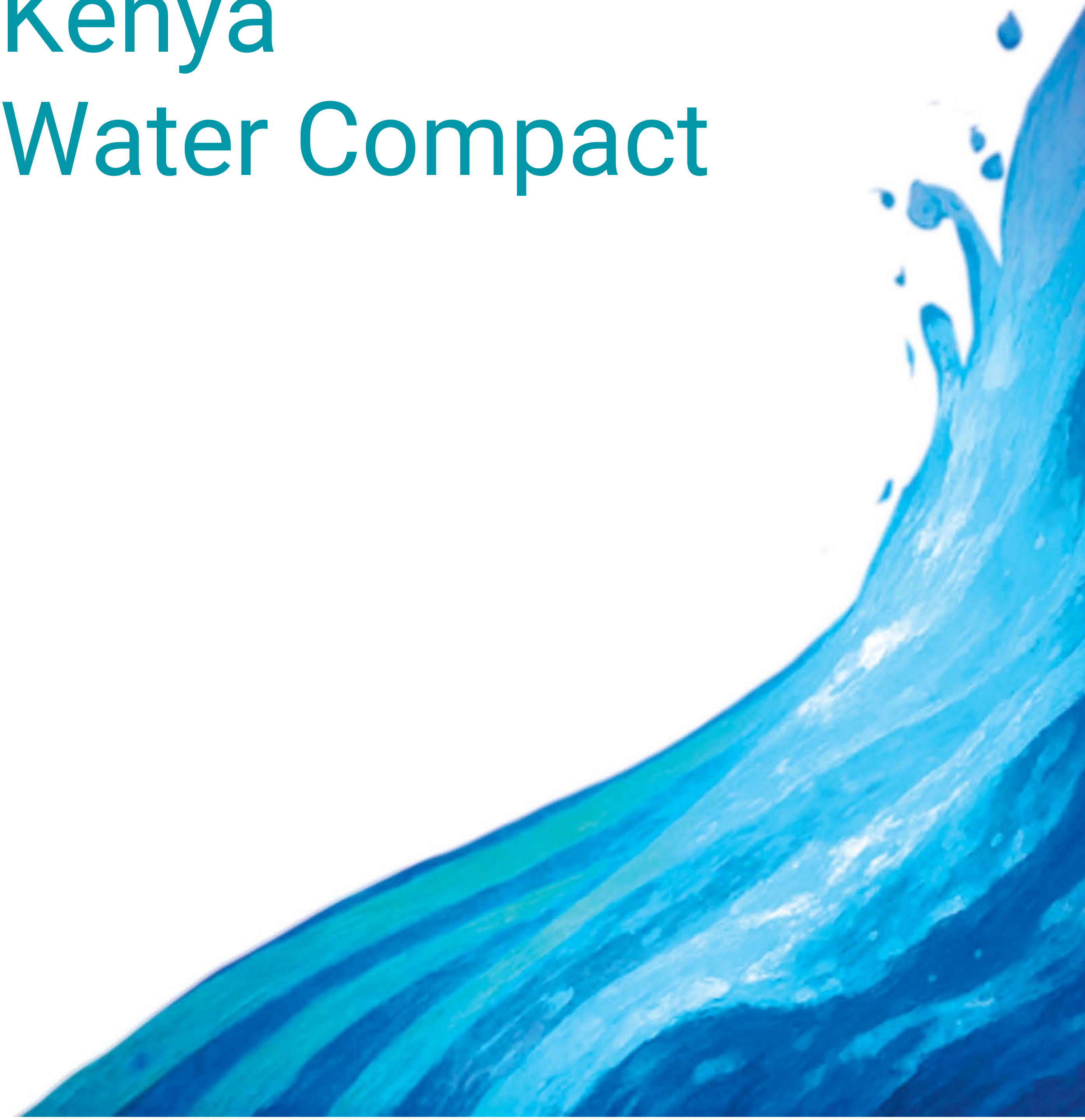
WATER FORWARD

Kenya
Water Compact



Republic of Kenya

MINISTRY OF WATER, SANITATION AND IRRIGATION

WATER AS A PATH TO PROSPERITY

Kenya's National Commitment to Water Security, Irrigation, and Inclusive Growth

A Chapeau to The Kenya Wash Compact (2026–2030) and the Kenya Irrigation and Water Security Compact (2026–2030)

APRIL 2026

PREAMBLE

Water is the foundation of Kenya's prosperity, underpinning human health, agricultural productivity, industrial growth and climate resilience. Yet millions of Kenyans still lack reliable access to safe drinking water and dignified sanitation, while agriculture remains largely dependent on increasingly erratic rainfall. This challenge is not inevitable; it is solvable with ambition, partnership and decisive investment.

Through two landmark commitments — the **Kenya WASH Compact (2026–2030)** and the **Kenya Irrigation and Water Security Compact (2026–2030),** the Government of Kenya has placed water at the centre of its national development agenda. Together, these Compacts represent the most comprehensive water sector programme in Kenya's history, mobilizing close to **US$ 10 billion** over five years to achieve universal access, strengthen food security, build climate resilience and create more than half a million jobs. They are both a national commitment and a global invitation to Development Partners, Investors, the Private Sector, County Governments and the citizens of Kenya to co-invest in a future where water becomes a driver of growth rather than a constraint.

The Stakes: Water Insecurity as Kenya's Binding Constraint

Kenya's water challenge is starkly quantified in the two Compacts. Barely **74% of Kenyans** have access to safely managed drinking water; 93% have access to basic sanitation services while only 40.9% have access to safely managed sanitation services, and open defecation persists in communities across the country, exerting a heavy toll in preventable disease, lost productivity, and diminished human dignity. Urban water utilities lose an average of **45% of their water** to non-revenue losses due to old and dilapidated infrastructure. Rural communities — particularly in the Arid and Semi-Arid Lands (ASALs) that cover more than **80% of Kenya's landmass** — remain chronically underserved.

Limited water storage impacts both accessibility and development. Kenya is well below the Sub-Saharan Africa average of 807 cubic meters per capita, with only less than 0.02 % of annual rainwater (354 BCM) captured.

In the agriculture sector, where **60% of Kenya's workforce** derives its livelihood, the dependency on rain-fed farming condemns smallholder farmers to cycles of good and bad harvests determined not by their effort or enterprise but by the climate. Of Kenya's estimated **3.5 million acres of irrigable land**, only **760,000 acres — 21%** — are currently under irrigation. This gap is not a technical failure. It is an investment failure: a failure to mobilize the financing, create the enabling conditions, and sustain the institutional commitment required to convert Kenya's irrigable potential into irrigated reality. Further, population growth, urbanization, and climate change exacerbate pressure on underdeveloped water systems, driving competition and conflict.

The economic cost of this inaction is enormous. Water insecurity constrains national productivity, raises healthcare costs, suppresses agricultural incomes and limits Kenya's competitiveness as an agro-industrial hub. Conversely, the returns from closing this gap are transformational.

