

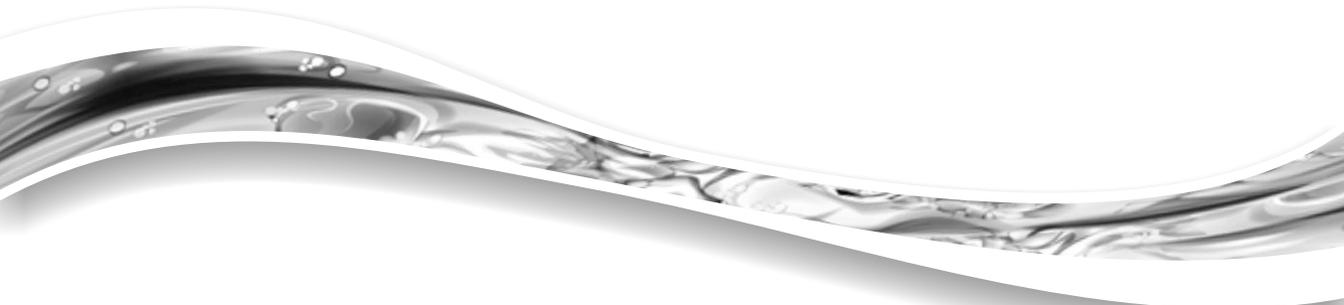


**NAKURU RURAL WATER AND
SANITATION COMPANY LIMITED**

Strategic Plan

2018 - 2022

Strategic Plan



2018 - 2022

List of Abbreviation

| | |
|----------------|---|
| BOD | Board of Directors |
| CBO | Community Based Organization |
| CEO | Chief Executive Officer |
| 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 |
| MoWS | Ministry of Water and Sanitation |
| 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 with a population of 1.1million (2009 Census) has been divided into five distinct administrative regions/areas headed by Area Managers, namely: Eastern, Northern, Central, Western and Southern. We currently serve a population of 350,000 with water.

