

KAKAMEGA COUNTY WATER AND SANITATION COMPANY LIMITED (KACWASCO)



STRATEGIC PLAN 2017 - 2022



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



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FOREWARD



The development of this 5-year Strategic Plan for KACWASCO is a milestone for the company that will see us operate on strong pillars in order to achieve the desired goals. The strategic plan will provide a focus and alignment of all stakeholders to the key strategic priorities that KACWASCO intend to pursue in the 5 years.

This strategic plan comes at a time when water issues are central to the development and growth of county governments. Access to water is embedded in the Kenyan Constitution and classifies this important resource as a human right to the citizens. A key focus of this strategic plan is therefore to ensure growth in water coverage, which then calls for concerted efforts from all key stakeholders in the water sector including those within the County of Kakamega.

It is therefore my sincere hope that all the stakeholders will own this document as it guides and drives the company to deliver better water services for Kakamega County residents. KACWASCO Board of Directors will endeavor to support implementation of this strategic plan through appropriate decision making, resource mobilization and oversight of the process.

On behalf of the Board of Directors, I would like to urge all stakeholders i.e. staff, directors, consumers, development partners, and the County Government to read this document and own it to help improve water service provision.

Finally, I wish to thank H. E. Wycliffe A. Oparanya, Kakamega County Governor, the USAID Kenya Integrated Water, Sanitation, and Hygiene Project (KIWASH), County Executive Committee Member (CEC) for water, Chief Officer for Water, Environment and Natural Resources, KACWASCO board members, management and staff for the support given during development of this document.

A handwritten signature in blue ink, appearing to be 'JW', written over a light blue circular background.

John Wamakonjio

Chairman
KACWASCO

PREFACE



“**Water Is Life**”, without this precious resource, life as we know it for all the creatures on earth including human development activities would not exist. The Kenya Vision 2030 and SDGs aspires to transform Kenya and by extension, all the counties including Kakamega, into an industrialized middle income country by 2030. In order for these transformations to be realized, it will be critical to understand the county’s water resources in terms of service provision, conservation storage and the available technologies for sound and sustainable management.

Water quality and quantity has a significant bearing in Kakamega County’s development potential. The County faces challenges in sustainable water sources, development of water infrastructure, adoption of appropriate water technologies, extraction, sustainable water and sanitation services provision.

This Strategic plan was developed to address issues affecting communities living in Kakamega County mainly in KACWASCO’s service areas as guided by WASREB. For the next five years, this Strategic will address the following:

- a) Increase coverage to more areas and connect people to water services.
- b) Reduce Non-Revenue Water (NRW) losses both commercial and physical wastage.
- c) Improve on water quality and quantity as per required minimum standards.
- d) Increase hours of supply to our consumers.
- e) Expand the water infrastructure through pipeline extension, improved storage facilities, improved production facilities etc.
- f) Ensure that various stakeholder interests are included for access, utilization and sustainable management of water across the County.

KACWASCO will provide coordination and implementation services as well as mobilize resources both locally and from development partners to facilitate the implementation of projects as highlighted in the Strategic Plan. It is anticipated that staff, Board of Directors and stakeholders will internalize the plan for effective and efficient implementation.

Finally, I wish to express my gratitude and sincere thanks to the Board, management and staff of KACWASCO who participated and enabled the development and compilation of this document. I also sincerely thank USAID’s KIVASH who facilitated the development of this document.

A handwritten signature in blue ink, appearing to read 'Fredrick Atwa', written over a light blue rectangular background.

Fredrick Atwa
Managing Director
KACWASCO

EXECUTIVE SUMMARY

Kakamega County Water and Sanitation Company Limited (KACWASCO) was incorporated under the Company Act (Cap 486). Kakamega County took over the operations of water utility from Lake Victoria North Water Services Board (LVNWSB) on July 1, 2016, following a separation of the joint operations for water supply between Busia and Kakamega counties. This was brought about by the new constitution that made water services provision a devolved function.

Sustainable Development Goals (SDGs) Goal 6 focuses on achieving universal and equitable access to safe and affordable drinking water, adequate and equitable sanitation and hygiene and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

Kenya's Vision 2030 for Water and Sanitation is to ensure that improved water and sanitation are available and accessible to all by 2030. Kenya's Constitution entrenches water as a constitutional right by establishing a right to reasonable standards of sanitation and clean and safe water in adequate quantities. The Water Act 2016 aligns the water sector with the constitution. The Act defines roles and responsibilities in the delivery of water and sanitation services within the devolution framework.

The Kakamega the County Integrated Development Plan (CIDP) provides the strategic direction and priorities of Kakamega County. It envisions "A wealthy and vibrant county offering high quality services to its residents". Provision of quality water and sanitation services are critical to achieving the County's vision by providing sustainable access to adequate clean and safe water in a clean and secure environment.

To achieve this, KACWASCO developed a Strategic Plan aligned to the objectives of the County Integrated Development Plan (CIDP).

During the strategic planning process, the following were identified:

Vision: An effective and efficient water and sanitation service provider.

Mission: Sustainably provide quality, affordable, reliable water and sanitation services to our stakeholders in accordance with statutory regulations.

Core Values: Accountability and Transparency; Integrity (Honest, Equity /Fairness); Professionalism; Customer Focus; and, Teamwork.

In order to achieve its vision and realize its mission, KACWASCO will focus to achieve the following Strategic Objectives for the period 2017 – 2021:

- Increased coverage through water and sewerage infrastructure development
- Enhanced operational efficiency and customer service
- Improved financial sustainability
- Strengthened institutional capacity
- Effective corporate governance

Successful implementation of a strategic plan requires that strategies and activities be linked and supported with resources both financial, technical assistance and in-kind. A total of **Kshs. 2.944 billion** will be required for successful implementation of this strategic plan. Since KACWASCO has limited sources of internal funds, the initial years of this strategy implementation may require external sourcing of funds even as the internal sources are strengthened. The various external sources of funding will include the County Government of Kakamega, Development Partners, Public Private Partnerships, and Commercial Financing.

In order to ensure effective implementation, a monitoring and evaluation (M&E) framework will be adopted in order to ensure successful implementation of the strategic plan. Monitoring and evaluation will be conducted by the Board of Directors through a committee comprising of representatives from all departments. A mid-term evaluation will be undertaken with the purpose of verifying that the plan is on the right track and provide information to correct observed deficiencies including the revision of objectives, strategies or activities. The mid-term review will be conducted mid-2019. The final evaluation will assess the achievement of the activities in the Strategic Plan, identify, and document the success or failure. The final evaluation will be undertaken at the end of the planning period - 2021.

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

ACRONYMS

AGM	Annual General Meeting
BoD	Board of Directors
CIDP	County Integrated Development Plan
CFM	Commercial Finance Manager
COK	Constitution of Kenya
CMT	Core Management Team
CRM	Customer Relationship Management
CSM	Customer Service Manager
GIS	Geographic Information System
HRM	Human Resources Manager
IA	Internal Audit
ICT	Information and Communications Technology
KACWASCO	Kakamega County Water and Sanitation Company
KeBS	Kenya Bureau of Standards
KEWI	Kenya Water Institute
KPI	Key Performance Indicators
LA	Legal Advisor
LVNWSB	Lake Victoria North Water Services Board
MOU	Memorandum of Understanding
M&E	Monitoring and Evaluation
MD	Managing Director
NRW	Non-Revenue Water
O&M	Operation and Maintenance
OCS	Organizational Climate Survey
PESTEL	Political, Economic, Social, Technological, Legal and Environmental
RRI	Rapid Results Initiative
SPA	Service Provision Agreement
SDG	Sustainable Development Goals
SWOT	Strengths Weaknesses Opportunities and Threats
TM	Technical Manager
WASH	Water, Sanitation and Hygiene
WHO	World Health Organization
WARA	Water Resources Authority
WRUAs	Water Resources Users Associations
WSTF	Water Sector Trust Fund
WSPs	Water Service Providers
WASREB	Water Services Regulatory Board

1.0 INTRODUCTION

1.1 Background of Kakamega County Water and Sanitation Company Limited

Kakamega County Water and Sanitation Company limited (KACWASCO) is a county corporation through the Kakamega Water and Sewerage Services Act, 2015 section 4(2) and is incorporated under the Company Act (Cap 486). Kakamega County took over the operation of water supplies from Lake Victoria North Water Services Board (LVNWSB) from July 1, 2016, following the separation of the joint operations of the water supplies between Kakamega and Busia Counties; this was in relation to the new Constitution that makes water provision services a County Government role under the devolved system of government. 253,983 people are currently being served with clean, quality and sufficient water in Kakamega against a population of 319,266 in the service area. This population is mainly in the urban areas as per Service Provision Agreement (SPA), but the total population of Kakamega County is approximately 2 million.

1.2 Rationale of the Strategic Plan

Several factors have driven the need for this strategic plan. These factors include:

- The need to set up a strategic direction for KACWASCO in view of the separation from BUWASCO
- The strategic plan being a prerequisite for KACWASCO to acquire a license to operate from the sector regulator (WASREB)
- The need to assess and adjust KACWASCO's direction in response to changing environments both internal and external.
- The changing demographic trends leading to increasing demand for the services of KACWASCO
- The need to operate in a more efficient and effective way while achieving KACWASCO's mandate.
- The need to align KACWASCO and its activities to the aspirations of the stakeholders.

