



Maji Safi Kila Wakati

KERICHO WATER AND SANITATION COMPANY LTD

REVIEWED STRATEGIC PLAN

2017 – 2022

REVIEWED IN 2020 for 2020 - 2023

AUGUST 2020



Chairman's Remarks

In 2016, Kericho Water and Sanitation Company, for the very first time was awarded the winner in water category during the annual Champions of Governance Award. This award gave impetus to the Board of Directors and Management team of KEWASCO who sought to set their horizon further through development of a number of policies. Board of Directors and senior management staff are bound by code of ethics that assures suppliers of due diligence in keeping with the Company's goal of strengthening its corporate governance.

Apart from this Strategic Plan, the Board has approved development of a number of policies such as Anti-corruption policy, service charter, Communication Plan, Pro Poor policy, Whistle blowing policy among many others. In order for the company to provide quality services and create a niche within the country, we are committed to ensuring that all stakeholders receive water regularly, efficiently and that the water they receive is of good quality and quantity as per the provisions of Constitution of Kenya 2010. The Company aspires to be a leading and self-sustaining water and sanitation service provider in Kenya.

The mandate of KEWASCO is to provide water and sanitation services in the Company's areas of jurisdiction. Since the Company is run on commercial principles, staff and management are integrated into a competitive and pro-active team with a common goal.

We have kept on adopting and mastering use of GIS applications. In addition, we have embraced use of ICT which has seen us integrate mobile money transfer, mobile meter reading, SMS services and cashless transactions.

I am pleased to announce that KEWASCO and TILWASCO merger is the best thing that has happened to the Company. The advantages include economies of scale, commercial viability, and waste minimization and ease of resources mobilization.

In preparation of this Strategic Plan, the role and dedication of the management team will not go unnoticed. Much thanks go to the CMT from the merged water utility for supporting the Consultant to ensure a Comprehensive Strategic Plan.

I look forward to working together to achieve our vision and objectives.



Roseline C. Langat Ngeny
Chair, Board of Directors.

Foreword by the Managing Director

Water is a common heritage, the value of which must be recognized by all. Everyone has the duty to use water carefully and economically. "European Water Charter"

It gives me great pleasure to write this foreword for Kericho Water and Sanitation Company Ltd (KEWASCO) Strategic Plan 2017-2022. This Strategic Plan has been carefully prepared taking cognizance of the merger between the former KEWASCO and TILWASCO Water and Sanitation Companies. The Plan seeks to comply with the requirements of the Constitution of Kenya 2010, Water Act 2016, Vision 2030, Sustainable Development Goals and associated regulations and prescribed Corporate Governance guidelines issued by the Water Services Regulatory Board.

Since its formation in 1997 and subsequent formal commencement of operations in 2003, KEWASCO has strived to strategically position itself to provide quality water and sanitation services in conformity with the provisions of the Constitution of Kenya, 2010 section 43 (1) (d) -on *economic and social rights* which provides every Kenyan with a right to clean and safe water in adequate quantities.

The Company strives to be a leading and self-sustaining water and sanitation service provider in Kenya. It is with this vision in mind that the Strategic Plan has been prepared anchoring its successful implementation on adherence to the five core values of teamwork, integrity, professionalism, innovation, and customer focus. We will put Stakeholder satisfaction in mind by ensuring that the service we offer is exemplary and meets their expectations through enhanced efficiency and effectiveness in resolving customer complaints in conformity to the Customer Service Charter.

This Strategic Plan puts great emphasis on the Organization's future outlook which focusses on infrastructure improvement, increased water coverage, increased collection efficiency, prompt repair of bursts and leakages, increased metering ratio, upgrade of raw water schemes into fully treated water schemes and increased sanitation coverage so as to realize the five thematic areas namely (i) Water and Sanitation Provision, (ii) Operational efficiency, (iii) Financial sustainability, (iv) Collaboration with Sector players and lastly (v) Customer service.

Successful implementation of this Strategic Plan will be faced with a major challenge of continued purchase of bulk water from Bomet County which is purchased inclusive of Non-Revenue Water losses now still at over 55%. The other challenge is the different tariff structure for borehole water, pumped water and gravity fed water in the same supply area. However, the tariff review for the new KEWASCO is expected to enable the merged company to remain financially viable provided it receives the proposed subsidy per month required to support the rural based water schemes (Tililbei Cost Centre) to meet electricity costs to improve on its infrastructure network such as distribution, metering, treatment of raw water and GIS mapping.

During this five-year Plan, Kimugu Water Treatment plant and Kusumek Mini Hydro and water treatment plant will be constructed through external financing. The two projects will augment the current water production to ensure sustainable water supply to urban and rural areas.

Mindful of the impacts of climate change, and the accompanying reduction in water quality and quantity during droughts, KEWASCO will invest in initiatives that conserve water and energy resources including reforestation of watersheds, solar power and wind as potential energy sources.

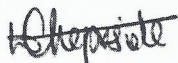
The Company is also exploring generation of electricity and production of briquettes using sludge at its Sewerage Treatment Plants.

On capacity building, the Company will endeavor to train, motivate and retain the staff with the best requisite talent and provide the best working environment. Furthermore, KEWASCO will continue to deepen implementation of the Human Resources Policy, notably through internship opportunities, employee and leadership development plans and through partnership with universities, technical, vocational and educational training institutions (TVET). The Company also seeks to strengthen Corporate Governance and Risk Management through adherence to good corporate governance principles and enhanced systems of internal control. We aspire to remain relevant, sustainable and competitive through embracing innovation, putting emphasis on corporate governance and ensuring that we put our customers' interest first.

The planned activities will not be successfully implemented without synergy and complementarity by stakeholders. In this regard, KEWASCO will continue to collaborate with Lake Victoria South Water Works Development Agency, the Department of Water, Environment, Energy, Forestry and Natural Resources for adequate water resources to be developed including, completion of the Kimugu Water Treatment Plant and Kusumek project. The Company will further continue to manage its existing water supplies with utmost care, whilst exploring alternative sources, including embarking on a feasibility study for a water storage reservoir.

Last but not least, may I call upon political leadership, customers and other stakeholders to continue giving us the support required to execute the planned activities so that we achieve the desired objectives. Together we shall take water and sanitation provision to the next level.

Thank you and God Bless the Shareholders, our customers, suppliers and Partners, God bless KEWASCO.



Eng. Kibii Siele
Managing Director

LIST OF ACRONYMS AND ABBREVIATIONS

BoD	-	Board of Directors
CBD	-	Central Business District
CG	-	County Government
CGoK	-	County Government of Kericho
CMT	-	Corporate Management Team
CSR	-	Corporate Social Responsibility
ERM	-	Enterprise Risk Management
GIS	-	Geographic Information System
GoK	-	Government of Kenya
GPS	-	Global Positioning System
HF&CS	-	Head of Finance & Commercial Services
HOD	-	Head of Department
HR	-	Human Resource
HRM	-	Human Resource manager
HTS	-	Head of Technical Services
ICT	-	Information Communication and Technology
KEWASCO	-	Kericho Water and Sanitation Company Ltd
KPI	-	Key Performance Indicator
LAPFUND	-	Local Authorities Provident Fund
LIA	-	Low Income Area
LVEMP	-	Lake Victoria Management Project
LVSWSB	-	Lake Victoria South Water Service Board
LVSWWDA	-	Lake Victoria South Water Works Development Agency
LVWATSAN	-	Lake Victoria Water Supply and Sanitation
MD	-	Managing Director
M & E	-	Monitoring and Evaluation
MoU	-	Memorandum of Understanding
MWI	-	Ministry of Water and Irrigation
NG_CDF	-	National Government Constituency Development Fund
NRW	-	Non-Revenue Water
NWMP	-	National Water Master Plan
O&M	-	Operation and Maintenance
PAYE	-	Pay as You Earn
PESTEL	-	Political, Economic, Socio-cultural, Technological, Ecological and Legal
PPR	-	Polypropylene Random Copolymer
SDGs	-	Sustainable Development Goals
SOP	-	Standard Operating Procedure
SPA	-	Service Provision Agreement
TILWASCO	-	Tililbei Water and Sanitation Company Ltd
TNA	-	Training Needs Assessment
UBSUP	-	Up-scaling Basic Sanitation for the Urban Poor
VAT	-	Value Added Tax
WAB	-	Water Appeals Board
WARREC	-	Water Research and Resource Centre
WASREB	-	Water Services Regulatory Board
WHO	-	World Health Organization
WRA	-	Water Resource Authority
WRMA	-	Water Resources Management Authority
WSP	-	Water Services Provider
WSTF	-	Water Services Trust Fund/Water Sector Trust Fund
WT	-	Water Tribunal
WWDA	-	Water Works Development Authority
WWTP	-	Wastewater Treatment Plant

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EXECUTIVE SUMMARY

Kericho Water and Sanitation Company Limited (KEWASCO) is a clustered company consisting of the former Tillilbei Water and Sanitation Company Limited (TILWASCO), a rural based scheme that covered nine schemes namely Kapkatet/ Litein, Sosiot, Kipkelion, Chesinende, Londiani, Fort Ternan, Kipsitet, Bargeiywet and Sigowet, and the former Kericho Water and Sanitation Company Limited (KEWASCO), which formerly was mandated to provide water and sanitation services within the urban and Peri urban areas of Kericho town. The core mandate of the merged KEWASCO is to provide Water and Sanitation Services to the whole of Kericho County. KEWASCO's joint mandated area of coverage is over 644 km² while the area currently supplied with water is estimated to be 291 km².

The Kenya Constitution (2010) provides water and sanitation as an economic and social right as stipulated under Article 43 (1) (d) that every person has a right to clean and safe water in adequate quantities. Further, the Vision 2030 aims at increasing accessibility to sustainable, quality and affordable water and sanitation services. In line with this goal, and in order to meet the demand for water by the rapidly growing population, KEWASCO sought to come up with a road map for the next five years. This resulted in preparation of the Strategic Plan (2017- 2023) which is tailored towards achieving its mandate and objectives. The current document is the midterm review of the strategic plan which has been developed through a participatory approach ensuring that views of the key stakeholders were incorporated.

A review of the Company's vision, mission and core values was undertaken. A situational analysis was also carried out to evaluate past performance, and the internal and the external environments in which the Company operated. This analysis enabled isolation of the key strategic issues that require management intervention during the strategic planning period. The identified strategic themes formed the basis for setting of objectives for the next five years.

This reviewed strategic plan has the following 8 Themes that form the core focus of the next 5 years (2017- 2022):

1. Non- Revenue Water Management
2. Water and wastewater Infrastructure Development
3. Operational Efficiency
4. Customer Service
5. Pro-poor initiatives
6. Financial Sustainability
7. Institutional Strengthening
8. Corporate Governance

Pro-poor initiatives and Corporate Governance themes have been introduced in the Revised Strategic Plan with the other themes being retained as originally indicated.

The Balanced Scorecard groups the 8 Themes into the following 4 main perspectives:

- a) Financial perspective
- b) Customer Perspective
- c) Internal (process) perspective
- d) Learning and growth (People) perspective

To deliver on the strategic themes, the Company identified the following key Specific Objectives after review in Aug 2020:

- i. To Increase access to water by improving coverage from 55 % in 2019 to 64% in 2023 for urban and 25% in 2018 to 35% in 2023 for rural.
- ii. To increase number of active connections from 13,539 in 2019 to 15,825 in 2023 for urban and 5,868 in 2019 to 7,215 in 2023 for rural.
- iii. To increase water production from 12,600 m³/day in 2019 to 25,600 m³/day in 2023 for urban and 3,640 in 2019 to 4,650 in 2023 for the rural.
- iv. Increase sanitation access from 40% to 60% by 2023
- v. To Increase Billing and revenues from Kshs.17 million per month in 2019 to Kshs.21 million per month in 2023 for urban and 2.6 million in 2019 to 4 million in 2023 for the rural.
- vi. To Increase collection efficiency from 60% in 2019 to 90% in 2023 for both urban and rural
- vii. To Improve O&M cost coverage from 83% in 2019 to 100% in 2023 for urban and 83% in 2019 to 93% in 2023 for rural.
- viii. To reduce NRW from 56% in 2019 to 45% in 2023 for urban and 56% in 2019 to 48% in 2023 for rural.
- ix. To ensure Regulatory compliance to 100% by 2023
- x. To improve level of corporate governance performance from 75% in 2017 to 85% by 2023 and pro-poor from 68% in 2019 to 75% in 2023.
- xi. Operationalize institutional restructuring of the merged KEWASCO and TILWASCO to a highly performing water utility by 2023
- xii. To have a qualified, experienced, motivated workforce

Strategies to achieve these objectives were set and for each strategy, the expected output, action areas, implementing actors, resource requirement, time frame and output indicators were determined. These have been documented in an implementation matrix presented in **Chapter 5** of this Strategic Plan.

To help ensure successful implementation of the Strategic Plan, a Monitoring and Evaluation (M&E) framework has been provided in **Chapter 9** of this Strategic Plan. To guide the operationalization of the M&E, annual key performance indicators that will help to track progress towards the achievement of the set objectives were identified and documented.

