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KENYA WATER, SANITATION AND HYGIENE (WASH) ACOUNTS I & II

(Financial Years 2014/2015, 2015/2016, and 2016/2017)

APRIL 2021

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Cover photo: Maturation Ponds, Eldoret Water and Sanitation Company. Photo credits: WASH-FIN KENYA

FOREWARD

TRACKING WASH FINANCING (TRACKFIN)

The World Bank estimates that $114 billion per year - or three times current investment rates - will be required to achieve universal access to water and sanitation by 2030. Bridging this massive financing gap will require increases in public investment and expanded utilization of private finance. One critical input that is needed to achieve universal access is better quality and more finely disaggregated WASH finance data to help formulate policy decisions that allow more precisely targeted interventions.

The TrackFin initiative was developed by the World Health Organization (WHO) in association with the United Nations, OECD and the World Bank as part of UN Water's Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS) program to address gaps in knowledge of financial data in the WASH sector. TrackFin aims to help countries develop national water, sanitation, and hygiene (WASH) accounts using a globally accepted methodology to monitor funding for the WASH sector at the national level.

USAID through the Water, Sanitation, and Hygiene Finance (WASH-FIN) program facilitated the collection of data, preparation of the report, and TrackFin technical committee meetings with the Ministry of Water, Sanitation, and Irrigation (MoWS&I) and WHO. The meetings discussed and validated the TrackFin I, II, and III report which covers the 2014/15, 2015/2016, and 2016/17 financial years.

ABOUT WASH-FIN

The USAID WASH-FIN program is a six-year task order (TO) under the Making Cities Work Indefinite Delivery Indefinite Quantity contract that began in October 2016. WASH-FIN seeks to close financing gaps to achieve universal access to water and sanitation services through the promotion of sustainable and creditworthy business models, increased public investment, and expanded market finance for infrastructure investment that enable targeted countries to become self-reliant by accessing reliable sources of capital for sustainable, climate resilient water and sanitation infrastructure. WASH-FIN works in collaboration with national governments, development partners, financial institutions, service providers, and local stakeholders to close financing gaps and improve WASH governance structures. In doing so, WASH-FIN supports self-reliance in targeted countries by accessing reliable sources of capital for sustainable, climate-resilient water and sanitation infrastructure.

ACKNOWLEDGEMENTS

Special thanks go to all institutions that provided data to produce the WASH Accounts, including the Department of Water at the Ministry of Water, Sanitation and Irrigation, the National Treasury, Water Services Regulatory Board (WASREB), Water Sector Trust Fund (WSTF), Water Works Development Agencies, Water Services Providers (WSPs) and County Governments of Nairobi, Kiambu, Kitui, Nyeri, Kisumu, Bungoma, Nakuru, Isiolo and Kilifi. We recognize and thank the Kenya Water and Sanitation Civil Society Network (KEWASNET) for coordinating data collection from various civil society organizations and providing data on WASH expenditure by nongovernmental organizations.

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ACRONYMS AND ABBREVIATIONS

CBO	Community Based Organization
COFOG	Classification of the Functions of Government
CPC	Central Product Classification
CSO	Civil Society Organization
GDP	Gross Domestic Product
GLAAS	Global Analysis and Assessment of Sanitation and Drinking-Water
GoK	Government of Kenya
KES	Kenya Shillings
KIHBS	Kenya Integrated Household Budget Survey
KNBS	Kenya National Bureau of Statistics
NGO	Nongovernmental Organization
NHA	National Health Accounts
OECD	Organization for Economic Co-operation and Development
TrackFin	Tracking Financing
UN	United Nations
USAID	United States Agency for International Development
WARIS	WASREB Financial Information System
WASH	Water, Sanitation, and Hygiene
WASH-FIN	Water, Sanitation, and Hygiene Finance Program
WASREB	Water Services Regulatory Board
WHO	World Health Organization
WSB	Regional Water Services Board
WSP	Water Service Provider
WSTF	Water Sector Trust Fund
WWDA	Water Works Development Agency

EXECUTIVE SUMMARY

INTRODUCTION

According to the UN Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS) Report of 2017, 660 million people do not have access to improved drinking-water sources, and over 2.4 billion people do not have access to improved sanitation globally. The World Bank estimates that achieving universal and equitable access to safe and affordable drinking water and adequate and equitable sanitation and hygiene for all will require that capital investments be tripled to US$ 114 billion per year, in addition to financing operations and maintenance costs, which are key for sustainable services. However, inadequate monitoring and limited availability of financial data on the WASH sector impede the ability of countries to assess progress and make sound, evidence-based decisions to improve performance. To respond to the information gaps, the World Health Organization (WHO) launched the TrackFin (Tracking Financing to WASH) initiative as part of GLAAS in September 2012.

WHO has applied the TrackFin methodology in several countries, including Brazil, Burkina Faso, Ghana, Kenya, Mali, Morocco, and Mozambique. In Kenya, the first TrackFin was carried between 2017 and 2018 under leadership of the Ministry of Health and State Department of Water in the then Ministry of Water and Irrigation. It covered the expenditure data for the financial years 2014/15 and 2015/16. Phase II of TrackFin covering 2016/17 was entirely steered by the Department of Water in the Ministry of Water and Sanitation.

The main objective of the TrackFin study is to prepare WASH accounts to improve understanding of current expenditure in the WASH sector and to enable sound, evidence-based planning and budgeting decisions. The study answers four basic questions:

i. What is the total expenditure in the WASH sector?
ii. How are funds distributed between different WASH services and types of expenditure?
iii. Who pays for WASH services, and how much do they pay?
iv. Which entities are the main funding channels for the WASH sector?

This study adopted the classifications recommended in the TrackFin guidance document. The classifications capture different dimensions of WASH expenditure, consisting of financing, production, or provision, and use or consumption. The financing dimension has expenditure classifications in terms of financing units (financing entities) and types of financing provided. This dimension provides information on what is financed and by whom. The production dimension captures providers of WASH services and cost categories. It specifies what is being produced, by whom, and at what costs. Finally, use is further divided into types of WASH services and the different uses of these services. It shows what is being consumed and by who.

The study utilized primary and secondary sources of data. The primary sources of data included a survey targeting five national government agencies and nine county governments. The agencies included the National Treasury, the Department of Water in the Ministry of Water and Sanitation, Water Works Development Agencies, Water Services Regulatory Board (WASREB), and the Water Sector Trust Fund. Counties included Bungoma, Isiolo, Kiambu, Kilifi, Kisumu, Kitui, Nairobi, Nakuru, and Nyeri. The WASH Accounts Processing Tool (WAPT) facilitated the processing of data collected and the production of WASH accounts tables for reporting.

RESULTS

TOTAL WASH EXPENDITURE

The total expenditure for water and sanitation, including support services, was KES 52,654.36 million (US$ 598.35 million) in 2014/15, KES 52,139.65 million (US$ 526.66 million) in 2015/16 and KES 63,759.40 million (US$ 616.15 million) in 2016/17. Although this expenditure excluded investments made by households and private firms, it translated to a per capita of KES 1,208 (US$ 13.72) in 2014/15, KES 1,164 (US$ 11.76) in 2015/16 and KES 1,386 (US$ 13.39) in 2016/17.

The WASH expenditure was 0.90% in 2014/15, 0.78% in 2015/16, and 0.84% in 2016/17 of Kenya's Gross Domestic Product (GDP). Water services accounted for the largest share of annual WASH expenditure, at 78% in 2014/15, 80% in 2015/16, and 73% in 2016/17.

Network corporate providers, consisting of public water service providers (WSPs), accounted for 64% of the total expenditure for the three years, followed by county government departments of water and sanitation at 19%, national government agencies at 10%, and nongovernmental organizations (NGOs) at 7%.

The highest expenditure went to investment in new infrastructure and maintenance costs, which was 47% in 2014/15, 50% in 2015/16, and 49% in 2016/17. The second largest cost category was operations and maintenance (O&M), whose expenditure accounted for 40%, 38%, and 32% in 2014/15, 2015/16, and 2016/17, respectively. The support to WASH was about 12% in both 2014/15 and 2015/16 and increased significantly to about 19% in 2016/17 due to the increases in expenditure for support services.

MAIN FUNDING CHANNELS FOR THE WASH SECTOR

Users of water and sanitation services were the main sources of expenditure in the sector. The users contributed 32.8% of total expenditure in 2014/15, 37.2% in 2015/16, and 32.5% in 2016/17. Multilateral and bilateral partners accounted for 26.7% in 2014/15, 24.4% in 2015/16, and 21.5% in 2016/17, giving evidence of declining financing from these financing units.

The county governments as financing units contributed 18.3%, 18.8%, and 20.8% in 2014/15, 2015/16, and 2016/17, respectively, while the national government accounted for 19.7% in 2015/16, 15.5% in 2015/16, and 18.6% in 2016/17. It should be noted that most of the financing from bilateral and multilateral partners consisted of mainly repayable loans sourced and being repaid by the national government. The NGOs/community-based organizations (CBOs) as a financing unit contributed 2.3% in 2014/15, 2.3% in 2015/16, and 5.3% in 2016/17.

Domestic public transfers and tariffs play an important role in the financing of WASH services in the country. In the period of three financial years, domestic public transfers accounted for 37% of the total expenditure, followed by tariffs (34%), repayable financing (loans borrowed by National Government) (19%), grants by international multilateral and bilateral partners (5%), international NGOs and foundations (4%), and WSPs internal funds (1%).

