented in counties that often experience intermittent border security flare-ups including cattle rustling and conflicts over scarce resources such as pasture and water (such as Turkana, Samburu, West Pokot, and Baringo). In Garissa and Mandera, security risks related to inter-clan conflicts over water and pasture and potential terrorist attacks may be anticipated. These security risks could potentially be exacerbated by Program activities especially if some areas where possible clans should feel that they have been excluded from Program benefits and could potentially delay or disrupt implementation. To mitigate this risk, County PIUs will work closely with the respective county security apparatus in implementing Program activities. In addition, the PMU will undertake a security risk assessment and prepare a Security Management Plan prior to commencement of any Project activities in these counties.

⁵¹ As noted in the UNHCR's Refugee Protection Assessment Update 5, from January to June 2023.



ANNEX 1. RESULTS FRAMEWORK MATRIX

Program Development Objective(s)

To increase sustainable access to improved water and sanitation services, eliminate open defecation, and improve the financial performance of water services providers in selected counties, including refugee-hosting counties.

PDO Indicators by Outcomes

Baseline	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Closing Period
Increased sustainable access to improved water services for climate-vulnerable rural households							
People provided with sustainable access to improved climate resilient water services under the Program (disaggregated by gender, refugees, and host community members) (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	50000	500000	1000000	2000000	3000000	3500000	4000000
➤ People provided with sustainable access to improved climate resilient water services under the Program who are female (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	25000	250000	500000	1000000	1500000	1750000	2000000
➤ People provided with sustainable access to improved climate resilient water services under the Program who are refugees (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	5000	15000	45000	95000	145000	175000	200000
Increased sustainable access to improved sanitation services and elimination of open defecation							
Villages that achieve and sustain open defecation free (ODF) status (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	200	1200	2200	3200	3900	4100	4100
People provided with sustainable access to improved sanitation services (disaggregated by gender, refugees, and host community members) (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	May/2030
0	50000	500000	1000000	2000000	3000000	3500000	4000000
➤ People provided with sustainable access to improved sanitation services who are female (Number)							



Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	May/2030
0	25000	250000	500000	1000000	1500000	1750000	2000000
> (i) People provided with sustainable access to improved sanitation services who are refugees (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	May/2030
0	5000	15000	45000	95000	145000	175000	200000
Improved operational and financial performance of Water Services Providers in participating counties							
Water Supply Providers that achieve 100 percent of their Operating Cost Coverage Ratio target as per their approved Performance Improvement Action Plans (Number) ^{DU}							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	5	10	15	20	25	25	25

Intermediate Indicators by Results Areas

Baseline	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Closing Period
Increasing sustainable access to improved water services for climate-vulnerable rural areas							
Rural water supply schemes constructed under the program in climate-vulnerable rural areas (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	58	200	400	600	800	900	1000
Households provided with access to improved water services (Number) ^{DU}							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	40000	140000	240000	390000	590000	720000	820000
County water and sanitation strategy and investment plans approved (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	19	19	19	19	19	19	19
Sustainably functioning rural water supply schemes (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	0	200	400	600	800	900	1000
Rural water supply schemes constructed under the program that adopt a WASH plus approach (provide water for multiple productive uses beyond domestic portable water supply) (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	17	60	120	180	240	270	300
Increased access to improved sanitation services and elimination of OD in climate-vulnerable rural							
Improved sanitation facilities constructed and/or rehabilitated under the program (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030



0	40000	140000	240000	390000	590000	720000	820000
Rural public early childhood development centres and primary schools provided with adequate WASH facilities (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	100	200	400	600	800	900	1000
Households provided with access to an improved sanitation facility (Number) ^{DU}							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	40000	140000	240000	390000	590000	720000	820000
Rural Healthcare Facilities provided with adequate WASH facilities (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	100	200	400	600	800	900	1000
Fecal sludge treatment facilities constructed and/or rehabilitated under the program (Number) (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	10	30	50	70	90	100	100
Improved operational and financial performance of Water Service Providers in participating Counties							
WSPs that are fully compliant with the legal and regulatory requirements (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	10	33	33	33	33	33	33
WSPs with a Board of Directors approved Performance Improvement Action Plan (PIAP) (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2028	Jun/2023
0	10	33	33	33	33	33	33
WSPs with at least 1/3 share of women in leadership positions (Percentage)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
30	30	100	100	100	100	100	100
Amount of financing leveraged by WSPs from private/commercial financing sources (Number) ^{DU}							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	0	0	US\$1,000,000	US\$3,000,000	US\$6,000,000	US\$8,000,000	US\$8,000,000
WSP customers satisfied with their water supply services (Percentage)							
Dec/2023							Jun/2030
0							100
Improving Sector reforms, coordination and M&E Capacity for integrated water management							
NAWASIP Performance-based Intergovernmental Fiscal Transfer Mechanism approved (Text)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
None	none	none	YES	YES	YES	YES	YES
Annual water sector M&E report prepared and publicly launched (Text)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030



None	YES	YES	YES	YES	YES	YES	YES
Water Sector intergovernmental coordination meetings/events (Text)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
None	YES	YES	YES	YES	YES	YES	YES
Improving integrated WASH services for refugee hosting counties							
Rural water supply schemes in refugee-hosting counties constructed under the program (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	20	50	100	150	180	200	200
Households in refugee hosting areas provided with access to improved water services (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	8780	30732	52683	85610	129512	158049	180000
➤ out of which are refugee households (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Mar/2030
0	4000	14000	24000	39000	59000	70000	80000
Sustainably functioning rural water supply schemes in refugee-hosting areas (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	20	50	100	150	180	200	200
Improved sanitation facilities in refugee-hosting counties constructed under the Program (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	8,780	30,732	52,683	85,610	129,512	158,049	180000
Rural public schools in refugee hosting areas provided with adequate WASH facilities (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	10	30	50	70	90	100	100
Rural HCFs in refugee-hosting counties provided with adequate WASH facilities (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2028	Dec/2029		Jun/2023
0	10	30	50	70	90		100
Households in refugee-hosting areas provided with access to an improved sanitation facility (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Jun/2030
0	8,780	30,732	52,683	85,610	129,512	158,049	180000
➤ out of which are refugees (Number)							
Dec/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Oct/2030
0	4,000	14,000	24,000	39,000	59,000	70,000	80000
Water service providers established by refugee-hosting counties to provide integrated refugee-host community WASH services (Text)							
Dec/2023							Jun/2030



