Water Sector Trust Fund

Financing the Water Sector

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SITUATION REPORT #344

UNPSA Award Special Issue

13th – 17th December 2021

Water Sector Trust Fund Wins 2021 United Nations Public Service Award

MINISTRY OF WATER, SANITATION AND IRRIGATION

Water Sector Trust Fund (WaterFund) was the recipient of the prestigious 2021 United Nations Public Service Awards (UNPSA), after its **Output-Based Aid Programme** was selected as one of the winners of the award under category of "Enhancing the effectiveness of public institutions to reach the SDGs". The theme for the 2021 UNPSA was "Innovating the Future: New Government Models for a New Era to Reach the SDGs".

Amb. Dr. Mary Khimulu, the Chairperson of WaterFund Board of Trustees, led the Kenyan Delegation to receive the award in Dubai, United Arab Emirates from 13th to 15th December, 2021.

United Nations Department of Economic and Social Affairs (UNDESA) received nominations from over 400 nominations from 67 countries but only 17 institutions from 13 countries won the 2021 Awards. Other winning countries in the year 2021 included Ghana, Kazakhstan, Republic of Korea, Romania, Mexico, Italy, Bangladesh, Brazil and Thailand.

This is the second UNPSA award that WaterFund has received after its Up-scaling Basic Sanitation for the Urban Poor (UBSUP) programme was selected in 2019 as one of the winners of the award under the "Delivering Inclusive and Equitable Services to Leave No one Behind" category. Other previous UNPSA winners from Kenya are Agricultural Sector Development Support Programme in the year 2018 and Huduma Kenya Programme in the year 2015.



(From Right to Left) Mr. John Kauzya (Chief of Public Services Innovation Branch), H.E. Catherine Poland, (Under Secretary General for Management, Strategy, Policy and Management), Amb. Dr. Mary Khimulu (Chairperson, WaterFund), H.E. Ohood Khalfan Al Roumi (Minister of State for Government Development and Future, United Arab Emirates), Mr. Fredrick Josiah (Member of the WaterFund Board of Trustees) and Mr. Fidelis Tamangani (Manager, Result-Based Finance)

WaterFund Presents the UNPSA Award to the Cabinet Secretary

WaterFund, led by Amb. Dr. Mary Khimulu, Chairperson WaterFund and CEO Mr. Ismail Shaiye, officially handed over the 2021 UNPSA Awards Trophy and Certificate to Sicily Kariuki, EGH, Cabinet Secretary, Ministry of Water, Sanitation and Irrigation (MWSI).

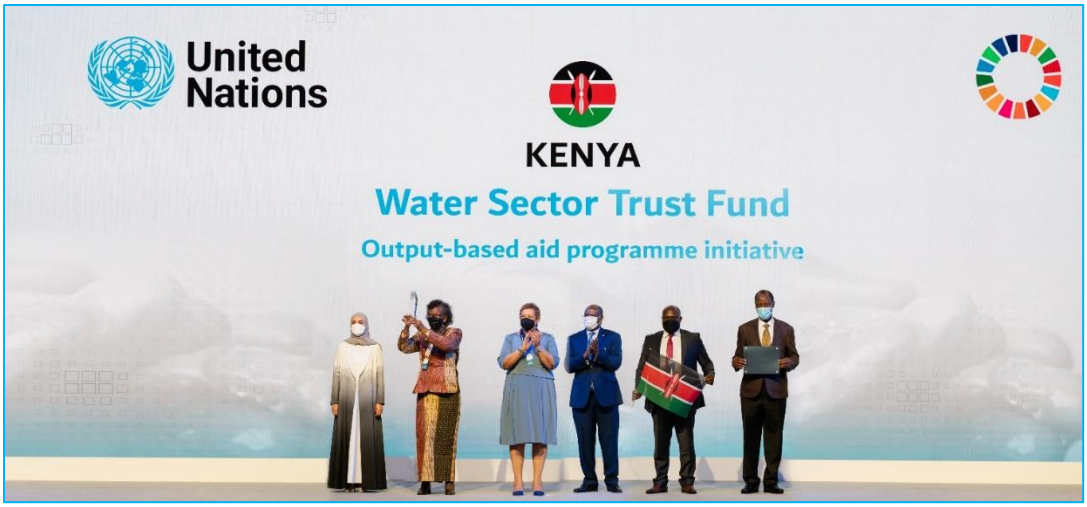


(From Left to Right) Amb. Dr. Mary Khimulu, Chairperson WaterFund, Sicily Kariuki, CS, MWSI and Mr. Ismail Shaiye, CEO WaterFund

An elated CS challenged more institutions under her ministry to embrace innovation and get back to the grassroots in identifying projects that will improve lives of Kenyans.

Also present were Dr Andrew Tuimur, Chief Administrative Secretary and Mr. Joseph Irungu, principal Secretary, MWSI. During the ceremony the Cabinet Secretary noted that the National Government's mission was to ensure Kenyans were supplied with adequate, quality water and sanitation services.