CHAPTER 1: INTRODUCTION

1.1 Background

Kericho Water and Sanitation Company Limited (KEWASCO), is a private commercialized company established under the Company's Act CAP 486, Laws of Kenya and was incorporated in October 1997. With promulgation of the Constitution of Kenya 2010, the Company's shareholding was transferred to the County Government of Kericho (CGoK), and thus wholly owned by CGoK. Formerly, KEWASCO was contracted by Lake Victoria South Water Service Board (LVSWBSB) to provide Water and Sanitation Services within the urban and Peri urban areas of Kericho town. However, following the enactment of Water Act 2016, the licensing mandate has since been transferred to the Water Services Regulatory Board (WASREB).

Effective 2nd November 2018, KEWASCO and the former Tililbei Water and Sanitation Company Limited (TILWASCO), a rural based scheme that covers nine schemes (Kapkatet/Litein, Sosiot, Kipkelion, Chesinende, Londiani, Fort Ternan, Kipsitet, Bargeiywet and Sigowet), were clustered and retained the name KEWASCO. The two are currently run as separate cost centers (Urban and Rural) for purposes of monitoring performance. KEWASCO, pursuant to Section 154 of the Water Act 2016 operates as a County Water Service Provider to the whole of Kericho County. KEWASCO's joint mandated area of coverage is over 644 km² while the area currently supplied with water is estimated to be 291 km². The current population in the service area is estimated at around 149,594 persons, (29,189 households).

The Company operates under the direction and guidance of a Board of Directors who are drawn from a wide spectrum of the Shareholder (County Government of Kericho) and Stakeholders. This is the policy making organ of the Company which operates on a committee basis. The management is headed by the Managing Director who reports to the Board of Directors.

1.2 Rationale for the Strategic Plan

KEWASCO just like any other corporate entity must be guided by a well-defined roadmap/ blueprint that informs business growth. The blueprint should contain the fundamental values and principles that support the Utility's policy and operating decisions.

KEWASCO just like many other water and sewerage institutions in Kenya has embraced the concept of Strategic Planning. The rationale for the Strategic Plan includes:

- To align KEWASCO roadmap with the Kericho County Integrated Development plan (2018-2022)
- To set KEWASCO on a growth trajectory that would contribute to the realization of vision 2030 and sustainable development goals
- To fulfil regulatory requirement of operating on sound strategic roadmap
- To respond to the changing dynamics within the operating environment
- To put in place mechanisms for continuous development and review of policies and frameworks that directly impact the operations of the Company
- To create a framework for prioritization and allocation of resources during the planning period
- To enhance stakeholders' motivation and support during implementation since the strategic planning process is participatory involving key stakeholders

With this Strategic Plan in place, the Company will be able to focus on the most important aspects of its business and to determine the most efficient way of utilizing its constrained budgetary resources. Thus, this Strategic Plan provides a framework for prioritization and allocation of resources during the planning

period. The strategic planning process is participatory thus involving key stakeholders, which enhances stakeholders' motivation and support during implementation. Further, the process facilitates information and knowledge sharing among stakeholders hence better planning and coordination of Company operations and activities. The Strategic Plan also provides the basis for developing short term objectives and goals as well as developing policies and regulations to govern or to control operations such as operating Policy Manuals.

1.3 General Process and Approach Towards Strategic Planning

1.3.1 General

This Strategic Plan has been developed through a consultative and validation process that involved discussions with the Management of the Company, Staff, BoD, County Executive and Consumers. In developing the Strategic Plan, the following approach was adopted:

- Thorough training of the Management team on the Strategic Planning process
- Midterm review of the current Strategic cycle i.e. 2017-2022
- Gathering inputs through customer analysis, industry analysis, environmental analysis and general performance of the company
- Defining the long-term aspirations of the company (vision, mission, strategic direction and the mantra)
- Scanning the internal and external environment (situational analysis)
- Setting strategic objectives and matrix
- Setting performance measurement matrix using balance scorecard
- Developing resource plan for the implementation of the strategy

Detailed description of the Methodology is presented in subsequent sections.

1.3.2 Document Review

Various documents were reviewed for the purposes of extracting relevant information for use in the development of the Strategic Plan. The documents reviewed included:

- i. KEWASCO 2013- 2017 Strategic Plan
- ii. TILWASCO 2007- 2012 Strategic Plan
- iii. Financial and other Performance Reports
- iv. LVSWSB- KEWASCO Service Provision Agreement
- v. LVSWSB-TILWASCO Service Provision Agreement
- vi. Water Act, 2016
- vii. WASREB Circular on Commencement of the Water Act, 2016
- viii. WASREB Impact Reports
- ix. Kenya Vision 2030
- x. Sustainable Development Goals (SDGs)
- xi. Kericho County Integrated development Plan 2018-2022

1.3.3 Pre-Workshop Discussions

Discussions were held with the Management of the utility and interviewees provided their input on the Strategic direction to be taken by the Company, which informed the midterm review of the Strategic Plan.

1.3.4 Strategic Planning Workshops

To incorporate views of stakeholders and in order to enhance ownership of the Strategic Plan, the following workshops were held:

- i) A two-day strategic planning workshop with staff which culminated in a draft Strategic Plan
- ii) Two days strategic planning workshops with the Board and Management to refine the draft Strategic Plan

1.4 Outline of the Strategic Plan

The structure of this Strategic Plan is organized into the following nine chapters:

- **Chapter 1 (Introduction):** Highlights a brief background of KEWASCO, rationale and formulation process of the strategic plan
- **Chapter 2 (Strategic Planning Context):** The chapter covers the Water Sector Reforms, Water Act 2016, Sustainable Development Goals and Vision 2030
- **Chapter 3 (Strategic Model):** Covers the Strategic Roadmap for the WSP detailing its Vision, Mission, Core Values and Customer Value Proposition
- **Chapter 4 (Overview of the Current Strategic Plan and Performance):** Covers gains, challenges and lessons learnt from the previous strategic plan cycle
- **Chapter 5 (Situational Analysis):** Situational Analysis that covers Internal and External Environments through SWOT and PESTEL
- **Chapter 6 (Strategic Analysis):** cover the five Strategic Objectives formulated under the balance score card framework
- **Chapter 7 (Accountability and Risk Management):** Detailed discussion of Risk Management related to each of the strategic objectives
- **Chapter 8 (Financing the Strategic Plan):** Presents Financing Options of the Strategic Plan and Financial Resources required for its successful implementation
- **Chapter 9 (Strategy Implementation, Monitoring and Evaluation):** Details the implementation strategy, monitoring and evaluation framework for the Strategic Plan

Detailed balance scorecard, budget and implementation matrix are provided as Annexes.

CHAPTER 2: STRATEGIC PLANNING CONTEXT

2.1 General

This strategic plan was informed and is guided by Global, National and Local Water and Sanitation Goals as outlined in subsequent sections.

2.2 The Water Sector Reforms and Decentralization of Functions

Kenya Water Sector Reforms commenced after enactment of the Water Act, 2002. The Act clearly differentiated the roles of various actors in the Water Sector – the Government, Public, Private Sector, Water Resource Management and Water Services and Supply. It entrenched Public Participation and involvement in Water Service and Resources Management and formulated new Institutions. The Water Act 2002 separated Water Resources Management (WRM) from Water Supply and Sanitation (WSS), provided regulation of WSS and further made a distinction between asset holding and development (responsibility of a Water Services Boards (WSB)) from operations and management (responsibility of a WSP).

The Constitution of Kenya, promulgated in August 2010 as the Country's new supreme law, brought about fundamental changes in the Country's Governance framework. A fundamental shift in the 2010 Constitution as compared to the independence constitution is the devolution of functions of Government through establishment of a two-tier system of governance comprising of the National and County Governments¹. The responsibility of providing Water Supply and Sanitation Services is allocated to the County Government. The function of National Public Works is assigned to the National Government with the County having the responsibility for County Public Works.

Article 43, entrenches water as a Constitutional right by establishing a right to 'reasonable standards of sanitation' and 'clean and safe water in adequate quantities and Article 21 places an obligation on the Government to take steps to progressively realize this right.

2.3 Water Act 2016

Water Act 2016 repealed the Water Act 2002. The Act was assented to by the President on 16th September 2016 and operationalized on 21st April 2017, through legal notice No. 59 and 60. The law provides more clarity on institutional roles in the Regulation, Management and Development of water resources and water services. The new law also aligns the reforms introduced by the Water Act 2002 with Constitutional provisions on the human right to water.

¹ Constitution of Kenya 2010.

Table 2-1: Institutional Roles and Responsibilities under Water Act 2016

Institution	Roles and Responsibilities
1. Ministry of Water and Sanitation (MoWS)	<ul style="list-style-type: none"> • Efficient and Economical Provision of Water Services • Development of National Policy • Coordination • Financing
2. National Water Storage Authority (NWSA)	<ul style="list-style-type: none"> • Development of National Public Water Works • Maintain and manage infrastructure for Water resource storage • Collect, provide information and advise the CS • Develop water harvesting policy and enforce strategies • Undertake emergency intervention on behalf of National Government during drought
3. The Water Tribunal	<ul style="list-style-type: none"> • Hear and determine appeals by people or institutions affected by decisions from Cabinet Secretary (CS)
4. Water Sector Trust Fund (WSTF)	<ul style="list-style-type: none"> • Provision of Grants to the Counties • Assist in financing development and management of water services in marginalized or underserved areas
5. Water Resource Authority (WRA)	<ul style="list-style-type: none"> • Regulate the management and use of water resources
6. The Water Service Regulatory Board (WASREB)	<ul style="list-style-type: none"> • Regulator in the water sector and oversees policy and strategy implementation that relates to Water and Sanitation services development
7. Basin Water Resource Committee	<p>Advise on:</p> <ul style="list-style-type: none"> • Water resource conservation, use and apportionment • Data collection, analysis and management of Information Systems • Flood mitigation • Protection of water resources
8. Water Works Development Agency (WWDAs)	<ul style="list-style-type: none"> • They undertake development, maintenance, and management of the National Public Water Works • Operate Water Works until responsibility is handed over to the County government • Provide reserve capacity to WSPs • Provide technical services, support and capacity building to the CGs and WSPs
9. Water Resource User Association (WRUAs)	<ul style="list-style-type: none"> • Collaborative management of water resources • Conflict resolution on use of water resources
10. Water Service Providers (WSP)	<ul style="list-style-type: none"> • Entitled to provide water in their area of jurisdiction • Development of County assets for provision of water services
11. Kenya Water Institute (KEWI)	<ul style="list-style-type: none"> • Training, Research and Consultancy

2.4 Sustainable Development Goal (SDG)

According to United Nation Development Program (UNDP), water scarcity affects more than 40 percent of people around the world, an alarming figure that is projected to increase with the rise of global temperatures as a result of climate change. Water and sanitation are at the very core of sustainable development, critical to the survival of people and the planet. SDG Goal 6 not only addresses the issues relating to drinking water, sanitation and hygiene, but also the quality and sustainability of water resources worldwide. Additionally, women in sub-Saharan Africa collectively spend about 40 billion hours a year collecting water. This significantly impacts their economic opportunities.

By 2030, Goal 6 target to achieve universal and equitable access to safe and affordable drinking water, sanitation and hygiene for all, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes, implement integrated water resources management at all levels and support and strengthen the participation of local communities in improving water and sanitation management.

KEWASCO strategic plan is anchored towards contributing to overall universal access to water and sanitation by all by targeting improvement in connectivity to unserved and underserved population within its jurisdiction.

2.5 Vision 2030

Vision 2030 is one of the Kenya's development blueprint covering the period 2008-2030 based on three key pillars – economic, social and political. The Kenya Vision 2030 goal on water and sanitation under the social pillar is access to water and sanitation for all by 2030. Some of the key areas of vision 2030 relevant to KEWASCO undertakings are: increase water access in urban and rural areas to 72% and 59% respectively.; reduce unaccounted for water from 60% to 30%; attain 70% and 65% access to safe sanitation and 40% and 10% sewerage access in urban and rural areas respectively; increase the area under irrigation to 210,000 ha; increase drainage area to 90,000ha

CHAPTER 3: STRATEGIC MODEL

3.1 Mandate and Core Functions

3.1.1 Mandate

The strategic roadmap for KEWASCO comprises of Vision, Mission, Core values, Mantra and Strategic Objectives. These were developed after thorough analysis of the current strategic cycle, situation analysis using SWOT and PESTEL, and key stakeholders' consultations. The vision is anchored on the wider dream and aspiration the utility intends to realize looking into distance future.

KEWASCO's core-mandate is derived from section 78 (1) of the Water Act 2016 which stipulate:

- a) Provision of water services within the area specified in the license
- b) Development of county assets for water services provision

Based on this mandate and the wider aspirations, the utility set the following as their strategic roadmap:

3.1.2 Core Functions

The core functions of KEWASCO as stipulated in the Company Memorandum of Association and Service Provision Agreement (SPA) are:

- a. Water supply and Sewerage infrastructure development
- b. Abstraction, treatment, distribution of water and provision of sanitation services
- c. Commercial and Financial management (Meter reading, billing, revenue collection and prudent management of financial resources)
- d. Extension, Rehabilitation and Renewal of the infrastructure

In addition, KEWASCO is also expected to participate in the conservation of water resources in liaison with Water Resources Authority (WRA), Water Resource Users Association (WRUA), Basin Water Resource Committees (BWRC), the County Government of Kericho (CGoK), Development Partners, Kenya Forest Services and other institutions and stakeholders.

