

MAVOKO WATER AND SEWERAGE COMPANY

STRATEGIC PLAN

2015 – 2020

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TABLE OF CONTENTS

PAGE

FOREWORD	iv
PREFACE	v
EXECUTIVE SUMMARY.....	vi
CHAPTER ONE: INTRODUCTION	8
1.1 BACKGROUND.....	8
1.2 MAVWASCO'S ROLE IN THE ACHIEVEMENT OF VISION 2030.....	8
1.3 RATIONALE FOR THE STRATEGIC PLAN.....	10
1.4 PROCESS OF DEVELOPING THE PLAN	10
1.5 ORGANIZATION OF THE PLAN.....	12
CHAPTER TWO: INSTITUTIONAL REVIEW	13
2.1 CORE BUSINESS.....	13
2.2 VISION, MISSION AND CORE VALUES	13
CHAPTER THREE: SITUATIONAL ANALYSIS.....	15
3.1 EVALUATION OF PAST PERFORMANCE	15
3.2 INTERNAL ENVIRONMENT	20
3.3 EXTERNAL ENVIRONMENT.....	22
3.3 STAKEHOLDER ANALYSIS.....	23
CHAPTER FOUR: STRATEGIC ANALYSIS.....	25
4.1 STRATEGIC THEMES	25
4.2 STRATEGIC OBJECTIVES AND STRATEGIES.....	26
CHAPTER FIVE: IMPLEMENTATION PLAN	28
CHAPTER SIX: INSTITUTIONAL STRUCTURE	40
6.1 BOARD OF DIRECTORS.....	40
6.2 OFFICE OF THE MANAGING DIRECTOR.....	40
6.3 DEPARTMENTS AND SECTIONS FUNCTIONS.....	40
6.4 THE ORGANOGRAM	43
CHAPTER SEVEN: MONITORING AND EVALUATION	44
7.1 OBJECTIVES OF MONITORING AND EVALUATION.....	44
7.2 MONITORING AND EVALUATION (M & E) FRAMEWORK.....	44
7.3 KEY PERFORMANCE INDICATORS.....	45

LIST OF TABLES

Table 1: Income Statement	17
Table 2: Statement of Financial Position	19
Table 3: Key performance sector benchmarks.....	20
Table 4: Key stakeholders of MAVWASCO.....	24
Table 5: Strategic objectives and strategies.....	27
Table 6: Key performance indicators	45

LIST OF FIGURE

Figure 1: Turnover and total income trend	17
Figure 2: Total income and total expenses trend	18
Figure 3: Expenses trend	18
Figure 4: Proposed Organization Structure	43

LIST OF ABBREVIATIONS

BOD	-	Board of Directors
CSR	-	Corporate Social Responsibility
EAPCC	-	East African Portland Cement Company
EPZA	-	Export Processing Zones Authority
GoK	-	Government of Kenya
HR	-	Human Resources
ICT	-	Information Communication and Technology
KMC	-	Kenya Meat Commission
KPI	-	Key Performance Indicator
MAVWASCO	-	Mavoko Water and Sewerage Company
M & E	-	Monitoring and Evaluation
MWI	-	Ministry of Water and Irrigation
NRW	-	Non Revenue Water
PESTLE	-	Political, Economic, Social, Technological, Legal and Environmental
PPP	-	Public Private Partnership
PWP	-	Public Water Point
SPA	-	Service Provision Agreement
WAB	-	Water Appeals Board
WARREC	-	Water Research and Resource Centre
WASREB	-	Water Services Regulatory Board
WRMA	-	Water Resources Management Authority
WSB	-	Water Services Board
WSP	-	Water Services Provider
WSTF	-	Water Services Trust Fund

FOREWORD

PREFACE

EXECUTIVE SUMMARY

MAVWASCO was established in 2006 as a limited liability company under the water sector reforms enshrined in the Water Act 2002. It has a Board of Directors that works through committees. The Company has a functional organizational structure, headed by a Managing Director, who leads the management team made up of three heads of departments. This is the team responsible for the day to day operations of the company.

The company has a Service Provision Agreement (SPA) and license from Tanathi Water Service Board (WSB) which has the mandate of water service provision in its area of jurisdiction. As at the 2009 population census, the area covered by MAVWASCO had a population of approximately 139,380 people. However, with population growth and migration resulting from the current development in residential and commercial properties, the population has significantly increased. The customer base in the area comprises domestic, institutional, commercial entities and industrial consumers.

One of the priorities of the Kenya Government within the overall policy framework in the Kenya Vision 2030 is increasing accessibility to sustainable, quality and affordable water services. In line with this objective and also due to increased demand for water as a result of rapidly growing population, it was necessary for MAVWASCO to define a strategic direction which will position the Company to deliver services more efficiently and effectively. The strategic plan was developed through a participatory approach which ensured that views of the key stakeholders were incorporated.

A review of the company's vision, mission and core values was undertaken. A situational analysis was carried out to evaluate the past performance, the internal and the external environments in which the Company operates in, and stakeholder analysis. Situational analysis enabled the isolation of the key strategic areas that require management intervention during the planning period. These areas formed the basis for identification of the strategic themes that the company will focus on over the plan period. The strategic themes are:

1. Development of water sources;

2. Management of non-revenue water;
3. Expansion of water and sewerage infrastructure coverage;
4. Improved customer service; and
5. Enhancing institutional capacity.

To deliver on the identified strategic themes, the Company identified objectives that would enable it fulfil its mission. These are:

- i. To increase water production from 140,000m³/month in 2015 to 220,000m³/month by year 2020.
- ii. To reduce non revenue water from 44% in 2015 to 25% by year 2020.
- iii. To increase water coverage from 60% in 2015 to 80% by year 2020.
- iv. To increase sewer coverage from 20% in 2015 to 40% by year 2020.
- v. To achieve customer satisfaction level of 80% by year 2020.
- vi. To increase operational efficiency.
- vii. To attract and retain qualified staff.
- viii. To increase funding to MAVWASCO.
- ix. To enhance good corporate governance.

Strategies to achieve these objectives were identified and are documented in chapter 4. Further, for each strategy, the expected outcome, proposed activities, output indicators, time frame and the implementing actors were determined and documented in an implementation matrix presented in chapter six of this strategic plan.

Further, a monitoring and evaluation (M & E) framework aimed at enhancing successful implementation of the strategic plan has been developed. The M & E framework is presented in chapter seven. To guide the operationalization of the M & E, annual key performance indicators that will help to track progress towards the achievement of the set objectives were identified and documented.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Mavoko Water and Sewerage Service Co Ltd (MAVWASCO) is a limited liability company which was formed in line with reforms in the water sector as enshrined in the Water Act 2002. The company is under Tanathi Water Service Board and is mandated to provide water and sewerage services within Mavoko sub-county in Machakos County.

