



**NAKURU RURAL WATER AND SANITATION COMPANY
LIMITED**

**STRATEGIC PLAN
2017/18 - 2021/22**

List of Abbreviation

ADB	African Development Bank
BOD	Board of Directors
CBO	Community Based Organization
CEO	Chief Executive Officer
CMT	Corporate Management Team
DMAs	District Metered Areas
ERP	Enterprise Resource Planning
EU	European Union
GDP	Gross Domestic Product
ICT	Information and Communication Technology
ISO	International Organization for Standardization
M&E	Monitoring and Evaluation
MIS	Management information systems
MIWI	Ministry of Water and Irrigation
NRW	Non-Revenue Water
NWP	National Water Policy
PESTEL	Political, Economic, Social, Technological, Ecological, and Legal
RVWSB	Rift Valley Water Services Board
SDGs	Sustainable Development Goals
SPA	Service Provision Agreement
SOPs	Standard Operating Procedures,
SWOT	Strengths, Weaknesses, Opportunities and Threats
SP	Strategic Plan
VEI	Vitens Evides International
WASREB	Water Services Regulatory Board,
WRA	Water Resources Authority
WSPs	Water Service Providers
WSTF	Water Sector Trust Fund

FORWARD

We are honored to present the second Strategic Plan for Nakuru Rural Water and Sanitation Company Limited (NARUWASCO). I believe the objectives and strategies we have set for ourselves are the right choices to grow the Company to achieve excellence in its core mandate of provision of water and sanitation services to the residents of Nakuru County within its area of jurisdiction as licensed by Water Services Regulatory Board (WASREB).

I must acknowledge the role and dedication of the management team in ensuring that our Company continually adds value to our customers and the stakeholders. In my opinion, the Company is stronger and has the momentum to grow now than at any other time in our history.

Strategic planning is the formal consideration of an organization's future course. In order to determine where it is going, the organization needs to know exactly where it stands, then determine where it wants to go and how it will get there. The resulting document is called the "strategic plan." This Strategic Plan is intended to provide a framework that will enable the Company to move to the next level. It will refocus the Company to take advantage of its strengths and opportunities to overcome threats and weaknesses.

It is the responsibility of everyone connected to the Company to ensure it remains futuristic through provision of sustainable water and sanitation service delivery. I look forward to the years ahead and I am confident that we will make great strides together in enhancing the future of the company

J. Thiga Kariuki

Chairman - Board of Directors

PREFACE

It is my humble duty and pleasure to present to you the future of NARUWASCO. We are mandated to provide the residents of greater Nakuru and its environs with water and sanitation services since April 2007. The company's service area is the whole of the Nakuru County except Nakuru and Naivasha Municipalities.

The focus on the attainment of the United Nations Sustainable Development Goals, Kenyan Vision 2030, County Integrated Development Plan and our Strategic Objectives is paramount to the success of the Company in the attainment of sustainable provision of water and sanitation services. In addition, accountability and transparency is increasing.

This Strategic Plan shall provide a road map towards achievement of universal access to water and sanitation services within the company's area of jurisdiction. The strategic objectives spelt out in this plan are key to the success of the company in attainment of this strategic plan. This will be achieved by embracing the principles and practices of good governance that can withstand the test of time, ensuring that the company is financially sustainable, embrace innovation and adopt new technology for enhanced service delivery, remain customer focused through provision of quality water and sanitation services for the delight of our customers.

Commitment to quality service must be lived by everyone. The Board of Directors have a critical role to create an enabling environment, provide leadership and give direction. The Management has a responsibility for servant stewardship and ensuring optimal utilization of the available resources in an economic, efficient and effective manner. The members of staff have a noble duty to serve the company's best interests as per the established policies, regulations and laws.

All the players must therefore understand that we exist to serve our customers and must join hands as a team and family to realize the aspirations of this strategic plan and positively contribute and be part of the global water village.

The main challenges/problems that have been identified are; unaccounted for water, low metering, old infrastructure, inadequate transport, insufficient water to meet demand, environmental degradation, vandalism, inadequate capacity to face challenges among some staff, competition for water sources with upstream communities during the dry spell, high billing arrears, lack of wayleaves and encroachments.

The strategic plan covers a five year period from 2017/18 – 2021/22 during which time the plan will be monitored and evaluated to help establish what has been achieved, what and where changes have to be made if the strategic plan is to be realized. The document will act as a guide in the daily operation of the organization to make it achieve its vision through the prescribed activities under each objective during the period under consideration.

Risks and assumptions have been discussed and provided for in the making of this strategic plan. The importance of monitoring and evaluation of the whole process has also been taken into consideration.

CPA Reuben K Korir
Managing Director

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Chapter One

1.0 Introduction

1.1 Background

NARUWASCO was incorporated under Companies Act, Cap 486 of the Laws of Kenya (Certificate of Incorporation Number C.128339 dated 14th September 2006). The company was primarily established to provide clean water and sanitation services within its area of jurisdiction. The Memorandum and Articles of Association of the company has been aligned to the Constitution 2010, which provides that water Services is a devolved function. Accordingly, the company is now fully owned by the County Government of Nakuru.

The company has 9 Board of Directors (7 competitively recruited to represent stakeholders, and 2 representing the county government of Nakuru). The service area of the company is the whole of Nakuru County except Nakuru and Naivasha Urban Centers. The day to day management of the activities of the company is in the hands of the staff headed by the Managing Director through an elaborate structure that enables each staff member to be responsibly accountable to an area of jurisdiction. Our area of jurisdiction has been divided into five distinct administrative regions/areas headed by Area Managers, namely: Eastern, Northern, Central, Western and Southern. We serve a population of

Figure 1: Area of Jurisdiction (to insert map)

1.2 Rationale for the Strategic Plan

Strategic planning is a crucial moment for organizations to reflect upon where they are, where they are going, how they wish to get there and by when. By reflecting on these issues an organization comes up with a strategic plan. Accordingly, strategic plan enables an organization to have:

- i. Clearer sense of strategic vision for the company,
- ii. Sharper focus on what is strategically important, and

- iii. Improved understanding of the rapidly changing environment.

This strategic plan being the second one since inception of the company provides an opportunity for the company to propel itself to the next level by capitalizing on its key success factors and avoiding pitfalls from previous experiences. This strategic plan will align everybody to the way of winning at NARUWASCO.

