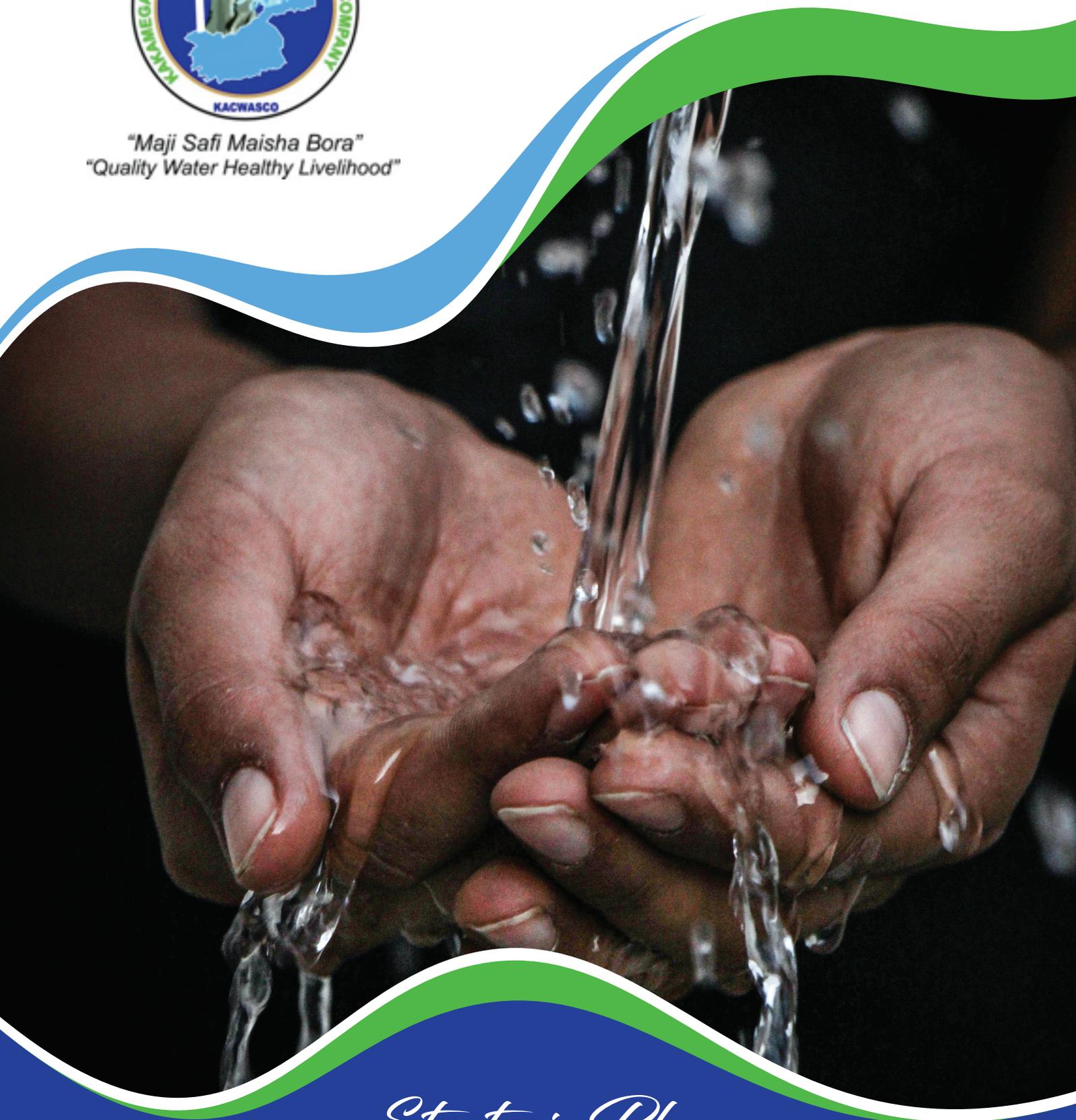




KAKAMEGA COUNTY WATER AND SANITATION COMPANY

"Maji Safi Maisha Bora"
"Quality Water Healthy Livelihood"



Strategic Plan

2021-2026

JULY 2021



FOREWORD

The effective delivery of water and sewerage systems as well as accelerated developments starts with a sound strategic development. This Strategic plan comes at the most critical time when the water sector is undergoing tremendous changes brought about by the water Act 2016, WASREB regulations, County Laws, the Vision 2030 and the provisions of the Sustainable Development Goals which put emphasis on access to water and sanitation services. This strategic plan is therefore a product of extensive collaboration and comprehensive feedback from our internal and external stakeholders, guided by policies and legislations laid down to facilitate the attainment of the right to water. The plan establishes the strategic framework for the development, maintenance and management of water and sewerage infrastructure. It is anchored on the Kenya Vision 2030 and also takes into consideration the provisions and expectations of the Constitution of Kenya 2010.

Since the establishment of the Company, significant achievements have been made in the key areas of governance, water infrastructure, production capacity, and efficiency in service delivery as well as the quality of the water supplied to our customers. This will propel the Company to the top position in terms of management and efficiency and we are moving towards being a role model for Water Service Providers country wide. The main challenge ahead however is maintaining and exceeding this growth. In order to deal with this challenge, there must be a continuous review of all areas of operations to ensure that the organization is well prepared to cope with the challenges of a dynamic environment as and when such challenges and opportunities arise.

This Strategic Plan is intended to provide a framework that will enable the Company to move to the next level. Devolution has presented opportunities emerging in the water sector as a result of the projected population growth and rural-urban migration especially as the country continues to implement the Constitution of Kenya 2010. This strategic plan will refocus the Company to take advantage of these opportunities. The foundation of this plan is our Vision and Mission Statements. The Vision we have set for the Company is: *“To be the most effective and efficient Water and Sanitation Service Provider”* It clearly states that we exist to provide the best water and sanitation services to our beloved county. We do that by ensuring that the service we offer is exemplary and comparable to that which is offered by the best Companies in the world. Our Mission defines the manner in which we will operate and what our priorities will be: *“Sustainably provide quality, affordable, reliable Water and Sanitation Services to our stakeholders in accordance with statutory regulations”*

In order to reap the full benefits of the planning process, the implementation must be pursued relentlessly. This calls for commitment, a sense of responsibility as well as dedication and teamwork from all members of staff and teamwork at all levels. We shall all need to continue pulling together

in one direction. On its part, the Board is committed to doing its best to create an enabling environment and to provide leadership and direction as expected of it.
I look forward to the years ahead and I am confident that we will make great strides together in enhancing the future of the company.

PROF. PETER LABAN AYIRO



***Chairperson Board of Directors
Kakamega County Water and Sanitation Company***

PREFACE



The Constitution of Kenya 2010 encapsulates the right of every Kenyan to clean and safe water in adequate quantities and the right to reasonable standards of sanitation. To this end, the Water Act 2016 and the Kakamega County Water and Sanitation Services Act 2021 has moved on to create a framework for the implementation of these constitutional requirement. This has resulted into considerable changes in our operating environment. The laws provide a clear transition plan for the existing water sector institutions. These developments present an opportunity for us to repackage ourselves as that institution which is well managed and can be trusted within the sector to provide guidance and lead in the developing national public water works for water and sanitation services delivery.

The Company can therefore take two directions: we can continue to operate largely as we have done in the past and suffer the consequences of losing public trust and being read in history as the company that used to be best in water service provision, or we can choose to make bold changes in order to shape the future of the water sector and increase public goodwill. I am persuaded that we have one ethical obligation to do the latter and this transformative strategic plan is a roadmap for doing that. With the support dedication of all of us, together with our stakeholders, I am confident that this plan will help us build on our success, navigate the challenges and the threats we still face and ultimately ensure the future of our services.

A lot of dedicated effort and commitment has gone into the development of this Strategic Plan. The plan is both futuristic, transformative, and ambitious, taking cognizance of the dynamic scenario created by the constitution 2010 and the Water Act 2016 among others. Therefore, I am immensely pleased to acknowledge and most sincerely express my gratitude to everyone who has contributed to the development of this plan. Their unwavering commitment and teamwork are duly acknowledged.

We acknowledge with thanks the valuable input and comments from the Board of Directors and our stakeholders in the creation of this Strategic Plan.

ENG. ABDIKADIR M. ABDI

A handwritten signature in black ink, appearing to read 'Abdul'.

**Chief Executive Officer
Kakamega County Water and Sanitation Company**

LIST OF ACRONYMS AND ABBREVIATIONS

CFM	-	Commercial and Financial Manager
CEO	-	Chief Executive Officer
CIDP	-	County Integrated Development Plan
COK	-	Constitution of Kenya
CSM	-	Customer Service Manager
CSR	-	Corporate Social Responsibility
ERP	-	Enterprise Resource Planning
EMCA	-	Environmental Management and Coordination Act
GIS	-	Geographic Information System
HR	-	Human Resource
ICT	-	Information Communication Technology
IA	-	Internal Auditor
KACWASCO	-	Kakamega County Water and Sanitation Company Limited
KACUWASCO	-	Kakamega County Urban Water and Sanitation Corporation
KPI	-	Key Performance Indicators
LVNWSB	-	Lake Victoria North Water Services Board
M&E	-	Monitoring and Evaluation
MTP III	-	Medium Term Plan Three
NRW	-	Non-Water Revenue
O&M	-	Operation and Maintenance
PESTEL	-	Political, Economic, Sociological, Technological, Environmental and Legal.
PM	-	Performance Management
RRI	-	Rapid Results Initiative
SDGs	-	Sustainable Development Goals
SEC	-	Security Enforcement Officer
SWOT	-	Strength, Weaknesses, Opportunities and Threats
TM	-	Technical Manager
WASH	-	Water, Sanitation and Hygiene
WASREB	-	Water Services Regulatory Board
WRUAs	-	Water Resource Users Association
WSP	-	Water Service Provider

TABLE OF CONTENTS

FOREWORD	2
PREFACE	4
LIST OF ACRONYMS AND ABBREVIATIONS	5
EXECUTIVE SUMMARY	7
CHAPTER ONE:	8
INTRODUCTION	8
1.1 BACKGROUND	8
1.2 THE CONTEXT OF THE STRATEGIC PLAN	8
1.3 RATIONALE FOR THE STRATEGIC PLAN	11
1.4 PLANNING ASSUMPTIONS	12
1.5 THE STRATEGIC PLANNING PROCESS	12
CHAPTER TWO:	13
INSTITUTIONAL REVIEW	13
2.1 MANDATE AND CORE FUNCTIONS	13
2.2 VISION AND MISSION STATEMENTS	13
2.3 KACWASCO CORE VALUES	13
CHAPTER THREE:	15
SITUATIONAL ANALYSIS	15
3.1 EVALUATION OF PAST PERFORMANCE	15
3.2 ENVIRONMENTAL ANALYSIS	16
CHAPTER FOUR:	27
STRATEGIC THEMES	27
4.1 NON-WATER REVENUE WATER MANAGEMENT	27
4.2 - OPERATIONAL EFFICIENCY, CUSTOMER SERVICE AND PRO-POOR	27
4.3 FINANCIAL STEWARDSHIP AND SUSTAINABILITY	27
4.4 INSTITUTIONAL STRENGTHENING AND CAPACITY BUILDING	28
4.5 WATER AND SANITATION INFRASTRUCTURE	28
4.6 MONITORING AND EVALUATION	28
CHAPTER FIVE:	31
IMPLEMENTATION MATRIX	31
CHAPTER SIX:	51
INSTITUTIONAL STRUCTURES	51
KACWASCO ORGANOGRAM	51
CHAPTER SEVEN:	52
FINANCING THE STRATEGIC PLAN	52
CHAPTER EIGHT	60
MONITORING AND EVALUTAION	60
8.1 MONITORING AND EVALUATION	60
8.2 KEY PERFORMANCE INDICATORS	61
8.3 RISK MANAGEMENT FRAMEWORK	62

EXECUTIVE SUMMARY

This strategic plan is a thoughtful road map that provides a five-year strategic direction for KACWASCO. It is well aligned to international, national, and county water sector aspirations. Among the National and International aspirations that have informed this strategic plan are, the 2015 Sustainable Development Goal (SDGs), the 2010 Constitution of Kenya (COK), the Kenya Vision 2030, and the Kakamega County Integrated Development Plan 2018-2022. The plan is aligned to the provisions of the Water ACT 2016. The development of this strategic plan is inspired by the expiration of the 2017-2021 plan; change in the legal status of the company from a "Corporation" Kakamega County Urban Water and Sanitation Corporation (KACUWASCO) to a "Limited Company" under the name '*Kakamega County Water and Sanitation Company Limited*' (KACWASCO) and the need to align company aspirations with the Kakamega County Integrated Development Plan.