The company has a Service Provision Agreement (SPA) and license from Tanathi Water Service Board (WSB) which has the mandate of water service provision in its area of jurisdiction. As at the 2009 population census, the area covered by MAVWASCO had a population of approximately 139,380 people. However, with population growth and migration resulting from the current development in residential and commercial properties, the population has significantly increased. The customer base in the area comprises domestic, institutional, commercial entities and industrial consumers.

The Constitution of Kenya, 2010 recognizes provision of clean and safe water in adequate quantities as a right of every person under Article 43, Economic and social rights. In addition, the provision of water and sanitation services is a devolved function to be provided by the County Government under Schedule Four of the Constitution. Further, the Water Act 2002 is in the process of review, Water Bill 2014.

1.2 MAVWASCO'S ROLE IN THE ACHIEVEMENT OF VISION 2030

Kenya's long term development agenda is set out in the Kenya Vision 2030. The aim of the Vision is to make Kenya a globally competitive and prosperous country by transforming it into an industrialized middle income nation, providing a high quality life for all its citizens in a clean and secure environment. Kenya Vision 2030 is anchored on three pillars, namely economic, social and political.

Vision 2030 recognizes that Kenya is a water-scarce country and identified water and sanitation as one of the key social sectors to be transformed under the social pillar. The 2030 Vision for water and sanitation is to ensure that improved water and sanitation are available and accessible to all. To attain this specific strategies have been planned for implementation. These include:

- (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.

Further, the Second Medium Term Plan (2013-2017) recognizes the gap in provision of safe water with over 29% of the Kenyan population receiving their water supply from unsafe sources like streams, lakes and ponds while the development of water supplies and water distribution networks has not been matched by a corresponding increase in facilities for sanitary disposal of wastewater. The flagship programmes/projects in the sector include:

- (i) Water resources management programme;
- (ii) Water harvesting and storage programme;
- (iii) Urban and rural water supply sub programmes;
- (iv) Operationalisation of Water Research and Resource Center (WARREC) programme; and
- (v) Provision of water to poor un-served areas including informal settlements.

MAVWASCO therefore has an important role to play in the realization of Vision 2030 through provision of water to industries, institutions and the general population within its jurisdiction.

To fulfil its mandate, there is need to sustain linkages and collaborations with National and County Government, other Government institutions including the Ministry of Water and Irrigation (MWI), Water Services Regulatory Authority (WASREB), Water Services Trust Fund

(WSTF), Water Resources Management Authority (WARMA), Water Services Board (WSB) among other institutions both within the public and private sector.

1.3 RATIONALE FOR THE STRATEGIC PLAN

This strategic plan charts a definite course based on indicators of how the operating environment for MAVWASCO will be during the planning period. Thus, this strategic plan takes cognizance of demographic statistics, economic indicators, government policies, and technological advances.

Development and effective implementation of this strategic plan will:

- i. Enable MAVWASCO to assume a proactive posture which will facilitate the company to deal with emerging issues.
- ii. Result in enhanced stakeholders' motivation which will facilitate their participation/support during the implementation of the strategic plan.
- iii. Provide clarity on the overall mission of MAVWASCO which will result in increased organizational effectiveness and efficiency.
- iv. Facilitate information and knowledge sharing, planning and coordination of various activities in the company.

1.4 PROCESS OF DEVELOPING THE PLAN

Participatory strategic planning process was used in developing the strategic plan. This ensured incorporation of the views of the various stakeholders in the resulting plan. The process entailed consultations with board of directors, management and staff of MAVWASCO. Specifically, the methodology comprised document review, pre and post workshop discussions and a strategic planning workshop.

1.4.1 Document Review

Various documents were reviewed for the purpose of extracting relevant information for use in the strategic plan. These documents include:

- i. MAVWASCO's 2008 – 2013 strategic plan;
- ii. Water Act, 2002;

- iii. Financial statements for 2010 – 2014;
- iv. MAVWASCO’s organization structure;
- v. Kenya Vision 2030;
- vi. Kenya Constitution;
- vii. Second Medium Term Plan;
- viii. WASREB Impact reports 2008/9 to 2013/14;
- ix. Machakos County Integrated Plan; and
- x. The Feasibility Study and Master plan for Developing New Water Sources for Nairobi and Satellite Towns, 2012.

1.4.2 Pre-Workshop Discussions

Discussions were held with management and selected Board members. The interviewees expressed their views on the strategic direction to be taken by the Company, which were incorporated in the strategic planning process.

1.4.3 Strategic Planning Workshops

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

- i. A two day strategic planning workshop with the staff which culminated in a draft strategic plan;
- ii. A one day strategic planning workshop with the Board and Management to refine the draft strategic plan;
- iii. A half-day stakeholders’ workshop to enable them provide their input in the strategic plan.

1.5 ORGANIZATION OF THE PLAN

This strategic plan consists of seven chapters.

Chapter one is the introduction, which covers MAVWASCO's background, MAVWASCO role in the achievement of Vision 2030, rationale for the strategic plan, the methodology of developing the plan and organization of the plan.

Chapter two provides the institutional review covering the core-business, vision, mission and core values.

Chapter three presents situational analysis covering evaluation of the Company's past performance, the internal environment, the external environment and stakeholders' analysis.

Chapter four presents strategic analysis which covers the strategic themes, objectives and strategies.

Chapter five presents the implementation matrix, which covers for each of the strategic objectives, the strategies, proposed actions, implementing actors, time frame, expected outputs and output indicators.

Chapter six covers the institutional structure and highlights the functions of the Board of Directors, the Managing Director, departments and sections.

Chapter seven covers the mechanisms for monitoring and evaluation of the implementation process which includes the objectives of M & E, the M & E framework and the key performance indicators.

CHAPTER TWO

INSTITUTIONAL REVIEW

2.1 CORE BUSINESS

Mavoko Water and Sewerage Company is mandated to provide water and sewerage services within the Mavoko sub county and its environs. In line with the pursuit of its mandate, the company's core business is:

- i. Sourcing and distribution of water within its area of operation;
- ii. Provide sewerage services to the residents of Mavoko;
- iii. Bill and collect revenue from the customers; and
- iv. Maintain water and sewerage infrastructure.

2.2 VISION, MISSION AND CORE VALUES

2.2.1 Vision

Quality, affordable and sustainable water and sewerage services within Mavoko Sub-county

2.2.2 Mission

To provide high quality water and sewerage services in a timely, efficient and reliable way to the satisfaction of our customers

2.2.3 Core values

- (i) **Integrity** – our company policy is zero tolerance to unethical business practices. We strive to be honest and fair in everything we do.
- (ii) **Transparency and accountability** – We will be accountable for our actions and decisions, and accept responsibility for them and report in a transparent manner to our stakeholders.
- (iii) **Teamwork** – We work together towards a shared vision and recognize that teams accomplish more than individuals.