None							YES, one for each County
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Disbursement Linked Indicators (DLI)

Period	Period Definition	Timeline
Period 0	Project Approval	2023
Period 1	Program year 1	2024
Period 2	Program year 2	2025
Period 3	Program year 3	2026
Period 4	Program year 4	2027
Period 5	Program year 5	2028
Period 6	Program year 6	2029
Period 7	Program year 6	2030

Baseline	Period 0	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7
1 : Number of counties that have an approved County Water and Sanitation Strategy and Investment Plan (CWSS&IP) (Number)								
0	0	19	0	0	0	0	0	0
0.00	0.00	19,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00
DLI allocation		19,000,000.00	As a % of Total Financing Amount				8.3%	
2 : Households provided with access to improved water services (Number)								
0	0	40000	100,000	100,000	150,000	200,000	130,000	100,000
0.00	0.00	1,600,000.00	4,000,000.00	4,000,000.00	6,000,000.00	8,000,000.00	5,200,000.00	4,000,000.00
DLI allocation		32,800,000.00	As a % of Total Financing Amount				14.0%	
3 : Number of sustainably functioning water schemes (Number)								
0	0	0	200	200	200	200	100	100
0.00	0.00	0.00	1,000,000.00	2,000,000.00	3,000,000.00	4,000,000.00	4,500,000.00	5,500,000.00
DLI allocation		20,000,000.00	As a % of Total Financing Amount				9.0%	
4 : Households provided with access to an improved sanitation facility (Number)								



0	0	40,000	100,000	100,000	150,000	200,000	130,000	100,000
0.00	0.00	1,200,000.00	3,000,000.00	3,000,000.00	4,500,000.00	6,000,000.00	3,900,000.00	3,000,000.00
DLI allocation		24,600,000.00		As a % of Total Financing Amount			13.0%	
5 : Villages that achieve and sustain community-wide sanitation status (Number)								
0	0	1	1	1	1	1	1	1
0.00	0.00	4,060,000.00	5,660,000.00	9,320,000.00	9,320,000.00	8,720,000.00	4,060,000.00	3,660,000.00
DLI allocation		44,800,000.00		As a % of Total Financing Amount			19.0%	
> 5.1 : Villages achieving Open defecation free status (Number)								
0	0	200	1000	1000	1000	700	200	0
0.00	0.00	400,000.00	2,000,000.00	2,000,000.00	2,000,000.00	1,400,000.00	400,000.00	0.00
DLI allocation		8,200,000.00		As a % of Total Financing Amount			4.0%	
> 5.2 : Villages that achieve community-wide sanitation status (Number)								
0	0	100	100	200	200	200	100	100
0.00	0.00	2,460,000.00	2,460,000.00	4,920,000.00	4,920,000.00	4,920,000.00	2,460,000.00	2,460,000.00
DLI allocation		24,600,000.00		As a % of Total Financing Amount			11.0%	
> 5.3 : Villages that sustain community-wide sanitation status (Number)								
0	0	100	100	200	200	200	100	100
0.00	0.00	1,200,000.00	1,200,000.00	2,400,000.00	2,400,000.00	2,400,000.00	1,200,000.00	1,200,000.00
DLI allocation		12,000,000.00		As a % of Total Financing Amount			5.0%	
6 : Number of WSPs compliant with the legal and regulatory requirements for good governance and have an approved PIAP (Number)								
0	0	10	23	0	0	0	0	0
0.00	0.00	4,090,900.00	9,409,070.00	0.00	0.00	0.00	0.00	0.00
DLI allocation		13,500,000.00		As a % of Total Financing Amount			6.0%	
7 : Water Supply Providers that achieve 100 percent of their Operating Cost Coverage Ratio target as per their approved Performance Improvement Action Plans (Number)								
0	0	33	33	33	33	33	33	0
0.00	0.00	3,716,663.50	3,716,663.50	3,716,663.50	3,716,663.50	3,716,663.50	3,716,663.50	0.00
DLI allocation		22,300,011.00		As a % of Total Financing Amount			13.0%	
8 : Amount of financing leveraged by WSPs from private/commercial financing sources (Number)								
0	0	0	0	1	1	0	1	1
0.00	0.00	0.00	0.00	1,000,000.00	2,000,000.00	3,000,000.00	2,000,000.00	0.00
DLI allocation		8,000,000.00		As a % of Total Financing Amount			2.0%	
9 : Water sector intergovernmental planning, coordination and monitoring reforms implemented (Text)								



