

JOINT DONOR STATEMENT FROM THE TECHNICAL GROUP ON WATER SUPPLY AND SANITATION AND WATER RESOURCES MANAGEMENT

Water is a scarce and vulnerable resource whose use and development underpins the social and economic fabric of the Kenyan economy. The Government is committed to improving the management and protection of water resources to ensure that water is available for equitable distribution for all demands including water for domestic use, industry, agriculture, energy, livestock, wildlife, tourism and other uses. Inadequate and inefficient water supply and sanitation services contribute to poverty through: (a) unreasonably high prices of water which affect household incomes; (b) high economic costs for those who fall ill and associated costs of treatment and income forgone; (c) the physical effort and time spent to fetch and carry water for long hours. Poor governance of water resources impacts poor people most; it is the poor who bear the brunt of inequitable allocation decisions, floods and droughts and are also the ones forced to live with poor quality water for household use. To ensure efficient management of water resources and provision of sustainable water supply and sanitation services to Kenyans, the Government has started a process of reforming the sector based on the Water Act 2002 which provides for the establishment of: (a) a Water Resources Management Authority, responsible for managing water resources; (b) the Water Services Regulatory Board to regulate provision of water services; and; (c) Water Services Boards, responsible for WSS service provision. In a reformed sector, the role of the Ministry of Water Resources Management and Development (MOWR) will be limited to policy and strategy development. Donors are committed to providing the support needed to implement the reforms and an investment programme that will ensure efficient management of water resources and provision of sustainable WSS services and in particular, to address the issues and challenges outlined below.

1. Water Supply and Sanitation

1.1 Background:

Government efforts in the water and sanitation sub-sector have led to significant investments and to improved water supply service for 60 – 65% of the population overall (40% and 65% in urban and rural areas respectively). Approximately 19million people have access to improved services through about 1000 urban and rural piped water supply systems and an additional 2.5million people in rural areas from 10,000 water points. About 2m people in urban areas are connected to 35 sewerage systems; the remainder of the urban population relies mostly on pit latrines and a limited number, on septic tanks. Small towns and trading centers are considered as rural and are often serviced by large rural piped water schemes.

In the urban areas, low income households account for 30-70% of the population, depending on the city or town, mostly living in informal settlements where WSS utilities are playing a very minor role in providing services; consequently, more than 60% rely on informal kiosks, vendors or natural sources while more than 85% use pit latrines. Informal settlements comprise the fastest growing segment of the urban population, at an estimated 12% per annum compared to an average of 4% for urban areas; low income settlements will therefore comprise the majority of potential new customers in the future.

Out of an estimated rural population of 24million people, about 10million have access to improved water supply through piped and point source systems operated by the MOWRMD, NWCPC and self help groups. About 40% of the rural population has access to sanitation mainly through ordinary pit latrines. The WSS service coverage is particularly low in arid and semi-arid lands (ASAL), where ground water resources are scarce, surface sources are not perennial and population often nomadic.

1.2 The Main Issues:

Despite significant investments in the sub-sector, many services are largely inadequate and not responsive to consumer needs. As a result, many households depend on costly alternative water sources, many of them of questionable quality; a large number of Kenyans continue to depend on unimproved sources for their regular supply. Inadequate WSS service provision can be attributed to the following factors, among others:

- (a) *focusing investments on production capacities* that have not been matched by adequate distribution infrastructure;
- (b) widespread collapse of infrastructure due to *lack of investment in maintenance*;
- (c) *limited expansion* of existing infrastructure and inadequate investment in development of new schemes to match a rapidly growing population;
- (d) *inadequate demand assessment* to help provide the type of service that corresponds to what people want and are willing to pay for;
- (e) poor demand management;
- (f) inadequate control, accountability and transparency;
- (g) *poor pricing, tariff and commercial policies*, partly due to the lack of autonomy of urban WSS systems from local political decision-making;
- (h) the existence of a *complex institutional framework* that is not adapted to the challenge of delivering sustainable services, with fragmented and unclear roles and responsibilities for services provision by the main players;
- (i) giving *low priority to sanitation and hygiene*;
- (j) insufficient investment in and use of *low cost technology solutions for the poor*; and;
- (k) the relatively *marginalized position of women* in investment and management decision making.