SPECIFIC STUDY QUESTIONS

i. ***What is the total expenditure in the WASH sector?***
The total expenditure for water and sanitation as well as support services activities was KES 52,654.36 million, KES 52,139.65 million, and KES 63,759.40 million in 2014/15, 2015/16, and 2016/17, respectively. There was a small increment in expenditure over the period of review.

ii. ***Who pays for WASH services and how much do they pay?***
Users of WASH services are the highest contributors, followed by development partners, national government, and county governments.

iii. ***Which entities are the main funding channels for the WASH sector?***
The results revealed that the national government was the main channel of funding the WASH sector at 38% of the funding in the three years. The funding through the national government was in terms of the own government revenue from taxes and loans for WASH investment. The second channel of funding was users (34%), followed by county governments (19%) and NGOs (9%).

iv. ***How are funds distributed to the different WASH services and expenditure types?***
Water services dominated the funding in each of the three years, with an average of 77%. Support services took 15% and sanitation services only 8%.

In addition to these conclusions, the total expenditure was shown to have consistently fallen below the required level of financing in Kenya's 2030 roadmap to universal access to all. Sanitation services remain severely underfunded.

GENERAL RECOMMENDATIONS

The Kenya Water Master Plan 2030 indicates that the country requires financial investment amounting to KES 1,764.4 billion for water and sanitation for the period beginning 2013/14 to 2030/31. This translates to an average KES 98 billion investment every year. The study results showed that investment expenditure as a percentage of required investment was 25.1% in 2014/15, 25.4% in 2015/16, and 32.1% in 2016/17, translating into a funding gap of KES 73.38 billion, KES 72.16 billion, and KES 66.61 billion, respectively, in 2014/15, 2015/16, and 2016/17 (see Figure 4.4). Therefore, the financing gap in relation to the target of KES 98 billion annually, as projected in the Water Master Plan 2030, is still huge.

The results demonstrate that the country has a long way in reaching the required financing level for water and sanitation. The implication is that without significant additional funding for the sub-sector, the country will not reach its targets on water and sanitation by 2030. Some key recommendations include:

i. The national government and county governments should consider increasing allocation from tax revenue for WASH. Experience shows that as countries develop, the primary catalyst for increased WASH service provision is public investment.
ii. The country should priorities domestic and sustainable ways of financing the sub-sector, utilizing tariffs and domestic grants. This TrackFin study shows that users through tariffs are a major source of WASH funding. There is an opportunity to enhance this source by ensuring that the sector applies principles of cost recovery and a business approach in managing services. This should be done while balancing affordability with a focus on ensuring pro-poor policies are adopted.
iii. Exploring other domestic ways of financing the sub-sector, such as commercial financing. The WASH sector must work on establishing the foundational work required to access commercial financing. These include entrenching good governance, accountability, climate smart approaches, and a commercial approach in the sector.
iv. TrackFin is a collaborative and government-led process. Increased collaboration between various government entities will create more momentum and understanding to close the financing gaps for universal WASH coverage. According to the 2017 GLASS Report, TrackFin is more successful when key government officials and entities are supportive of the process.
v. Funding for sanitation is low, and coverage is also very low in Kenya. While not reducing allocation to water services, there should be a renewed effort to increase funding for sanitation services through a mix of funding approaches.
vi. To improve WASH expenditure tracking the following recommendations should be considered.

- Explore the possibility of including WASH expenditure in the Kenya Integrated Household Budget Survey.
- Survey households to make an estimate of their amount financing of WASH.
- Estimate WASH financing by the private sector.
- Include expenditure on hygiene component, which was not considered in this study.
- Collect and analyze data by rural and urban areas.
- Increase stakeholder engagement to facilitate data collection. This should include main sources of financing such as development partners, County Governments, international and local NGOs, and Kenya National Bureau of Statistics and the National Treasury.

1.0 INTRODUCTION

1.1 BACKGROUND TO TRACKFIN

According to the UN Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS) Report of 2017, 660 million people do not have access to improved drinking-water sources, and over 2.4 billion people do not have access to improved sanitation globally. This situation is exacerbated by the current levels of financing for WASH, which are only sufficient to cover the capital costs of achieving basic universal water, sanitation, and hygiene services by 2030. Meeting Sustainable Development Goal Targets 6.1 and 6.2 will require that capital investments be tripled to US$ 114 billion per year, in addition to financing operations and maintenance costs, which are key for sustainable services. However, financial reporting on WASH has been insufficient for governments, financiers, and development partners to make sound, evidence-based decisions for the sector. To respond to these needs, WHO launched the Tracking Financing to WASH (TrackFin) initiative as part of GLAAS in September 2012.

The TrackFin methodology is used to track and monitor the financing of WASH services in countries. The main objective is to improve understanding of current expenditure in the WASH sector and enable sound, evidence-based planning and budgeting decisions.

The classifications of expenditure in TrackFin are broadly informed by three main international systems of classification used to categories industries, activities, goods, and services. These are the Central Product Classification (CPC), the International Standard Industrial Classification of All Economic Activities (ISIC), and Classification of the Functions of Government (COFOG). The CPC is a comprehensive, internationally recognized system used in national accounts to classify all goods and services based on their physical properties and intrinsic nature and on their industrial origin. The ISIC is a United Nations system that classifies economic data according to the type of activity carried out by an economic unit. COFOG classifies functions performed to ensure that these products are provided. The methodology also borrowed from the Classification of Environment Protection Activities (CEPA). Nevertheless, these different types of classification did not provide all the specific needs of TrackFin, hence the development of specific classifications by the TrackFin Team at the WHO.[1]

The TrackFin classifications are closely related to those of the National Health Accounts (NHA). The NHA, developed by WHO, is an internationally accepted methodology for tracking and analyzing financing of national health systems.

By 2020, 17 countries had implemented or were implementing TrackFin methodology. These are Argentina, Brazil (3 municipalities), Burkina Faso (2 rounds), Ghana (3 rounds), India (Rajasthan, West Bengal), Kenya (2 rounds), Madagascar (2 rounds), Mali (3 rounds), Mexico, Morocco, Senegal, Tunisia, and Uganda. The countries that initiated the rounds in 2020 were Bangladesh, Kirghizstan, Mozambique, and Nigeria.

1.2 STRUCTURE OF THE REPORT

This report is structured as follows:

Section 2: "TrackFin Kenya" presents the need for TrackFin in Kenya, general socio-economic characteristics of the country, and key data on access to WASH services in the country. It also sets out

[1] World Health Organization. (2014). Tracking financing to sanitation, hygiene and drinking-water at the national level. Guidance document. WHO: Geneva. http://apps.who.int/iris/bitstre am/10665/259899/1/9789241513562-eng.pdf?ua=1

the institutional and financing arrangements in the sector. It maps out the main stakeholders and financing flows in the sector.

Section 3: "Methodology" presents the scope of the exercise, the geographical scale, sub- sectors, and years covered by the study. It sets out the main classifications that were used to build the WASH Accounts (the details of which appear in Annex A) and the approach to the exercise, highlighting the main methodological choices that had to be made to enable data collection and analysis.

Section 4: "WASH Accounts Findings" is the heart of the report. It presents the main indicators calculated with the WASH Accounts data. It interprets the main quantitative findings from the tables with qualitative information to provide elements of answer to the main policy questions that have been identified.

Section 5: "Policy recommendations" extracts the main policy implications from the WASH Accounts findings and formulates recommendations on how to address the issues that have been identified through the exercise. It also provides guidance for further analysis.

2.0 TRACKFIN KENYA

2.1 THE NEED FOR EXPENDITURE TRACKING IN KENYA

Kenya had a total population of 47.56 million in 2019 and an annual population growth rate of 2.2%. The Economic Survey of 2019 indicated that the country recorded an economic growth rate of 5.9% in 2016, 4.9%, in 2017 and 6.3% in 2018[2] . Gross Domestic Product (GDP) per capita at current prices was KES 154,802 (US$ 1,559) in 2016, KES 174,791 (US$ 1,695) in 2017, and KES 186,296 (US$ 1,857) in 2018. GDP per capita at constant prices was KES 94,797 in 2016, KES 96,788 in 2017, and KES 100,310 in 2018[3] .

The poverty head count ratio was estimated at 45.6% based on the Kenya Integrated Household Budget Survey (KIHBS) 2005/06,[4] indicating that about 46% of Kenyans lived below the absolute poverty line. This has improved over the last of couple years, with the population living below the poverty line being 36.1% in 2015/16. The poverty varies between rural and urban areas, with 40.1% in rural areas, 27.5% in peri-urban areas, and 29.4% in core urban areas[5] .Though the level of poverty has been declining, it is still significant given the absolute number of persons in poverty. Despite the positive economic performance, poverty continues to be an obstacle to accessing basic services in Kenya.

In 2018, water coverage stood at 57% against a 2015 National Water Services Strategy (NWSS) target of 80%. Furthermore, sewerage coverage stood at 16%[6]). WHO indicated that 30% of the rural and urban population in Kenya used improved sanitation facilities in 2015, while 82% of urban population and 57% of rural population used improved drinking-water sources.[7]

The relatively low water and sanitation coverage are partly attributed to insufficient and less effective financing as well as structural and operational challenges. There is also a growing annual investment gap that needs to be bridged to achieve universal access by 2030. The improvement of service coverage in the sector is impeded by under investment. Although various players play a role in the financing of the WASH services, the total funding by the different actors is not well documented. The previous attempt to analyze and document the funding was in the Annual Water Sector Review 2014/2015–2015/16 Report. This report provided particularly useful information on the funding level. Nevertheless, the methodology used in the report was not that of expenditure tracking but expenditure review. An expenditure review can overstate the amount of funding due to possible double counting of expenditure of funds from a given source.

Kenya has set goals to achieve universal coverage for water and sanitation by 2030. This ambitious goal requires concerted efforts to increase financial resources for new investment as well as availing resources for regular operations and maintenance. TrackFin reports provide essential information on the current funding for WASH. This information, when combined with WASH coverage data at the county level, enables policymakers to make sound policy decisions. This report covers the financial years 2014/15, 2015/16, and 2016/17 and seeks to answer the following questions:

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2 Kenya National Bureau of Statistics, (2019). Economic Survey 2019. Nairobi: Government Printer.