0	0	yes	yes	yes	yes	yes	yes	yes
0.00	0.00	500,000.00	500,000.00	2,500,000.00	500,000.00	500,000.00	500,000.00	500,000.00
DLI allocation		5,000,000.00		As a % of Total Financing Amount			1.0%	
➤ 9.1 : Approval and implementation of a Water Sector Performance-based Financing Mechanism (Yes/No)								
0	0	no	no	yes	no	no	no	no
0.00	0.00	0.00	0.00	2,000,000.00	0.00	0.00	0.00	0.00
DLI allocation		2,000,000.00		As a % of Total Financing Amount			1.0%	
➤ 9.2 : Operationalization of the Water Sector Inter-Governmental Coordination Framework including joint M&E reporting (Text)								
0	0	yes	yes	yes	yes	yes	yes	yes
0.00	0.00	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00	500,000.00	0.00
DLI allocation		3,000,000.00		As a % of Total Financing Amount			1.0%	
10 : Number of refugee and host community households in Refugee Hosting Counties provided with improved access to WASH services (Number)								
0	0	1	1	1	1	1	1	1
0.00	0.00	975,600.00	2,439,000.00	2,439,000.00	3,658,500.00	4,878,000.00	3,170,700.00	2,439,000.00
DLI allocation		20,000,000.00		As a % of Total Financing Amount			14.0%	
➤ 10.1 : Number of households in the refugee camps, and in the host communities provided with access to improved water services under the Program (Number)								
0	0	8,780	21,951	21,951	32,927	43,902	28,537	21,951
0.00	0.00	536,576.00	1,341,439.00	1,341,439.00	2,012,159.00	2,682,878.00	1,743,871.00	1,341,439.00
DLI allocation		11,000,000.00		As a % of Total Financing Amount			5.0%	
➤ 10.2 : Number of households in the refugee camps, and in the host communities provided with access to an improved sanitation facility (Number)								
0	0	8,780	21,951	21,951	32,927	43,902	28,537	21,951
0.00	0.00	439,024.00	1,097,561.00	1,097,561.00	1,646,341.00	2,195,122.00	1,426,829.00	1,097,561.00
DLI allocation		9,000,000.00		As a % of Total Financing Amount			4.0%	
11 : Number of sustainably functioning water schemes in refugee-hosting Counties (Number)								
0	0	20	30	50	50	30	20	0
0.00	0.00	800,000.00	1,200,000.00	2,000,000.00	2,000,000.00	1,200,000.00	800,000.00	0.00
DLI allocation		8,000,000.00		As a % of Total Financing Amount			3.0%	
12 : Number of villages in the refugee camps, and in the host communities certified as achieving CWS status (Number)								
0	0	1	1	1	1	1	1	1
0.00	0.00	1,200,000.00	2,400,000.00	2,400,000.00	2,400,000.00	2,400,000.00	700,000.00	500,000.00
DLI allocation		12,000,000.00		As a % of Total Financing Amount			5.0%	
➤ 12.1 : Villages in the refugee camps, and in the Host communities achieving ODF status (Number)								



0	0	100	200	200	200	200	100	0
0.00	0.00	200,000.00	400,000.00	400,000.00	400,000.00	400,000.00	200,000.00	0.00
DLI allocation		2,000,000.00		As a % of Total Financing Amount			1.0%	
➤ 12.2 : Villages in the refugee camps, and in the Host communities achieving CWS status (Number)								
0	0	40	80	80	80	80	20	20
0.00	0.00	800,000.00	1,600,000.00	1,600,000.00	1,600,000.00	1,600,000.00	400,000.00	400,000.00
DLI allocation		8,000,000.00		As a % of Total Financing Amount			3.0%	
➤ 12.3 : Villages in the refugee camps, and in the Host communities sustaining CWS status (Number)								
0	0	40	80	80	80	80	20	20
0.00	0.00	200,000.00	400,000.00	400,000.00	400,000.00	400,000.00	100,000.00	100,000.00
DLI allocation		2,000,000.00		As a % of Total Financing Amount			1.0%	



Monitoring & Evaluation Plan: PDO Indicators by PDO Outcomes

Increased sustainable access to improved water services for rural households in selected counties	
People provided with sustainable access to improved climate resilient water services under the Program (Number)	
Description	This indicator measures the cumulative number of people who access to water from an improved and climate resilient water source that have been constructed through the Program.
Frequency	Annual measurement
Data source	County Government Water department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department
Increased sustainable access to improved sanitation services and elimination of open defecation	
Villages that achieve and sustain open defecation free (ODF) status (Number)	
Description	ODF status requires (a) no exposed human excreta within the community/households, (b) all households have access to a toilet (individual or shared), and (c) all households have a handwashing facility near the latrine with soap/ash and water.
Frequency	Annual measurement
Data source	County Government, MoH M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using MoH-prescribed CLTS M&E protocols
Responsibility for Data Collection	County Government Department of Health
People provided with sustainable access to improved sanitation services (Number) ^{CRI}	
Description	The indicator measures the cumulative number of people who have been provided with access to an improved sanitation facility through the Program.
Frequency	Annual measurement
Data source	County Government, MoH M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using MoH-prescribed M&E protocols for rural sanitation facilities
Responsibility for Data Collection	County Government Department of Health
Improved financial performance of Water Services Providers in participating counties	
Water Supply Providers that achieve 100 percent of their Operational Cost Coverage Ratio (OCCR) target as per their approved PIAPs (Number) ^{DU}	
Description	This indicator measures the number of WSPs that have made improvements in operational and financial performance and reached at least 100 percent OCCR.
Frequency	Annual measurement
Data source	WSP M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department, WSP



Monitoring & Evaluation Plan: Intermediate Results Indicators by Results Areas

Increasing sustainable access to improved water services for climate-vulnerable rural areas	
County water and sanitation strategy and investment plans approved (Number)	
Description	The county government executive approved 5-year strategy and investment plan and the implementation roadmap will guide both public and private investments in water supply and sanitation services toward achieving the universal access target by 2030.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department
Rural water supply schemes constructed under the program in climate-vulnerable rural areas (Number)	
Description	This indicator measures the number of rural water schemes constructed by each county to supply improved water to households.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department
Rural water supply schemes constructed under the program that adopt a WASH plus approach (provide water for multiple productive uses beyond domestic portable water supply) (Number)	
Description	This indicator measures the number of rural water schemes constructed by each county that provide water for productive uses such as irrigation and so on beyond domestic portable water supply.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department
Climate-vulnerable households provided with access to improved water services (Number) DLI	
Description	This indicator measures the cumulative number of households that have access to an improved water source constructed through the program. The definition of a household as applied in the 2022 Kenya Demographic and Health Survey (KDHS) applies. The KDHS indicates that the mean household size in rural areas is four people.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department
Sustainably functioning rural water supply schemes (Number)	
Description	This indicator primarily measures the number of water schemes in the participating counties that are operated under an approved professional service provider model as per WASREB regulations. This is to ensure functionality of the schemes with functionality defined in the POM.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM



Collection	
Responsibility for Data Collection	County Government Water Department
Increased sustainable access to improved sanitation services and elimination of OD in climate-vulnerable rural	
Improved sanitation facilities constructed and/or rehabilitated under the Program (Number)	
Description	This indicator measures the cumulative number of individual household-level improved sanitation facilities constructed by beneficiaries of the Program.
Frequency	Annual measurement
Data source	County Government, MoH M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using MoH-prescribed M&E protocols for rural sanitation facilities
Responsibility for Data Collection	County Government Department of Health
Fecal sludge treatment facilities constructed and/or rehabilitated under the Program (Number)	
Description	This indicator measures the number of fecal sludge treatment plants for safe treatment and disposal of fecal sludge from households, schools, HCF constructed under the Program. These include decentralized treatment facilities (DTFs) that are designed to the acceptable minimum design standards.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department
Rural public schools provided with adequate WASH facilities (Number)	
Description	This indicator measures the number of rural public schools provided with adequate WASH facilities as per GoK standards and guidelines.
Frequency	Annual measurement
Data source	County Government, MoH, MoE, M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using prescribed M&E protocols defined in the POM
Responsibility for Data Collection	County Government Department of Health
Households provided with access to an improved sanitation facility (Number) ^{DLI}	
Description	This indicator measures the cumulative number of households who are provided with an improved sanitation facility that has been constructed under the Program.
Frequency	Annual measurement
Data source	County Government, MoH M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using MoH-prescribed M&E protocols for rural sanitation facilities
Responsibility for Data Collection	County Government Department of Health
Rural HCFs provided with adequate WASH facilities (Number)	
Description	This indicator measures the number of rural HCFs provided with adequate WASH facilities as per GoK standards and guidelines.
Frequency	Annual measurement
Data source	County Government, MoH M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using prescribed M&E protocols defined in the POM
Responsibility for Data Collection	County Government Department of Health



Collection	
Improved financial performance of Water Service Providers in participating Counties	
WSPs that are fully compliant with the legal and regulatory requirements (Number)	
Description	This indicator measures the number of WSPs that comply with the relevant legal and regulatory requirements, including mandated gender diversity in the WSP workforce and community consultation and grievance redress.
Frequency	Annual measurement
Data source	WSP M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department, WSP
WSPs with a Board of Directors approved Performance Improvement Action Plan (PIAP) (Number)	
Description	This indicator measures the number of WSPs which have an approved PIAP which contains (a) a diagnostic of factors influencing WSP's financial performance, (b) identification and prioritization of costed activities, and (c) a set target for OCCR improvement that the PIAP.
Frequency	Annual measurement
Data source	WSP M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department, WSP
WSPs with at least 1/3 share of women in skilled and leadership positions (Percentage)	
Description	This measures the percentage of women from the total personnel in those positions. Eligible positions include technical (medium and high skilled), management, and other leadership (such as Board of Director) positions. The percentage of women in these positions are tracked for each WSP. The percentage of WSPs with at least one-third women in such positions is reported.
Frequency	Annual measurement
Data source	WSP M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department, WSP
Financing mobilized by WSPs from commercial financing to improve water services (Text) ^{DLI}	
Description	This indicator measures the cumulative amount (in Kenya shillings) of matching grants for commercial financing leveraged by WSPs. For the corresponding DLI, US\$1,000,000 per WSP to match an equal amount leveraged from private capital for up to 5 WSPs.
Frequency	Annual measurement
Data source	WSP and Water Fund M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department, WSP, and Water Fund
WSP customers satisfied with their water supply services (Percentage)	
Description	This indicator measures the number of WSPs that measure at least 80% satisfaction in customers supplied by WSPs under the Program in the areas of continuity and reliability of supply, water quality, and cost. Monitoring includes metadata on the nature of service problems, time to resolution, and other elements as defined in the County-WSP contract.
Frequency	Annual measurement
Data source	WSP M&E records
Methodology for Data	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM



Collection	
Responsibility for Data Collection	County Government Water Department, WSP
Improving Sector reforms, coordination and M&E Capacity for integrated water management	
NAWASIP Performance-based intergovernment Fiscal Transfer Mechanism approved (Number)	
Description	This indicator measures the approval by the Cabinet of a new performance-based financing mechanisms for fiscal transfers from the National Government to the counties for the implementation of NAWASIP activities.
Frequency	Annual measurement
Data source	MoWSI (SDWS) M&E records
Methodology for Data Collection	Records of approval of the mechanism
Responsibility for Data Collection	MoWSI (SDWS)
Annual water sector M&E report prepared and publicly launched (Number)	
Description	This indicator measures the number of water sector M&E progress reports toward achievement of SDGs in Kenya jointly published every year by the Council of Governors (CoG) and the MoWSI (SDWS).
Frequency	Annual measurement
Data source	MoWSI (SDWS) M&E records
Methodology for Data Collection	Records of approval of the mechanism
Responsibility for Data Collection	MoWSI (SDWS) and Council of Governors (CoG)
Water Sector intergovernmental coordination meetings/events (Number)	
Description	This indicator measures the number of water sector M&E progress reports toward achievement of SDGs in Kenya jointly published every year by the CoG and the MoWSI (SDWS).
Frequency	Annual measurement
Data source	MoWSI (SDWS) M&E records
Methodology for Data Collection	Records of approval of the mechanism
Responsibility for Data Collection	MoWSI (SDWS) and CoG
Improving integrated WASH services for refugee hosting counties	
Rural water supply schemes in refugee-hosting counties constructed under the program (Number)	
Description	This indicator measures the number of rural water schemes constructed by refugee-hosting counties to supply improved water to households in both refugee and host communities.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department, DRS
Households in refugee hosting areas provided with access to improved water services (Number)	
Description	This indicator measures the cumulative number of households who have access to water from an improved water source that have been constructed through the Program.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data	County Government Water Department, DRS