3.2 Vision

To be a leading and self-sustaining Water and Sanitation Service Provider in Kenya.

3.3 Mission

To effectively provide sustainable water and sanitation services to our customers in a safe, reliable, adequate and affordable manner.

3.4 Core Values

KEWASCO'S core values are fundamental principles and beliefs guiding our operations. They will act as a link between the organization culture and the social systems. KEWASCO wants to be identified by the society it is serving with the beliefs as highlighted by its core values namely; Team Work, Integrity, Professionalism, Innovation and Customer focus (TIPIC).

i. Team Work

KEWASCO staff will work as a committed team in realizing the Company's goals.

- ii. **Integrity**
We uphold the highest ethical standards, demonstrating honesty and fairness in all our operations. We are committed to efficient use of resources and being accountable for our actions.
- iii. **Professionalism**
We will take a professional and objective approach in all operations. We will uphold competence, high standards, reliability and excellence in our work.
- iv. **Innovation**
KEWASCO recognizes that innovation is key in improving service delivery. The Company is therefore committed to fostering creativity and embracing innovation in the entire work force.
- v. **Customer Focus**
We recognise that our customers are the reason why we exist. We endeavour to provide high quality services in a timely manner which exceed customer expectations and honour commitments that we have made to them.

3.5 Customer Value Proposition

User consultation, measuring whether the community served is involved in the decision-making process and effectiveness of methods of sharing information with consumers is one of the key Governance Indicator. KEWASCO in the remaining part of the strategic cycle, plans to conduct robust consumer engagement through open-day-clinics, developing 24hours hotlines for consumer communication and feedback mechanism. This will enhance utility accountability and placing consumer at the core of its operations. KEWASCO will work hard to attain highest levels of customer satisfaction through customer-centric approaches.

CHAPTER 4: OVERVIEW OF THE CURRENT STRATEGIC PLAN AND PERFORMANCE

4.1 Performance on Water Services Delivery

Water Service Providers are licensed and regulated by the Water Service Regulatory Board (WASREB). Assessing the performance of Utilities is key in ensuring that water services are provided in an efficient and sustainable manner. Utilities are assessed and ranked on the basis of nine Key Performance Indicators (KPIs). These include Water Coverage, Drinking Water Quality, Hours of Supply, Non-Revenue Water reduction, and Metering Ratio. The others are Staff Productivity, Revenue Collection Efficiency, O+M Cost Coverage and Personnel Expenditure as a % of O+M costs. These KPI measure three broad categories i.e. quality of services, economic efficiencies and operational sustainability. The overall performance of the water services sector based on the nine KPIs is then published by the regulator on an annual Impact Report.

For the financial year 2018/2019, the performance of the sector was as shown in **Table 4-1**.

Table 4-1: Key Performance Indicators (2016- 2019)

Key Performance Indicators	2016/17	2017/18	2018/19
Water Coverage (%)	55	57	59
Drinking Water Quality (%)	94	95	96
Hours of Supply (hrs/day)	14	13	14
Non- Revenue Water (%)	42	41	43
Metering Ratio (%)	93	95	94
Staff Productivity (Staff per 1000 Connections)	7	7	7
Personnel expenditure as % of O+M Costs (%)	46	50	50
Revenue Collection Efficiency (%)	100	94	92
O+M Cost Coverage (%)	102	99	105
Sewered Sanitation Coverage (%)	16	16	17
Sanitation Coverage (%)		80	81

KEWASCO's and TILWASCO's performance results over the last four reporting periods covering FY 2014/15 to FY 2018/19 is as shown in **Table 4-2**.

Table 4-2: Performance Indicators FY 2017/18 for KEWASCO and TILWASCO

	Year	DWQ (%)	Non-Revenue Water (%)	Water Coverage (%)	Hours of Supply (Hrs./d)	Staff Productivity (No. of Staff/K Cons.)	Personnel Expenditures as % of total O & M Costs	Revenue Collection Efficiency (%)	O+M Cost Coverage (%)	Metering Ratio (%)	Total Score	Overall Rank
Benchmarks		>95	<20	>90	21-24	<5	<20	>95	>150	100	200	Out of 88
KEWASCO	2014/15	96	44	56	23	8	58	95	98	97	92	27
	2015/16	93	48	54	23	7	46	86	106	98	71	29
	2016/17	78	47	53	23	8	50	81	105	100	45	56
	2017/18	93	51	54	23	7	66	100	110	100	92	25
TILILBEI	2014/15	53	54	65	n.c.d	12	35	86	55	32	22	78
	2015/16	74	57	57	20	14	34	89	54	11	42	65
	2016/17	57	57	59	n.c.d	13	31	82	62	78	20	76
	2017/18	63	49	73	19	11	36	90	50	81	53	54
NEW KEWASCO	2018/19	92	49	70	17	8	41	93	81	99	73	37

Some key notes from the performance analysis:

- Of all the 9 KPI's KEWASCO does not have good performance in any of the KPI's but has acceptable performance in 5 of the 9 i.e. drinking water quality, hours of supply, staff productivity, revenue collection efficiency and metering ratio
- Non-Revenue Water, despite improvement over the last few years, remains a key challenge for KEWASCO at 49%
- Water coverage is at 70 as per Impact Report 12 using utility data for the clustered utility
- Operation and Maintenance (O+M) Cost Coverage is the extent to which a utility is able to meet its O+M costs from internally generated funds with the view of ensuring long term financial sustainability. KEWASCO is at 81% in terms of cost coverage which means the utility requires assistance in meeting their operational costs
- Personnel expenditure as a percentage of O+M Costs measures whether personnel related expenses are proportionate to overall O+M costs as defined by the respective sector benchmarks. This indicator is at 41% for KEWASCO against the acceptable sector benchmark of 20%
- Drinking Water Quality (DWQ) measures the portability of the water supplied by a utility and has a direct impact on the health of consumers. It is a weighted composite indicator measuring compliance with residual chlorine standards and bacteriological standards. KEWASCO, at 92%, is within the acceptable range.
- Staff productivity ratio for KEWASCO is reported at 8 for FY 2018/19
- Metering ratio is the number of connections with functional meters expressed as a percentage of the total number of active water connections. KEWASCO's metering ratio for FY 2018/19 was reported at 99%

4.2 Creditworthiness Rating

Creditworthiness analysis of utilities by WASREB is based on utilities operational and financial data as reported in WARIS and unaudited financial statements. Rating symbols such as AAA, BB, B etc. are used in grading. Creditworthiness index for KEWASCO for FY 2018/19 including performance in the previous periods is presented in **Table 4-3**.

Table 4-3: Creditworthiness Index

Utility	2016/2017		2017/2018		2018/2019		Change in Score
	Total Score	Rating	Total Score	Rating	Total Score	Rating	
KEWASCO	32	B	37	B	29	No rating	-8

A score of 29 out of a possible 100 points is not rated since it is below 30; indicating that there is substantial to exceptionally high risk of default by the WSP. The declining trend in creditworthiness compared to FY 2017/18 is worrying and should be reversed.

4.3 Midterm Review of strategic cycle 2017-2022

A review of KEWASCO's performance based on the 3 years' implementation of the current Strategic Plan was undertaken in order to isolate areas that have contributed to favourable or unfavourable results. This was carried out through an analysis of the Company's key performance indicators on the different themes that the plan pursued.

A summary of the achievements made by midterm review (July, 2019) in each of the key Strategic Themes of the 2017 – 2022 Strategic Plan is presented in **Table 4-4**.

Table 4-4: Implementation of 2017 – 2022 KEWASCO Strategic Plan at Midterm Review
THEME 1: NON-REVENUE WATER MANAGEMENT

Objective	Strategy	Activities	Status at Midterm review
To reduce Non-Revenue Water to 30% by 2022	Reduction of NRW	i. Formulation of NRW Policy	i. Formal NRW policy lacking
		ii. Train staff on NRW management, tools and equipment	ii. Strategies taken to minimize illegal use of water include: <ul style="list-style-type: none"> • Step by step flow measurements • Leak detection • Calibration of bulk meters • Termination of long-term disconnected accounts • Calibration of customer meters • Visiting cut offs and penalizing of illegally connected accounts
		iii. minimize illegal use of water	iii. Strategies pending implementation include: <ul style="list-style-type: none"> • Continuous monitoring • Use of HDPE pipes as distribution lines • Finalizing on cut off of customers from the mains
		iv. Increase the metering ratio from 70% to 100%	iv. Metering ratio is at 79%
		v. Replacement of UPVC pipes with HDPE and PPR	v. 4km of UPVC replaced but not advisable to use PPR for supply distribution.
		vi. Quick response to repairs from 12 hours to 8 hours	vi. Response time of 8hrs
		vii. Isolation of Sub DMA's	vii. Kericho Urban DMAs: Area C is fully isolated, A, B, D, E are not fully isolated viii. Litein and Kapkatet are fully isolated with sub DMAs

THEME 2: WATER AND WASTEWATER INFRASTRUCTURE DEVELOPMENT

Objective	Strategy	Activities	Status at Midterm review
Water Infrastructure			
To increase water production from 16,000 m ³ to 32,000 m ³ per day in the next 5 years	Construction of a 13,000 m ³ capacity Treatment Plant in Kericho and 2,500 m ³ capacity Kusumek Treatment Plant in Litein	<ul style="list-style-type: none"> i. Conduct feasibility, detailed design reports and tendering ii. Mobilise for funds from development partners and CGoK iii. Undertake the construction of treatment plants 	<ul style="list-style-type: none"> i. Construction of 13,000 m³/day water supply project in progress under CES/MIBP supervision ii. Water Supply project in Litein, deferred due to cost constraints
	Construction of a 3 Million m ³ Kimugu dam	<ul style="list-style-type: none"> i. Conduct feasibility, detailed design reports and tendering ii. Mobilise for funds from development partners and CGoK 	Concept on hold till further notice
	Upgrading of raw water to treated water schemes	<ul style="list-style-type: none"> i. Preparation of detailed design for water treatment works ii. Construction of treatment works 	Sosiot water supply (200 m ³ /day) ready for commissioning as soon as COVID-19 eases
Wastewater Infrastructure			
To expand sanitation coverage from 40% to 60% in the next five years	Construction of on-site sanitation facilities at Kapsoit, Brooke, Kapsuser, Chepseon, Sosiot, Fort Ternan, Roret and Kipsitet	<ul style="list-style-type: none"> i. Mobilize financial resources from Development Partners and CGoK ii. Application for approvals from NEMA iii. Undertake the construction of Onsite Sanitation Facilities 	<ul style="list-style-type: none"> i. Decentralised Treatment Facility constructed at Kapsoit. Commissioning pending ii. Kapsuser, Brooke are to benefit from the Trilateral programme which is under design and awaiting No Objection from KfW iii. Designs for Kipsitet, Roret, Fort Ternan, Sosiot, Chepseon awaiting County Government appraisal in the next financial year (July 2020-Sept 2020)
	Construction of a 790m ³ /day capacity Sewerage Treatment Plant in Londiani Construction of sewerage treatment plants in Kericho, Litein/Kapkatet and Kipkelion	<ul style="list-style-type: none"> i. Mobilize financial resources from Development Partners and CGoK ii. Application for approvals from NEMA. iii. Undertake the construction of Onsite sanitation facilities 	<ul style="list-style-type: none"> i. Designs done for the 790 m³/day WWTP. Project to be implemented by LVEMP. Project ready for implementation but delayed by COVID-19 ii. Proposals for the other centres Litein, Kapkatet, Kipkelion deferred due to budgetary constraints iii. Expansion of sewer plant from 1,800 m³/d to 3,500 m³/d to be implemented under the trilateral programme

Objective	Strategy	Activities	Status at Midterm review
	Extension of existing sewer infrastructure in the urban service area	<ul style="list-style-type: none"> i. Mobilize funds for sewerage connection ii. Construct and lay the infrastructure 	<ul style="list-style-type: none"> i. Extension of laterals achieved under the LVWATSAN project completed in 2019 (CBD south, Majengo etc) ii. 27km additional laterals expected from the trilateral programme
	Construction of Sanitation Blocks at Ngoino Road and Londiani Junction	<ul style="list-style-type: none"> i. Mobilize funds for sewerage connection ii. Construct and lay the infrastructure 	Proposals deferred due to budgetary constraints
	Increase water and Sanitation Coverage in low income areas by 10% each year	<ul style="list-style-type: none"> i. Establish a record system and Procedure for regular update of all information in low income areas ii. Mapping/ Updating of all LIAs iii. Carry out baseline Survey to update population figures and service levels iv. Carry out needs assessment and prioritization of interventions in low income areas v. Regulate Kiosk Operators vi. Finance Mobilization for Upscaling Basic Sanitation for the Urban Poor vii. Create a budget line for pro poor department in the Master Budget 	<ul style="list-style-type: none"> i. There is no specific system for regular updating and storage of information on low income areas ii. Mapping of all LIAs has been done iii. In 2018, WASREB carried out baseline Survey to update population figures and service levels in the LIAs iv. Over 900 toilets done through WSTF financed UBSUP v. A few of the Kiosks are still Non- Operational vi. Programme being implemented progressively as per the budget for the last financial year vii. Budget line for pro-poor department in the master budget created for FY 16/17, 17/18, 18/19, 19/20