1.3 General Approach towards Strategic Planning

In developing this Strategic Plan, the following questions were addressed:

- Where is KACWASCO trying to get to in the long-term? (**Vision, strategic direction**)
- What external and internal environmental factors affect KACWASCO's ability to operate efficiently and effectively? (**Situational analysis**)
- What are the values and expectations of those who have influence in and around KACWASCO? (**Stakeholders analysis**)
- Which areas should KACWASCO operate in and what kind of activities should it be involved in? (**Scope, activities and plans**)

- How can KACWASCO perform better than others in the sector? (**Competitive advantage**).
- What resources (skills, assets, finance/budgets, relationships, technical competencies, and facilities) are required in order to be able to operate effectively and achieve KACWASCO's objectives? (**Resources/Budgets**)
- How will KACWASCO realize that has achieved its desired objectives or how will it measure its success? (**Monitoring and evaluation**).

I.4 Process of Developing the Plan

This strategic plan was developed through a consultative process. The process entailed consultations with KACWASCO's Management and the Board of Directors (BOD) Furthermore, data for this plan was collected from various documents within and outside KACWASCO. Subsequently, a stakeholder workshop was held to identify and deliberate on the issues identified during the information gathering process leading to the development of KACWASCO's strategic direction for 2017 – 2021. A draft strategic plan was then developed and subjected to review by various stakeholders upon which a final strategic plan was arrived at.

I.5 Structure of the Strategic Plan

This strategic plan consists of the following seven chapters:

Chapter One is the introduction and background of KACWASCO, the rationale for strategic planning and the process of developing the plan

Chapter Two, a strategic planning context is provided.

Chapter Three presents the Strategic Model, which covers KACWASCO's mandate, vision, mission and core values

Chapter Four presents KACWASCO the strategic analysis, internal analysis, external environmental analysis, stakeholder analysis and SWOT analysis.

Chapter Five provides KACWASCO's key strategic areas, objectives and strategies

Chapter Six provides institutional structure required for strategy implementation

Chapter Seven mechanisms for monitoring, evaluation and reporting of the implementation process a represented.

Various Appendices are provided including the organization structure, a five-year financial projections model, and the implementation matrix.

2.0 STRATEGIC PLANNING CONTEXT

This strategic plan was informed and guided by global, national and local water and sanitation aspirations and targets. The section below indicates the context informing this strategy.

2.1 Sustainable Development Goals (SDGs)

Spearheaded by the United Nations and involving 193 Member States, the Sustainable Development Goals (SDGs) are a set of 17 Global Goals with 169 targets. SDG Goal 6 is to achieve universal and equitable access to safe and affordable drinking water for all and, adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.¹

2.2 Kenya Vision 2030

The Kenya Vision 2030 focuses on economic, social and political pillars, and recognizes that water is an important enabler to the achievement of the Vision 2030.

The Vision for Water and Sanitation is to ensure that improved water and sanitation are available and accessible to all by 2030. To achieve this, the Vision is guided by four specific strategies including: (i) Raising the standards of the country's overall water, resource management, storage and harvesting capacity; (ii) Rehabilitating the hydro-meteorological data gathering network; (iii) Constructing multipurpose dams, and; (iv) Constructing water and sanitation facilities to support industries and a growing urban population.²

2.3 The Constitution of Kenya (COK) 2010

Devolution under Kenya's new 2010 Constitution has wide-ranging implications for the water sector. The Constitution recognizes that access to safe and sufficient water is a basic human right. Article 43³ of the Constitution entrenches water as a constitutional right by establishing a right to reasonable standards of sanitation and clean and safe water in adequate quantities and Article 21 places an obligation on the government to take steps to progressively realize this right. It also assigns responsibility for water supply and sanitation provision to 47 newly established counties. To effect these changes, new laws were put in place including the Water Act 2016 and the County Governments Act, which gives counties the power⁴ to establish service delivery entities including water service providers.

2.4 Water Act 2016

The Water Act 2016 aligns the water sector with the COK 2010. The Act defines roles and responsibilities in the delivery of water and sanitation services. Under the Act, county governments will appoint or establish Water Service Providers to serve as licensed water operators. Section 78. (1) of the Act⁵ states that a water services provider shall be responsible for:

1 WWW.un.org/sustainabledevelopment/sustainable-development-goals

2 WWW.vision2030.go.ke

3 www.kenyalaw.org

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

5 WWW.kenyalaw.org/

- a) The provision of water services within the area specified in the license; and
- b) The development of county assets for water service provision.

2.5 Kakamega County Integrated Development Plan (CIDP)

The Kakamega CIDP provides the strategic direction and priorities for the County. It envisions a competitive and prosperous county offering high quality services in a clean and secure environment to its residents. The mission of the County is **“To improve the welfare of the people of Kakamega County through formulation and implementation of all-inclusive multi-sectoral policies”**. Water and sanitation are critical to the achievement of the County Mission. The CIDP states that the County Government’s vision in relation to water is ‘sustainable access to adequate clean and safe water in a clean and secure environment’ while its mission is ‘to promote, conserve and protect the environment and improves access to water for sustainable national development’⁶. The County has identified some areas of focus including:

- Rehabilitation of water infrastructure
- Operationalization of stalled water schemes and projects
- Enforcement of Environmental Regulations to safeguard water bodies and ensure water quality
- Rehabilitation of Degraded Ecosystems and management of wet land.
- Provide water to all the residents of the county
- Provide drainage and sewer services to residents of urban centers within the county.

2.6 Kakamega County Water Supply and Urban Sewerage Strategic Plan (2015 – 2019)

To actualize the vision of the CIDP, the County Department of Water developed a Strategic Plan. KACWASCO Strategic Plan is aligned with this strategy. The aspirations of the department are expressed in its Vision and Mission as stated below:

Vision: to be a model County in the provision of quality water and sanitation services in Kenya.

Mission: ensuring the provision of quality, adequate and affordable water and sanitation services in an environmentally sound manner that improves socio-economic status of the citizens of the county.

Under the plan, the strategic outcomes were primarily mapped into the following four (4) key thematic areas: Water governance; Water service management; Water and urban sanitation infrastructure; Capacity development and resource mobilization and practical approaches towards equity and inclusion in the water sector. The Strategic Plan focused on achieving some targets towards 2030, as captured in the table below:

6 www.kakamega.go.ke/the-first-county-integrated-development-plan-2013-2017

Estimated Target Changes between 2015 and 2030		Year 2015	Year 2030
General	% of population living below poverty level	47	30
	% population living in urban settlements	20	40
	% of County with adequate road and communication Infrastructure	35	60
	% of overall services that are meeting minimum standards	40	70
Domestic service levels	% of population accessing adequate domestic water services	30	85
Multiple Use Services	% basic MUS	25	60
Rural Sanitation	% access to adequate sanitation	94	100
Urban sanitation	% access to adequate sanitation	80	95
	% of urban area covered with sewerage	20	40

2.7 Water and Sanitation Situation in Kakamega County

Kakamega County borders Vihiga County to the south, Busia and Siaya Counties to the West, Bungoma and Trans Nzoia Counties to the North, Uasin Gishu to the North East and Nandi County to the East. The County covers an area of approximately 3050.3 Km². The County has 12 sub-counties and 60 wards. According to the 2009 Population and Housing Census, the county population was 1,660,651 with a population growth rate of 2.5%/annum. Improved sources of water comprise protected springs, protected well, borehole, piped into dwelling, piped and rain water collection while unimproved sources include ponds, dams, lakes, streams/ rivers, unprotected springs, unprotected wells, water vendor and others. While Sub-counties like Mumias West, Shinyalu and Lugari enjoy improved water sources, Likuyani has the highest number of unimproved water sources.

This has put great pressure on socio-economic facilities especially on health, education and land. In spite of significant investments in Kakamega County's water supply and resource management over the past years that have come along with some improvement in the access rates, still water service levels and management of water sources is a challenge. Currently functionality rates in the county are un-known however,⁷ 61% of the residents use improved water sources as at 2013. The county still faces challenges in maintaining the integrity of water ecosystems using approaches that positively impact on poverty levels and take explicit account of the risks and uncertainties of climate change. Some of the institutional arrangements for water service delivery are in place however, there is need to revise the existing ones, to be in tandem with the current devolution terms in the water sector. This has caused several negative impacts on the consumers, the county's economic status/ poverty levels, and the environment and overall on global development agenda for instance the Sustainable Development Goal 6 (SDG's).

7 KNBS and SDI (2013). Exploring Kenya's inequality - Pulling apart or pooling together? Kenya National Bureau of Statistics (KNBS) and Society for International Development (SID))

3.0 STRATEGIC MODEL

The Strategic Model of KACWASCO comprises the Vision, Mission, Core Values, Key Strategic Issues and Strategic Priorities, and was developed after review and analysis of the internal and external environment.

3.1 KACWASCO Core Mandate

The core mandate of the KACWASCO is derived from Section 78. (1) of the Water Act 2016 stipulates responsibilities of water service providers as follows:

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

3.2 Vision, Mission and Core Values

3.2.1 KACWASCO Vision

An effective and efficient water and sanitation service provider

3.2.2 KACWASCO Mission

Sustainably provide quality, affordable, reliable water and sanitation services to our stakeholders in accordance with statutory regulations

3.2.3 KACWASCO Core Values

The core values are the fundamental principles, the non-negotiable terms guiding the behavior of all KACWASCO employees. Considering the behavior and attitudes that should be practiced and embraced in order to create the desired culture to drive KACWASCO's vision derives them. They are the system of shared values and norms in an organization setting. KACWASCO Board of Directors recognizes that having the right values will result in more efficiency, higher productivity, and better focus. The overriding principles guiding KACWASCO's value definition include the following:

- **Integrity:** being an ethical person under all circumstances and demonstrating honesty, transparency, and respect for others.
- **Professionalism and Commitment:** Behavior and performance that at minimum meet the standards prescribed in KACWASCO's policies and procedures
- **Accountability and Transparency:** Taking ownership and responsibility for our actions and providing a precise account of them in a transparent manner
- **Customer Focus:** Always thinking first of the customer needs and expectations
- **Equity:** Fair and just treatment of the people we serve. We shall strive for equal access to services and resources and equal opportunities in all spheres of KACWASCO's for both men and women.
- **Teamwork:** Committing to work as a team and collaborate to synergize our strengths.