Collection	
out of which are refugee households (Number)	
Description	This indicator measures the cumulative number of households who are classified as refugees who have access to water from an improved water source that has been constructed through the Program.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department, DRS
Sustainably functioning rural water supply schemes in refugee-hosting areas (Number)	
Description	This indicator primarily measures the number of water schemes in the refugee-hosting counties that are operated under an approved professional service provider model as per WASREB regulations. This is to ensure functionality of the schemes with functionality defined in the POM.
Frequency	Annual measurement
Data source	County Government Water Department M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using M&E protocols defined in the POM
Responsibility for Data Collection	County Government Water Department, DRS
Improved sanitation facilities in refugee-hosting counties constructed under the program (Number)	
Description	The indicator measures the cumulative number of people in refugee-hosting counties who have been provided with access to an improved sanitation facility through the Program.
Frequency	Annual measurement
Data source	County Government, MoH M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using MoH-prescribed M&E protocols for rural sanitation facilities
Responsibility for Data Collection	County Government Department of Health
Rural public schools in refugee hosting areas provided with adequate WASH facilities (Number)	
Description	This indicator measures the number of rural public schools in refugee-hosting areas provided with adequate WASH facilities as per GoK standards and guidelines.
Frequency	Annual measurement
Data source	County Government, MoH, MoE, M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using prescribed M&E protocols defined in the POM
Responsibility for Data Collection	County Government Department of Health
Rural HCFs in refugee-hosting counties provided with adequate WASH facilities (Number)	
Description	This indicator measures the number of rural HCFs in refugee-hosting areas provided with adequate WASH facilities as per GoK standards and guidelines.
Frequency	Annual measurement
Data source	County Government, MoH M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using prescribed M&E protocols defined in the POM
Responsibility for Data Collection	County Government Department of Health
Households in refugee-hosting areas provided with access to an improved sanitation facility (Number)	
Description	This indicator measures the cumulative number of households in refugee-hosting counties who are provided with an



	improved sanitation facility that has been constructed under the Program.
Frequency	Annual measurement
Data source	County Government, MoH M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using MoH-prescribed M&E protocols for rural sanitation facilities
Responsibility for Data Collection	County Government Department of Health
out of which are refugees (Number)	
Description	This indicator measures the cumulative number of households who are categorized by government as refugees provided with an improved sanitation facility that has been constructed under the Program.
Frequency	Annual measurement
Data source	County Government, MoH M&E records
Methodology for Data Collection	Qualitative inspections and quantitative data collection using MoH-prescribed M&E protocols for rural sanitation facilities
Responsibility for Data Collection	County Government Department of Health



ANNEX 2. DISBURSEMENT ARRANGEMENTS AND VERIFICATION PROTOCOL

1: Number of counties that have an approved County Water and Sanitation Strategy and Investment Plan (CWSS&IP)	
Formula	US\$1,000,000 per county upon adoption of the CWSS&IP
Description	Disbursements will be made to the counties when a CWSS&IP and implementation roadmap are formally adopted and approved for implementation by the CEC. The CWSS&IP will be prepared according to a defined template in the POM and will contain at a minimum (a) a diagnosis of the current WASH access situation, policy and institutional constraints, and a scenario analysis of how the county can achieve universal access to WASH; (b) establishment of the institutional structure for water resources management and WASH service delivery in rural and urban areas of the county including definition of how the county will use different service provision models as per WASREB regulations/guidelines; (c) detailed investments the county intends to implement to achieve universal access to WASH based on the scenario analysis with details of locations, budgets, WASH+ approach, and climate resilience; and (d) financing plan for the strategy.
Data source/ Agency	County Government, MoWSI (SDWS)
Verification Entity	Externally hired IVA
Procedure	For each county, results will be verified through desk-based review of the Approved County Water and Sanitation Strategy, investment plan, and implementation roadmap to ensure that it conforms to the provided template, minutes of the CEC meeting, and a signed letter from the County Governor to the MoWSI Cabinet Secretary confirming approval and launch and desk review of county annual program-based budgets.
2: Number of households provided with access to improved water services	
Formula	US\$40 per household provided with access to an improved water service
Description	Disbursements will be made proportionate to the number of households provided with access to improved water services out of water supply schemes that meet the following conditions: (a) the household served is in a rural area; (b) the water supply scheme has technical designs meeting the minimum design checklist as defined in the POM, before procurement and construction; (c) the water scheme complies with water quality standards issued by WASREB; and (d) access is through either a metered connection, shared yard tap, or water kiosk at a maximum of 500 m from the furthest household. Rehabilitated water points are not eligible unless it is verified that they include new water points or household connections beyond those currently served.
Data source/ Agency	County Government, MoWSI (SDWS)
Verification Entity	IVA
Procedure	Verification of results will be through desk-based review of documents submitted by each county and physical verification visits. The IVA will undertake physical verification visits to verify households served in selected water schemes on an agreed sampling basis to be defined in the POM.
3: Number of sustainably functioning water schemes	
Formula	US\$5,000 per scheme per year verified as sustainably functioning for up to a maximum of 4 years
Description	Disbursements will be made against the number of water schemes that are verified as sustainable, meaning (a) at least 90 percent of household services (metered or kiosk) are functioning as per definition of functionality defined in the POM; (b) water scheme has a WASREB/county-approved tariff system; (c) a graduated O&M cost recovery is achieved as defined in the POM; (d) the scheme is operated by an approved service provider as per WASREB regulations for rural areas. The provider must have a delegated service provision compact with the County Water Department and has submitted annual O&M report as per template defined in the POM and the leadership positions within the service provider should not be more than two-thirds of the same gender. A sustainably functioning water scheme is eligible for disbursement in all Program periods; however, a water point must not be submitted under DLI 2 in the same Program period.
Data source/ Agency	County Government, MoWSI (SDWS)
Verification Entity	IVA



