



KIWASCO
Refresh Life

**KISUMU WATER AND SANITATION
COMPANY LIMITED**

STRATEGIC PLAN
2023 - 2028



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TABLE OF CONTENTS

FOREWORD	6	CHAPTER FIVE	49
ABBREVIATIONS AND ACRONYMS	8	5.0 IMPLEMENTATION OF THE STRATEGIC PLAN	49
EXECUTIVE SUMMARY	10	5.1 STRATEGY IMPLEMENTATION FRAMEWORK	49
CHAPTER ONE	13	5.2 STRATEGY IMPLEMENTATION KEY SUCCESS FACTORS	49
1.0 INTRODUCTION AND BACKGROUND	13	5.3 INSTITUTIONAL FRAMEWORK FOR PLAN	50
INTRODUCTION	13	IMPLEMENTATION AND COORDINATION	50
MANDATE FOR KISUMU WATER AND SANITATION		5.4 KIWASCO CORPORATE GOVERNANCE STRUCTURE	50
COMPANY (KIWASCO)	13	5.4.1 KIWASCO CORPORATE MANAGEMENT STRUCTURE	51
KIWASCO GEOGRAPHICAL COVERAGE	14	5.4.2 THE OFFICE OF THE MANAGING DIRECTOR (MD)	51
RATIONALE FOR THE STRATEGIC PLAN	14	5.4.3 KIWASCO DEPARTMENTS	51
CONTEXT OF THE STRATEGIC PLAN 2023 – 2028	14	5.4.4 KIWASCO ORGANIZATIONAL STRUCTURE	52
PURPOSE OF THE STRATEGIC PLAN	17	5.5 FINANCING THE STRATEGIC PLAN	52
METHODOLOGY AND GENERAL APPROACH	17	5.5.1 STRATEGIC PLAN IMPLEMENTATION BUDGET	52
STRUCTURE OF THE STRATEGIC PLAN	18	5.5.2 PROPOSED SOURCES OF FUNDS	53
CHAPTER TWO	20	5.6 RISK MANAGEMENT	55
2.0 SITUATIONAL ANALYSIS	20	CHAPTER SIX	58
2.1 INTRODUCTION	20	6.0 PERFORMANCE MONITORING, EVALUATION AND REPORTING	58
3.2 KIWASCO'S PERFORMANCE REVIEW	20	6.1 INTRODUCTION	58
2.3 INTERNAL ENVIRONMENTAL ANALYSIS	24	6.2 MONITORING AND EVALUATION (M&E) FRAMEWORK	58
2.4 EXTERNAL ENVIRONMENTAL ANALYSIS	26	6.3 CASCADING THE STRATEGIC PLAN	59
2.5 KIWASCO STAKEHOLDER ANALYSIS	30	6.4 PERFORMANCE MEASUREMENT	60
2.6 SWOT ANALYSIS	32	6.5 REPORTING MECHANISMS	61
CHAPTER THREE	37	APPENDICES	63
3.0 THE STRATEGIC FOUNDATION	37	APPENDIX 1: IMPLEMENTATION PLAN	63
3.1 KIWASCO VISION	37		
3.2 KIWASCO MISSION	37		
3.3 KIWASCO CORE VALUES	37		
3.4 CUSTOMER VALUE PROPOSITION	38		
3.5 KIWASCO SLOGAN/MOTTO	39		
CHAPTER FOUR	41		
4.0 THE STRATEGIC MODEL	41		
4.1 STRATEGIC PRIORITIES	41		
4.2 STRATEGIC PRIORITIES RESULTS MEASUREMENT FRAMEWORK	41		
4.3 OPERATIONALIZATION OF KIWASCO STRATEGIC PRIORITIES	43		

FOREWORD

I am delighted to present to you the Kisumu Water and Sanitation Co. Ltd Strategic Plan 2023–2028. The plan outlines the strategic visions and goals we have identified to help the company realize its full potential and better fulfil its mission to serve the residents of Kisumu City and its wider community. This plan is a representation of concerted efforts by the company stakeholders, staff and customers whose valuable input has been incorporated in this document.

The process of formulating a new strategic plan has presented us with the opportunity to take stock of past successes and failures, to determine our visions and future goals in the light of the dynamic business environment, and to put forward strategies for our growth and development in the next 5-years. The strategic plan is not only responding to changing needs and preferences of our customers, but it is also driving social and economic changes in the water sector.

The strategic themes attest to our commitment to achieve excellence in service provision through our core function of providing sustainable water and sanitation services as well as our duty to positively engage with our stakeholders. Sustainable Development Goal (SDG) 6 is to achieve universal and equitable access to safe and affordable drinking water for all, adequate and equitable sanitation, hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations. KIWASCO's mandate, vision and mission are aligned towards realization of SDG Goal 6 among other guiding documents. KIWASCO has a mandate to ensure access to safe and affordable water as well as adequate and equitable sanitation to all the residents under its area of service provision coverage.

As a result-oriented company, we shall continue to engage in cutting-edge researches as one of the approaches, especially in the technological front to ensure we increase the company's efficiency. There are still numerous opportunities that can be explored especially within the sanitation space to improve hygiene and the living conditions of the communities we are serving. Through our continued engagement with development partners and other stakeholders, I believe that we will be able to articulate, develop and implement policies and projects that will enable us achieve all our deliverables.

In order to implement these strategic aims, we plan to develop an enabling environment in which our human, financial and physical resources are appropriately allocated and deployed to help us attain sustainable excellence as we execute our mandate. Similarly, the company aims to maintain its exemplary performance that has over the years positioned her as benchmark WSP in the water sector.

Lastly, I want to thank everyone who contributed to the development of this strategic plan. Your contribution has been valuable and I am proud of the outcome. I want to single out USAID Western Kenya Water Project for the generous contribution from the beginning to the end of this process.

Yours sincerely,



Thomas Odongo
MANAGING DIRECTOR

ABBREVIATIONS AND ACRONYMS

BSC	Balanced Scorecard
BOD	Board of Directors
CAPEX	Capital Expenditure
CETS	Chief Engineer Technical Services
CIDP	County Integrated Development Plan
COK	Constitution of Kenya
CSR	Corporate Social Responsibility
CVP	Customer Value Proposition
DRR	Disaster Risk Recovery
ERP	Enterprise Resource Planning
ESG	Environmental Social Governance
HCAC	Head of Corporate Affairs and Communication
HRAM	Human Resources and Administration Manager
HOF	Head of Finance
HOCS	Head of Commercial Services
HSC	Head of Supply Chain
ICT	Information Communication Technology
ICTM	Information Communication Technology Manager
KIWASCO	Kisumu Water and Sanitation Company Limited
KPI	Key Performance Indicators
KEBS	Kenya Bureau of Statistics
LDP	Leadership Development Programme
LIA	Low Income Areas
MD	Managing Director
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
NRW	Non-Revenue Water
NRWM	Non-Revenue Water Manager
O&M	Operations and Maintenance
PESTLE	Political, Economic, Sociological, Technological, Legal and Environmental
QMS	Quality Management System
SDGs	Sustainable Development Goals
SPIC	Strategic Plan Implementation Committee
SWOT	Strengths Weaknesses Opportunities Threats
TPM	Total Preventive Maintenance
WASREB	Water Services Regulatory Board
WKWP	Western Kenya Water Project
WSTF	Water Sector Trust Fund
WWDA	Water Works Development Agencies

EXECUTIVE SUMMARY

Kisumu Water and Sanitation Company Limited (KIWASCO) is an ISO 9001:2015 Certified company and was founded in 2001 and registered under CAP 486 of the laws of Kenya. It began its operations in July 2003 to provide adequate clean potable water and to collect, treat, and dispose of sewerage (wastewater) within the jurisdiction of Kisumu City. KIWASCO draws her mandate from Section 78 of the Water Act 2016. The current mandate of KIWASCO is as stipulated in the Water Act 2016, Section 78. The Act identifies the responsibilities of water service providers including: the provision of water services within the area specified in the license; and the development of County Assets for water service provision. The Strategic Foundation of KIWASCO comprises the Vision, Mission, Core Values, Customer Value Proposition and Slogan.

Vision: To be the most admired service provider.

Mission: To provide sustainable water and sanitation services for enriched livelihoods

Core Values: Integrity; Collaboration; Excellence

Customer Value Proposition: Reliability, Accessibility and Quality

Slogan: "Refresh Life"

Based on the external and internal analysis conducted, the following seven strategic priorities for the period 2023 - 2028 were identified:

1. Increase Water and Sanitation Access and Coverage
2. Improve Operational Efficiency
3. Improve Financial Sustainability
4. LIA Initiatives
5. Increase Customer Satisfaction
6. Increase Employee Productivity
7. Enhance Corporate Governance and Image



By implementing the above strategic priorities, various strategic outcome will be expected as indicated in the table below:

No	Strategic Priority	Strategic Outcomes	Baseline	Results by 2028
1.	Increase water and sanitation coverage and access	Increased water coverage and access	88%	93%
		Increased sanitation coverage and access	55%	65%
		Increased sewerage coverage and access	16%	25%
2.	Improve Operational Efficiencies	Reduce NRW	37%	20%
		Adherence to drinking water quality standards	93%	100%
		Adherence to wastewater standards	62%	100%
		Improved hours of supply	24	24
3.	Improve Financial Sustainability	Increased monthly revenue	85M	127M
		Improved Collections	92%	96%
		Increase customer connectivity	50,000	68,000
			5	4
		Personnel expenditures	32%	20%
		O&M Cost Coverage	103%	150%
4.	Improve access in the LIA	Improve access to water in the LIA areas of coverage	88%	95%
5.	Customer Satisfaction	Increased customer satisfaction	77.7%	84%
6.	Improve Employee Productivity	Increased employee productivity from	83%	87%
		Improved employee satisfaction	60%	85%
7.	Enhance Corporate Governance and Image	Enhanced good corporate governance	80	85%
		Enhanced credit worthiness	39% (B)	Over 71% (AA)
		Improved corporate accountability	94%	100%



EXECUTIVE SUMMARY cont'd

To deliver the desired Strategic Outcomes, this Strategic Plan will require funding for each priority as detailed below:

STRATEGIC PRIORITY	AMOUNT (KSHS)
Strategic Priority 1: Increase Water and Sanitation Access and Coverage.	6,560,450,000.00
Strategic Priority 2: Improve Operational Efficiency	1,826,550,000.00
Strategic Priority 3: Financial Sustainability	454,500,000.00
Strategic Priority 4: Improved LIA Initiatives	107,000,000.00
Strategic Priority 5: Increase Customer Satisfaction	49,400,000.00
Strategic Priority 6: Increase Employee Productivity	30,500,000.00
Strategic Priority 7: Improved Corporate Governance and Image	68,600,000.00
Total Budget	9,097,000,000.00

This Strategic Plan will be subject to continuous review based at different strategy level from the Board to the operational level. To ensure effective plan implementation, annual tracked plans will be developed. Additionally, a robust Performance Management system will be institutionalized making every officer accountable for the use of resources and attainment of set objectives. A mid-term evaluation will be undertaken at the beginning of 2026 to verify that the plan is on the right track and provide information to correct any observed deficiencies. The final evaluation will be undertaken at the end of the Strategic Plan in 2028. The evaluations will be guided by key questions to ascertain the relevance, effectiveness, efficiency, impacts and/or sustainability of the strategies adopted in the Strategic Plan.



CHAPTER ONE

INTRODUCTION AND
BACKGROUND

INTRODUCTION AND BACKGROUND

1.1 Introduction

Kisumu Water and Sanitation Company Limited (KIWASCO) is an ISO 9001:2015 Certified company and was founded in 2001 and registered under CAP 486 of the laws of Kenya. It began its operations in July 2003 to provide adequate clean potable water and to collect, treat, and dispose of sewerage (wastewater) within the jurisdiction of Kisumu City. In 2019, the company changed its name from sewerage to Sanitation Company in accordance with the Water Act 2016 in order to expand its scope and mandate of providing sanitation services in Kisumu County. KIWASCO is also providing management support to GULF and NYANAS which are peri-urban water utilities in Kisumu County.

KIWASCO's water treatment capacity is at 80,000 m³ with Dunga treatment plant at 44,000 m³ while Kajulu at 36,000 m³ respectively. Currently, the utility produces 40% from Dunga treatment plant through pumping and 60% from Kajulu treatment plant via gravity. According to the Water Services Regulatory Board (WASREB) Impact 14 report, the utility's Non-Revenue Water stood at 32%, water supply coverage at 87% while sewer coverage stands at 18%. The average collection efficiency as at end of quarter one FY 2022/2023 stood at 90.29%. The quality of water produced meets international standards of >96%. Kenya Bureau of Statistics (KEBS) monitors the quality independently and submits its reports.

KIWASCO has 40,849 connections and has 328 employees in the ratio of 6:1000 connections respectively which is considered a good performance under WASREB KPIs.

1.2 Mandate for Kisumu Water and Sanitation Company (KIWASCO)

KIWASCO draws her mandate from Section 78 of the Water Act 2016. The current mandate of KIWASCO is as stipulated in the Water Act 2016, Section 78. The Act identifies the responsibilities of water service providers and states that:

- i) A Water Service Provider shall be responsible for;
 - The provision of water services within the area specified in the license; and
 - The development of County Assets for water service provision
- ii) A licensed Water Service Provider shall have such other powers and functions as may be conferred on it by this Act or any other Act.

Arising from the mandate, specific roles and responsibilities of KIWASCO include:

- Abstraction, treatment, transmission and distribution of water and the collection, transmission, treatment and disposal of sewage to the prescribed service and quality standards and the handling and disposal of sludge and screenings originating from such processes.
- Maintenance and repair of the assets
- Development and management of programs for the advancement of the skills and competencies of persons employed within the Company.
- Establishment of mechanisms for promoting customer relations including the development of agreements with customers and the publication of each code as provided for in the agreements.
- Provision and replacement of operating equipment
- Responsibilities for connections
- Management of wastewater.

1.3 KIWASCO Geographical Coverage

KIWASCO's service scope is confined within Kisumu Municipality. However, there are plans to extend its services to the larger Kisumu County in future. Its portfolio of customers comprises of domestic, commercial, institutional and government within the coverage area. KIWASCO is focusing on growing the geographical scope through coverage of urban areas within Kisumu County. Currently KIWASCO is providing leadership and management for two rural based water providers that are within Kisumu County and bordering KIWASCO service area. The two are Gulf Water Services Company Ltd that covers Kisumu East, Kisumu West and Kisumu North and Nyanas Water Services Company Ltd which covers Nyakach, Muhoroni, Ahero, Koru/Munara, and Awasi.

1.4 Rationale for the Strategic Plan

KIWASCO's Strategic Plan sets out strategic objectives for the delivery of water services within its area of jurisdiction over the next 5 years 2023 to 2028. It provides a detailed compendium of current and future challenges that affect the provision of water services and identifies the priorities to be tackled in the short and medium term. In developing this plan, international, national and County policy and legal frameworks on water and sanitation were considered including the SDGs, Constitution of Kenya (COK), Water Act 2016 and CIDP among others, and an attempt has been made to align with goals, targets and intentions. The strategic plan also provides detailed implementation plans that lay down the approach and costed activities to be undertaken each year.

The strategic plan enabled KIWASCO to identify clear objectives and critical initiatives to investment in for the

next five years; as well as re-examine its capacity needs against the identified initiatives. Having considered the internal and external environment, and the existing threats and opportunities, institutional capabilities and all other factors, the stakeholders deliberated on the direction the organization will take and the strategies to reach there.

1.5 Context of the Strategic Plan 2023 – 2028

1.5.1 United Nation's Sustainable Development Goals (SDGs)

Spearheaded by the United Nations and involving 193 Member States, the Sustainable Development Goals (SDGs) are a set of 17 Global Goals with 169 targets. SDG Goal 6 is to achieve universal and equitable access to safe and affordable drinking water for all, adequate and equitable sanitation, hygiene for all and end open defecation paying special attention to the needs of women and girls and those in vulnerable situations. KIWASCO's Mandate, Vision and Mission are aligned to contributing to the achievement of SDG Goal 6. The company has a mandate to ensure access to safe and affordable water as well as adequate and equitable sanitation to all the residents under its area of service provision coverage. This Strategic Plan addresses the various approaches towards the achievement of SDG Goal 6.

1.5.2 Africa Agenda 2063

Agenda 2063 is Africa's blueprint and master plan for transforming Africa into the global powerhouse of the future. Its guiding vision is "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena". Agenda 63 has 7 Aspirations and 20 goals each with several priority areas. Water Security is a key priority area under Aspiration 1: A prosperous Africa based on inclusive growth and sustainable development and Goal 7: Environmentally sustainable and climate resilient economies and communities. KIWASCO will play a critical role towards the realization of a high standard of living and well-being for all citizens by enhancing access to water and sanitation services to people within its jurisdiction. In addition, KIWASCO will contribute towards realization of environmentally sustainable consumption and water production patterns by putting in place measures to enhance water sustainability and management of water resources leading to improved quality of life.