Kenya's Commitment: Two Compacts, One Water Vision

The Government of Kenya has designed these two Compacts as complementary and mutually reinforcing pillars of a single national water vision:

The Kenya WASH Compact (2026–2030)- Annex I commits the Government to achieving **universal access to safely managed water and sanitation services** by 2030, requiring a total investment of **US$ 7.6 billion (KSh 995 billion)** under the National Water and Sanitation Investment Plan (NAWASIP). It commits to eliminating open defecation entirely, reducing non-revenue water from 45% to 25%, strengthening the creditworthiness and governance of Water Service Providers, and embedding climate resilience into every dimension of water and sanitation infrastructure. It explicitly calls on the Development Partners — including the World Bank — to scale up support for urban water systems and rural sanitation, acknowledging that the financing gap is real and requires global solidarity.

The Kenya Irrigation and Water Security Compact (2026–2030) – Annex II commits the Government to doubling Kenya's irrigated area from **760,000 to 1.5 million acres by 2030**, deploying five investment pathways under the National Irrigation Sector Investment Plan (NISIP) and requiring **USD 1.84 billion in the first phase** (part of a ten-year USD 4.6 billion investment programme). It commits to shifting the irrigation sector from chronic underperformance and public dependency to a market-oriented, private-capital-led model in which farmers, agribusinesses, and financial institutions are active co-investors. It anchors large dam development — including hydrological, technical, environmental, social, and financial preparation — as the physical infrastructure backbone of long-term water security for both irrigation and domestic supply. It also targets investments in localized water harvesting interventions inform of household and community water pans, small dams, flood-based irrigation and green water management to increase access to irrigation water.

Both Compacts are fully aligned with and integrated into the **National Agri-Connect Compact (2025–2030)**, which targets **US$ 16.1 billion** in combined public and private investment across Kenya's agri-food system and commits to the creation of **2.482 million jobs** by 2030. Irrigation alone is expected to contribute **520,000 of those jobs**.

Water as a Path to Prosperity: The Economic Case

The economic rationale for investing in water is overwhelming — and Kenya's Compacts make this case with evidence and precision.

In agriculture, farm-level financial returns from irrigation investment range from **30% to 80%**. Smallholder farmers transitioning from rain-fed to irrigated horticulture can expect their net farm incomes to rise from approximately **KSh 150,000 to between KSh 360,000 and KSh 520,000 per acre per year** — a transformation that moves families from subsistence to surplus. The broader economic multiplier from irrigation investment is estimated at **2.5 to 4 times** in the agro-based economy, as on-farm productivity growth energizes input supply chains, agro-processing, logistics, and rural services.

In water and sanitation, the returns are equally compelling. Every dollar invested in safe water and sanitation generates an estimated return of US$ 5 to US$ 10 in economic benefit through reduced healthcare costs, increased labour productivity, time savings — particularly for women and girls — and the improved business environment that clean, reliable water enables. Kenya's urban water utilities, if brought to full creditworthiness and efficiency, represent a significant domestic borrowing base that can support infrastructure investment without perpetually drawing on scarce public revenues or concessional grants.

In water security, large-scale water storage — dams, reservoirs, and managed aquifer recharge — provides the physical foundation for climate resilience across both sectors. As climate variability intensifies, the economic cost of inaction rises. Kenya's ASAL regions, home to **1.3 million chronically food-insecure people**, are already living the consequences of inadequate water infrastructure. Strategic investment in multi-purpose water storage that serves both irrigation and domestic supply represents some of the highest-return infrastructure spending available to Kenya today.

On jobs and inclusion, both Compacts commit explicitly to gender equity and youth employment, targeting that at least **40% of new irrigation beneficiaries will be women and youth,** integrating gender-responsive design across all WASH service delivery initiatives, and ensuring women representation at both institutional and local decision-making levels. Women and youth are not merely beneficiaries of water investment — they are its most effective stewards and agents of change.

A Call to Action: Partners, Investment, and Accountability

Kenya does not approach the global stage with aspirations alone. It arrives with plans, commitments, and a credible financing architecture. But the scale of ambition demands that Kenya's partners — in the multilateral system, in bilateral development finance, in commercial banking and capital markets, and in the private sector — match Kenya's commitment with their own.

The Government of Kenya makes the following call to action:

To Development Partners and IFIs: Honour and expand your concessional financing commitments to Kenya's water sector. Support the capitalization of the Irrigation De-risking Fund and the Risk Sharing Facility. Provide technical and transaction advisory support to bring large dam projects to financial close. Co-invest in the digital management systems — the Irrigation MIS and WASH MIS — that make the sector accountable and evidence-driven.

To Commercial Banks and Capital Markets: The Compacts create the conditions — through credit guarantees, performance-based contracts, and regulatory reform — for irrigation and WASH infrastructure to become bankable asset classes. Kenya's Green Bond market provides a ready instrument. The time to move from pilot to scale is now.

To the Private Sector — agribusinesses, technology firms, equipment suppliers, and irrigators: Kenya's Irrigation Compact targets **US$ 1.6 billion in private capital mobilization** over five years through Results-Based Financing, Irrigation as a Service models, PPP concessions, and value-chain financing. This is not charity — these are returns-positive investments in one of Africa's most dynamic agricultural markets.

To County Governments: You are the delivery frontier. The Compacts depend on your commitment to sound water governance, investment in last-mile infrastructure, and engagement of your communities as active participants in water security solutions.

To the people of Kenya: These Compacts are your Compacts. They commit to water that is safe, services that are dignified, and farms that are productive — regardless of where you live, your gender, or your age. Hold your Government and its partners to account.

Key Highlights at a Glance

WASH Compact (2026–2030)

- Universal access to safely managed water and sanitation by 2030
- Total investment: US$ 7.6 billion (KSh 995 billion) under NAWASIP

- Non-revenue water reduced from 45% to 25%
- Open defecation eliminated entirely
- 33 water service providers on creditworthiness improvement plans
- 50 large dams and 200 medium-scale water projects to serve 15 million+ households
- Climate resilience integrated across all infrastructure

Irrigation and Water Security Compact (2026–2030)

- Irrigated area doubled: 760,000 to 1.5 million acres by 2030
- First-phase investment: USD 1.84 billion (40% of 10-year USD 4.60 billion NISIP)
- Private capital target: USD 1.6 billion — 61% of total 10-year financing
- 520,000 jobs target
- Economic multiplier: 2.5 to 4 times in the agro-based economy
- Smallholder income target: KSh 360,000–520,000/acre/year
- Five investment pathways: FLID, Public Schemes, Corporate Agribusiness, ASALs, Community Schemes
- Large dam readiness and financial packaging are committed
- At least 40% of new irrigation beneficiaries: women and youth

Combined water sector investment commitment: > US$ 9 billion (2026–2030)

Sustaining the compacts

Sustaining the gains of both Compacts requires investment in the water resources foundation that sits beneath irrigation and WASH. Kenya faces a structural gap: water allocation and permitting systems remain under-enforced, catchments and groundwater areas critical to long-term supply are inadequately protected, and the hydrological data needed for evidence-based decisions is fragmented and incomplete. Addressing this, the Government of Kenya — through the Water Resources Authority — is strengthening its regulatory and basin management systems, including the separation of regulatory from management functions, the establishment of a National Data and Information Centre to anchor decision-making in sound hydro-meteorological evidence, and the rollout of Integrated Water Resources Management plans for the Tana and Athi basins. Complementing this are investments in dam safety regulation, flood-mitigation infrastructure, Resource Quality Objectives, and basin-level resource-mobilization strategies that can unlock innovative financing from large water abstractors. These are the enabling conditions — governance, data, and catchment health — on which the long-term sustainability of Kenya's irrigation expansion and universal water and sanitation services ultimately depends.