- (iv) **Professionalism** – We exercise high levels of professionalism in our work and in our interactions with partners and stakeholders.
- (v) **Customer focus** – We are focused on understanding the customer’s needs commit to attaining the highest standards in service delivery to all customers and stakeholders.
- (vi) **Creativity and innovation** – We endeavour to be a learning organization that embraces change and continuously enhances creativity and innovation in its processes towards provision of services.

CHAPTER THREE

SITUATIONAL ANALYSIS

3.1 EVALUATION OF PAST PERFORMANCE

A review of MAVWASCO past performance was undertaken by evaluating the, financial and non financial performance and review of the implementation status of the 2008-2013 strategic plan. The review was as follows:

3.1.1 Evaluation of Implementation of 2008 – 2013 Strategic Plan

A review of the implementation status of the 2008 – 2013 strategic plan was undertaken with a view of establishing performance levels and isolating factors that may have had favourable or unfavourable influence on the company. The Company had identified five key result areas to be focused during the planning period. For each of the result area objectives were set and respective strategies identified. A number of strategies were implemented while others were not. The key challenge was lack of financial resources to implement these strategies. The following were accomplished in each result area:

- i. **Identify and lobby for new water sources:** The Company planned to expand the existing water sources. Towards this, the Company carried out a rapid assessment of informal water providers, developed and abstracted water from EAPCC dam and rehabilitated seven (7) boreholes.
- ii. **Increase sewerage connectivity:** The Company had planned to extend the trunk, primary and secondary sewer lines. During the period, the Company conducted an audit of un-connected customers and connected customers within Slaughter and KMC zones.
- iii. **Improve the quality of water to acceptable standards of salinity & fluoride:** In this area the Company had planned to reduce salinity/ fluoride levels. Towards this, the company undertook quality audits of water from all sources and also improved capacity of staff in water quality management.
- iv. **Ensure equity and social equality in water distribution and sewerage connectivity:** To achieve this, the Company build additional water storage, educated customers on water saving

techniques, participated in corporate social responsibility programmes and developed and piloted pro-poor water supply and sanitation services provision strategies.

- v. **Build a dynamic learning organization:** The Company planned to mainstream the tenets of good corporate governance and conduct its business in a professional and sustainable manner. The Company reviewed its organization structure in line organizational development, developed and implemented operational procedure manuals and performance contracts and implemented the national guidelines on public private partnerships (PPPs) among other initiatives.

The detailed analysis of the implementation status of the 2008 -2013 strategic plan is presented in the Annex.

3.1.2 Financial Performance

A review of MAVWASCO's past financial performance was undertaken through an analysis of the company's audited accounts for years 2010 to 2014 and the management accounts for year 2015.

The results are as follows:

(a) Income statement

The results of the analysis of the income statement for the period from year 2010 are captured in Table 1 and Figure 1, 2 and 3.

	2010	2011	2012	2013	2014	2015
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Turnover	49,296,463	105,676,251	95,393,257	114,752,362	138,995,926	157,652,234
Cost of sales	27,533,179	39,317,072	35,062,877	37,354,519	48,139,954	61,625,198
Trading Income	21,763,284	66,359,179	60,330,380	77,397,843	90,855,972	96,027,036
Other income	26,616,527	19,197,438	28,122,391	36,315,738	37,929,955	19,805,294
Total Income	48,379,811	85,556,617	88,452,771	113,713,581	128,785,927	115,832,330
Expenditure						
Operation costs	20,047,560	27,635,106	27,875,512	39,704,164	57,881,624	44,415,972
Staff expenses	26,359,977	34,575,727	41,218,364	44,999,754	49,752,731	51,154,890
Administration	6,590,139	15,029,261	16,697,232	25,631,993	16,959,539	16,838,771
Finance costs	580,373	617,791	814,660	783,711	817,200	538,216

	2010	2011	2012	2013	2014	2015
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Total expenses	53,578,049	77,857,885	86,605,768	111,119,622	125,411,094	112,947,849
Profit before tax	-5,198,238	7,698,732	1,847,003	2,593,959	3,374,833	2,884,481
Total expenses/Revenue	110.7%	91.0%	97.9%	97.7%	97.4%	97.5%
Growth in revenue		-148%	24%	140%	130%	85%
Growth in total expenses		45%	11%	28%	13%	-10%

Table 1: Income Statement

The company’s revenue has been increasing over the years except in year 2012 which recorded a decrease. Similarly, the total income has been increasing over the same period except in year 2015, in which a drop was recorded. Total expenses have also been increasing over the period but for year 2015 which recorded a decrease of 10%. These trends are also depicted in Figure 1 to 3 below. Therefore the company needs to enhance its revenue generation and manage its costs.