3 See note 2 above.

4 Kenya National Bureau of Statistics (2006), Kenya Integrated Household Baseline Survey 2005/06. Nairobi: Government Printer.

5 Kenya National Bureau of Statistics (2016), Kenya Integrated Household Baseline Survey 2015/16. Nairobi: Government Printer.

6 Water Services Regulatory Board (WASEB) (2018). A performance report of Kenya's water services sector 2015 / 16 and 2016 /17. Impact, Issue No. 10.

7 World Health Organization. (2017). Financing universal water, sanitation and hygiene under the sustainable development goals. GLASS 2017 Report. WHO: Geneva.

i. What is the total expenditure in the WASH sector?
ii. Who pays for WASH services, and how much do they pay?
iii. Which entities are the main funding channels for the WASH sector?
iv. How are funds distributed to the different WASH services and expenditure types?

2.2 KEY ACTORS IN WASH FINANCING IN KENYA

There are many actors involved in the financing of water and sanitation services in Kenya. The main actors are the national government through its agencies, including Water Works Development Agencies (WWDAs); Water Sector Trust Fund; water service providers (WSPs); companies; households; development partners; NGOs; and the private sector. The World Bank and African Development Bank are the main multilateral sources of loans for the sector. The sector also receives funding in terms of loans and grants from bilateral sources including the United States government, French government, Italian government, German government, Government of Japan, and Government of Netherlands, among others. Funding from the national government and county governments comes mainly from taxes, while the WSPs generate significant finances from the tariffs on water and sanitation services.

The national government funding is mainly through the Ministry of Water, Sanitation, and Irrigation, which is mandated to protect, conserve, manage and increase access to clean and safe water for socio-economic development in Kenya. Apart from the funding directly to the Ministry of Water and Sanitation, there are several institutions within the Ministry that are funded by the national government to perform specific functions. These institutions include:

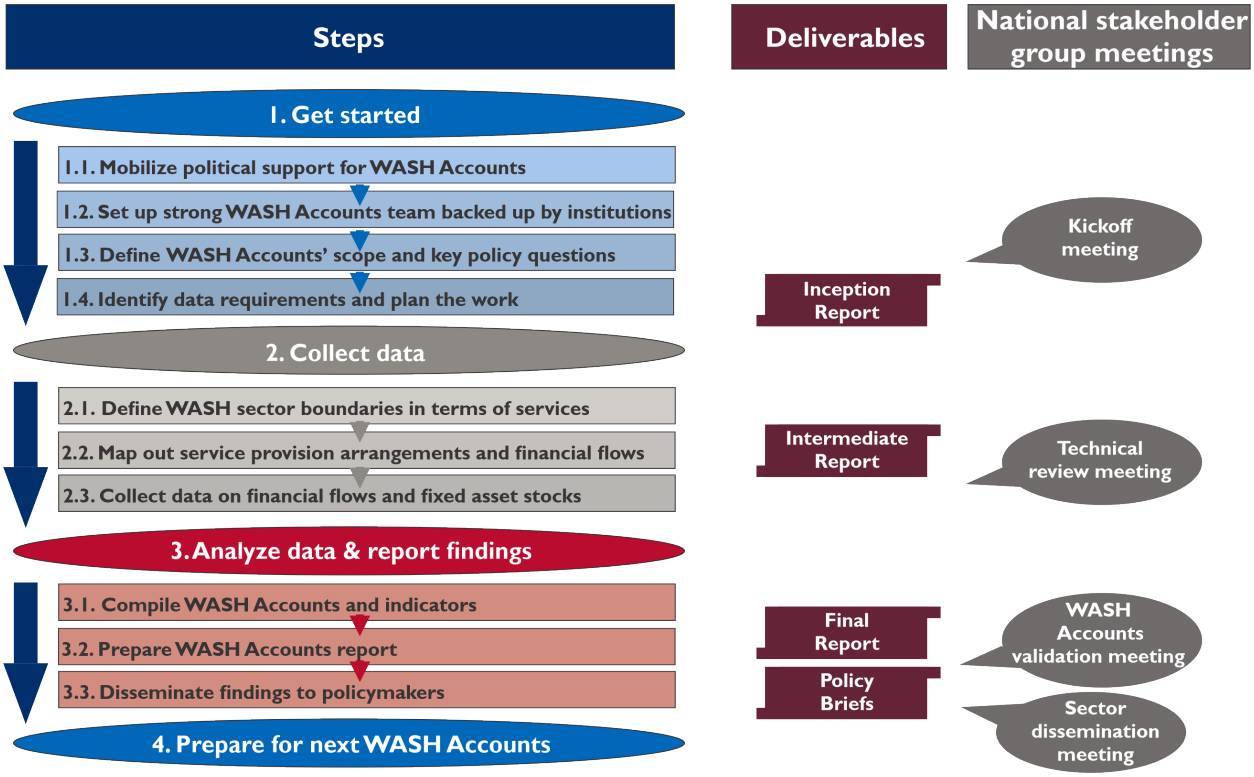
i. The National Water Harvesting and Storage Authority (NWHSA): responsible for the construction of dams and pans, boreholes, and rehabilitation of flood canals on behalf of the Ministry of Water. Sanitation and Irrigation.
ii. Water Works Development Agencies (WWDAs), formerly Water Services Boards (WSBs): whose functions are to undertake development projects for water and sewerage service provision in their respective areas of jurisdiction.
iii. Water Sector Trust Fund: responsible for mobilizing and providing conditional and unconditional grants to the counties. Additionally, it provides financing for the development and management of water services, especially in marginalized and underserved areas both in rural and urban areas. Another key function is supporting research activities in water resources management and water services, sewerage, and sanitation.
iv. Water Resources Authority (WRA): responsible for regulation, management and use of water resources and flood mitigation; including informing policy on national water resource management, water storage and flood control strategies; and coordinating with other regional, national, and international bodies for the better regulation of the management and use of water resources.
v. WASREB: regulate water and sewerage services provision, including issuing of licenses, setting service standards, and guidelines for tariffs and prices.

3.0 TRACKFIN METHODOLOGY

3.1 MAIN METHODOLOGICAL CONSIDERATIONS

The process of carrying out the study was adopted from the TrackFin guidance document. The standard process from TrackFin is presented in Figure 3.1.

FIGURE 3.1: STEPS IN CONDUCTING TRACKFIN



Source: Adopted from TrackFin guidance document, WHO[8].

3.2 OVERALL SCOPE OF THE STUDY

The scope of WASH expenditure tracking covered in this report was that of three government financial years 2014/15, 2015/16, and 2016/17. WASH-FIN carried out the study in two phases, one in 2017 covering the financial years 2014/15 and 2015/16 and the other in 2018/19 covering expenditure for the financial year 2016/17. In Kenya, the government fiscal year begins on July 1 and ends on June 30 in the following year. Water, sanitation, and support services were considered in the study, but hygiene and water resources management were not covered. WASH expenditure by household and the private sector (excluding NGOs) was also not included in the study.

3.3 CLASSIFICATIONS USED TO BUILD THE WASH-ACCOUNTS

This study adopted the classifications recommended in the TrackFin guidance document developed by the GLAAS Team at the WHO. These classifications capture the different dimensions of WASH

[8] Prat, M. A.; Trémolet, S.; Ross, I. 2015. How to Do Value for Money Analysis for Water, Sanitation and Hygiene (WASH) Programmes - Guidance Note. London School of Hygiene & Tropical Medicine (LSHTM), OXFAM, Oxford Policy Management (OPM), University of Leeds, UKAid. 44 p. http://vfm-wash.org/vfm-guidance-note/

expenditure. The classifications cover three broad dimensions of viewing expenditure, consisting of financing, production (or provision), and use (consumption). The financing dimension has expenditure classifications in terms of financing units (financing entities) and types of financing provided. The production dimension is given in terms of providers of WASH services and costs categories. It specifies what is being produced by whom and at what costs. Finally, the use is further divided into types of WASH services and the different uses of these services. It shows what is being consumed by whom.

The summary of the classes and their definitions are given in Table 3.1.

TABLE 3.1: CLASSIFICATION OF WASH EXPENDITURE

CODE	NAME	DESCRIPTION
FU	Financing units	Institutional entities that provide funding to the sector. They mobilize funding to pay WASH service providers. They may allocate funds directly to service providers or channel them through other financing units. These entities include users, government ministries and agencies at the national and county levels, bilateral and multilateral partners, and NGOs and community-based organizations (CBOs).
FT	Financing Types	Type of funding for WASH services, including tariffs for services provided, domestic public transfers, international public transfers, voluntary contributions, and concessionary repayable financing.
P	WASH service providers	Actors engaged in the production and delivery of WASH services. These would include government institutions providing support services to the sector. Network corporate providers, and NGOs and CBOs.
S.1	Water supply services	Water supply through large network systems.
S.2	Sanitation services	Sanitation through large network systems: • Construction of sanitation facilities in households and communities and connection to large sewage systems.
S.3	Support services	• Water and sanitation sector policymaking and governance. • Capacity building in water supply and sanitation.
S.4	Water resources management	Water resources protection.
C	Investment costs	Investment costs, operating and maintenance costs, financial costs, support, or software costs.

3.4 SAMPLING PROCEDURES AND DATA SOURCES

WASH_FIN engaged data analysts to collect data through a survey at the national level for both phase I and phase II, and at the county level for phase II only. In phase I, data was collected from the national level at the State Department of Water, WASREB, Water Sector Trust Fund (WSTF), the then WSBs (currently called WWDAs), and the Kenya Water and Sanitation Civil Society Network (KEWASNET). Although financing by development partners was included, data was not obtained directly from them but from the regional WSBs. Additionally, expenditure by WSPs was obtained from WASREB's Financial Information System (WARIS), which collects data from the WSPs.