1.3 Context of Strategic Planning

NARUWASCO does not operate in a vacuum. Rather the company is cognizant of the operating environment which is prevalent of a number of political, legal, policy, regulatory, governance and institutional frameworks. These frameworks literally provide 'beacons' within which the company has to operate. It is against this backdrop that this strategic planning process has been aligned to the various provisions, policies, goals and guidelines as outlined here below:

- i. UN Sustainable Development Goals,
- ii. Kenya Vision 2030,
- iii. The National Water Policy,
- iv. Sector Performance Standards,
- v. Nakuru County Integrated Development Plan,
- vi. The Constitution of Kenya 2010,
- vii. Water Act 2016,
- viii. NARUWASCO's Memorandum and Articles of Association.

1.4 NARUWASCO's Mandate

The specific mandates of NARUWASCO have been derived from section 78 and 83 of the Water Act 2016 and the objects in its Memorandum and Articles of Association:

- i. To provide water services within the area specified in the license,
- ii. To develop county assets for water and sanitation service provision,
- iii. To Undertake such other powers and functions as may be conferred on it by the relevant laws and regulations,

- iv. To hold the county or national public water services assets on behalf of the public,

1.5 NARUWASCO's Operational Framework

The Ministry of Water & Irrigation is responsible for policy formulation to create an enabling environment for efficient operation and growth of the sector. It sets the strategic direction and provides a long term vision for all institutions in the sector.

Water services is a devolved function hence the county government has a major stake in the company. The power of monitoring and inspection is performed by the county government. The company's broad mandate is to provide water and sanitation services to the residents of Nakuru County. In order to fulfill her mandate, NARUWASCO works closely in partnership with other institutions in the sector. Some of the institutions that partner with NARUWASCO in the water sector include; Water Services Regulatory Board (WASREB) that exercises national regulatory powers, Water Resource Authority (WRA) which has the authority to manage the catchment areas and sources of water, Water Sector Trust Fund (WSTF) mobilizes grants and cheap finances for the water companies mainly on pro-poor areas, Water Appeals Board (WAB) with mandate of dispute resolution relating to water issues.

1.6 Company Governance and Management Structure

The company is governed by a Board of Directors comprising various stakeholders among Constituency representatives and the County Government (shareholder). The Board has two roles; supervisory and advisory roles to the management of NARUWASCO. The top management of NARUWASCO is led by the Managing Director (MD) and supported by senior managers heading specific functions as indicated here below:

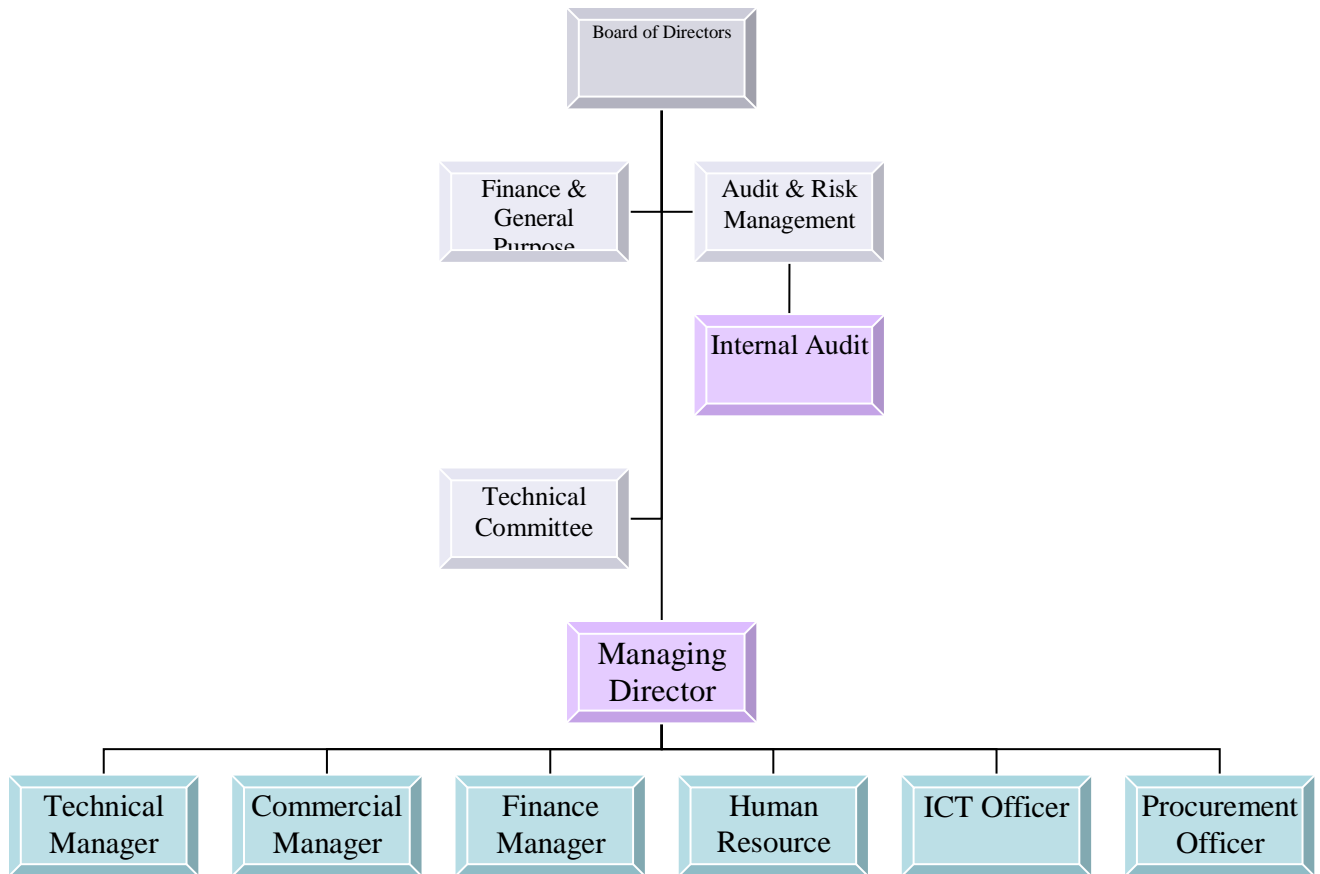


Figure 2: Company Organization Structure

1.7 Key challenges

As the company endeavors to provide water and sanitation services, it is faced with key challenges, among them:

- i. Old and dilapidated reticulation system resulting in huge water losses due to frequent leakages and bursts,
- ii. Low/reduced production of our boreholes and surface water sources during dry spell,
- iii. Quality of underground water sources,
- iv. Dilapidated water treatment works leading to high usage of water treatment chemicals,

- v. Low metering ratio currently resulting in low billing/revenues and high NRW,
- vi. Low capacity of staff to deliver on its mandate,
- vii. Competition for water sources with upstream communities during the dry spell,
- viii. Vandalism of water supply infrastructure,
- ix. High Uncollectable debts,
- x. Lack of Wayleaves and encroachments,
- xi. Lack of efficient transport,
- xii. Lack of finances for network rehabilitations and extension,