NARUWASCO AREA OF JURISDICTION

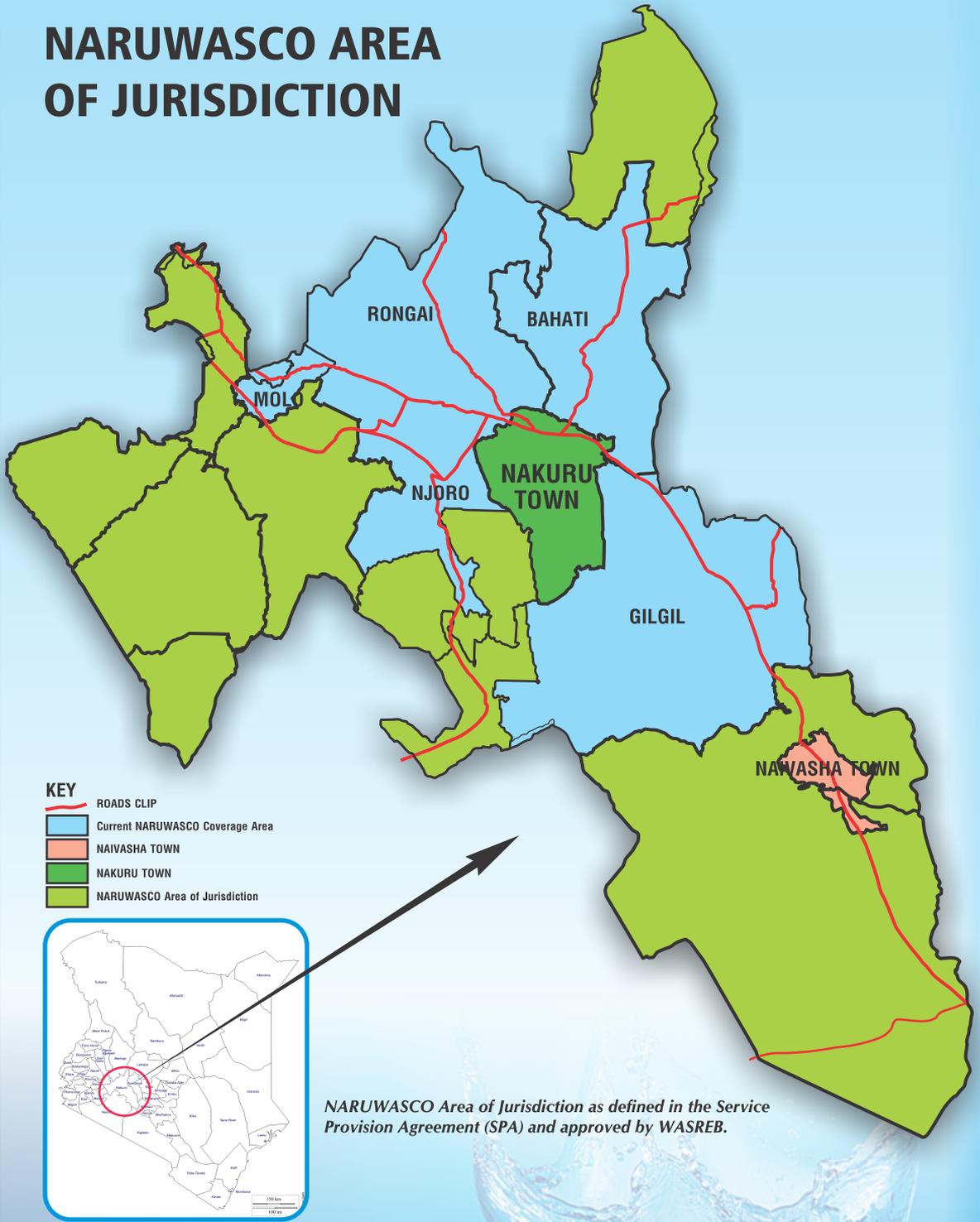


Figure 1: Area of Jurisdiction

I.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.

I.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.

I.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.

Section 78 and 83 of the Water Act 2016 mandates NARUWASCO:

- 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,

I.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.

I.6 Company Governance and Management Structure

The company is governed by a Board of Directors comprising of 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:

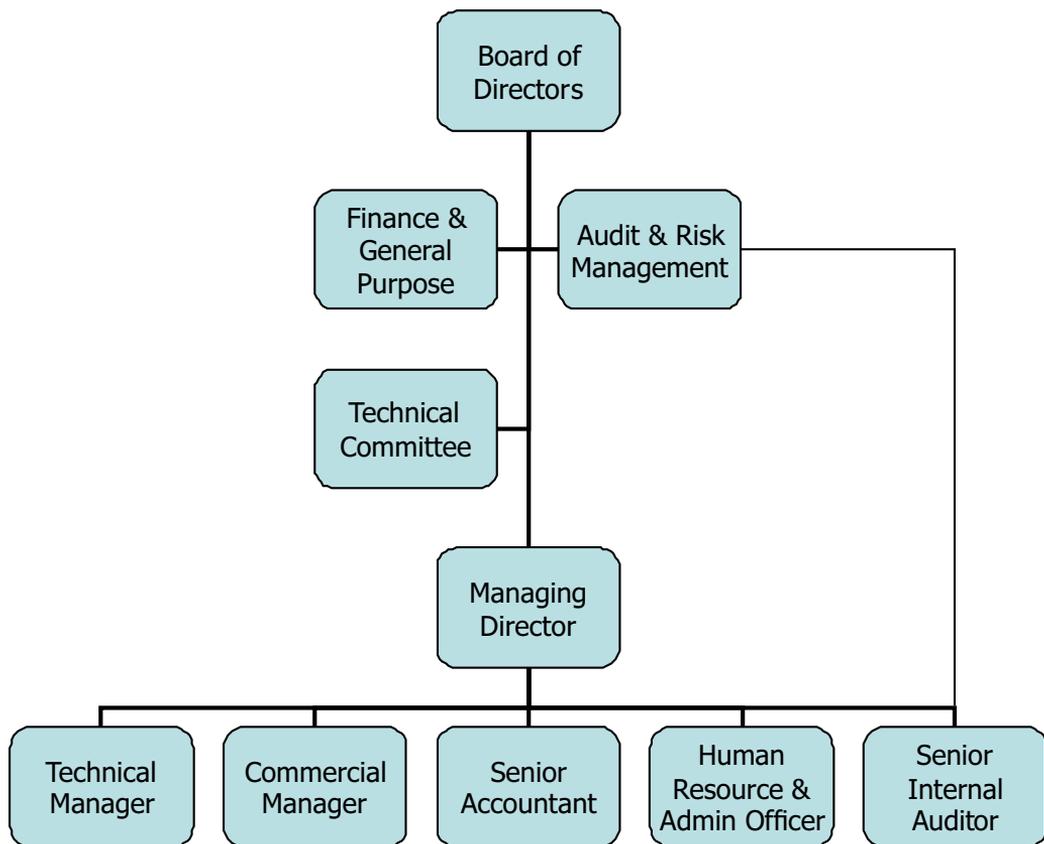


Figure 2: Current Company Organization Structure

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. Encroachment to pipeline wayleaves,
- 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. This is an opportunity for us to look at where we are at the moment, refocus and set where we would like to be in the next five years bearing in mind the likelihood of changes in the operating environment.

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 is:

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

2.2.2 Mission Statement:

A corporate mission statement is a constant reminder to company employees and stakeholders of why the company exists. 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 is:

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

Our cherished core values are:

- 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.

The operating environment is subject to changes as the implementation of the new Water Act 2016 is being rolled out. This may have an impact on our operating environment, hence the need to take into account the political dynamics.

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:

- o Rising inflation rates and loss of consumer purchasing power,
- o Labour Unions increased lobbying has seen a steady and continuous rise in the minimum wage,
- o Capping of interest rates by the central bank of Kenya leading to a credit squeeze by the banks,
- o Public private partnership that has enhanced resource mobilization and support from

- various stakeholders,
- o 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, Salгаа etc.),
- 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 - 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 - allowing 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 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 in our dams/weirs, and use of fertilizers affecting water quality,
- 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 I : Summary of Opportunities

| Opportunities | Strategic implication | Strategic Response |
|---|--|---|
| Political support from the elected leaders/political class. | May bring in increased support at the political, social and economic front | Lobby with new leadership for support and financing through presentation of 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, etc. |
| Population growth in urban centers (Salгаа, Kikopey) | Higher demand for water and sanitation services, Additional revenue Increased O&M activities | Develop a water extension plans and project proposals for funding, Increase the range of our products to include exhausting, lab services, |
| Social media | Platform for communicating with our stakeholders/customers on emergency issues | Enhance capacity of our IT team to optimally use the social media to the benefit of the company |

| Opportunities | Strategic implication | Strategic Response |
|---|---|---|
| Technological Advancement | Opportunity to provide the services in a better and cost effective way | Constant review and updating of our systems and processes. Enhance training, research and bench marking. |
| Topography | Take advantage of favorable topography to reduce operation cost. | Prioritize gravity systems in place of pumping system. |
| Constitution 2010 | The constitution provides that water is a human right to every citizen and could impact positively or negatively to service provision | Use it to lobby for more resources from the National and County governments and other donor agencies/partners |
| Water Act 2016 | NARUWASCO can develop water county assets | Use it to engage with County Government on funding |
| High NRW | New source of water, More revenue Meet customer demand | Enhance metering of consumers, Use high quality pipes and fittings to manage leakages and bursts |
| Community participants/ partnerships | Their support is critical in advancing company policies and plans | Enhance CSR activities, Improve communication channels |
| Unsatisfied demand | It paint a bad picture on the company, Create donor/partner support | Focus more on investing in new sources and reducing NRW, Develop funding proposals |
| Lack of Sewer/ Sanitation facilities in our major urban centers (Gilgil, Salgaa, Njoro, Elburgon, Molo, Subukia, Bahati) | Present an opportunity for growing revenue base, Attract donor funding towards sewer/sanitation sector | Invest in an exhauster truck to fill the gap, Develop funding proposals for sewer system development |