4.0 STRATEGIC ANALYSIS

4.1 KACWASCO Internal Analysis

An analysis of the internal environment was carried out in order to identify factors within KACWASCO that may influence performance, implications and mitigation measures. It was done through the analysis of the **8S** model as indicated in the table below.

Table: KACWASCO Internal Environmental Analysis

Strategy Issues	Implication	Mitigation
<ul style="list-style-type: none"> ▪ Company does not have a strategic plan ▪ There is no shared vision among the different stakeholder groups ▪ Largely guided by the sector key performance indicators ▪ The company does not have a resource mobilisation strategy 	<ul style="list-style-type: none"> ▪ Lack of strategic approach ▪ Limited infrastructural improvement ▪ Unclear shared vision ▪ Lack of a performance management strategy 	<ul style="list-style-type: none"> ▪ Develop and implement strategic plan ▪ Develop a resource mobilisation strategy ▪ Develop and implement communication strategy ▪ Establish a monitoring and evaluation system
Structure Issues	Implication	Mitigation
<ul style="list-style-type: none"> ▪ Existence of a Board of Directors and basic structures of Board Committees. ▪ No substantive Managing Director - in an acting capacity 	<ul style="list-style-type: none"> ▪ Current structure is not properly connected to the Strategy ▪ Poor performance ▪ Poor service delivery 	<ul style="list-style-type: none"> ▪ Undertake a staff rationalisation exercise ▪ Develop a strategy aligned organisational structure ▪ Harmonize the Organogram to be in line with the mission, vision and core values of the organization
Systems Issues	Implication	Mitigation
<ul style="list-style-type: none"> ▪ Non integrated systems ▪ Inadequate and obsolete systems in some areas/ section ▪ Lack of adequate infrastructure e.g. water & sewer infrastructure, physical infrastructure ▪ Rudimentary and manual systems in place 	<ul style="list-style-type: none"> ▪ Inefficiency and ineffectiveness 	<ul style="list-style-type: none"> ▪ Implement integrated management systems ▪ Develop relevant policy manuals ▪ Train all employees on understanding the system ▪ Provide all necessary systems ▪ Compliance with the relevant regulations, policies ▪ Allocate adequate finances in the budget

Staffing Issues	Implication	Mitigation
<ul style="list-style-type: none"> ▪ Inadequate staffing / understaffing ▪ No HRM policies ▪ Poor staff attitude ▪ Poor organization culture ▪ Poor working environment ▪ (Transition) 	<ul style="list-style-type: none"> ▪ Poor service delivery ▪ Low staff motivation and commitment ▪ Low productivity 	<ul style="list-style-type: none"> ▪ Recruit missing key staff e.g. internal auditor ▪ Develop requisite HR policies ▪ Clear job descriptions ▪ Proper placement of staff ▪ Clear communication strategy ▪ Clear reporting lines ▪ Proper staff establishment and remuneration
Skills Issues	Implication	Mitigation
<ul style="list-style-type: none"> ▪ Inadequate skills in the Board, the management, and staff 	<ul style="list-style-type: none"> ▪ Poor performance ▪ Poor service delivery ▪ Gaps in strategic leadership 	<ul style="list-style-type: none"> ▪ Capacity building, training ▪ Staff motivation & incentives ▪ Recruit competent staff ▪ Undertake Board and CMT leadership development
Style – Leadership Issues	Implication	Mitigation
<ul style="list-style-type: none"> ▪ Staff perception of the leadership style ▪ Lack of adequate team work 	<ul style="list-style-type: none"> ▪ Poor service delivery ▪ Poor governance relationships ▪ Lack of staff motivation ▪ Limited ability to influence others ▪ Delayed decision making ▪ Employee indifference to performance 	<ul style="list-style-type: none"> ▪ Team building ▪ Staff induction ▪ Periodic training on management skills ▪ Delegation of duties & responsibilities ▪ Develop and implement communication strategy ▪ Enhance the board effectiveness through capacity building, benchmarking etc.

Shared Values/Culture Issues	Implication	Mitigation
<ul style="list-style-type: none"> ▪ Inadequate coordination among the departments/ sections ▪ Cultures change ▪ Various stakeholders do not own their functions ▪ Lack of proper communication strategy 	<ul style="list-style-type: none"> ▪ Poor performance ▪ Poor communication ▪ Poor service delivery 	<ul style="list-style-type: none"> ▪ Have stakeholder meetings ▪ Effective coordination ▪ Inculcate core values among employees and other stakeholders ▪ Capacity build the employees ▪ Identify core values of the organization, integrity, transparency, professionalism, accountability, honesty ▪ Develop and implement service charter ▪ Develop a culture change program
Shillings/Resources Issues	Implication	Mitigation
<ul style="list-style-type: none"> ▪ Limited financial resources ▪ Inadequate use of available resources like water ▪ Operational inefficiencies ▪ Inadequate working tools/ equipment ▪ Lack of a resource mobilization capacity 	<ul style="list-style-type: none"> ▪ Inability to deliver ▪ Poor service delivery ▪ Delayed services ▪ Dilapidated network ▪ Limited working tools 	<ul style="list-style-type: none"> ▪ Embrace partnerships, Public Private Partnership(PPP), commercial financing ▪ Maximize the use of the available resources ▪ Adequate financial controls ▪ Embrace Aid to Trade ▪ Establish a resource mobilization strategy

4.2 External Environmental Analysis

The analysis of the external environment identifies factors outside the control of the organization that could affect performance positively (opportunities) or negatively (threats). The analysis was undertaken through a review of the Political, Economic, Social, Technological, Legal and Environmental (PESTLE) factors, which are outside KACWASCO's control. The outcome of the analysis is as presented in Table below.

Political Factors

Factor	Implication to KACWASCO
Good will	<ul style="list-style-type: none"> ▪ Acceptance of company formation. ▪ Development of infrastructure by the county government. ▪ Key shareholders. ▪ Expansion of coverage ▪ Legislate on issues of water theft
Cohesion	<ul style="list-style-type: none"> ▪ Embracing the governance structures ▪ WSP participation in the county water act.
Political interference	<ul style="list-style-type: none"> ▪ Low revenue ▪ WSP instability ▪ Low coverage. ▪ Exposing the WSP to competitors
Conflict of interest	<ul style="list-style-type: none"> ▪ Impact negatively on the wage bill for the WSP. ▪ Leads to low productivity

Economic Factors

Factor	Implication to KACWASCO
Inflation	<ul style="list-style-type: none"> ▪ Increase in cost of production ▪ Low productivity from employees. ▪ Leads to undue competition ▪ Low revenue. ▪ Illegal connections
Tariff	<ul style="list-style-type: none"> ▪ WSP has no control on the tariff
Substantive Budget allocation	<ul style="list-style-type: none"> ▪ WSP has no control over budgets allocated to them from development partners.
Urbanization	<ul style="list-style-type: none"> ▪ More demand for the product ▪ Increase in illegal connection

Social Cultural Factors

Factor	Implication to KACWASCO
Free water	<ul style="list-style-type: none"> ▪ Low revenue ▪ Restricted coverage
Customer loyalty	<ul style="list-style-type: none"> ▪ Increase in coverage ▪ Increase revenue collection

Ownership	<ul style="list-style-type: none"> ▪ Leads to vandalism ▪ Illegal connection ▪ NRW unreported leaks and bursts ▪ Enhanced organization pride (image)
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Technological Factors

Factor	Implication to KACWASCO
Dilapidated infrastructure	<ul style="list-style-type: none"> ▪ Increase in NRW ▪ High cost of production ▪ High cost of maintenance.
Old pumping systems	<ul style="list-style-type: none"> ▪ High cost of production
Functionality	<ul style="list-style-type: none"> ▪ Delays in service delivery e.g. network congestion
Resistance to embrace	<ul style="list-style-type: none"> ▪ Leads to inefficiency ▪ Low productivity ▪ Increase in NRW
System malpractice	<ul style="list-style-type: none"> ▪ Fraud

Legal Factors

Factor	Implication to KACWASCO
Legislative factor	<ul style="list-style-type: none"> ▪ Provides the legal strength of its existence ▪ Provision of legal framework for the WSP
Conflicting issues	<ul style="list-style-type: none"> ▪ Too much levies. ▪ Instability of the WSP in terms of operations.

Ecological Factors

Factor	Implication to KACWASCO
Pollution	<ul style="list-style-type: none"> ▪ High cost of production.
Deforestation of catchment areas	<ul style="list-style-type: none"> ▪ Low abstraction. ▪ Poor raw water quality ▪ High cost of production
Surface run off	<ul style="list-style-type: none"> ▪ High cost of sewer treatment
Rainy seasons	<ul style="list-style-type: none"> ▪ Low revenue ▪ High cost of production
Gravity water	<ul style="list-style-type: none"> ▪ Exploit this for increased coverage

4.3 Stakeholder Analysis

Stakeholder analysis is a process of systematically gathering and analyzing qualitative information to determine whose interests should be taken into account when developing and/or implementing KACWASCO's Strategic Plan. A number of KACWASCO stakeholders were identified and an analysis was undertaken to determine the interests of the stakeholder, their

expectations from KACWASCO and the possible strategies to either drive support from the stakeholder or mitigate any negative effects from the stakeholder.