1.5.3 The Constitution of Kenya (COK) 2010

The Kenya 2010 Constitution has wide-ranging implications for the water sector. It recognizes that access to safe and sufficient water is a basic human right. Article 43 of the Constitution 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. It also assigns responsibility for water supply and sanitation provision to the County Governments. To effect these changes, new laws were put in place including the County Governments Act, which gives counties the power to establish service delivery entities including water service providers. KIWASCO as an entity owned by the County Government of Kisumu plays and will continue to play a critical role in supporting the County Government of Kisumu deliver her constitutional mandate as relates to water and sanitation.

1.5.4 Kenya Vision 2030

The Kenya Vision 2030 aims to transform Kenya into a "middle-income country providing a high-quality life to all its citizens by the year 2030." The Vision, which focuses on economic, social and political pillars, recognizes that water is an important enabler to the achievement of the Vision 2030. The Vision for Water and Sanitation is to ensure that improved water and sanitation are available and accessible to all by 2030. To achieve this, the Vision is guided by four specific strategies including: (i) Raising the standards of the country's overall water, resource management, storage and harvesting capacity; (ii) Rehabilitating the hydro-meteorological data gathering network; (iii) Constructing multipurpose dams, and; (iv) Constructing water and sanitation facilities to support industries and a growing urban population. KIWASCO, through the strategic priorities and initiatives in this Strategic Plan 2023 – 2028, focuses on supporting the achievement of Vision 2030's water vision that aims to have accessible clean and safe water and sanitation to all by 2030.

1.5.5 Water Act 2016

The Water Act 2016 aligns the water sector with the COK 2010 and gives the water supply mandate to the county governments. The Act provides that the county governments will appoint or establish a public limited liability company under the Companies Act 2015 or other body as may be approved by the Regulatory Board to serve as licensed water operators. In establishing a water services provider, a county government shall comply with the standards of commercial viability set out by the Regulatory Board. (3) A water services provider established under this section may be a public limited liability company established under the Companies Act, 2015 or another body providing water services as may be approved by the Regulatory Board. (4) A company intending to be licensed as a water service provider shall submit to the Regulatory Board its memorandum and articles of association that

INTRODUCTION AND BACKGROUND (cont'd)

conform to the guidelines developed and approved by the Regulatory Board. Section 78 of the Water Act 2016 stipulates the key mandates of KIWASCO. In alignment with the Act, KIWASCO as a water service provider is responsible for the provision of water services within the area specified in the license agreement with WASREB.

The Water Act 2016 identifies different institutional arrangements in the sector. The institutional set up is described in the figure below:

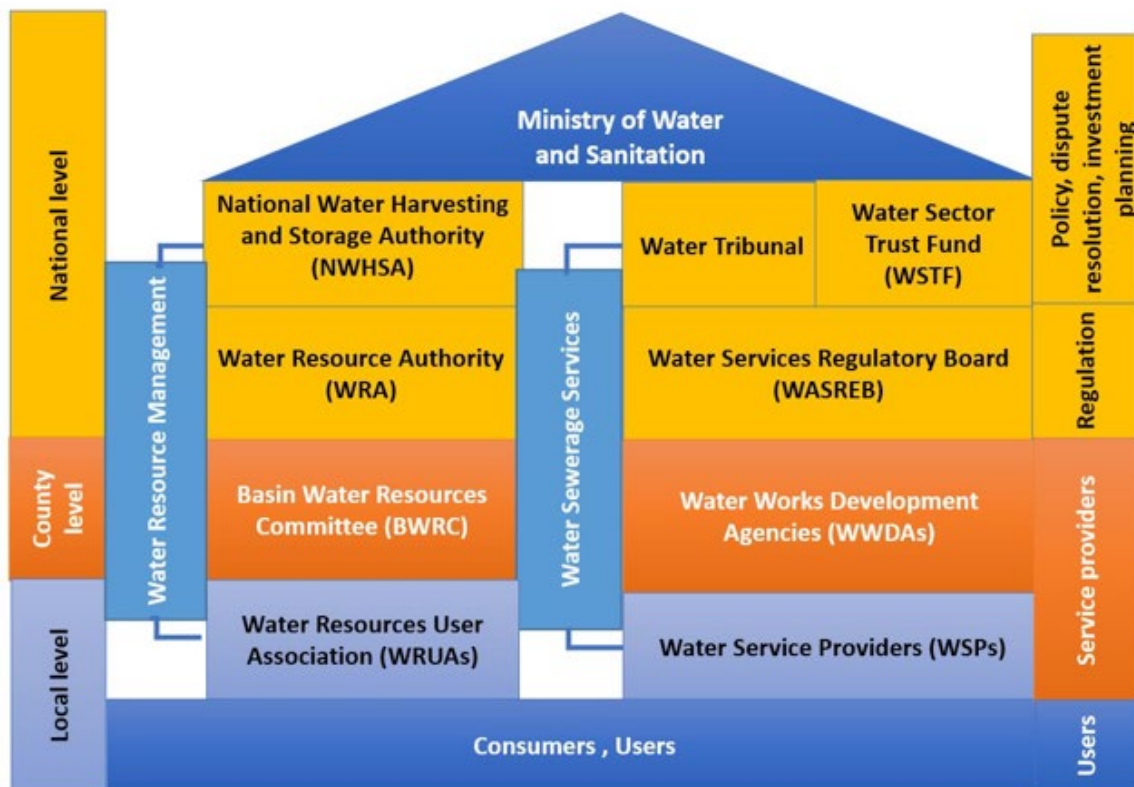


FIGURE 1: WATER SECTOR INSTITUTIONAL ARRANGEMENTS

1.5.6 The Kisumu County Integrated Development Plan (CIDP) 2023 - 2028

The Kisumu CIDP provides strategic direction and priorities for the county. Guided by the vision of creating a climate-resilient county with a clean and healthy environment supplied with quality water and sanitation, the primary objective is to enhance the accessibility of sustainable safe water from the current 76% to 86% by 2028. The County will focus on infrastructure development including drilling and operationalization of boreholes, protection of water sources, construction of new water supply systems, upgrading existing water supply systems, and rehabilitating and the rehabilitation and operationalization non-functional water supply systems. KIWASCO will contribute to the CIDP mission to enhance access to a safe and sustainable water supply.

¹Part XII of the County Governments Act deals with delivery of county public services. Section 114 restates the obligation of the county government to deliver public services within its designated area of jurisdiction.

1.6 Purpose of the Strategic Plan

The strategic plan document serves the purpose of guiding KIWASCO and its stakeholders in planning, budgeting, accountability and management of its service delivery. The strategy will guide the company on annual planning and setting of priorities towards delivering on its mandate to provide water and sanitation to all in the area of jurisdiction. Further, the strategic plan provides the basis for investments and resource mobilization.

1.7 Methodology and General Approach

The KIWASCO strategic planning process incorporated key stakeholders that included the Board of Directors, the staff, the Lake Victoria South WWDA, County Government and WKWP partners. It was participatory and ensured diverse views of stakeholders were well captured. In developing the plan, the situation analysis was undertaken to understand the internal and external business operating environment, review of performance of the previous strategic plan; stakeholders' analysis; and Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. The process further reviewed the company's Vision and Mission Statements, and the core values.

The following process was followed:

a) Planning meeting with the management:

This step involved discussions between KIWASCO management. The purpose of the discussions was to ensure that there was consensus regarding expectations within the strategic planning scope. The discussions helped clarify various issues in the strategic planning process as well as leveling of expectations.

b) Meeting with the champions

The purpose of the meeting with the strategic plan champions to discuss issues and the preparatory and consultation meetings with departments. The meeting also set the timelines that were followed.

c) Internal Consultations

Consultations were guided by the management and the strategic plan champions. They included face-to-face meetings with different departments to get an understanding of their views and aspirations for the new strategic plan. It also involved an online survey that enabled a wider reach of the staff.

d) Plan Development Workshop

A 3-day workshop was conducted to review where stakeholders undertook a comprehensive situation analysis to assess the internal and external environment which covered KIWASCO's performance review for the last 6 years; stakeholders' analysis; Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. The process also involved review/revision of the KIWASCO's Vision, Mission, Core Values, Objectives, Strategies, Targets and Key Performance Indicators.

1.8 Structure of the Strategic Plan

This strategic plan consists of Six chapters. Chapter One contains the background and introduction which embraces the Purpose of the Plan, Objectives of the Plan, Methodology. Chapter Two covers the Situation Analysis including strategic planning policy context, Performance Review, Stakeholder' Analysis and SWOT Analysis. Chapter Three covers the Strategic Foundation - Vision, Mission, Core Values, Customer Value Proposition and KIWASCO Slogan. In Chapter Four the Strategic Model that includes Strategic Priorities, Strategies Initiatives, Targets and Key Performance Indicators are presented. Chapter Five covers the Plan Implementation Framework – providing details on how the plan will be implemented including the key success factors, financing, governance, human resourcing and risk management. Chapter Six covers Performance monitoring, evaluation and reporting framework. In the Appendix, the strategic plan implementation matrix is provided.

INTRODUCTION AND BACKGROUND (cont'd)





CHAPTER TWO

SITUATIONAL ANALYSIS

SITUATIONAL ANALYSIS

2.1 Introduction

This chapter provides an analysis of the internal and external operating environment of the KIWASCO. The analysis considered the mandate, functions and responsibilities of the company, the 2017 – 2022 performance review, the achievements and challenges experienced during the last strategic plan period. In addition, it presents an in-depth analysis of the internal and external environment under which this Strategic Plan will be implemented. The chapter also provides the analysis of key KIWASCO stakeholders and their expectations. Analysis has also been presented showing the Strengths, Weaknesses, Opportunities and Threats (SWOT).

2.2 KIWASCO's Performance Review

The Strategic Plan 2017 – 2022 was KIWASCO's 3rd Strategic Plan since formation of the company. The strategic plan had 7 strategic priorities that formed the core focus of the strategic period (2017 – 2022). These were:

1. Water and Wastewater Infrastructure Development
2. Operational Efficiency
3. Customer Service
4. Pro-poor Initiatives
5. Financial Sustainability
6. Institutional Strengthening
7. Corporate Governance

2.2.1 Key Achievements Based on the Strategic Priorities

KIWASCO's performance review based on the 2017 – 2022 strategic plan was undertaken to isolate those factors that had contributed to favorable or unfavorable results. This was carried out through an analysis of the Company's performance on different strategic priorities that the plan pursued. The table below presents the findings.

Table 1: Summary KIWASCO Performance 2017 - 2022

STRATEGIC OBJECTIVE	STRATEGIC INITIATIVES	ACHIEVEMENT
Water and sewerage infrastructure development.	Increased water coverage from 87% to 88%.	90% water coverage
	Increased sewer coverage from 23% to 25%.	Coverage reduced to 18% Increased sewer connectivity targeted 200 connections, but 449 connections were completed which was a 230%
Improve coverage and access to sanitation	Expand and rehabilitate sanitation infrastructure onsite	The KPI remained constant at 31%.
Operational Efficiency.	Reduced NRW from 31% to 20%.	ERP and Mobile application for leaks & bursts monitoring aligned.
	Improved operational efficiencies.	GIS actualized in all processes
		100%-meter update on GIS.
	Improved operational efficiencies.	Calibration Laboratory is now fully accredited by Kenya Accreditation Services (KENAS)
Installed surge protection in all pumps.		
Solar piloted for utility use.		
		ERP system installed.

Table 1: Summary KIWASCO Performance 2017 - 2022

STRATEGIC OBJECTIVE	STRATEGIC INITIATIVES	ACHIEVEMENT
		QMS installed and running.
		Automated dosing system.
	100% safety and optimal utilization of resources.	Planned overhauls and extensions informed by hotspot analysis and designs to optimize resources.
	100% adherence to drinking water and waste water standards and regulations.	Implemented. Microbiological laboratory was installed and equipped at Kajulu and Dunga plants
Customer focus	Increased customer satisfaction from 77% to 84%.	77.7% customer satisfaction achieved.
Pro poor initiatives.	Improve access in the low income are from 78% to 88%.	88% achievement.
	Sustain pro poor initiatives.	99% achievement
	Improve sanitation coverage from 49% to 55%.	55% sanitation coverage achieved
Financial sustainability	Improve revenues by 10% (from 52M/ month to 88M per month)	Current @ 85M per month (96.6% achievement)
	Improve cost efficiency from 90% to 95% (cost management)	OPEX 95% achieved CAPEX 95% achieved
	Improve Financial Management and Accountability	100% Compliance to Regulatory and Statutory requirements.
	Reduce accounts receivables by 50% (From 180M to 90M by 2022).	Current debt portfolio at Kes 172 million.
	Other Sources of funds	A fully accredited calibration laboratory is now providing services to other WSPs.
Institutional strengthening	Improve employee productivity from 79% to 85%.	Continuous exercise (Near achievement).
	Increased employee satisfaction levels from 61% to 90%.	On target
	Strengthened human resources management function.	Achieved
	Improved institutional visibility and branding.	On target
Effective corporate governance	Enhanced Board capacity in good governance	Induction of new Board members undertake
		Board membership is professionally constituted
	Reduced exposure to risks	Risk mitigation plans updated.
	Improved stakeholder relations	Stakeholder meeting done annually
		Customer satisfaction survey done
Increased Lobbying	County representatives included in annual stakeholder meetings	
	Board composition includes County representatives	

SITUATIONAL ANALYSIS (cont'd)

2.2.2 Key Performance Indicators

In this section, the performance of KIWASCO according to the WASREB Impact Report covering the periods 2020/21 – 2021/2 is discussed below. The performance evaluation is based on Key Performance Indicators (KPIs) used to assess the performance of water service providers. As indicated therein, KIWASCO had achieved good performance in water coverage, hours of supply and metering ratio. Acceptable performance was in drinking water quality, revenue collection, O&M cost coverage and staff productivity. Unacceptable performance was recorded in personnel expenditures as % of total O&M costs and non-revenue water which continue to be a challenge to KIWASCO operational efficiency.

Table 2: KIWASCO KPI score as per WASREB Impact 14 and 15

	WASREB Key Performance Indicators	Good	Acceptable	Not Acceptable	2020/2021	2021/2022
Quality of services						
1	Water Coverage (%)	>90%	80-90%	<80%	87	91
2	Drinking Water Quality (%)	>95%	90-95%	<90%	93	93
3	Hours of Supply (hrs./d) Population >100,000	21-24	16-20	<16	24	24
4	Economic efficiency Personnel expenditures as % of total O&M costs	<20%	20-30%	>30%	33	32
5	Revenue Collection Efficiency (%)	>95%	95-85%	<85%	91	92
6	O&M Cost Coverage (%)	≥150%	100-149%	≤99%	102	103
Operational sustainability						
7	Non-Revenue Water (%)	<20%	20-25%	>25%	32	31
8	Staff Productivity (no. staff/K conns.) Large & Very Large Companies	<5	5-8	>8	6	5
9	Metering Ratio (%)	100%	95-99%	<95%	100	100

2.2.3 The Key Challenges faced in the 2017 – 2023 SP Implementation

1. Infrastructure performance due to dilapidated water infrastructure, meter theft and system malfunction. Strain on infrastructure due to increasing population is also a factor.
2. High NRW due to water theft, destruction of infrastructure by road construction, floods, static meters, vandalism, etc.
3. COVID 19 impacted implementation of the strategic plan including revenue collection.
4. Fluctuations in water quality due to climate change implication, increased runoff of pollutants and sediments.
5. Financial and budgetary constraints due to low investment rate, irregular payments by the government institutions.
6. Staff issues including staff morale, turnover, lack of awareness on strategic plan, lack of digital skills set and non-compliance to core values.
7. Technology – outdated tools, slow adoption to change, system malfunction, and inadequate innovation.
8. Political instability and interference.
9. Sanitation – inadequate sanitation data,
10. Socio-cultural beliefs and practices which led to slow uptake of sanitation technology(ies).

²Please see <http://www.wasreb.go.ke/> for WASREB reports, guidelines and other publications.

2.2.4 Lessons Learnt during the 2017 – 2023 strategic period

- i) There is a need to explore various sources of funding to facilitate proper planning and smooth implementation of the strategies.
- ii) Staff/ Human resource capacity determines the stability of a company, there is need for continuous reskilling, up-skilling and performance evaluation of staff.
- iii) Risk management and planning is key to manage unforeseen risks such as Covid-19 Pandemic.
- iv) IT - Automation of systems and operations is the future, ICT should be made more robust and internal security measures are important for the next period, ERP needs to be maximized and made robust enough to accommodate the new and upcoming challenges and needs of the company.
- v) Policies and Procedures need to be reviewed regularly to meet the ever-growing needs of the institutions.

2.3 Internal Environmental Analysis

An internal analysis of KIWASCO was done using McKinsey 7S framework which looks at 7 key internal elements namely strategy, structure, systems, shared values, style, staff and skills. The analysis serves to indicate the company's health. In doing so various options are identified to address the internal situation in order to support successful implementation of the 2023 – 2028 Strategic Plan.