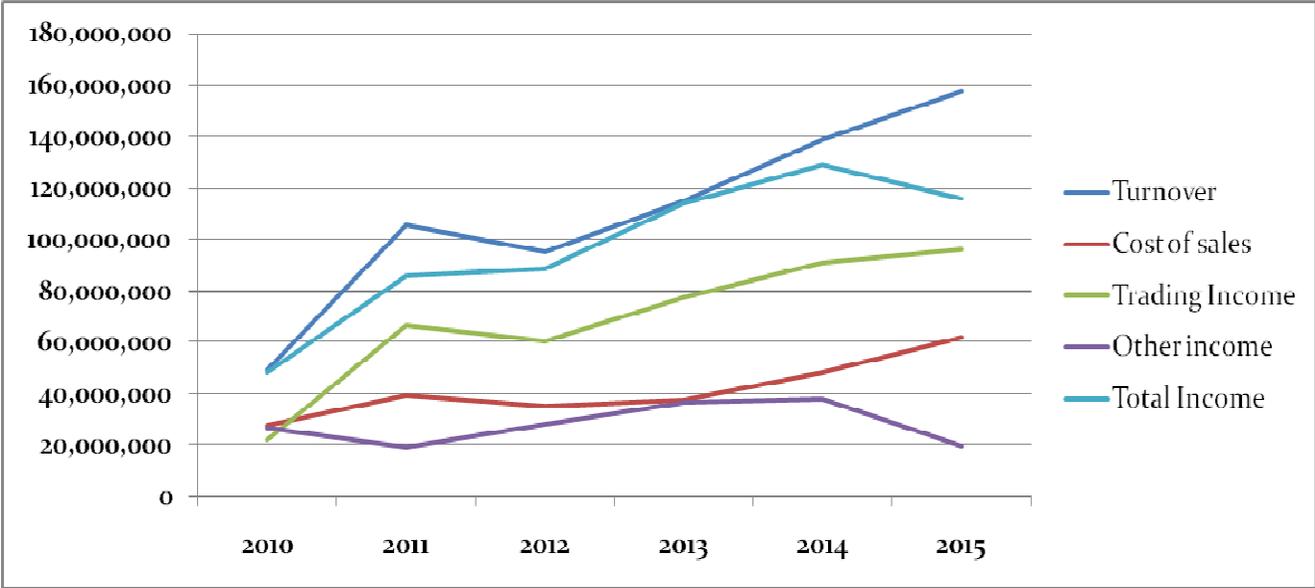


Figure 1: Turnover and total income trend

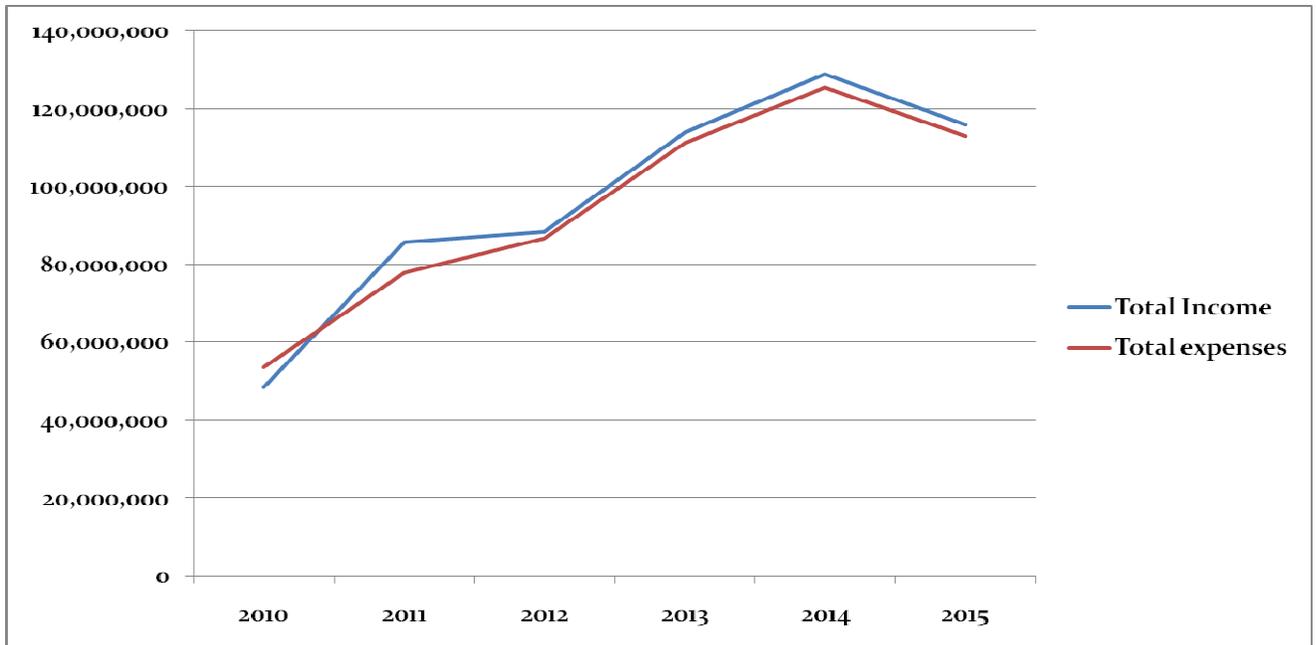


Figure 2: Total income and total expenses trend

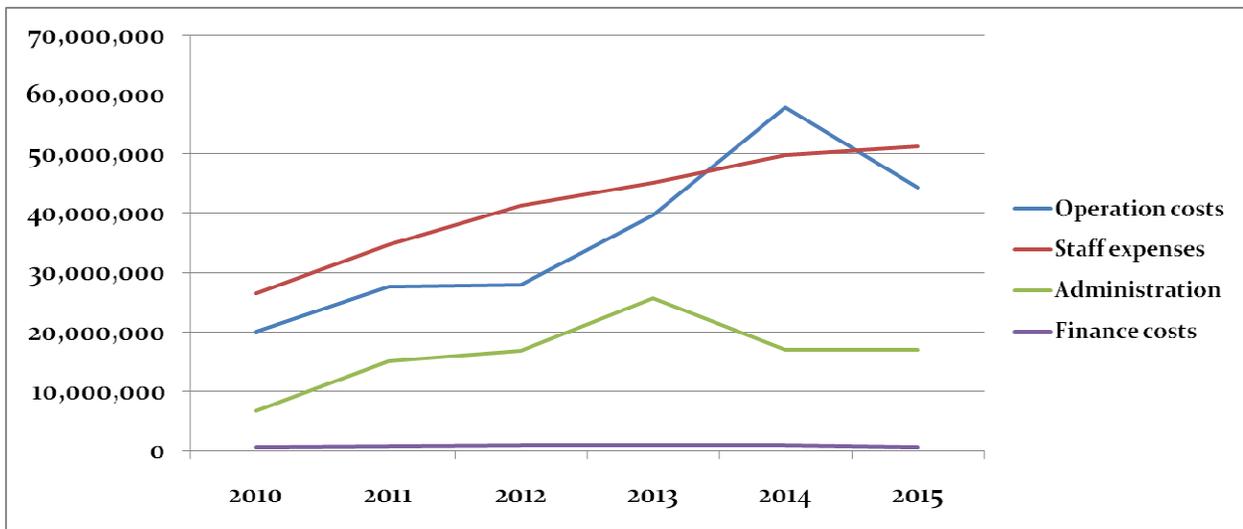


Figure 3: Expenses trend

(b) Statement of financial position

The analysis of the statement of the financial position for the period 2010 to 2015 is captured in Table 2.

	2010	2011	2012	2013	2014	2015
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
ASSETS						
Non-current assets	7,415,332	5,533,925	10,897,293	10,879,307	13,700,750	14,362,900
Current assets	27,853,877	43,414,266	56,578,129	73,073,916	85,011,855	102,961,522
Total assets	35,269,209	48,948,191	67,475,422	83,953,223	98,712,605	117,324,422
EQUITIES AND LIABILITIES						
Capital and Reserves	-1,445,693	6,253,039	6,410,293	24,174,692	23,818,494	26,434,762
Current Liabilities	20,944,100	25,201,856	41,189,182	37,978,322	49,714,946	61,829,979
Non-current liabilities	15,770,802	17,493,296	19,875,947	21,800,209	25,179,166	29,059,680
Total liabilities	36,714,902	42,695,152	61,065,129	59,778,531	74,894,112	90,889,660
TOTAL EQUITIES AND LIABILITIES	35,269,209	48,948,191	67,475,422	83,953,223	98,712,606	117,324,422
Profit after tax/total assets		15.7%	1.1%	1.1%	2.0%	0.9%

Table 2: Statement of Financial Position

The Company's total assets have been increasing over the years which indicate growth in investment. However, return on investment has been fluctuating with year 2011 recording a return of approximately 16% which significantly dropped to 1.1% in year 2012 and 2013. Year 2015 recorded the least return at 0.9%. The company needs to ensure utilization of its assets to full capacity to ensure maximum returns on assets.