Table: KACWASCO Stakeholder Analysis

Stakeholder	Stakeholder interests in KACWASCO - what they expect from us	What do we expect the Stakeholder to provide?	Potential Strategies for obtaining support or reducing obstacles
County Government	<ul style="list-style-type: none"> ▪ Good service delivery ▪ Sustainability ▪ Access to WASH services 	<ul style="list-style-type: none"> ▪ Financial support as & when needed ▪ Influence key institutional customers at National government level to pay for water bills and in project implementation ▪ Supportive and enabling environment for effective operations ▪ Support infrastructure development 	<ul style="list-style-type: none"> ▪ Sound business case and a business plan ▪ Improved efficiency and service delivery ▪ Efficient business operations ▪ Effective financial management ▪ Put in place the right establishment with right skills & competences
Customers	<ul style="list-style-type: none"> ▪ Good service delivery ▪ Good customer care ▪ Effective communications 	<ul style="list-style-type: none"> ▪ Timely payment of Bills ▪ Proper care of WASH infrastructure ▪ Positive word of mouth ▪ Prompt reports of breakdowns & vandalism to KACWASCO and relevant authorities 	<ul style="list-style-type: none"> ▪ Develop service charter ▪ Segmentation of customers ▪ Train staff on customer service ▪ Develop customer communication strategy ▪ Renewal of customer agreements ▪ Provide easy payment options

Stakeholder	Stakeholder interests in KACWASCO - what they expect from us	What do we expect the Stakeholder to provide?	Potential Strategies for obtaining support or reducing obstacles
Suppliers	<ul style="list-style-type: none"> ▪ Prompt payment for goods and services supplied ▪ Corruption free procurement processes 	<ul style="list-style-type: none"> ▪ Quality services and products ▪ Prompt delivery and completion of projects within given timelines ▪ Reliable supply ▪ Competitive rates for their product 	<ul style="list-style-type: none"> ▪ Use of a prequalified suppliers list which is competitively selected in a fair and open procurement process ▪ Ask for good terms from suppliers such credit period ▪ Good relationship & timely payments
Financial Institutions	<ul style="list-style-type: none"> ▪ Keep proper financial records ▪ To meet our financial obligations 	<ul style="list-style-type: none"> ▪ Financial support i.e. Loans ▪ To support company activities as their corporate social responsibility ▪ To provide financial advisory services 	<ul style="list-style-type: none"> ▪ Process ownership/ title deeds for the company properties used as collateral ▪ Seek guarantee from the county government.
BOD	<ul style="list-style-type: none"> ▪ Effective management ▪ Effective and efficient service delivery ▪ Compliance with BOD decisions ▪ Transparency, honesty and integrity within the staff. 	<ul style="list-style-type: none"> ▪ Strategic direction ▪ Lobbying support from development partners and the government. 	<ul style="list-style-type: none"> ▪ Transparency between the company ▪ Operation efficiency ▪ Stakeholders involvement

Stakeholder	Stakeholder interests in KACWASCO - what they expect from us	What do we expect the Stakeholder to provide?	Potential Strategies for obtaining support or reducing obstacles
KACWASCO Staff	<ul style="list-style-type: none"> ▪ Good terms of employment ▪ To be capacity built ▪ Job security ▪ Proper facilitation ▪ Good working environment ▪ Good work relationship 	<ul style="list-style-type: none"> ▪ Dedicated and quality workmanship ▪ Compliance with set rules and regulation in the work culture ▪ Creativity and innovation ▪ Efficiency and effective in service delivery ▪ High integrity 	<ul style="list-style-type: none"> ▪ Strategic planning in their operations ▪ Exemplary customer service ▪ Constant self-capacity building
Regulatory Agencies <ul style="list-style-type: none"> ▪ WASREB ▪ WRA 	<ul style="list-style-type: none"> ▪ Compliance with WASREB regulations ▪ Registration with WASREB ▪ Application for tariff approval ▪ To submit WARIS report ▪ Payment of statutory levies ▪ Water abstraction permits ▪ Statutory levies 	<ul style="list-style-type: none"> ▪ To approve tariff request ▪ Provide annual impact report ▪ Conservation and protection of water sources (quality) ▪ Management of water catchment areas 	<ul style="list-style-type: none"> ▪ To abide with rules and regulations of WASREB ▪ Provide clean and safe water ▪ Efficient development, storage and management of data ▪ Gender mainstreaming/ cross cutting issues i.e. disabled persons , HIV & AIDS ▪ Work closely with the WRUA's ▪ Establishment of water quality testing laboratories
Development Partners (e.g. WSTF, USAID, SNV, etc.)	<ul style="list-style-type: none"> ▪ A legally constituted entity ▪ To have a proposal 	<ul style="list-style-type: none"> ▪ To expect funding ▪ In kind funding i.e. capacity building ▪ Direct funding ▪ Software development 	<ul style="list-style-type: none"> ▪ To be a legally constituted entity ▪ To have a company master plan / business plan
National Government	<ul style="list-style-type: none"> ▪ A constituted legal entity 	<ul style="list-style-type: none"> ▪ To expect funding 	<ul style="list-style-type: none"> ▪ To be a legally constituted entity

4.4 SWOT Analysis

An assessment of KACWASCO's Strengths, Weaknesses, Opportunities and Threats (SWOT) was carried out during the development of this strategic plan. This analysis provided a platform to determine appropriate plans and activities to ensure that KACWASCO's planned objectives are achieved. The SWOT analysis is based on the assumption that an effective plan derives from a strong correlation between the internal resources (Strengths and Weaknesses) and its external situation (Opportunities and Threats). The following is the SWOT for KACWASCO.

Table : KACWASCO SWOT Analysis

Strength	How do we enhance or maintain?
<ul style="list-style-type: none"> ▪ Availability of human resource 	<ul style="list-style-type: none"> - Continuous training and development of the staff - Staff performance appraisal - Proper staff placement/restructuring - Staff motivation – salaries, promotions ,recognition, teambuilding
<ul style="list-style-type: none"> ▪ Availability of adequate water 	<ul style="list-style-type: none"> - Enhancing storage facilities - Maintenance of pipeline networks and treatment works - Maintaining the existing gravity system
<ul style="list-style-type: none"> ▪ Institutional memory 	<ul style="list-style-type: none"> - Continuous staff motivation - Ensure low staff turnover - Enhancing and maintaining the Information and communication Technology(ICT), geographic information system (GIS) and all other systems in place
<ul style="list-style-type: none"> ▪ Legal framework 	<ul style="list-style-type: none"> - Develop operation policies - Adherence/compliance to regulations and by-laws
<ul style="list-style-type: none"> ▪ Interactive customer care system 	<ul style="list-style-type: none"> - Maintaining good relationship with customers - Ensuring that all employees use the system effectively
<ul style="list-style-type: none"> ▪ Availability of assets 	<ul style="list-style-type: none"> - Accreditation of the laboratory - Maintaining all assets e.g. offices and all equipment
<ul style="list-style-type: none"> ▪ Board of Directors in place 	<ul style="list-style-type: none"> - Capacity building of BOD(training, benchmarking)
<ul style="list-style-type: none"> ▪ High demand for water and willingness of customers to pay 	<ul style="list-style-type: none"> - Excellent service delivery

Weakness	How do we eliminate or minimize?
<ul style="list-style-type: none"> ▪ Inadequate funds to increase coverage 	<ul style="list-style-type: none"> - Review the existing tariff - Partnering with development partners - Acquiring loans from financial institutions - Moving from Aid to Trade
<ul style="list-style-type: none"> ▪ High Non Revenue Water (NRW) 	<ul style="list-style-type: none"> - Service and replace all zonal master meters - Quick response time to leaks and bursts - 100% metering of all customer connections - Embracing new technology e.g. pre-paid meters, leak detectors, pipe locaters etc. - Replacement of old dilapidated infrastructure
<ul style="list-style-type: none"> ▪ Huge accumulative debts 	<ul style="list-style-type: none"> - Outsource debt collection agencies - Timely disconnection of customers - Debt discounting - Internal debt collection team-rewarding debt collectors
<ul style="list-style-type: none"> ▪ Insufficient transportation 	<ul style="list-style-type: none"> - Invest on motorcycles and vehicles - Proper maintenance and use of the existing transport
<ul style="list-style-type: none"> ▪ Lack of various policies and procedures in place 	<ul style="list-style-type: none"> - Formulate and implement policies and procedures - Review the existing policies and procedures
<ul style="list-style-type: none"> ▪ Corruption 	<ul style="list-style-type: none"> - Customer sensitization - Formulation of Anti-corruption policies - Embrace cashless revenue collection e.g. M-pesa, - Staff identification
<ul style="list-style-type: none"> ▪ Lack of reliable data 	<ul style="list-style-type: none"> - Establish a monitoring and evaluation system - Standard formats for preparing reports
<ul style="list-style-type: none"> ▪ Lack of a Strategic Plan 	<ul style="list-style-type: none"> - Establish and implement Strategic Plan
<ul style="list-style-type: none"> ▪ Lack of adequate sewerage capacity 	<ul style="list-style-type: none"> - Construction of Maraba Sewerage pond