UNPSA Photo Gallery



(From Left to Right) H.E. Ohood Khalfan Al Roumi (Minister of State for Government Development and Future, United Arab Emirates), Amb. Dr. Mary Khimulu (Chairperson, WaterFund), H.E. Catherine Poland, (Under Secretary General for Management, Strategy, Policy and Management), Mr. John Kauzya (Chief of Public Services Innovation Branch), Mr. Fidelis Tamangani (Manager, Result-Based Finance) and Mr. Fredrick Josiah (Member of WaterFund Board of Trustees)



WaterFund's 2021 UNPSA Award Trophy



From Left to Right) Mr. Fredrick Josiah (Member of the WaterFund Board of Trustees), Mr. Joseph Mucheru, EGH (CS Ministry of ICT, Innovation and Youth Affairs), Ms Linda Gwada, (WaterFund Communication Officer), Amb. Dr. Mary Khimulu (Chairperson, WaterFund), Prof. Margaret Kobia, PHD, MGH, (CS Ministry of Public Service and Gender), Ms Ruth Nganga (Manager, Partnership Development and Resource Mobilization) and Mr Fidelis Tamangani (Manager, Result Based Financing)



Heads of Delegations of the 2020 and 2021 United Nations Public Service Awards Winning Initiatives pose for a group picture



WaterFund Chairperson Amb. Dr. Mary Khimulu (left) with H.E. Ohood Khalfan Al Roumi (right), Minister of State for Government Development and the Future, United Arab Emirates, during the UAE Ministerial Exchange Tour



United Nations Public Service Awards
Winner
Category on Enhancing the effectiveness of public institutions to reach the SDGs
This certificate is given in recognition of the contribution of
Output-based Aid Programme
Water Sector Trust Fund
Republic of Kenya
for innovation and excellence in public services supporting the implementation of the 2030 Agenda for Sustainable Development
LIU Zhenmin
Under-Secretary-General for Economic and Social Affairs
23 June 2021

WaterFund's 2021 UNPSA Award Certificate

United Nations Public Service Awards

The United Nations Public Service Awards (UNPSA) promotes and rewards innovation and excellence in public services in support of the realisation of the Sustainable Development Goals and the principle of 'leave no one behind'.

The awards are organised by the United Nations Department of Economic and Social Affairs (UNDESA). UNPSA is an annual competition that takes place on 23rd June, as the United Nations Assembly designated Day to celebrate the value and virtue of public service to the community.

Every year UNDESA makes calls for proposals requesting for submissions of projects that promote and support innovation and excellence in the public service. The 2021 UNPSA were awarded to public institutions that distinguished themselves in any of the below categories:

a) Fostering innovation to deliver inclusive and equitable services for all including through digital transformation
b) Enhancing the effectiveness of public institutions to reach the SDGs
c) Promoting gender-responsive public services to achieve the SDGs
d) Institutional preparedness and response in times of crisis

The winners are designated according to the UN Regional Groups, that is, Africa, Asia and the Pacific, Eastern Europe, Latin America and the Caribbean, and Western Europe.

The Urban Water and Sanitation Output-Based Aid Fund for Low-Income Areas in Kenya

The US$11.10 million grant, which was signed on 5th September 2014, was provided to the Government of Kenya by the World Bank with Global Partnership on Output Based Aid (GPOBA) funds from the Swedish International Development Cooperation Agency (SIDA). A subsidiary agreement was then executed between the GoK and WaterFund to implement the project.

WaterFund implemented the project as the Kenya Water and Sanitation Output-Based Aid (OBA) Fund for Low-Income Areas. The project incentivised Kenyan Water Service Providers (WSPs) to extend water and sanitation services to low-income areas using commercial loans from domestic lenders on market terms. WSPs also received technical assistance to support project preparation and implementation, including development of bankable proposals to secure commercial loans.

The project had two components:

- Component 1: Project implementation support, including technical support for WSP project preparation and implementation with a budget of US$2.55 million,
- Component 2: Output-based aid (OBA) grants to support capital investments in WSP projects with a budget of US$8.55 million.

The OBA grant of up to 60 percent of investment cost was disbursed to WSPs (channelled through WaterFund) based on three indicators:

i) Signing a loan agreement with a commercial bank, used to finance upstream works needed to achieve the connections (10 percent of subsidy);
ii) Independent verification of physical works, i.e., any infrastructure established by the WSP using the loan funds (45 percent of subsidy);
iii) Independent verification of achievement of pre-agreed individual household connections by the WSP using the loan funds (45 percent of subsidy).