Conclusion: Water is Kenya's Strategic Choice

The question Kenya has answered through these Compacts is not whether water is important. Every Kenyan knows it is. The question is whether Kenya will treat water as the strategic economic and development priority it deserves to be — investing at the scale required, creating the enabling environment for private capital to flow, building institutions that deliver and endure, and holding itself accountable for results.

Kenya has made that choice. These Compacts are the evidence.

The global community has long called for water to be moved from the margins to the mainstream of development finance and political will. Kenya is leading by example. Water is not a cost. Water is a path to prosperity — for every farmer, every family, every city, and the nation as a whole.

Kenya invites the world to walk that path with us.

Eng Eric Murithi Mugaa

Cabinet Secretary
Ministry of Water, Sanitation and Irrigation,

Republic of Kenya

Date: 02/04/2026.

Annex 1

REPUBLIC OF KENYA
MINISTRY OF WATER, SANITATION AND IRRIGATION

STATE DEPARTMENT FOR WATER AND SANITATION

KENYA WASH COMPACT (2026–2030)

APRIL 2026

1 Introduction

1.1 Preamble

The Government of Kenya reaffirms Water, Sanitation and Hygiene (WASH) as a national priority and a fundamental human right as enshrined in Article 43 of the Constitution of Kenya, and affirmed by Kenya Vision 2030[1] and the Sustainable Development Goal 6. Kenya has achieved significant progress in WASH but we acknowledge that we as a nation face persistent and emerging challenges, including climate variability, rapid population growth, urbanisation, financing gaps, high Non-Revenue Water, and inequities affecting vulnerable and underserved populations, particularly in peri-urban areas and Arid and Semi-Arid Lands (ASALs).

The WASH crisis continues to impose a heavy social, economic, and public health burden on Kenya's population, constraining our productivity and sustainable development. In response, our government is committing to a systems-oriented, service-focused, and rights-based approach that shifts emphasis from infrastructure delivery alone to sustainable service provision, strong institutional capacity, effective regulation, and accountable financing. This COMPACT represents our national commitments with our development partners aimed at accelerating progress through coordinated systems change, efficient use of resources, and strengthened stakeholder collaboration.

1.2 Vision

We strive to achieve universal access by 2030 to adequate, safe, affordable, and sustainably managed water, Safely managed sanitation, and hygiene services for the Kenyan population, leaving no one behind.

1.3 Commitment

The Government of Kenya, in 2023,through the ministry of water developed and adopted its first intergovernmental strategy committing to the achievement of universal access to WASH services by 2030. This strategy remains the guiding framework for sector implementation. The National Water and Sanitation Investment and Financing Plan (NAWASIP 2023–2030) combines a mix of policy and institutional reforms, strengthened intergovernmental coordination, and targeted infrastructure development to achieve its objectives. NAWASIP targets are aligned with Kenya Vision 2030 and Sustainable Development Goal (SDG) 6. Through this WASH COMPACT, the Government of Kenya commits to:

a) Scaling up equitable access to safe water, safely managed sanitation, and hygiene services.
b) Implementing transformative systems change across the WASH sector to improve governance, service delivery, sustainability, and resilience.

[1] Kenya Vision 2030, Government of the Republic of Kenya, 2007. A globally competitive and prosperous Kenya. Nairobi: Government Printer.

c) Mobilizing and efficiently utilizing public, development partner, private, commercial and blended financing to achieve National WASH goals.

1.3.1 Scaling Up Access to WASH (2023–2030)

Kenya's WASH targets in table 1 below indicate our key focus indicators

Table 1: National WASH Targets 2030

No.	Target Area	Baseline (2022[2])	2024/2025 progress	2030 Target[3]	Status
1.	Proportion of Population Using Safely Managed Water Services	~68%	74%	100%	**Progress is steady** but accelerated investment in urban and rural water supply is needed to maintain momentum. Targeted PPPs and concessional financing should be prioritized.
2.	(i) Proportion of the Population Using at least Basic Sanitation Services (ii) The proportion of Kenyans using safely managed sanitation services	80% 34%	93% 40.9%	100%	**Sanitation access improving**, but still lagging. Increased funding is needed to expand sewer networks in urban areas, scale rural sanitation programs, and implement behaviour change campaigns effectively.
3.	Open Defecation	7%	6%	Open Defecation Free	**Slow progress**, but there is renewed commitment between national and county governments. Continued focus on hygiene promotion, community engagement, and sanitation

[2] Kenya Demographic and Health Survey (Kenya DHS) conducted in 2022

[3] The Kenya National Water and Sanitation Investment and Financing Plan 2022 – 2030

No.	Target Area	Baseline (2022[2])	2024/2025 progress	2030 Target[3]	Status
					infrastructure is required to reach full elimination.
4.	Reduction of Non-Revenue Water (urban WSPs)[4]	45%	45%	25%	**Progress is slow.** WSPs need improved leak detection, infrastructure upgrades, metering, and governance reforms to reduce NRW efficiently.

1.3.2 Systems Change in the WASH Sector

Kenya is strongly committed to driving reforms that will accelerate water supply and sanitation (WSS) coverage, in line with the NAWASIP. NAWASIP acknowledges the shared constitutional obligation of both national and county governments to provide universal access to WSS, and underscores the necessity of systemic reforms to ensure greater efficiency and better resource mobilization. Kenyan Government has enacted key pieces of legislation and will prioritise systems change actions that are at the core of this government agenda and will aim to align stakeholders to support ensuring sustainable and resilient WASH service delivery.