3.1.3 Performance sector benchmarks

An analysis of MAVWASCO's performance based on the key sector benchmarks as captured from WASREB annual impact reports was carried out. The results are presented in Table 3.

	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14
Total population in service area	170,000	185,000	135,000	149,722	157,207	182,093
Population served	35,595	47,571	68,850	109,575	125,055	111,132
No. of connections	3,849	5,031	6,092	7,291	8,238	9,144
No. of active connections		4,400	5,287	6,325	7,368	8,415
Number of towns	1	3	3	3	3	3
Turnover /Billings in Ksh millions	16	38	106	95	152	177

	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14
Domestic + Kiosk billed volume (M3 000)		355	379	464	520	632
Production in M3 (000)	688	970	1,054	910	1,091	1,648
NRW	35	37	39	34	38	46
Drinking Water Quality	100	7	68	44	90	95
Compliance with Chlorine Standards	100	100				95
Water coverage in %	21	26	51	73	80	61
Total Sanitation coverage in %	No Data	5	87	n.c.d	68	
Hours of supply No	5	6	8	9	10	10
Staff productivity(no. of staff/K Conn)	15	13	11	10	9	9
Collection efficiency in %	95	85	80	96	95	93
O&M Cost recovery in %	27	46	181	141	132	104
Metering ratio in %	93	85	88	92	96	100

Table 3: Key performance sector benchmarks

MAVWASCO's performance has been fluctuating over the last five years as per WASREB ranking with the company being rated as most improved WSP in year 2011/2012. The volume of water produced has been fluctuating over the period. To be able to meet the water demand in Mavoko Sub County, the Company will need to source for additional water. Further, the number of dormant water connections had been on the rise for the first three years with decreases registered in years 2012/2013 and 2013/2014. Thus there is need for implementation of strategies that will sustain and accelerate the current trend.

3.2 INTERNAL ENVIRONMENT

Analysis of the internal environment was carried out in order to identify factors within MAVWASCO that may influence performance positively (strengths) or negatively (weaknesses). The analysis was undertaken through a review of the company's value chain and support services.

(a) Strengths

Strengths are the resources, capabilities or core competencies that help an organisation accomplish its mission. The aspects identified were as follows:

- i. Committed staff;
- ii. Skilled and supportive board of directors;

- iii. Unity of purpose/Teamwork among staff;
- iv. Good ICT system;
- v. Effective internal control systems;
- vi. Policy guidelines available i.e. ICT, HR, Accounting, billing;
- vii. Availability of transport, basic tools & equipment;
- viii. Cordial relationship with stakeholders; and
- ix. Good corporate governance.

(b) Weaknesses

Weaknesses are the limitations or deficiencies in resources and capabilities that hinder an organisation's ability to accomplish its mission. The weaknesses of the company identified were as follows:

- i. Inadequate water resources;
- ii. Inadequate skills among staff in some areas of operation;
- iii. Inadequate financial resources;
- iv. Inadequate office space;
- v. Lack of performance management system;
- vi. High level of Non Revenue Water (NRW);
- vii. Lack of back-up pumps;
- viii. Inadequate and dilapidated infrastructure;
- ix. Inadequate research;
- x. Delays in attending to customers e.g. for new connections, attending to bursts
- xi. Low coverage of the area of jurisdiction;
- xii. High pumping cost- electricity;
- xiii. Lack of details on the location of pipes; and
- xiv. Inadequate demand forecasting.

3.3 EXTERNAL ENVIRONMENT

The analysis of the external environment identifies factors outside the control of the organization that could, if they crystallize, impact on 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 MAVWASCO's control.

(a) Opportunities

Opportunities are factors or situations that can impact the organization favourably. The opportunities identified to the company were as follows:

- i. The Company can enlarge the current dams (Portland and KMC) to get more water;
- ii. Collaborations with the county and national governments, and development partners for financial and technical support/Good will from development partners e.g. WSFT, Ministry of Housing, County government and Tana Athi Water Service Board;
- iii. Collaboration with other water service providers within the Nairobi metropolis;
- iv. Technological advancement e.g. use of GIS technology and pipe detection technology;
- v. Strategic location within the Nairobi metropolis;
- vi. Large market availability;
- vii. Customers ability to pay;
- viii. Easily treatable water; and
- ix. Supportive legal framework such as the Constitution and Public Private Partnership Act.

(b) Threats

Threats are external factors or situations that can affect the organisation in a negative way. The threats identified that could affect MAVWASCO were the following:

- i. Vandalism of the infrastructure;
- ii. Illegal connections of water and sewer;
- iii. Adverse weather conditions/ climate change;
- iv. Limited water sources;

- v. Financial constraints towards water and sewer projects.
- vi. Adverse changes in the legislation and regulatory framework;
- vii. Unresolved conflicts with EPZA; and
- viii. Political interference.

3.3 STAKEHOLDER ANALYSIS

A stakeholder is any person, group or institution that has an interest in the activities of an organization. The company's key stakeholders are as identified in the Table 3.

Stakeholder	Stakeholder Expectation	MAVWASCO Expectation
1. Ministry of Water and Irrigation (MWI)	<ul style="list-style-type: none"> ▪ Deliver on the mandate ▪ Compliance with the Water Act 2002 and other relevant regulations 	<ul style="list-style-type: none"> ▪ Existence of an enabling environment ▪ Provide sector policy direction
2. WASREB	<ul style="list-style-type: none"> ▪ Compliance with the regulatory rules and guidelines 	<ul style="list-style-type: none"> ▪ Equity in regulation ▪ Prompt approvals
3. WSTF	<ul style="list-style-type: none"> ▪ Generation of feasible project proposals. ▪ Proper use of funds ▪ Proper and timely implementation of projects 	<ul style="list-style-type: none"> ▪ Fair distribution of resources ▪ Timely release of funds
4. WAB	<ul style="list-style-type: none"> ▪ Compliance to service standards and regulations 	<ul style="list-style-type: none"> ▪ Timely resolution of conflicts.
5. WRMA	<ul style="list-style-type: none"> ▪ Compliance with water permits rules ▪ Support in conservation effort 	<ul style="list-style-type: none"> ▪ Effective management of water resources ▪ Conservation of water resources
6. County Governments	<ul style="list-style-type: none"> ▪ Deliver on the mandate ▪ Collaborating in project planning and implementation. 	<ul style="list-style-type: none"> ▪ Provide enabling environment ▪ Funding for water and sanitation projects
7. Development Partners	<ul style="list-style-type: none"> ▪ Accountability for funds provided ▪ Provision of timely and accurate reports ▪ Timely and accurate updates on the implementation status of projects 	<ul style="list-style-type: none"> ▪ Financial and technical support ▪ Adherence to MoUs and contract terms
8. Financial Institutions	<ul style="list-style-type: none"> ▪ Timely settlement of financial obligations 	<ul style="list-style-type: none"> ▪ Competitive credit terms and conditions ▪ Prompt services provision
9. Water consumers/general public	<ul style="list-style-type: none"> ▪ Provision of adequate water and sanitation services ▪ Affordable rates for water and sanitation services 	<ul style="list-style-type: none"> ▪ Prompt payment of water and sanitation services ▪ Report cases of vandalism of the water and sanitation infrastructure