In phase II, covering the expenditure for 2016/17, a sample of entities at the national level and counties were selected by the Technical Committee (WASH Accounts Team). The following provided the data used in this report.

TABLE 3.2: SOURCES OF DATA COLLECTED

SOURCE NAME	TYPE OF DATA OBTAINED
WWDA (formerly WSBs)	• Recurrent and development expenditure from government and partner sources
WASREB	• Own expenditure

SOURCE NAME	TYPE OF DATA OBTAINED
	• Income and expenditure of 88 WSPs
WSTF	• Own expenditure • Financial transfers to WSPs, CBOs, and counties from different sources
Ministry of Water and Sanitation	• Recurrent and development expenditure
National Treasury	• Expenditure by the 47 counties on water, sanitation, and support services
County departments responsible for water and sanitation (Nairobi, Kiambu, Kitui, Nyeri, Kisumu, Bungoma, Nakuru, Isiolo, and Kilifi)	• Recurrent and development expenditure from government grants.

3.5 DATA LIMITATIONS

Data on hygiene was not included in the study, including the spending by the Ministry of Health on sanitation. Additionally, the study did not include the household and private sector due to the lack of resources to undertake such a survey. The data collected was not distinguished by rural and urban areas. Water resources management services were not included in this report to allow for comparison across the years.

3.6 DATA PROCESSING AND ANALYSIS

The expenditure data collected by the data analysts was first captured in Excel spreadsheets to allow for processing in the format that is required for the WASH Accounts Production Tool (WAPT). The analysts then transferred the data to the WAPT, which was developed to facilitate data processing in for the report writing. It provides step-by-step guidance along the estimation process and makes it easier to monitor the cross-checking among the different classification axes. The tool facilitated the production of WASH accounts tables for reporting. The WASH accounts tables produced are similar across countries, and they allow for comparability among countries.

4.0 WASH ACCOUNTS FINDINGS

4.1 HOW IS FUNDING CHANNELED IN THE WASH SECTOR?

The funding of WASH services is channeled through different actors at different stages. The flow of WASH financing is shown in Figure 4.1.

FIGURE 4.1: ACTORS AND FINANCIAL FLOWS FOR WASH

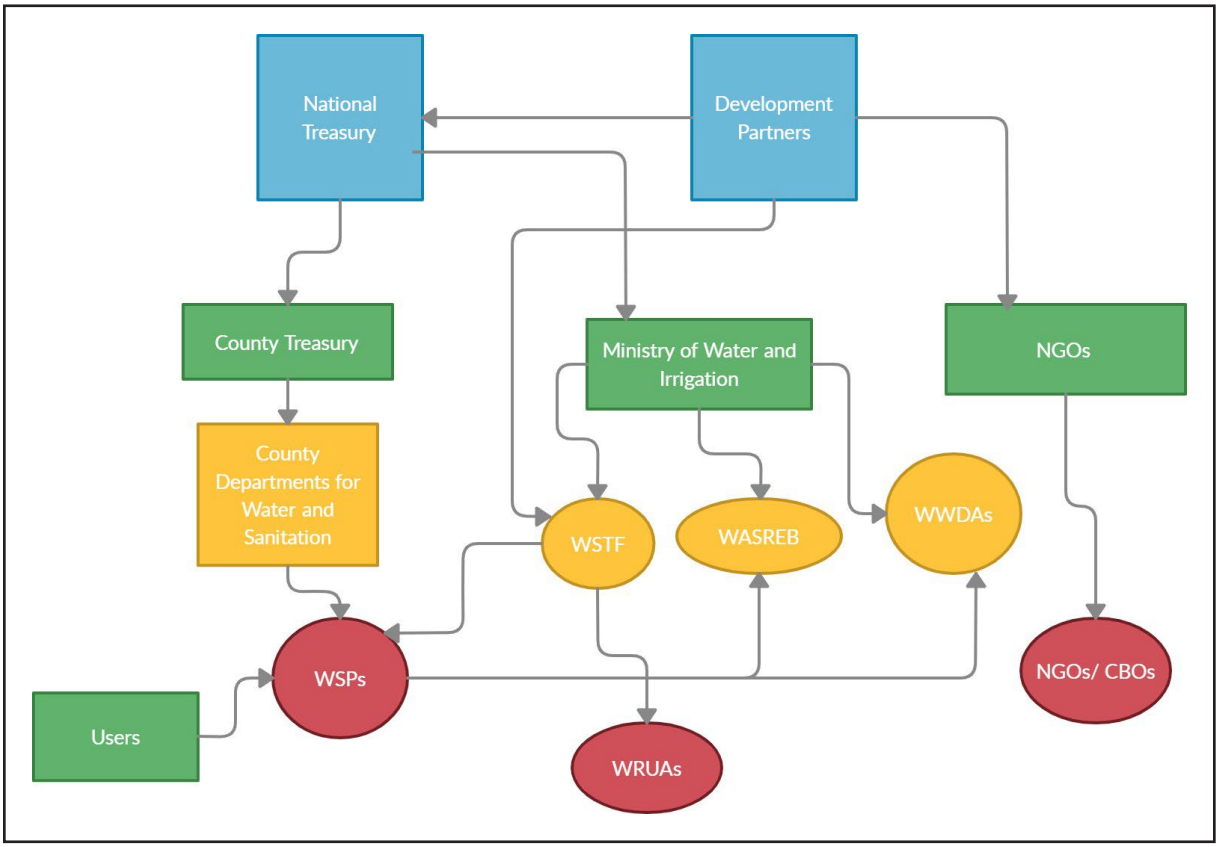


Figure 4.1 shows the main sources called financing units. These include the national government (through National Treasury), the County Governments, development partners (which include bilateral and multilateral agencies), and international foundations and NGOs. Financing from the national government, including bilateral and multilateral agencies, is channeled through the Ministry of Water Sanitation and Irrigation. Service providers under the Ministry of Water then receive financing for undertaking the different WASH activities. The providers consist of various departments within the Ministry of Water Sanitation and Irrigation, Kenya Water Institute, WWDAs, WASREB, and WSTF. The bilateral financing units also provide funds to NGOs and civil society organizations (CSOs). NGOs and CSOs also receive financing from international foundations and international NGOs. The other channel is the country level; through the budget process, County Governments provide funding for water and sanitation through county departments responsible for WASH. Financing by the County Government is derived from the National Treasury and the County Government's own revenue. Lastly, users are key to the services funding through payment of tariffs for the water and sewerage services provided by the WSPs.

4.2 SUMMARY INDICATORS

The study results are presented in sub-sections consisting of total expenditure in each of the three years: expenditure by type of WASH services; expenditure by type of WASH service provider; expenditure by type of costs; expenditure by financing units; and expenditure by type of financing.

4.3 WHAT IS THE TOTAL WASH EXPENDITURE IN THE SECTOR AT THE NATIONAL LEVEL?

The total expenditure for water and sanitation, including support services, was KES 52,654.36 million (US$598.35 million)[9] in 2014/15, KES 52,139.65 million (US$526.66 million) in 2015/16, and KES 63,759.40 million (US$616.15 million) in 2016/17. Figure 4.2 shows the trend in the expenditure in the three financial years.

FIGURE 4.2: TREND IN TOTAL ANNUAL WASH EXPENDITURE

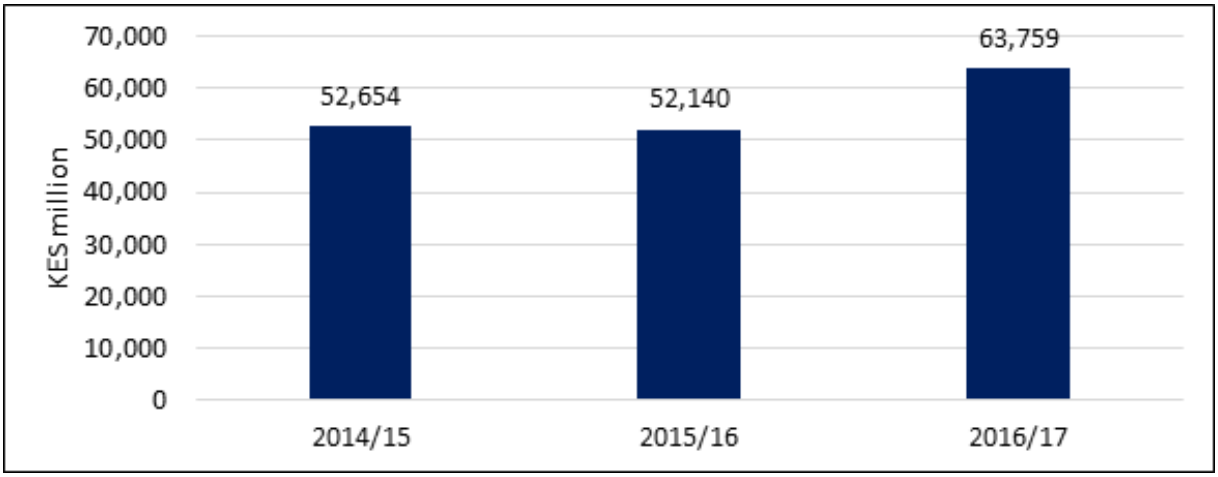


Figure 4.2 shows that the expenditure between the financial years 2014/15 and 2015/16 did not change much. However, there was a rise in expenditure between 2015/16 and 2016/17, attributed mainly to the increase in expenditure by NGOs and County Governments. In terms of US dollars, there was a significant reduction in expenditure between the financial years 2014/15 and 2015/16. This was attributed mainly to depreciation in the local currency against the US dollar, though there was also a decline in the expenditure on WASH services between these years. The summary of important indicators is shown in Table 4.1.