Table 2: Priority Systems Change Actions (2023-2030)

No.	Systems Change Pillar	Proposed Action and Targeted Outcome	Progress since 2023
1	National WASH Platforms and Investment Planning	Strengthen national and county WASH platforms; develop and maintain a credible, prioritised WASH investment pipeline aligned to national and county plans	In process NAWASIP is the primary plan. 19 counties have prepared comprehensive county-level WASH plans. 27 WSPs have performance improvement plans. All contribute to NAWASIP and the national investment pipeline.
2	Governance Reforms (Policies,	Implement policy and legal reforms, Operational efficiency reforms, Capital	Intergovernmental coordination is improving capital efficiency, while 33

[4] WASREB Impact Report 2021/2022 (Issue 15 - 2023)

No.	Systems Change Pillar	Proposed Action and Targeted Outcome	Progress since 2023
	Institutions, Regulation)	efficiency reforms and Tariff reforms. to establish clear regulatory frameworks for Water Service Providers (WSPs); strengthen the regulation of WSPs to ensure accountability and cost recovery; enhance coordination between National and County Governments. **Outcome**: A clear and enforceable regulatory framework with improved WSP accountability, Reduced NRW , increased collection leading to enhanced service delivery and financial sustainability.	WSPs are being supported to enhance operational efficiency; tariff reforms will follow to ensure full cost recovery.
3	Improving Creditworthiness Service Providers	Improve the creditworthiness of Water Service Providers (WSPs) to enable them to access private and commercial financing with key focus on reducing non-revenue water (NRW), improving billing and collection efficiency, and promoting performance-based contracting to enhance service delivery.	In process 33 WSPs[5] are currently receiving incentives to improve their creditworthiness; at least 3 PBCs[6] for NRW reduction are in progress
4	Financing and Private Sector Participation	Scale up PPPs, blended finance, and results-based financing for water and sanitation services, with a focus on urban and small-town systems.	In process
5	Climate-Resilient WSS Infrastructure and	Integrate climate risk screening, catchment protection, water harvesting	Proposed

[5] Water Service Providers

[6] Performance Based Contracts

No.	Systems Change Pillar	Proposed Action and Targeted Outcome	Progress since 2023
	Water Resources Management	and storage, drought and flood preparedness	
6	Capacity Development and Data Systems	Strengthen human resource capacity, digital monitoring systems, and sector M&E for evidence-based decision-making(early operationalization of M&E, MIS, and data systems)	In process

1.3.3 Proposed Financing (2023–2030)

Kenya is committed to mobilizing diversified financing sources to support the implementation of the WASH COMPACT, with a strong focus on value for money, accountability, and sustainability. The NAWASIP financing strategy outlines an estimated **total cost of Kshs 995 billion** (USD 7.6 Billion) required to achieve the sector goals by 2030. Key funding sources include:

i. Concessional Lending (40%): Kshs 395 billion from development finance institutions, with a focus on climate finance.

ii. Private Sector and Household Contributions (31%): Kshs 313 billion from PPPs whereby Kshs 13 billion from household tariffs, especially for rural and sanitation projects.

iii. Commercial Financing (8%): Kshs 82 billion from domestic commercial financing through improved WSPs' sustainability.

iv. National and County Revenues (11%): Kshs 105 billion from national and county taxes for technical assistance and subsidies.

v. Donor Grants (8%): Kshs 77 billion from donors for technical support and project preparation.

The above key funding sources have been summarized in Table 3

Kenya is committed to mobilise diversified financing sources to support the implementation of this WASH COMPACT, with emphasis on value for money, accountability, and sustainability.

Table 3: Indicative Financing Framework (2023-2030)[7]

No.	Financing Source	Estimated Amount (USD M)	Progress since 2023
1.	Concessional	3,038	USD 442 million has been secured for rural

[7] National Water, Sanitation Investment and Financing Plan (2023-2030)

No.	Financing Source	Estimated Amount (USD M)	Progress since 2023
	financing		and urban WASH projects, with a Climate Financing Plan of USD 769 million prepared for further investment. A significant funding gap remains to meet sector targets.
2.	Public-Private Partnerships (PPPs)	2,408	Early progress has been made with projects such as the Sabaki Carrier and Lamu Desalination Plant, alongside consideration of 50 large dams and 200 medium-scale water projects to serve over 15 million households with access to safe water. More investment is needed to realize these projects fully.
3.	Commercial financing	631	Approximately USD 8 million has been mobilized to support creditworthy Water Service Providers (WSPs). Efforts continue to improve WSP governance, cost recovery, and reduce non-revenue water, but commercial financing remains constrained by investment risks and long-term sustainability challenges.
4.	National and county revenues	646	The National and County Governments have continually budgeted for WASH projects, with the National Government committing over USD 230 million since 2023
5.	Donor grants	592	Funding has focused on climate-resilient infrastructure, water harvesting, rural sanitation, and capacity building. Donor support is critical but faces challenges from declining aid and shifting priorities.
	Total	**7,477**	

The diverse financing sources outlined above represent Kenya's multi-faceted approach to addressing the water sector's needs. While substantial progress has been made in mobilizing resources for water infrastructure projects, challenges remain. **The gap between the financing required and what has been secured continues to hinder the full realization of Kenya's water and sanitation targets.** In particular, concessional financing, which supports crucial rural water and sanitation projects, is not in keeping with the sector's targets.

PPPs, though promising, are still in early stages for key projects like the Sabaki Carrier and Lamu Desalination Plant, and significant investment is still required. The commercial financing mobilized thus far, particularly the USD 8 million for creditworthy WSPs, has provided a foundation but has yet to fully address the sector's financing gap. This is due to high investment risks and the long-term financial sustainability challenges that need to be overcome.

Moreover, the National and County Governments' ongoing commitment, amounting to over USD 230 million since 2023, plays an essential role in supporting WASH projects. **However, the Government funding alone is insufficient to meet the growing demand for water and sanitation services.**

Donor grants have been a critical component of funding, especially for climate-resilient projects and rural water access. However, with declining international aid and shifting priorities, it is vital to continue strengthening these partnerships and ensure that donor support remains robust. In light of these challenges, we appeal to the World Bank Group and development partners to support the sector by recognizing the potential increase in the creditworthiness of our Water Service Providers (WSPs). With a ready pipeline of projects for Public-Private Partnerships (PPPs), we ask for additional funding to specifically cover the needs of urban centers, ensuring sustainable water access for growing urban populations.

We commit to continue leveraging these diverse the funding sources, while addressing the financial sustainability of the sector through improved governance, tariff adjustments, and efficient resource utilization to achieve our water and sanitation goals. **We are also making a call, particularly to Development Partners like the World Bank to enhance their support, particularly towards the Urban Water and Sanitation Sector where the gains are promising**.

2 Monitoring and Evaluation

Our country has an existing national Monitoring, Evaluation, and Reporting frameworks under the SDWS Strategic Plan 2023–2027 to track progress of this WASH COMPACT. Monitoring will be anchored on:

- National and County WASH Management Information Systems
- Annual sector performance reviews
- Utility and county performance reports
- Mid-term and end-term evaluations

Our system will measure progress against access targets, systems change actions, and financing commitments will be reviewed annually, with findings shared with key stakeholders to inform adaptive management and continuous improvement.