The plan is premised on specific assumptions necessary for its implementation. The process of developing the strategic plan was participatory and transparent. It involved wide consultation with internal and external stakeholders. As part of the strategic planning process, a review of the 2017-2021 strategic plan was undertaken. This helped to inform the strategic themes and objectives for the 2021-2026 strategic plan. An evaluation of past performance was undertaken to inform the baseline for the 2021-2026 strategic indicators. The plan has defined six thematic areas namely, non-revenue water management, Operational efficiency, Customer service & Pro-poor strategies, Financial Stewardship & Sustainability, Institutional strengthening & capacity building, Water & Sanitation Infrastructure and Monitoring & Evaluation.

The KACWASCO 2021-2026 strategic plan is estimated to cost Ksh 3.555 billion in the five-year implementation period. Funding of the strategic plan will be obtained from internal and external sources. A comprehensive monitoring and evaluation (M&E) framework has to be put in place to ensure a successful implementation of the plan. The M&E framework will enable KACWASCO to measure performance against set indicators through a performance management system. The Board of Directors shall be responsible for the implementation of this strategic plan.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Kakamega County Water and Sanitation Company Limited (KACWASCO) is a Water Service Provider (WSP) established under the Kakamega County Water and Sanitation Services Act 2021, incorporated under the Companies Act 2015. The Company is a wholly owned agency of the County Government of Kakamega mandated to provide Water within the areas of service as approved and regulated by the Water Services Regulatory Authority (WASREB). The Company took over Water and Sanitation Services provision from Lake Victoria North Water Services Board (Now Lake Victoria Water Works Agency) as from July 2016 following transfer of water and Sanitation Services to the County Government of Kakamega in line with the provisions of the Constitution of Kenya 2010.

KACWASCO is currently providing clean, safe, and quality water to approximately 78% of the Kakamega county urban and peri-urban population (Estimated to be 432,284). It provides sanitation services to approximately 14% of the population within its coverage area. Despite the various challenges, KACWASCO is on a journey to connect the entire population in the areas of supply to improved water and sanitation services. Water and Sanitation services to the rural population is provided by Kakamega County Rural Water and Sanitation Company recently formulated by the county government. The total population in Kakamega county is estimated 1,867,579 according to the 2019 Kenya census. The Kakamega County Integrated Development Plan (CIDP 2018-2022) envisions to increase the population using improved water sources from 61.1% to 90% and ensure access to improved sanitation services. This is in partnership with all stakeholders including, the National Government, Kakamega County Ministry of Environment, Health and Water, Water Resources Authority, Lake Victoria Water Works Development Agency, Water Resource Users Associations (WRUAs) and Water, Sanitation & Hygiene (WASH), and other development partners.

1.2 THE CONTEXT OF THE STRATEGIC PLAN

This strategic plan is well aligned to the international and national water sector policies, and it aims to fulfil their aspirations. The table below highlights the context of this strategic plan against the aspirations of key international and local water sector bodies.

Table 1.1: The Context of the Strategic Plan

Key Aspirations	Objectives	KACWASCO Implications
Sustainable Development Goal (SDGs)-UN, 2015	Sustainable Development Goal Number Six (6) is about "clean water and sanitation for all". It is one of 17 Sustainable Development Goals established by the UN in 2015. Some key objectives include to:	Kakamega County is the second most populous county in Kenya with an estimated population of 1,867,579.

	<p>Sustainable Development Goal Number Six (6) is about “clean water and sanitation for all”. It is one of 17 Sustainable Development Goals established by the UN in 2015. Some key objectives include to:</p> <ul style="list-style-type: none"> i) Achieve universal and equitable access to safe and affordable drinking water for all. ii) Improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally. iii) Increase water-use efficiency across all sectors, and address water scarcity. iv) Implement integrated water resources management at all levels, including through transboundary cooperation as appropriate. v) Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers, and lakes. vi) Expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities. vii) Support and strengthen the participation of local communities in improving water and sanitation management. 	<p>Kakamega County is the second most populous county in Kenya with an estimated population of 1,867,579. As the main water service provider in the county’s urban area, KACWASCO aspires to provide clean and safe water and sanitation to the urban county residents aligned with the SDG Goal Number Six (6). This plan provides the Strategic Direction to achieve this and ensure sustainable management of water resources in its jurisdiction.</p>
Africa Agenda 2063	<p>The Africa Agenda 2063 is a shared framework for socio-economic transformation of the continent over the next fifty years. In June 2015, The Africa Union adopted the Third document titled; ‘The Ten-Year Implementation Plan. This incorporates a key highlight in its programme’s outcome and includes</p>	<p>This Strategic plan is aligned with the aspiration of Africa’s Agenda 2063 to improve water and sanitation access.</p>

	<p>“An expanded and improved access to the basic necessities of life, Water, Sanitation, electricity, transport and internet connectivity.</p>	
<p>Kenya Vision 2030 - The Third Medium Term Plan (MTP III) (2018-2022) and the Big Four Agenda</p>	<p>The Kenya Vision 2030 target for water and sanitation is to ensure that improved water and sanitation services are available to all by 2030. This is under its strategies in the Social Pillars. A key target in its programmes and projects includes water and sewerage infrastructure; to develop urban waste treatment and reuse, generation of by-products and disposal of solid waste from sewerage. The key strategies under the MTP 2018-2022 include:</p> <ul style="list-style-type: none"> i) Completing the ongoing water projects in urban and rural areas to increase the number of people connected to safe piped water from 3.6m to 9m. ii) Rehabilitation of five water towers and increase tree cover from 6.9% to 10% iii) Increase the proportion of people with access to portable water from 60% to 80% by 2022 with a focus on slum and arid areas. 	<p>KACWASCO strategic plan is anchored toward contributing to the Kenya Vision 2030 overall goal of improving access to water and sanitation services to all including the unserved population in the slum areas. This strategic plan shall also play a vital role of supporting the key aspirations of the Governments’ Big Four Agenda.</p>
<p>The Constitution of Kenya (COK) 2010</p>	<p>Article 42 of the COK establishes the right to a clean and healthy environment to all citizens. Article 43 of COK states that every Kenyan has a right to clean and safe water in adequate quantities and to reasonable standards of sanitation. Schedule IV defines the responsibilities of the national government and the county governments. It migrated the responsibility of supply of water and sanitation to the county governments.</p>	<p>KACWASCO is the Kakamega County Water Service Provider mandated to provide water and sanitation services to the urban population of Kakamega County aligned with the aspirations of the COK.</p>
<p>The Water Act 2016</p>	<p>The Water Act 2016 repealed the Water Act 2002 and was operationalized on 21st April 2017. The act provides for regulation, management and development of water resources and sanitation services. Under this act the role of the national government is to regulate the management of water</p>	<p>Following the Water Act 2016, KACWASCO is the instituted WSP entitled to provide water in its area of coverage.</p>

	<p>resources and development of national water works. The following bodies</p> <ul style="list-style-type: none"> i) Water Services Regulatory Board ii) Water Resource Authority (WARMA) iii) Water Tribunal iv) Water Sector Trust Fund v) National Water Harvesting and Storage Authority vi) Water Works Development Agencies vii) Basin Water Resources Committee <p>Under section 77 of this act, County Governments are tasked to institute organizations (Water Service Providers) to provide water and sanitation services and to develop county water works.</p>	
Kakamega County Integrated Development Plan 2018-2022	Led by the Kakamega County Government, the mission for the Kakamega County CIDP is to improve the welfare of the people of Kakamega County through formulation and implementation of all-inclusive multi-sectoral policies. One of the goals of the Kakamega County CIDP is to achieve socio-economic transformation of its people through sustainable development of all sectors by 2022 by improving access to clean and safe water for its communities.	In partnership with the Kakamega County Ministry of Water, Environment and Natural Resources, the Strategic plan supports the Kakamega County CIDP 2018-2022 target to increase the population using improved water sources from 61.1% to 90% and ensure access to improved sanitation services.

1.3 RATIONALE FOR THE STRATEGIC PLAN

The development of this KACWASCO Strategic Plan (2021-2026) is paramount for the company to deliver on its mandate effectively over the next five years in response to the ever changing internal and external environmental factors. The other factors that necessitated the development of this strategic plan include:

- a) The expiration of the previous strategic plan (2017-2021)
- b) The recent changes in company legal status from a "Corporation" (KACUWASCO) to a "Limited Company" under the name '*Kakamega County Water and Sanitation Company Limited*' (KACWASCO).
- c) As a requirement by the regulator, WASREB, that there must be in place a Strategic plan as a prerequisite to the issuance of an operating licence.
- d) The significant changes in the board and management of the company. These includes recent changes in position of Board Chairman and Directors, CEO, Technical Manager, and Commercial & Finance Manager.
- e) To align to the changing demands of the key stakeholders.
- f) To align KACWASCO road map with the Kakamega County Integrated Development Plan 2018-2022.

1.4 PLANNING ASSUMPTIONS

In the development of this strategic plan, the following assumptions were made:

1. That the resources and infrastructure required for strategy implementation, monitoring and evaluation shall be available.
2. That there shall be no adverse changes in the national and county government policies relating to water and sanitation in the next five years.
3. That there shall be community support and that they shall embrace the recommended changes.
4. That there shall be support from the Board, Management and Staff, County Government, and other stakeholders in the implementation of the Strategic Plan.
5. That there will be a favourable internal and external environment for the smooth operation of the water company in the next five years.
6. That the developed monitoring and evaluation system shall be implemented effectively.
7. That KACWASCO will effectively navigate around the challenges brought about by the COVID-19 pandemic.

1.5 THE STRATEGIC PLANNING PROCESS

The strategic plan development process adopted a participatory and transparent approach, consulting with both internal and external stakeholders. This was done, not only to ensure that views from all stakeholders were incorporated in the Strategic Plan, but most importantly, to create a sense of ownership of the Plan. The approach will further help in ensuring participatory implementation. Among the stakeholders consulted included:

- a) KACWASCO's Board of Directors and Senior Management
- b) Managers, Supervisors, Heads of Sections, and other employees
- c) The County Government of Kakamega
- d) Key Customers and Community Members
- e) Key Company Suppliers
- f) Regulators
- g) Development Partners

The development of this Strategic Plan involved the use of various method for data collection including:

- a) Review of key documentation provided by KACWASCO i.e. The previous strategic plan, and management reports, Financial reports.
- b) Interviews with key internal and external stakeholders.
- c) Company visits and physical meetings.
- d) Group Interviews with focus groups comprising of billing and customer service staff, and meter readers.
- e) The use of data collection instruments i.e., an online questionnaire was sent to management and staff.

Consultative meetings were held with Board of Directors and Management. A draft Strategic Plan was then developed and presented to the Board of Directors and Senior Management of KACWASCO for review. Their feedback was later received and incorporated into a draft leading to this Final Strategic Plan.

CHAPTER TWO

INSTITUTIONAL REVIEW

2.1 MANDATE AND CORE FUNCTIONS

Pursuant to Section 78. (1) of the Water Act 2016, KACWASCO operates as the Kakamega County WSP that extracts, produces, transmits, and distributes water and provides sanitation services to the residents in the defined urban and peri-urban areas of Kakamega County. It also collects and treats wastewater generated in the county. The KACWASCO area of coverage is divided into five areas and five schemes. The areas include Kakamega, Shinyalu, Shitoli, Malava and Mumias. The schemes are Tindinyo, Butere, Navakholo, Muranda and Lumakanda.