Table 2 Summary of Threats

| Threats | Strategic implications | Strategic Response |
|---|---|---|
| Illegal Water Connections | Loss of water resulting in high NRW, Loss of revenue Poor customer service | Enhance inspections to arrest the situation, Adopt severe penalties to culprits, Address systemic issues that encourage illegal connections e.g. staff discipline and lack of integrity |
| Vandalism of the established infrastructure by the people in the areas where the systems pass through | Loss of water High cost of repairs | Engage regularly with the community/police Improve/create channels of communication in fighting vandalism |
| Environmental degradation of the water sources leading to reduction of the outputs. | Enhanced competition for water sources Increased conflicts with the company | Participate in environmental protection, Create partnership with environmental groups |
| Private plumbers and technicians who engage in illegal activities | Mushrooming of illegal connections/reconnections | 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. | Lack of services Delay in addressing customer issues/needs | Invest more in transport and infrastructure (quality pipes and fittings) Enhance training of staff in customer care |
| High power costs for the pumping systems such as the boreholes | Affects financial sustainability of the company | Focus more on gravity systems |
| Wayleave encroachment | Interferes with service provision (repairs, new connections/extensions) Breeds conflicts | Secure all pipeline wayleaves and obtain ownership documents Engage with local administration |

| Threats | Strategic implications | Strategic Response |
|---|-----------------------------------|--|
| Competition from CBOs | Interferes with service provision | Engage with local administration on legal provisions |
| Political interferences | Negatively impact on the company | Enhance lobbying and keep updating the political class on operations and challenges of the company |
| Lack of sanitation facilities (conventional sewer system) | Failure to deliver on our mandate | Develop funding proposals for sewer and sanitation facilities/systems |

3.4 Internal Analysis

3.4.1 Institutional Review

To aid in successful implementation of this strategic plan, the company's organization structure has been reviewed and approved as indicated here below:

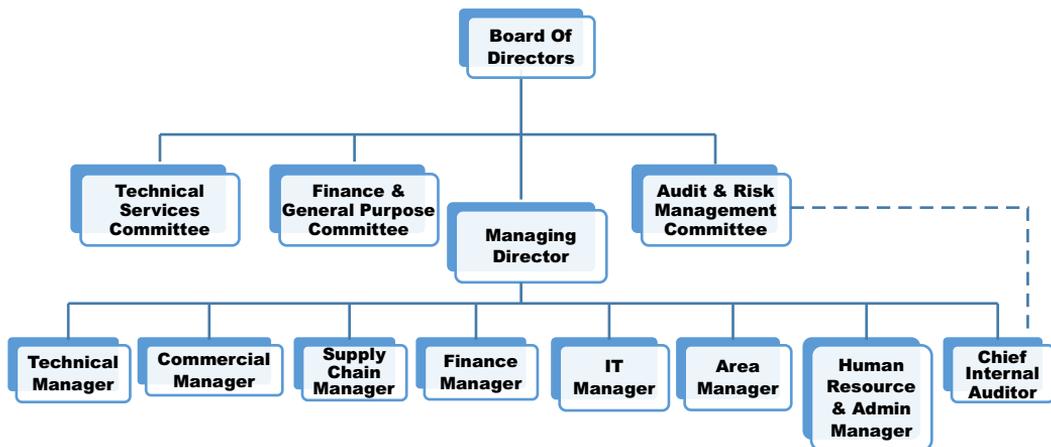


Figure 3: Current Company Organization Structure

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.