THEME 3: OPERATIONAL EFFICIENCY

Objective	Strategy	Activities	Status at Midterm review
To ensure that there is continuous provision of water and sanitation services with minimal interruptions	Time management	<ul style="list-style-type: none"> i. Setting well-defined roles ii. Weekly time sheets and daily job cards for evaluation iii. Monthly attendance register analysis iv. Introduce departmental clocking register v. Maximising on working hours vi. Timely response to bursts and leakages 	<ul style="list-style-type: none"> i. Review of job descriptions ongoing ii. Weekly time sheets are not kept iii. Job cards are used mostly by the technical services staff iv. Manual departmental clocking register system implemented and in use. Budgeting for a biometric machine was done but due to cash flow because of covid-19 it was not procured
	Adherence to the preventive maintenance schedule	<ul style="list-style-type: none"> i. Timely payments of suppliers and other obligations ii. Ensure availability of stand-by pump set and generators iii. Provision of protective gears 	<ul style="list-style-type: none"> i. KEWASCO owes suppliers and state remittances such as PAYE, LAPFUND
	Embrace ICT in all Areas of Operation	<ul style="list-style-type: none"> i. Networking of branch offices ii. Decentralization of operational software iii. Continuous improvement of billing system iv. Continuous addition of software v. GIS mapping of water appurtenance and low-income area vi. Integration of billing system with the Website vii. Procure and maintain ICT infrastructure 	<ul style="list-style-type: none"> i. Networking of branch offices has been done, with the exception of Londiani, Sisiot, Kipkelion, Fortenan ii. Decentralization of operational software has been done iii. Billing software has been improved through integration with mobile meter reading and Mpesa iv. 80% of Water appurtenance have been mapped v. 100% of LIAs have been mapped according to baseline survey carried out in Jan 2018 vi. The billing system is yet to be integrated with the website. It is not possible for the customers to check or pay their bills through the website vii. Meter reading software acquired

THEME 4: FINANCIAL SUSTAINABILITY

Objective	Strategy	Activities	Status at Midterm review
To increase revenue from Kshs.204 million in 2018 to Kshs.400 million by 2023	Financial Sustainability	i. Improve meter reading from 70% -100%	i. Meter reading efficiency improved to 79%
		ii. Enhance meter reading efficiency to manage commercial losses	ii. Average monthly Billing for urban is 14m and average billing for rural is 3m
		iii. Optimize billing efficiency	
		iv. Timely revision of tariff	
		v. Re-evaluation of average assessment on unmetered customers annually	iii. A huge number of unmetered consumers mostly in Tililbei under metering
		vi. Operate new water treatment plants	
		vii. Continuous supply of water	iv. Ongoing
		viii. Enhance the Integrity of the revenue department by setting up control measures	v. Collection efficiency of current bills at 60% and this is attributed to C-19.
		ix. Strict adherence to 7day payment grace period	vi. The 7days payment grace period is partly followed. It has been proposed to be changed
		x. SMS alert notices on mass disconnection	vii. Periodically implemented
		xi. Mass disconnection	
		xii. Entering into part payment agreement with customers with huge bills	viii. Debt recovery team is in place
		xiii. Appoint Debt Recovery Teams	
		xiv. Enlist defaulters with Credit Reference Bureau (CRB)	ix. Defaulters not enlisted with CRB
		xv. Reduction of non-core expenditures	x. Under implementation but with gaps and challenges
		xvi. Ensure 100% adherence to the budget	
		xvii.Reduction in personnel, operation & maintenance costs	

THEME 5: CUSTOMER SERVICE

Objective	Strategy	Activities	Status at Midterm review
To increase customer satisfaction by 10% annually	Customer Service	i. Revise and implement Customer Service Charter ii. Conducting 28 customer sensitization forums per year (two per scheme/Area) iii. Hold Open days/ customer days at KEWASCO to address customer issues	i. The customer service charter was revised in 2018 ii. 4 Customer sensitization forums are done per year iii. Open days are held every quarter
		i. Response to customer complaints as per service Charter	i. Customer satisfaction survey was done in 2018 and overall performance at 74%.

		ii. Carry out a customer satisfaction survey every two years and implement corrective measures	
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THEME 6: INSTITUTIONAL STRENGTHENING

Objective	Strategy	Activities	Status at Midterm review
Operationalize institutional restructuring of the merged KEWASCO and TILWASCO to one highly performing water utility by 2023	Operationalization of the new water utility – KEWASCO	<ul style="list-style-type: none"> i. Dissolution of existing companies ii. Amending MoU and Articles of Association iii. Stakeholders engagement iv. Preparation of County Subsidy proposal to TILWASCO Cost Centre v. Preparation of Assets and Liabilities register vi. Preparation of a harmonized tariff structure vii. Application of Service Provision Agreement (SPA) viii. Appointment of Board of Directors ix. Operationalize the recommended organizational structure of the new water utility within one year x. Enhance performance management through performance appraisals and reward xi. Provide a conducive working environment xii. Harmonization of pay structure xiii. Enhance organizational culture change xiv. Develop a succession plan/policy xv. Prepare a Scheme of Service 	<ul style="list-style-type: none"> i. The articles and memorandum of association for the clustered company was amended ii. Subsidy proposal to support electricity and bulk water was done to the county iii. Assets and liabilities register prepared iv. Tariff application process in progress v. The recommended organization structure has not been fully operationalized vi. Performance appraisals and rewards are used in enhancing performance vii. Pay structure has been harmonized. However, the harmonization of pay for KEWASCO rural with the urban staff was not implemented due to lack of funds viii. Service provision agreement has been applied
To have a qualified, experienced, motivated workforce	Conduct departmental staff skills audit/ Training Needs Assessment	<ul style="list-style-type: none"> i. Develop and administer questionnaires ii. Data analysis. iii. Prioritize training needs areas and prepare a budget iv. Source for trainers/institutions 	<ul style="list-style-type: none"> i. Training needs assessment not done but will be implemented under the KfW project. ii. There is no training workplan but there is budget allocation.

4.4 General Challenges on WSP Performance

Various challenges were encountered in the implementation of the current strategic plan.

These include:

- i. Budgetary constraints
- ii. High NRW due to Water theft, destruction of infrastructure by road construction, floods, static meters, vandalism, etc.
- iii. Occasional change of key CMT members and other sectional heads running and managing departments.
- iv. Limited office infrastructure – buildings and working tools, equipment
- v. Gaps in total compliance to necessary good governance requirements as per WASREB guidelines.
- vi. The increase in customer complaints backlog and poor rates of response to both commercial and technical complaints
- vii. Culture change was repeatedly mentioned as urgently needed by several managers. The “culture change” requires capacity building and especially more resolve by upper management, decision-making and process stabilization
- viii. some Department do not have Standard Operating Procedures and focus on reactive actions instead of proactive measures
- ix. Metering of customers is a big challenge as it stands below 100% with low metering ratio. Non-functionality of the meters is attributed mostly to poor water quality resulting in frequent meter blockages and to poor installation procedures to a lesser extent. The utility conducts meter servicing and flushing but some meters have surpassed their economic lives and therefore can't be made functional and therefore should be replaced.

4.5 COVID 19 Challenge

Corona virus started off in Wuhan China as a disease outbreak in the last quarter of 2019. The outbreak was declared a Public Health Emergency of International Concern on 30 January 2020. On 11 February 2020, WHO announced a name for the new coronavirus disease: COVID-19. The World Health Organization (WHO) on March 11, 2020, declared the novel coronavirus (COVID-19) outbreak a global pandemic. As a result, countries in the world developed their own measures to manage the spread of the disease which included cessation of movement, socializing and working restrictions plus a raft of other guidelines targeted towards managing health and social behaviour of citizens.

In a health emergency such as covid-19, access to a reliable supply of clean water becomes crucial to survival. The impacts of Covid-19 are severely affecting the Kenyan water sector, putting millions of people's access to clean and safe water at risk, whilst threatening to undo years of commendable progress in the sector. The primary risk comes from severe drop in revenues, which are already down by 33% and are expected to drop by 70% by June. As a result, utilities are increasingly unable to cover operational costs, pay regulator levies, or buy inputs needed for the treatment of water, putting the whole sector at risk. With stretched resources and competing demands, the Government and financial sector are unable to fully respond to the emergency liquidity needs of the sector.

The Government of Kenya in managing the pandemic instituted various measures and mechanisms, some of which were replicated at the County level. Some of this included closing of some non-essential businesses, learning institutions, churches, mosques, imposition of night time curfew, cessation of movement in some counties and behavioural interventions such as social distancing, wearing of masks and hand washing habits. All these measures had an effect on KEWASCO and its different stakeholders.

Some of the other effects include:

- The increased clamor to provide water continuously to the public without corresponding payments including cessation of disconnecting defaulters – this is expected to have a resounding effect on revenues
- The stay at home directive meant more water usage at the domestic level without corresponding revenue collection
- Closing of some businesses including hotels, bars and restaurants, learning and religious institutions will heavily affect revenues from these commercial sectors. The same closed businesses and institutions had high outstanding bills – this will affect the collection efficiency and increase the amount of bad debts
- Stay at home and social distancing measures affected also KEWASCO employees with a corresponding decrease in employee's productivity growth as well as key KPIs including connections, revenue collections and other customer based KPIs like a quick turnaround time on various elements of service delivery as elucidated in the Service Charter
- The need for KEWASCO to provide more enhanced pro-poor initiatives for water and sanitation which might not have been planned for
- Remodeled workplaces for employees and customer interactions as a result of social distancing measures – this will have an effect on increased costs of operations
- Provision of various public health materials and consumables to employees and customers such as face masks, sanitizers, soap and water, washing points. This will affect operational costs

4.6 Must Win Battles for the 2020 – 2023 Strategy Period

- Attitude and culture change
- Improved internal processes & communication
- Infrastructure improvement
- Strengthening of a customer focused approach
- Successful implementation of staff rationalization and structure change initiatives
- Successful implementation and completion of Customer Identification Survey and GIS mapping

CHAPTER 5: SITUATIONAL ANALYSIS

5.1 Environmental Analysis

In the process of reviewing the Strategic Plan, KEWASCO evaluated its functional environment as it is determined by internal and external dynamics which have an influence on current and future utility activities. This was of fundamental importance, first in understanding the utility strategic positioning and charting its immediate and medium-term strategies for improved institutional performance. The analysis was undertaken through Political, Economic, Socio-cultural, Technological, Ecological and Legal (PESTEL) and Strengths, Weaknesses, Opportunities and Threats (SWOT) models. The results are summarized in subsequent sections.

5.1.1 PESTEL Analysis

Analysis of the External Environment was carried out in order to identify external factors that may affect the performance of KEWASCO either positively or negatively. Pestel Analysis is summarized in Table 5-1 below.