Procedure	Verification of results will be through desk-based review of documents submitted by each county and physical visits. The IVA will undertake physical verification visits to selected water schemes on an agreed sampling basis. The functionality verification will be at scheme level.
4: Households provided with access to an improved sanitation facility	
Formula	US\$30 per household
Description	Disbursements will be made proportional to the number of households provided with access to an improved sanitation facility, meaning a facility at household level that hygienically separates human waste from human contact. Improved sanitation facilities will be defined in the POM.
Data source/ Agency	County Government, MoH
Verification Entity	IVA
Procedure	Verification will be done at village level. Sampling through physical inspection of no less than 50 percent of households per sampled villages
5: Number of villages that achieve and sustain community-wide sanitation status	
Formula	US\$2,000 per village verified as ODF: US\$24,600 per village verified as achieving CWS status and US\$12,000 per village verified as sustaining CWS status
Description	DLR 5.1: Villages ODF status as per MoH ODF verification protocol. DLR 5.2: Villages achieving CWS status – this is to incentivize upgrade from basic ODF status to full improved CWS status. Disbursements will be made in proportion to the number of villages certified as achieving CWS status, meaning that the following requirements must be fully met: (a) village has been verified as achieving ODF status, (b) at least 70 percent of households in the village have access to an improved sanitation facility, (c) all public ECD and primary schools within the village have access to improved WASH facilities meeting minimum standards, and (d) all public HCFs within the village have access to improved WASH facilities that meet minimum standards. DLR 5.3: Villages sustaining CWS status - Disbursements will be made in proportion to the number of villages certified as sustaining CWS status (that is, sustaining all the conditions under 5.1).
Data source/ Agency	County Government, MoH, MoE
Verification Entity	IVA
Procedure	The IVA shall carry out (a) a desk review of reports and data maintained by the county and MoH and (b) physical verification of a random sample of no less than 50 percent of villages to confirm ODF and CWS status. Physical inspection of all facilities in 100 percent of public schools and 100 percent of public health centers in sampled villages.
6: Number of WSPs compliant with the legal and regulatory requirements for good governance and have an approved PIAP	
Formula	US\$409,090 per WSP verified as achieving full compliance conditions
Description	Disbursement will be triggered when the WSP meets the following compliance conditions: (a) operating with a valid WASREB license; (b) having a WASREB-approved justified tariff; (c) having a fully constituted Board of Directors as per WASREB corporate governance guidelines, with membership of the Board of Directors not being more than two-thirds of the same gender; (d) having a performance contract between the WSP and the county government with clear KPIs and conditions for ring-fencing the autonomy of WSP operations as defined in the POM; and (e) having a PIAP approved by the WSP Board of Directors to improve the WSP's financial performance. The PIAP will detail a series of KPIs to measure improvement in operational and financial performance (NRW, energy efficiency, billing ratio, collection ratio, staff per connection, and so on) and set up a clear roadmap of improvement on each of them. The PIAPs will be prepared according to a template defined in the POM and will be audited technically to ensure the targets of the KPIs are set realistically and according to the resources available for the investments in efficiency.
Data source/Agency	County Government, MoWSI, WASREB
Verification Entity	IVA
Procedure	The IVA shall carry out a desk review of WSP documents and records and cross-check these with WASREB records and data for confirmation.
7: Number of WSPs progressively achieving their Operating Cost Coverage Ratio (OCCR) as defined in their PIAPs	
Formula	US\$675,757 disbursement ceiling per WSP over the Program period scalable to level of achievement