Table 3 Summary of Strengths

| Strength | Strategic Implication | Strategic Response |
|---|---|---|
| The Water Act 2016. | Clarity of roles and mandate | Develop and align strategies to respond accordingly to the mandate |
| Company Governance Structure | Provides a sense of stability in management | Enhance capacity of governance players to respond to the needs of the company |
| Good accounting/Reporting systems | This gives sense of discipline in financial management | Continue building and promoting good financial management Utilize |
| Teamwork (Management and general staff participation) | Key strength and ingredient to progress | Enhance capacity of staff through training and development |
| Policies and procedures manuals in place. | Clarity of rules and regulations applicable to organizational processes | Continue aligning policies and procedures to the applicable government laws and regulations |
| Regular stakeholders' forums | Requirement by the regulator | Continue engaging with the stakeholders. Hold annual stakeholders conference |
| Regular income | Financial sustainability | Focus more on expanding/increasing revenue base |
| Bills sent out in good time. | Timely payment of bills | Maintain set timelines of billing and dispatch of bills |

| Strength | Strategic Implication | Strategic Response |
|---|---|--|
| Debt recovery measures targeting defaulters have been put in place. | Recovery of arrears enhanced | Develop and implement revenue/arrears collections strategies among them CRB listing |
| Good staff remuneration | More staff productivity able to meet/achieve performance targets | Ensure competitive Remunerations of staff and continuous capacity building |
| Adoption of digital technology (GIS, MFA, Billing, Payment) | Ensure timely communication and efficient customer service | Continue adaptation of relevant technologies |
| New full cost recovery tariff | The company is able to meet its financial obligations as and when they fall due | Enhance expansion of services Rehabilitate current infrastructure Increase revenue finance NRW management strategies |
| Gravity water systems | Save on electricity bills | Prioritize gravity systems in development of new schemes |
| Cordial relationship with suppliers | Ensures timely deliveries of supplies and services by services providers | continue maintaining the relationship through prompt payment of services and goods supplied |

Table 4 Summary of Weaknesses

| Weaknesses | Strategic Implication | Strategic Response |
|--|--|--|
| Poor asset management | Safety of assets is not ensured Likely loss of company assets | Initiate stores management function at all regions/areas, Update assets register regularly, |
| lack of adequate support infrastructure e.g. transport | Failure to attend to emergencies and normal routine Operation and Maintenance activities | Invest more in support infrastructure e.g. transport |

| Weaknesses | Strategic Implication | Strategic Response |
|---|---|--|
| Few qualified staff | Poor delivery of services as expected by our customers Company not able to meet its mandates | Correct placement Training and capacity building to be enhanced |
| Lack of production and zonal meters | The organization does not know its actual water production capacity | Procure and install production/zonal meters in all water supply schemes and zones |
| Low metering of customers | Low billing as compared to water produced | Procure and install meters in all consumer connections |
| Lack of work-planning | Inability to evaluate performance of management | Ensure annual work planning is at the heart of management deliverable |
| Accepting poor/low quality materials | Poor service delivery High NRW levels Rampant leakages | Procure quality materials at all times, Subject deliveries to quality checks/inspection |
| Lack of pipeline network drawings | Makes management and patrols difficult Impedes O&M activities | Invest in mapping all our pipeline networks Equip and capacity build GIS section |
| Lack of aggressiveness in debt collection | Poor revenue collections and increase in uncollectable debts | Develop strategies for improving debt collection (CRB listing, credit control) |
| Aging workforce | May impede delivery of reliable services Costly recruitment processes | Institute succession processes/plans Recruitment Training |

3.5 Stakeholder Analysis

NARUWASCOS' key stakeholders include:

Table 5: 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 and commitment | <ul style="list-style-type: none"> • Good terms and conditions of service • Prompt payment of salaries • Timely communications • Good working conditions • Fair treatment | <ul style="list-style-type: none"> • Continuous training and development • Continuous focus on staff welfare • Provide/Improve communication channels |
| Customers | <ul style="list-style-type: none"> • Customer loyalty • Prompt payment of bills • Cooperation | <ul style="list-style-type: none"> • Quality service • Timely communication | <ul style="list-style-type: none"> • Enhance customer care service • Provide/improve communication channels |
| Union | Sound industrial relations | <ul style="list-style-type: none"> • Recognition and enhancement of members welfare • Prompt remittances of emoluments | <ul style="list-style-type: none"> • Continuous engagement with the union • Incorporate the union in decision making affecting members |
| Board of Directors | Sound leadership and good policy | High performance and good governance | <ul style="list-style-type: none"> • Continuously update the board on company performance • Enhance cooperation and teamwork |
| Shareholders | Support and autonomy | <ul style="list-style-type: none"> • Wealth creation and value addition • Network expansion and coverage | Continuous updates on progress and performance |
| Government agencies | Enabling policies and legislation | Service delivery and compliance | Continuous compliance with policies and legislation |