Additionally, our Ministry is currently consolidating, revamping, and digitizing the Monitoring & Evaluation (M&E) and Management Information Systems (MIS) in the Water Sector to create a robust framework capable of effectively tracking, monitoring, and reporting progress at both the county and national levels. This approach recognizes the intergovernmental nature of WASH service provision in Kenya.

3 Conclusion

The COMPACT is a commitment to the implementation of Kenya's existing water sector blueprint, NAWASIP, which aims to provide universal access to water and sanitation services. This aligns with our Constitution, Kenya Vision 2030, NAWASIP 2023-2030, the Bottom-Up Economic Transformation Agenda (BETA), and the SDWS Strategic Plan 2023–2027.

This COMPACT establishes a unified framework for **Intergovernmental Coordination and Partner Alignment**, ensuring that investments and reforms in the WASH sector are coherent, results-oriented, and resilient to climate and economic shocks. It affirms our transition from divided/segregated infrastructure delivery to a **systems-based, service-focused, and accountable WASH sector**.

Endorsement of this COMPACT by our leadership is a signal of our strong political commitment, strengthens confidence to our Development Partners and the Private Sector, and reinforces Kenya's leadership in regional and global WASH platforms.

4 Key Priorities

Priority support is sought for increased financing of urban WASH services, as well as for the scaling up of the ongoing rural WASH programme to achieve nationwide coverage. This includes investment in urban and peri-urban water and sanitation systems, particularly in rapidly growing and underserved areas, and expanded support to accelerate rural WASH interventions across all counties.

5 Approval and Endorsement

This Kenya WASH COMPACT is hereby submitted for **endorsement** and formal adoption as a guiding framework for WASH sector planning, financing, and coordination for the period 2026–2030.

Julius Korir, CBS
Principal Secretary

Ministry of Water, Sanitation and Irrigation

State Department for Water and Sanitation

Date: 2-4-2026

ANNEX II

REPUBLIC OF KENYA
MINISTRY OF WATER, SANITATION AND IRRIGATION

STATE DEPARTMENT FOR IRRIGATION

IRRIGATION AND WATER SECURITY COMPACT (2026–2030)

FEBRUARY 2026

1. Introduction

1.1 Preamble

The Government of Kenya reaffirms irrigation and water security as a national priority and a strategic imperative for Kenya's economic transformation, food sovereignty, and climate resilience. Agriculture contributes 33% directly to Kenya's GDP and an additional 27% through value-chain linkages, yet the sector remains overwhelmingly dependent on increasingly erratic and unreliable rainfall. Kenya currently has approximately 760,000 acres under irrigation — a fraction of the estimated 3.5 million acres of irrigable land — leaving the vast majority of agricultural production exposed to drought, climate shocks, and the growing burden of food insecurity.

The irrigation deficit translates to underperformance of the agriculture sector and thus continues to impose an enormous economic, nutritional, and social cost on Kenya's population, constraining rural incomes, limiting agro-industrial growth, and deepening vulnerability in Arid and Semi-Arid Lands (ASALs). Smallholder farmers particularly women, and youth bear a disproportionate share of these risks. In response, the Government of Kenya commits to a programmatic, market-oriented, and climate-smart approach that moves decisively beyond the "Build-Dilapidate-Rehabilitate" cycle toward sustainable irrigation service provision, strengthened institutions, catalytic private investment, and accountable public stewardship of water resources.

This Compact represents Kenya's national commitments to the transformation of the irrigation sector over the period 2026–2030, aligned with the National Irrigation Sector Investment Plan (NISIP 2025–2035), and forming a foundational pillar of the National AgriConnect Compact (2025–2030), which sets an overarching target to expand irrigated area from 760,000 acres to 1.5 million acres by 2030, and links the activities of this Compact to broader agribusiness investment. It is addressed to Kenya's development partners, the private sector, county governments, and all stakeholders in the irrigation ecosystem, and invites their committed co-investment in this shared national endeavour.

1.2 Vision

Kenya strives to achieve, by 2030, a resilient, inclusive, and productive irrigation sector in which 1.5 million acres of Kenyan land are under sustainable, technology-enabled irrigation — supporting higher farm incomes, robust food and nutritional security, competitive agro-industry, and climate-resilient livelihoods for all Kenyans, leaving no one behind.

1.3 Commitment

The Government of Kenya has developed the National Irrigation Sector Investment Plan (NISIP 2025–2035) as its comprehensive strategic blueprint for the transformation and modernisation of the irrigation sector. NISIP is built on five complementary investment pathways, a rigorous financing framework, and an evidence-based monitoring and evaluation architecture. Its targets and ambitions are embedded in, and reinforced by, the National AgriConnect Compact (2025–2030), which commits the Government and private sector to a combined investment envelope of USD 16.1 billion across Kenya's agri-food system.

Through this Irrigation and Water Security Compact, the Government of Kenya commits to:

a) Expanding and optimising irrigated area through the five NISIP investment pathways to reach 1.5 million irrigated acres by 2030, as a milestone toward the 10-year NISIP target.
b) Implementing foundational investments and policy reforms that create an enabling environment for private capital mobilisation, sustainable irrigation service delivery, and improved water resource governance.
c) Mobilising and efficiently utilising public, development partner, private, commercial, and innovative financing to achieve national irrigation and water security goals.

1.3.1 The Five NISIP Investment Pathways (2026–2030)

The NISIP is structured around five complementary and mutually reinforcing investment pathways. Together, these pathways target the expansion of 1,000,000 new acres and the optimisation of 319,000 existing acres over the 10-year period to 2035, with 2030 as the first major milestone. The table below summarises pathway targets and key characteristics.

	Pathway	Expansion Target (10-yr)	Optimisation Target	Jobs Contribution	Climate Resilience
1	Expanded Farmer-Led Irrigation Development (FLID)	350,000 acres	—	High	High

	Pathway	Expansion Target (10-yr)	Optimisation Target	Jobs Contribution	Climate Resilience
2	High-Performing Public Schemes	10,000 acres	69,000 acres	Medium	High
3	Enabled Corporate Agribusiness	350,000 acres	—	Low (agro-industry)	Low
4	Revitalised Irrigation in ASALs	140,000 acres	—	High	High
5	Maximised Community Scheme Benefits	150,000 acres	250,000 acres	High	High
Total		**1,000,000 acres**	**319,000 acres**		

Pathway 1 — Expanded Farmer-Led Irrigation Development (FLID) This pathway targets individual farmers and small groups cultivating 0.5 to 2 hectares, facilitating rapid uptake of micro-irrigation through private investment, technology, and market-oriented incentives. FLID is the highest-volume pathway by farmer numbers, delivering significant contributions to jobs, income, and food security. It leverages "Irrigation as a Service" (IaaS) pay-as-you-go models to make drip and sprinkler technologies accessible to smallholders without requiring upfront capital. Pathway 1 provides for awareness raising, financial incentives (results-based financing mechanisms, digital aggregation, risk sharing facilities, etc) and investments in last-mile irrigation infrastructure to accelerate FLID uptake.