Description	The OCCR is selected as a representative KPI out of the WSPs PIAPs as a good proxy to measure degree of implementation of the PIAP. The total amount allocated to this DLI will be equally divided into the 33 WSPs. Then the annual disbursement each year will be made against the degree of achievement for each WSP as per their annual OCCR target defined in their PIAP. To be eligible for disbursement under DLI 5, the WSPs must show sustained full compliance with the legal and regulatory requirements for good governance defined in DLI 6.
Data source/Agency	County Government, MoWSI (SDWS), WASREB
Verification Entity	IVA
Procedure	The IVA shall carry out a review of WSP data related to OCCR. The IVA shall make physical visits to the WSPs to verify completed investments defined in the PIAPs.
8: Amount of financing leveraged by WSPs from private/commercial financing	
Formula	100% of the amount leveraged by the WSP from private/commercial financing
Description	Disbursement will be triggered by the WSP securing a commercial loan deal to finance bankable projects included in the PIAP, contributing to improvements in the OCCR. This DLI will provide 50 percent of total bankable project cost or 100 percent of the commercial loan secured. For example, for a bankable project cost of US\$100,000, commercial loan should be US\$50,000 and the DLI contributing will be US\$50,000.
Data source/Agency	County Government, MoWSI (SDWS), Water Fund
Verification Entity	IVA
Procedure	The IVA shall carry out a desk review of WSP financial records verifying the amount of commercial financing leveraged.
9: Water sector intergovernmental Planning, Coordination and Monitoring reforms implemented (Text)	
9.1: Approval and implementation of a Water Sector Performance-based Financing Mechanism (Yes/No)	
Formula	US\$2,000,000 upon Cabinet approval and official launch of the mechanism
Description	Disbursements against this sub-DLI will be triggered upon approval by the Cabinet of a National Water Sector Performance-Based Financing Mechanism to facilitate intergovernment fiscal transfers for water services. The mechanism will detail eligibility criteria and performance-based methodology for fiscal transfers from national government to county governments.
Data source/Agency	MoWSI
Verification Entity	IVA
Procedure	The IVA will verify the formal adoption and launch through review of the approval process, including the Cabinet dispatch released following the meeting that formally adopted the mechanism and the official letter to the World Bank from the MoWSI (SDWS) confirming launch of the mechanism.
9.2: Operationalization of the Water Sector Inter-Governmental Coordination Framework (Text)	
Formula	US\$500,000 annually upon launch of the water sector M&E report and joint sector coordination report
Description	Disbursement will be triggered when the joint coordination framework secretariat publishes an annually national water sector M&E report of the progress toward implementation of NAWASIP in a template defined in the POM, including the annual sector coordination report.
Data source/Agency	MoWSI (SDWS), Council of Governors
Verification Entity	IVA
Procedure	The IVA will verify the operationalization of the coordination framework by reviewing coordination activities, meeting minutes of the secretariat, and annual joint M&E sector reports.
10: Number of refugee and host community households provided with sustainable access to improved WASH services (Text)	
10.1: Number of households in the refugee camps, and in the host communities provided with sustainable access to improved water services	
Formula	US\$61.11 per household
Description	Disbursements will be made proportionate to the number of households in the refugee camps and in the host communities provided with access to improved water services from water supply schemes that meet the following conditions: (a) the household served is in a rural area hosting refugees and the household



	served is certified as a refugee household; (b) the water supply scheme has technical designs meeting the minimum design checklist as defined in the POM, before procurement and construction; (c) the water scheme complies with water quality standards issued by WASREB and DRS; and (d) access is through either a metered connection, shared yard tap, or water kiosk at a maximum of 500 m from the furthest household. Rehabilitated water points are not eligible unless it is verified that they include new water points or household connections beyond those currently served.
Data source/ Agency	MoWSI (SDWS), Turkana and Garissa Counties, DRS
Verification Entity	IVA
Procedure	Verification of results will be through desk-based review of documents submitted by each county and physical verification visits. The IVA will undertake physical verification visits to verify households served in selected water schemes on an agreed sampling basis to be defined in the POM. The verification of results for refugee camps will require clearance from DRS.
10.2: Number of households in the refugee camps and in the host communities provided with access to an improved sanitation facility	
Formula	US\$50 per household
Description	Disbursements to refugee hosting counties will be triggered scalable to the number of households in the refugee camps and in the host communities provided with access to an improved sanitation facility, meaning a facility at the household level that hygienically separates human waste from human contact. Improved sanitation facilities will be defined in the POM.
Data source/Agency	MoWSI (SDWS), MoH, Turkana & Garissa Counties, DRS
Verification Entity	IVA
Procedure	Verification of results will be through desk-based review of documents submitted by each county and physical verification visits. The IVA will undertake physical verification visits to verify households served in selected water schemes on an agreed sampling basis to be defined in the POM. The verification of results for refugee camps will require clearance by DRS.
11: Number of sustainably functioning water schemes in refugee-hosting counties (Number)	
Formula	US\$80,000 per scheme
Description	Disbursements will be made to the refugee-hosting counties against the number of water schemes that are verified as sustainable, meaning (a) at least 90% of household services (metered or kiosk) are functioning as per definition of functionality defined in the POM; (b) water scheme has a WASREB-/county-approved tariff system; (c) a graduated O&M cost recovery is achieved as defined in the POM; (d) scheme is operated by an approved service provider as per WASREB regulations for rural areas; (e) schemes inside refugee camps are operated by an agreed service provision model between DRS (and under it UNHCR) and the respective county as defined in the transition roadmap to an Intergratedwater utility model; and (f) the leadership positions within the service provider should not be more than two-thirds of the same gender. A sustainably functioning water scheme is eligible for disbursement in all Program periods; however, a water scheme must not be submitted under DLI 10.1 in the same Program period.
Data source/Agency	MoWSI (SDWS), Turkana and Garissa Counties, DRS
Verification Entity	IVA
Procedure	Verification of results will be through desk-based review of documents submitted by each county and physical visits. The IVA will undertake physical verification visits to selected water schemes on an agreed sampling basis. The functionality verification will be at scheme level. The verification of results for refugee camps will require clearance from DRS.
12: Number of villages in the refugee camps, and in the Host communities certified as achieving CWS status (Number)	
Formula	US\$20,000 per village certified as achieving CWS status
Description	DLR 5.1: Villages achieving open defecation free status as per MoH verification protocol. DLR 5.2: Villages achieving CWS status—this is to incentivize upgrade from basic ODF status to full improved CWS status. Disbursements will be made in proportion to the number of villages certified as achieving CWS status, meaning that the following requirements must be fully met: (a) village has been verified as achieving ODF



	<p>status, (b) at least 70 percent of households in the village have access to an improved sanitation facility, (c) all public early childhood and primary schools within the village have access to improved WASH facilities meeting minimum standards, and (d) all public HCFs within the village have access to improved WASH facilities that meet minimum standards.</p> <p>DLR 5.3: Villages sustaining CWS status - Disbursements will be made in proportion to the number of villages certified as sustaining CWS status (that is, sustaining all the conditions under DLI 5.1).</p>
Data source/Agency	MoWSI (SDWS), DRS
Verification Entity	IVA
Procedure	The IVA shall carry out (a) a desk review of reports and data maintained by the county and (b) physical verification of a random sample of no less than 50 percent of villages to confirm ODF and CWS status. Physical inspection of all facilities in 100 percent of public schools and 100 percent of public health centers in sampled villages. The verification of results for refugee camps will require clearance by DRS in consultation with UNHCR.