Table 3: KIWASCO Internal Environmental Analysis

Strategy Issues	Enhance / Reduce
Existence of a Strategic Plan	Enhance the level of shared vision and ownership across the organization
Constructed own offices / plaza	<ul style="list-style-type: none"> Enable smooth transition Enhance customer experience
Lack of sufficient funds and resources	<ul style="list-style-type: none"> Continuous partnership with stakeholders Develop a resource mobilization strategy
Capacity under-utilization of water plants	Augment production units for maximum production
Awareness of Environmental, social, and governance (ESG) issues	<ul style="list-style-type: none"> Develop an ESG Policy and implement company wide Enhance existing CSR initiatives
Strong sense of ownership	Enhance institutional pride through staff welfare initiatives
Structure Issues	Enhance / Reduce
Organization structure in place	Optimize existing structure
Organization structure not fully Implemented	<ul style="list-style-type: none"> Outsource on need basis Onboard and optimize key positions in the company structure
New positions created but not in the organization structure	Include new functions in the organogram
Succession planning initiatives in place	Enhance initiatives across all leadership/supervisory level
System Issues	Enhance / Reduce
Dilapidated water infrastructure	Overhaul and rehabilitate
Low sanitation coverage	Develop / expand sanitation infrastructure
High NRW	Put in place strategies to combat high NRW to below 20%
Existence of an integrated management information systems (ERP, CRM, USSD, NAVISION GIS and KOBO)	<ul style="list-style-type: none"> Fully implement the ERP System and other systems in place Optimize and maximize output from systems in place. Train all user on the use and enhance ownership
Existence of manual processes	<ul style="list-style-type: none"> Integrate all systems to a centralized monitoring platform Automate all the processes
Unstable user interface for KIWASCO APP	Consider stabilizing or use of alternative if unattainable
Performance management system not automated	Automate and capacity build staff on real-time use of automated BSC M&E/Appraisal

SITUATIONAL ANALYSIS (cont'd)

Table 3: KIWASCO Internal Environmental Analysis (continued)

Staff Issues	Enhance / Reduce
Under staffing	Proper need assessment, employment of technology, outsource non-core operations.
Competent and experienced staff	Optimize staff to maximize their performance
Diversity, equity and inclusion Gender imbalance at EXCOM	Implement policies Compliant to staff ethnic composition as required by the government, establish proper corporate guidelines
Succession planning	Properly identify key roles and responsibilities, for training and development.
Reward and recognition	Put in place a comprehensive reward and recognition scheme, assigning responsibility.
Promotions	Enhance systems for merit promotions
Resistance to change	Implement an effective culture change program
Skill mismatch	Job placement to be strictly based on employee skills
Performance management challenges	Establish an automated real time system of performance management
Skill deficiency in some areas	Effective training and development of staff for efficiency.
Style – Leadership issues	Enhance / Reduce
Supportive senior management	Enhance capacity in Strategic Leadership among the top leadership
Existence of leadership gaps among some managers	Enhance leadership and supervisory training
Strong Board of Directors	Accelerate cooperation, partner onboarding and lobbying activities through the board
Existence of a Leadership Development Program (LDP)	Strengthen the LDP
Shared Values/Culture	Enhance / Reduce
Existing of KIWASCO Core Values	<ul style="list-style-type: none"> • Develop initiatives focused on implementation of core values. • Include an assessment of core values in the BSC
Staff attitude toward change i.e technology negates a conducive for positive change	Establish an intensive culture change campaign, capacity building and acceleration
Staff integrity issues	<ul style="list-style-type: none"> • Implement zero tolerance policy on integrity issues • Develop and implement a whistleblowing policy
No clarity in desired organizational culture	<ul style="list-style-type: none"> • Undertake an Organizational Culture Assessment • Identify and implement a desired culture organization wide

2.4 External Environmental Analysis

The analysis of the external environment identified factors outside the control of the company that may affect performance positively (opportunities) or negatively (threats). The analysis was undertaken through a review of the Political, Economic, Social, Technological, Legal and Ecological/Environmental (PESTLE) factors. The stakeholders also identified responses to these opportunities and threats. The outcome of the analysis is as presented in the Table overleaf.

Table 4: KIWASCO External Environmental Analysis

Political Factors

Factor	Mitigation / Exploit
Political Goodwill from the CG	<ul style="list-style-type: none"> • Effective communication and providing information • Continuously engagement especially on policy matters
Political instability	<ul style="list-style-type: none"> • Business Continuity Plan • Implement a Remote working Model • Endeavour to remain apolitical
Overlap in responsibility & uncoordinated developments	<ul style="list-style-type: none"> • Sharing information and collaboration • Adhere to systems and structures
Interference and meddling in company affairs	<ul style="list-style-type: none"> • Adherence to policy and Code of conduct especially on the conflict of interest • Maintain professionalism & assertiveness • Live up to the regulatory framework
Political Goodwill from the CG	<ul style="list-style-type: none"> • Effective communication and providing information • Continuously engagement especially on policy matters
Political instability	<ul style="list-style-type: none"> • Business Continuity Plan • Implement a Remote working Model • Endeavour to remain apolitical
Overlap in responsibility & uncoordinated developments	<ul style="list-style-type: none"> • Sharing information and collaboration • Adhere to systems and structures
Interference and meddling in company affairs	<ul style="list-style-type: none"> • Adherence to policy and Code of conduct especially on the conflict of interest • Maintain professionalism & assertiveness • Live up to the regulatory framework

Economic Factors

Factor	Mitigation / Exploit
Support from Partners	<ul style="list-style-type: none"> • Continuously Grow and maintain good relationships • Good corporate governance & enabling environment
Unfavorable taxation	<ul style="list-style-type: none"> • Lobbying for exemptions and favorable taxes as well as subsidies
High Inflation	<ul style="list-style-type: none"> • Tariff adjustment • Source for alternative revenue saving and cost effective solutions
High Cost of Living	<ul style="list-style-type: none"> • Public Participation and sensitization • Continual excellence in service provision
High Labor Costs	<ul style="list-style-type: none"> • Managing staff establishment, outsourcing
Low credit rating	<ul style="list-style-type: none"> • Improve collection efficiency as well as billing and customer growth trends • Diversification of revenue sources • Address NRW
Vandalism of Infrastructure and theft	<ul style="list-style-type: none"> • Sensitization • Employ pro poor initiatives • Enhance collaborations with key stakeholders. • Lobby for county legislation in protecting company assets
High water production costs	<ul style="list-style-type: none"> • Engage alternative sources of power e.g. solar power • Engagement of more gravity options of water sources • Generate hydropower from gravity systems
Kisumu development and growth in housing	<ul style="list-style-type: none"> • Provide for the growth by extending water and sewer systems in the emerging housing areas of the county

SITUATIONAL ANALYSIS (cont'd)

Table 4: KIWASCO External Environmental Analysis (continued)

Social-Cultural Factors

Factor	Mitigation / Exploit
High Population Growth	<ul style="list-style-type: none"> • Increase water production & enhance the existing infrastructure • Reduce NRW • Encourage efficient use of water
Willingness to pay for water	<ul style="list-style-type: none"> • Enhance the service provision
Inability/Unwillingness to Pay	<ul style="list-style-type: none"> • Enhance Pro poor initiatives and review Pro Poor tariffs. • Enhance behavioral Change Communication
Pandemic Outbreaks i.e. cholera	<ul style="list-style-type: none"> • Employ pro-poor related interventions. • Implement a Rapid Response Team / Crisis Management Plan
Communal Perception that water is a free commodity	<ul style="list-style-type: none"> • Sensitization on the need to pay for the service
Cultural beliefs on use of water recovery stations by products ie sludge	<ul style="list-style-type: none"> • Employ BCC - Sensitization • Pilot the use of sludge in KIWASCO farms • Public private partnerships -for value addition
Corruption	<ul style="list-style-type: none"> • Code of conduct adherence • Develop and implement a zero-tolerance policy • Implement ISO37001 on anti-bribery management systems.

Technological Factors

Factor	Mitigation / Exploit
Availability of technology and newer emerging water and wastewater management technologies	<ul style="list-style-type: none"> • Full automation of water and wastewater systems. • Smart metering • Enhance existing ERP systems • Explore electrical motorcycles. • Alternative energy sources including Solarization technology
Cyber security	<ul style="list-style-type: none"> • Secure network environment using modern firewalls. • Capacity building of staff on cyber security
Information technology, internet, global and local communications	<ul style="list-style-type: none"> • More investment in relevant and appropriate technology. • Exploit new media and technology communication platforms for service delivery and customer engagements

Legal Factors

Factor	Mitigation / Exploit
Changes in water act 2016	<ul style="list-style-type: none"> • Exploit favorable legislations
Noncompliance to regulatory requirements	<ul style="list-style-type: none"> • Strive to comply
Water as a basic right	<ul style="list-style-type: none"> • Adopt competitive water tariffs • Pro-poor approach • Increase water and sanitation access
Compliance with regulatory requirement e.g. WASREB, NEMA	<ul style="list-style-type: none"> • Identify the regulatory requirements as indicators of performance measurements
Litigious populace Consumer protection and awareness	<ul style="list-style-type: none"> • Maintain quality of the product • Communicate all charges levied on a customer • Adhere to the Service Charter • Improve on consumer education
Employment law	<ul style="list-style-type: none"> • Keep staff updated on their rights • OSHA document and WIBA • Enforce HR policies

Table 4: KIWASCO External Environmental Analysis

Environmental Factors

Factor	Mitigation / Exploit
Availability of water resource e.g. lake	Increase production and connectivity
Adaptation to climatic change e.g. drought & floods	<ul style="list-style-type: none"> • Exploit alternative sources of water resource like underground water. • Restoration of catchment areas through tree planting and lobbying for gazettement catchment areas.
Re-use and recovery of waste	<ul style="list-style-type: none"> • Recovery of nutrients (manure and urine) • Production of biogas • Production briquettes • Recycle of wastewater
Environmental protection laws	<ul style="list-style-type: none"> • Adherence to laws, regulation and standards within the environment laws
Climate change	<ul style="list-style-type: none"> • Adapt to climate change effects and build resilience • Develop and implement climate resilience water safety plan
Encroachment of catchment areas	<ul style="list-style-type: none"> • Lobby for gazettement of catchment areas • Enhance community sensitization
Pollution	<ul style="list-style-type: none"> • Sensitize stakeholders on environmental conservation and protection • E-waste recovery
Sand harvesting	<ul style="list-style-type: none"> • Liase county assembly to develop deterrent legislations on sand harvesting

2.5 KIWASCO Stakeholder Analysis

Stakeholder analysis is a process of systematically gathering and analyzing qualitative information to determine stakeholder interests that should be considered when developing and/or implementing KIWASCO’s Strategic Plan. Several KIWASCO stakeholders were identified and an analysis was undertaken to determine the interests of the stakeholder, their expectations from KIWASCO and the possible strategies to either drive support from the stakeholder or mitigate any negative effects from the stakeholder.

SITUATIONAL ANALYSIS (cont'd)

Table 5: KIWASCO Stakeholder Analysis

Stakeholder	Stakeholder interests in KIWASCO - what they expect from us	What do we expect the Stakeholder to provide?	Potential Strategies for obtaining support or reducing obstacles
Consumers	<ul style="list-style-type: none"> Quality Clean, portable, reliable supply of water Sewerage services Reliability in service provision Timely resolutions of complaints and disputes 	<ul style="list-style-type: none"> Timely payment of Bills Cooperation during meter reading process Active participation and buy-in in management of NRW Compliance with legal requirements 	<ul style="list-style-type: none"> Quality and timely service provision Adherence to the Service Charter Increase customer awareness on alternative payment modes/systems
Employees	<ul style="list-style-type: none"> Conducive working environment Commensurate remuneration Staff welfare provision Recognition, respect Career growth 	<ul style="list-style-type: none"> Loyalty Achievement of set targets Embrace core values of the company Good stewards of company assets Brand ambassadors 	<ul style="list-style-type: none"> Timely payment of salaries Provide staff welfare benefits. Timely and effective communication Develop scheme to reward performance
Board of Directors	<ul style="list-style-type: none"> Deliver on the strategic objectives of the company. Adhere to all policies in place, code of conduct Implement board resolutions Implementation of Audit queries Timely Reports 	<ul style="list-style-type: none"> Provision of strategic direction Oversight Professionalism and competence Timely Decision making Resource mobilization Stakeholder management 	<ul style="list-style-type: none"> inculcate cohesiveness among board members (Benchmarking, trainings) Protection of Resources and properties Lobbying for funds(networks)
Development Partners	<ul style="list-style-type: none"> Accountability of the resources Credit worthiness Inclusion in company activities Adherence to donor regulations 	<ul style="list-style-type: none"> Financial and technical support Monitor and Evaluate projects and give feedback Sustainable relationship 	<ul style="list-style-type: none"> Develop binding MoUs Timely submission of reports Transparency and accountability Good corporate governance
County Government	<ul style="list-style-type: none"> Provision of water and sanitation services to residents of Kisumu Stability and growth in the Company Safe disposal of wastewater and environmental protection 	<ul style="list-style-type: none"> Pay water bills promptly Financial support to extend services. Plan and organize physical developments Favorable statutory environment Linkages with development partners 	<ul style="list-style-type: none"> Effective representation in the Board Hold regular stakeholder forum Share the annual reports. Improved efficiency in service delivery Efficient business financial operations
Regulators (WASREB, KEBS, WRA, NEMA)	<ul style="list-style-type: none"> Compliance -adherence to set rules and standards. Support the development of regulations. Timely and accurate reports 	<ul style="list-style-type: none"> Oversight, Monitoring and evaluation Enabling environment Set guidelines and standards. Effectively communicate. Timely and accurate reports 	<ul style="list-style-type: none"> Adhering to set standards. Periodic self-Audits on compliance levels Paying statutory levies/fees

Table 5: KIWASCO Stakeholder Analysis

Stakeholder	Stakeholder interests in KIWASCO - what they expect from us	What do we expect the Stakeholder to provide?	Potential Strategies for obtaining support or reducing obstacles
Partners (WKWP, WKSP, WSUP, SANIVATION, JICA etc.)	<ul style="list-style-type: none"> Improved service delivery Meeting the sector standards Accountability of resources Active participation in forums Commitment to MOU 	<ul style="list-style-type: none"> Resource and Technical support Capacity building Commitment on timelines 	<ul style="list-style-type: none"> Good governance structure with high level of integrity Quality service delivery
Suppliers	<ul style="list-style-type: none"> Transparency in procurement process Timely payments Unbiased supervision of services rendered 	<ul style="list-style-type: none"> Quality and timely delivery of services Compliance with procurement Laws Favorable Payment terms 	<ul style="list-style-type: none"> Agreeable contractual terms Enabling business operating environment Supplier monitoring and Evaluation
Communities	<ul style="list-style-type: none"> Provision of quality services Conservation of environment increased Corporate social responsibility activities 	<ul style="list-style-type: none"> Protection of our assets / resources (No illegal activities, Reporting of illegal and leaks) Environmental conservation Loyalty 	<ul style="list-style-type: none"> Increased CSR activities Community outreach and engagements through clinics and Barazas Sharing of relevant information

2.6 SWOT Analysis

An assessment of KIWASCO’s Strengths, Weaknesses, Opportunities, and Threats (SWOT) was undertaken. The SWOT notes internal resources (Strengths and Weaknesses) and the external environment (Opportunities and Threats).

Table 6: KIWASCO SWOT Analysis

Strength	How do we enhance or maintain?
Strong and able leadership starting from the BOD and effective and professional senior management team with long experience.	Continuous capacity building Exploit the networks of BOD members
Competent staff running key operations.	Put in strategy to maintain the staff and develop a succession plan
Has established effective operational structures and systems in water production, quality control, infrastructure management, procurement, financial management, human resources and commercial services	Continuous performance reviews Develop performance improvement plans
Robust, innovative and organized system for supplying water in informal settlements.	Explore more on pro poor initiatives including appropriate water distribution innovations
Adequate system for revenue collection and billing.	Continue customer sensitizations Continue of investing and upgrading of the systems
Adequate plant capacity to supply water to the target population.	Ensuring efficiency of the production plants
Strong partnership with development partners	Maintenance of these relationships through implementation of MOUs
ISO certification	Maintenance of the QMS standards Enhance a culture of improvements

SITUATIONAL ANALYSIS (cont'd)

Table 6: KIWASCO SWOT Analysis (continued)

Weaknesses	How do we eliminate or minimize?
Dilapidated infrastructure which leads to water losses through frequent bursts and leaks	Network overhaul program
High water loss leading to high NRW	Put in place deliberate strategies specific to water loss reduction / elimination
Limited resources leading to slow pace of extension of water and sewerage network not currently served.	Partner with donors and other developments partners for financing
Challenges in the ERP system integration	Customize system to KIWASCO requirements Train all system users on the new ERP Develop departmental system champions Develop internal capacity for system adaptation and support services
Undesirable dominant culture and employee attitudes, resistance to change	Undertake an organizational culture assessment Develop an integrated corporate wide culture change programme
Low levels of employee motivation especially at the operational levels	Implement a corporate reward scheme Train supervisors on coaching and motivation
Deficiencies in performance-based culture	Institutionalize and implement fully the Balanced Scorecard (BSC)
Opportunities	How do we achieve or exploit?
Growing population	More water and sewer connection, resulting to more revenue as a result of higher demand
Ready market for our product i.e. water and sewerage services in the area of operation	Put in place measures to ensure reliability, affordability and quality services. Invest more in water distribution infrastructure
Partners willing to fund improvement of water access	Develop proposals and engagements with partners for funding expansion and investment in water and sanitation
Reliable water source	Increase production and distribution capacities
Availability of modern technology	Exploit technology in all the spheres of the organization
Alternative sources of energy	Diversify and explore green energy
Devolution and growth in urban centres	Develop strong relationship with county govt for funding Exploit the growth through more water and sewer connections
Threats	How do we mitigate or avoid?
Political instabilities especially during General Elections	Develop and implement a contingency plan focusing on all areas of operations
Political interference	Encourage advocacy and dialogue with political leadership of the day
Environment pollution	Improve catchment awareness, engage stakeholders responsible for these e.g. LVEMP Partner with county government for enforcement
Declining economic conditions and standards of living leading to high defaults	Implement pro-poor strategies Strengthen relationships with different stakeholders
Competition	Work with regulator for controlled licensing
Vandalism and water theft	Stringent penalties in the tariff- surcharge and intensify surveillance, explore alternative like using plastic meters
Customers attitude on water being a free commodity	Facilitate customer education to understand the importance of paying for water
Power disruptions	Invest in alternative energy sources for required power e.g. solar, generators, etc.