Pathway 2 — High-Performing Public Schemes This pathway transforms the management of existing national and county public irrigation schemes by introducing service orientations, performance-based contracts, improved governance structures, and modern technology. It is designed to reverse the chronic underperformance of public assets and improve water use efficiency, crop yields, and cost recovery. Performance-Based Contracting (PBC) is a primary instrument, complemented by investments in digital management systems and scheme-level infrastructure rehabilitation.

Pathway 3 — Enabled Corporate Agribusiness This pathway scales up large-scale private commercial irrigation investments (minimum 3,000 acres per project) through independent private projects and Public-Private Partnerships (PPPs). Hub Farm models, concession agreements, and lease arrangements unlock corporate investment in mechanised, high-value agriculture. While direct on-farm employment is lower due to mechanisation, corporate agribusiness generates substantial downstream agro-industrial employment and technology transfer and is a critical driver of export earnings. PPP-enabled commercial irrigation is a key pillar of Kenya's agricultural transformation. This will go hand in hand with the development of large dams under pathway 4 to guarantee reliable irrigation water supply for large commercial irrigation farming.

Pathway 4 — Revitalised Irrigation in ASALs and Water Security This pathway ensures food and fodder production for vulnerable pastoralist communities in Kenya's Arid and Semi-Arid Lands through investment in blue-water storage (dams and water pans) and green-water management (rainwater harvesting and soil moisture conservation). It directly addresses climate vulnerability and food insecurity in the country's most marginalised regions, with a specific focus on women and youth. ASAL revitalisation is referenced in the AgriConnect Compact as a dedicated intervention under Pillar 1's production and productivity investments.

Underpinning this pathway is a commitment to advancing **large dam development** as a foundation for long-term water security and irrigation expansion. The Government will invest in advancing the full readiness of large dam projects — including hydrological, technical, environmental, social, and land feasibility studies and processes — to bring projects to a bankable stage. Beyond technical preparation, the Government commits to providing transaction advisory support and financial packaging for dam development, linking projects to the **National Infrastructure Fund**, viability gap financing, patient capital facilities, and commercial finance instruments. This integrated approach — combining rigorous feasibility work with structured financing solutions — is essential to unlocking the large-scale water storage that underpins sustainable irrigation expansion, climate resilience, and water security across Kenya's most water-stressed regions.

Pathway 5 — Maximised Community Scheme Benefits This pathway enhances small and medium community-managed irrigation schemes through integrated organisational development, strengthening of Irrigation Water Users' Associations (IWUAs), improved agricultural enterprise support, private sector and County Irrigation Development Unit (CIDU) service models, and mobilisation of farmer co-financing. It combines expansion of new community irrigated area with the optimisation of a large existing base of community-managed schemes, delivering high returns in jobs, food security, and rural income.

1.3.2 Foundational Investments and Policy Commitments

Achieving the NISIP's transformational vision requires both catalytic infrastructure investments and a coherent set of policy, institutional, and regulatory reforms. The Government of Kenya commits to the following foundational investments and policy actions over the 2026–2030 period:

Driving Performance: From Infrastructure to Irrigation Services

Kenya's ambition is to make the not simply to build more irrigation infrastructure — it is to make that infrastructure perform. Decades of underinvestment in operations, management, and institutional capacity have entrenched a "build–neglect–repair" cycle that has eroded the value of public assets and undermined farmer confidence in irrigation as a reliable, productive resource. Breaking this cycle is among the Government's most important commitments under this Compact.

The Government commits to improving the operational performance, financial sustainability, and service delivery of both large-scale public schemes and community-managed schemes. This means moving from an infrastructure-provision orientation to a service-delivery orientation — one in which irrigation schemes are managed as professional, accountable service providers, and farmers are recognised as fee-paying clients with rights and expectations.

To this end, the Government will support Irrigation Service Providers (ISPs) to implement the Irrigation Operators of the Future (iOF) Framework, encompassing: the piloting of management contracts and blended public-community management models linking County Irrigation Development Units (CIDUs) with larger service agencies through a hub-and-spoke approach; the setting of transparent service standards; the development of sustainable financing plans that enable O&M cost-recovery; and the enhancement of digital management systems for monitoring scheme operations, managing service contracts, and strengthening user relationships. The capacity of ISPs, Irrigation Water Users' Associations (IWUAs), and community-based management entities will be systematically built to adopt a service-oriented culture and operate new and existing and modernized infrastructure effectively.

The Government will also invest in the upskilling of irrigation professionals, developing a new cadre of formally trained workers for skills-based roles including digital advisory services (such as sensor-based water management support to farmers), irrigation equipment installation and maintenance (including solar-powered pump systems), and scheme management under performance-based contracts with defined accountability mechanisms.

Where required to restore or raise operational efficiency, targeted infrastructure upgrades will complement institutional reforms — including flow-measurement devices, duckbill weirs, automation systems, energy-transition structures, and selective levelling — ensuring that capital works are linked to and conditioned upon measurable performance improvements. Key investments under this heading will be benchmarked annually against turnaround results to ensure accountability for outcomes.

Scaling Farmer-Led Irrigation: Building the Enabling Ecosystem

For Farmer-Led Irrigation Development to reach its full potential, the Government commits to addressing the market failures that have historically constrained smallholder adoption of micro-irrigation technologies. This means mobilizing demand through targeted outreach, developing farmer advisory tools that provide accessible information on technology options, financing, climate risks, and market linkages, and supporting irrigation equipment and service providers to expand last-mile delivery and after-sales services. A Results-Based Financing (RBF) Facility will pay time-bound rebates to certified equipment suppliers upon third-party verification of installed and functional systems, lowering farmers' upfront costs while incentivizing suppliers to reach underserved areas. Blended finance instruments — including the Risk-Sharing Facility and Patient Capital Facility — will de-risk lending to farmers and irrigation SMEs and support the scale-up of supplier networks. Critically, the digital and financial data generated through these programmes — covering installation quality, productivity outcomes, and repayment behaviour — will progressively build the credit profiles of smallholder farmers, supporting their transition from subsidy-dependent access to market-integrated financing and formal creditworthiness.

Policy and Institutional Commitments

The Government commits to the following enabling policy actions:

- **Water Informatics and Hydronomic Zoning:** Implementation of the NISIP's National Water Informatics and its public date, as well as the Hydronomic Zoning framework to guide water resource allocation for irrigation based on hydrological, agronomic, and ecological evidence, ensuring that irrigation expansion does not compromise ecosystem integrity or downstream users.
- **Water Governance and Cost Recovery:** Strengthening the legal and institutional framework for water rights and irrigation service fee collection to ensure the financial sustainability of public and community schemes. Tariff reforms will support cost recovery while protecting smallholder affordability.