TABLE 4.1: SUMMARY INDICATORS

INDICATOR	2014/15	2015/16	2016/17
Government expenditure (KES million)	1,594,500	1,793,740	2,315,960
Government expenditure (US$ million)	18,119	18,119	22,381
GDP (KES million)	5,843,416	6,653,574	7,583,668
GDP (US$ million)	66,402	67,208	73,286
Population (thousands)	43,019	44,029	45,039

[9] KES 88 = US$1 in 2014/15; KES 99 = US$1 in 2015/16; KES 103.48 = US$1 in 2016/17.

INDICATOR	2014/15	2015/16	2016/17
Total WASH expenditures (KES million)	52,654	52,140	63,759
Total WASH expenditures (US$ million)	598.35	526.66	616.15
Total WASH expenditures per capita (KES)	1,224	1,184	1,416
Total WASH expenditures per capita (US$)	13.91	11.96	13.68
Total expenditures in water (KES million)	41,087	41,914	46,280
Total expenditures in water (US$ million)	466.9	423.37	447.23
Expenditure water as percentage of total WASH	78.03%	80.39%	72.59%
Total expenditures in water per capita (KES)	955.09	951.96	1,027.55
Total expenditure in water per capita (US$)	10.85	9.62	9.93
Total expenditures in sanitation (KES million)	4,822	3,843	5,599
Total expenditures in sanitation (US$ million)	54.8	38.81	54.1
Expenditure sanitation as percentage of total WASH	9.16%	7.37%	8.78%
Total expenditures in sanitation per capita (KES)	112.09	87.27	124.31
Total expenditures in sanitation per capita (US$)	1.27	0.88	1.2
Total WASH expenditure as percentage of GDP	0.90%	0.78%	0.84%
Total sanitation expenditures as percentage of GDP	0.08%	0.06%	0.07%
Ngor Declaration:: total hygiene and sanitation expenditures as percentage of GDP	0.50%	0.50%	0.50%
Total government expenditure in WASH (KES million)	19,991	17,840	25,118
Total government expenditure in WASH (US$ million)	227	180	243
Total government expenditure in WASH as percentage of total government expenditure	1.25%	0.99%	1.08%
Total government WASH expenditure as percentage of GDP	0.34%	0.27%	0.33%
Total government expenditures in WASH per capita (KES)	465	405	558
Total government WASH expenditure per capita (US$)	5.28	4.09	5.39
Total national government planned WASH resource requirements (MWS Strategic Plan 2013–2017) (KES million)	83,344	89,623	96,544
Total national government WASH budget (KES million)	15,280	14,865	15,633
Total national government WASH expenditure (KES million)	10,368	8,057	11,857
Total national government WASH expenditure as percentage of planned resource requirements	12.44%	8.99%	12.28%
Total national government WASH expenditure as percentage of budget	67.85%	54.20%	75.85%

The annual expenditure translated to a per capita of KES 1,208 (US$13.72) in 2014/15, KES 1,164 (US$11.76) in 2015/16, and KES 1,386 (US$13.39) in 2016/17. The per capita expenditure for other African countries based on the GLAAS report of 2017 was US$152 for South Africa in 2016, US$52 for Ghana in 2016, US$22 for Lesotho in 2015, and US$10 for Zambia in 2016. In all these countries, the

expenditure sources consisted of households, government, and development partners. At the same time, the per capita for Kenya in the three financial years of this report did not include household investment in water and sanitation.

The WASH expenditure as a percent of Kenya's GDP was 0.90% in 2014/15, 0.78% in 2015/16, and 0.84% in 2016/17. These percentages are below 1.5% of GDP that African leaders in 2015 committed to allocating to WASH).[10] GLAAS Report of 2017 indicated that in 2016, WASH expenditure was 2.61% of GDP in South Africa, 3.72% in Ghana, and 0.73% in Zambia, with Lesotho spending 2.12% in 2015.

4.4 HOW ARE FUNDS DISTRIBUTED TO THE WASH SECTOR AND WHO USES THEM?

4.4.1 WASH EXPENDITURE BY SUBSECTOR

The distribution of the expenditure by the different cost types of services is shown in Table 4.2.

TABLE 4.2: EXPENDITURE BY WASH SERVICES

SERVICES	2014/15		2015/16		2016/17	
	KES Million	Percent	KES Million	Percent	KES Million	Percent
Water supply services	41,087.12	78.0%	41,914.04	80.4%	46,279.80	72.6%
Sanitation services	4,822.21	9.2%	3,842.52	7.4%	5,598.72	8.8%
Support services	6,745.03	12.8%	6,383.09	12.2%	11,880.88	18.6%
Total	**52,654.36**	**100%**	**52,139.65**	**100%**	**63,759.40**	**100%**

Table 4.2 shows that water services accounted for the largest expenditure in each of the three financial years (78% in 2014/15, 80% in 2015/16, and roughly 73% in 2016/17). The percentages notwithstanding, the table shows increasing trends in expenditure in water services over the three years, with a marginal increase between 2014/15 and 2015/16. Expenditure on sanitation is shown to have been slightly below 10% in each of the years, with the actual amount spent decreasing between 2014/15 and 2015/16 and then increasing between 2015/16 and 2016/17. Although the amount spent on support services did not differ much in 2014/15 and 2015/16, there was a significant increase in 2016/17 due to increases in County Government recurrent expenditure for water and sanitation departments, NGO/CSO support expenditure, and WWDAs support services. These results underscore prioritization given to the different WASH services where sanitation is least prioritized in terms of expenditure which is reflected in the low coverage of sanitation at roughly 31% nationally.

4.4.2 WASH EXPENDITURE BY TYPE OF SERVICE PROVIDER

The water and sanitation expenditure of service providers is presented in Figure 4.2 and Figure 4.3. The services provided included water, sanitation, and support. The national and county governments provided mainly support services.

[10] UNICEF Malawi. (2019). *2018/19 WASH Budget brief: Investing in water and sanitation for all Malawians* (Issue January). https://www.unicef.org/malawi/media/361/file/WASH Budget Brief.pdf

FIGURE 4.2: TREND IN ANNUAL WASH EXPENDITURE BY TYPE OF SERVICE PROVIDER

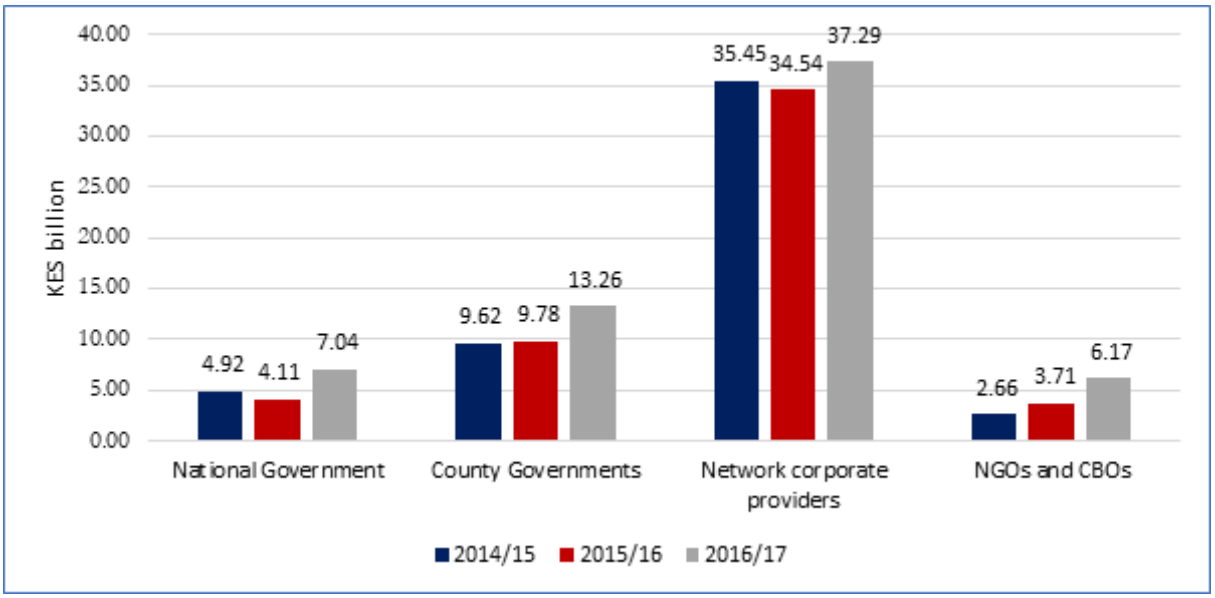


FIGURE 4.3: PERCENTAGE SPENDING BY SERVICE PROVIDERS 2014/15–2016/17

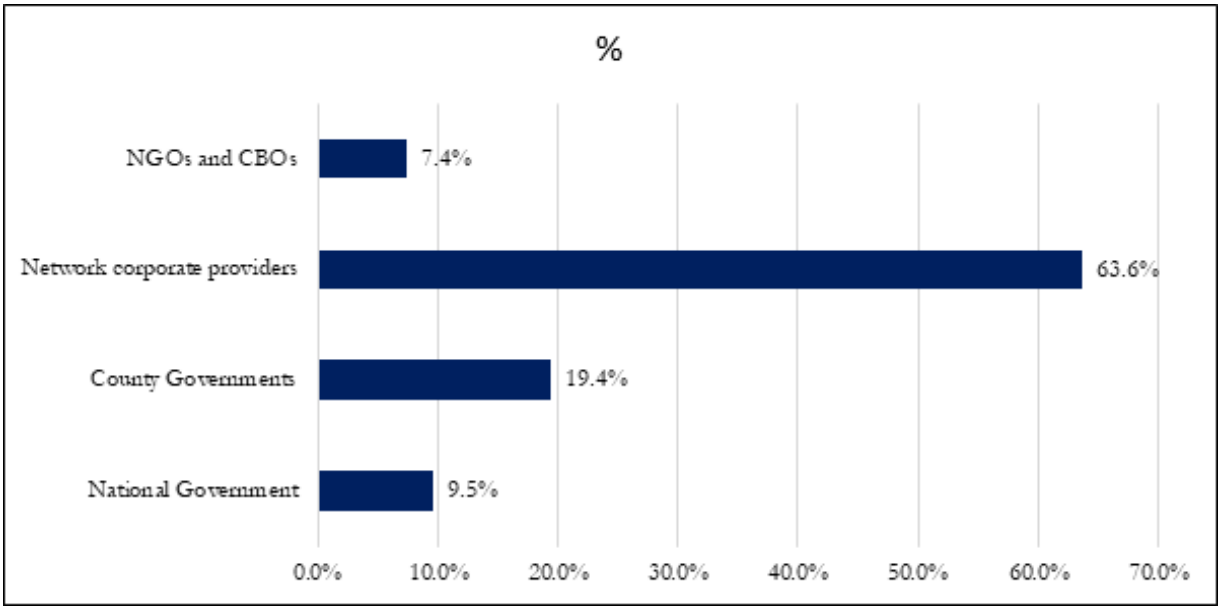


Figure 4.2 shows the total expenditure in each of the years by the type of service provider, while Figure 4.3 shows the percentage for the aggregate expenditure in the three years for each of the service providers, where the WSPs accounted for over 60% of the total expenditure.