KACWASCO's responsibility is to ensure provision of water and sanitation services, good customer relations and satisfaction, adequate maintenance of assets and attaining performance levels set by the regulator. The Kakamega County Water and Sanitation Services Act, 2021 defines the Water Service Provider's core functions as to:

- i) Manage and maintain county water and sanitation services, infrastructure, including water works and public works.
- ii) Maintain adequate water supply system for individual, domestic, industrial, livestock and agricultural purposes in the service areas.
- iii) Manage works for water conservation.
- iv) Promote and manage water recycling systems.
- v) Promote efficient water use and management for sustainable development.
- vi) Identify, initiate, and promote water conservation systems, strategies, and programs.
- vii) Maintain database related to water and sanitation services.
- viii) Disseminate information related to water and sanitation services.
- ix) Maintain collaboration and cooperation with other government agencies, development partners, stakeholders, non-governmental organizations, and other county governments in carrying out its functions.

2.2 VISION AND MISSION STATEMENTS

The KACWASCO vision and mission states as follows:

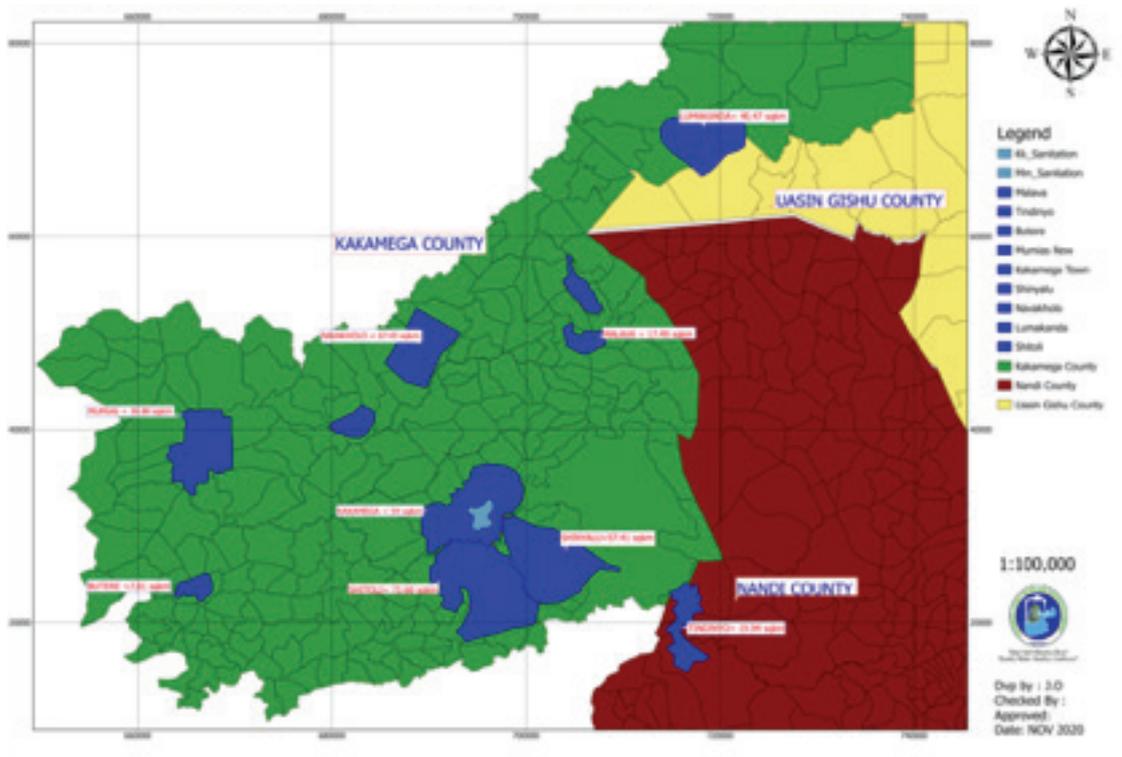
2.2.1 KACWASCO VISION

To be an effective and efficient water and sanitation service provider.

2.2.2 KACWASCO MISSION

To sustainably provide quality, affordable, reliable water and sanitation services to our stakeholders in accordance with statutory requirements.

GEOGRAPHICAL SUMMARY OF KACWASCO - WATER AND SANITATION SERVICE AREA



KACWASCO'S water and sanitation service area



Kakamega County Water and Sanitation Company (KACWASCO) receiving the license from the regulator -Water Services Regulatory Board (WASREB)

2.3 KACWASCO CORE VALUES

The company's' values that defines its mandate and working ethos are as follows.

- i) Integrity
- ii) Honesty
- iii) Equity/ Fairness
- iv) Professionalism
- v) Customer Focus
- vi) Teamwork
- vii) Transparency and Accountability

CHAPTER THREE

SITUATIONAL ANALYSIS

This chapter highlights a critical review of the current internal and external situation of KACWASCO by use of SWOT and PESTEL analysis.

3.1 EVALUATION OF PAST PERFORMANCE

The financial performance of KACWASCO was reviewed for a period of five (5) years. The discussions below highlight the company performance during the period.

3.1.1 INCOME STATEMENT

Table 3.1 shows how the company performed in the past five years. In 2015/2016, the Western Water Services company was responsible for the provision of water and sanitation services to the residence of Kakamega town and its environs. The Western Water Services company was incorporated in 2006 and appointed by the Lake Victoria North Water Services Board (LVNWSB) to carry out the mandate of providing water and sanitation services within Kakamega, Mumias, Nambale, Butere, Shitoli, Shinyalu and Tindinyo. KACWASCO is currently executing the same mandate in basically the same geographical coverage making it possible to include the 2015-2016 performance in this analysis. In terms of overall performance, the company has been returning losses over the past five years. This calls for deliberate strategies in the 2021-2026 strategic plan to turn around the company and make it a profitable enterprise. To achieve this, the 2021-2026 strategic plan has identified financial stewardship and sustainability as a key priority area.

Table 3.1: Income statements for the past five years

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	Ksh	Ksh	Ksh	Ksh	Ksh
Sales	244,086,877	216,649,130	211,929,793	239,444,801	223,269,397
Less cost of sales	(58,832,964)	(37,657,534)	(37,052,568)	(30,668,374)	(33,980,708)
Gross profit	178,991,596	182,579,946	174,877,135	213,603,747	201,654,843
Total Expenses including finance cost	(196,478,748)	(195,218,854)	(209,360,605)	(246,598,932)	(214,311,384)
Net Profit/ (Loss)	(7,117,895)	(12,638,908)	(31,532,970)	(32,995,185)	(12,656,540)

3.1.2 SALES

The sales performance shows an uneven trend over the last five-year period. Looking at the sales trend (Table 3.2), 2015-2016 was the best performed year, while 2016-2017 was the worst performed year. The 2019-2020 income statement shows a drop in the sales by Ksh16.17million. One of the strategic objectives for the 2021-2026 strategic plan is to increase annual revenue from Ksh 223 million in 2021 to Ksh 350 million by 2026.

Table 3.2: Sales trend in the past five years

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	Kshs	Kshs	Kshs	Kshs	Kshs
Sale of water	183,063,800	162,989,293	160,796,143	193,061,177	177,522,043
Sewer Charges	49,633,977	43,142,237	39,627,214	34,762,674	31,964,691
Meter Rent	11,389,100	10,517,600	11,504,328	11,620,590	10,685,270
Total	244,086,877	216,649,130	211,927,685	239,444,441	220,172,004

3.1.3 COST OF SALES

The cost of sales is a key component in establishing the company's performance. An increase in the production cost will have a direct effect on the profitability of the company. Table 3.3 shows the cost of production in 2019-2010 to be higher than of 2018-2019 despite a drop in sales in 2019-2020. One of the ways to increase profitability is to control the production costs. In the planning period 2021-2026, KACWASCO should optimize on its production costs to increase profit margins.

Table 3.3: Cost of Sales

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	Kshs	Kshs	Kshs	Kshs	Kshs
Cost of Sales	58,832,964	37,657,534	37,052,568	30,668,374	33,980,708

3.1.4 OPERATIONS, MAINTENANCE AND STAFF COSTS

Operations and maintenance (O&M) are critical for KACWASCO. To enhance continuous provision of water and sanitation services, the company should provide adequate resources for operations and maintenance. Table 3.4 shows a drop in the O&M cost by one half in 2019-2020 compared to 2018-2019. This indicates that very minimal maintenance works were done in 2019-2020, pointing to possible disruption of services leading to reduced revenue. In the planning period 2021-2026, KACWASCO will develop and implement a maintenance schedule to ensure uninterrupted provision of water and sanitation services.

Table 3.4 shows that the staff costs as a percentage of revenue have been increasing steadily from 42.5% in 2016 to 60.1% in 2020. This is a worrying trend, which may not be sustainable in the long run. The company plans to contain staff costs at below 50% of its revenue. To achieve

this, the company will have to increase its revenue by leveraging on its current staff costs. The 2021-2026 strategic plan has envisioned increasing staff productivity through institutional strengthening and capacity building.

Table 3.4: Operations, Maintenance, and Staff costs.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	Ksh	Ksh	Ksh	Ksh	Ksh
Operations and Maintenance	7,156,145	10,829,907	11,753,442	12,926,449	6,311,831
Staff Cost	103,723,007	101,936,756	101,936,756	141,569,012	134,244,923
Staff Cost as a % of Sales	42.5%	47%	48%	59%	60%

3.1.5 NON-REVENUE WATER ANALYSIS

Non-Revenue Water denies KACWASCO a significant portion of revenue that it should earn from the sale of water. The NRW is produced at a cost and yet it does not earn the company any revenue. If the non-revenue water is reduced, revenue earned by KACWASCO will increase significantly. The 2021-2026 strategic plan gives priority to addressing the NRW challenges. The plan sets out to reduce non-revenue water from 44% in 2021 to 35% by 2026. Table 3.5 shows the performance of KACWASCO in the last five years regarding NRW.

Table 3.5: Non-revenue water trend for the past five years

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
NRW m ³	2,493,908	1,987,469	2,924,021	2,761,298	2,786,441
NRW%	51%	47.15%	52%	49%	44%

3.1.6 WATER PRODUCTION

The water production trend for the past five years is shown in Table 3.6. It is noticeable that the trend is uneven over the period. It would be good for the company to have a steady increase in water production in the next five years. The 2021-2026 KACWASCO strategic plan projects to increase water production from the current 5,000,000 m³ to 8,000,000 m³ by 2026. Currently the company has 19,775 water connections and 4,200 sewer connections. During the planning period (2021-2026), the company projects to increase water and sewerage connections to 40,000 and 6,100, respectively.

Table 3.6: Water production in the past five years.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Water Production m ³	4,921,812	4,214,851	5,572,884	5,612,519	5,637,662

3.1.7 STATEMENT OF FINANCIAL POSITION

The financial position of KACWASCO for the past five years was analyzed and key areas of concern highlighted. The areas of concern include trade receivables, trade payables, revenue reserves and long-term payables. Table 3.7 shows a steady increase in trade receivables from Ksh. 183 million in 2015-2016 to Ksh 230 million in 2019-2020. This is a worrying trend that needs attention. The table shows that trade payables were highest in 2018-2019 at Ksh 404,403,270 and have since reduced to Ksh 78,720,812.

Revenue reserves have grown steadily from a negative of Ksh 246,828,081 in 2015-2016 to a negative of Ksh 336,651,684 in 2019-2020. This is not good for the company. To address the adverse performance and financial position of the company, the 2021-2026 strategic plan aims at reducing accounts receivables from Ksh 230 million in 2019-2020 to less than Ksh 50 million by 2026. It also seeks to enhance collection efficiency up to 98% level by 2026.