ANNEX 3. PROGRAM ACTION PLAN

Action Description	Source	DLI #	Responsibility	Timing		Completion Measurement
#1. Establish a County Program Implementation Unit (PIU) with clear roles and responsibilities, coordination, and communication channels as defined in the POM	Technical	NA	Participating Counties	Due Date	28-Jun-2024	Each Participating County has a properly constituted PIU as defined in the POM. Nomination letter signed by County Governor submitted to MoWSI.
#2. Develop a transition roadmap to an Integrated Refugee and Host Communities Water Utility Services Model	Technical	NA	Turkana and Garissa Counties	Due Date	30-Jun-2025	Signed letters from Turkana and Garissa counties, MoWSI and DRS approving the transition roadmap to an Integrated Refugee and Host Communities Water Utility Services Model.
#3. Deploy at least one qualified and experienced Environmental, and one Social Safeguards Expert on a fulltime basis	Environmental and Social Systems	NA	MoWSI PCU, Participating Counties	Due Date	30-Aug-2024	The MoWSI PMU and each Participating County PIU has at least one qualified and experienced Environmental



						and one Social Safeguards Expert. Signed letters by MoWSI and Participating Counties and confirmed annually through APA.
#4. Create a dedicated and adequately resourced Countywide Environmental, Social Health and Safety (ESHS) risk Unit	Environmental and Social Systems	NA	Participating Counties	Due Date	29-Nov-2024	Each Participating County has established an ESHS Unit as per the requirements detailed in the POM. Supervision and monitoring reports and confirmed through APA
#5. Participating Counties and WSPs PIUs receive training on use of the Environmental, Social, Health and Safety Risks Management (ESHSRM) Manual	Environmental and Social Systems	NA	MoWSI PMU	Recurrent	Yearly	Training on ESHSRM Manual and GRM delivered to PIUs by MoWSI PMU in collaboration with other relevant Lead Agencies. Annual training calendar delivered on ESHS capacity building and confirmed through progress report.



#6. MoWSI PMU Grievance Redress Mechanism established and functional	Environmental and Social Systems	NA	MoWSI PMU	Recurrent	Continuous	GRM constituted and grievances being logged, responded, and resolved
#7. Include a robust E&S risks management verification protocol in the APA	Environmental and Social Systems	NA	MoWSI PMU	Recurrent	Yearly	E&S verification indicators are included in the ToR for the APA. A chapter on E&S performance is included in the main APA reports
#8. Include ESHS clauses in the bidding and contract documents for civil works, including signing code of conduct by contractor employees.	Environmental and Social Systems	NA	MoWSI PNU/County & WSP PIUs	Recurrent	Continuous	Bidding and Contract document templates with ESHS aspects. Percentage expenditure on ESHS aspects in line with the allocated budget. Supervision and monitoring reports and confirmed through APA.
#9. Establish a basic financial and accounting system to aid in budgeting, accounting, and financial reporting and in developing FM and procurement manuals	Fiduciary Systems	NA	WSPs	Recurrent	Yearly	Financial and accounting system established and confirmed through progress reports and APA.



<p>#10. Provide budget line to support internal audit department at the counties and there after conducting annual review of the Program for the Participating Counties and WSPs.</p>	<p>Fiduciary Systems</p>	<p>NA</p>	<p>Participating Counties</p>	<p>Recurrent</p>	<p>Yearly</p>	<p>Year 1: signed letters from the counties confirming that budget line has been created and budget allocated. Annually thereafter: signed letters from the counties confirming that budget has been allocated</p>
<p>#11. Implementation of public disclosure of procurement plans and outcomes as prescribed in the existing laws.</p>	<p>Fiduciary Systems</p>	<p>NA</p>	<p>MoWSI, Participating Counties and WSPs</p>	<p>Recurrent</p>	<p>Continuous</p>	<p>Procurement Plans and Outcomes published by MoWSI PMU and Counties/WSPs PIUs on their websites and in the Public Procurement Information Portal (PIIP) as prescribed by the existing laws.</p>
<p>#12. Develop and implement an internal procurement related complaint handling mechanism</p>	<p>Fiduciary Systems</p>	<p>NA</p>	<p>MoWSI PMU, Counties & WSP PIUs</p>	<p>Due Date</p>	<p>29-Nov-2024</p>	<p>Internal procurement complaint handling mechanism established, and internal procurement complaint report</p>



						submitted and confirmed through the APA
#13. Develop and implement procurement and contract management monitoring and tracking arrangements in every implementing agency.	Fiduciary Systems	NA	MoWSI, Participating Counties and WSPs	Recurrent	Continuous	System established within six months of effectiveness or by Nov. 29, 2024. System maintained and confirmed through progress reports and Implementation Support Missions Aide Memoires
#14. Monitoring the CAJ and EACC annual certification process as part of the “resolution of public complaints” and “corruption prevention indicators” under the Performance Contracting system.	Fiduciary Systems	NA	MOWSI PMU	Recurrent	Yearly	Annual certification process (certificates issued by the EACC and CAJ) measured up until the Program comes to an end.
#15. Monitor the list of debarred firms from the World Bank website: http://www.worldbank.org/debar during the preliminary evaluation of the tenders	Fiduciary Systems	NA	MOWSI PMU; County & WSP PIUs	Recurrent	Continuous	List of debarred firms continuously monitored at the time of tender evaluations.