The corporate network providers, consisting of the 88 WSPs that report to WASREB through the WARIS System, accounted for the largest expenditure in each year as compared to the other types of providers. Expenditure for water services declined between 2015/15 and 2015/16 and increased between 2015/16 and 2016/17. The county governments, as service providers, took the second- largest share with the expenditure covering both recurrent and development for the departments responsible

for water and sanitation. National government agencies consisting of the Ministry of Water and Sanitation, WWDAs, WASREB, and WSTF accounted for the third-largest part of the expenditure, mainly in terms of support service they provided to the WASH sector. NGOs and CBOs took 7% of expenditure as providers of WASH services in the three years.

4.4.3 WASH EXPENDITURE BY TYPE OF EXPENDITURE CATEGORIES (COSTS)

Table 4.4 shows the categories of costs for the WASH expenditure in the three years. The distribution of the costs by WASH series is presented in Table 4.5.

TABLE 4.4: EXPENDITURE BY TYPE OF COST CATEGORIES

COST	2014/15		2015/16		2016/17	
	KES Million	Percent	KES Million	Percent	KES Million	Percent
Investment costs	24,643.22	46.8%	25,863.10	49.6%	31,416.50	49.3%
Operations and maintenance costs	21,206.90	40.3%	19,893.47	38.2%	20,462.02	32.1%
Support or software costs	6,804.24	12.9%	6,383.09	12.2%	11,880.88	18.6%
	52,654.36	**100%**	**52,139.65**	**100%**	**63,759.40**	**100%**

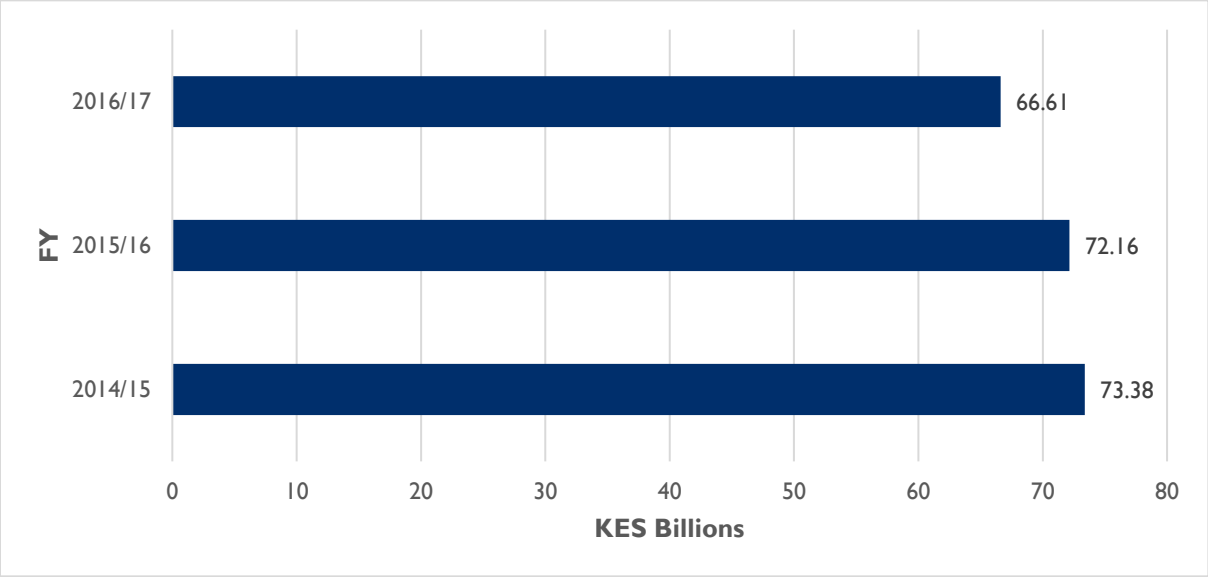
TABLE 4.5: WASH COSTS BY SERVICES

SERVICES	YEAR	INVESTMENT COSTS	OPERATIONS AND MAINTENANCE COSTS	SUPPORT OR SOFTWARE COSTS	TOTAL
Water supply services	2014/15	22,329.78	18,757.34		41,087.12
Water supply services	2015/16	24,590.96	17,323.09		41,914.04
Water supply services	2016/17	25,145.19	17,850.14		42,995.33
Sanitation services	2014/15	2,373.65	2,449.56		4,822.21
Sanitation services	2015/16	1,272.14	2,570.38		3,842.52
Sanitation services	2016/17	2,986.84	2,611.88		5,598.72
Support services	2014/15			6,745.03	6,745.03
Support services	2015/16			6,383.09	6,383.09
Support services	2016/17			6,367.82	6,367.82

Investment costs, consisting of new infrastructure and large maintenance/replacement costs, was the main category of expenditure incurred at about 47% of total expenditure in 2014/15, increasing to about 50% in 2015/16 and about 49% in 2016/17. Table 4.4 also shows that the amount of expenditure flowing to investment for water and sanitation services. Though almost stagnant between 2014/15 and 2015/16, there was an increase in 2016/17. The second-largest cost category was operations and maintenance, whose expenditure accounted for 40%, 38%, and 32% in 2014/15, 2015/16, and 2016/17, respectively. Support services were about 12% in both 2014/15 and 2015/16 and increased significantly to about 19% in 2016/17.

The National Water Master Plan 2030 indicates that the country requires financial investment amounting to KES 1,764.4 billion for water and sanitation for the period 2013/14–2030/31. This translates to an average KES 98 billion in required investment every year. The results showed that investment expenditure as a percentage of required investment was 25.1% in 2014/15, 25.4% in 2015/16, and 32.1% in 2016/17, translating into a funding gap of KES 73.38 billion, KES 72.16 billion, and KES 66.61 billion, respectively (see Figure 4.4). Therefore, the financing gap in relation to the target of KES 98 billion annually, as projected in the Water Master Plan 2030, is still huge.

FIGURE 4.4: TREND FINANCING GAP FOR WATER AND SANITATION INVESTMENT



4.5 WHO PAYS FOR WASH SERVICES?

4.5.1 WASH EXPENDITURE BY FINANCING UNITS

Financing units are entities that provide financial resources used in the WASH sector. Table 4.6 shows the expenditure and percentage contribution from different financing units during the years under study.

TABLE 4.6: WASH EXPENDITURE BY FINANCING UNITS

FINANCING UNIT	2014/15		2015/16		2016/17	
	KES Million	Percent	KES Million	Percent	KES Million	Percent
Served users	17,275.28	32.81%	19,396.08	37.20%	20,692.41	32.45%
National Government of Kenya (GoK)	10,368.36	19.69%	8,056.73	15.45%	11,856.96	18.60%
County governments	9,622.87	18.28%	9,783.15	18.76%	13,260.64	20.80%
Network corporate providers	111.32	0.21%	436.37	0.84%	858.28	1.35%
Bilateral and multilateral partners	14,074.73	26.73%	12,705.51	24.37%	13,709.14	21.50%
NGOs and CBOs	1,201.79	2.28%	1,761.80	3.38%	3,381.97	5.30%
Total	**52,654.36**	**100%**	**52,139.65**	**100%**	**63,759.40**	**100%**

The users of water and sanitation services, both domestic and non-domestic, were the main sources of expenditure in the WASH sector. The users contributed at KES 17,275.28 million (US$174.50 million; 32.8%) in 2014/15, KES 19,396.08 million (US$ 195.12million; 37.2%) in 2015/16, and KES 20,692.41 million (US$199.97 million; 32.5%) in 2016/17. As shown, the contribution to expenditure from this financing unit has been increasing over time in absolute terms.

The multilateral and bilateral partner sources accounted for the second-largest share of expenditure, at 14,074.73 million (US$142.17 million; 26.7%) in 2014/15, KES 12,705.51 million (US$128.34 million; 24.4%) in 2015/16, and KES 13,709.14 million (US$13,709.14 million; 21.5%) in 2016/17. Although the amount of funding from the multilateral and bilateral partners increased slightly between 2015/16 and 2016/17, the relative percentage reduced over the years. It should be noted that most of the financing from bilateral and multilateral partners consisted of mainly repayable loans sourced and being repaid by the national government.

In 2014/15, the national government was the third-largest financing unit, followed by the county governments. However, in 2015/16 and 2016/17, the county governments overtook the national government as the third-largest financing unit. The NGOs/CBOs as a financing unit was as follows: 2014/15 (2.3%), 2015/16 (2.3%), and 2016/17 (5.3%).