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CHAPTER THREE

THE STRATEGIC
FOUNDATION

The Strategic Foundation of KIWASCO comprises the Vision, Mission, Core Values, Customer Value Proposition and Slogan.



VISION

To be the most admired service provider



MISSION

To provide sustainable water and sanitation services for enriched livelihoods



CORE VALUES

The core values are the fundamental principles that guide the behavior of every person or entity working with KIWASCO. They are practiced and embraced to create an organizational culture that drives KIWASCO's Vision. KIWASCO's Core Values are:



Integrity



Collaboration



Excellence

a) Integrity

Embracing Honesty, Truthfulness and Respect in discharging our responsibilities: To build trust with those we serve, both inside and outside the company, we commit to uphold high levels of integrity. This involves knowing and doing what is right regardless of personal cost. KIWASCO is committed to observe absolute honesty and integrity in all our activities and operations. We will adopt zero tolerance to unethical behavior. We shall strive to be honest, fair and ethical in everything we do and in all our dealings with customers, suppliers, investors, co-workers and our neighbors in the communities in which we operate.

b) Collaboration

Working as a team, supporting each other and harnessing different skills to create a superior performance culture. To deliver our services effectively and efficiently, we shall create a team-based culture in KIWASCO. We shall work collaboratively towards our common goal of serving our customers regardless of individual roles or functions and apply the same ethos with our stakeholders and partners. We will work as a team and advocate an organization-wide philosophy that hard work is a virtue worth committing passionately to. In the process, we will endeavor to derive an environment where each team member will feel appreciated. We will create time for our teams to have fun after hard work.

c) Excellence

Commitment to Excellence is about our passion and contribution to quality products and services. We shall be creative and innovative to ensure we become the best and deliver the best. We strive to provide our customers with devotion, personal care and top-quality service; our goal is to consistently deliver exceptional customer experiences. We shall be kind, responsive and above all, dependable in every task, query and issues for our customers no matter how big or small the issue is.

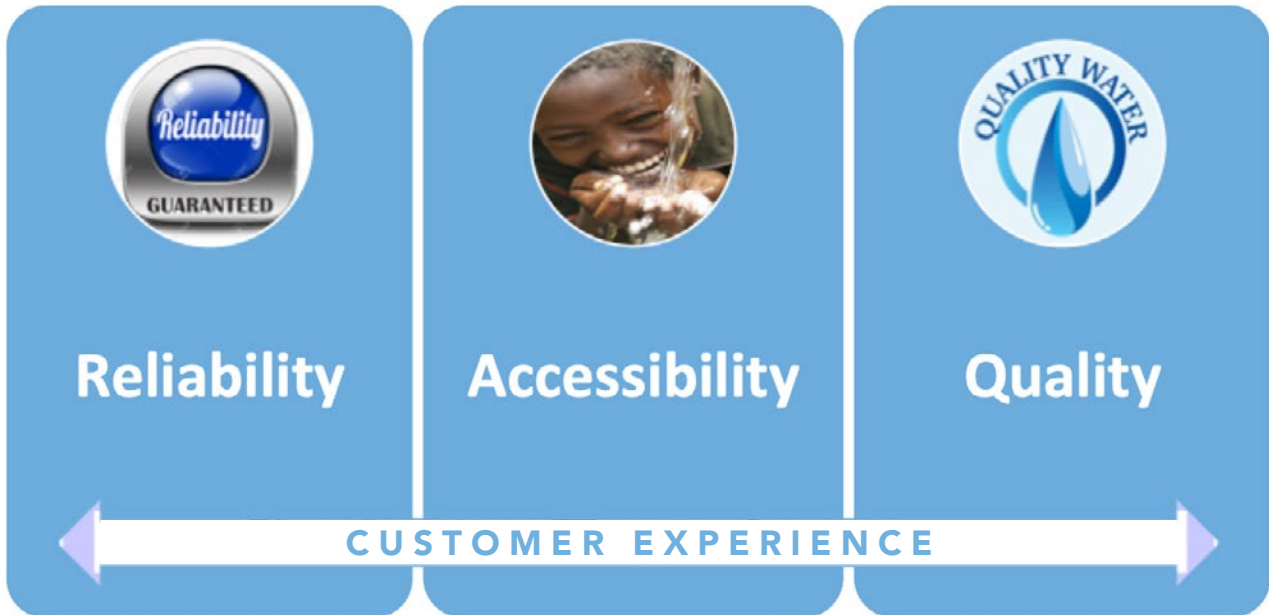
3.4 Customer Value Proposition

The Customer Value Proposition (CVP) for KIWASCO is necessary to understand the uniqueness of the promises the company gives to its customers. A CVP is a description of the experiences KIWASCO target customers will realize upon associating or using products and services provided by the company. The CVP has a critical role in communicating how KIWASCO aims to provide value to the customers.

THE STRATEGIC FOUNDATION (cont'd)

KIWASCO's CVP is aimed at achieving high levels of Customer Experience. Customer experience (CX) is the product of any interaction between KIWASCO and customers over the duration of their relationship. In order to achieve positive customer experience, and in line with creating distinctiveness, KIWASCO proposes to its customers the following:

FIGURE 2: KIWASCO Customer Value Proposition



Reliability

Ensuring that the flow of water at the taps is continuous and that down-times are short, few or non-existent; and guaranteeing that water is available, if not within the building, a short distance away – ideally less than 30 metres. It should not take more than 30 minutes in urban areas or more than two kilometers in rural areas to collect water.

Accessibility

The promise to ensure that the population in the service has access to Water and Sanitation services. Accessibility can be looked at in four overlapping dimensions: physical accessibility, economic accessibility, non-discrimination and information accessibility. Of critical importance in accessibility is affordability. KIWASCO will endeavor to provide water that is priced reasonably, whose per-unit cost structure is in tandem with other water services providers in other parts of the country and which considers the economic wherewithal of its target market.

Quality

KIWASCO will ensure that the water provided is safe to drink by strictly adhering to international standards of quality water - both health related and aesthetic (appearance, taste and odour) related standards. This

assurance relates to the whole water production system - treatment, storage and distribution. The water we provide will be free from micro-organisms, chemical substances and radiological hazards that constitute a threat to a person's health. Furthermore, the water shall be odourless and sparkling clear.

3.5 KIWASCO Slogan/Motto

A slogan is a phrase expressing the aims or nature of an enterprise or an organization. These are short, often memorable phrases which instantly evokes emotions and ideas and associates them with a brand or organization products and services. They are an effective way to draw attention to one or more aspects of a product or company. Good slogans are also easily remembered and can become part of the cultural landscape of a society.

The KIWASCO slogan is: "Refresh Life"

The slogan ties in well with the company's mission statement, or reason for existence. By living this slogan and making it a clarion call within the company, employees will be motivated to concentrate their energies in the same direction and ensure that provision of water – which refreshes life – becomes the focal point of all their actions.





CHAPTER FOUR

THE STRATEGIC
MODEL

The Strategic Planning Model of KIWASCO comprises the Vision, Mission, Core Values, Key Strategic Priorities, objectives, outcomes and strategic initiatives. These were developed after the review and analysis of the past performance, the strategic context, the internal and external environment.

4.1 Strategic Focus

Recognizing the need to ensure to address urgent issues in the quality of our water services and in the integrity of our infrastructure, us, while ensuring that water services that currently meet required standards continue to do so. We have therefore prioritized the following six areas:

Based on the external and internal analysis conducted above, the stakeholders, stakeholders prioritized the following six strategic priority areas to focus on in the next five years, subject to adequate funding being available:

1. Increase Water and Sanitation Access and Coverage
2. Improve Operational Efficiency
3. Improve Financial Sustainability
4. LIA Initiatives
5. Increase Customer Satisfaction
6. Increase Employee Productivity
7. Enhance Corporate Governance and Image

These key areas are considered critical and urgent issues if the utility is to deliver on its mandate for adequate and quality water supply services to the satisfaction of the customers.

4.2 Strategic Priorities Results Measurement Framework

The results Measurement Framework provides KIWASCO with means of ensuring that the identified strategic priorities achievements will be measured and tracked at the highest level. To do this, various strategic outcomes and their indicators have been identified in the table below. Key performance targets for the 5 years have also been indicated to allow measurement of success during and after strategy implementation period.

Table 7: Key Strategic Results for 2023 – 2028 Strategic Period

No.	Strategic Priority	Strategic Outcomes	Key Performance Indicators	Baseline	Results by 2028
1	Increase water and sanitation coverage and access	Increased water coverage and access	Percentage coverage	91%	95%
		Increased sanitation coverage and access	Percentage coverage	55%	65%
		Increased sewerage coverage and access	Percentage coverage	16%	25%
2	Improve Operational Efficiencies	Reduce NRW	Percentage of NRW	37%	20%
		Adherence to drinking water quality standards	Percentage adherence to standards	93%	100%
		Adherence to wastewater standards	Percentage adherence to standards	94%	100%
		Improved hours of supply	No of hours of water supply	24	24
3	Improve Financial Sustainability	Increased monthly revenue	Revenue collected per month	85M	127M
		Improved Collections	Collection efficiency to 96%	92%	96%
		Increase customer connectivity	Number of customer connections	50,000	68,000
			No of staff per 1000 connections	5	4
		Personnel expenditures	Personnel expenditures as % of total O&M costs	32%	20%
O&M Cost Coverage	Percent of cost coverage	103%	150%		

THE STRATEGIC MODEL (cont'd)

Table 7: Key Strategic Results for 2023 – 2028 Strategic Period (continued)

No.	Strategic Priority	Strategic Outcomes	Key Performance Indicators	Baseline	Results by 2028
4	Improve access in the LIA	Improve access to water in the LIA areas of coverage	Percentage of LIA residents with water access	88%	95%
5	Improve Customer Satisfaction	Increased customer satisfaction	Customer satisfaction index	77.7%	84%
6	Improve Employee Productivity	Increased employee productivity from	Productivity index	83%	87%
		Improved employee satisfaction	Employee satisfaction index	60%	85%
7	Enhance Corporate Governance and Image	Enhanced good corporate governance	Corporate governance index	94%	100%
		Enhanced credit worthiness	Credit worthiness rating	39% (B)	Over 71% (AA)
		Improved corporate accountability	Compliance with legal and statutory requirements	100%	100%

4.3 Operationalization of KIWASCO Strategic Priorities

Strategic themes are derived from the key concerns that the KIWASCO must focus its energy on in order to fulfil its commitments as stated in the Mission Statement. Emanating from the strategic priorities are strategic outcomes and strategic initiatives.

4.3.1 Strategic Priority 1: Increase Water and Sanitation Access and Coverage

Water and sanitation coverage refers to the population with access to portable water and sanitation services (either with direct service connection or within reach of a public water point) as a percentage of the /total population under utility's area of jurisdiction. At KIWASCO, the number of people served with potable water increased from 84% (2020) to 87% (2021) and it is currently at 91% as per WASREB Impact Report 15 2021/2022. KIWASCO is committed to improve on this performance to ensure water for all residents within its area of jurisdiction and to increase access to sanitation. Under this theme, KIWASCO will target improving water coverage from Increase Water Coverage and Access from 88% to 93% and access to sanitation from 55% to 65%. Sewer which currently at 18% will be increased to 25%. However, KIWASCO is cognizance of the fact the challenges that may be associate with the ever-growing population growth in the urban Kisumu. To achieve this, KIWASCO will focus on increasing Water Production Capacity, Increase Water Network Infrastructure and Water resources management. On Sanitation, KIWASCO will expand infrastructure for both sewer, onsite sanitation including adopting ecological sanitation solutions and technologies.

TABLE 8: Strategic Priority 1: Outcomes and Initiatives

Strategic Outcomes	Strategic Initiatives
Increased water coverage and access from 91% to 95%	Increase water production capacity
	Increase water network infrastructure
	Manage water resources
Increased Sanitation Coverage and Access from 55% to 65%	Adopt ecological sanitation solutions and technologies
	Increase capacity for sanitation management
	Increase sewerage coverage and access from 16% to 25%

4.3.2 Strategic Priority 2: Improve Operational Efficiency

Utility's operational efficiency is measured by comparing the unit cost of production to the unit cost of water billed. By identifying and implementing cost savings, a utility can improve its financial position. KIWASCO has been making concerted effort to reduce costs and improving the efficiency of existing infrastructure assets and the productivity of existing personnel. At the same time, the utility is working on increasing revenue collection efficiency, as well as ways to optimize all aspects of their operations, ranging from the treatment process to network management to customer interaction. As per the regulator, operational sustainability of a utility is assessed in terms of water losses or NRW, Metering and Staff productivity. KIWASCO recorded marginal improvements in the NRW and staff productivity and remained constant in metering.

KIWASCO also endeavors to reduce achieve operational efficiency by reducing NRW, ensure 100% adhere to Drinking and Wastewater Standards and Regulations, reducing cost of potable water production and water resource recovery, asset management (Improve Assets), improving potable water and water resource recovery infrastructure, adopting and optimizing technology for potable water and water resource recovery processes.

TABLE 9: Strategic Priority 2: Outcomes and Initiatives

Strategic Outcomes	Strategic Initiatives
Improved Operational Efficiency	Reduce NRW from 37% to 20%
	Ensure 100% Adhere to Drinking and Wastewater Standards and Regulations
	Reduced cost of potable water production and water resource recovery
	Asset management (Improve Assets)
	Improve potable water and water resource recovery infrastructure
	Adopt and Optimize technology for potable water and water resource recovery processes

4.3.3 Strategic Priority 3: Improve Financial Sustainability

Proper financial management and utilization is crucial in achieving the strategic priorities of the utility. The role of the finance function in a utility is to enhance planning, directing, organising and controlling of available financial resources in a way that furthers the mission of the utility and ensures a return on investment is achieved. KIWASCO wishes to achieve financial sustainability by improving on efficiency, cost management and focusing on resource mobilization both external and internal resources to fund its O&M costs and investments. KIWASCO will require to implement strategies to ensure it can meet its operational costs in line with the sector benchmarks. This should result to 1) improved O&M cost coverage, 2) improved collection efficiency, 3) increased billing efficiency, 4) expanded revenue base, 5) collection of debts, and 6) implementation of solid financial management systems.

THE STRATEGIC MODEL (cont'd)

TABLE 10: Strategic Priority 3: Outcomes and Initiatives

Strategic Outcomes	Strategic Initiatives
Improved financial performance	Improve monthly revenue from 85M to 127M
	Improve collection efficiency to 96%
	Increase customer connectivity from 50k to 68k
	Sustainable financing of LIAs
	Diversify alternative revenue streams
	Manage Debt portfolio
Cost management	Automation of financial processes
	Efficient supply chain management processes
	Manage operational cost
Efficient Financial management	Compliance to best financial management practices
	Effective budgeting process
	Comply with regulatory and statutory obligations

4.3.4 Strategic Priority 4: Increase Employee Productivity

Staff productivity refers to efficiency of employee utilization in delivering services to customers. In the water sector, it is measured as the number of personnel employed per 1,000 connections, which include both water and sewer connections where applicable. Staff productivity is a crucial aspect of evaluating the overall efficiency of a WSP, as it impacts the cost of delivering services to customers (WASREB). To maximize the output within the least amount of effort, KIWASCO commits to improve workplace conditions, employee wellness & experience, Promote Talent Development & Learning, Strengthen Diversity, Equity & Inclusivity, Leadership & Organizational Culture and automate HR Functions and Processes.