1.8 Lessons Learnt

Throughout the implementation and following the summative evaluation of the 2011-2016 strategic plan. The following are the main lessons that can be drawn therein:

- Annual work planning by all departments aligned to company strategic objectives is very important,
- It's necessary to carry out annual and or mid-term review of the implementation of the strategic plan to ensure that operations are within the stipulated time frame and also incorporate any emerging issues,
- It is important to tie the operationalization of the strategic plan to the extraction of annual work plans, performance contracting and the budgeting process,
- Motivated staff is key to the achievement of the aspirations of strategic plan,
- Sound financial systems and control procedures and effective ICT are pre-requisite to achieving the aspirations of strategic plan,

Chapter Two

2.0 Strategic Direction

2.1 Introduction

With the expiry of our 2011–2016 strategic plan, there was need to develop a new strategic plan that shall consider milestones achieved so far and also the operating environment. The development of this strategic plan is an attempt by NARUWASCO to look at where they are at the moment, refocus and set what the company would like to be in the next five years bearing in mind the likelihood of changes in the prevailing dynamics.

Strategic planning is key in helping an organization identify and select the most appropriate ways of using the skills and resources it has to achieve specified objectives while taking into account both external and internal environment in which it operates.

2.2 Vision, Mission, Core Values

2.2.1 Vision:

A vision clarifies the purpose for the existence of an organization and indicates where an organization wishes to be in the future. It reflects governance and leadership aspirations and seeks to focus the energies of the organization in a strategic direction and is a point of reference in every operation.

Our Vision:

"To be the leading water services provider in the country".

2.2.2 Mission Statement:

A corporate mission statement is a constant reminder to its employees and stakeholders of why the company exists. It brings the company essence into focus so it is crystal clear who you are, what you do, and why you do it. In addition, it portrays what an organization is to become over the long term. It is

the navigator star towards which the organization aligns the bow of corporate-ship in order to reach its desired destination/vision.

Our mission:

To provide adequate quality water and sanitation services in a commercially, environmentally sustainable manner to the delight of our esteemed customers.

2.2.3 Core Values

- Integrity
- Good Corporate Governance
- Customer Satisfaction
- Professionalism
- Continuous Improvement
- Innovation and Creativity
- Team work
- Commitment to Environmental conservation

Chapter Three

3.0 Strategic Analysis/Environmental Outlook

3.1 Introduction

Environmental analysis involves scanning both external and internal forces whose occurrence may have an influence on the growth and performance of an organization. NARUWASCO is alive to the strategic implications of environmental occurrences both internally and externally.

Environmental analysis has been done using PESTEL (Political, Economic, Social, Technological, Ecological and Legal) approach and subsequently the SWOT analysis tools to single out key strategic issues that are facing the company.

3.2 Situational Analysis of the Environment

Strengths, weaknesses, opportunities and threats (SWOT) analysis was undertaken to inform the company on the short, medium and long-term strategies that require being in place in order to meet the expectations of its customers and stakeholders. This analysis is as a result of consultations with stakeholders including the staff of NARUWASCO. The environmental scan is vital in the development of NARUWASCO's strategic platform and approaches so as to effectively respond to the needs of its constituents, target groups and other stakeholders.

Strengths (core competence) and weaknesses (challenges) are factors that are clearly within NARUWASCO's control that have the potential to create or erode value. Opportunities and threats are factors that are largely beyond NARUWASCO's control but have considerable impact in the delivery of NARUWASCO's core business/mandate.

3.3 External (PESTEL) Analysis

External environment is composed of a set of forces that are beyond the control of an individual organization. This encompasses political, economic, social, technological, ecological and legal (PESTEL) forces.

3.3.1 Political Factors

Provision of water services is a devolved function of the county governments (Constitution 2010). This has necessitated the review of the water sector operating structure as laid out in the new Water Act 2016. This means that we are entering into another era of reforms as far as the sector is concerned.

The operating environment is subject to changes as the implementation of the new Water Act 2016 is being rolled out. This may affect the performance of a company like NARUWASCO that have to take into account the political dynamics in implementing their activities and even in the provision of the services. Politics dictate the direction of water reforms in the country hence the company cannot plan in a stable environment.

The Kenyan government continues to strengthen ties with the outside world with the current government foreign policy which seems to attract strategic partners in water from countries such as Netherlands among others.

The County Government of Nakuru continues to play an active role as the shareholder of the company in the appointment of the BOD and the guidance of the company thus influencing strategic direction of the company.

3.3.2 Economic Factors

The state of the economy has a significant impact on the water sector core mandate of NARUWASCO. This may cause stagnation of development of new systems and even the potential customers are not enthusiastic in committing a good portion of their incomes to enter into a contractual relationship with NARUWASCO.

What this mean is that more people are sourcing their domestic water from areas of poor quality leading to negative impacts on their health status. Provision of quality and enough water is not only a health issue but is critical to poverty alleviation issue. Considering that NARUWASCO'S area of jurisdiction consists of both urban and rural poor, provision of quality water is a challenge.

The economic factors that may affect the company operations are:

- There has been evidence of rising inflation rates,
- Labour Unions increased lobbying has seen a steady and continuous rise in the minimum wage,
- Capping of interest rates by the central bank of Kenya leading to a credit squeeze by the banks,
- Public private partnership that has enhanced resource mobilization and support from various stakeholders,
- Adoption of SDGs with water and sanitation having an independent goal.

3.3.3 Social Factors

Among the key social issues affecting NARUWASCO are:

- There is a general perception by the populace that water services should be free,
- Provision of water and related services to uncontrolled informal settlements and low income areas,
- Population influx in urban areas (Rural – Urban migration), rapid development of small centers into major urban centers (Kikopey, Salgaa),
- Increased activism, several activists lobbying for water provision to be a free service,
- Vandalism – Destruction, theft or even disconnection of water infrastructure among them, water meters, pipes, water valves, and water pumps etc.
- Social media, Use of social media to market the company and its products. Groups and individuals use social media such as face book, tweeter, and others to raise concerns or critic water services in the region. These could either positively or negatively affect provision of water services within our area of jurisdiction.
- Demographic changes – Changes in human population such as rate of births, deaths, income or incidences of diseases, which have impact on the rate of water consumption.

- Cooperation of community based organizations on management of water services by NARUWASCO,
- Competition with upstream community for water sources especially during dry spell,

3.3.4 Technological Factors

Major technological forces facing NARUWASCO include:

- Rapid and dynamic Technological advancement,
- Old infrastructure,
- Low uptake of technology by customers,
- Cloud computing, cloud computing structure allows access to information as long as an electronic device has access to the web. This type of system allows employees to work remotely.