Table 3.7: Statements of Financial Position for the past five years

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	KSh	KSh	KSh	KSh	KSh
NON-CURRENT ASSETS					
Property, Plant & Equipment	11,496,618	7,019,741	13,556,140	9,817,825	16,227,156
CURRENT ASSETS					
Inventories	9,395,007	6,196,491	7,354,772	6,758,603	8,507,695
Trade & Other Receivables	183,029,093	177,888,098	197,452,355	203,006,433	229,569,292
Cash and Bank Balances	13,635,593	14,958,209	92,497,753	97,301,241	121,327,513
Prepayments (WIBA)				-	81,660
Total Current Assets	206,059,693	199,042,798	297,304,880	307,066,277	359,486,160
CURRENT LIABILITIES					
Short Term Borrowing	2,000,000	1,333,333	1,333,333	1,333,333	1,333,333
Trade Payables	314,241,749	316,053,552	365,385,003	404,403,270	78,720,812
Total Current Liabilities	316,241,749	317,386,885	366,718,336	405,736,603	80,054,145
Net Current Assets	(110,182,056)	(118,344,087)	(55,857,316)	(98,670,326)	279,432,015
TOTAL NET ASSETS	(98,685,438)	(111,324,346)	(55,857,316)	(88,852,501)	295,659,171
REPRESENTED BY;					

CAPITAL EMPLOYED					
Share Capital	100,000	100,000	100,000	100,000	100,000
Revenue Reserve	(246,828,081)	(259,466,989)	(290,999,959)	(323,995,144)	(336,651,684)
County Government of Kakamega	148,042,643	148,042,643	87,000,000	87,000,000	87,000,000
Capitalized Inventory				148,042,643	148,042,643
	(98,685,438)	(111,324,346)	(55,857,316)	(88,852,501)	(101,509,041)
LONG TERM LIABILITIES					
Other Payables	--	--	---	--	397,168,213
TOTAL EQUITY	(98,685,438)	(111,324,346)	(55,857,316)	(88,852,501)	295,659,171

3.2 ENVIRONMENTAL ANALYSIS

A detailed environmental analysis was conducted to identify all the external and internal elements that will affect the performance of KACWASCO in the period of the strategic plan. This is paramount for decision making in the various implementation stages and ultimately affects the success of the strategic plan.

3.2.1 SWOT ANALYSIS

An analysis of the company's strengths, weaknesses, opportunities, and threats was important for the formulation of the strategy. SWOT analysis helped to determine strategic factors that informed strategies for achieving identified themes and objectives for the 2021-2026 strategic plan. An analysis of the company's strength and weakness provided a clear understanding of its internal environment, while a review of its external environment helped to identify the company's opportunities and threats. Stakeholders, representing different aspects of the company were involved in performing SWOT analysis. The objective of involving various stakeholders was to have different points of view. Table 3.8 below shows the company's SWOT analysis.

Table 3.8: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> i) Highly qualified and professional staff. ii) Well-equipped water quality testing unit. iii) Favourable climate for plenty surface water. iv) Governance structures established. v) Company fully incorporated and legally registered. vi) Wide coverage of water services vii) Youthful workforce. 	<ul style="list-style-type: none"> i) Dilapidated water and sanitation infrastructure ii) High Non-Revenue Water iii) High cost of production; use of pumping water system. iv) Financial Constraints v) Huge debts.

	<ul style="list-style-type: none"> vii) Lack of proper and accurate record viii) Old and inadequate sewage treatment plant. ix) Water treatment plant not adequate to meet demand. x) Inadequate sewerage line/ infrastructure. xi) Lengthy delays in connecting new customers. xii) Outdated tariff in use. xiii) Poor and inadequate transportation which hinders surveillance, maintenance work and meter reading. xiv) Customer and staff collusion for illegal connections. xv) Metering challenges.
<p>Opportunities</p> <ul style="list-style-type: none"> i) High demand for water especially in urban centres that exceed current supply. ii) Large coverage area. iii) Adequate underground and surface water sources in the area. iv) Use of technology. v) Increasing population. vi) Growth in Institutions and industries. vii) land topography favours use of gravity to supply water at low cost. 	<p>Threats</p> <ul style="list-style-type: none"> i) Over-dependence on water source from neighbouring county. ii) Disappointed customers may terminate the company services. iii) Political interference iv) Deforestation of catchment areas v) Changes in legislation. vi) Defaulters of water bills. vii) LVNWSB and conflicts with other counties can affect the company operations. viii) Customer shift to alternative sources of water. ix) Severed relationship with some development partners and political leadership.

3.3.2 PESTEL ANALYSIS

A comprehensive review of the external environment was conducted on the company using the PESTEL methodology.

Table 3.9: Stakeholder’s Analysis

Factor	Issues	Effect	Mitigation Measures
Political	<ul style="list-style-type: none"> • Change in governance at national and County level • Change in government policies • Political interference 	<ul style="list-style-type: none"> • Potential conflict in trans-boundary water resources • Competition for water resources 	<ul style="list-style-type: none"> • Collaboration with County government
Economic	<ul style="list-style-type: none"> • Weak macroeconomic environment 	<ul style="list-style-type: none"> • High cost of operation • Low purchasing power of consumers 	<ul style="list-style-type: none"> • Adopt cost saving initiatives. • Tariff review • Minimize wastage.

		<ul style="list-style-type: none"> Limited financial support from government and development partners Weak infrastructural support 	<ul style="list-style-type: none"> Seek and strengthen collaboration with development partners and private sector
Sociological	<ul style="list-style-type: none"> High population growth and urbanization 	<ul style="list-style-type: none"> Increased demand for water and sanitation Mushrooming informal settlements 	<ul style="list-style-type: none"> Expand water and sanitation services.
	<ul style="list-style-type: none"> Vandalism and illegal connections 	<ul style="list-style-type: none"> High maintenance costs and non-revenue water 	<ul style="list-style-type: none"> Strengthen security and surveillance
	<ul style="list-style-type: none"> Believe that water is public good 	<ul style="list-style-type: none"> Increased NRW and water theft 	<ul style="list-style-type: none"> Sensitization of the public Enhance measures to reduce NRW significantly
Technological	<ul style="list-style-type: none"> Emerging technological advances 	<ul style="list-style-type: none"> High non-revenue water Inefficiency in service delivery High operational costs 	<ul style="list-style-type: none"> Leverage ICT in automating operations (e.g., ERP system)
Environmental	<ul style="list-style-type: none"> Natural disasters e.g., floods 	<ul style="list-style-type: none"> Destruction of water infrastructure 	<ul style="list-style-type: none"> Investing in flood-mitigation dams Repairs/maintenance
	<ul style="list-style-type: none"> Weak solid waste management system 	<ul style="list-style-type: none"> Increased pollution 	<ul style="list-style-type: none"> Adopt modern waste management technologies
	<ul style="list-style-type: none"> Climate change 	<ul style="list-style-type: none"> Deforestation and destruction of water sources 	<ul style="list-style-type: none"> Create awareness on environmental conservation
Legal	<ul style="list-style-type: none"> New government regulations, Acts Changes in existing legislation 	<ul style="list-style-type: none"> Shift in the management and use of water and sanitation resources 	<ul style="list-style-type: none"> Ensure compliance with legislation

3.3.3 STAKEHOLDER ANALYSIS

A stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objectives. Stakeholders are critical for the success of any organisation. In recognition of their role in the successful implementation of the 2021-2026 strategic plan, a stakeholder's mapping and analysis was conducted. Through stakeholder analysis, qualitative information was gathered representing various interests. This gave a clear strategic view of various possible stakeholders' expectations. Among external stakeholders analysed were county government officials, including the Kakamega County Executive Committee Member, Ministry of Water, Environment and Natural Resources, County Officer, customers, suppliers,

regulatory bodies, and members of the general public. Internal stakeholders analysed included company staff at all levels i.e., senior, middle, and lower- cadre management together with subordinate staff. Other internal stakeholders who participated in the analysis were, the company chief executive officer, the chair of the board of directors, chairs of various board committees and the entire membership of the board. Table 3.10 shows the various stakeholders, company expectations and stakeholders' expectations.

Table 3.10: Stakeholders Analysis

S/ No	Stakeholder	Stakeholder's expectation	Company expectation
1.	Customers	<ul style="list-style-type: none"> • Provision of safe and adequate drinking water. • Provision of adequate sanitation services • Quick resolution of complaints • Prompt repair of pipe bursts • Accurate and timely bills • Participate in company meetings and decisions touching on service provision. • Good customer care • Prompt connections of new customers • Reliable meters • Effective communication on service disruptions and any other information • Affordable rates/ tariffs for water and sanitation services 	<ul style="list-style-type: none"> • Prompt payment of water bills • Prompt payment for sanitation services • Report pipe burst and vandalism of company facilities. • Prevent illegal connections. • Prevent or report vandalism of company facilities. • Participate in stakeholder's consultation/ forums. • Proper care of water and sanitation infrastructure • Market the company by referring other customers to the company.
2.	Board of Directors	<ul style="list-style-type: none"> • Good stewardship of company resources by management • Adherence to regulations and company policies • Effective and efficient service delivery to customers • Observance of the BOD decisions/direction • Transparency, honesty, and integrity in company operations. • Accountability for company resources through reports • Highly motivated and productive staff. 	<ul style="list-style-type: none"> • Hire the CEO. • Recruit, supervise, retain, evaluate, and compensate the manager. • Provide strategic direction for the company. • Establish governance system/ structures. • Govern the company and the relationship with the CEO. • Fiduciary duty to protect the organization's assets. • Lobbying support from development partners and the government.

		<ul style="list-style-type: none"> • Good company performance • Sound relationship with all stakeholders 	<ul style="list-style-type: none"> • Not to meddle in the day-to-day operations of the company
3.	Company Staff	<ul style="list-style-type: none"> • Good terms of employment • Professional development and capacity building • Conducive work environment • Job security and sustainability of the company • Motivation and rewards system • Payment of salaries on time • Proper dissemination of information and communication • Clear reporting lines and structure • Rights of membership to union • Proper facilitation for work or assigned duties. • Participation in company decisions 	<ul style="list-style-type: none"> • Professionalism and diligence in carrying out day-to-day work. • Commitment to the company's mandate • Uphold high standards of performance in service delivery. • Adherence to company policies • Uphold company image, empathy, respect, and discipline. • Commitment to the company service charter • Dedicated and quality. • Workmanship. • Compliance with set rules and regulation in the work culture • Creativity and innovation • Efficiency and effective service delivery • pursuance of company mission, vision, and core values
4.	Suppliers	<ul style="list-style-type: none"> • Fairness and equal opportunity • Prompt payment for goods and services supplied. • Transparent procurement processes • Clear specification of goods and services to be supplied. • Observance of contract terms by the company 	<ul style="list-style-type: none"> • Timely delivery of goods and service • Reliable supply of products and services • Provide quality goods and services at reasonable rates. • Adherence to the terms in the contract
5.	County Government	<ul style="list-style-type: none"> • Provision of quality water and sanitation services to residents and its premises. • Employment to residents • Implement county strategic decisions • Involvement in decision making on Water Sector. • Corporate Social Responsibility (CSR) 	<ul style="list-style-type: none"> • Provide funding for expansion and maintenance of water and sanitation infrastructure. • Develop a water master plan. • Formulate county level policies on water and sanitation. • Have representation on the company board to champion county expectations. • Participate in stakeholder's meetings/forum.

			<ul style="list-style-type: none"> • Engage talks with development partners for financial and technical support to the company. • Make legislation for the county water and sanitation sector. • Engage other county governments and water authorities on behalf of KACWASCO for partnerships and collaboration. • Facilitate appointment of senior management of the company and board of directors. • Provide a favorable environment for the operations of the company devoid of political interference.
6.	National Government/ Ministry of Water and Irrigation	<ul style="list-style-type: none"> • Compliance with the Water Act 2016 and other relevant regulations • Deliver on the mandate. • Implement National government agenda on water and sanitation at county level 	<ul style="list-style-type: none"> • Provision of predictable operating environment. • Provision of financial and technical support through the ministry and regulatory bodies. • Enactment of laws regulating the water and sanitation sector. • Establishment of water and sanitation regulatory framework
7.	General Public	<ul style="list-style-type: none"> • Provision of employment for the community • Participation in stakeholder's forum • Sharing water source • Preserving the environment • Support CSR activities • Water supply to health facilities and schools. • Provision of licenses for drilling boreholes and private sanitation facilities 	<ul style="list-style-type: none"> • Provide labour for company works. • Take Part in stakeholder's meeting. • Participate in CSR activities • Elect and lobby local leadership to support water and sanitation projects through county forums/ assembly. • Prevent vandalism of company equipment/ apparatus. • Stop deforestation. • Preserve the environment
8.	Water Services Regulatory Board (WASREB)	<ul style="list-style-type: none"> • Compliance with WASREB regulations • Registration with WASREB • Application for tariff approval 	<ul style="list-style-type: none"> • Equity in regulations • Provide annual impact report. • Prompt approval of tariff

9.	Water Resources Authority	<ul style="list-style-type: none"> • Compliance with water rules and regulations • Submission of WARIS report • Payment of statutory levies • Acquisition of water abstraction permits 	<ul style="list-style-type: none"> • Conservation and protection of water resources • Efficient management of water catchment areas
10.	Water Sector Trust Fund (WSTF)	<ul style="list-style-type: none"> • Funding proposals for financial support • Accountability for funds disbursed/ secured. 	<ul style="list-style-type: none"> • Fair appraisal of proposals and timely release of funds for water projects.
11.	Financial Institutions	<ul style="list-style-type: none"> • Utilisation of financial facilities and services • Timely settlement of financial obligations 	<ul style="list-style-type: none"> • Provision of efficient banking services and credit facilities • Prompt services
12.	Kenya Bureau of Standards	<ul style="list-style-type: none"> • Adherence to set standards of water and sanitation services 	<ul style="list-style-type: none"> • Develop standard for water and sanitation services. • Supervise compliance of set standards for water and sanitation services. • Approve water quality and testing Labs
13.	Water Services Providers Association	<ul style="list-style-type: none"> • Enlist into membership of the association. • Participate in members forums 	<ul style="list-style-type: none"> • Provide forum for sharing or exchanging ideas and experiences. • Advocate for issues or challenges facing water service provision.
14.	National Environment Management Authority (NEMA)	<ul style="list-style-type: none"> • Conformity with the Environment Management and Coordination Act (EMCA)1999 and other relevant regulations 	<ul style="list-style-type: none"> • Conservation of the environment
15.	Water Tribunal	<ul style="list-style-type: none"> • Fairness in provision of water and sanitation service to customers and in dealing with other water sector stakeholders. 	<ul style="list-style-type: none"> • Judicious resolution of conflicts.