Table 5-1: Pestel Analysis

Factor	Issues	Effect	Mitigation Measures
Political	<ul style="list-style-type: none"> Changes in Government policies Good political goodwill with the County Government Prolonged consensus building among stakeholders on the National and County level on development of large infrastructure. Budget appropriation and resource allocation at the County level/ National Government 	<ul style="list-style-type: none"> Conflict in the trans boundary water sources Competition for water resources Delayed decision making thus delaying development May result in under-funding, however, the County Govt. has the primary responsibility for investment 	<ul style="list-style-type: none"> Collaboration with County Governments Continuous and timely review of policies and procedures to align with prevailing changes The company may adopt influential tactics for resource allocation
	<ul style="list-style-type: none"> Political interference Advanced awareness on water rights and political agitation for better service delivery. 	<ul style="list-style-type: none"> Interference with the company's operations Declaration of "free water for all" might affect the commercial viability of the utility 	<ul style="list-style-type: none"> Adhere to company policies and procedures Anticipate and develop strategies to counter unfavourable political statements
Economic	<ul style="list-style-type: none"> New country's economic status – Middle income economy Increased demand for portable water, sanitation and sewerage services. Inflation High interest rates Unemployment Natural pandemic such as COVID19 	<ul style="list-style-type: none"> Reduced chances for grants but preference of commercial lending Increased revenue Resources strain Low purchasing power among consumers High cost of doing business Declining inflow of development partners' support 	<ul style="list-style-type: none"> Pro poor initiatives Implement water resource conservation measures Adopt cost saving measures Tariff review, approval and successful implementation Improve on creditworthiness

Factor	Issues	Effect	Mitigation Measures
	<ul style="list-style-type: none"> Inadequate Government subsidy Government levies 	<ul style="list-style-type: none"> Low infrastructure development Imposed government levies/ taxes 	<ul style="list-style-type: none"> Strengthen collaboration and partnership with development partners and private sector players Explore innovative financing
Social-cultural environment	<ul style="list-style-type: none"> High population growth rate 	<ul style="list-style-type: none"> Increased water demand 	<ul style="list-style-type: none"> Serve the un-served population within KEWASCO's jurisdiction
	<ul style="list-style-type: none"> Water is a basic human right – hence attitude for free access 	<ul style="list-style-type: none"> Non-payment of water supplied 	<ul style="list-style-type: none"> Create awareness and adhere to company policies Strengthen and equip NRW unit
	<ul style="list-style-type: none"> Inefficient water usage by consumers 	<ul style="list-style-type: none"> Loss of water/ revenue 	<ul style="list-style-type: none"> Customer education Improve on response time
	<ul style="list-style-type: none"> Vandalism 	<ul style="list-style-type: none"> Increased incidences of vandalism of the company's assets (manhole covers), illegal connections, destructions 	<ul style="list-style-type: none"> Customer awareness
	<ul style="list-style-type: none"> Poverty 	<ul style="list-style-type: none"> Unwillingness to pay for water Increased water theft 	<ul style="list-style-type: none"> Pro-poor strategies
Technology	<ul style="list-style-type: none"> Technological advancement 	<ul style="list-style-type: none"> Reduction of Non-Revenue Water Cost reduction Improved service delivery Improved decision making Improved revenue collection 	<ul style="list-style-type: none"> Promote utilization of ICT in service delivery e.g. GIS, leak detection equipment, illegal connection, minimum night flow measurements, isolation of DMAs, Meter Reading, Billing, Accounting system, HR system, customer care system, Mpesa, Procurement, fleet management, Payroll
Ecological	<ul style="list-style-type: none"> Natural disasters e.g. floods, droughts, landslides 	<ul style="list-style-type: none"> Destruction of water infrastructure and disruption of operations 	<ul style="list-style-type: none"> Construction of floods mitigation dams
	<ul style="list-style-type: none"> Climate change 	<ul style="list-style-type: none"> Diminishing water resources 	<ul style="list-style-type: none"> Creating awareness on environmental conservation
	<ul style="list-style-type: none"> Waste management 	<ul style="list-style-type: none"> Poor management of waste will lead to environmental pollution 	<ul style="list-style-type: none"> Use of modern waste management technologies
	<ul style="list-style-type: none"> Environmental degradation Ground Water harvesting Solar panels 	<ul style="list-style-type: none"> Depleted fresh water resources; Deforestation and desertification; Water pollution 	<ul style="list-style-type: none"> Creating awareness on environment conservation
Legal	<ul style="list-style-type: none"> Changes in legislations that affect WSP e.g. Water Act 2016 	<ul style="list-style-type: none"> Legislation will change management of water resources and water services 	<ul style="list-style-type: none"> Adhere to the new legislation

Factor	Issues	Effect	Mitigation Measures
		<ul style="list-style-type: none"> Enhanced company governance 	

5.1.2 SWOT Analysis

Analysis of the internal environment was carried out in order to identify factors within KEWASCO that may influence performance positively (strengths) or negatively (weaknesses). By identifying areas that KEWASCO does well and areas where it still needs to improve, the process gave KEWASCO and its staff an opportunity to improve in future and become a sustainable business by minimizing risks. The analysis was undertaken through a review of the Company's value chain and support services. SWOT analysis is summarized in **Table 5-2** below.

Table 5-2: SWOT Analysis

STRENGTHS <ol style="list-style-type: none"> Good water quality. Minimum competition – There is little competition for water and sanitation services provision Uptake of technology Loyal customer base Gravity fed system in the urban service area- low electricity cost Exclusivity of water supply in the region (Monopoly) Positive institution reputation- partners and donors Progressive and dynamic management team All-inclusive stakeholder's representation and relationship 	WEAKNESSES <ol style="list-style-type: none"> Dilapidated aging infrastructure/ piping system- causes losses and increases maintenance cost Due to financial constraints – the organisation has not been able to meet its obligations e.g. statutory payments and pension payments for staff Poor Operation and Maintenance affects service delivery to customers High NRW due to dilapidated infrastructure and illegal connections Communication lapses and weak dissemination of information Customer and staff malpractice. Collusion for illegal connections Aging workforce High cost of production in the rural areas that use pumping water system Demotivated workforce in the rural service area due to unpaid salaries and lack of finances to facilitate their work. Poor transportation which hinders surveillance and maintenance work in the rural service area Inadequate succession planning Inadequate office space in KEWASCO Head office Inadequate documentation of processes and policies Undocumented SOP and best practices Lack of documentation and clarity on career progression Inadequate customer feedback mechanism Operational inefficiency Compacency
OPPORTUNITIES <ol style="list-style-type: none"> Political goodwill from county government; Existing legal framework and development path; Open a subsidiary company for bottling water for County Government functions. Kericho has good quality water supply from the Mau Forest Complex 	THREATS <ol style="list-style-type: none"> Demand notice from KRA and other suppliers can affect daily operations. Political goodwill. Any interference during and after the merger can cripple operations. KEWASCO rural service area get bulk water from Bomet County, operations can be crippled if Bomet County stops this supply.

4. Explore reusable energy power sources such as solar power and hydro.	4. Inability to have an effective cost recovery in KEWASCO rural service area due to its low tariff.
5. Upgrade the sewerage plant in the urban service area to meet current demand	5. Development of alternative water sources by large consumers;
6. Set up a sewerage plant or sewerage disposal systems in the rural service area to serve customers. Value addition of sludge to make briquettes and manure for sale	6. Conflicting legislation and policy framework;
7. Increase water production by setting up new water treatment plants	7. Degradation and encroachment of water catchment areas;
8. Explore gravity water systems in the rural service area	8. Damage of infrastructure/water storage areas;
9. Upgrade raw water schemes to full treatment water schemes	9. Poor urban planning;
10. Take advantage of economies of scale after merger which will lead to reduction on purchase costs	10. High default rate;
11. The merger will help attract more development partners for financing and collaboration in projects	11. Change in priorities of county/national government;
12. Willingness to absorb and embrace technology and innovation	12. Under-investment of county/national government in water infrastructure.
13. Strong brand to access funding, donors and partners	13. Kericho County Government may stop subsidising Tiliilbei (KEWASCO rural service area) operations putting a financial strain on KEWASCO urban service area
14. Dedicated collaboration with county government on infrastructure development	14. Fluctuations in economic factors such as inflation, exchange and bank lending rates can increase cost of doing business
	15. Illegal connections leading to high NRW
	16. Defaulters of water bills which affects collectable revenue
	17. Climate related risks e.g. flooding and droughts

5.2 Stakeholder Analysis

A stakeholder is any person, group or institution that has an interest in the activities of an organization. KEWASCO has many stakeholders in its core functions some of whom are identified in Table 5-3.

Table 5-3: KEWASCO Stakeholders

Stakeholder	Stakeholder Expectation	KEWASCO Expectation
1. Ministry of Water & Sanitation and Irrigation (MoWSI)	<ul style="list-style-type: none"> Deliver on the mandate Compliance with the Water Act 2016 and other relevant regulations 	<ul style="list-style-type: none"> Existence of an enabling environment Provide sector policy direction
2. Water Services Regulatory Board (WASREB)	<ul style="list-style-type: none"> Compliance with the regulatory rules and guidelines Efficient utilisation of resources 	<ul style="list-style-type: none"> Equity in regulation Prompt approval of tariff
3. Water Sector Trust Fund (WSTF)	<ul style="list-style-type: none"> Generation of feasible project proposals Proper use of funds Proper and timely implementation of projects 	<ul style="list-style-type: none"> Fair distribution of resources Timely release of funds
4. Water Tribunal	<ul style="list-style-type: none"> Compliance to service standards and regulations 	<ul style="list-style-type: none"> Timely resolution of conflicts
5. Water Resource Authority (WRA)	<ul style="list-style-type: none"> Compliance with water permits rules Support in conservation effort 	<ul style="list-style-type: none"> Effective management of water resources Conservation of water resources

Stakeholder	Stakeholder Expectation	KEWASCO Expectation
6. National Environment Management Authority (NEMA)	<ul style="list-style-type: none"> Compliance with the EMCA Act 1999 and other relevant regulations 	<ul style="list-style-type: none"> Conservation of the environment
7. Lake Victoria South Water Works Development Agency)	<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 Timely dissemination of information Provision of resources for infrastructure development
8. County Government	<ul style="list-style-type: none"> Delivery of quality water and sanitation services Collaboration in project planning and implementation Employment to residents The water service provider should be self-sustainable Implement strategic decision Involvement in decision making on Water Sector Corporate Social Responsibility (CSR) 	<ul style="list-style-type: none"> Provide enabling environment Funding for water and sanitation projects Development of infrastructure and water master plan Involvement in water policy development and planning Effective participation during board meetings Professional and expert representation in the BOD Participate and mobilise residents in Stakeholder forums Prioritise water sector in terms of resource allocation Financial subsidies for operations
9. Development Partners	<ul style="list-style-type: none"> Accountability for funds provided Provision of timely and accurate reports Timely and accurate updates on the implementation status of projects 	<ul style="list-style-type: none"> Financial and technical support Adherence to MoUs and contract terms
10. Financial Institutions	<ul style="list-style-type: none"> Timely settlement of financial obligations 	<ul style="list-style-type: none"> Competitive credit terms and conditions Prompt service provision
11. Water consumers/ general public	<ul style="list-style-type: none"> Provision of adequate water and sanitation services Affordable rates for water and sanitation services Quick response to complaints and prompt repairs of bursts Accurate bills produced on time To be treated with courtesy by KEWASCO staff Prior communication on service disruptions Participate in stakeholder forums Employment for the community Reliable meters 	<ul style="list-style-type: none"> Prompt payment of water and sanitation services Report cases of vandalism of water and sanitation infrastructure Participate in public forums Notify KEWASCO of pipe bursts Provide labour for trench excavation Lobby through leadership of MCAs and MPs with the County Government. Good mobiliser Honesty and avoid illegal connections
12. The Media	<ul style="list-style-type: none"> Provision of accurate and timely information 	<ul style="list-style-type: none"> Fair and accurate reporting Support in public awareness campaigns

Stakeholder	Stakeholder Expectation	KEWASCO Expectation
13. Service providers	<ul style="list-style-type: none"> Fairness and equal opportunity Prompt payment for goods and/or services rendered Provision of adequate information 	<ul style="list-style-type: none"> Quality products and services Prompt delivery of goods and services Adherence to the terms of contract
14. Learning and Research Institutions	<ul style="list-style-type: none"> Opportunity for student attachments and internships 	<ul style="list-style-type: none"> Competent manpower Support for relevant research/ studies
15. Board of Directors	<ul style="list-style-type: none"> Implementation of developed policies Achievement of the Company's objectives 	<ul style="list-style-type: none"> Policy direction Support in resource mobilization Good corporate governance
16. KEWASCO Staff	<ul style="list-style-type: none"> Job security and sustainability of the Company Professional development and training Competitive and equitable remuneration Healthy, safe and secure working environment Intrinsic motivation such as recognition and appreciation Extrinsic motivation such as salary increment and bonuses Prompt payment of monthly salary Proper dissemination of information and communication by the company 	<ul style="list-style-type: none"> Provision of quality services to the company Commitment to the Company's mandate Innovation, creativity and optimal productivity, team-spirit, integrity Professionalism Public relations – respect our stakeholders Accountability, respect and discipline
17. Water Services Providers Association	<ul style="list-style-type: none"> Participating in WASPA events Sharing KEWASCO's experiences and best practices with other WSP's 	<ul style="list-style-type: none"> Provide benchmarking forums Provide best practice cases Capacity building
18. Kenya Bureau of Standards	<ul style="list-style-type: none"> Compliance with KEBS standards 	<ul style="list-style-type: none"> Set standards for water and sewer services Quality assurance of water and sanitation products e.g. water meters
19. National Water Harvesting and Storage Authority	<ul style="list-style-type: none"> Use water resources efficiently Ensure quality of waste water discharged into the environment meets the required standards 	<ul style="list-style-type: none"> Provide strategic water storage for Kericho County

5.3 Organization Staffing

KEWASCO Organizational structure consists of the Board of Directors, Managing Director, Six Departments and four Divisions. All except the Internal Audit department reports directly to the Managing Director, while the Internal Auditor reports to the Board but functionally operates under the Managing Director. At the apex, the Board of Directors oversee the whole organization while the Managing Director is responsible for the day to day operation of the utility. KEWASCO has a blend of different diverse professional staff at different cadres to manage its daily operations in water and sewerage service delivery. To realize the ambition of this strategic plan, KEWASCO will align functions with competencies and continue to develop the right mix of skills i.e. Technical and behavioural to deliver excellent services to its consumers.

The organization structure for KEWASCO is presented in **Figure 5-1**.