TABLE 11: Strategic Priority 4: Outcomes and Initiatives

Strategic Outcomes	Strategic Initiatives
Improve employee productivity from 83% to 87%	Attract and retain competent staff
	Undertake a staff rationalization exercise
	Implement a responsive organization structure
	Promote Talent Development & Learning
	Implement a robust performance management system
Increased employee satisfaction levels from 61% to 70%	Improve employee motivation
	Improve staff welfare
	Improved working environment
	Provide adequate office infrastructure
	Provide employees with working tools
	Strengthen Diversity, Equity & Inclusivity
Strengthened human resources function	Develop, review and implement institutional policies and procedures
	Develop integrated human resources information management system
Improved institutional visibility and branding	Implement the organization core values
	Strengthen Leadership & Organizational Culture
	Improve employee branding
	Improve company branding

4.3.5 Strategic Priority 5: Increase Customer Satisfaction

To provide excellent services and ensure the interests of consumers are protected, service standards are adhered to in terms of quality, cost and customer service in line with the regulator’s guidelines. Having been a national leader in this thematic area, KIWASCO recognizes the role of provision of high quality, reliable water services on gaining customer trust and confidence and higher levels of willing to pay for services. The utility in this strategic plan will gear up to maintain and accelerate its reputation for excellent customer service as well as we as ensure sustainability and quality of drinking water from source to tap. Towards achieving this, the main focus will be on entrenching a customer focus culture among employees, enhance consumer engagement and improve on the management of consumer feedback mechanisms, develop and implement a customer focused marketing strategy/plan, enhance digital interaction and management of stakeholder relationships through effective engagement mechanisms.

TABLE 12: Strategic Priority 5: Outcomes and Initiatives

Strategic Outcomes	Strategic Initiatives
Increased customer satisfaction level from 77.7% to 84%	Strengthen customer service management systems
	Entrench a customer focus culture among all employees
	Enhance consumer engagement and improve on the management of consumer feedback mechanisms
	Develop and implement a customer focused marketing strategy/plan
	Enhance digital interaction
	Management of Stakeholder relationships through advocacy.
	Improve on the levels of customer satisfaction

4.3.6 Strategic Priority 6: Enhanced Corporate Governance and Image

According to the regulator, compliance with regulations is inhibited largely by the attitudes and understanding of the regulated WSPs on sector requirements. Towards this end, KIWASCO commits to find ways to Strengthen the capacity (ability) of the Board and the Management Teams on these aspects. The utility will also reinforce the structures and instruments of good corporate governance and implement enterprise-wide risk management framework. A water utility can improve visibility and by emphasizing the aspects of the value they provide through awareness raising and effective engagement with their customers and wider stakeholders. KIWASCO will work on standardizing its physical presence of the brand, enrich internal and external communication and through enhanced Corporate Social Responsibility (CSR).

TABLE 13: Strategic Priority 6: Outcomes and Initiatives

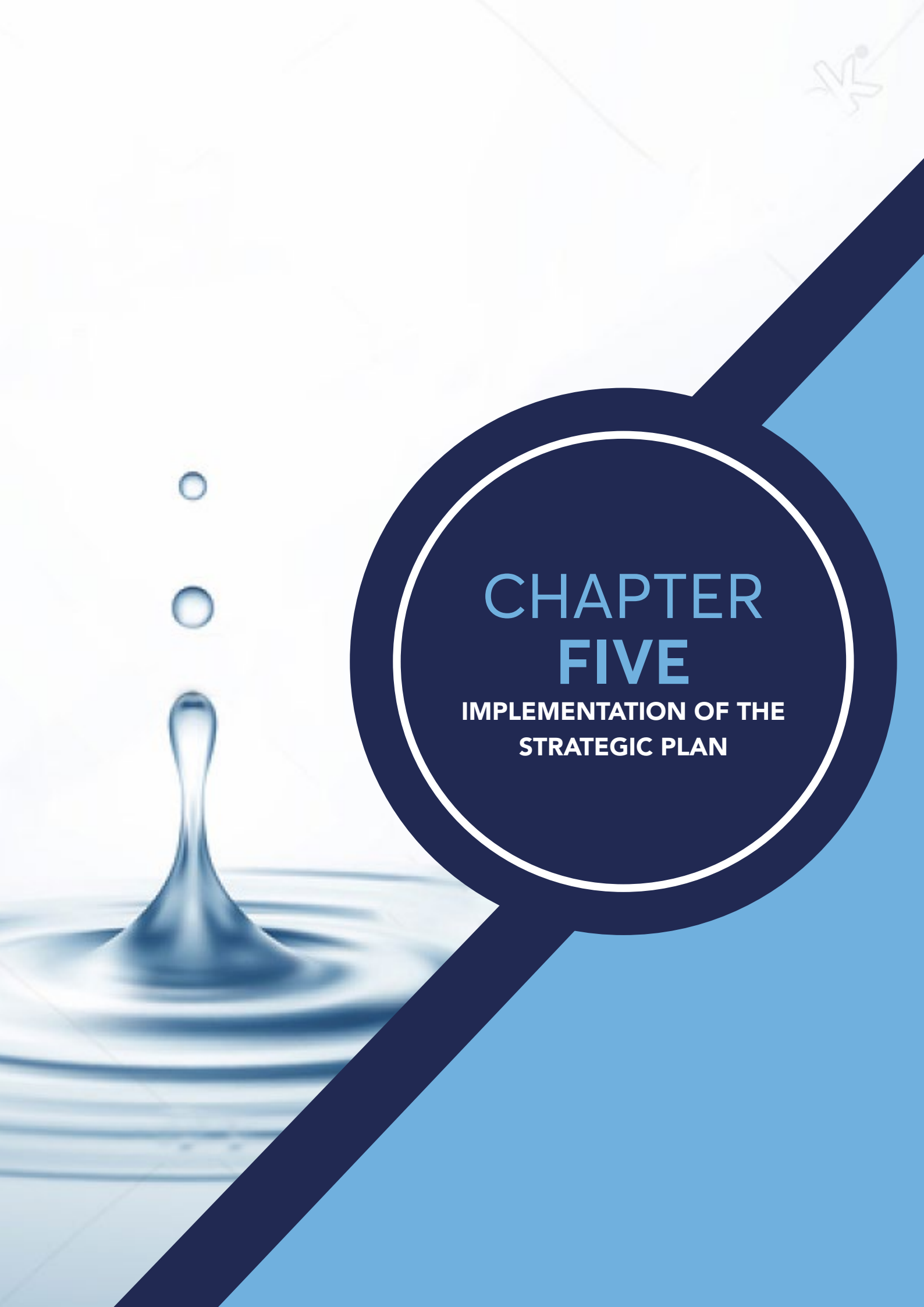
Strategic Outcomes	Strategic Initiatives
Enhanced board capacity in good governance	Strengthen the capacity of the Board on corporate governance
	Reinforce the structures and instruments of good corporate governance
	Undertake annual board evaluations
Reduced exposure to risks	Implement enterprise-wide risk management framework
	Protect company assets
	Ensure effective Audits
Improved stakeholder relations	Undertake stakeholder engagements
	Ensure annual reporting to stakeholders
	Ensure fulfilment of external/statutory requirements
	Develop sustainable partnerships
	Adopt ESG Reporting

THE STRATEGIC MODEL (cont'd)

TABLE 13: Strategic Priority 6: Outcomes and Initiatives (continued)

Strategic Outcomes	Strategic Initiatives
Mobilize resources	Lobby for increased resources
	Lobby for supportive legislation and regulations
Reduced exposure to risks	Implement enterprise-wide risk management framework
	Protect company assets
	Ensure effective Audits
Improved institutional visibility and branding	Implement the organization core values
	Enhance internal and external communication
	Improve company branding





CHAPTER FIVE

IMPLEMENTATION OF THE
STRATEGIC PLAN

IMPLEMENTATION OF THE STRATEGIC PLAN (cont'd)

5.1 Strategy Implementation Framework

Plan implementation is the action stage of the strategic plan. The activities central to plan implementation are: establishing annual objectives; devising appropriate policies; allocating resources and reviewing organizational arrangements/structures. Critical to strategy implementation is the Implementation Matrix attached in the Appendix. For the operationalization of the deliverables in the implementation matrix, the management will be required to derive annual action plans from the matrix to guide month on month activities and performance.

5.2 Strategy Implementation Key Success Factors

In implementing strategy, KIWASCO will need to consider several critical success factors. These factors will need to be addressed to make the transition from the development of this Strategic Plan and the identified strategies to the implementation phase. The figure below shows the key factors.



Figure 3: KIWASCO Strategy Implementation Key Success factors

5.3 Institutional Framework for Plan Implementation and Coordination

To deliver the requirements of the current strategic plan, KIWASCO must implement the desired human resource structure by employing required key personnel. Such a structure should be aligned to the strategic plan. The implementation of the organization structure will be phased in the strategic plan implementation period depending on efficiency levels achieved. A review of the organizational structure is recommended within the strategy period based on results achieved.

IMPLEMENTATION OF THE STRATEGIC PLAN (cont'd)

KIWASCO strategy implementation will be led by the governance structure of the company. The structure evolves from the Board of Directors to the employees represented by management as discussed below:

5.4 KIWASCO Corporate Governance Structure

KIWASCO is governed by a Board of Directors comprising of Nine (9) members including the utility's Managing Director. The operational day-to-day management of KIWASCO is the responsibility of the corporate management team which is headed by the Managing Director under the supervision of the Board of Directors. The role of the Board of Directors (BOD) is to provide policy guidelines for the management of the Company. The Board has the responsibility to establish and maintain full and effective control over the strategic, financial and operational direction of the Company as well as ensuring compliance with policies and procedures. The Board is guided in its mandate by four (4) Board Committees to enable it to discharge its role effectively including:

- Technical Committee
- Human Resource and Legal
- Finance and Commercial Committee; and
- Audit and Risk Committee

The Board reports to the County Executive Committee Member (CECM) in charge of the Department of Water & Sanitation in the Kisumu County Government. The Board Members are responsible for providing strategic leadership and overseeing the management. Specifically, the Board is mandated to undertake the following:

- Provide leadership in the management of the organization and in particular articulating the goals of the company and planning how these goals are to be achieved.
- Ensure that good corporate governance is integrated at all levels of the organization.
- Provide guidance to management in the development of policy in key strategic areas of the organization; approving policy and ensuring management compliance to approved policy.
- Monitor management and corporate performance against the strategic plan and approved budgets.
- Nurture positive relationship with stakeholders.
- Oversee compliance to statutory and regulatory frameworks of the organization.

5.4.1 KIWASCO Corporate Management Structure

The day-to-day management of KIWASCO are overseen by the Executive Committee of Management (EXCOM) that comprises of the office of the Managing Director and Heads of Departments /Senior Managers with distinct roles and responsibilities.

5.4.2 The Office of the Managing Director (MD)

The Managing Director (MD) of the company has the responsibility of ensuring proper and efficient management of the day-to-day operations of KIWASCO under the policy guideline of the Board of Directors. In doing so, the MD is supported by the Heads of Departments. The responsibilities of the MD are to:

- Interpret and implement the decisions of the Board.
- Ensure water and sewerage services are provided efficiently and effectively.
- Ensure KIWASCO adheres to the Service Provision License conditions.
- Oversee the formulation and implementation of policies and procedures.
- Ensure regular and accurate preparation of financial and other reports to stakeholders.
- Provide leadership and supervision to achieve the Company mandate.
- Spearhead company initiatives; and
- Mobilise financial and non-financial resources for investments and efficiency improvements.

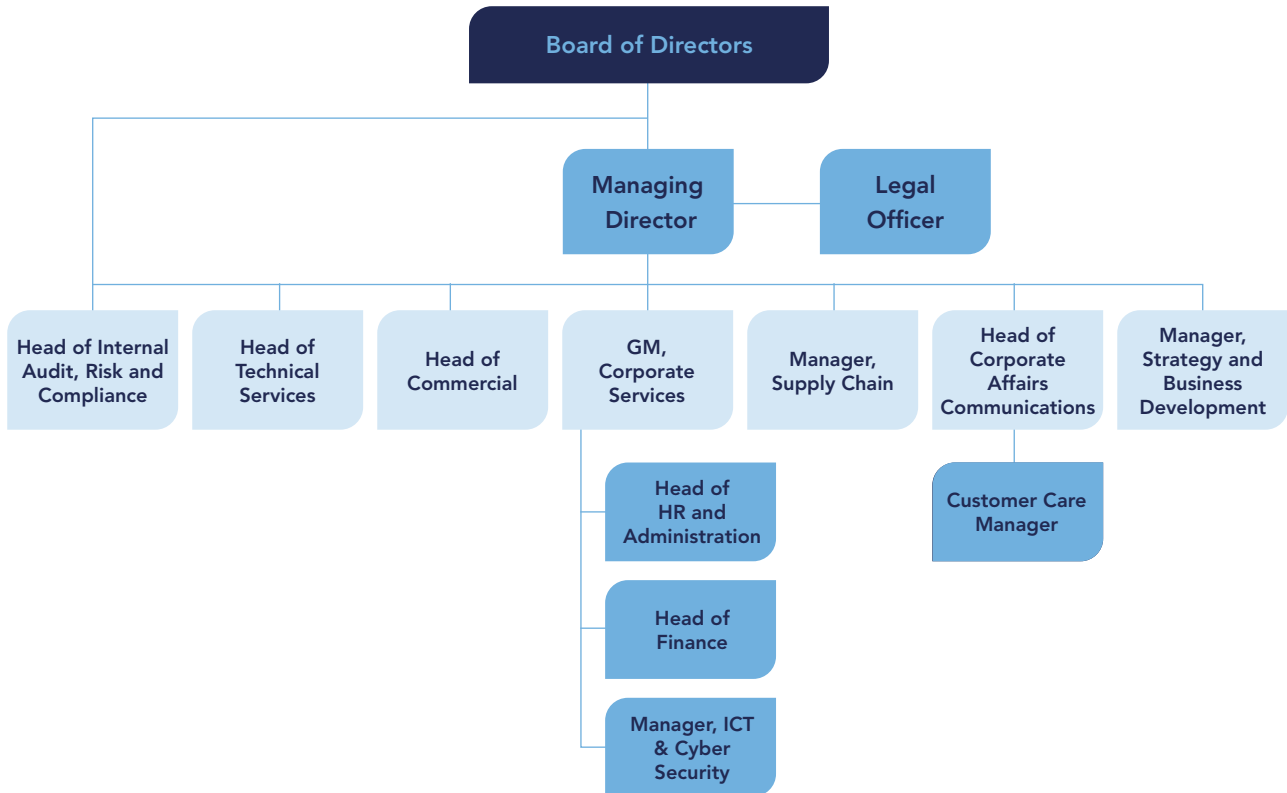
5.4.3 KIWASCO Departments

Functional departments have been identified to focus on core company activities. The departments and functions are as follows:

1. Technical Department
2. Commercial Services Department
3. Corporate Services
4. Internal Audit, Risk and Compliance
5. Supply Chain
6. Corporate Affairs and Communication
7. Non-Revenue Water
8. Business Development and Strategy

IMPLEMENTATION OF THE STRATEGIC PLAN (cont'd)

5.4.4 KIWASCO Organizational Structure



5.5 Financing the Strategic Plan

Implementation of strategic planning hinges on the availability of adequate resources for the lined-up initiatives without which the strategy will not be achieved. KIWASCO's Board and management commits to prioritize resource mobilization to ensure the strategic and operational budgets are well funded to facilitate the staff to put the plan into action. The utility will explore various sources of funds including internally generated, government, donor and commercial/private sector-based sources. However, the board highlights they will diligently evaluate the implications to determine cost benefit justification prior to approving commercial/private sector-based facilities.

5.5.1 Strategic Plan Implementation Budget

To implement the Strategy, KIWASCO will require a budget of Kes.9,097,000,000 broken down into 5 years based on the project annual activities. The table below presents the total budgets based on the seven Strategic Priorities.

IMPLEMENTATION OF THE STRATEGIC PLAN (cont'd)

TABLE 14: Strategic Plan Implementation Budget

Strategic Priority	Amount (Kshs)
Strategic Priority 1: Increase Water and Sanitation Access and Coverage.	6,560,450,000.00
Strategic Priority 2: Improve Operational Efficiency	1,826,550,000.00
Strategic Priority 3: Financial Sustainability	454,500,000.00
Strategic Priority 4: Improved LIA Initiatives	107,000,000.00
Strategic Priority 5: Increase Customer Satisfaction	49,400,000.00
Strategic Priority 6: Increase Employee Productivity	30,500,000.00
Strategic Priority 7: Improved Corporate Governance and Image	68,600,000.00
Total Budget	9,097,000,000.00

It is expected that the finances to address the above budget will be derived from different sources that include internally generated, commercial financing, and donations from national and county government and development partners as discussed in the section below.

5.5.2 Proposed Sources of Funds

As indicated, since KIWASCO has limited internal funds, this strategy will require external funding. The various external sources of funding the company can consider include:

The County Government of Kisumu

As a principal shareholder, it is expected that the County Government of Kisumu will provide KIWASCO with short and long-term funding for infrastructure development. Some of the proposed developments in this strategy should be jointly undertaken by KIWASCO and the County Government.

Development Partners

KIWASCO should explore partnership opportunities with various development partners who share the same interests.

Commercial Financing

To qualify for commercial financing, KIWASCO should work towards improving its credit rating in order to attract commercial lending by banks and other financial institutions. The commercial funding may address medium to long-term infrastructure development needs. Such lending facilities may be provided at a concessionary or market rate.

The National Government

It is expected that the National Government will provide KIWASCO an enabling environment for short and long-term funding for infrastructure development. Government Agencies such as the Water Sector Trust Fund (WSTF) and Water Works Development Agencies will equally be explored in this strategy to finance the huge Infrastructural developments.