Pre-Financing of the Projects

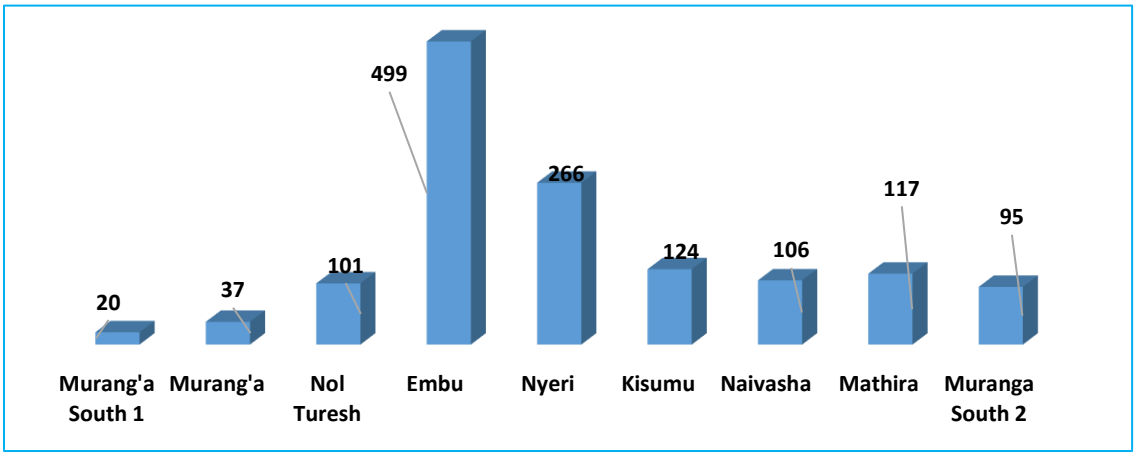
OBA is a performance-based subsidy, meaning that most of it is paid only after the services or outputs have been delivered and verified by an independent verification agent (IVA). The subsidy targeted the poor by focusing on areas in which poor people live. Under the OBA Fund, WSP projects were pre-financed with commercial loans from domestic lenders on market terms. While the WSP was free to select any financial institution, Co-operative Bank, Housing Finance, Sidian Bank, and Kenya Commercial Bank had access to a 50% guarantee provided by USAID.

A WSP was eligible to receive technical assistance funding for hiring a consultant to assist with project preparation and supervision, to ensure that a bankable project proposal is prepared for evaluation by commercial lenders, and that the project was effectively supervised during implementation. WSPs contributed at least 10% towards the total cost of technical assistance.

The loans were used to fund investments that would provide household water and sewer connections, public water kiosks, and public toilets to low-income households. The OBA grant paid 60 percent of the project cost financed by domestic lenders, subject to a cap of $115 per beneficiary. Areas that were eligible for the subsidies were identified through *MajiData*, the water sector's database for low-income areas, which has mapped over 1,880 urban settlements, considered 'low income' based on an index of quality-of-life indicators.

Projects Financed Under the OBA Programme

Nine projects were funded under the OBA programme valued at KShs. 1.37 Billion as shown in the figure below:



OBA Portfolio (KSh. Millions) as at 30th November 2020

Output-Based Aid Programme Pictorial



Saba Saba Water Supply under Murang'a South Water and Sanitation Company



Kayole Mirera Water Kiosk under Naivasha Water and Sanitation Company



Nyeri Water & Sanitation Company Sewer Extension Project



A domestic water consumer drawing water from a newly installed water connection by Muranga Water & Sanitation Company

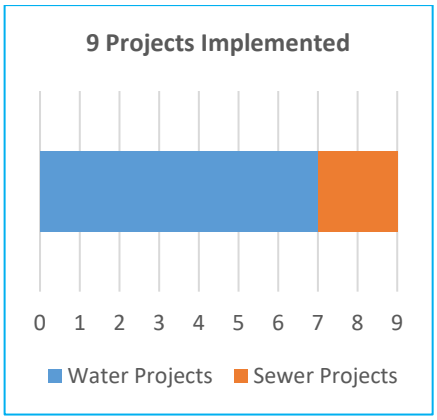


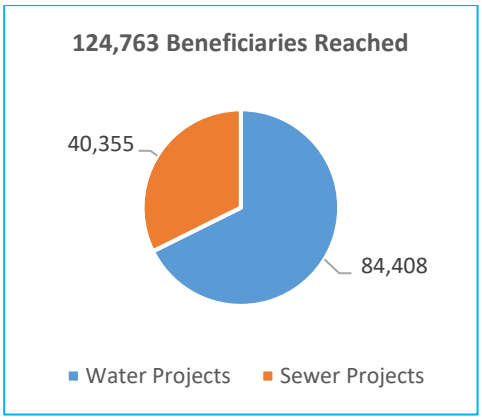
Muchungucha water supply tank constructed by Muranga Water & Sanitation Company

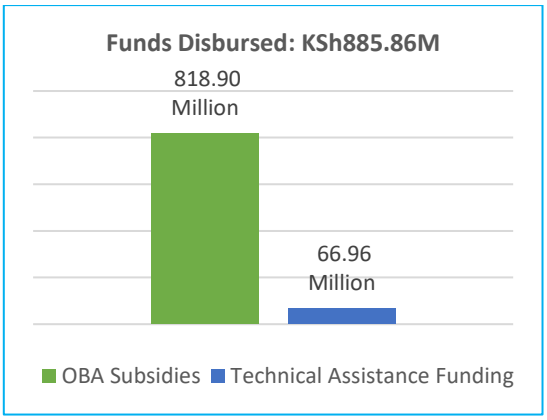


Embu Water & Sanitation Company Sewerage Extension Project

Summary of OBA Programme Achievements







For this issue and all previous Situation Reports (SITREPs), please visit: http://waterfund.go.ke/sitreps