| Stakeholder | What NARUWASCO expects from the stakeholder | What the Stakeholder expects from NARUWASCO | Strategy of managing the stakeholder |
|-------------------------------|--|---|---|
| Suppliers | <ul style="list-style-type: none"> • Quality goods and services • Timely delivery and after sale service | <ul style="list-style-type: none"> • Prompt payment • Fair treatment | <ul style="list-style-type: none"> • Enhance inspection and acceptance for quality/quantity • Improve/provide communication channels |
| Development partners | <ul style="list-style-type: none"> • Favorable terms and conditions • Timely disbursement of funds | <ul style="list-style-type: none"> • Good governance • Effective utilization of funds | <ul style="list-style-type: none"> • Compliance to rules and regulations • Continuous updates on progress and performance • Prompt reporting |
| Media | Factual and fair coverage | Information disclosure | <ul style="list-style-type: none"> • Prompt response to media concerns • Media briefing |
| Community based organizations | Support and cooperation | Corporate social responsibility Efficient service delivery | <ul style="list-style-type: none"> • Provide/improved communication channels • Consultative/participative approaches to issues |
| Training institutions | Cooperation on training of personnel | Opportunities for students | Partner with training and research institutions. |

Chapter Four

4.0 Strategic Issues

4.1 Introduction

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 2018 - 2022, 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 shall continue to provide an enabling environment for the company operations,
- Institutional integrity will improve the performance of NARUWASCO in the provision of water and sanitation services,
- NARUWASCO shall continue investing on human capital to develop capacity,
- NARUWASCO shall embrace technological advances,
- Environmental protection shall be enhanced,

4.3 Strategic Objectives/Themes

Emanating from the strategic issues are strategic objectives that will be subsequently addressed. These strategic objectives has been 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;

Table 6: Strategic Objectives and Activities

| Strategic Objective | Strategies/Activities |
|---|--|
| To continue strengthening the institutional capacity of the company to meet its mandate | <ul style="list-style-type: none"> o Continuously evaluate the board/staff needs, capacity, and skills gaps and put in place remedial measures to fill the gaps, o Complete and implement a HRD plan through job firming, o Organize and implement culture change programs, o Procure necessary equipment for strengthening IT services, o Assign and ensure regular use and updates of MIS systems, o Provide continuous training to both board and staff on good corporate governance, o Establish a good corporate governance resource, information dissemination and feedback system, o Establish workplace policies for all cross cutting issues, o Carryout a communication and stakeholder's needs assessment, o Benchmarking with the industry/sector, o Develop approaches, tools and materials for different stakeholders, o Implement, monitor and evaluate the communication and social mobilization plan. |
| To increase access to water and sanitation services | <ul style="list-style-type: none"> o Establish MIS relevant to various supply regions, o Develop performance targets for water supply regions, o Implement M & E systems for the regions, o Establish and implement a reward system, o Carry out situational analysis about the exact water and sanitation services requirements of the target population, o Identify and implement appropriate and cost effective interventions to provide water and sanitation services to the greatest number of people using available |