<p>16.</p>	<p>Lake Victoria North Water Services Board (LVNWSB)</p>	<ul style="list-style-type: none"> • Deliver on the mandate. • Compliance with the Water Act 2016 and other relevant regulations • Efficient utilisation of resources 	<ul style="list-style-type: none"> • Fairness in the regulation of WSPs under its jurisdiction • Provision of development support • Timely dissemination of information • Provision of technical support
<p>17.</p>	<p>Development Partners</p>	<ul style="list-style-type: none"> • Proposals for development support • Accountability for development support provided to the company. • legally and appropriately registered company for consideration and support. 	<ul style="list-style-type: none"> • Favorable terms for development support • Continued relationship. • Financial and technical support



KACWASCO customer service staff conduct a customer clinic



KACWASCO water treatment works



Kakamega Sewerage Plant



Kakamega Sewerage Plant

CHAPTER FOUR

STRATEGIC THEMES

4.1 NON-WATER REVENUE WATER MANAGEMENT

While KACWASCO will continue to invest and improve its water supply infrastructure, a focus on significantly reducing the levels of NRW will be prioritized. Both physical and commercial losses have accounted for high NRW recorded in the past. The company has lost high volumes of clean water due to leaks and bursts, illegal connections, aging pipe networks, and meter tampering and related inaccuracies. Past efforts have not yielded the desired target of reducing NRW levels from 44% to 30% over the plan period 2017 to 2021. The company recognizes the implications of high NRW for its financial viability and sustainability. As such, during this plan period, the company is deliberate in reversing past trends in NRW by investing adequately in areas that will reduce significantly both physical and commercial water losses.

4.2 OPERATIONAL EFFICIENCY, CUSTOMER SERVICE AND PRO-POOR

Improved operational efficiency and customer service is paramount for KACWASCO in maintaining and enhancing customer relationship and retention. The company purposes to increase its customer base by putting in place strategies that targets on enhancing customer experience and efficiency in all its operations. As a way of increasing company performance and meeting customer needs, the company plans to streamline its operations, processes and policies in a way that will improve effectiveness and efficiency in service delivery. During the plan period, strategies will target areas including, replacement, repairs and maintenance of equipment, automation, and customer experience.

4.3 FINANCIAL STEWARDSHIP AND SUSTAINABILITY

Financial stewardship is about caring, planning and management of financial resources. It requires a good system that ensures strong financial management, internal controls of company resources and promotes the principles of probity and prudence. A sound financial management system positively contributes to better decision making, greater efficiency and improved service delivery. Financial sustainability is the ability to generate resources to meet the present and future needs of the company. This is critical to ensure continued service delivery. To achieve financial sustainability, KACWASCO shall develop strategies that can enhance generation of funds locally and externally to finance its activities. Sustainability is achieved by increasing revenue, improving billing efficiency, implementing cost reduction measures, improving collection efficiency, reducing the levels of debts, automation of business processes and having a suitable financial management system.

4.4 INSTITUTIONAL STRENGTHENING AND CAPACITY BUILDING

Strengthening and capacity building is essential for effective delivery of services to stakeholders. It is critical for organizational sustainability. Institutional strengthening increases the capability of institutions to perform their functions. This helps organizations to strengthen, create, adapt, and maintain capacity overtime. The objective is to facilitate effective working of the company, and to construct approaches to how KACWASCO can be innovatively engineered to deliver smartly and effectively on its mandate from stakeholders. It is also concerned with the strengthening of human resource, finance, management, governance, business processes, structure, ethics, and culture of the organization. In the next five years, KACWASCO will formulate, review, and implement appropriate policies geared towards strengthening the institution and building capacity. In this strategic plan, KACWASCO has identified several objectives, strategies, and activities to specifically address institutional strengthening and capacity building as one of the key priority areas in the strategy period 2021-2026.

4.5 WATER AND SANITATION INFRASTRUCTURE

Water and sanitation infrastructure are a key priority area for KACWASCO in the 2021-2026 strategic plan. The current water and sanitation infrastructure are inadequate in meeting customer demands. There is need to expand the coverage of water and sewer services in the county, hence making it a priority for the planning period 2021-2026. The water and sewerage infrastructure requires rehabilitation. As a priority area, KACWASCO will work towards expanding the infrastructure in addressing the growing demand for these services. To achieve this, there is need to increase water production and supply to meet the high demand especially in Kakamega town and its environs. During the current planning period 2021-2026, KACWASCO will focus on improving water and sanitation infrastructure from 50% in 2021 to 90% in 2026. To effectively realize this priority area, KACWASCO will focus on construction of storage reservoirs, redesigning of distribution networks, replacement of old dilapidated networks, and expansion of distribution networks, among other activities.

4.6 MONITORING AND EVALUATION

Monitoring and Evaluation is critical for the successful implementation of this strategic plan. A suitable Monitoring and Evaluation (M&E) Framework should be put in place to enable KACWASCO measure performance against set deliverables. KACWASCO purposes to develop a robust M&E framework that ensures reliable measures of performance are available over the entire planning period. It is intended that these measures of performance will be embedded in the organization's performance management system. A detailed description of the M&E framework is provided in chapter eight of this strategic plan.

The table 4.1 outlines the strategic themes (Priority areas), objectives and strategies for the planning period 2021-2026

Table 4.1: KACWASCO Strategic Themes, Objectives and Strategies

Strategic Theme	Objective	Strategies
Non-Revenue Water Management	To reduce Non-Revenue Water from 44% to 35% by 2026	Establish a NRW management policy

		Quick detection of leaks and bursts
		Enhance meter accuracy
		Ensure 100% Metering
		Strengthen capacity of NRW unit
		Reduce illegal connections
		Develop an accurate customer database
Operational Efficiency, Customer Service and Pro-poor intervention	To provide uninterrupted water and sanitation services	Reduce interruption of water and sanitation services
		Ensure constant maintenance and replacement of faulty equipment.
	To achieve 100% automation and integration of all business operations	Automation of all business operations
	To increase customer satisfaction level and ratings from 71% to 95% by 2026	Enhance customer satisfaction levels
		Strengthen engagement with customers
	To improve quality of life in identified low-income areas through pro-poor interventions	Improve livelihood of individuals in low-income areas
		Enhance sanitation and Hygiene
		Monitor the impact of pro- poor initiatives
Financial Stewardship and Sustainability	To increase annual revenue from Ksh.223 million in 2021 to Ksh. 350 million by 2026	Grow and retain customers.
		Improve meter reading accuracy
		Review water and sewerage tariff structure
	To increase revenue streams	Diversify revenue sources.
	To reduce accounts receivables from Ksh 230 million in 2021 to Less than Ksh. 50 million	Enhance debt management
	To improve collection efficiency from 95% in 2021 to 98% by 2026	Enhance efficiency in revenue collection.
	To strengthen financial management processes	Institute a financial management system.
		Strengthen internal controls
Strengthen procurement processes		

		Ensure effective asset Protection
		Optimize production cost
	To increase billing efficiency from 68% in 2021 to 98 % by 2026	Enhance billing efficiency.
Institutional Strengthening and Capacity Building	To improve corporate governance practices	Strengthen Board Capacity
	To increase employees' satisfaction level from 45% in 2021 to 95 % by 2026	Build a qualified and motivated staff.
		Improve working conditions and environment
	To achieve 95% staff productivity level by 2026	Staff rationalization
		Institute a fully-fledged performance management system
		Strengthen Organisation structures
To improve Company image and visibility	Strengthen company image and brand	
	Strengthen engagement with stakeholders	
Water and Sanitation Infrastructure	To increase water production from 5,000,000 m3 per day to 8,000,000 m3 by 2026	Rehabilitation of the existing water Treatment infrastructure
		Automation of chemical dosing systems at Tindinyo and Nambacha
		Rehabilitation of Boreholes
	To increase water supply coverage from 78% to 95%	Expand water distribution network
		Increase water storage capacity from 12,800M3 to 18,300M ³
	To increase sanitation coverage from 14% to 40%	Expand sewer network coverage
	To ensure 100% adherence to drinking water and wastewater standards and regulations.	Enhance water quality assurance infrastructure.
		Implement wastewater standards
Monitoring and Evaluation	To achieve at least 95% of strategic plan	Set up and strengthen monitoring and evaluation system
		Strengthen framework for performance management

CHAPTER FIVE

IMPLEMENTATION MATRIX

THEME 1: NON-REVENUE WATER MANAGEMENT

Objective 1: To reduce Non-Revenue Water from 44% to 35% by 2026

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Establish a NRW management policy	Reduced NRW	Develop and implement NRW management policy	NRW management policy developed and fully implemented	TM CFM CSM	Mar 2022
Quick detection of leaks and bursts	Reduced physical NRW.	To update all company pipe networks in the GIS system	100% of pipe network mapped in the GIS system	TM CFM	Jun 2023
		Purchase and install leak detectors and pressure loggers	Detectors and pressure loggers installed	TM	Dec 2022
		Prompt repair of identified leaks and bursts	Number of leaks and bursts repaired on time	TM	Continuous
		Conduct Line patrol	No of patrols and reports	TM	Annually
Enhance meter accuracy	Reduced commercial NRW	Purchase Meter Test bench	Meter test bench purchased.	TM	Jun 2022
		Conduct ad hoc meter checks and routine patrols along the NRW hotspots	Ad hoc meter checks and patrol reports	TM	Continuous

		Perform meter testing and calibration.	100% of meters tested and calibrated	TM	Continuous
		Service faulty and stuck water meters	Number of serviced old meters	TM	Continuous
		Locate and raise meters	Number of meters located and raised	TM	Continuous
		Replace 50% of the zonal meters and bulk to manage the District Metering Areas (DMAs)	50% of zonal meters replaced	TM	Jun 2023
		Install production and master meters to monitor NRW levels	Production and master meters fully installed	TM	Jun 2022
Ensure 100% Metering	Reduce Commercial NRW	Install Meters for all new customers	No of new meters installed	TM CFM PM	Continuous
Strengthen capacity of NRW unit	Reduced commercial NRW	Identify training needs and conduct training of meter readers/ artisans on NRM management	Number of meter readers trained	HR TM	Jun 2022
		Conduct inductions for new artisans recruited	Number of artisans inducted	HR TM	Continuous
Reduce illegal connections	Reduced commercial losses	Track illegal connections and apprehend offenders	Number of illegal connections tracked	TM ICT SEC PLO	Continuous
		Sensitize customers on responsibility to report illegal connections	Number of sensitization forums or activities conducted	CSM	Annually