IMPLEMENTATION OF THE STRATEGIC PLAN (cont'd)

TABLE 15: Sources of Funds

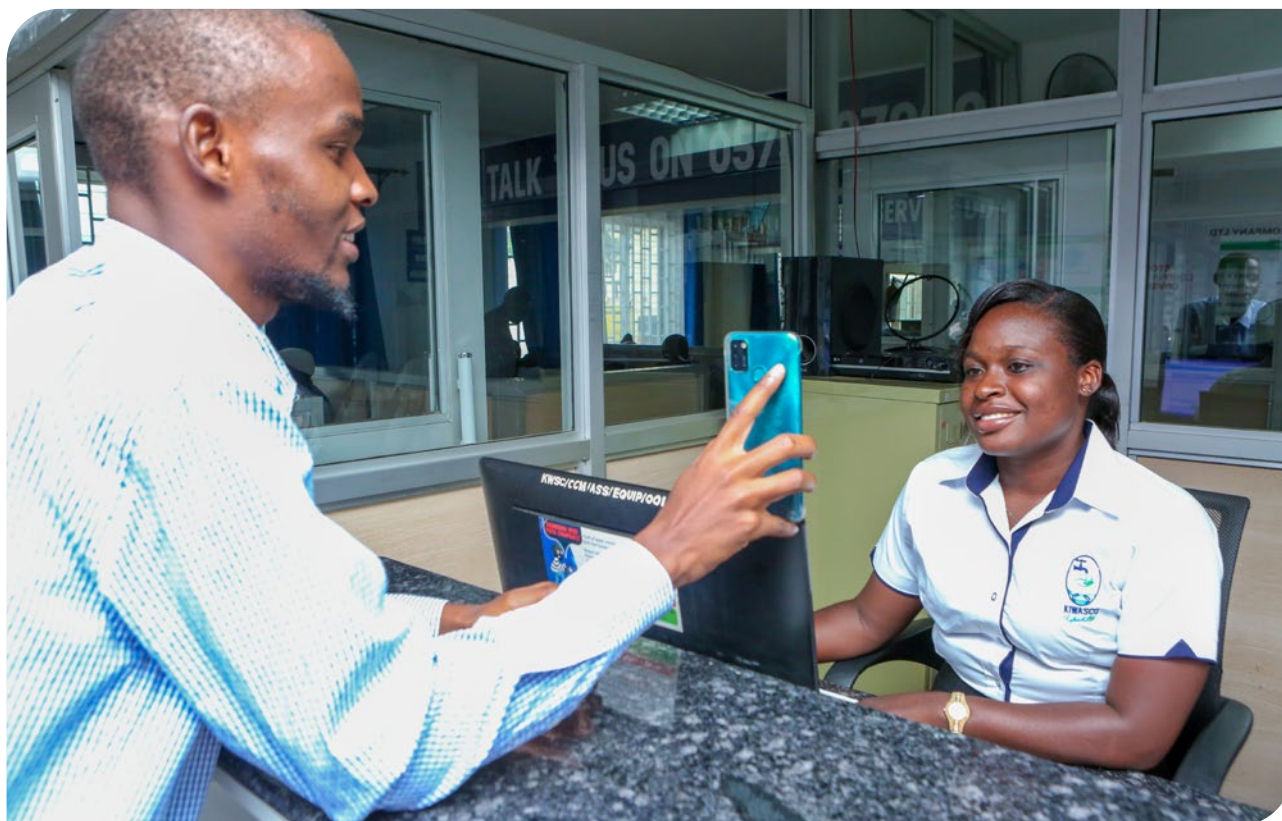
Sources	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Revenue						
Water	900,937,598	982,021,982	1,060,583,741	1,134,824,603	1,202,914,079	5,281,282,003
Reconnection fee	10,673,347	11,207,014	11,767,365	12,355,733	12,973,519	58,976,978
Water & Sewerage Connection	3,611,219	3,791,780	3,981,369	4,180,438	4,389,460	19,954,266
Exhauster	5,005,140	5,255,397	5,518,167	5,794,075	6,083,779	27,656,558
Sewerage	225,234,400	245,505,496	265,145,935	283,706,151	300,728,520	1,320,320,502
Miscellaneous charges	4,273,324	4,486,990	4,711,339	4,946,906	5,194,251	23,612,810
Total	1,149,735,028	1,252,268,659	1,351,707,916	1,445,807,906	1,532,283,608	6,731,803,117
Other sources						
Debt Collection	120,000,000	120,000,000	120,000,000	120,000,000	120,000,000	600,000,000
External Funding (Donors)	130,000,000	135,000,000	140,000,000	145,000,000	145,000,000	695,000,000
Regularize Illegal Water & Sewer Connections	3,308,654	3,474,087	3,647,791	3,830,181	4,021,690	18,282,403
County government	10,000,000	15,000,000	15,000,000	15,000,000	15,000,000	70,000,000
National Government	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000	400,000,000
Commercial Financing	120,000,000	120,000,000	120,000,000	120,000,000	101,914,480	581,914,480
Total Other Sources	463,308,654	473,474,087	478,647,791	483,830,181	465,936,170	2,365,196,883
Total Revenues	1,613,043,682	1,725,742,746	1,830,355,707	1,929,638,087	1,998,219,778	9,097,000,000

IMPLEMENTATION OF THE STRATEGIC PLAN (cont'd)

5.6 Risk Management

KIWASCO faces many challenges and must continually invest scarce resources in the pursuit of promising, (though uncertain) business activities. They must manage the business in the face of constantly changing circumstances and as they do all these things, they must simultaneously be in a position to provide assurance to key stakeholders that management and board are protecting and enhancing enterprise values, amid constantly changing risk profiles. Development and implementation of a sound risk management framework will help the Board and senior management meet KIWASCO's challenges by establishing oversight, control, and discipline to drive continuous improvement of its risk management capabilities. Enterprise Risk Management (ERM) provides the methodology, processes, and tools it needs to become anticipatory and effective at evaluating, embracing and managing all uncertainties, it faces as it creates sustainable value for its stakeholders.

A risk framework is a critical tool in ensuring KIWASCO can respond to a dynamic and uncertain environment. To manage the possible risks during the strategy implementation process, a risk analysis is provided below. Risk analysis is the process of identifying and analyzing potential issues that could negatively impact key business initiatives or projects.



IMPLEMENTATION OF THE STRATEGIC PLAN (cont'd)

TABLE 16: Risk Analysis Matrix

Type of Risk	Risk Description	Risk Likelihood	Impact of the Risk	Mitigation Measures
Strategic Risk	Inability to meet the expectations in the service license	High	High	<ul style="list-style-type: none"> • Ensure implementation of the SP as planned. • Undertake quarterly reviews of the SP implementation status
	Inadequate Funding	High	High	<ul style="list-style-type: none"> • Develop and implement resource mobilization strategy. • Engage the County and National governments in water infrastructure development. • Develop funding partnerships.
	High Non-Revenue Water	High	High	<ul style="list-style-type: none"> • Implement the NRW Reduction strategy. • Rehabilitate dilapidated water infrastructure.
Operational Risk	Breakdown of water and sewer systems	High	High	<ul style="list-style-type: none"> • Practice Total Preventative Maintenance (TPM) • Implement Business Continuity Plan
	Breakdown of internal systems.	High	High	<ul style="list-style-type: none"> • Total Preventative Maintenance (TPM) • Implement Business Continuity Plan
	Destruction / vandalism of water and sewer systems	High	Medium	<ul style="list-style-type: none"> • Ensure asset security and protection. • Implement whistleblowing policy. • Community sensitization and relationship building
Financial Risk	Cost overruns	Medium	Medium	<ul style="list-style-type: none"> • Adherence to financial management practices • Adherence to approved budget by the Board
	Nonpayment of services rendered	Medium	Medium	<ul style="list-style-type: none"> • Implement debt management policy
Reputational Risk	Negative publicity, poor stakeholder relations and negative public perception	Medium	Medium	<ul style="list-style-type: none"> • Engage in stakeholders' relationship building. • Ensure adherence to the water quality and wastewater management standards. • Implement the pro-poor strategies in the LIAs
Compliance Risk	Failure to submit to legal and statutory requirements.	Medium	Medium	<ul style="list-style-type: none"> • Ensure submission of statutory deductions and financial reports timeously • Ensure 100% compliance to water quality and wastewater management standards.
Technological Risks	Hardware and software failure and cyber attacks	Medium	Medium	<ul style="list-style-type: none"> • Ensure Disaster risk reduction (DRR) strategies are in place. • Train all staff on technological risk management and cyber security



CHAPTER SIX

**PERFORMANCE
MONITORING, EVALUATION
AND REPORTING**

PERFORMANCE MONITORING, EVALUATION AND REPORTING (cont'd)

6.1 Introduction

An effective M&E mechanism will help ensure cost effectiveness, timeliness, and quality in achieving the objectives of the strategic plan. This Strategic Plan will be subjected to regular reviews on the various deliverables. The reviews will focus on how available inputs have been used and what outputs and short-term outcomes have been achieved. This review shall also focus on challenges, issues and lessons learnt.

6.2 Monitoring and Evaluation (M&E) Framework

The following M&E framework will ensure successful monitoring and evaluation of the strategic plan activities, objectives, challenges, and achievements:

- The monitoring and evaluation of the strategic plan rests with the Board of Directors
- The Board delegate's power to the Board Committee assigned with the role of monitoring and evaluating progress on the plan.
- The KIWASCO management will form a Strategic Plan Implementation Committee (SPIC) that will focus on M&E. The committee with representation from all departments will oversee the implementation of the strategic plan. The M&E committee will hold monthly meetings to review the status.
- The SPIC committee will report quarterly to the Corporate Management Team which is led by the MD.
- The MD will avail quarterly progress reports to the Board of Directors on the progress made.

6.2.1 Monitoring

The monitoring activities will serve to identify gaps or deficiencies to be addressed by management. Daily, weekly, monthly and quarterly reporting will be critical for the monitoring function. To ensure effective participation in plan implementation, there will be a need to:

- Establish standard formats for data collection and reporting with periods covered, and details of information to be supplied;
- Implement a Performance Management system making every officer accountable for the use of resources and attainment of set objectives; and
- Effectively use available resources to ensure smooth implementation of the strategic plan.

6.2.2 Evaluation

The purpose of evaluation is to measure the actual performance against target levels and establish the size of variance and causal factors for the variance; and recommend appropriate remedial measures, including a review of the objectives and/or strategies. The evaluation plan will help determine the relevance, effectiveness, and

efficiency of the activities proposed in the strategic plan. Since this is a one-year strategic plan, there will be no mid-term evaluation but rather a final evaluation to assess the achievement of the activities of the plan, identify and document the successes or failure. The final evaluation will be undertaken at the end of the plan in May/June 2023. The evaluations will be guided by key questions to ascertain the relevance, effectiveness, efficiency, impacts and/or sustainability of work. Some of the questions shall include:

- To what extent were the planned objectives consistent with stakeholder's needs and expectations?
- How were the financial, technical and human resources utilized to achieve the desired results?
- To what extent were the objectives achieved, considering their relative importance?
- What were the positive and negative effects achieved/produced during the strategy implementation period?
- What were the major obstacles to reaching the desired goals in the strategic plan? What can be done to overcome these obstacles?
- What are the lessons learnt that can inform further strategy development for the KIWASCO?

6.3 Cascading the Strategic Plan

In a bid to translate high level strategy into aligned lower-level objectives and measures, KIWASCO will adopt a three-tier cascading framework comprising:

- (i) Corporate work plan/target.
- (ii) Departmental/Divisional/ Unit work plan.
- (iii) Employee work plan.

In this regard, KIWASCO will align the vision to make strategy actionable by departments and trickle down to employees while linking rewards, recognition and incentives to results.

6.4 Performance Measurement

It is imperative to link strategies to a performance framework. The framework will entail linking activities and resources to desired results. For KIWASCO performance, several Key Performance Indicators aligned to the objectives and strategies were identified and are listed in the KPI table. The KPI will also form a basis for performance reporting to key stakeholder groups.

For any strategic plan to be implemented successfully, it is imperative to link strategies to an implementation framework. Such a framework will entail linking activities and resources to desired results. In ensuring that the strategic priorities are implemented an appropriate performance management framework (Balance Scorecard

PERFORMANCE MONITORING, EVALUATION AND REPORTING (cont'd)

– BSC) will be implemented based on the following three areas.

- Performance Objectives - What strategy must be achieved and what is critical to its success.
- Measure - How success will be measured and tracked.
- Target – What are the performance expectations.

KIWASCO's BSC is focused on four perspectives which will form the basis of employee performance evaluation across the organization. These include:

- Financial Perspective
- Customer Satisfaction Perspective
- Internal Business Process Perspective
- Learning and Growth Perspective.

For successful BSC implementation, it becomes imperative for KIWASCO to:

- Translate its strategic priorities to operational terms through a process of cascading and breaking down the strategies to specific outcomes.
- Align the organization to the strategy through ensuring that the organization structure, policies, procedures and organization systems support the strategy.
- Make strategy everyone's everyday job through individual employee's performance plans.
- Make strategy a continual process through a constant monitoring and review of performance in relation to strategic outcomes expected.
- Mobilize change through executive leadership by ensuring that all the employees have a shared vision and are given effective leadership by way of coaching, mentoring, motivating and inspiration towards the vision.

6.5 Reporting Mechanisms

The M&E framework will generate the following reports:

i) *Monthly Progress Reports on Implementation*

All the departments will be required to submit monthly progress reports on the key performance indicators and initiatives to the Finance Department by 10th of the succeeding month.

ii) *Quarterly Performance Review Reports*

At all levels, performance review report will be produced outlining the performance against the Strategic Priorities outlined in this Strategic Plan. The reports will be discussed by the SPIC. The discussion will focus on a review of the findings and the agreed action points. The finalized report will be submitted to the Board.

iii) *Annual Strategic Plan Performance Report*

An annual Strategic Plan performance report will be developed. The report will be validated by stakeholders to:

- Obtain stakeholder insights on the information generated.
- Mitigate biases through discussion of the information generated with key M&E actors and objective owners.
- Build consensus on the findings and gaps.
- Strengthen ownership and commitment to M&E activities.





APPENDICES

Appendix 1: Implementation Plan

Strategic Priority 1: Increase Water and Sanitation Access and Coverage

Outcome 1.1 Increase Water Coverage and Access from 91% to 95%

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Increase Water Production Capacity	Extend the extraction point at Dunga Intake	-	-	√	-	-		
	Construct 2nr fully automated water treatment plants on Lake Victoria of capacity 100,000m ³ /day (Convectional TP or Containerized) and transmission line	-	-	-	-	-	5B	CETS
	Explore other water sources and efficient technologies on water production	-	-	-	-	-	100M	CETS
	Install 1 number elevated tanks at Watson bank	-	-	-	-	-	12M	CETS
Grow Water Network Infrastructure coverage	Densify water network in under-served areas: Nyamasaria, upper Mamboleo, Riat hills, Chiga, Nyalunya, Obino Masawa (100Km)	-	-	-	-	-	150M	CETS
	Extend Water Network to un-served areas e.g. Bwoye, Angola, (100Km)	-	-	-	-	-	160M	CETS
Water resources management	Gazette Nyangori sub catchment	√	-	-	-	-	14M	CETS
	Develop and implement catchment management plan	√	√	-	-	-	-	-
	Protect the ecosystem through afforestation, reforestation etc.	√	√	√	√	√	-	-
	Engage community, associations and other government agencies in catchment management activities	√	√	√	√	√	-	-

Outcome 1.2 Increase Sanitation Coverage and Access from 55% to 65%

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Adopt ecological sanitation solutions and technologies	Improve Onsite sanitation facilities - support construction of 500 toilets in LIAs	100	100	100	100	100	65M	CETS
	Develop and implement sewer connection strategy	-	√	-	-	-	0.5M	CETS
	Acquire small vacuum truck exhausters for informal settlements	-	√	-	-	-	10M	CETS
	Establish revolving fund for sanitation services	-	-	√	-	-	37.5M	CETS
	Pilot re-use innovations (urine & Manure)	√	√	√	-	-	3M	CETS
	Develop sanitation safety plan, sanitation guidelines and manuals	-	√	-	-	-	1M	CETS
	Review existing Marketing strategies: Incorporate sanitation related activities to trigger uptake of sanitation services	√	-	-	-	-	0.2M	CETS
	Construct 2nr fecal pre-treatment units at Nyalenda and Kisat	-	√	-	√	-	20M	CETS
	Pilot 5number ecological toilets	√	√	√	√	√	0.75M	CETS