3.3.5 Ecological Factors

The key ecological factors affecting NARUWASCO include:

- The world and in particular Kenya being no exception is faced with the global warming challenges. This affects aspects such as vegetation and forest cover which affects rainfall. This climatic change brings about unpredictable changes resulting in droughts and floods posing a danger in low flows and destruction of the infrastructure,
- Pollution, due to farming activities upstream of our dams and intakes, has led to high levels of siltation,
- Use of fertilizers affects water quality leading to more chemicals usage,
- Deforestation of catchment areas has led to environmental degradation,
-

3.3.6 Legal Factors

The legal basis of the company is derived from the parent ministry and therefore all its operations have to be governed by government policies. This, therefore,

means that it cannot create its own tariff for the services offered even if the cost of production rises. Other key legal factors facing the company are, multiple legislations affecting the same organization, new constitution dispensation, changing regulations.

Table 3.1: Summary of Opportunities

Opportunities	Strategic implication	Strategic Response
Political support from the elected leaders after the general elections	The leadership will likely bring in increased support at the political, social and economic front This can be an opportunity as in the incumbent may want to prove his credibility and efficiency. An opportunity as the predecessor may want to prove that he can do things better.	Lobby with new leadership for support and financing through presentation on company brief, annual reports and project proposals.
Water and sanitation receiving more global focus through SDG 6.	More global resources dedicated to water and sanitation.	Develop proposals for funding from global agencies/partners such as World bank, AfDB, JICA, EU, SNV, VEI, KFW Germany, etc.
Population growth in urban centers provides an opportunity for	Higher demand for water and sanitation services	Develop a water extension master plan and project proposals for

increased water and sanitation connections which in turn increases revenue or provides a ready demand for services		funding using various financing instruments Increase the range of our products to include exhausting, lab services Create awareness of products and services
Social media	Can be used as an opportunity to sell the brand name to the public. The availability of social media platform provide an opportunity for the company to communicate to its stakeholders on critical and emerging issues	Use the social media to market the company products
Rapid Technological advancement	Availability of new technology provides an opportunity for the company to provide the services in a better and cost effective way	Constant review and updating of the existing technology and processes. Constant training, research and bench marking. Adopting latest and modern technology to provide water and sanitation services
Cloud computing	This provides the company with an	Adopt the latest technology in data

	opportunity to do data back up and retrieval in case of a breakdown or disaster	processing and storage
Topography	Take advantage of favorable topography to reduce operation cost (use of gravity system in place of pumped system).	To engage the relevant stake holders in the effort to preserve the ecosystem in the water catchment areas
New constitution dispensation	The constitution provision that water is a right to every citizen and could impact positively to service provision	Use it to lobby for more resources from the county government and national government, including donor agencies
Water Act 2016	NARUWASCO can develop water county assets	
Changing regulations	Changing regulations in both national and County Governments can lead to changes in service delivery.	Align strategies to both national and county regulations
High NRW can provide a new source for water to increasing population	New water source Revenue source	Enhance metering of consumers
Rapid growth of Salgaa, Kikopey areas as both industrial and commercial	High population growth thus higher demand for our services	Enhance market penetration in terms of water and sanitation

hub		coverage
Funding sources from RVWSB and other donors to improve the infrastructure and even expand the existing ones. (Itare and Chemususu)		
Community participants/partnerships		
County Integrated Development Plan (CIDP)		
Other stakeholders in the area such as industries and tourism companies that may be approached to support the investment in the water sector		
The law allowing the company to enter into sub-agency agreements with other service providers that have the capacity to invest in the sector instead of being competitors.		
Performance Contracting between the company and RVWSB.		

The top management is on performance contracts meaning that they have to justify their positions. In this way then they have to be dedicated to their work to deliver the set targets		
Available sources of water including potential for further exploitation to cover most of the area of jurisdiction		
Unsatisfied demand	It paint a bad picture on the company	Focus more on investing in new sources and reducing NRW
Exhauster services (most of our urban centers lack sewer systems)	Present an opportunity for growing revenue base	Invest in an exhauster truck to fill the gap

Table 3.2 Summary of Threats

Threats	Strategic Implications	Strategic response
Illegal connections of water along the pipelines.		
Vandalism of the established infrastructure by the people in the areas where the systems pass through		

Environmental degradation of the water sources leading to reduction of the outputs.		
Individuals who are allowed to do their own piping and diverts the water behind the meters. This therefore denies the company the opportunity to determine the amounts of water these groups consume and revenue lost.		
Private plumbers and technicians who normally reconnect water to the customers who had been disconnected.		Registration of plumbers with a strategy of referring customers to them in return they safeguard our systems
Area of coverage is vast and delivering equitable service to all the people who reside there is not easy. Also supervising such a wide area to ensure that everything runs smoothly is challenging.		
High power costs for the pumping systems such as the boreholes		
Wayleave encroachment		
Competition from CBOs		
Political interferences		

Global warming		
Lack of sanitation facilities (conventional sewer system)		