			Number of illegal connections reported by customers	CSM PLO	Annually
	Reduced illegal connection	Random inspection of disconnected/ inactive accounts	Inspection reports on disconnected accounts	CFM PLO	Continuous
Develop an accurate customer database	Accurate customer records	Develop and install NRW MIS	NRW MIS developed and installed	CFM TM ICT	June 2022
		Clean up and update customer database	Customer database updated	ICT CFM	June 2022

THEME 2: OPERATIONAL EFFICIENCY, CUSTOMER SERVICE AND PRO-POOR

Objective 1: To provide uninterrupted water and sanitation services.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Reduce interruption of water and sanitation services	Continuous provision of water and sanitation services	Prompt response to disruption of water and sanitation services	Number of timely responses to disruptions	TM CSM AMs	Continuous
		Setup a call Centre to receive and respond to customer queries	Call Centre established	CSM	June 2022
Ensure constant maintenance and replacement of faulty equipment.	Reduced disruption in service delivery	Develop and implement a network maintenance schedule	Maintenance schedule in place	TM	June 2022
	Continuous supplies	Pay suppliers promptly	Average credit period	CFM PM	Continuous

Objective 2: To achieve 100% automation and integration of all business operations.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Automation of all business operations	Improved efficiency in all business operations	Purchase an Enterprise Resource Planning (ERP) system	ERP system in place	ICT CFM TM PM CSM	Dec 2021
		Purchase all required ICT equipment for ERP operationalization	All required ICT equipment acquired	ICTM CFM	Dec 2021
		Integrate all business operations into the ERP system	All business operations integrated	ICT CFM TM PM CSM	Jun 2022
		Conduct training on ERP for all relevant staff	All relevant staff trained	HR	Dec 2021
		Operationalize the ERP system	ERP system fully operationalized	ICT	Jun 2022
		Operationalize the ERP system	ERP system fully operationalized	ICT	Jun 2022
		Develop ICT Master Policy	ICT Policy 2022 developed and Procedures Standardized	ICTM CMT	Mar 2022
		Setup Internet Connectivity to all schemes	All schemes' stations fully connected with Internet	ICTM CFM	Jun 2022
		Develop and implement an ICT Master plan	ICT Master plan developed and implemented	ICTM CFM	March 2022
		Adopt and implement ICT Governance standards	ICT Audit report	ICTM CFM	Mar 2022

Improved security of all ICT systems and automated processes	Develop and implement an Information Security Management system (ISMS)	An ISMS fully developed and implemented	ICTM CFM	Jun 2023
	Develop Corporate systems resilience plans	Developed: i) Business Continuity Plan ii) Disaster Recovery Plan	ICTM CFM	Jun 2022
	Establish Cybersecurity baseline level of ICT systems	Cybersecurity reports	ICTM CFM	Dec 2022
	Train all staff on cybersecurity	Trainings reports	ICTM CFM	Dec 2022

Objective 3: To increase customer satisfaction level and ratings from 71% to 95% by 2026

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Enhance customer satisfaction levels	Satisfied customers	Revise customer service charter	Customer service charter revised	CSM AMs	Mar 2022
		Operationalize revised customer service charter	Customer service charter operationalized	CSM	Mar 2022
		Respond promptly to customer issues as per service charter	All customer queries resolved as per service charter	CSM	Continuous
		Conduct regular customer satisfaction survey	Customer satisfaction survey reports	CSM ICT	Annually
		Train staff on customer care	Training reports	HR CSM	March 2022

Strengthen engagement with customers	Good customer relations	Develop a customer relationship management strategy	Customer relationship management strategy developed	CSM	June 2022
		Hold regular forums with customers	Number of forums held	CSM	Continuous
		Reinvigorate the customer care desk	Customer care desk reactivated	CSM AMs	March 2022

Objective 4: To improved quality of life in identified low-income areas

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Improve livelihood of individuals in low-income areas	Improved quality of life	Review and implement the pro poor policy	Reviewed policy in place	Pro poor Coordinator	March 2022
		Conduct a survey to establish the water and sanitation needs and impact of the low-income areas	Survey report	Pro poor Coordinator	March 2022
		Rehabilitation of old water network in low-income areas	No. of service lines replaced	Pro poor Coordinator	2021-2023
		Construction of water kiosks	No. of water kiosks constructed	Pro poor Coordinator	2021-2026
		Metering of flat rates	100% Metering in LIA	Pro poor Coordinator	2021-2026

Enhance sanitation and Hygiene	Improved hygiene and sanitation	Construction of Decentralized treatment Facility (DTF) in Mumias and Kakamega	DTF in place	TM Pro poor Coordinator	2021-2026
		Construction of Safisan toilets within the LIAs	No. of Safisan toilets constructed	TM Pro poor Coordinator	2021-2026
Monitor the impact of pro poor initiatives	Assessed impact	Assess the impact of pro-poor interventions in low-income areas	Assessment report	Pro poor Coordinator CSM	Annually

THEME 3: FINANCIAL STEWARDSHIP AND SUSTAINABILITY

Objective 1: To increase annual revenue from Ksh.223 million in 2021 to Ksh. 350 million by 2026

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Grow and retain customers.	Increased revenue	Increase number of customers connected from 25,000 to 45,000 in 2026	Number of new customers connected	CFM CSM	Continuous
		Conduct monthly marketing campaigns	Market campaign reports	CFM CSM	Monthly
		Target and connect new high-value customers	Number of new high-value customers connected	CFM CSM	Annually
		Develop and operationalize a customer retention plan	Customer retention plan operationalized	CFM CSM	March 2022

Improve meter reading accuracy	Increased revenue	Sensitize meter readers on integrity in meter reading	Reduced meter reading inaccuracies	TM CFM	March 2022
		Use mobile technology to read and transmit meter readings	75% adoption of mobile technology	ICT TM	Dec 2021
		Train meter readers on use of mobile technology	Meter readers training reports	HR TM	Dec 2021
		Organize meter reading areas into equal zones	Meter reading zones established	TM CFM	March 2021
		Rotate meter readers	Rotation schedule in place	TM HR	Every 2 years
		Map all meters onto the GIS	Number of meters mapped onto GIS	ICT TM CFM	Dec 2021
		Educate customers on how to read meters	Number of meter readings by customers	TM CSM	Annually
Review water and sewerage tariff structure	Increased revenue	Evaluate effectiveness of existing tariff structure	Evaluation report	CFM CSM	August 2021
		Conduct stakeholders' participation in tariff review	Stakeholders' participation report	CSM	Dec 2021
		Process approvals for the proposed tariff structure	Relevant approvals	CFM CSM	Dec 2021
		Implement new tariff	New tariff fully applied	CFM	Dec 2021

Objective 2: To increase revenue streams

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Diversify revenue sources.	Increased revenue streams	Identify alternative revenue sources.	Revenue raised from alternative sources	CFM	June 2022
		Identify potential development partners	Number of potential development partners identified	CEO	June 2022
		Initiate partnerships for financial and technical support	Number of new partnership agreements	CEO CFM	Continuous

Objective 3: To reduce accounts receivables from Ksh 230 million in 2021 to Less than Ksh. 50 million

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Enhance debt management	Reduced debt levels	Review and implement an effective debt management policy	Reviewed debt management policy	PLO CFM	Dec. 2021
		Conduct debt verification	100% of debts verified	PLO CFM	Annually
		Structure payment plans for debtors	Signed agreeable payment plan with debtors	PLO CFM	Continuous
		Set up debt management committee	Committee established	CEO	Dec 2021
		Engage debt collection agents	Amounts debts collected	PLO CFM PM	Continuous

		Write off bad debts as per debt management policy	Debt written off	CFM	Annually
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Objective 4: To improve collection efficiency from 95% in 2021 to 98% by 2026.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Enhance efficiency in revenue collection.	Increased revenue collection	Introduce alternative payment methods	Number of payment methods in place	CFM	Dec. 2021
		Implement 100% Cashless payments	100% Cashless payments implemented	CFM ICT	Dec. 2021
		Schedule regular follow-up payment reminders with customers	Follow up schedule in place	CFM	Dec. 2021
		Enforce payment deadlines and late payment penalties.	Percentage of revenue collected on time	CFM	Dec. 2021
		Undertake Prompt disconnections	No of prompt disconnections	PLO CSM CFM	Continuous
		Sensitize relevant staff on integrity in revenue collection.	Number of sensitization sessions conducted	CFM HR	Dec. 2021
		Sensitize customers on the need for timely and prompt payment	Number of sensitization sessions conducted.	CFM CSM	Continuous

Objective 5: To strengthen financial management processes.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Institute a financial management system	Enhanced efficiency in financial processes	Procure and install a financial management system	Financial management system in place	ICT CFM PM	March 2022
		Train staff on the installed financial management system	Percentage of relevant staff trained	ICT CFM PM	March 2022
		Integrate the financial management system with other business functions	Financial management system integrated	ICT CFM PM	Dec 2021
		Operationalize the financial management system	Financial management system fully operationalized	ICT CFM PM	Dec 2021
		Review and implement financial management and audit policies	Reviewed Financial management and audit policies implemented	CFM IA	June 2022
Strengthen internal controls	Strong internal controls	Review and implement internal control systems	Internal control system in place	CFM IA	March 2022
		Inspection and Audit of projects	Audit/ inspection reports	IAM	Annually
Strengthen procurement processes	Strong procurement processes	Develop and implement a procurement plan	Procurement plan implemented	CFM PM	Annually
		Institutionalize the public procurement guidelines	Public procurement guidelines adopted	PM	Dec 2021

Ensure effective asset Protection	Secure company assets	Develop a company asset register	Company asset register in place	CFM	March 2022
		Indemnify company assets	Indemnity agreements	CFM PM	March 2022
		Secure vital water infrastructure through fencing and onsite security	100% fencing on all water infrastructure	TM SEC	June 2022
		Establish a functional security and surveillance unit/section	Security and Surveillance unit created	TM SEC	March 2022
Optimize production cost	Enhanced production efficiency	Install solar energy for pumping water	50% solarization	TM	June 2023
		Replace old water pumps	100% of old water pumps replaced	TM PM	June 2023

Objective 6: To increase billing efficiency from 68% in 2021 to 98 % by 2026.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Enhance billing efficiency.	Improved efficiency in billing	Provide accurate and timely bills to customers	Percentage of accurate bills issued on time	CFM TM	Monthly
		Digitize the billing process	100% digitized billing	ICT TM CFM	Dec 2021
		Prompt adjustment of erroneous bills	100% timely adjustment of erroneous bills	CFM	Dec 2021

		Structure a billing cycle	Billing cycle streamlined	CFM	Dec 2021
		Bill's customers on actual consumption and not estimates	Percentage of actual bills	CFM	Dec 2021

THEME 4: INSTITUTIONAL STRENGTHENING AND CAPACITY BUILDING

Objective 1: To improve corporate governance practices

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Strengthen board capacity Strengthen board capacity	Enhanced corporate Governance	Undertake Training needs assessment for BOD	Training needs assessment report	CEO/ Board Secretary	Annually
		Conduct training	Training reports	CEO/ Board Secretary	Continuous
		Build partnerships for resource mobilization	Partnerships established	Board Chair	Continuous
		Embed good corporate governance practices at board level	Board evaluation report	Board Chair	Continuous
		Improve stakeholders' relations	Level of stakeholder's relation	Board Chair	Continuous
		Board and CEO succession plan	BOD succession plan	Board Chair	Annually
		Board performances improve plan/Board evaluation	BOD evaluation report and Performance Improvement plan	Board Chair	Annually

	Rapid results	Establish an RRI team	RRI Team formulation	CEO/ Board Chair	Mar 2022
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Objective 2: To increase employees' satisfaction level from 45% in 2021 to 95 % by 2026.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Build a qualified and motivated staff.	Satisfied employees	Conduct regular employee satisfaction surveys	Employee satisfaction survey report	HR	Annually
		Develop a Reward and Recognition Policy	Reward and Recognition Policy in place	HR	June 2022
	Improved productivity	Conduct training needs assessments for each unit	Training needs assessment report	HR	Sept. 2021
		Train employees based on assessed needs	Number of training sessions conducted	HR	Continuous
		Evaluate the trainings conducted	Training evaluation report	HR	Continuous
	Improved work ethics	Promote change in work culture	Number of culture change activities conducted	HR	Continuous
		Undertake staff sensitization on Code of ethics and HR Policy Manual	Signed commitment to adherence to the Code of ethics by all employees.	HR	March 2021