Opportunities	How do we achieve or exploit?
<ul style="list-style-type: none"> Well-equipped water quality testing unit 	<ul style="list-style-type: none"> Accrediting the laboratory
<ul style="list-style-type: none"> Good will and relationship with the development partners and political arm 	<ul style="list-style-type: none"> Maintaining good relationship with development partners and the county government
<ul style="list-style-type: none"> Locality and population/ready market 	<ul style="list-style-type: none"> Invest in expanding coverage area Enhance customer service delivery
<ul style="list-style-type: none"> Secure environment 	<ul style="list-style-type: none"> Ensuring good public relations Protection of wetland areas/intakes
<ul style="list-style-type: none"> Utilization of sludge 	<ul style="list-style-type: none"> Transform into manure (cakes) and biogas production
<ul style="list-style-type: none"> Technology 	<ul style="list-style-type: none"> Embrace the emerging technologies for efficiency e.g. in Management of NRW, Meter reading
<ul style="list-style-type: none"> High/increasing population 	<ul style="list-style-type: none"> Superior service delivery

Threats	How do we mitigate or avoid?
<ul style="list-style-type: none"> Inadequate funds to increase access and sustainability 	<ul style="list-style-type: none"> Partnering with more development partners Start working harder minus them...from aid to trade
<ul style="list-style-type: none"> Frequent destruction of pipeline by the road works 	<ul style="list-style-type: none"> Formulation of bylaws to regulate the destruction
<ul style="list-style-type: none"> Unnecessary licensing of bore-holes by WARA/Competitors 	<ul style="list-style-type: none"> County government to come up with Acts and policies to regulate the licensing
<ul style="list-style-type: none"> Illegal Connections 	<ul style="list-style-type: none"> Licensing of private plumbers to control their activities Formulation of by laws and policies Customer sensitization
<ul style="list-style-type: none"> Political interference 	<ul style="list-style-type: none"> Sharing information with the public Media involvement Formulation of by-laws that will control political interference
<ul style="list-style-type: none"> Deforestation of catchment areas 	<ul style="list-style-type: none"> Afforestation Sensitization of communities around the catchment areas Formulation of policies Protection of wetlands-fencing
<ul style="list-style-type: none"> Erratic power supply 	<ul style="list-style-type: none"> Procuring generators Embracing solar technology

5.0 KEY STRATEGIC AREAS/THEMES, OBJECTIVES AND STRATEGIES

5.1 KACWASCO's Key Strategic Themes

Through information gathering and analysis, key strategic issues / themes for KACWASCO were identified. The following table presents the themes derived from the analysis of both the internal and external environments of KACWASCO. The themes provides a direction to formulation of KACWASCO's Strategic Objectives for the period 2017 - 2021.

1. Water and sewerage infrastructure development
2. Operational efficiency and customer service
3. Financial sustainability
4. Institutional capacity strengthening
5. Corporate Governance

Strategic Theme I: Water and Sanitation Infrastructure Development

Water and sanitation infrastructure is a key priority for KACWASCO to meet her vision. The existing infrastructure is in dire need for rehabilitation. To achieve coverage targets, new infrastructure will be developed especially focusing on underserved areas and ensuring water sufficiency and sewerage network coverage. Under this theme, KACWASCO will focus on improving water coverage from 78% to 90% and sewer coverage from 14% to 30% thereafter increase gradually to the entire population within its coverage area. To achieve this, KACWASCO will focus on reducing NRW, construction of storage reservoirs, redesigning of distribution networks, replacement of old dilapidated networks, and expansion of distribution networks.

Table 4: Theme Objectives and Strategies

Theme	Objective	Strategy
Water , Sanitation and Sewerage infrastructure development	Increase water supply coverage from 78% to 90% by the year 2021	Increase water production volume from 4,000,000m ³ to 6,000,000m ³ by 2021
		Develop new water infrastructure ;storage capacity , pipeline extension,
		Rehabilitate the existing water infrastructure, Shitoli, Kakamega and Mumias.
	Increase Sanitation coverage from 14% to 30% by the year 2021	Rehabilitate the existing sewerage infrastructure within Kakamega & Mumias towns
		Expand sewerage network coverage to major town, Kakamega, Moi's bridge and Mumias
		Improve exhauster services through purchase of additional exhauster.
Achieve World Health Organization (WHO) and Kenya Bureau of Standards(KeBS) water and waste water standards	Effective water and waste water treatment	

Strategic Theme 2: Operational Efficiency and Customer Service

Even with a well-developed water and sewerage infrastructure in place, an organizational without efficient operations may not achieve its objectives. KACWASCO therefore aims at focusing on achieving operational efficiency and improved customer service by putting in place policies, procedures and systems that will aid cost effective and quality service delivery. The company will reduce operational costs and meet customer needs by protecting their rights to adequate, safe and reliable water and sewerage services. Operational efficiency and improved service will result in a reduction of NRW; optimal utilization of company resources; embracing of appropriate technology and integrated business processes, and; increased customer satisfaction.

Table 5: Theme Objectives and Strategies

Theme	Objective	Strategy
Operational efficiency and customer service	Reduce NRW from 44% to 30% by the year 2021	Active leak detection
		100% metering level
		Improve Meter Accuracy
		Strengthen NRW section
		Reduce illegal connections
	Ensure 100% safety and optimal utilization of company resources	Strengthen internal controls
		Ensure effective asset protection
	Increase customer satisfaction level from 65% to 95% by 2021	Develop and implement a Customer Service Charter

Strategic Theme 3: Financial Sustainability

Financial sustainability is critical for KACWASCO in ensuring continued service delivery. This will require KACWASCO to mobilize sufficient external and internal resources to fund its recurrent and investment budgets. It will develop and implement strategies to ensure it can meet its operational costs in line with the sector benchmarks and attain commercial viability. KACWASCO will aim at improving her O&M cost coverage; improving collection efficiency; increasing billing efficiency; expanding her revenue base; ensuring all possible debts are collected, and; implementing appropriate financial management systems.

Table 6: Theme Objectives and Strategies

Theme	Objective	Strategy
Financial sustainability	Improve O&M cost coverage from 131% to 150 % by 2021	Increase the number of active water connections from 19,775 to 30,000
		Increase the number of active sewer connections from 4,200 to 5,000
	Increase the current revenue base from Kshs. 18.8 million to Kshs. 33.3 million per month by 2021	Review water and sewerage tariffs
		Diversify sources of revenues
		Source for external financial and non-financial resources
	Improve collection efficiency from 95% to 100%	Diversify revenue collection points and payment modes.
		Sensitize customers on the need for timely and prompt payment
	Reduce accounts receivables of KShs. 148 million to not more than Kshs. 70 million by 2021	Formulate and implement debt management policy and structure
		Provide for bad and doubtful debts
	Increase billing efficiency (actual meter reading from 67% to 100%)	Improve billing efficiency and effectiveness
		Improve on meter reading and capture
	Strengthen financial management systems	Implement an integrated financial management system
		Review and implement financial management and Audit policies

Strategic Theme 4: Institutional Capacity Strengthening

Institutional capacity strengthening entails developing and implementing critical enablers to strategy implementation. Such enablers for KACWASCO include the need for highly skilled workforce and adequate systems, equipment and administrative resources to realize its strategic plan. The company will formulate and implement policies and procedures to facilitate this process. The company will ensure a conducive working environment by providing necessary office space and equipping them with necessary tools in order to improve service delivery and strengthen operational efficiency. The company will also develop and implement several systems including human resources management systems as well as implement an optimal organizational structure to support strategy implementation.

Table 7: Theme Objectives and Strategies

Theme	Objective	Strategy
Institutional Capacity Strengthening	Achieve organizational alignment and enhance performance	Develop and implement strategic plan
		Develop and implement institutional policies and procedures
		Implement institutional systems
	Employee satisfaction level from 45% to 90%	Improve employee capacity and competencies
		Improve on working condition and environment
		Management of staff performance
	Improve KACWASCO's image and visibility through branding	Identify and implement appropriate branding
Develop a website		

Strategic Theme 5: Corporate Governance

Corporate governance refers to the structures and processes for the direction and control of companies. Corporate governance concerns the relationships among the management, Board of Directors, shareholders and other stakeholders. Good corporate governance helps companies operate more efficiently, improve access to funding, mitigate risk and safeguard against mismanagement. Corporate governance also contributes to an organization's ethical leadership, which is a prerequisite to company development and growth. The achievement of this strategic plan KACWASCO must embrace good corporate governance principles. The company will invest in strengthening the capacity of board members and management in corporate governance. It will also design and implement a governance framework that promotes best practices.

Table 8: Theme Objectives and Strategies

Theme	Objective	Strategy
Improve Corporate Governance	Build Board capacity for good corporate governance	Strengthen the capacity of Board on corporate governance
	Embed good corporate governance practices	Develop structures and instruments of good corporate governance
	Improve stakeholders relations	Improve stakeholder engagements / collaborations

6.0 IMPLEMENTATION OF THE STRATEGIC PLAN

6.1 KACWASCO Corporate Governance

KACWASCO is governed by a Board of Directors comprising of 11 members including the Chairman, the utility's Managing Director and representatives of various stakeholders. The operational day-to-day management of KACWASCO is the responsibility of the corporate management (CMT) team headed by the Managing Director under the supervision of the Board of Directors. The role of the Board of Directors (BOD) is to provide policy guidelines in the management of the Company.

The Board is guided in its mandate by three Board Committees to enable it discharge its role effectively. Some of these committees include:

- Technical Committee;
- Finance and Administration Committee; and
- Audit Committee.

