Abstract

Literature consistently underscored institutional governance as one of the most critical strategies for driving financial sustainability. Notwithstanding, most of these studies highlight contextual gaps, conceptual gaps and methodological gaps. Therefore, this study assessed effect of institutional governance on the financial sustainability of Kenyan Water Resources Authority basin areas. In the research, a descriptive research design was adopted, targeting the six Water Resources Authority basin areas in Kenya. The study used a census approach with a sample size of 160 respondents, from whom primary data was gathered through a carefully crafted questionnaire. Partial Least Squares Structural Equation Modelling was used to construct and validate a conceptual model focused on financial sustainability of Water Resources Authority in Kenya. The study concluded that each of; accountability ($\beta=0.1989$; $p<0.01$), transparency ($\beta=0.7725$; $p= 0.004$) and stakeholder participation ($\beta=0.1774$; $p=0.001$) has significant and positive effect on financial sustainability of WRA basin areas in Kenya. The study recommends that Water Resources Authority basin areas in Kenya should strengthen accountability and improve transparency mechanisms so as to build greater stakeholder trust and clarity. These actions provide actionable suggestions for improving financial management, resource allocation, and service delivery in water resource authority.