3.4 Internal Analysis

3.4.1 Institutional Review

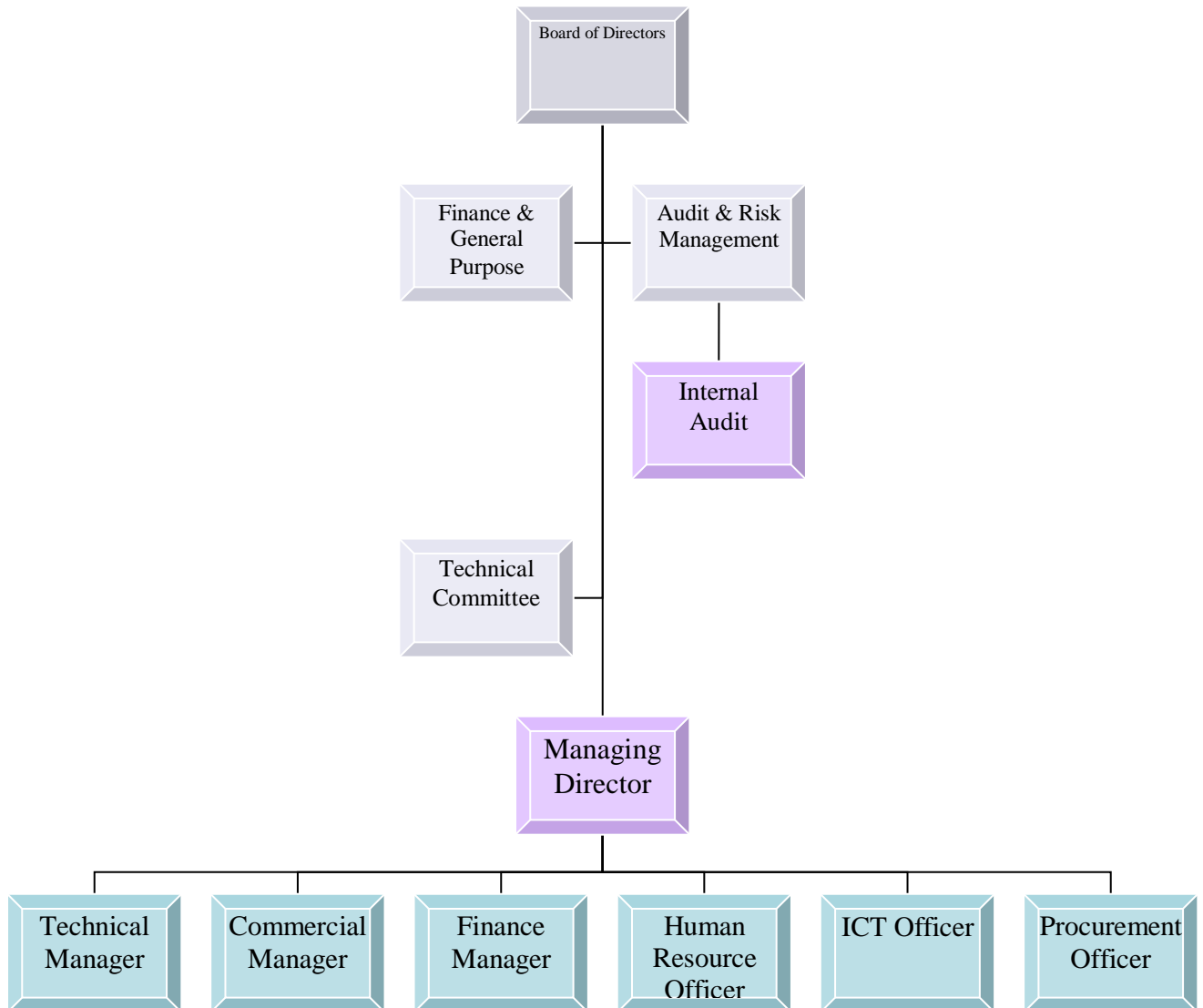


Figure 3.1: Current Organization Structure

3.4.2 Analysis of the Company's Past Performance (Internal Analysis)

The company has in the last three years recorded notable improvement in performance (both operational and financial) due to having a focused

management team and committed staff. NARUWASCO has been able to implement a good number of strategies in the previous strategic plan. However, the company still has a lot more that needs to be done in order to realize optimal performance thus leading to customer satisfaction.

Evaluation of past performance (provide graphs)

- *Production*

- *Non-Revenue Water*

- *Revenue/Billing*

- *Water network extensions*

Table 3.3: Summary of Strengths and Weaknesses

Strength	Strategic Implication	Strategic response
Mandate from the government through the Water Act 2016.		
Governance and management structures made up of the Board of Directors, management and the lower cadre staff		
Good accounting/Reporting systems	This gives sense of discipline in nancial management and reduces over reliance of the company on individuals. • Condence	

	that the owner (County Government) has in the company • Proper procedures and controls	
Teamwork (Management and general staff participation)		
Policies and procedures manuals in place.		
The company has continued to recruit qualified staff and to upgrade the capacities of those absorbed from other institutions.		
Regular stakeholders' forums		
Regular income		
Bills sent out in good time.		
Debt recovery measures targeting defaulters have been put in place.		
Good staff remuneration		
Adoption of digital technology (GIS, MFA, Billing, Payment)		
New full cost recovery tariff		

Gravity water systems		
Performance contracting		
Cordial relationship with suppliers	This is key to management of supply chain ensuring that the company gets favourable credit facilities from suppliers and supply of high quality goods	To ensure competitive remunerations of sta • To ensure continuous capacity building. • To improve working condition • Utilize talent for creativity and innovation
Motivated and satisfied workforce	This helps us to achieve our performance targets which translates into more productivity	

Weaknesses	Strategic Implication	Strategic Response
There is gender imbalance in the composition of the Board as it is below the minimum government policy of affirmative action requiring that 30% be composed of females		
Poor asset management		Initiate stores management function at all regions/areas
lack of adequate support infrastructure e.g. transport		
Few qualified staff		
The organization does not		

know its actual production capacity as they lack means of measuring what they produce and supply to the consumers.		
Low metering of customers		
Unreliable supervision of revenue collection.		
Lack of work-planning		
Accepting poor/low quality materials		
Lack of pipeline network drawings		
Lack of aggressiveness in debt collection		Develop strategies for improving debt collection (CRB listing, credit control)
Inadequate transport system for both motor vehicles and cycles		
Aging workforce		Institute succession processes/plans

3.5 Stakeholder Analysis

NARUWASCOS' key stakeholders include:

Table 3.3: Stakeholder Profiling and Analysis

Stakeholder	What NARUWASCO expects from the stakeholder	What the Stakeholder expects from NARUWASCO	Strategy of managing the stakeholder
Employees	High productivity	o Good terms and	

	and commitment	<p>conditions of service</p> <ul style="list-style-type: none"> ○ Prompt payment of emoluments ○ Timely communications ○ Good working conditions ○ Fair treatment 	
customers	Customer loyalty Prompt payment cooperation	<ul style="list-style-type: none"> ○ Quality service ○ Timely communication 	
Union	Sound industrial relations	<ul style="list-style-type: none"> ○ Recognition and enhancement of members welfare ○ Prompt remittances of emoluments 	
Board of Directors	Sound leadership and good policy	High performance and good governance	
shareholders	Support and autonomy	Wealth creation and value addition	
Government agencies	Enabling policies and legislation	Service delivery and compliance	
suppliers	<ul style="list-style-type: none"> ○ Quality goods and services ○ Timely delivery and after sale 	<p>Prompt payment</p> <p>Fair treatment</p>	

	service		
Development partners	<ul style="list-style-type: none"> ○ Favourable terms and conditions ○ Timely disbursement of funds 	<ul style="list-style-type: none"> ○ Good governance ○ Effective utilization of funds 	
Media	Factual and fair coverage	Information disclosure	
Community based organizations	Support and cooperation	Corporate social responsibility Efficient service delivery	
Training institutions			
Competitors (Railways, CBOs)			

Chapter Four

4.0 Strategic Issues/Objectives

4.1 Introduction

Emanating from the key strategic issues are strategic objectives and strategies. Strategic issues are key concerns that call for close attention by the top management and the entire team of NARUWASCO in order to address emerging issues that may cause negative effects if neglected.