- **Irrigation De-risking Fund:** Operationalisation of the national Irrigation De-risking Fund, providing credit guarantees, viability gap funding, and first-loss facilities to attract commercial bank lending to smallholders and corporate investors.
- **Legal and Regulatory Reforms:** Review and strengthening of the Irrigation Act and associated regulations to support PPPs, IWUAs, and private sector participation in irrigation service delivery.
- **Digital Management Information System (MIS):** Deployment of a national web-based Irrigation MIS to track scheme performance, water usage efficiency, crop yields, and financial flows, managed by the State Department for Irrigation.
- **Gender and Youth Mainstreaming:** All pathway investments will integrate gender-responsive and youth-inclusive design, ensuring equitable access to irrigation technology, land, water rights, finance, and markets for women and youth.
- **Climate-Smart Irrigation Standards:** Development and enforcement of minimum standards for climate-resilient irrigation design, integrating drought-proofing, water harvesting, and energy efficiency into all new and rehabilitated infrastructure.

1.3.3 Proposed Financing (2026–2030)

The NISIP's 10-year total financing requirement is **KSh 598 billion (approximately USD 4.60 billion)**. The 2026–2030 period represents the first and critical acceleration phase, equivalent to approximately 40% of the 10-year budget — approximately **KSh 239 billion (USD 1.84 billion)** — consistent with the AgriConnect Compact's irrigation financing allocation for this period.

The Government's financing strategy reflects a deliberate shift from near-total public financing to a blended model that mobilises private investment as the majority contributor, recognising that the scale of ambition demands capital beyond what the public sector alone can provide.

Table — Indicative Financing Framework (2026–2030)

Financing Source	Indicative Share	Approximate Amount (USD M)	Primary Use
Concessional Loans (IFIs: World Bank, AfDB, JICA, etc.)	35%	645	Public scheme rehabilitation, bulk infrastructure, ASAL
Government of Kenya (National & County)	17%	315	Co-financing, enabling infrastructure, de-risking fund
Private Sector & Farmers (equity, commercial debt)	38%	700	FLID micro-irrigation, corporate agribusiness, SACCOs
PPPs (blended finance, concessions)	7%	130	Corporate pathway, hub farm models, large-scale schemes
Donor Grants	3%	50	ASAL resilience, gender & youth, capacity building, MIS
Total	**100%**	**~1,840**	

Innovative Financing Instruments

The Government commits to actively developing and deploying the following innovative financing modalities:

- **Irrigation De-risking Fund** provides credit guarantees and viability gap support to attract commercial lending.
- **Green Bonds** for climate-resilient irrigation infrastructure, building on Kenya's established green bond market.
- **Carbon Trading** leveraging the irrigation sector's potential for carbon sequestration and reduced emissions through efficient water use.
- **Payment for Ecosystem Services (PES)** to incentivise catchment conservation and sustainable water resource management.
- **Irrigation as a Service (IaaS)** models enabling pay-as-you-go micro-irrigation for smallholders, reducing capital barriers and expanding access.

2. Monitoring and Evaluation

Progress toward Compact commitments will be tracked through a robust, multi-level Monitoring and Evaluation (M&E) framework anchored in the NISIP's results architecture and managed by the State Department for Irrigation.

Key Performance Indicators (2030 Targets)

Indicator	Baseline (2024)	2030 Target
Total irrigated area (acres)	~760,000	1,500,000
New irrigated area added (acres)	—	500,000+
Existing area optimised/rehabilitated (acres)	—	160,000+
Smallholder farms under micro-irrigation (FLID)	~90,000	250,000+
Public scheme water use efficiency	~45%	70%
Average smallholder net farm income (KSh/acre/yr)	~150,000	360,000–520,000
Share of irrigated area under PPP or private finance	~5%	30%
Women and youth beneficiaries (% of new irrigation users)	—	≥40%

M&E Architecture

The State Department for Irrigation will maintain a centralised national Irrigation MIS, integrating data from national schemes, county governments, IWUAs, private operators, and development partners. Annual sector performance reviews will be conducted, drawing on utility, county, and scheme-level reporting, and results will be disclosed publicly to ensure accountability and transparency to citizens and partners.

A mid-term review of the Compact is scheduled for **FY 2027/28**, coinciding with the NISIP's programmed mid-term evaluation, to assess progress, identify bottlenecks, and make adaptive management adjustments. A final end-of-Compact review will be conducted in **FY 2030/31**, feeding into the next planning cycle. Financing commitment reviews will be conducted annually to track resource mobilisation against targets and inform investment prioritisation.

The M&E framework will be harmonised with the AgriConnect Compact's results framework, ensuring consistent reporting on irrigation's contribution to the AgriConnect's overarching targets for irrigated area expansion, jobs, and food security.

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3. Private Capital Mobilisation (PCM)

The NISIP is explicit that the transformation of Kenya's irrigation sector cannot be financed by the public sector alone. Of the KSh 598 billion (USD 4.60 billion) required over ten years, **61% — KSh 365 billion (USD 2.81 billion) — is expected from private sources**, including farmers, agribusinesses, commercial banks, SACCOs, and corporate investors. For the 2026–2030 period, the AgriConnect Compact's financing framework targets USD 2,816 million in private investment for irrigation systems — against USD 1,784 million in public and development partner funding — reflecting a leverage ratio of approximately 1:1.6 in favour of private capital.

This requires a deliberate and sustained effort to create an enabling environment in which farmers and businesses find irrigation investment commercially attractive, financially accessible, and operationally de-risked. The Government commits to the following actions and instruments to achieve this:

Enabling Environment for Private Investment

The Government will operationalise the legal and regulatory framework that gives private investors and farmers the confidence to commit capital. This includes full operationalisation of the Irrigation Act 2019, streamlined procedures for water abstraction permits — including bulk-permitting arrangements for FLID smallholders — and enforceable PPP contract frameworks for corporate agribusiness and scheme management. Hydronomic Zoning data will be made publicly available to reduce investigative risk for potential investors. Quality standards and warranties for irrigation equipment will be established and enforced to protect farmers and lenders alike. Capacity within the State Department for Irrigation in project structuring and PPP contract management will be strengthened to ensure the Government negotiates effectively on behalf of the public interest.

Results-Based Financing (RBF)

The Government will deploy Results-Based Financing mechanisms — particularly for Farmer-Led Irrigation Development (Pathway 1) — to incentivise private suppliers of micro-irrigation equipment and services to expand their market reach and reduce the effective cost of technology for smallholder farmers. Under RBF, payments to suppliers are triggered by verified outcomes (e.g., verified installation and use of drip or sprinkler systems, measured productivity improvements) rather than input delivery, aligning incentives with results. RBF will be coordinated with development partners and will use the national Irrigation MIS for results verification.