4.5.2 WASH EXPENDITURE PER FINANCING TYPES

TABLE 4.7: WASH EXPENDITURE BY FINANCING TYPES

FINANCING TYPE	2014/15		2015/16		2016/17	
	KES Million	Percent	KES Million	Percent	KES Million	Percent
Tariffs for services provided	17,275.28	32.81%	19,396.08	37.20%	20,692.41	32.45%
Domestic public transfers (GoK and County)	19,991.23	37.97%	17,839.88	34.22%	25,117.60	39.39%
International public transfers (development partners in forms of grants)	1,552.08	2.95%	2,261.27	4.34%	5,206.55	8.17%
Voluntary contributions (philanthropists)	1,201.79	2.28%	1,761.80	3.38%	3,381.97	5.30%
Repayable financing (loans from multilateral and bilateral sources)	12,522.65	23.78%	10,444.24	20.03%	8,502.59	13.34%
Providers' own funds	111.32	0.21%	436.37	0.84%	858.28	1.35%
Total	**52,654.36**	**100%**	**52,139.65**	**100%**	**63,759.40**	**100%**

Table 4.7 shows that domestic public transfers and tariffs play a very important role in the financing of WASH services in the country. In 2014/15, domestic public transfers accounted for the largest (38%) share of the total expenditure, followed by tariffs (32.8%) and repayable financing (loans borrowed by national government) (23.8%). However, in 2015/16, tariffs became the leading type of financing at 37.2% of the expenditure, overtaking domestic public transfers, which accounted for 34.2% of total expenditure. Although repayable financing maintains the third position in its contribution to the total expenditure, it declined in percentage throughout the three years.

International public transfers in terms of grants to the sector was 8.2% of the expenditure in 2016/17, a significant increase compared to 2014/15 (2.9%) and 2015/16 (4.3%). Voluntary contributions, mainly from international NGOs, showed an increasing trend, accounting for 2.3% in 2014/15, 3.4% in 2015/16, and 5.3% in 2016/17.

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS AND POLICY IMPLICATIONS

This expenditure tracking study employed the TrackFin methodology which provides the classifications of expenditure to answer four key questions on total WASH expenditure, the expenditure on different WASH services, and the sources of financing and type of financing provided. The summary conclusions to the four questions are:

i. What is the total expenditure in the WASH sector?
The total expenditure for water and sanitation, as well as support services activities, was KES 52,654.36 million, KES 52,139.65 million, and KES 63,759.40 million in 2014/15, 2015/16, and 2016/17, respectively. This shows an increasing trend in expenditure over time.

ii. Who pays for WASH services and how much do they pay?
Users of WASH services are the highest contributors through tariffs, followed by development partners, national government, and county governments.

iii. Which entities are the main funding channels for the WASH sector?
The results revealed that the national government was the predominant channel of funding for the WASH sector with 38% of the funding in the three years. The national government provided funding through its own revenue from taxes and loans for WASH investment. The second channel of funding was users (34%), followed by county governments (19%) and NGOs (9%).

iv. How are funds distributed to the different WASH services and expenditure types?
Water services dominated the funding in each of the three years with an average of 77%. Support services accounted for 15% and sanitation services made up the remaining 8%.

In addition to these conclusions, the total expenditure was shown to have consistently fallen below the required level of financing to achieve the goals set in Kenya's 2030 roadmap. Sanitation is more underfunded compared to water services. The low priority given to sanitation is reflected by the low level of sewerage coverage at 16% of the population.

5.2 RECOMMENDATIONS

The results demonstrate that the country has a long way in reaching the required financing level for water and sanitation. The implication is that without significant additional funding for the sub-sector, the country will not reach its targets on water and sanitation by 2030. Some key recommendations include:

i. The national government and county governments should consider increasing allocation from tax revenue for WASH. Experience shows that as countries develop, the primary catalyst for increased WASH service provision is public investment.

ii. The country should prioritize domestic and sustainable ways of financing the sub-sector by utilizing tariffs and domestic grants. This TrackFin study shows that users through tariffs are a major source of WASH funding. There is an opportunity to enhance this source by ensuring that the sector applies principles of cost recovery and a business approach in managing services. This should be done while balancing affordability with a focus on ensuring pro-poor policies are adopted.

iii. Explore other domestic ways of financing the sub-sector, such as commercial financing. The WASH sector must act on establishing the foundational work required to access commercial financing. These include entrenching good governance, accountability, climate-smart approaches, and a commercial approach in the sector.

iv. Increase collaboration between various government entities to create more momentum and understanding to close the financing gaps for universal WASH coverage. According to the 2017 GLASS Report[11], TrackFin is more successful when key government officials and entities are supportive of the process.

v. Renew the effort to increase funding for sanitation services through a mix of funding approaches without reducing allocation to water services. Funding for sanitation is low, while coverage is also very low in Kenya.

vi. To improve WASH expenditure tracking, the following recommendations should be considered:

- Explore the possibility of including WASH expenditure in the Kenya Integrated Household Budget Survey.
- Survey households to make an estimate of their financing amount of WASH.
- Estimate WASH financing by the private sector.
- Include expenditure on hygiene component, which was not considered in this study.
- Collect and analyze data by rural and urban areas.
- Engage stakeholders to facilitate data collection. This should include main sources of financing such as development partners, county governments, international and local NGOs, Kenya National Bureau of Statistics, and the National Treasury.

[11] World Health Organization. (2017). Financing universal water, sanitation and hygiene under the sustainable development goals. GLASS 2017 Report. WHO: Geneva.

ANNEX A: TRACKFIN CLASSIFICATIONS

CODE	NAME	DESCRIPTION
FU	**Financing units**	**Institutional entities that provide funding to the sector. They mobilize funding to pay WASH service providers. They may allocate funds directly to service providers or channel them through other financing units**
FU.1	Users	WASH service users, which are either served by a service provider or self-provide services such as on-site sanitation. They either pay up-front through initial investments (in a well or private latrine, for example) or purchase services from a variety of providers including water tankers. This category can be further disaggregated into sub-categories between Served users and Self-supplied users, and between domestic and non-domestic users.
FU.1.1	Served users	Users that receive WASH services from a service provider. They are typically served through a water and/or sewerage network and pay a tariff to their service provider as customers. But they can also be served by alternative providers such as water kiosks operating standpipes or water tankers and pay them a tariff. This category can be further disaggregated into 2 sub-categories: FU1.1.1 Served Domestic users and FU1.1.2 Served non-domestic users.
FU.1.1.1	Served domestic users	Households that receive WASH services from a service provider. They are typically served through a water and/or sewerage network and pay a tariff to their service provider as customers. But they can also be served by alternative providers such as water kiosks operating standpipes or water tankers and pay them a tariff.
FU.1.1.2	Served non-domestic users	Non-domestic users that receive WASH services from a service provider. These users include institutional users (government agencies such as ministries, hospitals, schools), voluntary organizations such as NGOs or CBOs, foundations, and industrial and commercial users. They are typically served through a water and/or sewerage network and pay a tariff to their service provider as customers. But they can also be served by alternative providers such as water kiosks operating standpipes or water tankers and pay them a tariff.
FU.1.1.nec	Other served users	
FU.1.2	Self-supplied users	Users that self-provide WASH services such as on-site sanitation or water. They pay up-front through initial investments (in a well or private latrine, for example), and then cover operating and maintenance costs themselves. Disaggregated into sub-categories: FU.1.2.1 Self-supplied domestic users and FU.1.2.2 Self-supplied non-domestic users.
FU.1.2.1	Self-supplied domestic users	Households that self-provide WASH services such as on-site sanitation or water.
FU.1.2.2	Self-supplied non-domestic users	Non-domestic users that self-provide WASH services such as on-site sanitation or water. These users include institutional users (government agencies such as ministries, hospitals, schools), NGOs or (CBOs), foundations, and industrial and commercial users.
FU.1.2.nec	Other self-supplied users	
FU.1.nec	Other users	
FU.2	National authorities	Public authorities at central government level, including relevant ministries such as the Ministry of Finance or Ministry of Water, or national institutions.

CODE	NAME	DESCRIPTION
FU.3	Regional authorities	Public authorities operating at the regional level.
FU.4	Local authorities (counties)	Public bodies operating in a smaller geographic area, such as a city, town, or district.
FU.5	Network corporate providers	Utilities that own and/or operate facilities for production and distribution of water and sanitation services through network systems for the public, as well as for bulk services. They may be either privately or publicly owned, mandated or independent, large medium or small, provide a public service or self-provide the service for their own use.
FU.6	Non-network corporate providers	Corporations that provide any small-scale WASH goods or services along the value chain through non-network systems. They take various organizational forms from cooperatives to private ventures and may be formal or informal.
FU.7	Economic and quality regulators	Public authorities responsible for overall supervision of the WASH sector in areas such as control of tariffs, water quality, and competition throughout the sector.
FU.8	Bilateral and multilateral donors	Governments providing official development assistance directly to a country or through multilateral international institutions (UN, World Bank, or regional development banks).
FU.9	NGOs and CBOs	Non-profit organizations that seek to complement WASH public services. They usually have a formal structure and offer services beyond their own membership.
FU.10	Banks and financial institutions	A financial institution that provides banking services, such as taking deposits and providing credit facilities and loans to individuals and/or small businesses and corporations.
FU.nec	Other financing units	
FT	**Financing Types**	**Type of funding for WASH services**
FT.1	Tariffs for services provided	Payment by users to service providers for access to and use of a service. Disaggregated into two sub-categories: FT1.1 Domestic tariffs for services provided, FT1.2 non-domestic tariffs for services provided.
FT.1.1	Domestic Tariffs for services provided	Payment made by households to service providers for access to and use of a service.
FT.1.2	Non-domestic Tariffs for services provided	Payment by non-domestic users to service providers for access to and use of a service. These users include institutional users (government agencies such as ministries, hospitals, schools), voluntary organizations such as NGOs or CBOs, foundations, and industrial and commercial users.
FT.1.nec	Other tariffs for services provided	
FT.2	User expenditure on self-supply	Funding from users to invest in or provide the service themselves. Self-providing users have to pay an initial investment up-front (in a well, a private water production system, or a private latrine) for access to the service and must then cover operating and maintenance costs themselves; this can be in form of cash, material, or time. This category can be further disaggregated into two sub-categories: FT2.1 Domestic user expenditure on self-supply, FT2.2 non-domestic user expenditure on self-supply.