The key priority issues or strategic issues facing NARUWASCO include:

- Old infrastructure
- High NRW
- Low Metering
- Service Delivery (customer service)
- Production (inadequate sources, competition)
- Operations and maintenance challenges (
- Institutional Capacity Development
- Siltation of dams and weirs leading to reduction in production,
- Costly valves and Fittings,
- Capacity of staff,
- Competition for water sources,
- Vandalism of water supply infrastructure,
- High uncollectable debts,
- Wayleaves and encroachments,
- Lack of efficient transport,
- Finances for network rehabilitations and extension,
- Technological advances (ICT, Pipes)
- Quality of pipeline network (pipes and fittings)
- Lack of sewer systems
- Lack pipeline network maps

4.2 Risks and Assumptions

In the overall strategic plan for NARUWASCO 2017/18 – 2021/22, the following risks and assumptions will be considered during the implementation of the plan (the mitigation measures have been factored in the development of the strategies in the plan)

Assumptions

It is assumed that:

- the company shall progressively increase its billing and revenue collections to be able to meet its budgetary demands,
- the current donor/partner support shall continue,
- Having been recognized as a legal entity and entrenched in the Water Act 2016, NARUWASCO will be in a strategic position to enable it implement its strategic plan,
- The economy will continue to grow and infrastructure development on water and sanitation will continue to be improved so as to enable NARUWASCO to become sustainable,
- The county government will support corporate governance,
- Institutional integrity will improve the performance of NARUWASCO in the provision of water and sanitation services.
- Shall continue investing on human capital to develop capacity
- Shall embrace technological advances
-

4.3 Strategic Objectives/Themes

Emanating from the strategic issues are strategic objectives that will be subsequently addressed through strategies. These strategic objectives will be drawn from the strategic issues through careful evaluation of underlying factors that need NARUWASCO's attention and implementation.

Strategic objectives are measurable targets that when realized, NARUWASCO will experience growth and great achievements. Under each strategic objective are strategies that will explain how NARUWASCO will achieve those objectives.

4.4 Strategic Objectives and Activities

NARUWASCO has reviewed its operations and re-oriented them to fit into the following cluster of strategic objectives;

Strategic Objective	Strategies/Activities
To strengthen the institutional capacity of the company to meet its mandate	<ul style="list-style-type: none"> ○ Evaluate, Identify and recruit all required staff ○ Complete staff manning levels assessment ○ Evaluate the board/staff needs, capacity, and skills gaps and put in place remedial measures to fill the gaps. ○ Complete and implement a HRD plan through job firming. ○ Offer training to NARUWASCO staff to deal with cross-cutting issues ○ Organize and implement culture change programs. ○ Procure necessary equipment for provision of management information system services. ○ Establish baselines. ○ Assign and ensure regular use and updates of MIS systems. ○ Provide training to both board and staff on good corporate governance. ○ Establish a good corporate governance resource, information dissemination and feedback system. ○ Establish workplace policy for corruption prevention and control.

	<ul style="list-style-type: none"> ○ Carryout a communication and stakeholder's needs assessment. ○ Benchmarking with the industry/sector ○ Develop approaches, tools and materials for different stakeholders. ○ Implement, monitor and evaluate the communication and social mobilization plan.
<p>To increase access to water and sanitation services</p>	<ul style="list-style-type: none"> ○ Establish MIS relevant to various supply regions ○ Develop performance targets for water supply regions ○ Implement M & E systems for the regions ○ Establish and implement a reward system ○ Carry out situational analysis about the exact water and sanitation services requirements of the target population. ○ Identify and implement appropriate and cost effective interventions to provide water and sanitation services to the greatest number of people using available resources. ○ Carryout M&E ○ Identify and develop new water sources, ○ Establish the status and coverage of the rural water sanitation facilities and services ○ Prioritize and establish areas of immediate needs, using pro-poor approach and plan appropriate interventions. ○ Develop special programs for marginalized communities and groups ○ Assist communities to access water and sanitation

	<p>services</p> <ul style="list-style-type: none"> ○ Develop funding proposals for network rehabilitations and development ○ Implement pro-poor policy ○ Partner with national, county governments on development of new water sources
<p>To ensure efficient utility management, economic utilization of available water and reduce Non-Revenue (NRW)</p>	<ul style="list-style-type: none"> ○ Increase installation of meters ○ Carryout monthly and quarterly audit in all regions ○ Ensure all connections are accounted for areas ○ Ensure all illegal connections are unearthed and remedial measures taken ○ Carry out periodic inspections on metered and flat rate connections ○ Develop performance revenue targets for each scheme ○ Ensure efficient and accountable collection of revenue ○ Conduct regular audit and spot check on revenue collection ○ Improve on financial procedures and controls ○ Strengthen internal audit unit
<p>To ensure economic utilization of available water and reduce Non-Revenue (NRW)</p>	<ul style="list-style-type: none"> ○ Creating DMAs and caretaker approach in management of NRW, ○ Undertake water balance (real losses, commercial losses, billed) ○ Strengthen NRW unit (tools and equipment, training, staffing) ○ Develop funding proposal related to NRW Management

	<ul style="list-style-type: none"> ○ Rehabilitation of old infrastructure and replacement ○ Develop and implement NRW management policy ○ Enhance metering (Production, zonal, consumer) ○ Undertake data clean up to detect illegal connections (CIS, ○ Observe quality of pipes and fittings ○ Pressure management of the network ○ Ensure accurate meter reading and billing ○ Establish toll free line for reporting leakages ○
To mainstream cross cutting issues	<ul style="list-style-type: none"> ○ Implement a gender sensitive workplace policy (NGEC), ○ Establish and follow guidelines/standards in line with NEMA/WRMA (Environmental issues) ○ Establish a work place policy on HIV/AIDs ○ Develop and implement pro-poor policy. ○ Implement PWD policy in workplace ○
To ensure the company is driven by the principles & practices of good governance that can withstand the test of time	<ul style="list-style-type: none"> ○ Ensure the company has competent and qualified Directors, ○ Ensure there is wide representation on the BOARD, ○ Ensure compliance with Chapter 6 of the constitution and Mwongozo code of governance, ○ Ensure compliance with guidelines on good corporate governance issued by various Government agencies (WASREB), ○ Benchmarking