Stakeholder	Stakeholder Expectation	MAVWASCO Expectation
10. The Media	<ul style="list-style-type: none"> ▪ Provision of accurate and timely information 	<ul style="list-style-type: none"> ▪ Fair and accurate reporting ▪ Support in public awareness campaigns.
11. Service providers	<ul style="list-style-type: none"> ▪ Fairness and equal opportunity ▪ Prompt payment for goods and/or services rendered ▪ Provision of adequate information 	<ul style="list-style-type: none"> ▪ Quality products and services ▪ Prompt delivery of goods and services ▪ Adherence to the terms of contract
12. Learning and Research Institutions	<ul style="list-style-type: none"> ▪ Opportunity for student attachments and internships 	<ul style="list-style-type: none"> ▪ Competent manpower ▪ Support for relevant research/studies
13. Board of Directors	<ul style="list-style-type: none"> ▪ Implementation of developed policies ▪ Achievement of the Company's objectives 	<ul style="list-style-type: none"> ▪ Policy direction ▪ Support in resource mobilization ▪ Good corporate governance
14. MAVWASCO Staff	<ul style="list-style-type: none"> ▪ Job security and sustainability of the Company ▪ Professional development ▪ Competitive and equitable remuneration ▪ Healthy, safe and secure working environment 	<ul style="list-style-type: none"> ▪ Provision of quality services to the company ▪ Commitment to the Company's mandate ▪ Innovation, creativity and optimal productivity ▪ Team spirit ▪ Integrity

Table 4: Key stakeholders of MAVWASCO

CHAPTER FOUR

STRATEGIC ANALYSIS

4.1 STRATEGIC THEMES

Strategic themes are the key performance areas in which the company must excel in order to realize its mission and deliver value to stakeholders. They are therefore the pillars of excellence which the company will seek to focus on during the plan period. The following were identified as the broad areas of focus for the planning period:

- i. Development of water sources
- ii. Management of non revenue water
- iii. Expansion of water and sewer infrastructure coverage
- iv. Improved customer service
- v. Enhancing institutional capacity

4.1.1 Development of Water Sources

For MAVWASCO to satisfy the demand for water in its area of operation, it needs to increase water production as the current supply is inadequate. The company will seek to enhance production from the current sources and also look for new sources of water.

4.1.2 Management of Non Revenue Water

The company has experienced high levels of NRW compared to accepted benchmark. In the planning period therefore, the company intends to invest heavily in areas that will lead to reduction of both commercial and technical water losses.

4.1.3 Expansion of Water and Sewer Infrastructure Coverage

The current water and sewer coverage in MAVWASCO's area of operation is still very low. The company will need to rehabilitate the current infrastructure to make it more efficient and effective. In addition, the company will seek to expand infrastructure to cover the areas not served currently. Further, MAVWASCO plans to put in place pro-poor initiatives including setting up of public water points (PWP)/kiosks to serve poor areas in the Company's area of jurisdiction.

4.1.4 Improved Customer Service

MAVWASCO recognizes and values its customers and is committed to meeting their expectations through maintaining high standards of service delivery. To achieve this, the company will entrench a customer service culture aimed at ensuring excellent service to customers and stakeholders.

4.1.5 Enhancing Institutional Capacity

Adequate human resource capacity is key in ensuring that MAVWASCO achieves its mandate and meets the needs of its customers. As such an appropriate organisational structure needs to be put in place. In addition, the company will require to maintain qualified and skilled human resource. Further, the company needs to enhance employee performance management through implementation of the performance management system to enable effective monitoring of employee productivity and taking of corrective measures where possible. There will also be need to streamline the operations of the company by putting in place adequate facilities to promote efficiency and effectiveness.

Good corporate governance helps organizations in improving economic efficiency and growth as well as enhancing stakeholder confidence. Thus there's need to enhance corporate governance of the Company.

4.2 STRATEGIC OBJECTIVES AND STRATEGIES

Strategic objectives specify what an organization expects to fulfil within a given time period. They are specific statements that address intended changes, improvements and challenges to be addressed within a given period of time. Strategy, on the other hand, is an initiative that enables an organization achieves results. Arising from the strategic themes, the following strategic objectives and strategies were identified.

Theme	Objective	Strategy
1. Development of water sources	To increase water production from 140,000m ³ /month in 2015 to 220,000m ³ /month by year 2020	<ul style="list-style-type: none"> i. KMC dam development (dam, treatment plant, intake works) ii. Expand Portland dam / treatment plant iii. Drill new boreholes iv. Development of Ndarugu dam. v. Rehabilitation of Nolturesh line
2. Management of non revenue water	To reduce non revenue water from 44% in 2015 to 25% by year 2020	<ul style="list-style-type: none"> i. Implementation of GIS ii. Use of technology based meters iii. Use of technology in meter reading iv. Leak detection and management v. Staff, customer and community sensitization vi. Water distribution balance vii. Continuous maintenance of water infrastructure viii. Strengthen NRW unit to enhance enforcement ix. Benchmarking with industry standards
3. Expansion of water and sewer infrastructure coverage	1. To increase water coverage from 60% in 2015 to 80% by year 2020	<ul style="list-style-type: none"> i. Pipeline extensions to areas not covered ii. Restore supply to areas not being supplied
	2. To increase sewer coverage from 20% in 2015 to 40% by year 2020	<ul style="list-style-type: none"> i. Extension of existing sewer infrastructure ii. Develop new treatment plant
4. Improved Customer Service	To achieve customer satisfaction level of 80% by year 2020	<ul style="list-style-type: none"> i. Implement a customer service charter ii. Implement an effective feedback mechanism for customers iii. Enhance collaborations with customers and stakeholders
5. Enhancing institutional capacity	1. To increase operational efficiency	<ul style="list-style-type: none"> i. Provision of adequate office space and facilities ii. Leverage on ICT iii. Strengthen risk management and internal controls iv. Enhance document management v. Enhance research and development
	2. To attract and retain qualified staff	<ul style="list-style-type: none"> i. Ensure optimal staff complement ii. Enhance staff training iii. Performance management and reward iv. Enhance staff welfare v. Enhance staff communication
	3. To increase funding to MAVWASCO	<ul style="list-style-type: none"> i. Improve revenue collection efficiency ii. Enhance collaborations with development partners iii. Enhance effective and efficient financial management
	4. To enhance good corporate governance	<ul style="list-style-type: none"> i. Enhance synergy between the Board of Directors and management. ii. BOD performance management iii. Enhance good corporate citizenship