APPENDICES cont'd

Outcome 1.2 Increase Sanitation Coverage and Access from 55% to 65%

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Increased capacity development for sanitation	Review the social connection policy: Incorporate sanitation	-	-	-	-	-	0.2M	CETS
	Develop a strategy for partnership engagement	√	-	-	-	-	0.3M	HOCS
	Capacity building: on-board, nurture and grow sanitation specialists among Staffs	√	√	√	√	√	2M	HRAM
Increase Sewerage Coverage and Access from 16% to 25%	Extend sewer networks by 10Km	√	√	√	√	√	100M	CETS
	Rehabilitate and construct 500Nr sewer Manholes along the Trunk main Lines	100	100	100	100	100	45M	CETS
	Increase public connections networks by 2,500Nr	500	500	500	500	500	450M	CETS
	Increase number of household sewer connections by 3,500Nr	1000	1000	500	500	500	12.5M	CETS
	Construct nature-based treatment systems in un-served areas, 1nr	-	-	√	-	-	20M	CETS
	Construct decentralized sewer facility (1Nr)	-	-	√	-	-	50M	CETS
	Construct simplified sewer networks (10km)	√	√	√	√	√	40M	CETS
	Increase water resource recovery in the sanitation value chain (increase uptake of manure to 145Tones/Year)	-	√	-	-	-	0.5M	CETS
	Construct 1Nr fecal sludge treatment unit	-	-	√	-	-	20M	CETS

Strategic Priority 2: Improve Operational Efficiency

Outcome 2.1: Reduction of NRW from 37% to 20%

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Reduce NRW	Develop NRW Policy, strategy & SOPs	√	-	-	-	-	0.5M	NRWM
	Carry out CIS and action findings (including full system clean-up)	√	√	-	-	-	40M	HOCS
	Review and adopt New connections Procedures	√	√	√	√	√	0.5M	HRAM
	Conclude reviews and adopt meter management policy	√	-	-	-	-	0.5M	NRWM
	Meter Management (Inaccuracies)							
	Adopt Smart Metering Technology; 200 Meters	-	√	-	-	-	5M	NRWM
	Pilot and upscale/Adopt AMR meters for Bulk Meters (50 Meters)	√	√	√	√	√	5M	NRWM
	Carry out meter resizing and re-orientation	-	√	√	√	√	5M	NRWM
	Develop and implement meter aging, sizing and overhaul inventory and plan (15,000 meters)	√	√	√	√	√	60M	NRWM

Strategic Priority 2: Improve Operational Efficiency (continued)

Outcome 2.1: Reduction of NRW from 37% to 20%

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Reduce NRW	Meter Management (Data Acquisition and meter reading)							
	Pilot and onboard bar code and Geo-fenced meter reading	-	√	-	-	-	4.5M	NRWM
	Pilot prepaid and remotely managed household metering (Drive-By/Walk-By)	-	√	√	-	-	3M	NRWM
	Remotely manage key major consumers	-	√	√	√	√	3M	NRWM
	Adopt serialized meter tamper-proof seals and conduct mass meter sealing	√	-	-	-	-	3M	NRWM
	Establish and adopt two (2Nr) public engagement initiatives (including rewarding)	√	-	√	-	-	3M	NRWM
	Establish an effective whistleblower initiative and anonymous reporting platform	-	√	√	√	√	0.75M	NRWM
	Prepare a training module and capacity build inspection, readers and ALM teams on illegal activities management	√	-	√	-	√	0.25M	HRAM
	Standardize kiosk and 3rd party service providers' operations and infrastructure	√	-	-	-	-	0.3M	HOCS
	Active Leak Detection & Control							
	Prepare and implement ALDC plan	√	√	√	√	√	0.05M	NRWM
	Procure NRW Management equipment: 1Nr correlator; 2No. Steel and non-steel pipe locator; 2No. Clamp-on UFM	√	√	√	-	-	5M	NRWM
	Undertake quarterly leak patrols/scouting	√	√	√	√	√	6M	NRWM
	Pilot Active Leak detection & Control using 2 new technologies (UAV; Gas)	-	√	-	√	-	4M	NRWM
	Establish and implement an LMC overhaul initiative (PPP)	-	√	√	√	√	1.5M	NRWM
	Capacity building for NRW Initiatives	√	√	√	√	√	4M	HRAM
	Pressure Management							
	Procure digital pressure loggers, 50Nr	√	√	√	√	√	5.5M	NRWM
	Conduct network pressure surveys	√	√	√	√	√	3.5M	NRWM
	Acquire 10nr pneumatic Valves for reservoir tanks	√	√	√	√	√	15M	CETS
	Speed and quality of O&M							
	Integrate all Data collection and management tools (Kobo & GIS with CRM and ERP) and Fully digitize O&M operations, monitoring and analysis	√	-	-	-	-	25M	NRWM
	Adopt 1Nr main NRW monitoring dashboard and actualize network monitoring (SCADA)	-	√	-	-	-	3M	NRWM
	Re-Establish RRT or alternative model of network Maintenance (280 days/year)	√	√	√	√	√	12M	NRWM

APPENDICES cont'd

Strategic Priority 2: Improve Operational Efficiency (continued)

Outcome 2.1: Reduction of NRW from 37% to 20%

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Reduce NRW	DMA Management							
	Implement hydraulic zoning of the city (8No District areas) & establish caretaker approach	-	√	√	-	-	120M	NRWM
	Isolate and manage 5 additional DMAs in critical supply zones (to include real-time monitoring)	√	√	√	√	√	100M	NRW

Outcome 2.2: Ensure 100% Adhere to Drinking and Wastewater Standards and Regulations

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Adhere to Drinking and Wastewater	Equip adequately both Portable Water and Waste Water Laboratories	-	-	-	-	√	5M	CETS
Standards and Regulations	Augment the Preliminary unit for Kisan (Install automated screen for separation of solid and oil)	-	-	-	√	-	10M	CETS
	Install Quality monitors at distribution network (reservoirs)	-	√	-	-	-	8M	CETS
	Improve the water chemical dosing at the treatment plants	√	√	√	√	√	30M	CETS
	Maintain quality management systems (QMS) & ISO 17025:2017	√	√	√	√	√	2.5M	CETS
	Implement a water safety plan	√	√	√	√	√	0.2M	CETS
	Acquire a Laboratory Information Management System software (LIMS)	√	-	-	-	-	5M	CETS
	Equip the quality assurance laboratory	√	√	√	-	-	5.5M	CETS
	Install Quality monitors for Kisan & Nyalenda Ponds	-	√	√	√	√	10M	CETS

Outcome 2.3: Reduced cost of potable water production and water resource recovery

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Reduce cost of potable water production and water resource recovery	Implement the energy audit recommendations	√	√	√	√	√	90M	CETS
	Solarization of Dunga Plants and Satellite Reservoirs'	√	√	√	√	√	190M	CETS
	Optimize dosing of the water treatment chemicals to reduce usage/ wastages	-	√	√	-	-	3M	CETS
	Replace old pumps (Omega & Caprari) and motors with energy efficient pumps & Motors, 5nr.	√	√	√	-	-	45M	CETS

Strategic Priority 2: Improve Operational Efficiency (continued)

Outcome 2.3: Effective Management of Assets

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Portable Water Infrastructure	Maintain all valves and appurtenances in the water treatment plant (PPM)	√	√	√	√	√	30M	CETS
	Install 280 new valves on existing networks for network efficiency (Av-50, Wo-95, NRV-5, Hydrants-25, Isolation valves-105, PRV-3, Surge Vessels-2)	√	√	√	√	√	70M	CETS
	Replace 150 faulty water network valves (Av-15, Wo-10, NRV-5, Hydrants-20, Isolation valves-100)	√	√	√	√	√		
	Construct 487 complete valve chambers (280 new installations, 207 valves without chambers) and replace 100 chamber covers	√	√	√	√	√		
Water Resource Recovery Infrastructure	Install measuring equipment for Kisan and Nyalenda Ponds (1No. Kisan Sludge & 3No. for inlet and outlet Nyalenda & Kisan)	√	√	√	√	-	10M	CETS
	Procure mobile sludge drying system, 1nr	-	√	-	-	-	15M	CETS
	Power back up for Sunset power station (generator)	-	√	-	-	-	3.5M	CETS
	Increase capacity for onsite sanitation, 1 training per year	√	√	√	√	√	0.5M	HRAM
	Expand and Equip Kisan Water Resource Recovery Plant Laboratory	√	-	-	-	-	15M	CETS
	Upscale tree nursery project, 20,000 Trees	√	-	-	-	-	0.5M	CETS
	Improve & Construct Wastewater Manholes at the service lines, 250nr	√	√	√	√	√	19M	CETS
	Install measuring equipment for Kisan and Nyalenda Ponds (1No. Kisan Sludge & 3No. for inlet and outlet Nyalenda & Kisan)	√	√	√	√	-	10M	CETS

Outcome 2.4: Improve potable water and water resource recovery infrastructure

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Portable Water Infrastructure	Re-construct and maintain the existing barrier at Dunga Intake	√	√	√	√	√	95M	CETS
	Rehabilitate 2nr concrete and 4nr steel leaking clear water tanks	-	√	√	√	√	44M	CETS
	Overhaul/Augment old pipe network, (Appr. 50km); AC & GI Pipes	√	√	√	√	√	75M	CETS
	Procure a jack hammer for heavy excavation works on the concreted sections of the infrastructure	√	-	-	-	-	0.25M	CETS
	Procure a pressure tapping tool for efficient connections with running water (1"-16")	√	√	-	-	-	0.75M	CETS
	Procure 2 number electrofusion machines for PE pipe material repair works (2"-24") & Procure pneumatic pipe cutters for efficient and effective pipe repairs under water (2"-24")	-	√	-	-	-	4.5M	CETS

APPENDICES cont'd

Strategic Priority 2: Improve Operational Efficiency (continued)

Outcome 2.4: Improve potable water and water resource recovery infrastructure (continued)

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Water Resource Recovery Infrastructure	Rehabilitate secondary and Primary treatment for Nyalenda and Kivat	√	√	√	√	√	7M	CETS
	Pilot wastewater sludge dewatering for commercialization	-	√	-	-	-	3M	CETS
	Rehabilitate Kivat Drying beds, 25nr	√	√	√	√	√	30M	CETS
	Rehabilitate dilapidated Sewer network (10km)	√	√	√	√	√	8M	CETS
	Rehabilitate Electro Mechanical installations at Kivat and booster stations	√	√	√	√	√	30M	CETS
	Augment the aeration system and primary unit at Kivat Treatment Plant	-	√	-	-	-	2M	CET
	Rehabilitate and upscale the constructed wetland at Kivat plant	-	√	√	-	-	10M	CETS
	Augment the constructed wetland in Nyalenda Ponds to full capacity	-	√	-	-	-	10M	CETS
	De-sludge 3Nr primary series at Nyalenda Ponds	√	√		√	√	180M	CETS
	Rehabilitate 6Nr Nyalenda Ponds Embankments (Primary & Facultative)	√	√	√	√	√	210M	CETS

Outcome 2.5: Improved potable water and water resource recovery processes

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Adopt and Optimize technology for potable water and water resource recovery processes	Install a Pre-treatment unit at Dunga Intake	-	√	-	-	-	10M	CETS
	Improvement of Automation in Kajulu and Dunga Treatment Plants	√	√	√	√	√	10M	CETS
	Acquire and onboard a SCADA system (Flow, Pressure, Level, Quality, Pneumatics, Pumps, Actuators)	√	√	√	-	-	10M	CETS
	Automation of Backwashing system for Dunga and Kajulu Treatment Plants.	-	√	-	-	-	3M	CETS
	Acquire and Maintain Tank level monitoring system	√	√	√	√	√	2.5M	CETS
	Pilot alternative filtration in Dunga T. Works (e.g. adsorption technology)	-	√	-	-	-	2M	CETS
	Acquire multipurpose network maintenance unit, 1nr	-	-	√	-	-	20M	CETS
	Develop an IOT Platform	√	-	-	-	-	0.5M	ICTM
	Develop and maintain hydraulic model	√	√	√	-	-	10M	NRWM
	Acquire enterprise GIS software -ArcGIS pro with utility manager extension	-	√	-	-	-	3M	NRWM
	Acquire improved Field Data Collection and Mobile GIS hardware –GPR pipe locator, Geodetic GPS, Total Station, GIS mobile mappers, UAV/ Drone	√	-	√	-	√	5M	NRWM

Strategic Priority 2: Improve Operational Efficiency (continued)

Outcome 2.5: Improved potable water and water resource recovery processes

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Adopt and Optimize technology for potable water and water resource recovery processes	Acquire hydraulic modelling and design software –WaterGems, SewerGems, AutoCAD	-	√	-	-	-	5.5M	NRWM
	Acquire high resolution imagery and digital elevation model (DEM)	√	-	-	-	-	2M	NRWM
	Fully Integrate GIS with ERP	-	√	-	-	-	2M	NRWM
	Develop an interactive web-based GIS	-	-	√	√	-	3.5M	NRWM
	Develop service area cadaster	-	√	-	-	-	2M	CETS
	Train staff on the new emerging technologies in O&M	√	√	√	√	√	0.5M	HRAM

Strategic Priority 3: Financial Sustainability

Strategic Outcome 3.1 Improved Financial Sustainability

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Improve monthly revenue from 85M to 127M	Implement Smart metering	148	250	400	550	700	50M	HOTS/HOCS
	Enhance supervision	√	√	√	√	√		HOCS
	Reactivation of dormant accounts	1500	1500	1500	1500	1500	1M	HOCS
	New connections	4250	3850	3500	3500	3250	15M	HOCS
Improve collection efficiency to 96%	Timely delivery of bills by 1st of every month	√	√	√	√	√	8M	ICT/HOCS
	Timely Disconnection of unpaid accounts	√	√	√	√	√	3M	HOCS
	Timely resolution of billing disputes	√	√	√	√	√		HOCS/HCA
	Send regular payment reminders	√	√	√	√	√	2.5M	ICT/HOCS
	Adopt an account strategy (corporate A/cs)	√	√	√	√	√		HODS
Increase customer connectivity from 50k to 68k	New Water connection	4250	3850	3500	3500	3250	60M	HOCS
	Sewer Connection	1000	1000	650	650	500	38M	HOTS/HOCS
	Implement market plan	3M	3M	3M	3M	3M	15M	HOCS
Sustainable financing of LIAs	Establish a revolving fund for WASH services	5M	10M	10M	10M	10M	45M	HOCs
	Resource mobilization plans	12.5M	10M	10M	10M	10M	52.5M	HOCs
	Broaden the portfolio of partners	1	1	1	1	1	5M	HOCs

APPENDICES cont'd

Strategic Priority 3: Financial Sustainability

Strategic Outcome 3.1 Improved Financial Sustainability

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Diversify alternative revenue streams	Exhauster services	√	√	√	√	√	10M	HOCS
	Test bench calibration services	√	√	√	√	√		HOCS
	Fines and surcharges	√	√	√	√	√		HOCS
	Reconnection fees	√	√	√	√	√		HOCS
	Disposal of obsolete items	√	√	√	√	√		HSC
	Commercializing sludge	√	√	√	√	√	2M	HOCS
	Develop funding proposals	2Nr.	2Nr	2Nr	2Nr	2Nr	2.5M	HOF/ HOCS
Manage Debt portfolio	Continuous implementation of debt policy	154M	138M	124M	111M	100M	1.5M	HOCS
	Adopt an account strategy for all corporate accounts	√	√	√	√	√		HODS
	Timely collection of current bills	96%	96%	96%	96%	96%		HOCS
	Timely adjustment of erroneous bills	√	√	√	√	√		HOCS
	Strengthening of debt collection processes	√	√	√	√	√		HOCS
	Provision of bad and doubtful debts	√	√	√	√	√	100M	HOCS/ HOF

Strategic Outcome 3.2 Cost Management

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Automation	Enhance dosing systems	√	√	√	√	√	5M	CETS/ ICTM
	Enhance ERP systems	√	√	√	√	√	10M	ICTM
Efficient supply management processes	Develop and implement annual procurement plan	√	√	√	√	√	1M	HSC
	Ensure efficient tendering process	√	√	√	√	√	1.5M	HSC
	Ensure effective contract management	√	√	√	√	√	0.5M	HSC
	Strengthen Inventory management	√	√	√	√	√	0.5M	HSC
	Practice sustainable procurement	√	√	√	√	√		HSC
	Dispose-off inefficient and obsolete assets	√	√	√	√	√	1M	HSC
Manage operational cost	Adhere to acceptable personnel cost ratio	30%	30%	30%	30%	30%		HOF
	Manage staff welfare costs	√	√	√	√	√	15M	HOF
	Adhere to budget allocations	√	√	√	√	√		HOF
	Adhere to operational cost coverage ratio	110%	110%	110%	110%	110%		HOF
	Manage CAPEX							HOF

Strategic Outcome 3.3 Efficient Financial management

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Compliance to best financial management practices	Adhere to best practices (IFRS, PFM Act, Company act, PSASB)	√	√	√	√	√	1M	HOF
	Maintenance of updated fixed asset register	√	√	√	√	√	1.5M	HOF
	Participate in annual external audits	√	√	√	√	√	3M	HOF
	Implement audit recommendations	√	√	√	√	√		HOF
	Adherence to finance and operations manual	√	√	√	√	√		HOF
Effective budgeting process	Timely budget preparation and approvals	√	√	√	√	√	1.5M	HOF
	Monitor and review budget implementation	√	√	√	√	√	1M	HOF
	Communication of budget recommendations	√	√	√	√	√	0.5M	HOF
Comply with regulatory and statutory obligations	Timely submission of reports	√	√	√	√	√	0.5M	HOF
	Timely remittance of levies, fees and taxes	√	√	√	√	√		HOF
	Adherence to relevant statutory policies	√	√	√	√	√		HOF