<p>To ensure that the company is financially sustainable.</p>	<ul style="list-style-type: none"> ○ Expand the company revenue base (Exhauster services, sewer, new networks), ○ Target and exceed a 95% billing/collection efficiency, ○ Collect long outstanding arrears ○ Discipline/responsible management of company assets, ○ Re-invest all surplus funds to be used in extensions, renewals and replacement of infrastructural assets, ○ Develop funding proposals and submit to potential donors majorly targeting pro-poor to extend water and sanitation projects, ○ Source for funds through commercial financing for economically viable projects, ○ Lobby and solicit for funding from National and County governments to fund water projects aimed at increasing access to water, ○ Engage public private partnership to develop non financially viable areas/projects ○ Rationalize expenditure, ○ Undertake debt cleaning to establish collectable and uncollectable debts,
<p>To provide water and sanitation services in an efficient, effective, affordable and sustainable manner</p>	<ul style="list-style-type: none"> ○ Enhance water loss management i.e. reduce NRW to below 35% in five years, ○ Efficient operations and maintenance of water intake, raw water gravity pipelines, water treatment plant and water tanks for capacity utilization

	<ul style="list-style-type: none"> ○ Efficient operations and maintenance of the water distribution system, ○ Water Quality management ○ Ensure proper maintenance of the pipeline networks ○ Develop and implement a motor vehicle/ cycles plan and proper management of the available transport ○ Participation in environmental conservation ○
<p>To Advance and Automate Operations and Services for Enhancement of Service Delivery</p>	<ul style="list-style-type: none"> ○ Use ICT to improve efficiency ○ Improve the current disaster recovery management system and business continuity management plan, ○ To improve and update existing systems to keep up with emerging technologies ○
<p>To attract, develop and maintain adequate, qualified and competent staff</p>	<ul style="list-style-type: none"> ○ Maintain an effective Human Resource management and Planning System ○ Sustain a brand that makes NARUWASCO an employer of choice ○ Review and cascade performance management ○ Enhance skills set and competence framework through continuous training, ○ Review and place an optimal organizational structure for efficient and effective functioning of the company ○ Competitive remuneration ○ Benchmarking/tours to other utilities,

	<ul style="list-style-type: none">○ Undertake employee satisfaction survey○ Maintain staff discipline○ Implement workplace policies (OSHA)○ WIBA act○
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Chapter Five

5.0 Strategy Implementation Framework

5.1 Introduction

A strategy that is not implemented is as bad as a poor strategy. A robust implementation plan has been inculcated as part and parcel of the strategy of this plan. Implementation will take two broad interrelated aspects namely; institutionalization and operationalization.

Institutionalization shall entail ensuring that a conducive environment in terms of culture, skills, structure, shared values, style of doing things and resources are available for the implementation of the plan.

In the same space, operationalization shall entail breaking down activities into tasks, assigning responsibility and allocating relevant resources. All the internal and some external stakeholders have a critical role to play for successful implementation of this plan.

5.2 Strategic Activities Mapping Matrix

The strategic map below shall be used to achieve the desired strategic objectives during the strategic planning period and shall be used to accomplish the targeted activities;

Objectives	Outputs	Activities
To strengthen the institutional capacity of the Company to enable it to meet its mandate.	Competent and motivated Board and staff in place.	<ul style="list-style-type: none">○ conduct a staff manning levels assessment○ Identify and recruit all required staff.○ Identify the Board & staff needs, capacity; skill gaps and put in place remedial measures to fill the gaps○ Establish and implement a HRD plan through job farming.○ Strengthen the capacity of the

		<p>Naruwasco to deal with cross cutting issues,</p> <ul style="list-style-type: none"> ○ Develop and implement culture change programme.
	Management information systems established	<ul style="list-style-type: none"> ○ Procure the necessary equipment and services. ○ Establish baselines.
	Good corporate governance mainstream in all NARUWASCO	<ul style="list-style-type: none"> ○ Provide training to Board and Staff in good governance. ○ Establish a good corporate governance resource, Information dissemination and feedback system. ○ Establish workplace policy for corruption prevention and control
	A communication and social mobilization plan developed and implemented.	<ul style="list-style-type: none"> ○ carry out a communication and ○ Stakeholders' needs assessment. ○ Develop the approaches, tools and materials for different stakeholders ○ Implement, monitor and evaluate the communication and social mobilization plan.
To increase access to and coverage to water sanitation service to both urban and rural poor.	Management of water and sanitation facilities and services to both urban and rural poor improved	<ul style="list-style-type: none"> ○ Establish MIS relevant to Regions ○ Develop performance targets for regions ○ Implement M&E systems for Regions ○ Establish and implement a reward system.

	Water and sanitation facilities and services in informal settlements improved.	<ul style="list-style-type: none"> ○ Carry out situation analysis about the exact water and sanitation services requirements. ○ Identify and implement appropriate and cost effective interventions ○ Carry out M & E
	Rural water and sanitation services coverage increased.	<ul style="list-style-type: none"> ○ Establish the status and coverage of the rural water sanitation facilities and services ○ Prioritize and establish areas of immediate needs using pro-poor approach and plan interventions. ○ Develop special programs for marginalized communities and groups ○ Assist communities to develop viable water and sanitation projects ○ Support community- based institutions e.g. Clinics, schools, health centers with Water & Sanitation facilities. ○ Assist communities to access hygienic and improved services.
To ensure efficient utility management and economic utilization of available water	Efficient utility management realized	<ul style="list-style-type: none"> ○ Reduce NRW ○ Increase installation of meters. ○ Carry out monthly and quarterly performance audits on all Regions.
	Revenue base increased	<ul style="list-style-type: none"> ○ Ensure that all connections are accounted for ○ Ensure all illegal connections are

		<p>unearthed and remedial measures taken.</p> <ul style="list-style-type: none"> ○ Carry out periodic inspections on metered and flat rate connections.
	Revenue collection system optimized	<ul style="list-style-type: none"> ○ Develop performance revenue targets for each scheme; ○ Ensure efficient collection of revenue. ○ Conduct regular audit and spot check on revenue collection.
	Financial management systems improved.	<ul style="list-style-type: none"> ○ Improve on financial procedures and controls. ○ Establish an internal audit unit. ○ Ensure internal and external audits.
To mainstream cross-cutting issues.	Gender responsiveness and balance to be promoted in Naruwasco.	<ul style="list-style-type: none"> ○ Identify and develop a strategy to address the constraints leading to poor representation of women in management. ○ Implement Gender sensitive workplace policy.
	Environmental issues addressed	<ul style="list-style-type: none"> ○ Assess the current environmental status and practice related to Water & Sanitation with the intention of adopting the best practices. ○ Establish and follow guidelines and standards in line with NEMA / WRMA policies.
	HIV/AIDS mainstreamed.	<ul style="list-style-type: none"> ○ Establish a workplace policy on HIV/AIDS ○ Identify and capacitate an HIV/ AIDS

		<p>coordinator.</p> <ul style="list-style-type: none"> ○ Develop and collaborate with relevant institutions and acquire HIV/AIDS materials.
	<p>Poverty and health related issues as pertains to water and sanitation activities addressed.</p>	<ul style="list-style-type: none"> ○ Establish assessment criteria for the rural and urban poor and prioritize the affected communities, groups and households. ○ Support wealth creation and activities linked with Water& Sanitation activities. ○ Continuously monitor and evaluate the impact of pro-poor policies
		<ul style="list-style-type: none"> ○
		<ul style="list-style-type: none"> ○

5.3 Annual Action Planning

At the end of each financial year, a report will be produced giving details on the implementation of the plan and circulated to the stakeholders. Detailed work plans with clear performance indicators and responsibility for their achievement will be developed taking into consideration the endorsed activities in the Strategic Plan. The Priority area Gatekeepers must take responsibility to coordinate with departments and sections in case of joint activities. Key indicators that will inform management decision making will be identified and the frequency of reporting on these indicators will be determined.