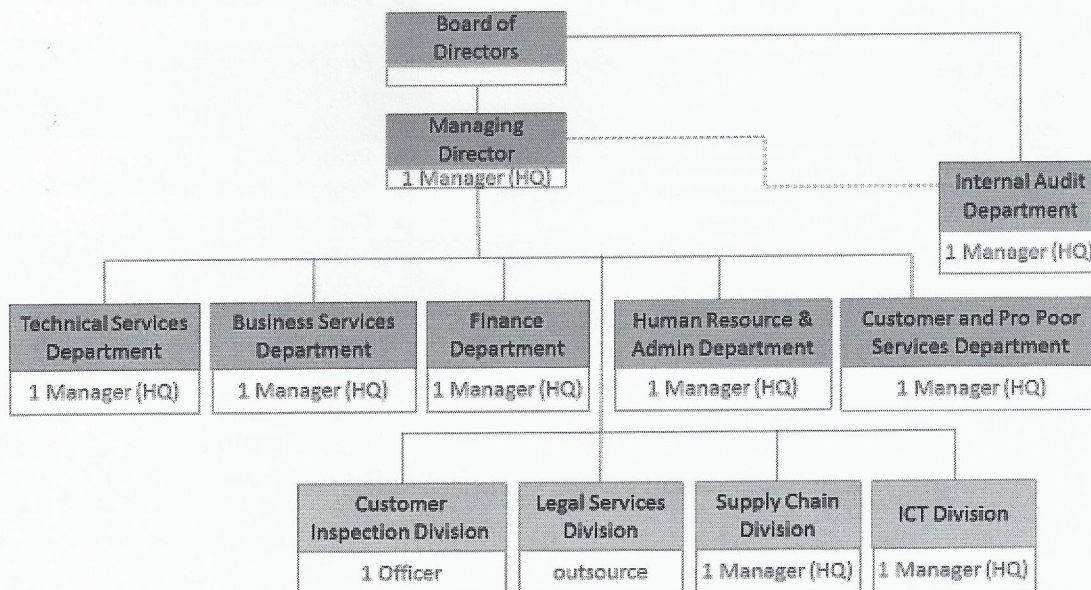


Figure 5-1: KEWASCO Organizational Structure

KEWASCO is currently operationalizing the organization structure recommended by GIZ with some modifications that took into consideration the merger with TILWASCO. It consists of:

- i. 169 employees in KEWASCO, 121 in KEWASCO Urban and 48 in KEWASCO Rural. Out of the 121 staff, 101 (83%) staff in KEWASCO Urban are above 45 years old meaning issue of aging workforce will be a problem in the near future (retirement age in the civil services and related sectors is 60 to 65 years)
- ii. Technical Department has 73 staff
- iii. Business Services Department has 65 staff
- iv. Finance Department has 1 staff
- v. Human Resource and Administration Department has 14 staff
- vi. Internal Audit Department has 3 staff
- vii. Supply Chain Division has 6 staff
- viii. ICT/ GIS Division has 7 staff

CHAPTER 6: STRATEGIC ANALYSIS

6.1 Strategic Objectives and Strategies

Strategic perspectives are the key performance areas in which an organization must excel in order to achieve its Vision and Mission and deliver value to customers. They are the organization's pillars of excellence. The strategic perspectives of KEWASCO for the planning period are:

1. Financial perspective
2. Customer perspective
3. Internal (process) perspective
4. Learning and growth

KEWASCO strategic objectives were formulated using the balance score card framework. The framework encapsulates four key perspective areas; financial, internal, customer, learning and growth perspectives. The table below highlights each perspective, strategic objectives and specific objectives:

Table 6-1: Perspective areas and strategic objectives

Perspective areas	Strategic objective	Specific objectives target by 2023
Financial perspective	The core mandate of KEWASCO is to provide clean and safe drinking water and sewerage services to its customers. This can be attained by development of appropriate water and sewerage infrastructure and improving operational efficiencies. However, it is important to note that KEWASCO is not mandated with development of large infrastructure and therefore it has to enhance partnership with other institutions such as Kericho County, MOWS, WWDB, WSTF and donors to promote infrastructure development for better services delivery. However, KEWASCO is cognizant of the fact that the company is fully responsible for efficient and effective management of the infrastructure. Therefore, attaining commercial and financial viability becomes central in delivery of sustainable service. The two SOs under Financial perspective are discussed below	
	Increase access to clean and safe drinking water by improving coverage from 55 % to 64% by 2023	<ul style="list-style-type: none"> • Increase access to water by improving coverage from 55 % in 2019 to 64% in 2023 for urban • Increase sanitation access from 40% to 60% by 2023
	Improve financial sustainability to cover all operational costs and attain 100% O&M cost recovery	<ul style="list-style-type: none"> • To Increase Billing and revenues from Kshs.17million per month in 2019 to Kshs.21 million per month in 2023 for urban and 2.6 to 4 million for rural. • To Increase collection efficiency from 60% to 90% in 2023. • To Improve O&M cost coverage from 83% in 2019 to 100% in 2023 • To reduce in NRW from 57% to 45% in 2023 • Reduction of dormant accounts from 5,856 to 4,522 in 2023 • Improve utility creditworthiness ranking to AA
Customer perspective	<p>The business and revenue model of KEWASCO is consumer dependent and thus driving customer satisfaction goes in tandem with growth of the company. KEWASCO recognizes the role customer's play; not only in paying their bills but also as a bouncing-board for bettering water and sanitation services.</p> <p>The sector bench mark on consumers in relation to final product and services is also very high and thus for KEWASCO to become a premiere utility in service delivery; customer relationship and management has to take a paradigm shift. The role of the customers in promoting good corporate governance cannot be over-emphasized in the water sector which has been raddled by numerous political- Clientelism.</p>	

Perspective areas	Strategic objective	Specific objectives target by 2023
	The SO on customer perspective is described below;	
	Identify and implement appropriate communication and branding for the company	<ul style="list-style-type: none"> Identify and implement appropriate communication and branding for the company. Develop and update company website & social media platforms for consumer interaction Promotion and participation in CSR activities
	Improved Customer Relations	<ul style="list-style-type: none"> Develop and implement customer service management systems Develop and implement a customer service charter
	Provide timely, quality and reliable water and sanitation services that meet and surpass our customers and other stakeholders' expectations	<ul style="list-style-type: none"> Increase in Hours of supply from 17 to 24hrs Conduct 1 customer satisfaction survey each year and measure consumer satisfaction index Improve Compliance with residual chlorine from 96 to 100% Improve drinking water quality standard from 92% to 100%. Improve consumer complaint resolution from 60% to 100%
Internal (process) perspective	<p>The growth of KEWASCO can only be attained by having the right enablers such as good workplace policies and operational manuals. This has to be followed by flexible application of these processes and procedures to enable the company to operate with a predictable environment that would promote competitiveness, compliance with regulatory regime and meet International Standards.</p> <p>KEWASCO will strive to provide appropriate tools and equipment for staff to execute their roles and responsibilities effectively. Similarly, KEWASCO will provide conducive work environment that would promote staff productivity. KEWASCO will proactively engage all stakeholders to promote corporate governance and adopt prudent management discipline in the administration of the company's affair. From its technical operations, customer relations, financial management and stakeholder engagement, KEWASCO will embrace continuous improvement as a means of providing excellent services. The SO on internal perspective is described below;</p>	
	Fortify and internalize Organizational capacity and processes	<ul style="list-style-type: none"> Automate and integrate ICT in all business processes like Job card system, e-timesheet, Geographical Information System (GIS), and Monitoring and Evaluation Framework Develop and implement 6 different policy documents Improve regulatory compliance from 70% to 100% Develop disaster and Risk Management plan (DRM) Improve % level of Governance ranking from 76% to 100%
Learning and growth perspective	<p>KEWASCO is only as good as its staff and thus investing in staff capacity, motivation and reward becomes very critical in delivery of excellent services. KEWASCO will develop performance management systems, staff development policies and pursue initiatives that would promote effective internal and external communication.</p> <p>To provide 21st century-based services, KEWASCO will foster innovation in services and product development. The company will create conducive environment for the adoption of latest technologies and equipment in delivery of water services. This will not only better water and sanitation services to customers but also introduce efficiency and hence contribute to operational efficiencies. This SO is described below.</p>	
	Strengthen people and communication systems	<ul style="list-style-type: none"> Embark on continuous training of staff & development plan Establish performance management plan Develop and implement a communication policy Foster innovation, Attract and retain talent Increase employee satisfaction level

CHAPTER 7: ACCOUNTABILITY AND RISK MANAGEMENT

7.1 Accountability

Timely deployment of resources as well as effective monitoring, evaluation and reporting of the implementation status is key for the Company to have the intended impact in provision of water and sanitation services. To enhance implementation, the Company shall:

- i. Effectively communicate the plan to all staff and other key Stakeholders to ensure clarity of vision, mission and to seek their support
- ii. Assign and communicate roles and responsibilities to the various implementing actors
- iii. Mobilize and allocate resources as per prioritized activities identified in the Strategic Plan
- iv. Develop and communicate quarterly work plans for departments, sections, and individuals in line with the Strategic Plan
- v. Ensure work plans and performance contracting parameters are derived from the Strategic Plan implementation matrix
- vi. Carry out Capacity Building of staff on implementation of the Strategies as necessary

7.2 Risk Analysis

7.2.1 General

Risk analysis is very critical in order to have a successful implementation plan. Risk impact potential should be treated in terms of its severity to affect the business. Implementation of the Plan is likely to face various risks among them, operational, financial, strategic and technological. The specific risks under each of these categories are outlined below:

7.2.2 Strategic Risks

- i. Some stakeholders may oppose some of the proposed programmes/ activities.
- ii. Weak monitoring, evaluation and reporting may interfere or delay implementation of the Plan
- iii. Political influences may interfere with implementation of the Plan

7.2.3 Operational Risks

- i. Lack of support from key stakeholders
- ii. Inability to synchronize budgeting with procurement plans
- iii. Lack of clear policies and procedures may hinder successful implementation
- iv. Poor integrity of the staff
- v. Aging workforce
- vi. Senior staff turnover

7.2.4 Financial Risks

- i. Inadequate funding may affect the implementation of projects
- ii. Delay and default in payments by customers
- iii. Delay in paying suppliers and creditors
- iv. Low water tariff

7.2.5 Technological Risks

- i. Lack of funds to acquire the requisite equipment
- ii. Inability to keep pace with the rapid technological changes

iii. Resistance to adoption of new technological changes by staff

7.3 Mitigation, Monitoring and Reporting of Risks

To mitigate the effects of the above risks, the Company will implement the following measures:

- i. Strategic
 - Seek consensus among the County leadership and politicians particularly Members of County Assembly (MCA's)
 - Seek effective collaboration and sharing of successes and challenges with WASREB and other WSPs
 - County Government to develop a communication plan detailing the advantages of one utility as opposed to several utilities in the County; the communication plan should be disseminated up to the ward level
- ii. Financial- Adopt project/ activity-based budgeting and prudent management of funds
- iii. Operational- Put in place strategies to attract and retain qualified staff, provision of conducive work environment and development of requisite policies and procedures for growth
- iv. Technological- keep abreast with changes in technology, undertake upgrading of equipment and regular training of staff
- v. Enhancing Monitoring, Evaluation and Reporting for early detection and management of any risk

KEWASCO is aware of known and unknown factors that might hinder the achievement of strategic objectives. The factors can be internally or externally construed. These risks are discussed in the context of situational analysis (SWOT) and PESTEL. The table below discusses the risks and mitigation strategies along the strategic objectives.