Risk Sharing Facility

The Government will establish, with development partner support, a dedicated Risk Sharing Facility as a core pillar of the Irrigation De-risking Fund. This facility will provide credit guarantees and first-loss coverage to commercial banks and SACCOs lending to smallholder farmers and small agribusinesses for irrigation investments, directly addressing the collateral constraints that currently exclude most smallholders from formal credit markets. For large-scale corporate investments, MIGA (Multilateral Investment Guarantee Agency) guarantees and political risk insurance will be leveraged to attract international private equity and debt financing. The Risk Sharing Facility will be capitalised from a combination of public funds, donor contributions, irrigation water tariff revenues, and, over time, proceeds from carbon trading and PPP profit-sharing arrangements.

Patient Capital Facility

Irrigation infrastructure characteristically requires long investment horizons before financial returns materialise, deterring commercial lenders oriented toward short-term returns. The Government will work with development partners to establish a Patient Capital Facility providing longer-tenor, lower-cost debt financing for medium and large irrigation investments — including community scheme expansion (Pathway 5), ASAL water storage infrastructure (Pathway 4), and corporate agribusiness schemes (Pathway 3). Green Bonds issued under Kenya's Green Bond Programme will be a primary instrument for raising patient capital at scale for climate-resilient irrigation. Value-chain financing mechanisms — where agro-processors and offtakers advance credit or inputs to farmers against guaranteed market offtake — will also be promoted as a form of patient commercial capital accessible without traditional collateral.

Performance-Based Contracts for Irrigation Management

The Government will progressively introduce Performance-Based Contracts (PBCs) for the management of public irrigation schemes (Pathway 2) and eligible community schemes (Pathway 5), engaging private operators and service providers under contracts that tie remuneration to measurable service delivery outcomes: water delivery reliability, cost recovery rates, irrigated area under production, and crop yield benchmarks. "Irrigation as a Service" (IaaS) models — under which private companies provide fully serviced irrigation infrastructure on a pay-per-use basis to farmers — will be piloted and scaled, particularly under FLID, converting what is currently a high capital expenditure barrier into an affordable operating expenditure for smallholders.

Private Capital Mobilisation Targets (2026–2030)

Instrument / Source	**Target (USD M)**	**Primary Pathway(s)**
Farmer own-investment (equity, SACCO loans)	400	FLID, Community Schemes
Commercial bank lending (guaranteed)	250	FLID, Corporate Agribusiness
Corporate private equity and debt	450	Corporate Agribusiness (Pathway 3)
PPP concessions and hub farm agreements	200	Public Schemes, Corporate
Value-chain / offtaker financing	150	FLID, Community Schemes
Green Bonds and patient capital	150	Community, ASAL, Corporate
Total private capital target	**~1,600**	**All pathways**

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4. Jobs and Economic Objectives

Irrigation is one of Kenya's most powerful instruments for job creation, poverty reduction, and inclusive economic growth. The NISIP estimates an economic multiplier of **2.5 to 4 times** in the agro-based economy from irrigation-driven on-farm intensification and the development of upstream and downstream value chains.

Jobs Objectives (2026–2030)

The irrigation sector is expected to generate substantial direct and indirect employment across the five pathways, contributing to the AgriConnect Compact's overall target of **2.482 million jobs** by 2030. Irrigation's contribution under Pillar 1 (Production and Productivity) is estimated at **520,000 jobs** within the AgriConnect framework.

Pathway	**Direct Job Contribution**	**Nature of Jobs**
Pathway 1 — Expanded FLID	High	On-farm, seasonal, micro-enterprise, women and youth

Pathway	Direct Job Contribution	Nature of Jobs
Pathway 2 — Public Schemes	Medium	Scheme management, water operators, skilled technicians
Pathway 3 — Corporate Agribusiness	High (agro-industry)	Agro-processing, logistics, management, skilled labour
Pathway 4 — ASAL Irrigation	High	Pastoralist/farmer livelihoods, water management, women and youth
Pathway 5 — Community Schemes	High	On-farm, IWUA administration, value chain, women and youth

Income and Productivity Targets

Smallholder farmers transitioning to irrigated horticulture and high-value crops are projected to achieve average net farm incomes of **KSh 360,000 to KSh 520,000 per acre per annum** — a transformational increase from current rain-fed income levels. Farm-level financial rates of return from irrigation investments are estimated at **30% to 80%**, making this one of the most cost-effective development investments available to Kenya. These income projections are consistent with those underpinning the AgriConnect Compact's income and food security targets.

Gender and Youth Commitments

The Government commits that at least 40% of new irrigation beneficiaries under this Compact will be women and youth. Gender-responsive programme design, targeted extension and training, women's land and water rights, and youth agripreneurship programmes will be integrated across all five pathways. ASAL programmes will pay particular attention to women-led smallholder irrigation and fodder production, as women bear primary responsibility for household food security in pastoralist communities.

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5. Conclusion

Kenya stands at an inflection point. With 3.5 million acres of irrigable land and only 760,000 acres currently equipped, the opportunity to transform livelihoods, food security, and economic competitiveness through irrigation has never been greater — nor has the urgency been more apparent, given the accelerating impacts of climate change on rain-fed agriculture.

The Kenya Irrigation and Water Security Compact (2026–2030) represents the Government's firm commitment to seize this opportunity through a programmatic, multi-pathway, and partnership-driven approach grounded in the NISIP and aligned with the broader agricultural transformation ambitions of the National AgriConnect Compact. It moves decisively away from fragmented, ad-hoc project financing toward a coherent national programme that leverages public investment to crowd in private capital at scale.

The Compact's five pathways are designed to be mutually reinforcing: FLID and community schemes rapidly expand smallholder irrigated area and jobs; public scheme optimisation recovers value from existing assets; corporate agribusiness drives agro-industrial scale; and ASAL revitalisation ensures that Kenya's most vulnerable communities are not left behind. Together, they offer Kenya a credible pathway to 1.5 million irrigated acres by 2030 and toward the NISIP's 10-year vision of a transformed, resilient, and inclusive irrigation sector.

The Government of Kenya calls on its development partners — including the World Bank, the African Development Bank, JICA, and others — as well as private investors and agribusinesses, county governments, financial institutions, and farmers themselves to join in the co-investment and co-implementation of this Compact. Chapter 10 of the NISIP has been left intentionally blank as an invitation to co-create. This Compact extends that invitation to all partners who share Kenya's commitment to food security, inclusive growth, and a water-secure future.

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6. Approval and Endorsement

This Kenya Irrigation and Water Security Compact is hereby submitted for **endorsement and formal adoption** as the guiding framework for irrigation sector planning, financing, and coordination for the period 2026–2030.

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CPA Ephantus K. Kimotho, CBS

Principal Secretary
State Department for Irrigation
Ministry of Water, Sanitation and Irrigation Republic of Kenya

Date: 2/4/2026