CODE	NAME	DESCRIPTION
FT.2.1	Domestic User expenditure on self-supply	Funding from households to invest in or provide the service themselves. Self-provided household users have to pay an initial investment up-front (in a well, a private water production system, or a private latrine) for access to the service and must then cover operating and maintenance costs themselves; this can be in form of cash, material, or time.
FT.2.2	Non-domestic User expenditure on self-supply	Funding from non-domestic users to invest in or provide the service themselves. They have to pay an initial investment up-front (in a well, a private water production system, or a private latrine) for access to the service and must then cover operating and maintenance costs themselves; this can be in form of cash, material, or time. These users include institutional users (government agencies such as ministries, hospitals, schools), voluntary organizations such as NGOs or CBOs, foundations, and industrial and commercial users.
FT.2.nec	Other user expenditure on self-supply	
FT.3	Domestic public transfers	Public transfers from government agencies (central or local government) to WASH actors. These are often subsidies from taxes or other sources of government revenue. This category includes grants and excludes concessionary loans that are entirely included in FT6 Repayable Financing.
FT.4	International public transfers	Voluntary donations (or grants) from public donors and multilateral agencies that come from other countries. Concessionary loans are excluded from this category and entirely included in FT6 Repayable financing.
FT.5	Voluntary contributions	Voluntary donations (or grants) from international and national non-governmental donors including from charitable foundations, NGOs, CSOs, and individuals (remittances). This category includes grants and excludes concessionary loans that are entirely included in FT6 Repayable Financing.
FT.6	Repayable financing	Sources of finance from private or public sources that ultimately need to be repaid, such as loans (including concessionary loans and guarantees), equity investments, or other financial instruments such as bonds. This category can be divided into two sub-categories: FT6.1 Concessionary repayable financing, and FT6.2 non-concessionary repayable financing.
FT.6.1	Concessionary Repayable financing	Concessionary repayable financing includes repayable flows that convey a grant element of a least 25%, calculated at a rate of discount of 10%.
FT.6.2	Non-concessionary Repayable financing	Repayable financing which does not include a grant element of at least 25%.
FT.6.nec	Other repayable financing	
FT.nec	Other financing types	
P	**WASH service providers**	**Actors engaged in the production and delivery of WASH services. These would include government institutions providing support services to the sector.**
P.1	Government agencies	Government providers including public agencies such as ministries, hospitals, or schools, as well as self-providing municipalities (i.e.,

CODE	NAME	DESCRIPTION
		those operating the service directly rather than through a corporate entity). This would include government institutions providing support services to the sector in domains such as policymaking, planning, or regulation. Disaggregated into sub-categories such as P1.1 National authorities, P1.2 Regional authorities, and P1.3 Local authorities.
P.1.1	National authorities	Government providers operating at national level. These include public agencies such as ministries, hospitals, or schools, as well as self-providing municipalities (i.e., those operating the service directly rather than through a corporate entity). This would include government institutions providing support services to the sector in domains such as policymaking, planning, or regulation.
P.1.2	Regional authorities	Government providers operating at regional level. These include public agencies such as ministries, hospitals, or schools, as well as self-providing municipalities (i.e., those operating the service directly rather than through a corporate entity).
P.1.3	Local authorities (County governments)	Government providers at local level. These include public agencies such as ministries, hospitals, or schools, as well as self-providing municipalities (i.e., those operating the service directly rather than through a corporate entity). This would include government institutions providing support services to the sector in domains such as policymaking, planning, or regulation.
P.1.nec	Other government agencies	
P.2	Network corporate providers	Utilities that own and/or operate facilities for production and distribution of water and sanitation services through network systems for the public, as well as for bulk services. They may be either privately or publicly owned, mandated or independent, large, medium, or small in size, providing either a public service or self-providing the service for their own use.
P.3	Non-network corporate providers	Corporations that provide any small-scale WASH goods or services along the value chain through non-network systems. They usually involve low-skilled labor and a low level of initial investment. Taking various organizational forms from cooperatives to private ventures, they may be formal or informal. This category would include estate developers involved in infrastructure construction.
P.4	NGOs and CBOs	Non-profit organizations seeking to complement WASH public services. They usually have a formal structure and offer services beyond their own membership. In most cases, they are registered with national authorities. CBOs habitually operate within a local area.
P.5	Self-provided users	Users providing services themselves. These may be domestic (household) or non-domestic (institutional, industrial, or commercial) users. They pay an initial investment up-front for access to a well, private latrine, or a private system, and then cover operating and maintenance costs themselves. Disaggregated into two sub-categories: P5.1 Domestic self-provided users, and P5.2 non-domestic self-provided users.
P.5.1	Domestic Self-provided users	Households that self-provide WASH services such as on-site sanitation or water. They pay up-front through initial investments (in a well or private latrine, for example), and then cover operating and maintenance costs themselves.
P.5.2	Non-domestic Self-provided users	Non-domestic users that self-provide WASH services such as on-site sanitation or water. These users include institutional users

CODE	NAME	DESCRIPTION
		(government agencies such as ministries, hospitals, schools), voluntary organizations such as NGOs or CBOs, foundations, and industrial and commercial users.
P.5.nec	Other self-provided users	
P.nec	Other WASH providers	
S1	Water supply services	Water supply through large network systems including: • Collection of rainwater and water from various sources such as rivers, lakes, wells • Purification of water for water supply purposes, desalination of sea/ groundwater by treatment plants • Storage of water • Large-scale transport/conveyance of water via pipelines • Distribution of water through mains (includes water pumping and transport via local water networks) • Management of water connections and consumer support activities Basic drinking water supply: • Collection of rainwater and water from various sources (rivers, lakes, wells) using hand-pumps, spring catchments, gravity-fed systems, rainwater collection and fog harvesting • Storage of water in tanks • Distribution of water through small distribution systems (pipes, wells, or trucks) or local neighborhood networks typically with shared connections/points of use • Management of water access points and consumer support activities
S.2	Sanitation services	Sanitation through large network systems: • Construction of sanitation facilities in households and communities and connection to large sewage systems • Collection of sewage by large scale sewer systems including trunk sewers, sewage pumping stations, and drains • Sewage treatment and disposal, including residual sludge disposal Basic Sanitation: • Promotion of sanitation, including demand promotion and sanitation marketing (excluding hygiene promotion if that can be disaggregated) • Construction of basic sanitation facilities in households and communities (latrines, septic systems) • Collection and transport of sludge from onsite facilities (pit emptying and cleaning services) • Treatment and disposal of sludge by fecal sludge treatment facilities
S.3	Support services	• Water and sanitation sector policymaking and governance, including: – Development of sector policies – Legislation: Definition and enforcement of drinking-water and discharge standards for municipal wastewater – Regulation of water and sanitation supply activities and service providers – Sector planning, including estimating future sector financial needs

CODE	NAME	DESCRIPTION
		– Administration of water and sanitation programs • Capacity building in water supply and sanitation
S.4	Water resources management	Water resources protection: • Collection and use of quantitative and qualitative data on water resources • Creation and sharing of water knowledge • Conservation and rehabilitation of inland surface waters (rivers, lakes), ground water and coastal waters • Prevention of water contamination River basin development: • Integrated River basin projects and related institutional activities; river flow control; dams and reservoirs
S.5	Hygiene services	Hygiene promotion: • Hygiene promotion programs by government or service providers, including handwashing campaigns, menstrual hygiene management and chlorine distribution Household-level hygiene activities: • Handwashing, bathing, washing clothes and washing material/ equipment (soap, tippy taps, bathrooms) • Point-of-use water treatment.
S.nec	Other WASH services	
C.1	Investment costs	Initial capital costs of putting new services in place, including 'hardware' such as pipes, toilets, and pumps, and one-off associated 'software' costs, such as for detailed design/engineering studies or associated training and consultation.
C.2	Operating and maintenance costs	Routine maintenance and operation costs to keep services running (wages, fuel, or any other regular purchases). Operating costs are the recurrent expenditure involved in providing WASH goods and services: labor, fuel, chemicals, materials, and purchases of bulk water. Maintenance costs are the routine expenditure needed to keep systems running at design performance but does not include major repairs or renewals which are not recognized as recurrent.
C.3	Large capital maintenance costs	Occasional large maintenance costs for the renewal, replacement, and rehabilitation of a system beyond routine repair and replacement costs. If this cost cannot be separated from capital expenditure (C1), it should be included with this category and explicitly identified as such.
C.4	Financial costs	This includes capital repayments and the cost of capital, including borrowing costs (interest on the loan) and the costs of equity (dividends if a return is paid to shareholders).
C.5	Support or software costs	Includes expenditure on direct and indirect support: • Direct support includes expenditure on both pre-and post-construction support activities directed to local-level stakeholders, such as training for community or private sector operators, users, or user groups. • Indirect support includes the cost of planning and policymaking at government level, including strengthening the skills and capacities of professionals and technicians. These costs have a direct impact on the long-term sustainability of projects.
C.6	Taxes	Includes taxes and fiscal contributions levied from service providers, such as:

CODE	NAME	DESCRIPTION
		• Taxes on production (corporate tax on profits, property tax, leasing tax for renting fixed assets, taxes for occupation of public grounds or in relation to employees). • Usage charges related to (or earmarked for) the sector such as royalties, levies, or duties for the use of water or the discharge of wastewater into water bodies. • Other charges on production levied for earmarked uses, such as social contribution.
C.nec	Other costs	

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