6.2 KACWASCO Corporate Management

Office of the Managing Director

The Managing Director (MD) of the company has the responsibility of ensuring proper and efficient management of the day-to-day operations of KACWASCO under the policy guideline of the Board of Directors. The responsibilities of the MD are to:

- Ensure that water and sewerage services are provided efficiently and effectively.
- Interpret and implement the decisions of the Board;
- Ensure that KACWASCO adheres to the Service Provision Agreement (SPA);
- Oversee the formulation and implementation of appropriate policies and procedures within the Company;
- Ensure regular and accurate preparation of financial and other reports to various stakeholders;
- Provide organizational leadership and supervision of all departments in order to achieve the Company's mandate; and Spearhead various Company initiatives.

KACWASCO Departments

In order to achieve the goals identified in this strategic plan, various functional departments have been identified to focus on various core activities. The main functional groups are:

- Commercial and Finance Department
- Technical Department
- Human resource and administration department
- Internal Audit section

KACWASCO Human Resources Requirements

In order to deliver the requirements of the current strategic plan, KACWASCO must implement the desired human resource structure by employing required key personnel. The implementation of the organization structure will be phased in the strategic plan implementation period depending on efficiency levels achieved. As indicated before, KACWASCO has challenges in human resources capacities that affect efficiencies and effectiveness in service delivery. In order to address this, a staff rationalization process should be undertaken in the next one year to identify the optimal level of employees. Such might lead to a revised organizational structure than currently recommended.

Below is the proposed organizational structure to support the strategic objectives identified

6.3 Organizational Structure

PROPOSED HEAD OFFICE ORGANIZATION STRUCTURE KAKAMEGA COUNTY WATER AND SANITATION COMPANY

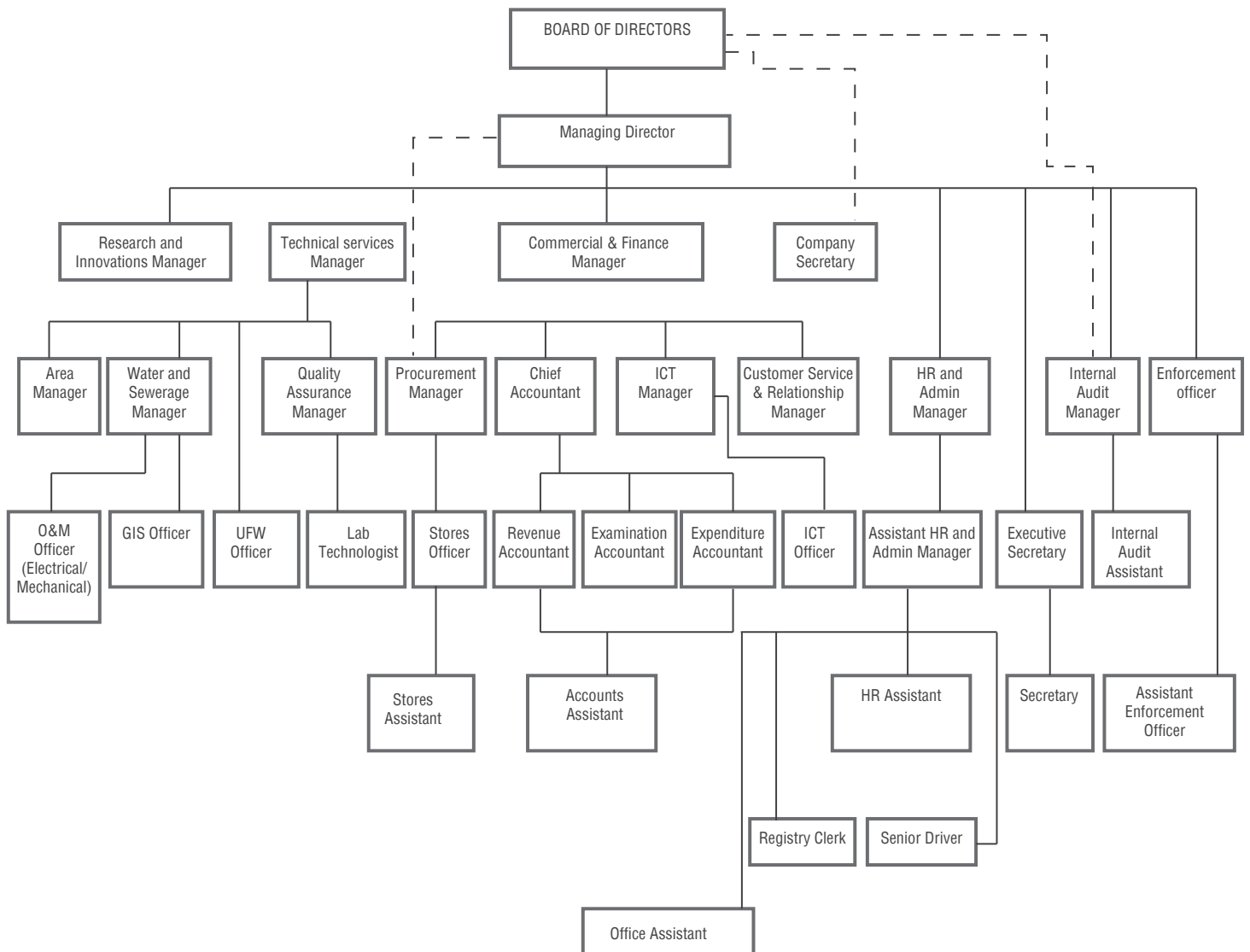


Figure I: KACWASCO Organizational Structure

6.4 Financing the Strategy

Successful implementation of a strategic plan requires that strategies and activities be linked and supported with resources both financial and non-financial. The table below presents broad financial projections per objective. As indicated, a total of **Kshs. 2.944 Billion** will be required to fund this strategic plan. This being a projection, it may provide a guideline to the resource mobilization strategy. Specific and actual expenditures will be captured well under a detailed annual financial/business plan to be developed every year for the purpose of actualizing the strategy. However, a detailed breakdown of cost per strategy is provided in the Implementation Matrix in Appendix I.

Table 9: Projected Strategic Plan Implementation Budget

Theme	Objective	Cost per Objective (Kshs)	Cost per Theme (Kshs)	
1 Water and Sanitation infrastructure development	Increase water supply coverage from 78 % to 90% by the year 2021	1.0377Bn	2.3197Bn	
	Increase Sanitation coverage from 14% to 30%	1.275Bn		
	Achieve World Health Organization (WHO) and Kenya Bureau of Standards (KeBS) water and waste water standards	7M	157.7M	
2 Operational efficiency and customer service	Reduce non-revenue water from 45% to 30%.	111.9M		
	Ensure 100% safety and optimum utilization of company resources	26.8M		
	Increase customer satisfaction level from 65 % to 95 % by 2021	19M		
3 Financial sustainability	Improve O&M cost coverage from 131% to 150% by 2021	93M		147.5M
	Improve collection efficiency from 95% to 100% by 2021	10M		
	Increase billing efficiency from 67% to 100% by 2021	14.1M		
	Increase the current revenue base by Kshs. 18.8M to Kshs.33.3M per month by 2021	11M		
	Debt Collection – Reduce accounts receivables of KShs. 148 million to not more than 70 million by 2021	14.4M		
Strengthen financial management systems	5M			

Theme		Objective	Cost per Objective (Kshs)	Cost per Theme (Kshs)
4	Institutional capacity strengthening	Improve employees' satisfaction level from 45% to 90% by the year 2021	235.5M	277.5M
		Achieve 100% organizational alignment and enhance performance	25.5M	
		Improve KACWASCO image and visibility through Branding	16.5M	
5	Improve Corporate Governance	Build Board capacity for good corporate governance	10.5M	42.15M
		Embed good corporate governance practices	6.65M	
		Improve stakeholders relations	25M	
Total				2.944Bn

6.5 Expected Source of Funds

Since KACWASCO has limited sources of internal funds, the initial years of this strategy implementation may require external sourcing of funds even as the internal sources are strengthened. In the long-term, KACWASCO will work towards ensuring financial sustainability as captured in this strategic plan. The various external sources of funding will include:

- **The County Government of Kakamega**

As a principal shareholder, it is expected that the County Government of Kakamega will provide KACWASCO with short and long-term funding for infrastructure development. Some of the proposed developments are expected to be jointly undertaken by KACWASCO and the County Government.

- **Development Partners**

This Strategic Plan envisions the development of water and sewerage infrastructure, which may demand substantial financial investments. KACWASCO will partner with the development partners who share the same vision and objectives who will be approached to fund some of these investments.

- **Public Private Partnerships**

KACWASCO will seek Public Private Partnerships in developing some of the intended water and sewerage infrastructure. These partnerships will be developed with an aim of exploiting and distributing water resources as well as sewerage network where both parties will achieve their specific objectives.

- **Commercial Financing**

It is the hope that KACWASCO will develop its financial position to make it a viable institutional for commercial lending by banks and other financial institutions. The commercial funding may address medium to long-term infrastructure development needs. Such lending facilities may be provided at a concessionary or market rate.

6.6 Risk management

KACWASCO will invest scarce resources in the pursuit of promising, (though uncertain) business activities. KACWASCO will manage the business in the face of changing circumstance and be in a position to provide assurance to stakeholders that the management and board are protecting and enhancing services, amid changing risk profiles. Development and implementation of a sound risk management framework will help the Board and senior management solve KACWASCO's challenges by establishing oversight, control and discipline to drive continuous improvement of its risk management capabilities.