Table 5: Strategic objectives and strategies

CHAPTER FIVE

IMPLEMENTATION PLAN

THEME 1: DEVELOPMENT OF WATER SOURCES

Objective 1: To increase water production from 140,000m³/month in 2015 to 220,000m³/month by year 2020

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
KMC dam development (dam, treatment plant and intake works)	Increased water supply	i. Design of the dam	Dam design plans	MD/TM/BOD/TAWSB	October 2015	20
		ii. Desilt and Construction	Complete dam	MD/TM/TAWSB	October 2017	200
		iii. Operationalise the dam	Amount of additional water produced	MD/TM/TAWSB	December 2017	220
Expand Portland dam/treatment plant	Increased water supply	i. Redesigning of the dam	Design Plans	MD/TM/TAWSB	November 2015	20
	Stabilise water supply	ii. Desilt and Reconstruction	Expanded Dam	MD/TM/TAWSB	Dec 2016	118
		iii. Building new sedimentation tank	New sedimentation tank	MD/TM/TAWSB	Dec 2016	10
		iv. Commission of the dam	Amount of additional water produced	MD/TM/TAWSB	December 2016	2
Drill new boreholes	Increased water supply	i. Carry out hydrological survey	Feasibility Report	MD/TM	February 2016	2
		ii. Implement the recommendations of the survey	Amount of water produced from the boreholes	MD/TM	December 2018	15
Development of Ndarugu	Increased water supply	i. Collaborate with the relevant stakeholders during the design, construction and commissioning of the dam	Construction of the dam Amount of water	MD/MWI/TAWSB	December 2016	2

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
			accessed by MAVWASCO			
Rehabilitation of Nolturesh line	Increased water supply	Follow-up with TAWSB for the rehabilitation of Noltruresh line	Rehabilitation	MD/MWI/TAWSB	March 2016	10

THEME 2: MANAGEMENT OF NON-REVENUE WATER

Objective 1: To reduce non-revenue water from 44% in 2015 to 25% by year 2020.

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Implementation of GIS	Block maps	i. Procure GIS software and hardware	GIS system procured	TM/IT/FM/PO	DEC 2016	3
		ii. Data collection on customers	Data Reports	TM/IT	FEB 2016	2
		iii. Digitization of customer data and area of jurisdiction.	Digital Images and data	TM/IT	FEB 2017	3
		iv. Mapping area under jurisdiction	Pipeline maps	TM/IT	JUNE 2017	1
Use of technology based meters	Installed meters	i. Procure smart meters	Smart meters procured	FM/PO/TM	Continuous	2 pa
		ii. Sensitize developers/customers on the merits of smart meters	Increased uptake	TM/FM	Continuous	0.2 pa
Use technology in meter reading	Improved meter reading	i. Procure meter reading system	System in place	CO/PO/FM	Dec 2016	3.5
		ii. Operationalize the system	Percentage of billings based on actual meter reading	FM/CO/IT	MARCH 2016	0.3

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Leak detection and management	Reduction in response time to bursts	i. Undertake surveillance of the infrastructure by NRW unit	Operational NRW unit	MD/TM	Continuous	0.4 p.a.
		ii. Procure leak detection machine	Leak detector in place	PO/TM/FM	December 2016	3
		iii. Develop a repair response framework	Response time for repairs	TM	December 2015	1.5
Staff, customers and community Sensitization	Increased stakeholder involvement in management of NRW	i. Sensitization staff on reporting of leaks if spotted	Staff sensitization forums held	MD/TM/NRW TEAM	Continuous	0.2 p.a.
		ii. Sensitize the public on the available channels and procedures for reporting of leaks	Customers sensitization forums held	CO/CC	Continuous	0.2 p.a.
Water distribution balance	Water distribution zones	i. Demarcate area of jurisdiction into water distribution zones	Clear zone boundaries	TM	Dec 2016	0.5
	Accurate input/output readings	ii. Install master meters	Master meters in place	TM	June 2017	1.2
Continuous maintenance of water infrastructure	Reduced water bursts and leakages	i. Undertake identification exercise on weak sections of the water infrastructure	Report on the identified weak sections	TM	Continuous	10 p.a.
		ii. Procure the necessary materials and expertise	Requisite materials and expertise availed	TM	Continuous	
		iii. Carryout replacement of the identified weak sections	Weak sections replaced	TM	Continuous	
Strengthen the NRW Unit to enhance	Effective NRW unit	i. Undertake capacity building of the unit through training	Number of team members trained	NRW TEAM/TM/FM	Continuous	
		ii. Provide adequate resources	Adequate resources	TM/FM	Continuous	

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
enforcement		to the unit	in place			
		iii. Undertake inspection and surveillance	Surveillance reports Number of illegal connections identified	TM /FM/ NRW TEAM	Continuous	
		iv. Meter servicing	Reduction on estimated bills	NRW TEAM/TM/CO/FM	Continuous	0.2
Benchmarking with best performing water companies	Adoption of best practices	i. Identify best performing companies in terms of NRW	Best performing companies	TM/NRW unit	Continuous	0.2 pa
		ii. Make visits to these companies	Reports of visits and best practices identified			

THEME 3: EXPANSION OF WATER AND SEWER INFRASTRUCTURE COVERAGE

Objective 1: Increase water coverage from 60% in 2015 to 80% by year 2020

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Pipeline extension to areas not covered	More customers accessing water	i. Map the areas for water infrastructure expansion	Areas of expansions identified	MD/TM/TANATHI	Continuous	1.2 pa
		ii. Procure water infrastructure	Water infrastructure procured	MD/TM/TANATHI	Continuous	2 pa
		iii. Lay the infrastructure	Number of Kms in water infrastructure coverage	MD/TM/TANATHI	Continuous	As above
		iv. Connect new customers	Number of new	CO/TM/FM	Continuous	Demand

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
			customers connected			driven
Restore supply to areas not being supplied	Re-activation of customer accounts	Rehabilitate the water infrastructure in areas not being supplied	Water supply restored	MD/TM/TANATHI	March 2017	10

Objective 2: Increase sewer coverage from 20% in 2015 to 60% by year 2020

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Extension of existing sewer infrastructure	More customers accessing sewer services	i. Map the area for sewer extension	Area identified	TANATHI MD/BOD/TM	January 2017	100
		ii. Procure sewer pipes	Sewer pipes for installation	TANATHI/MD/TM	Continuous	
		iii. Lay the sewer infrastructure	Increased KMs of coverage	MD/TM	Continuous	1,000
		iv. Connect new customers	more customers	TM/FM	Continuous	
Develop new treatment plant	New plant	i. Design the new treatment plant	Design plans/reports	TANATHI /MD/BOD/TM	June 2017	150
		ii. Source for funds	Amount mobilised for the project	BOD/MD/TANATHI	Dec 2016	
		iii. Implement the project	Treatment plant operational	MD/BOARD/TM	Dec 2017	3,000

THEME 4: IMPROVED CUSTOMER SERVICE

Objective 1: To achieve customer satisfaction level of 80% by year 2020.