Strategic Priority 4: Improved LIA Initiatives

Strategic Outcome 4.1: Increase access and coverage in LIAS from 88% - 95%

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Increase access in the LIA areas	Increase network coverage.	6km	6km	6km	6km	6km	20M	HOTs
	Adopt appropriate technologies in the LIAs	√	√	√	√	√	59M	HOCs
	Implementation of pro poor policies	√	√	√	√	√	10M	HOCs
	Adhere to WASREB requirement on LIA financing and budgets	√	√	√	√	√	2M	HOCs

Strategic Outcome 4.2: Ensure Sustainability of LIAS Initiatives

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Sustain pro poor initiatives	Develop, review and finance strategic LIA policies and documents.	√	√	-	-	-	3M	HOCs
	Enhance collaboration – Partners/ community	√	√	√	√	√	8.5M	HOCs
	Develop pro poor marketing plan	√	-	-	-	-	0.5M	HOCs
	Review performance of delegated management of WASH service providers	-	-	√	-	-	2,5M	HOCs
	Develop and review service provision contracts and MOUs	√	√	√	√	√	1.5	HOCs

APPENDICES cont'd

Strategic Priority 5: Increase Customer Satisfaction from 77.7% to 84%

Strategic Outcome 5.1: Increased Customer Satisfaction

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Strengthen customer service management system	Integration of CRM and KOBO to ensure 100% registration of complains	-	√	-	-	-	1M	ICTM
	Acquire a more advanced CRM that has features like online new connection application	-	√	-	-	-	3.5M	HCAC
Entrench a customer focus	Initiate benchmarks with other companies	-	√	-	√	-	0.5M	HCAC
culture among employees	Conduct regular customer service training to keep a breast with the changing customer needs and behaviors.	√	√	√	√	√	6M	HCAC
Enhance consumer engagement and improve on the management of consumer feedback mechanisms	Acquire an advanced call center for ticketing or queuing system of customer care	√	√	-	-	-	1.5M	HCAC
	Conduct biennial customer satisfaction surveys	√	-	√	-	√	4M	HCAC
	Acquire a queue ticket vending machine for customer service area	√	-	-	-	-	1.2M	HCAC
Develop and implement a customer focused marketing strategy/plan	Developing a three-year marketing strategy	√	-	-	√	-	5M	HCAC
	Annual review of marketing plans.	√	√	√	√	√	2.5M	HCAC
	Educate customers and create awareness on our products and services through development of communication materials	√	√	√	√	√	4M	HCAC
Enhance digital interaction	Enhance KIWASCO App to make it user friendly and detailed	-	√	-	-	-	1.7M	HCAC
	Automate customer enquiry and responses on customer WhatsApp platforms	-	√	√	-	-	2M	HCAC
	Optimize usage of existing social media interaction channels	√	√	√	√	√	1.5M	HCAC
Management of Stakeholder relationships through advocacy	Arbitrate between company and customers over way leaves	√	√	√	√	√	7M	HCAC
	Management of our infrastructure against road contractors and other third parties working on the road reserves.	√	√	√	√	√	3M	HCAC
	Protection of customers rights and advance the interests of customers on service delivery.	√	√	√	√	√	1M	HCAC
	Develop a working arrangement with community administration and county government on dissemination of information.	√	√	√	√	√	2.5M	HCAC
	Conduct community Baraza & customer engagement clinics	√	√	√	√	√	1.5M	HCAC

Strategic Priority 6: Increase Employee Productivity from 83% - 87%

Strategic Outcome 6.1: Increase Employee Productivity

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Promote Talent Development & Learning	Conduct Skills & Competency Assessment	√	-	-	-	-	0.00	HRAM
	Develop Skills & Competency Inventory to bridge the shortfall in identified skills gaps	-	√	-	-	-	0.00	HRAM
	Recruit and nurture critical talent to meet organizational needs i.e GM Business Development	√	-	-	-	-	1.5M	HRAM
	Re-constitute a training committee and develop a training needs assessment	√	-	-	-	-	0.00	HRAM
	Partner with relevant institutions to promote E-Learning/Internship and other relevant training programs i.e., KEWI, WATURA, NYS & NITA	-	-	√	-	-	1.5M	HRAM
	Promote Awareness/understanding of HR policies and procedure manual	-	-	-	√	-	0.00	HRAM
Implement a robust performance management system	Automate BSC and Roll out real-time Performance Management process and daily monitoring	√	-	-	-	-	3M	HRAM
	Train supervisors and managers on effective BSC and real time performance tracking	√	-	√	-	-	1M	HRAM
	Measure HR Metrics and Analytics for business intelligence-HR Dashboard	-	√	-	-	-	0.3M	HRAM
Strengthen Leadership & Organizational Culture	Develop programs to enhance Leadership & Management Competencies for Management and Supervisory employees	-	-	-	√	-	1.5M	HRAM
	Develop a resource center to offer avenue for staff to access information that is relevant for their leadership and Organization Culture	-	-	-	-	√	0.00	HRAM
	Fully activate and enroll staff into the "Refresh-Life" web-based Academy to promote a learning culture	√	√	-	-	-	0.5M	HRAM
	Conduct Organizational Culture Assessment and implement recommendations thereof	√	-	√	-	-	2M	HRAM

APPENDICES cont'd

Strategic Outcome 6.2: Increase Employee Satisfaction Levels from 60% to 85% by 2028

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Improve Employee Wellness & Experience	Develop "Fit-to-Serve" Programs-Sports and Culture Policy	√	-	-	-	-	1.2M	HRAM
	Partner with health institutions to provide mental health, financial wellness and work-life balance programs quarterly	-	-	-	-	√	0.00	HRAM
	Hybrid (remote working) hour/ Module for certain functions-I.e., call center operations	-	-	√	-	-	0.00	HRAM
	Conduct Quarterly Town-Halls for employee engagement	√	√	√	√	√	2M	HRAM
Strengthen Diversity, Equity & Inclusivity	Identify DEI needs/Assessment	-	-	√	-	-	0.00	HRAM
	Ensure Gender Mainstream to achieve 2/3 principle	-	-	-	-	√	0.00	HRAM
	Ensure women in senior leadership to achieve 2/3 principle	-	-	-	-	√	0.00	HRAM
	Develop related programs and initiatives	-	-	-	√		0.00	HRAM
Increase employee motivation levels	Review contractual terms of engagement in line with the market (salary review)	√	-	-	-	-	6.5M	HRAM
	Develop a companywide incentive and reward scheme	-	√	-	-	-	4M	HRAM
	Undertake annual employee satisfaction surveys.	-	√	-	√	-	2.5M	HRAM
	Implement the recommendations of staff satisfaction survey	-	√	√	√	√	2M	HRAM

Strategic Outcome 6.1: Increase Employee Productivity

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Implement Technologies for HR Functions and Processes	Optimize use of ERP for fleet management – Add more HR Modules	-	√	√	√	√	0.00	HRAM
	Train all employees on ERP Usage	-	√	-	√	-	0.5M	HRAM
	Automate all HR Processes	-	√	√	√	√	0.00	HRAM
Review HR and Administration Policies	Update existing policies and procedures	√	√	√	√	√	0.00	HRAM
	Develop policies and procedures not in place	√	√	√	√	√	0.00	HRAM
	Conduct employee familiarization clinics on the policies and procedures	√	√	√	√	√	0.5M	HRAM

Strategic Priority 7: Improved Corporate Governance and Image

Strategic Outcome 7.1: Good Corporate Governance

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Strengthen the capacity(ability) of the Board on corporate governance	Undertake a board capacity assessment and enhancement program	√	-	-	√	-	0.3M	Board Chair
	Undertake Board Training based on identified gaps	√	√	√	√	√	3M	
	Ensure effective orientation of new Board members on boarding	√	√	√	√	√	0.1M	
	Undertake benchmarking activities	√	√	√	√	√	7.5M	
	Digitize the Board and Boardroom	-	√	-	-	-	5M	
	Annual sensitization of the Board on the code of conduct/ethics	√	√	√	√	√	0.2M	
Reinforce the structures and instruments of good corporate governance	Ensuring all policies and procedures are aligned with the respective regulators guidelines in a timely manner	√	√	√	√	√	0.00	Board Chair
	Conduct annual Board evaluations	√	√	√	√	√	1M	
	Ensure review and implementation of Board Charter as per best Corporate guidelines	-	√	-	-	-	1M	
	Facilitate the functioning of Board Committees as per Board Calendar	√	√	√	√	√	7M	
	Mid-term evaluation of the strategic plan	-	-	√	-	-	2M	
	Develop annual work plans and budgets for the board	√	√	√	√	√	0.1M	
	Prepare for development of the 6th strategic plan 2028 – 2032	-	-	-	-	√	3M	
	Compliance to regulatory' guidelines	√	√	√	√	√		
Implement enterprise wide risk management framework	Corruption prevention,	√	-	-	-	-	2M	MD
	Ensure an updated ERM Framework and risk register	√	√	√	√	√	1.5M	
	Review the business continuity plan	√	√	√	√	√	1M	
	Undertake annual and random assets and inventory checks	√	√	√	√	√	1M	

APPENDICES cont'd

Strategic Outcome 7.1: Good Corporate Governance

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Ensure effective Audits	Review the audit manual as per the developed PSASB guideline	√	-	-	-	-	1M	MD
	Develop annual audit plans	√	√	√	√	√	1M	
	Conduct an independent technical performance assessment audit	-	-	√	-	-	3M	
	Develop staff skill in use of CAATs (Computer Assisted Audit Tools).	-	√	-	-	-	1M	
	Develop and implement an external audit (OAG) management plan	√	√	√	√	√	0.6M	
	Ensure timely implementation of recommendations of internal and external audits	√	√	√	√	√	2M	
Collaborative stakeholder engagements	Undertake a stakeholder's analysis and Mapping Exercise	√	-	√	-	-	0.2M	Board Chair
	Hold Annual stakeholders' meetings	√	√	√	√	√	2M	
	Hold timely Annual General Meetings (AGM) with members	√	√	√	√	√	2M	
	Ensure 100% compliance with external body/regulations requirements	√	√	√	√	√	0.1M	
	Strengthen working relations with National and County Governments	√	√	√	√	√	1M	
	Reach out to sustainable partnerships and collaborations	√	√	√	√	√	2M	
	Lobby for a KIWASCO representative in the County Planning Committee to be part of the approvals	√	√	√	√	√	1M	
Mobilize resources to fund business objectives	Mobilize for increased resources to KIWASCO	√	√	√	√	√	1M	Board Chair
	Evaluate loan/financial implication proposals to determine cost benefit justification prior to approvals	√	√	√	√	√	1M	
	Mobilize supportive legislation and regulations in City, County and other stakeholders.	√	√	√	√	√	2.5M	
Adopt ESG Reporting	Conduct training on ESG reporting best practice	√	√	√	√	√	1M	MD
	Prepare annual ESG reports	√	√	√	√	√	0.5M	

Strategic Outcome 7.2: Improved Corporate Image

Strategic Initiatives	Activities	Target/Timelines					Budget ('000 KES)	Actor
		Y1	Y2	Y3	Y4	Y5		
Standardize our physical presence of the brand	Enhance physical presence of the brand through standardizing existing DMM offices and water kiosks	-	√	-	√	-	2M	HCAC
Enrich internal and external communication	Standardize communication internally	√	√	√	√	√	2M	HCAC
	Develop IEC material for various activities	√	√	√	√	√	4M	HCAC
	Develop relevant policy documents for the company	√	√	√	√	√	3M	HCAC
	Fully implement the existing policies	√	√	√	√	√		HCAC
	Increase brand equity	√	√	√	√	√	2M	HCAC
Enhance Corporate Social Responsibility (CSR)	Uphold the three pillars as outlined in the CSR policy i.e. Education, Environment and Ethics.	√	√	√	√	√	7M	HCAC

APPENDIX II: PROJECTED FINANCIAL STATEMENTS

Strategic Outcome 7.2: Improved Corporate Image

KISUMU WATER AND SANITATION COMPANY LTD STRATEGIC PLAN BUDGET FORECASTS						
INCOME STATEMENT		BUDGET FORECASTS FOR 2023-2028				
		2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
		Kshs	Kshs	Kshs	Kshs	Kshs
Revenue (Estimated Growth Rate)		11.5%	9%	8%	7%	6%
1	Gross Sales Income	1,126,171,998	1,227,527,478	1,325,729,676	1,418,530,753	1,503,642,598
2	General Operational costs	208,467,603	245,505,496	265,145,935	283,706,151	300,728,520
3	Gross Profit	917,704,395	982,021,982	1,060,583,741	1,134,824,603	1,202,914,079
4	Other Incomes and Grants	55,600,000	60,604,000	65,452,320	70,033,982	74,236,021
5	Total Revenue	973,304,395	1,042,625,982	1,126,036,061	1,204,858,585	1,277,150,100
6	Personnel Emoluments	378,546,786	386,439,443	417,354,599	446,569,421	473,363,586
7	Board Expenses	11,992,857	12,275,275	13,257,297	14,185,308	15,036,426
8	Administrative Expenses	161,867,116	174,816,485	188,801,804	203,905,949	220,218,424
9	Establishment Expenses	149,642,504	164,606,754	177,775,295	191,997,318	203,517,157
10	Repairs and Maintenance	209,316,580	225,015,324	241,891,473	260,033,333	275,635,333
11	Depreciation/Impairment	45,008,412	48,609,085	51,039,540	53,591,517	56,271,093
12	Total expenditure	956,374,255	1,011,762,367	1,090,120,007	1,170,282,845	1,244,042,019
13	Operating Profit / (loss)	16,930,140	30,863,615	35,916,054	34,575,740	33,108,081
14	Finance charges/Interest on Loans	13,667,633	16,401,160	19,681,392	21,649,531	22,732,007
15	Profit before Tax	3,262,507	14,462,456	16,234,662	12,926,209	10,376,073
16	Corporation Tax	(978,752)	(4,338,737)	(4,870,399)	(3,877,863)	(3,112,822)
17	Net Earnings	2,283,755	10,123,719	11,364,264	9,048,346	7,263,251
Distribution	Dividends	-	-	-	-	-
	Retained Earnings	2,283,755	10,123,719	11,364,264	9,048,346	7,263,251

APPENDIX II: PROJECTED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION					
REPRESENTED BY	BUDGET FORECASTS FOR 2023-2028				
	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	Kshs	Kshs	Kshs	Kshs	Kshs
Non-Current Assets					
Property, Plant & Equipment	404,498,071	444,947,878	480,543,708	514,181,768	545,032,674
Intangible Assets	7,605,362	8,365,899	9,202,489	10,122,737	11,135,011
Other Assets	5,014,071	5,014,071	5,014,071	5,014,071	5,014,071
	417,117,504	458,327,848	494,760,268	529,318,576	561,181,756
Current Assets					
Inventories	67,977,769	66,278,324	62,964,408	58,242,078	52,417,870
Trade & Other Receivables	361,262,275	379,325,389	392,601,778	412,231,867	432,843,460
Prepayments & Deposits	11,697,036	15,000,000	15,000,000	15,000,000	15,000,000
Other Receivables	28,794,962	5,000,000	10,000,000	15,000,000	20,000,000
Cash & Cash Equivalents	21,258,194	26,572,743	33,215,928	41,519,910	51,899,888
	490,990,236	492,176,456	513,782,114	541,993,854	572,161,217
TOTAL ASSETS	908,107,740	950,504,304	1,008,542,382	1,071,312,431	1,133,342,974
CAPITAL EMPLOYED					
Share Capital	100,000	100,000	100,000	100,000	100,000
Retained Earnings	217,964,831	228,088,550	239,452,813	248,501,160	255,764,411
Revaluation Reserve	1,176,114	3,764,171	5,000,000	5,000,000	5,000,000
	219,240,945	231,952,721	244,552,813	253,601,160	260,864,411
Non-Current Liabilities					
Borrowings	100,797,098	95,757,243	90,969,381	86,420,912	82,099,866
Long Term Payables	178,911,173	191,434,956	204,835,402	219,173,881	234,516,052
Grants	87,555,079	88,369,348	113,784,000	142,230,000	177,787,500
	367,263,350	375,561,546	409,588,783	447,824,793	494,403,419
Current Liabilities					
Trade & Other payables	297,074,106	314,121,961	329,828,059	341,372,041	356,733,783
Provision for Liabilities & Charges	5,217,262	5,217,262	5,217,262	5,217,262	5,217,262
Borrowings	10,038,002	10,038,002	10,146,329	10,210,177	9,133,415
Corporation Tax	9,274,075	13,612,812	9,209,135	13,086,998	6,990,685
	321,603,444	342,990,036	354,400,785	369,886,478	378,075,144
Net Current Assets	169,386,791	149,186,420	159,381,329	172,107,377	194,086,073
NET WORTH	908,107,740	950,504,303	1,008,542,382	1,071,312,430	1,133,342,974

NOTES

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NOTES

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KIWASCO
Refresh Life

KISUMU WATER AND SANITATION COMPANY LIMITED

P. O. Box 3210 – 40100, Kisumu
Along Nyerere Road, Tom Mboya
Kisumu, Kenya

Call us: 057 500 7000

Email: info@kiwasco.co.ke

www.kiwasco.co.ke