KACWASCO will undertake a risk assessment analysis KACWASCO 2017. The process will include:

- Meeting with the KACWASCO management team to assess risk management framework and systems
- Conducting a gap analysis on key risk factors and mitigants ("What if?" scenarios)
- Preparing and deliver a risk enterprise management workshop to the KACWASCO board of directors and senior management
- Developing a risk management plan and next steps

The risk framework is a critical tool in ensuring KACWASCO can respond to a dynamic and uncertain environment

7.0 PERFORMANCE MONITORING, EVALUATION AND REPORTING

7.1 Monitoring and Evaluation (M&E)

For a strategic plan to be effective, a strong implementation plan is critical. This can only be achieved with a functional monitoring and evaluation (M&E) framework. An effective M&E mechanism will help ensure cost effectiveness, timeliness and quality in achieving the objectives in the strategic plan. This Strategic Plan will be subjected to a continuous review of performance on the various deliverables. The reviews will be focused on how the available inputs have been used and what outputs and short-term outcomes have been produced. This review shall also focus on challenges, issues and key lessons learnt.

7.2 M&E Framework

The following M&E framework will be adopted in order to ensure successful implementation of the strategic plan:-

- The sole prerogative of strategy implementation and as a result monitoring and evaluation rests on the Board of Directors
- The Board delegate's power to the Board Committee assigned with the role of monitoring the implementation of the plan.
- The management shall form a management M&E committee comprising of representatives from all departments to oversee the implementation of the strategic plan. The M&E committee will hold monthly meetings to review the status of the strategic plan implementation.
- The M&E committee will be reporting quarterly to the Corporate Management Team, which is led by the Managing Director on the progress of the strategic plan implementation.
- The MD will avail quarterly progress reports to the Board of Directors on the progress made towards the attainment of the goals.

7.3 Monitoring

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

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

7.4 Evaluation

The purpose of evaluation is to measure the actual performance against target levels and establishing the size of variance, causal factors for the variance and recommending appropriate remedial measures, including a review of the objectives and/or strategies. The evaluation plan will help determine objectively the relevance, effectiveness and efficiencies of the activities proposed in the strategic plan. A mid-term evaluation will be undertaken with the purpose of verifying that the plan is on the right track and provide information to correct observed deficiencies including the revision of objectives, strategies or activities. The mid-term review will be conducted mid-2019. The final evaluation will assess the achievement of the activities of the plan, identify, and document the success or failure. The final evaluation will be undertaken at the end of the plan period, which is 2021.

The evaluations will be guided by key questions to address key evaluation criteria including relevance, effectiveness, efficiency, impacts and or sustainability. Some of the questions shall include:

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

7.5 Performance Measurement

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

APPENDICES

APPENDIX I: Detailed Implementation Matrix

APPENDIX II: KACWASCO Key Performance Indicators (KPI)

APPENDIX I: DETAILED IMPLEMENTATION MATRIX

THEME I: WATER AND SANITATION INFRASTRUCTURE DEVELOPMENT

Objective I: Increased Water Supply Coverage from 78% to 90% by 2021

Strategy	Activities	Output	Performance Indicator	Actor	Timeline	Budget (Kshs)
Increase Water production from 4,000,000M ³ to 6,000,000M ³ per year by 2021	Rehabilitate old treatment works at Kakamega & Shitoli	3,600M ³ per day	% increase in water from the TW	TM	2020	250M
	Optimization of Tindinyo and Mumias water treatment plants	4,000M ³ per day	% increase in water production	TM	2018	4M
	Revive existing boreholes to supply water to un-served.	6 Boreholes revived	No of boreholes revived	TM	2019	3.7M
Development of water distribution network	Water Pipeline extension & connection of consumers.	30 Km of assorted sizes.	No of Km of extended pipeline and no of new consumer connections	TM	2021	35M
	New water pipeline distribution and service lines to un-served areas.	40 Km pipeline of assorted sizes	No of Km extended	TM	2021	250M
	Increase the water storage facility.	Storage tanks of a total capacity of 6000M ³	Amount of storage capacity increased	TM	2021	450M
Rehabilitation of water distribution network	Rehabilitation of dilapidated pipe network.	20 Km pipeline	Length of pipeline rehabilitated	TM	2021	25M
	Rehabilitation of the existing old water storage facilities.	3 no of storage tanks of 500M ³ capacity	No. of tanks rehabilitated	TM	2019	20M

Objective 2: Increase sanitation coverage from 14% to 30% by 2021

Strategy	Activities	Targets	Performance Indicator	Actor	Timeline	Budget (Kshs)
Expand the sewer network coverage	Develop Kakamega sewerage system	Complete and operational sewerage plant	Completed sewer system	TM	2020	200M
		1000 no. of new sewer connections	No. of new sewer connections	TM	2020	50M
	Develop decentralized waste water treatment facility in Shitoli	Construct 1 no. public sanitation facility	Completed and operational ablution block	TM	2019	5M
		500 no of people to be served	No. of people served by the public sanitation facility	TM	2019	
	Develop Mumias sewerage system	Complete and operational sewerage plant.	Completed sewer system	TM	2021	1 Billion
			2000 no. of new sewer connections.	No. of population served by sewer system.	TM	
Rehabilitate the existing sewer network	Rehabilitate dilapidated sewer trunks	10 Km sewer pipeline rehabilitated	No. of Km sewer pipeline rehabilitated	TM	2021	10M
Improve exhauster services	Procure exhauster trucks	1 no. of exhauster truck	Additional no of exhauster truck.	TM	2019	10M
	Regulate private exhausters services	All private exhausters registered and authorized	No of authorized private exhauster trucks	TM	2019	nil

Objective 3: Achieve World Health Organization (WHO) and Kenya Bureau of Standards (KeBS) water and waste water standards

Strategy	Activities	Targets	Performance Indicator	Actor	Timeline	Budget (Kshs)
Ensure effective waste water treatment	De-sludging of the waste water lagoons	Improved effluent quality	No of lagoons de-sludged.	TM	2018	2M
	Accreditation of the central water testing laboratory	Compliance to regulatory requirements	WHO / KEBS quality standards Certification	TM	2018	2M
	Develop and implement water safety plan	Water safety plan in place	Approved water safety plan	TM	2018	3M

THEME 2:

OPERATIONAL EFFICIENCY AND CUSTOMER SATISFACTION

Objective 1: Reduce Non-Revenue Water from 44% to 30% by 2021

Strategy	Activities	Expected Outputs / Targets	Performance Indicator	Actor	Timeline	Budget Kshs
Prompt response to leaks and bursts	Develop a leaks detection and response plan: it includes a reporting system	Approved plan	Plan in place	TM	2017	5M
		Leak response within 24 hours of reporting	Average response time to leaks	TM	Continuous	
	Sensitization of customers on responsibility to report leaks	Reduced leaks	No. of leaks reported by customers	CSM	2017-2021	5M
Reduce illegal connections	Tracking of illegal connection and reconnections	Reduced illegal connections and reconnections	No. of illegal connections and reconnections	CFM	Continuous	9M
	Enforcement of water offenders	Reduced illegal connections	No. of cases prosecuted	CFM	2017-2021	5M

Strategy	Activities	Expected Outputs / Targets	Performance Indicator	Actor	Timeline	Budget Kshs
100% metering level	Install meters on all flat rate connections	0% of customers on flat rate	Number of flat rates metered	TM	2018	20M
	Metering of all new connections	100% metering	Increased metering ratio	TM/ FM	Continuous	Nil
Improve meter accuracy	Procure meter test bench and mobile meter test kit	Four mobile meter test kits procured	No of mobile meter test kit procured	CFM	2017-2021	5M
		Operating test bench	Operational Test bench			
	Develop & implement Meter management policy	Approved meter management policy	Policy approved and operational	TM	2017	No cost
	Frequent meter servicing, testing and calibration	meters tested, serviced and calibrated	25% of meters serviced, tested and calibrated	TM	2017-2021	No Cost
	Meter replacement – Old, non-functional, faulty, raise buried meters and sub-standard	All meters nonfunctional to be replacement	100% of meters replaced	TM	2017-2021	No cost
	Install prepaid meters	Prepaid meters for institutions and kiosks	500. of prepaid meters installed	CFM/ TM	2017-2021	12.5M
Strengthen the NRW Section	Training staff on NRW reduction staff	Trained NRW team	No. of staff trained	HR/ TM	2017-2021	400,000
	Recruit 8 NRW staff	8 NRW staff recruited	No. of staff recruited	HR/ TM	2018	No cost
	Procure tools & equipment for NRW	Non-revenue software Leak detectors, pressure gauges, ultrasonic flow meters	20% Availability of NRW tools	TM/ CFM	2017-2021	50M
	Develop a NRW reduction Strategy	NRW Strategy in place	% implementation of NRW Strategy	TM	2017	No Cost

Objective 2: Ensure 100% Safety and Optimal Utilization of Company Resources

Strategy	Proposed Actions/ Activities	Expected Outputs	Performance indicator	Actors	Timeline	Budget (Kshs)
Strengthen internal controls	Develop and implement internal control systems	Developed internal control systems	Operational internal Controls systems in place	Internal Audit	2017-2021	2.3M
	Develop and use the operational manuals	Developed manuals	No. of manuals developed and operationalized	I.A	2018	1.5M
Ensure effective asset Protection	Conduct audit of all company property and tag them	100% assets targeted for tagging	% of properties tagged	I.A	2018	1M
	Develop a company asset register	Developed company register	Asset register in place	I.A	2018	2M
	Procure insurance services for company assets	Procured insurance for company assets insured	100% company assets insured	I.A	2018	5M
	Secure vital water infrastructure through fencing and onsite security	Acquired on site security	No. of assets secured and having onsite security	I.A	2017	10M
	Establish a functional security and surveillance unit/section	Established security unit	Operational security unit in place	I.A	2019	5M