Table 7-1: Summary of Risk Definitions for KEWASCO

Type of Risk	Definition	Identification	Impact
Strategic risk	These are the risks arising from failure of the plan/ strategy adopted by KEWASCO to address the strategic issues identified by WASREB and the County Government of Kericho	The utility is proposing to enter into new funding partnerships that it has limited knowledge of	The utility runs the possibility of not implementing its strategy in line with its objectives and the risk of damaging its reputation
Legal/ Compliance Risk	Is the risk that the utility incurs a loss through its failure to be aware of and comply with all the legal and regulatory requirements to which it is subject to	Compliance with legal requirements, not only from its regulator but also from taxation, labour, company, donor policies, partnership agreements	Failure to comply with the requirements of these laws carries substantial penalties
Grant Management/ Financial risk	This relates to the risk of mismanagement of donor funds; including but not limited to direct financial theft, inflated projects costs as well as funds not accounted for by the utility	The utility intends to fundraise from donors and financial institutions to boost capital revenue	Risk of the donors terminating agreements and ultimately not undertaking any relations with the utility

Type of Risk	Definition	Identification	Impact
Technical Risk	This risk arises mostly due to capacity building. This is the failure by the utility to provide customers with the services and products that are relevant or adequate to the activities they undertake	There needs to be relevant resources available to support and undertake implementation of the proposed services and facilitate customer needs	Inability to deliver services and products adequately using the technical know-how required may lead to underutilization/overutilization of funds for the wrong reasons
Operational Management Risk	Is the risk of the utility not meeting objectives resulting from failure in its own internal systems, processes and procedures	Internal systems, processes and procedures are not limited to technology but extend to every facet of the operations of the business in which there is a possibility of error, fraud or breakdown, caused by either internal or external events	If there is a failure, there can be considerable disruption to the utility and costs incurred in correcting or replacing defective systems
	It could also arise from the failure of the Board and Management to govern the entity properly, whether through lack of skills or lack of probity	Has the board reviewed and approved the utility's strategy? Board must balance the interests of donors and the community/ customers. Management's role is to implement the Board's strategy through setting appropriate policies and processes and monitoring the performance of the utility	Considerable losses could be experienced by the utility if management does not discharge its responsibilities properly
Human Resource Risk	These are risks associated with personnel, including the risk of having incompetent personnel, underutilization of talented staff, loss of key staff and lack of specialization of staff	Are there policies in place with regards to recruitment, retaining and personnel management? Performance management carried out periodically to assess whether staff are competent, placed in the right functions etc	Staff will not discharge their responsibilities properly. The utility is likely to experience significant high staff turnover due to working in an environment that is not conducive
Political/ External Risk	These are risks arising from association with the Government and its agencies, as well as other pseudo-political establishments. These also include risks facing the wider Water sector.	The utility operates in an environment where local politicians (sometimes with vested interests) are involved in the process of enacting laws, policies and budgets that affect operations.	Political influence and interference if not well managed by the Board and Management could adversely affect the performance of the utility

CHAPTER 8: FINANCING THE STRATEGIC PLAN

8.1 General

Financing for the capital expenditure, operations & maintenance comes from:

- Taxes: Budgetary allocations from National or County Government
- Transfers: Funds provided by foreign Governments
- Tariffs: Fees paid by users
- Repayable finance: Groups together commercial and concessional financial products that allow governments or service providers to expand or improve infrastructure or other inputs

In a sustainable financing scenario, tariffs cover operational costs, and taxes and repayable finance are used for asset development. Kenya has not yet achieved a sustainable financing model for developing and maintaining water services, thus key to sector transformation will be ensuring a sufficient supply of public and private financing options for Water Service Providers and Asset Developers.

Implementation of this Strategic Plan will require resources which will be mobilized by KEWASCO from various sources. KEWASCO will also aim to improve its key performance indicators in particular NRW, which translates to more revenue generation for the utility and improved creditworthiness. Summarized below are some of the financing options to be explored to finance the strategy.

8.2 Market and Commercial Financing

KEWASCO cannot only rely on conventional financing to finance its operations and capital expenditure. As the financial health/ credit worthiness of KEWASCO improves, the company will consider exploring repayable financing for operations and capital expenditure. The company will borrow resources from the bond market, commercial banks, blended financing and social impact investment.

8.3 Investment by the County Government

The Constitution of Kenya (CoK 2010) devolved water services to the County Government and thus it is fully responsible for service provision and County public works. For full realization of this Strategic Plan, KEWASCO will work closely with Kericho County Government through the County Ministry of Water, Environment and Natural Resources and other relevant County Ministries for capital investment and resource mobilization from Development Partners.

8.4 Development Partners (through LVSWWDA)

Investment requirements for water supply and sewerage infrastructure is normally very high but with low rate of returns. There are a few private organizations that are willing to invest in large WSS projects because of lack of awareness of investment opportunities in this field. KEWASCO through LVSWWDA will seek donor support, particularly for development of water and sewerage infrastructures in areas with inadequate services and connectivity through grants and concessional loans.

8.5 Water sector Trust Fund

KEWASCO will partner and collaborate with WSTF in particular in financing underserved and enhancing connectivity in low-income areas. This will aim to improve level of services for the poor within KEWASCO jurisdiction and will involve identification of communities without adequate water services and helping such communities to develop proposals and apply for grants from the Water Trust Fund. KEWASCO will also

partner with WASREB in already developed pro-poor assessment tool and implementation strategy by institutionalization of pro-poor functions within the organization.

8.6 Ring-fencing of revenue from water tariff

The main source of Revenue for KEWASCO is billing of water and sewerage services to consumers operating within its area of jurisdiction. The Tariff also provides for establishment of a sewerage levy. KEWASCO will include in its tariff application a sewerage levy fund to support investment in sewerage infrastructure and connections. Pursuant to section 131 of Water Act 2016, all funds collected for water services by the licensed Water Services Providers holding County or National public assets on behalf of the public through water services bills and other sources, shall be used entirely for the purpose of covering costs for the provision of water services and asset development according to regulations made by the Regulatory Board. KEWASCO will endeavour to ring-fence revenue generated from water services delivery and plough it back for service expansion.

Table 8-1 provides an overview of financing scenarios for each of the strategic objective

Table 8-1: Financing Scenarios

Strategic Objectives	Specific Objectives	TOTAL	Internal Funds (KEWASCO)	External Funds
Increase the coverage and access to clean and safe drinking water and sanitation services	Increase access to water by improving coverage from 55 % to 64% in urban and 25% to 35% in rural by 2023	21,595,400	21,595,400	-
	Increase number of total active connections from 19,407 to 23,040 by 2023	12,000,000	10,000,000	2,000,000
	Increase water production from a combined 16,240 to 30,250 m ³ /day by 2023	1,400,000,000	-	1,400,000,000
	Increase sanitation access from 40% to 60% by 2023	135,530,255	51,000,000	84,530,255
Sub Total		1,569,125,655	82,595,400	1,486,530,255
Improve financial sustainability to cover all operational costs and attain above 100% O&M cost recovery	Increase combined Billing and revenue from 19.6 m to 25 m in 2023	31,465,000	31,465,000	-
	Increase average combined collection efficiency from 60% to 90% in 2023	4,000,000	4,000,000	-
	Improve on O&M cost coverage from 83% to 100% by 2023	28,750,000	28,750,000	-
	Reduction in NRW from 57% to 45% by 2023	66,000,000	53,500,000	12,500,000
Sub Total		130,215,000	117,715,000	12,500,000
Provide quality water and sanitation services that meet and surpass our customers and other	Conduct annual customer satisfaction surveys	7,260,000	7,260,000	-
	Reduced customer response & complaints resolution time, appropriate communication and	17,261,959	14,148,971	3,112,988

Strategic Objectives	Specific Objectives	TOTAL	Internal Funds (KEWASCO)	External Funds
stakeholders' expectations	branding & Improved Customer Relations			
Sub Total		24,521,959	21,408,971	3,112,988
Fortify and internalise Organizational capacity and processes	Embrace ICT in all Areas of Operation	6,500,000	3,500,000	3,000,000
	Improve on time management	4,500,000	4,500,000	-
	6 policy documents developed by 2023	1,500,000	1,500,000	-
	Ensure Regulatory compliance to 100% by 2023	1,050,000	1,050,000	-
	Improve level of governance performance from 76% to 100% by 2023	7,000,000	7,000,000	-
	Institutional restructuring	-	-	-
Sub Total		20,550,000	17,550,000	3,000,000
Develop and enhance knowledge management, effective communication and employee satisfaction.	Capacity build and develop employee skills	7,500,000	4,500,000	3,000,000
	Enhance the management of Employee performance	3,300,000	2,300,000	1,000,000
	Foster Innovation & Increase Employee satisfaction	14,700,000	13,000,000	1,700,000
TOTAL		25,500,000	19,800,000	5,700,000
GRAND TOTAL		1,769,912,614	259,069,371	1,510,843,243

Source: KEWASCO's Implementation Matrix

Figure 8-1 provides an overview of annual budgetary projection for the implementation of the Strategic Plan.

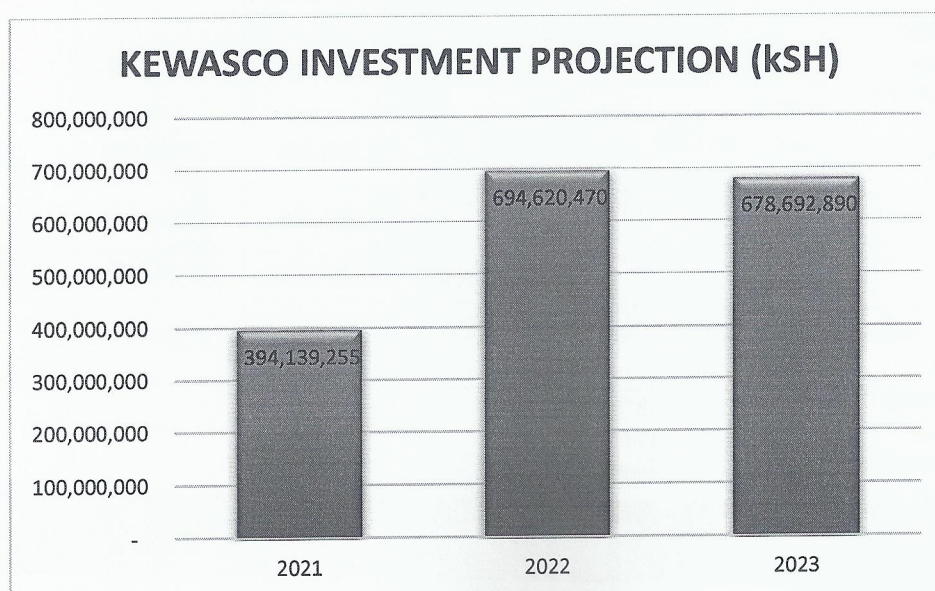


Figure 8-1: KEWASCO Investment Projection

CHAPTER 9: STRATEGY IMPLEMENTATION, MONITORING AND EVALUATION

9.1 General

The Strategic Plan will be implemented over the next 3 years (2020-2023). A Balance Score Card will be used as a measure of measuring implementation progress towards set targets on key Performance Indicators. Specifically, the 9 KPIs set by WASREB. The balance score card is attached as **Annex 1**. Detailed Implementation Plan and activities for each Strategic Objective are presented in **Annex 2** (Implementation Matrix).

9.2 Objectives of Monitoring and Evaluation

In identifying the progress and impact made towards realization of its objectives, KEWASCO intends to periodically monitor this plan. Guided by the principle of stakeholder consultation and engagement, this plan will be monitored in collaboration with stakeholders in the water sector. In summary, monitoring and evaluation will be conducted to:

- i. Measure progress and effectiveness of the activities
- ii. Assess efficiency of KEWASCO and its services (that is cost effectiveness)
- iii. Identify any weaknesses in the implementation with a view of suggesting necessary adjustments to the activities for optimum success of the strategic plan
- iv. Enhance horizontal and vertical accountability as well as accountability to consumers
- v. Identify challenges and lessons learnt

Monitoring and evaluation will be guided by 5 key criteria namely:

- **Progress:** The extent to which the activities of the Strategic Plan are achieving the original objective and if on course
- **Effectiveness:** The extent to which the Strategic Objectives are being achieved considering the absolute significance. This will measure: how far are the objectives being met? Has revenue of the company increased? Are the services offered by the company valued by the consumer?
- **Efficiency:** What is the cost of achieving the objectives? This will measure how economically resources and inputs are converted to results. For example, funds, expertise, time etc.
- **Relevance:** The extent to which the objectives and activities of the strategic plan are consistent with customers and stakeholders' requirements, KEWASCO's needs, County Governments priorities and the water sector policies
- **Impact:** The positive and negative, primary and secondary long-term effects produced by the intervention of the strategic plan which can be direct or indirect, intended or unintended
- **Sustainability:** A measure of the continuation of benefits from the Strategic Plan beyond the cycle. The probability of long-term benefits and the resilience to risk of the overall gains continues over time

Monitoring and evaluation of the impact of the project shall involve use of both qualitative and quantitative indicators. Impact can be indicated through qualitative assessments, for example, based on interviews with people based in collaborating institutions, stakeholders and communities.

Quantitative indicators such as the number of staff trained, work policies in place, monthly revenue flows, customer satisfaction levels, poor areas served will be used to reveal the projects' productivity. More importantly the specific targets set out in this document will be evaluated annually in the remaining period in order to examine whether the services of the company are reaching the intended target groups.

There will be annual internal evaluation of the company. This will be based on empirical data available within the company, interviews with company staff, collaborating partners, consumers and others affected through the activities to be carried out. The evaluation will also take into account the quantitative indicators and should acknowledge the eminent changes in objectives and priorities resulting from the learning process. The overall success of these activities will be based on the company's ability to meet set targets and achieve the desired impact within the remaining period.

9.3 Linking M&E to Performance Management and Staff Appraisal

For the implementation of the Plan to be effective, the M&E will be an integral part of KEWASCO's performance management system; and will be linked to staff appraisal and reward. Officers that meet or exceed their plan targets will be considered for commendation and reward.