There is virtually no formal private sector participation in service delivery – there is however a very active and unregulated informal water market that has developed where the public services have failed. This failure comes at a high cost to the Kenyan economy through unnecessary expenditure on costly complementary supplies, storage and lost production and time.

1.3 The Challenge:

The Government has set the target of providing 100% of the population with access to clean water by 2010. The MDGs for the WSS sector is to halve the proportion of people without access to safe water and sanitation by 2015. Achievement of these targets from the current 60 – 65% coverage is a formidable task that entails implementation of an ambitious reform program that will ensure the provision of reliable, sustainable and affordable water and sanitation services to all categories of consumers. The proposed reform is complex and requires support and consensus from all key stakeholders. The following elements are critical for achieving the targets set:

- a) a *clear and well supported water and sanitation services strategy and investment plan* that sets out a clear vision on how the reform process will be undertaken, the resources required, the investments to be implemented, and timetable involved;
- b) implementation of an institutional framework that will lead to a *clear separation of functions* and ensure: (i) effective policy making by the MOWR, (ii) independent sub-sector regulation by the Water Services Regulatory Board, (iii) effective business planning and asset development/expansion by the Water Services Boards, (iv) accountability and efficient performance by the Water Services Providers;
- c) clarifying the *criteria for setting up the Water Services Boards*, the number of boards to be set up, their boundaries, and timetable for their operationalization and capacity building to ensure efficiency in carrying out their mandate;

- d) clarifying the *mechanism for spearheading the reforms* and in particular, the roles of the Water Sector Reform Steering Committee and the Water Sector Reform Secretariat in steering the reform process, ensuring their autonomy and dedicating the resources needed;
- e) Implementing the Act, including the establishment of new authorities, in a process that *promotes a democratic culture and respect for human rights and gender equality*;
- f) developing *specific intervention strategies to address the WSS problems for particular groups such as the urban informal settlements and slums and the ASAL areas*, and integrating other sector programmes and activities (roads, solid waste management in informal settlements and slums; agriculture and livestock development in the ASAL areas)
- g) clarifying the *roles of local level actors* such as community based organizations, how they relate to higher level institutions and their possible role in services regulation;
- h) establishing a *sustainable mechanism for financing the sector* (WSS and WRM) that attracts funding from key financing agencies, government budget, users of services as well as the private sector;
- i) developing *pricing and tariff policies* that ensure generation of adequate resources for O&M, depreciation and a reasonable return on assets, while ensuring equity and access to low income populations at affordable cost;
- j) establishment of an *M & E system* for monitoring progress towards achievement of the national and international targets, based on commonly defined and established baseline and targets to be achieved;
- k) *increasing the role of the private sector* to improve efficiency, strengthen commercial discipline through competition and autonomy of management, and to gradually raise equity financing; and;
- l) *improved coordination* between the various actors in the sector, including donors.

2. Water Resources Management

2.1 The Main Issues

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

Secondly, Kenya has a *management legacy*. This is characterized by a rapidly growing demand for water for many sectoral uses, on the one hand, and a diminution of natural storage capacity (wetlands, catchments, and aquifer recharge areas) and lack of development of artificial storage capacities (dams and reservoirs) to meet demand and to buffer against water shocks to provide water for irrigation, hydro-power generation, industrial production and urban and rural water supply and prevent heavy economic losses. Water resources have been poorly managed through unsustainable water and land use policies, laws and institutions, weak water allocation practices, growing pollution, and increasing degradation of rivers, lakes, wetlands, and aquifers and their catchments, and severe environmental degradation. The annual cost of poor water resources management is conservatively estimated at US\$50 – 120million.