Improve working conditions and environment	Satisfied employees	Review schemes of service	Reviewed scheme of service	HR	June 2022
		Develop Occupational Safety and Health Policy	Approved Occupational Safety and Health Policy in place.	HR	Dec. 2021
		Implement fully the Occupational Health and Safety requirements	Occupational Health and Safety fully implemented	HR	June 2023
		Provide insurance covers to staff	Medical insurance cover, WIBA, GPA, Group life covers in place	HR	Annually

Objective 3: To achieve 95% staff productivity level by 2026.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Staff rationalization	Streamlined staff establishment	Conduct job evaluation for all staff	Job evaluation report	HR	Dec 2021
		Implement the Job evaluation report	Job evaluation report implemented	HR	June 2022
Institute a fully-fledged performance management system	Measured performance	Develop and implement a performance management system	Performance management system fully implemented	HR	Sept 2021
		Conduct performance appraisal	Appraisal reports for all staff	HR	Semi Annually
		Reward performance in line with the Policy	Rewards system fully implemented	HR	Annually

Strengthen Organisation structures	Clarity of reporting structures	Review and implement organization structure	Approved organization structures fully implemented	CEO	June 2022
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Objective 4: To improve Company image and visibility.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Strengthen company image and brand	Strong Company Image and Brand	Improve company image and brand	Improved Company Brand	CSM	June 2022
		Revamp company website	Revamped website	ICT CSM	March 2022
		Increase participation in CSR activities	Number of CSR activities conducted	CSM	Continuous
Strengthen engagement with stakeholders		Review a communication strategy for different stakeholders	Strategic communication document developed	CSM	June 2022
		Review marketing and communication plan	Reviewed plans	CSM	June 2023

THEME 5: WATER AND SANITATION INFRASTRUCTURE

Objective 1: To increase water production from 5,000,000 m³ per day to 8,000,000 m³ by 2026.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Rehabilitation of the existing water Treatment infrastructure	Increased water production capacity	Conduct a Cost-benefit analysis for all major water infrastructure projects	Cost Benefit analysis reports	CFM TM	Mar. 2022

	Increased water production at Tindinyo T-works by 60%	Rehabilitation of Raw water line.	Percentage increase in water production	TM	Dec. 2022
		Replacement of sand filtration systems	Percentage increase in water production	TM	Dec. 2022
		Construction of 2 No. sedimentation basins at Tindinyo	Constructed sedimentation basin	TM	June 2023
	Increased water production by 4,500M ³	Rehabilitate the existing water infrastructure at Shitoli, Kakamega.	Rehabilitated T-works	TM	June 2026
Expanded water infrastructure	Develop a water master plan	Master plan in place	TM	June 2026	
Automation of chemical dosing systems at Tindinyo and Nambacha	Reduced cost of production	Installation of inline chlorine dosing units at Nambacha and Tindinyo	No of inline chlorine dosers installed.	TM	Dec 2024
	Standard chemical dosage	Installation of steaming current detector (SCD) unit with automated dosing units	No of SCD units installed with auto-dosing units	TM	Dec 2023
Rehabilitation of boreholes	Increased water production	Rehabilitation of 6no. existing boreholes	No. of rehabilitated boreholes	TM	June 2026

Objective 2: To increase water supply coverage from 78% to 95%

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Expand water distribution network	Increased water coverage	Rehabilitation of existing dilapidated pipe network 20km	No. of Km pipeline rehabilitated	TM	2021-2026
		Increase water distribution pipeline and service line network to the un-served areas. 40Km	No. of Km extended	TM	2021-2026
		Metering of 15,000 new consumers	No of metered connections installed.	TM	2021-2026
		Replacement of 15,000 non-functioning meters	No. of meters replaced.	TM	2021-2026
Increase water storage capacity from 12,800M ³ to 18,300M ³	Increased water storage capacity by 5,500M ³	Construction of 5000M ³ at Lirhanda.	No of tanks constructed	TM	June 2026
		Rehabilitation of 8 existing water tanks. Construction of 4 new 150M ³ tanks	No. of Tanks rehabilitated	TM	2021-2026

Objective 3: To increase sanitation coverage from 14% to 40%

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Expand sewer network coverage.	Increased sewerage coverage	Construction of friends hotel line and a septic tank to serve part of town area	Septic tank constructed and No. of sewerage connections made	TM	2021-2026
		Construction of DTF 50 at Nabongo.	DTF constructed.	TM	JUN 2026

		Construction of Amalemba feeder line, and Milimani-kamadep line,	Length of pipeline constructed	TM	2021-2026
		Rehabilitation of Amalemba Sewer, referral hospital sewer, MMUST and KFA sewer lines	Length of pipeline rehabilitated.	TM	2021-2026
		Construction of a new sewerage facility at Matawa Mumias	Completed sewerage system.	TM	JUN 2026
		Construction of a DTF at Mumias	Completed DTF	TM	JUN 2022
		Acquire additional 2No. exhausters	Increase in the number of customers served by exhauster services.	TM CFM PM	2023

Objective 4: To ensure 100% adherence to drinking water and wastewater standards and regulations.

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
To improve water quality assurance infrastructure.	Compliance with WASREB, WHO and KEBS requirements	Improve water testing laboratory equipment at the T-works laboratory	No of fully function T-works testing laboratories	TM	2021-2024
		100% water quality surveillance.	Water quality surveillance reports.	TM	2021-2026
Implement wastewater standards	Compliance with effluent quality standards	Equipping of Central water testing laboratory and onsite wastewater laboratories.	Compliance percentage. No of equipment purchased	TM	2021-2026

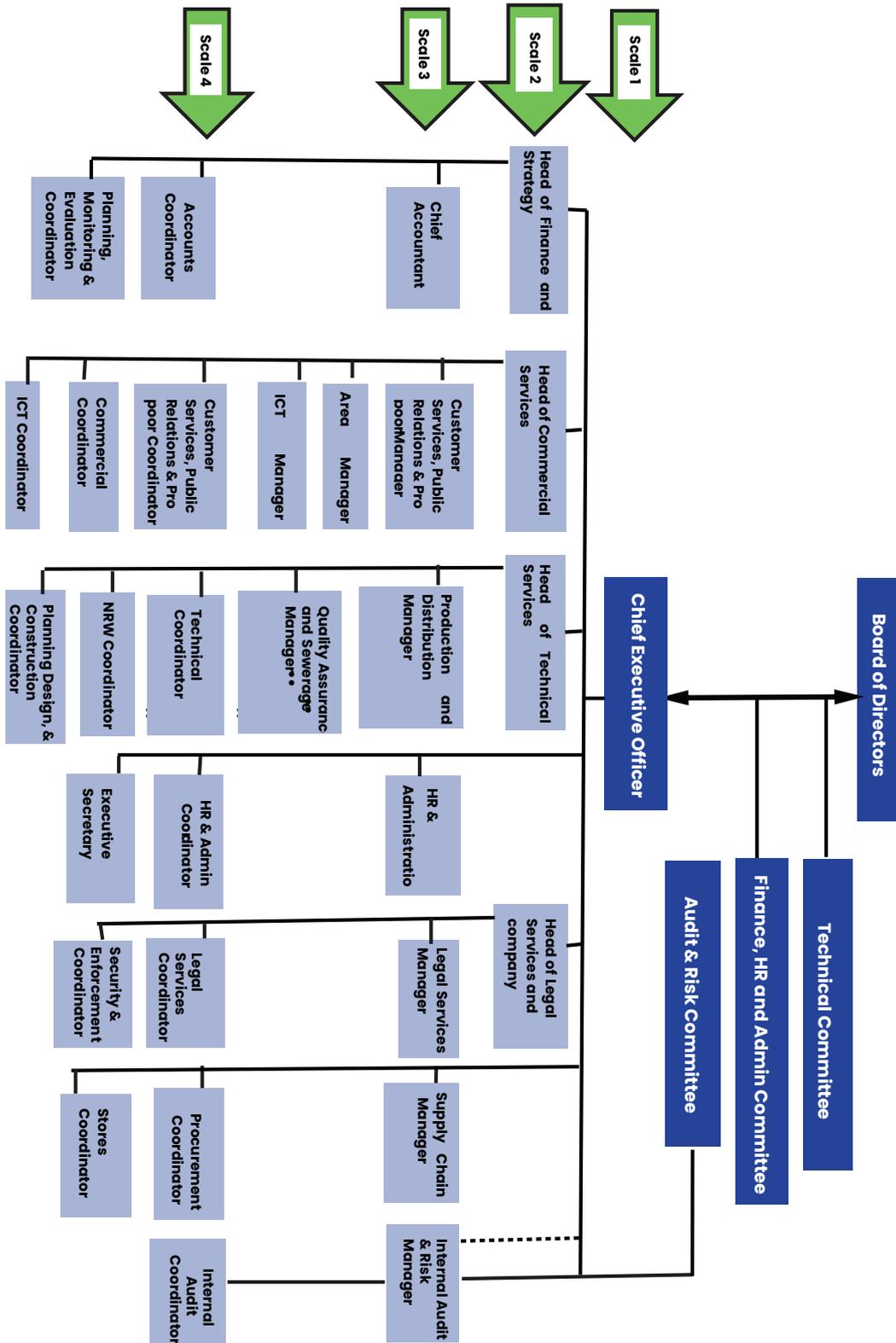
THEME 6: MONITORING AND EVALUATION**Objective 1: To achieve at least 95% of strategic plans**

Strategies	Expected outcome	Activities	Output Indicator	Responsibility	Time Frame
Set up and strengthen monitoring and evaluation system	Strong M&E framework	Develop and implement a monitoring and evaluation plan for the company	M&E plan in place	CEO	Sept 2021
		Establish an office for planning, monitoring and evaluation	PM&E unit established	CEO	Sept 2021
		Establish M&E management Committee (M&E MC)	M&E Committee in place	CEO	Sept 2021
Develop and implement an effective framework for staff performance management	Strategic plan targets achieved	Draw up work plans for each department	Departmental work plans	PM&E Coordinator HODs	Sept 2021
		Develop a M & E tool for reviewing performance	M&E tool developed	PM&E Coordinator	Sept 2021
		Monitor and evaluate progress of plan implementation	M&E performance reports	PM&E Coordinator	Monthly
		Review and report progress on implementation of the strategic plan	Reviewed M&E reports	M&E MC	Quarterly
		Oversee external review of performance of the strategic plan	External M&E performance report	PM&E Coordinator	Annually

CHAPTER SIX

INSTITUTIONAL STRUCTURES

KACWASCO ORGANOGRAM



CHAPTER SEVEN

FINANCING THE STRATEGIC PLAN

The successful implementation of this strategic plan requires considerable financial resources. Revenues generated from the operations will not be adequate for financing the plan. This calls for alternative sources of funds to finance the plan. This is especially so for those activities which are capital in nature. In order to raise additional funds, the company will identify potential development partners, initiate alternative income generating activities and develop a funding framework for expansion. KACWASCO has in the past enjoyed support from several development partners and can work towards renewing these old partnerships and at the same time initiate new partnerships. The company will engage the county and national governments for budgetary support and grants, to finance the expansion of water and sanitation infrastructure. This is with the understanding that KACWASCO plays an important role in helping to actualize the country and global water sector goals for the welfare of citizens.