9.4 Monitoring and Evaluation (M & E) Framework

Monitoring and evaluation of the Strategic Plan will be undertaken by a coordinator and an assistant. The following M & E framework will be put in place in order to ensure implementation of the strategic plan:

- i. The coordinator will hold monthly meetings to review the implementation plan progress
- ii. The departmental head will be responsible for implementation of activities at the departmental level
- iii. The departmental heads will develop and present to the Board Quarterly Reports on the progress of the implementation of the Strategic Plan

ANNEXES

ANNEX 1: BALANCE SCORE CARD

Vision:	To be a leading and self-sustaining Water and Sanitation Service Provider in Kenya						
Mission:	To effectively provide sustainable water and sanitation services to our customers in a safe, reliable, adequate and affordable manner						
Strategic Priorities	Customer Service	Organizational growth		People Development			
Core Values	Integrity	Professionalism	Innovation	Customer Focus			
Financial perspective	Strategic Objective	Measures			Targets		
	Increase the coverage and access to clean and safe drinking water and sanitation services	Increase in water access for urban utility	Increase in water access for rural utility	Increased number of active connections for urban	2019	2020	2021
					55%	55%	57%
					25%	26%	29%
					13,539	13,600	14,100
					5,868	6,103	6,407
	Improve financial sustainability to cover all operational costs and	Increased volume of water production in urban	Increased volume of water production in rural	Increased sewerage access in urban	12,600	12,600	12,600
					3,640	3,870	4,400
					15%	18%	18%
					17 million	17.5 million	18.5 million
					2.6 million	3.1 million	3.5 million
	Improve financial sustainability to cover all operational costs and	Increased volume of water production in urban	Increased volume of water production in rural	Increased sewerage access in urban	25%	25%	25%
					21 million	19.5 million	19.5 million
					4 million	3.8 million	3.8 million
					25%	25%	25%
					21 million	19.5 million	19.5 million
					4 million	3.8 million	3.8 million

	attain above 100% O&M cost recovery	Increase in collection efficiency in urban	60%	61%	70%	80%	90%
		Increase in collection efficiency in rural	60%	61%	70%	80%	90%
		Improve on O&M cost coverage in urban	83%	85%	90%	95%	100%
		Improve on O&M cost coverage in rural	83%	86%	88%	90%	93%
		Reduction of NRW in urban	56%	57%	53%	48%	45%
		Reduction of NRW in urban	56%	60%	55%	50%	48%
		Reduction in dormant accounts in urban	5,856	5,581	5,352	5,010	4,822
		Reduction in dormant accounts in rural	4,155	4,300	4,250	4,200	4,150

Customer Perspective	Identify and implement appropriate communication and branding for the company	Identify and implement appropriate communication and branding for the company	No good branding of offices done	No good branding of offices done	All main offices (Kericho and Tiliilbei) branded	All other regional offices branded KEWASCO with branded boards erected	KEWASCO billboards at major designated public locations
		Develop and update company website & social media platforms for consumer interaction	Company website not updated	Company website not updated	Updated Website in line with strategic plan	Developed social media platforms	Upto date and Well operating platforms
		Promotion and participation in CSR activities	No CSR activity conducted	No CSR activity conducted	1 CSR conducted	2 CSR conducted	3 CSR conducted
		Develop and implement customer service management systems	No Active CRM	No Active CRM	Procurement of the CRM	Implementation of the CRM	
	Improved Customer Relations						

	Develop and implement a customer service charter	No active service charter	No active service charter	Development and approval of the customer service charter	Full implementation of the charter
Offer timely, quality and reliable services that meet and surpass our customers and other stakeholders' expectations.	No. of customer satisfaction surveys	0	0	1	1
	Increase in hours of supply	17	17	19	23
	% customer satisfaction index	74%	80%	85%	95%
	Drinking water quality	90%	92%	94%	100%
	Compliance with residual chlorine	95%	96%	97%	100%

Internal (process) perspective	Fortify and internalize Organizational capacity and processes	Embrace ICT in all Areas of Operation	-	Procurement and use of automated billing system	Review of system functionality
		Improve on time management	Job cards and timesheet system not in use	Procurement of e-timesheet and development of job-card system	Review of system functionality
		Number of policies to be developed	Policies not available	2	2
		Regulatory compliance	65%	80%	100%
		% level of governance	75%	85%	100%
		Institutional restructuring	Tariff application in process	-	-
			Tariff application in process	New tariff approved	-

Learning and growth (People) perspective	Develop and enhance knowledge management, effective communication and employee satisfaction	Capacity build and develop employee staff skills	The recommended organization structure has not been fully operationalized	The recommended organization structure has not been fully operationalized	-	Full operationalization of the proposed organization structure	-
			Harmonization of pay for KEWASCO rural with the urban staff not implemented due to lack of funds.	Harmonization of pay for KEWASCO rural with the urban staff not implemented due to lack of funds	-	Salaries harmonized	-
			Service provision agreement has been applied	Service provision agreement has been applied	-	Operating license issued by WASREB	Mapping of the new SPA completed and all assets registered
			Employee development plan developed	Employee development plan developed	10 Staff trained	20 Staff trained	All staff trained
			Attract and retain talent	Attract and retain talent	1 Policy on staff retention developed	Reward system implemented	Continuously improve the retention policy
			No TOT program	No TOT program	TOT program developed		TOT program implemented
			No Benchmarking visits	No Benchmarking visits	1 Benchmarking visits	1 Benchmarking visits	1 Benchmarking visits

	Performance Management Plan	1 appraisal (end of year)	2 appraisals (Mid and end of year)	2 appraisals (Mid and end of year)	2 appraisals (Mid and end of year)	Impact of appraisal system evaluated
	Attract and retain talent	1 Policy on staff retention developed	1 Policy on staff retention developed	Reward system implemented	Continuously improve the retention policy	Conduct impact assessment on staff retention policy
	Foster Innovation & Increase Employee satisfaction	2 Innovations developed by the hub	2 Innovations developed by the hub	Integrate R&D in all departments	Integrate R&D in all departments	Assess the impact of R&D & innovation hub

Strategic Objectives	Specific Objectives	Indicators	2021	2022	2023	Total
	Increase average combined collection efficiency from 60% to 90% in 2023	Timely revision and harmonization of tariff & New revenue generation activities	1,660,000	1,660,000	1,660,000	4,980,000
		Strict adherence to 14days payment grace period	-	-	-	-
		Send over 30,000 plus SMS reminders on disconnection	200,000	400,000	400,000	1,000,000
		Establish and train a structured resource mobilization team	1,500,000	1,000,000	500,000	3,000,000
	Improve on O&M cost coverage from 83% to 100% by 2023	Embrace PMS to measure staff performance	1,500,000	2,500,000	500,000	4,500,000
		Introduction of energy saving activities as per the energy audit recommendations	3,500,000	10,000,000	10,000,000	23,500,000
		Adherence to Procurement Plans in place	250,000	250,000	250,000	750,000
		Good financial resourcing of the NRW Unit and Committee at the Utility	2,000,000	2,000,000	2,000,000	6,000,000
	Reduction in NRW from 57% to 47% by 2023	Development and implementation of NRW Reduction Strategy and policy	2,500,000	5,000,000	5,000,000	12,500,000
		Train staff on NRW management, tools and equipment	5,000,000	5,000,000	5,000,000	15,000,000
		Replace Non-functional meters	Cost captured under metering			-
		Replace 85 km of dilapidated water lines with HDPE	2,500,000	5,000,000	5,000,000	12,500,000
		Improve response time from 12 hours to 8 hours by sustainable provision of equipment and resources	1,500,000	7,500,000	5,000,000	14,000,000
		Completely Isolate remaining DMAs (ABDE) for hydraulic modelling and NRW reduction strategies	-	6,000,000	-	6,000,000
	TOTAL		27,735,000	56,620,000	45,860,000	130,215,000

Strategic Objectives	Specific Objectives	Indicators	2021	2022	2023	Total
Provide quality water and sanitation services that meet and surpass our customers and other stakeholders' expectations.	Conduct annual customer satisfaction surveys	Carry our Customer Satisfaction & Willingness to pay survey on average 1 in 2 years	1,200,000		1,260,000	2,460,000
		Conduct 24 customer sensitization forums per year (two per scheme/ Area - Urban and rural areas)	1,400,000	1,600,000	1,800,000	4,800,000
	Reduced customer response & complaints resolution time, appropriate communication and branding & Improved Customer Relations	CSP developed, Customer Service Charter clearly displayed on KEWASCO Noticeboards	500,000	250,000	250,000	1,000,000
		Monthly Reports available on time taken to resolve complaints	250,000	250,000	300,000	800,000
		2No. Customer Care & Service Delivery trainings conducted yearly	1,530,000	1,537,650	1,545,338	4,612,988
		Monthly Report on No of E- platforms used, average time taken to respond to an inquiry/complaint)	464,000	466,320	468,652	1,398,972
		1 No. communication Policy Developed	1,000,000	1,000,000	1,000,000	3,000,000
		All Staff trained on the implementation of the Communication plan &Policy				
		A rolled-out communication plan & policy				
		Monthly Report on No. of registered complaints responded to.	150,000	150,000	150,000	450,000
		A neatly branded office (all stations) with all products, services etc displayed on walls for better customer understanding	2,000,000	1,500,000	1,000,000	4,500,000
		Quarterly report on No. of public meetings/ discussions and frequency of attendance	500,000	500,000	500,000	1,500,000
TOTAL			7,794,000	8,453,970	8,273,990	24,521,960

Strategic Objectives	Specific Objectives	Indicators	2021	2022	2023	Total
		Timely revision and harmonization of tariff & New revenue generation activities	1,660,000	1,660,000	1,660,000	4,980,000
	Increase average combined collection efficiency from 60% to 90% in 2023	Strict adherence to 14days payment grace period	-	-	-	-
		Send over 30,000 plus SMS reminders on disconnection	200,000	400,000	400,000	1,000,000
	Improve on O&M cost coverage from 83% to 100% by 2023	Establish and train a structured resource mobilization team	1,500,000	1,000,000	500,000	3,000,000
		Embrace PMS to measure staff performance	1,500,000	2,500,000	500,000	4,500,000
	Reduction in NRW from 57% to 47% by 2023	Introduction of energy saving activities as per the energy audit recommendations	3,500,000	10,000,000	10,000,000	23,500,000
		Adherence to Procurement Plans in place	250,000	250,000	250,000	750,000
		Good financial resourcing of the NRW Unit and Committee at the Utility	2,000,000	2,000,000	2,000,000	6,000,000
		Development and implementation of NRW Reduction Strategy and policy	2,500,000	5,000,000	5,000,000	12,500,000
		Train staff on NRW management, tools and equipment	5,000,000	5,000,000	5,000,000	15,000,000
		Replace Non-functional meters	Cost captured under metering			-
	Completely Isolate remaining DMAs (ABDE) for hydraulic modelling and NRW reduction strategies	Replace 85 km of dilapidated water lines with HDPE	2,500,000	5,000,000	5,000,000	12,500,000
		Improve response time from 12 hours to 8 hours by sustainable provision of equipment and resources	1,500,000	7,500,000	5,000,000	14,000,000
			-	6,000,000	-	6,000,000
	TOTAL		27,735,000	56,620,000	45,860,000	130,215,000

Strategic Objectives	Specific Objectives	Indicators	2021	2022	2023	Total
Fortify and internalize Organizational capacity and processes	Embrace ICT in all Areas of Operation	Automate and integrate ICT in all business processes like Management Information System (MIS), Human Resource Information System and Geographical Information System (GIS)	1,500,000	2,500,000		6,500,000
	Improve on time management	Re-introduction of job-cards and procurement of e-timesheet system for office and field staff	1,500,000	1,500,000		4,500,000
	6 Policy documents developed by 2023	2 Policies developed (HR & Procurement Policies & Manual)	500,000	-		500,000
		2 Policies developed (NRW & Debt Management)	-	500,000		500,000
		2 Policies developed (Pro-poor & Communication)	-	-	500,000	500,000
	Ensure Regulatory compliance to 100% by 2023	Regulatory compliance (license, Strategic plans, business plan, tariff etc. in place)	350,000	350,000		1,050,000
	Improve level of governance performance from 75% to 100% by 2023	Hold Annual AGM/ Board Rotation	1,500,000	1,500,000		4,500,000
		Governance Training completed	-	1,000,000		2,000,000
		Board Charter in place	-	500,000		500,000
	Institutional restructuring	Sign by Directors & Personnel	-	-		-
100% compliance to transition/cluster process			-	-		-
TOTAL			5,350,000	7,850,000		20,550,000
Develop and enhance knowledge management, effective communication and employee satisfaction.	Capacity build and develop employee skills	TNA Conducted	1,500,000	-		1,500,000
		Training and development plan	1,500,000	500,000		4,000,000
		2 No. Benchmarks conducted in 3 years	-	1,000,000		2,000,000
	Enhance the management of Employee performance	PMS developed and implemented fully	-	2,500,000		3,000,000
		Continuous annual performance evaluation reports	100,000	100,000		300,000
	Foster Innovation & Increase Employee satisfaction	Fully established Research and Engineering unit	2,500,000	3,000,000		5,700,000
		At least conduct 1 Employee satisfaction survey in the remaining period	-	1,500,000		1,500,000
		Team building/end year party conducted annually	1,500,000	3,000,000		7,500,000
		TOTAL	7,100,000	11,600,000		25,500,000
		GRAND TOTAL (KSH)	94,139,255	695,820,470		1,769,912,615