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

As demonstrated by the recent floods and droughts, ***Kenya's economy has a pervasive dependence on sound water resources management*** – many sectors of the economy were impacted - industry, hydro-power generation, manufacturing, agriculture, livestock, and tourism. The sustainability of investments in transport infrastructure depends directly on the ability to manage floodwaters. The impact of floods and droughts has been magnified by poor management of the land and water resources, poor preparation for these events and lack of investment in storage infrastructure. The poor, both rural and urban, are particularly vulnerable to floods and droughts; to water shortages from biased water allocation decisions; and to poor water quality from uncontrolled water pollution, catchment degradation, and invasive weeds. Given the strong linkage between water security and economic performance, achievement of the objectives of the *Economic Recovery Strategy for Wealth and Employment Creation* will be undermined if water resources management and development is not addressed as a priority.

2.2 Challenges ahead:

The strategy for making Kenya a water secure country will need to incorporate the following policies and approaches:

- a) ***appropriate water resources policy, economic policy, and foreign policy*** to ensure that appropriate institutional, economic, and regulatory instruments are established for: (i) the management of watersheds and water quality, (ii) efficient yet equitable water allocation between uses, and; (iii) sound investments in water conservation and storage;
- b) ***a cross-sectoral approach***: Reforms and investments in the agriculture, livestock, manufacturing, energy, transport, and communications sectors must be simultaneously supported by purposeful management of the underlying water resource base. The MOWR needs to gain wider support, both within and outside government for water sector reforms because the decisions taken in other sectors impact on water resources and the extent of financial resources that will be needed. Community groups at both basin and local levels need to be involved in the decision- making.
- c) ***a coordinated approach for effective, efficient and equitable water resources management***, to develop and implement effective multi-purpose infrastructure investment plans, catchment and riverine management plans, capacity building for institutional staff and community groups, and pilot projects. This would allow the country to break out of the vicious cycle of risk-averse behavior—in the face of floods, droughts, and degradation; under-investment and limited storage capacity; degraded catchments, limited water storage, and unfair water allocation—and lead to effective, efficient, and fair management of water resources
- d) ***improved planning to ensure sustainable investments***, in new water resources infrastructure, including dams and reservoirs, pans, rainwater harvesting, boreholes, shallow wells, and inter-basin transfers to avoid environmental and social problems similar to those experienced in the past, particularly in hydropower and irrigation projects. In developing water resources infrastructure project in the water-rich parts of the country such as the Tana River and Rivers of the Lake basin, it will be crucial to address the social, environmental, economic, and transboundary aspects of such investments in a more timely, systematic, responsible and transparent manner than in the past;
- e) ***advance the National Water Campaign*** which was launched last year to raise awareness on the water resources crisis facing the country and the need to manage water as a scarce resource that has a social and economic value.

3. **Opportunities to build on:**

The *Sessional Paper No. 1 of 1999 on National Policy on Water Resources Management and Development*; Water Act 2002, and the WRM and WSS strategies and Investment Plan currently under preparation, all provide a solid foundation to build upon in addressing the complex issues outlined above. Other important building blocks include:

- a) wide and popular support for the new government and its commitment to improving governance and promoting the welfare of the poor women and men;
- b) MOWR's commitment to implement the reforms as shown by the gazettelement and recent launching of three key institutions – the Water Services Regulatory Board, the Nairobi Water Services Board, and the Water Services Trust Fund; and adoption of a flexible approach for reform implementation;
- c) Availability of good capacity and professional skills in the country to tap into;
- d) Water supply and sanitation and water resources identified as priority by Kenyans – over 60 districts identified water as a priority during the PRSP consultations;
- e) Donor commitment to support the government's programmes for WSS and WRM; and;
- f) improved co-ordination framework within GoK ministries and with development partners.