Table 7.1: Estimated costs and sources of funds

Theme	Estimated Costs (M Ksh)	Internal source of funds (M Ksh)	External source of funds (M Ksh)
Non-Revenue Water Management	224.2	100	124.2
Operational Efficiency, Customer Service and Pro-poor Interventions	261.5	261.5	Nil
Financial Stewardship and Sustainability	102.7	102.7	Nil
Institutional Strengthening and Capacity Building	309	150	159
Water and Sanitation Infrastructure	2,656	250	2,406
Monitoring and Evaluation	1.6	1.6	Nil
GRAND TOTAL	3,555	865.8	2689.2

Internal- Internally-generated funds

External- County Government of Kakamega, Government of Kenya, Development partners

Table 7.2: Estimated costs for each activity

Strategic Theme	Objective	Activities	Costs (M Ksh)
Non-Revenue Water Management	To reduce Non-Revenue Water from 44% to 35% by 2026	Develop and implement NRW management policy	0.2
		Map water pipe networks in the GIS	18
		Purchase and install leak detectors and pressure loggers	10
		Prompt repair of identified leaks and bursts	10
		Conduct Line patrol	40
		Purchase Meter Test bench	10
		Perform meter testing and calibration.	5
		Service faulty and stuck water meters	8
		Replace 50% of the zonal meters and bulk to manage the District Metering Areas (DMAs)	25
		Install production and master meters to monitor NRW levels	30
		Install Meters for all new customers	50
		Identify training needs and conduct training of meter readers/artisans on NRM management	2
		Conduct inductions for new artisans recruited	2
		Track illegal connections and apprehend offenders	5
		Sensitize customers on responsibility to report illegal connections	4
		Random inspection of disconnected/inactive accounts	1
		Develop and install NRW MIS	3
Clean up and update customer database	1		

Operational efficiency, customer service and Pro-poor interventions	To provide uninterrupted water and sanitation services	Prompt response to disruption of water and sanitation services	1
		Setup a call Centre to receive and respond to customer queries	2
		Develop and implement a network maintenance schedule	1
	Achieve 100% automation and integration of all business operations	Purchase Enterprise Resource Planning (ERP) system	50
		Purchase all required ICT equipment for ERP operationalization	20
		Integrate all business operations into the ERP system	10
		Conduct training on ERP for all relevant staff	10
		Operationalize the ERP system	10
		Develop ICT Master Policy	2
		Setup Internet Connectivity to all schemes	5
		Develop and implement an ICT Master plan	2
		Adopt and implement ICT Governance standards	3
		Develop and implement an Information Security Management system (ISMS)	3
		Develop Corporate systems resilience plans	4
		Establish Cybersecurity baseline level of ICT systems	2
		Train all staff on cybersecurity	3
		Increase customer satisfaction level and ratings from 65% to 95% by 2026	Revise customer service charter
	Operationalize revised customer service charter		0.2
	Conduct a customer satisfaction survey annually		5
	Train staff on customer care		1
Develop a customer relationship management strategy	1		
Hold open days with customers annually	2		

		Reinvigorate the customer care desk	2
	To improve quality of life in identified low-income areas	Review and implement the pro-poor policy	0.5
		Conduct a survey to establish the water and sanitation needs and impact of the low-income areas	0.5
		Rehabilitation of old water network in low-income areas	3
		Construction of water kiosks	3
		Metering of flat rates	90
		Construction of Decentralized treatment Facility (DTF) in Mumias and Kakamega	20
		Construction of Safisan toilets within the LIAs	4
		Assess the impact of pro-poor interventions in low-income areas	1
Financial Stewardship and Sustainability		Increase annual revenue from Ksh.223 million in 2021 to Ksh.350 million by 2026	Connect 20,000 new customers
	Conduct monthly marketing campaigns		3
	Develop and operationalize a customer retention plan		0.2
	Sensitize meter readers on integrity in meter reading		0.2
	Train meter readers		0.2
	Update all meters onto the GIS system		0.1
	Educate customers on how to read meters		0.1
	Automate meter reading		0.1
	Incentivize meter readers		1
	Evaluate effectiveness of existing tariff structure		0.2
	Conduct stakeholders' participation in tariff review		1
	Process approvals for new tariff structure		0.1
		To increase revenue streams	Initiate partnerships for financial and technical support

	To reduce accounts receivables from Ksh 230 million in 2021 to Less than Ksh. 50 million	Review and implement an effective debt management policy	0.2
		Conduct comprehensive debt verification	0.1
		Set up debt collection committee	0.05
		Engage debt collection agents	2
		Write off bad debts	0.1
	To improve collection efficiency from 95% in 2021 to 98% by 2026	Introduce alternative payment methods	0.05
		Schedule regular follow-up payment reminders with customers	1.2
		Sensitize customers on the need for timely and prompt payment	1
	To strengthen financial management processes	Procure and install a financial management system	50
		Train staff on the installed financial management system	1.5
		Integrate the financial management system with other business functions	0.1
		Operationalize the financial management system	1
		Review and implement financial management and audit policies	0.2
		Inspection and Audit of projects	0.5
		Review and implement internal control systems	0.5
Develop and implement a procurement plan		0.1	
Develop a company asset register		0.5	
Indemnify company assets		0.2	
Secure vital water infrastructure through fencing and onsite security	5		
Establish a functional security and surveillance unit/section	5		

		Install solar energy for pumping water	20
		Replace old water pumps	3
	To increase billing efficiency from 68% in 2021 to 98 % by 2026.	Digitize the billing process	1
Institutional strengthening and capacity building	To improve corporate governance practices	Conduct training	50
		Build partnerships for resource mobilization	6
		Embed good corporate governance practices at board level	7.5
		Improve stakeholders' relations	5
	To increase employees' satisfaction level from 45% in 2021 to 95 % by 2026	Conduct annual employee satisfaction surveys	4
		Develop a Reward and Recognition Policy	1.5
		Train employees based on assessed needs	58.5
		Promote change in work culture	8.5
		Review schemes of service	4
		Implement fully the Occupational Health and Safety requirements	15
		Provide insurance covers to staff	90
		To achieve 95% staff productivity level by 2026	Operationalize the reviewed organizational structure
	Conduct job evaluation for all staff		1.5
	Implement the Job evaluation report		30
	Implement the performance management system		1.5
	Conduct performance appraisal annually		1.5
	Reward performance in line with the Policy		20
	To improve Company image and visibility		Increase participation in CSR activities
		Review a communication strategy for different stakeholders	0.5

		Review marketing and communication plan	0.5
		Revamp company website	0.5
Water and Sanitation infrastructure	Increase water production from 5,000,000 m ³ per day to 8,000,000 m ³ by 2026	Rehabilitation of Raw water line.	10
		Replacement of sand filtration systems	5
		Construction of 2 sedimentation basins at Tindinyo	180
		Rehabilitate the existing water infrastructure at Shitoli and Kakamega	300
		Develop a water master plan	3
		Installation of inline chlorine dosing units at Nambacha and Tindinyo	10
		Installation of steaming current detector (SCD) unit with automated dosing units	15
		Rehabilitation of 6 No. existing boreholes	40
	Increase water supply coverage from 78% to 95%	Rehabilitation of existing dilapidated pipe network 20km	40
		Increase water distribution pipeline and service line network to the un-served areas. 40Km	50
		Metering of 15,000 new consumers	110
		Replacement of 15,000 non-functioning meters	100
		Construction of 5000M ³ at Lirhandanda.	200
		Rehabilitation of 8 existing water tanks. Construction of 4 new 150M ³ tanks	120

	To increase sanitation coverage from 14% to 40%	Construction of friends' hotel line and a septic tank to serve part of town area	50
		Construction of DTF 50 at Nabongo.	10
		Construction of Amalemba feeder line, and Milimani-kamadep line,	26
		Rehabilitation of Amalemba Sewer, referral hospital sewer, MMUST and KFA sewer lines	29
		Construction of a new sewerage facility at Matawa Mumias	1,300
		Construction of a DTF at Mumias	8
		Acquire additional 2No. exhausters	25
	To Ensure 100% adherence to drinking water and wastewater standards and regulations.	Improve water testing laboratory equipment at the T-works laboratory	10
		100% water quality surveillance.	3
		Equipping of Central water testing laboratory and onsite wastewater laboratories.	12
Monitoring and Evaluation	To achieve at least 95% of strategic plan	Develop and implement a monitoring and evaluation plan for the company	0.2
		Establish an office for planning, monitoring and evaluation	0.2
		Establish M&E management Committee (M&E MC)	0.2
		Draw up work plans for each department	0.2
		Develop a M & E tool for reviewing performance	0.2
		Monitor and evaluate progress of plan implementation	0.2
		Review and report progress on implementation of the strategic plan	0.2
		Oversee external review of performance of the strategic plan	0.2

CHAPTER EIGHT

MONITORING AND EVALUTAION

This chapter covers the mechanisms for monitoring and evaluation (M&E) of the implementation of the KACWASCO strategic plan. It highlights the key performance indicators that shall be continuously monitored in the next five years. Included, is the KACWASCO risk management framework that allows the company to identify potential risks and minimize its' risk exposure to ensure that the Strategic plan is implemented successfully.

8.1 MONITORING AND EVALUATION

A comprehensive Monitoring and Evaluation plan is critical for the successful implementation of this strategic plan. An adequate Monitoring and Evaluation Framework is in place to successfully implement this strategic plan. The framework will enable KACWASCO to measure performance against set deliverables. This will ensure an effective implementation of the set goals and objectives in the strategic plan.

8.1.1 KACWASCO MONITORING AND EVALUATION FRAMEWORK

The Board of Directors are responsible for the implementation of the Strategic Plan. The board shall appoint a Committee to continuously monitor performance. The monitoring and evaluation process will involve preparation of annual work plans. The work plans will be linked to the objectives, strategies and activities as documented in the implementation matrix. The work plans will be cascaded to individual staff work plans which will then be linked to the KACWASCO performance management system. Although status of the implementation of the strategic plan should be addressed in each forum where departmental and individual performance is being discussed, the following actions will be undertaken to ensure successful implementation of the strategic plan:

- i) Establish M&E implementation management committee comprising of the CEO and Heads of Departments to oversee the implementation of the strategic plan. The M&E committee will hold monthly meetings to review the status of the strategic plan implementation.
- ii) The M&E implementation committee will be reporting quarterly to the CEO, senior management team, and Board of Directors on the progress of the strategic plan implementation. Where necessary the committee will adjust ensure that the overall strategic plan objectives remain on course.
- iii) The Planning Monitoring and Evaluation Coordinator who reports directly to the Head of Finance and Strategy shall continuously monitor the implementation progress and coordinate all the activities.
- iv) KACWASCO will engage an external independent reviewer to review the strategic plan on an annual basis.

8.2 KEY PERFORMANCE INDICATORS

The projected Key Performance Indicators are linked to the strategic plan's objectives and strategies. The key performance indicators documented in Table 8.1 below will provide guidance on a more objective review of the progress of the strategic plan implementation.

Table 8.1 Performance indicators

	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Non-Revenue Water	44%	43%	41%	39%	37%	35%
Automation	50%	62%	74%	86%	98%	100%
Customer satisfaction	71%	75%	80%	85%	90%	95%
Annual revenue	223m	240m	270m	300m	330m	350m
Revenue monthly	18m	20m	22m	25m	27m	29m
Accounts receivable	230m	194m	158m	122m	86m	50m
Collection efficiency	95%	96%	97%	98%	98%	98%
Billing efficiency	68%	74%	80%	86%	92%	98%
Employees' satisfaction	45%	55%	65%	75%	85%	95%
Staff productivity level	65%	71%	77%	83%	89%	95%
Water production (Million m3)	5	5.5	6	6.5	7	8
Water supply coverage	78%	81%	84%	88%	92%	95%
sanitation coverage	14%	19%	24%	29%	34%	40%
Water connections	19,775	21,000	25,000	30,000	35,000	40,000
Sewerage connections	4,200	4,600	5,000	5,400	5,800	6,100
Staff cost % of sales	60%	58%	56%	54%	52%	50%

8.3 RISK MANAGEMENT FRAMEWORK

An effective risk management framework is critical for the success of the strategic plan. It is a structured process that is useful to identify and manage any potential threats with an aim to minimize or eliminate their impact on the KACWASCO strategy in a dynamic environment. KACWASCO has in place an effective risk management framework that will ensure the following:

- i) That significant risk factors are identified and prioritized. These include financial, legal and compliance, strategic, operational, and reputational risks.
- ii) That the risk management framework and the systems in place are analyzed to ensure its implementation and effectiveness.
- iii) That all risk factors raised in reports from management, internal and external auditors are managed promptly.

The Board of Directors are responsible to provide oversight and are responsible for the overall implementation of the risk management framework.



KACWASCO Artisans at work



Containerized water treatment plant at Musembe in Lugari.



Kipkaren Water Treatment Plant



Navakholo Water Treatment Plant



Tindinyo Water Treatment Plant



KACWASCO Management Team



KACWASCO Board of Directors



KACWASCO- Teamwork wins.

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"Maji Safi Maisha Bora"
"Quality Water Healthy Livelihood"