| Strategic Objective | Strategies/Activities |
|--|---|
| | <p>resources.</p> <ul style="list-style-type: none"> ○ 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 services, ○ Develop funding proposals for network rehabilitations and development, ○ Implement pro-poor policy, ○ Partner with national, county governments and other partners on development of new water sources, |
| <p>To ensure efficient utility management, economic utilization of available water/resources</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 in all areas, ○ Ensure all illegal connections are unearthed and remedial measures taken, ○ Carry out periodic inspections on metered, flat rate and C/O connections, ○ Develop performance revenue targets for each scheme, ○ Ensure efficient and accountable collection of revenue, ○ 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, ○ Attain 35% NRW rate at the end of the planning period, ○ Rehabilitate old infrastructure and replacement ○ Develop and implement NRW management policy |

| Strategic Objective | Strategies/Activities |
|---|---|
| | <ul style="list-style-type: none"> ○ 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, ○ OSHA, WIBA, |
| To ensure the company is driven by the principles & practices of good governance. | <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), ○ Inculcate Benchmarking programs. |
| To ensure that the company is financially sustainable. | <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 the company financial resources/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, |

| Strategic Objective | Strategies/Activities |
|---|---|
| | <ul style="list-style-type: none"> ○ 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 ○ Efficient operations and maintenance of the water distribution system, ○ Ensure water quality management standards are met at all times, ○ 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"> ○ Leverage on current developments on ICT to improve efficiency and service delivery, ○ 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, ○ Undertake employee satisfaction survey ○ Maintain staff discipline ○ Implement workplace policies (OSHA, WIBA). |

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.

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.

Table 7: Strategic Activities Mapping Matrix

| 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">o conduct a staff manning levels assessmento Identify and recruit all required staff.o Identify the Board & staff needs, capacity; skill gaps and put in place remedial measures to fill the gapso Establish and implement a HRD plan through job farming. |

| Objectives | Outputs | Activities |
|--|--|---|
| | | <ul style="list-style-type: none"> ○ Strengthen the capacity of the Naruwasco to deal with cross cutting issues, ○ 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 |

| Objectives | Outputs | Activities |
|--|---|--|
| | | <ul style="list-style-type: none"> ○ 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 unearthed and remedial measures taken. ○ 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 | <ul style="list-style-type: none"> ○ Identify and develop a strategy to address the constraints leading to poor representation of women in |

| Objectives | Outputs | Activities |
|------------|---|---|
| | promoted in Naruwasco. | <ul style="list-style-type: none"> management. o Implement Gender sensitive workplace policy. |
| | Environmental issues addressed | <ul style="list-style-type: none"> o Assess the current environmental status and practice related to Water & Sanitation with the intention of adopting the best practices. o Establish and follow guidelines and standards in line with NEMA / WRMA policies. |
| | HIV/AIDS mainstreamed. | <ul style="list-style-type: none"> o Establish a workplace policy on HIV/AIDS o Identify and capacitate an HIV/ AIDS coordinator. o Develop and collaborate with relevant institutions and acquire HIV/AIDS materials. |
| | Poverty and health related issues as pertains to water and sanitation activities addressed. | <ul style="list-style-type: none"> o Establish assessment criteria for the rural and urban poor and prioritize the affected communities, groups and households. o Support wealth creation and activities linked with Water& Sanitation activities. o Continuously monitor and evaluate the impact of pro-poor policies |

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 (McKinsey 1980) to facilitate and create the right environment for strategy implementation. The seven organizational factors termed as 'levers' include: structure, strategy, systems, skills, style, staff, and shared values.

The company will strive to align these seven factors in order to create room for smooth implementation of this strategic plan.

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 of it in the production of outputs 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. A risk register shall be developed and maintained. Frequent and regular risk assessment procedures shall be undertaken to monitor progress of the strategic plan implementation.

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,
- Approving 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,
- Embrace the M&E concept,

Other actors are:

- i. Water Services Regulatory Board
- ii. Rift Valley Water Services Board/Water Works Development Agencies
- iii. Water Resources Authority
- iv. Ministry of Water and Irrigation
- v. Water Sector Trust Fund

Chapter Six

6.0 Conclusions and Recommendations

6.1 Conclusion

The strategic plan covers a five year period from 2018 - 2022 through which the plan will be evaluated to help establish what has been achieved and where changes have to be made. 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.



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