Objective 3: Increase Customer satisfaction index from 65% to 95% by 2021

Strategy	Activities	Expected Outputs	Performance Indicator	Actor	Timeline	Budget (Kshs)
Develop and implement customer service management systems	Develop a customer service charter and institutionalize	Service Charter in place	Service Charter approved and operational	CSM	2017	6M
	Strengthen customer care desk or function	Improve company image	Efficient and effective customer care desk	CSM/HR	2017-2021	5M
	Develop a communication strategy	Communication Strategy	An operational Communication strategy	CSM	2017	3M
	Training staff on CRM System	CRM Trainings	Number of trainings conducted	CSM/ICT	2017	Nil
	Conduct annual customer satisfaction survey	customer satisfaction survey conducted	Survey report	CSM/ICT	Annual	5M

THEME 3: FINANCIAL SUSTAINABILITY

Objective 1: Increase O&M Cost Coverage from 131% to 150% by the year 2021

Strategy	Proposed Actions/ Activities	Expected Outputs	Performance indicator	Actors	Timeline	Budget (Kshs)
Increase the number of active connections from 19,775 to 30,000	Reactivate dormant connections	3,000 dormant connections reactivated	No of dormant accounts activated	CFM	2019	12M
	Raise capacity utilization of the network and production facilities	From current 60% to 100%	% of increase in capacity utilization	TM	Continuous	10M
	Connect new customers/connections	10,225 new connections	No. of new connections	CFM	Continuous	50M
	Ensure all stuck meters connections are metered	5,729 stuck meter connections	No of stuck connections metered	CFM	2018	10M
Increase the number of active sewer connections from 4,200 to 7,200	Connect 3000 new customers to the sewerage system	3,000 new sewer connections	No. of new sewer connections	CFM	2019	8M
	Activate dormant sewer connections	300 dormant connections activated	No. of dormant connections activated	TM/CFM	Continuous	3 M

Objective 2: Increase current Revenue base from Kshs. 18.8 M to Kshs.33.3 M per month by 2021

Strategy	Proposed Actions/ Activities	Expected Outputs	Performance indicator	Actors	Timeline	Budget (Kshs)
Diversify sources of revenues for the company	Undertake a feasibility on different sources of revenues	New sources of income	Feasibility report	CFM	2018	5M
Source for external financial and non-financial resources	Develop project funding proposals	100M mobilized	Funds mobilized	CFM/ MD/TM	2018	3M
	Develop partnerships for capacity and technical resources	Increase Partnership from 6 to 15	No. of MOUs signed with active partners	MD	2019	3M
	Review water and sewerage tariffs					

Objective 3: To improve Collection Efficiency from 95% to 100 % by 2021

Strategy	Proposed Actions/Activities	Expected Outputs	Performance indicator	Actors	Timeline	Budget (Kshs)
Diversification of collection points and payment modes	Introduce other alternative payment options / channels e.g. electronic payment systems, payment centres, mobile money, etc.	5 modes of revenue collections	No. of alternative payment options	CFM	2018	None
	Acquisition of prepaid meters and installation	500 Prepaid Meters	No. of Pre-paid meters installed	TM/CFM	2018-2021	10M
Sensitize the customers on the need for timely and prompt payment	Develop a customer communication strategy e.g. SMS alerts, website, etc.	Customer communication strategy in place	Strategy developed and implemented	CFM	2018	1M
	Undertake customer sensitization through public media and outreach on importance of paying bills	20,000 customers sensitized and 20 outreach meetings conducted	No. of customers reached and outreach conducted	CFM/ MD	Continuous	None

Objective 4: Reduce Accounts Receivables of Kshs.148M to not more than Kshs.70M by 2021

Strategy	Proposed Actions/ Activities	Expected Outputs	Performance indicator	Actors	Timeline	Budget (Kshs)
Formulation of debt Management policy and structure	Draft the policy documents, approval and implementation	Approved debt management policy	Policy in place	CFM	2018	400,000
	Reduction of overdue water bill to less 30 days.	All bills to be paid in less than 30 days	% of collections received	CFM	continuous	Nil
	Set up a debt collection committee/Unit	Develop debt collections unit	Unit in place	CMT	2017	Nil
	Send debt notices to all the debtors-ongoing	target 20% of debtors acknowledging notice	20% of debtors acknowledging notice	CFM/MD	2018	Nil
	Develop a rapid results initiative (RRI) programme on debt recovery	target 5% of debt recovery through RRI	10 % of debt recovered through the RRI	CMT	2017	2M
	Sensitize customers on importance of paying debt	18 Sensitization activities per quarter(two per station)	52No of sensitization activities	CMT	2017	5M
	Recruit an external debt collector to collect from the non-cooperating clients	At least 50% of the total debt (50% of 148M)	Ksh 76M collected (10% to go to debt collector)	CMT	2019	7M
Provide for Bad and Doubtful Debts	Debt Authentication	100% of bad debts authenticated	100% of bad debts authenticated	CMT	2017	Nil
	Write off bad and doubtful debts	Bad debts to be 0.5% of debtors	0.5% level of bad debts attained	CFM	2018	Nil

Objective 5: Increase Billing Efficiency from 67% to 100% by 2021

Strategy	Proposed Actions/ Activities	Expected Outputs	Performance indicator	Actors	Timeline	Budget (Kshs)
Improve billing efficiency	Introduce technology to capture customers information correctly e.g. Use of GIS System	Billing system in place	Systems in place	CFM/ TM	2018	5M
	Introduce and implement smart meter reading	100% of accounts on smart meter reading	% smart meter reading	CFM/ TM	2018	1M
	Introduce online or mobile dispatch of bills e.g. SMS	100% on online or mobile billing	% on online or mobile billing	CFM/ TM	2017	5M
	Implement an effective & efficient billing software	0.5% bills with errors	% bills with errors	CFM	2021	1.6M
	Adjustment of erroneous bills	Targets 95% reduction in erroneous bills	5% of bills with errors	CFM	2017	Nil
Improve meter reading and capture	Provide meter readers with working tools	Improved billing	% of estimated bill	CMT	2018	1.5M
	Implementation of Billing Cycle	State the cut off dates for bills dispatch	On time bill generation	CFM	2017	Nil

Objective 6: Strengthen Financial Management systems

Strategy	Proposed Actions/ Activities	Expected Outputs	Performance indicator	Actors	Time-line	Budget (Kshs)
Procure and integrate financial management system	Audit the gaps in the current financial accounting system and procure a robust one	Put ERP in place	Robust integrated financial management system in place	CFM	2018	5M
	Automate financial processes within the company	80% automated	% of processes automated	CFM	2018	Nil
Review and implement financial Policies	Review and implement financial policies	Reviewed policies	Financial policies in place	CFM	Annually	Nil
	Monitor and review adherence to financial policies	80% implementation	Level of Compliance to Financial policies	CFM	Continuous	Nil
	Develop annual budgets and adhere to them	Approved annual budgets	Annual budget variance	CFM	Yearly	Nil

THEME 4:

INSTITUTIONAL CAPACITY STRENGTHENING

Objective 1: Achieve organizational alignment and enhance performance

Strategy	Activities	Expected Output	Performance Indicator	Actor	Time-line	Budget Kshs
Develop and implement strategic plan	Institutionalize and launch the strategic plan	Strategic plan in place	Approved and Launched strategic plan	HRM	2017	2M
Develop and Implement institutional policies and procedures	Implement desired organization structure	Optimal productivity	% of implementation	HRM	2017	5M
	Develop the HR manual and other departmental policies and procedures	HR manual and departmental policies in place	Availability of manuals	HRM HODs	2017	2.5M
	Develop and implement a gender mainstreaming policy	Gender Mainstreaming policy in place	Availability of Manual	HRM	2017	500,000
	Develop an occupational safety & health policy in line with the OSHA ACT	OSHA Policy in place	Availability of OSHA Policy	HRM	2017	5M
	Develop and implement HIV/AIDS Policy	HIV/AIDS Policy in place	<ul style="list-style-type: none"> • Availability of the Policy • Report on awareness programs carried out 	HRM	2017	2.5M
	Develop and implement Alcohol and Drug Abuse policy	Alcohol and Drug Abuse Policy in place	<ul style="list-style-type: none"> • Availability of the Policy in place • Availability of report on Alcohol and Drug Abuse 	HRM	2018	1M
	Develop and implement anti-corruption policy	Anti-corruption policy in place	<ul style="list-style-type: none"> • Availability of policy in place 	HRM	2017	1M
Develop and implement disability mainstreaming policy	Disability mainstreaming policy in place	<ul style="list-style-type: none"> • Availability of policy in place 	HRM	2017	1M	

Strategy	Activities	Expected Output	Performance Indicator	Actor	Time-line	Budget Kshs
Implement institutional systems	Implement ERP systems for HR department	ERP systems in place	Systems availability	HRM	2018	Nil
	Develop and implement a monitoring and evaluation (M&E) unit	<ul style="list-style-type: none"> • M&E Committee in place • CCTV Cameras in place • Fleet management system 	Availability of M&E systems	HRM	2018	5M

Objective 2: Employee Satisfaction Level from 45% to 90% by the year 2021

Strategy	Activities	Expected Outputs	Performance Indicator	Actor	Time-line	Budget Kshs
Improve employee capacity and competences	Carry out baseline survey / capacity needs assessment	Identified employee capacity gaps	Needs assessment report	HRM	Yearly	Nil
	Develop a capacity building and training program	Training programme in place	Availability of an adhered to training programme	HRM	2018	
	Undertake employee training	2 trainings per employee per annum	No. of trainings carried out	HRM	Continuous	50M
	Organize skills transfer exchange programmes	2 programmes per annum	No. of exchange programme	HRM	Yearly	













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