5.4 Financing the Strategic Plan/Budgets

Each and every activity will have resources earmarked in the Company's annual budget. Each lead department should include resources requirement in their Annual Work Plan. Materials requirements will also be worked out every year and procurement will be done as per the procurement provisions.

Actual results will continually be checked against planned results and variances investigated. If necessary, action plans will be changed so that they are brought in line with the budgeted results or the budget will be amended to take into account new developments that require action.

5.5 Performance contracting

NARUWASCO will embrace performance contracting to monitor performance of its employees in relation to set targets. Performance Based Contracting is a results-oriented contracting method that focuses on the outputs, quality, or outcomes that may tie contract payment, contract extensions, or contract renewals to the achievement of specific, measurable performance standards and requirements. Performance-based contracting allows one party to acquire services from another party via a contract that denotes what is to be achieved and by when. NARUWASCO will apply tools such as Performance Appraisals, Variance Analysis, and Ratio Analysis to monitor performance of its employees against set targets and objectives.

5.6 Institutional Framework

NARUWASCO will adopt the 7s-Framework to facilitate and create the right environment for strategy implementation as advanced by McKinsey Company in the early 1980s.

The seven organizational factors which the authors term as 'levers' include: *structure, strategy, systems, skills, style, staff, and shared values*. The company will strive to align the seven factors in order to create room for smooth implementation of the strategic plan.

Style refers to the leadership style of top managers in an organization. Leadership styles may be collaborative, participative, directive, or coercive. Managers, behavioral style can influence the culture of the whole organization towards strategy implementation.

Staff is about the kinds of people in the organization and how they are developed. The systems of recruitment, socialization, and reward to bring in and build people who match the organizational strategy. Skills refer to capabilities in people and how these skills are embedded in and captured by the organization as a whole.

Shared values also referred to as super ordinate goals refer to overarching goals or purpose of the organization as a whole. Shared values are placed at the center of the 7-S framework and all other elements should support these. The 7-S framework emphasizes the relationship between all the seven elements. This includes organizational structure, systems, and strategy.

5.7 Monitoring and Evaluation

NARUWASCO strongly believes that monitoring, evaluation and Reporting is an indispensable strategy in the execution of its mandate of providing quality, affordable safe drinking water within its area of jurisdiction. In order to meet its objective and in the delivery of its core mandate a comprehensive result based frame work for reliable monitoring and evaluation and reporting will be designed to track performance, measure results and report progress towards achievements of the set objectives.

Monitoring and evaluation will be undertaken throughout the implementation of the five year strategic plan. The aim will be to provide timely information about the progress or lack off in the production of out puts and achievements of envisaged results under each of the strategic platform, for sharing of best practices.

Monitoring and evaluation shall be done through the following ways:

- Develop and utilize various monitoring tools such as deliverable schedules, implementation plans and reports.
- Cascade and align from the top to create a Strategic Management System.
- Use the Balanced Scorecard framework to organize and report actionable components. This would mean integrating M &E in all its activities.

Reporting the progress of implementation will be critical in adjusting strategic directions and measuring performance. Heads of each function will be required to submit the following reports to the managing director as well as to the board on their progress in implementation of strategies under the Strategic Plan:

- Monthly report to the management
- Quarterly report to the management and the Board
- Half-yearly to the management and the Board
- Annual report to the management and the Board Financial report;
- Audited financial report for the year ending;
- Performance achievement report covering commercial and technical improvements on performance.

Each of the performance reports will contain the following elements:

- Progress against the Plan
- Performance against the budget for each respective strategy
- Causes of any delays in the implementation of actions under respective strategies
- Actions or resources required to remedy delays stated if any
- Proposed revisions to the strategies

5.8 Risk Management

NARUWASCO shall incorporate into its systems the risk management processes.

5.9 Actors in Implementation of the Strategic Plan

The following would be role of the various stakeholders in implementation of this plan;

The County Government

Being the owner of the organization, the county's role in implementing this plan is pivotal. The responsibilities includes but not limited to;

- Ensuring adequate resources are available for the CIDP related resources,
- Supporting the company's initiatives in service delivery,
- Ensuring proper legislation that creates an enabling environment,
-

The Board

The overall responsibility of implementing this plan belongs to the Board. The Board shall implement the plan through delegating to management the execution mandate. This notwithstanding the Board's responsibility shall include;

- Approving this plan for implementation,
- Approving annual work plans and budgets drawn from this plan,
- Resource mobilization,
- Developing and signing performance contracts with the Managing Director,
- Conducting annual reviews of the strategic plan implementation and recasting the strategic plan's targets,
- Coordinating the stakeholder engagement and management to ensure a conducive external environment for the implementation of the plan.
-

The Managing Director

The managing director shall be responsible for the operationalization of this plan. Specifically the MD shall;

- Ensure the plan is cascaded to the departmental heads,
- Ensure the vision, mission and core values are understood by all the employees,

- Continuous review of target implementation and providing feedback to the Board,

Water Services Regulatory Board

Rift Valley Water Services Board/Water Works Development Agencies

Water Resources Authority

Ministry of Water and Irrigation

Water Sector Trust Fund

Chapter Six

6.0 Conclusions and Recommendations

6.1 Conclusion

The strategic plan covers a five year period from 2017/18 – 2021/22 through which the plan will be evaluated to help establish what has been achieved and where changes have to be made. Action plan was then developed through public participation by the stakeholders. The strategic planning process achieved its purpose by identifying the strengths, weaknesses, opportunities and threats of the company. It developed clear vision and mission statements that are achievable by implementing the strategic objectives through prescribed activities.

6.2 Recommendations

For the achievement of the desired goals, it is recommended that the company should strive to put in place mechanisms of implementing this strategic plan fully. Where other parties are to be brought on board, then the negotiations have to be held at the right time. Periodical monitoring should be done and lessons learnt documented.