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Implement a customer service charter	Timely and focused service delivery to customers	i. Develop a customer service charter	Customer service charter in place	HoDs	January 2016	0.05
		ii. Organize sensitization forums for all staff on the content of customer service charter	Staff sensitized on the content of customer service charter	MD/TM	January 2016	0.05
		iii. Avail the service charter to customers at the company premises and its website	Service charter made available in strategic places	MD/TM	Continuous	0.05
Implement an effective feedback mechanism for customers	Prompt handling of customer issues	i. Develop a feedback framework	Feedback framework in place	TM/CO	Immediate	
		ii. Provide customers with channels for reporting issues	Channels provided to customers	FM/TM/CO/ICT	Immediate	
		iii. Resolve customer issues promptly and effectively	Time taken in resolving customer issues	Commercial Officer	Continuous	
		iv. Conduct regular customer satisfaction surveys	Customer survey report	FM/CO	Annually	0.3
		v. Inform customers about any interruptions in services before hand	Press releases/SMSs to customers	FM/TM/MD	On need basis	

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Enhance collaborations with customers and stakeholders	Increased customer/ stakeholder participation	i. Build partnerships with consumer groups such as water action groups				
		ii. Engage community and stakeholders for views and participation on company's programmes and projects	Forums held with stakeholders	MD	Annual or on need basis	
		iii. Sensitise customers on their role in management of water resources e.g. reporting of water/sewer bursts and/or illegal connections	Customer sensitisation forums	MD	Continuous	

THEME 5: ENHANCING INSTITUTIONAL CAPACITY

Objective 1: To increase operational efficiency

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Provision of adequate office space and facilities	Improved working environment	i. Conduct cost-benefit analysis of building or leasing office premises	Report	MD / FM	December 2015	
		ii. Begin implementation recommendations of the analysis	Additional office space	BOD/MD / FM/TM	March 2016	20
Leverage on ICT	Increased operational efficiency	i. Undertake business process review	Documentation of processes	ICT/HoDs		
		ii. Determine ICT requirements	ICT requirements report	ICT/HoDs	Continuous	
		iii. Acquire and implement ICT systems	Requisite ICT systems in place	ICT/Procurement	Continuous	2
		iv. Carryout user training on available systems	Number of ICT trainings undertaken Number of users trained	ICT/HoDs	Continuous	
Strengthen risk management and internal controls	Effective risk management	i. Risk identification and analysis	Risk assessment report	IA	April 2016	
	Effective internal controls	ii. Implement appropriate risk controls and monitoring systems	Level of risk exposure	IA, HODs	Continuous	
		iii. Implement the business continuity plan	Operational business continuity plan	IA	April 2016	
		iv. Develop and implement appropriate internal controls	Internal control systems in place	IA, HODs	April 2016	

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Enhance document management	Efficient document handling	i. Determine document management needs and develop system specification	Needs assessment report System specifications	ICT/HoDs	Feb 2016	
		ii. Procure and implement document management system	Records management system operational	ICT/Procurement	June 2016	0.6
Enhance research and development	Increased operational efficiency	i. Identify areas of research e.g. water and sewer demand quantification for the sub-county, operational costs management etc	Potential research areas identified	HODs	Continuous	
		ii. Undertake research on identified areas	Research reports	HODs	Continuous	
		iii. Implement research recommendations	Level of cost savings	HODs	Continuous	

Objective 2: To attract and retain qualified and motivated staff

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Ensure optimal staff complement	High productivity	i. Review organisation structure to align with business requirements	Revised organisation structure	HoDs/MD/BOD	Oct 2016	
		ii. Undertake job evaluation	Job evaluation report	HoDs/HR	Oct 2016	
		iii. Identify staff gaps based on business requirements	Staff gaps analysis report	HoDs/HR	Annually	
Enhance staff	Improved	i. Develop a training policy	Training policy in place	HoDs/HR	December, 2015	

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
training	performance	ii. Undertake staff training needs analysis	Training needs analysis report	HoDs/HR	Annually	
		iii. Organize training for the staff on the identified areas	Number of staff trained	HoDs/HR	Continuous	0.6 pa
		iv. Establish and implement mentoring programme	Mentorship programme in place	HoDs/HR	July 2016	
Performance management and reward	Increased staff productivity	i. Implement performance contracting system	Performance contracting implemented	HoDs/HR	Annually	
		ii. Develop performance management	A performance management system in place	HoDs/HR	March 2016	
		iii. Implement performance management and reward system	Performance reports	HoDs/HR	Continuous	0.7
Enhance staff welfare	Increased staff motivation and productivity	i. Develop welfare and benefits programme	Welfare and benefits programme in place	HoDs/HR	June 2016 and on a need basis	
		ii. Promote work-life balance	Motivated staff	HoDs/HR	Continuous	
		iii. Carry out staff satisfaction surveys	Employee satisfaction survey reports	HoDs/HR	Annually	0.3
		iv. Implement recommendations of the surveys	Level of employee satisfaction	HoDs/HR	Annually	1 pa
Enhance staff communication	Smooth flow of information	i. Develop and implement an internal communication policy	Internal communication policy in place	HODs/MD	June 2016	
	Increased team cohesion	ii. Carry out teambuilding events	Number of teambuilding events	HODs/HR	Annually	0.5 pa

Objective 3: To increase funding to MAVWASCO

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Improve revenue collection efficiency	Timely collection of revenue	i. Prepare and deliver accurate bills on time	Accuracy and promptness of bills	Commercial Officer	Continuous	
		ii. Activate the billing system to give prompts on accounts due for disconnection	Prompts on accounts due for disconnection being generated electronically	Commercial Officer/ ICT Officer	Continuous	
		iii. Execute disconnections as they fall due	Time taken to disconnect defaulting customers	Commercial Officer	Continuous	
		iv. Develop and implement a debt collection programme	Level of debt	FM	Continuous	
Enhance collaborations with development partners	Adequate financial planning	i. Assess funding needs of MAVWASCO	Financial requirements report	FM/HODs	Annually	
		ii. Identify new sources of funding such as development partners, national and county governments etc	Potential funding/collaboration partners	FM/ MD	Annually	
		iii. Prepare funding/collaboration proposals to development partners and national and county governments	Amount of funds mobilised from various sources	FM/HODs/MD	Annually	
Enhance effective and efficient	Proper management of financial	i. Prepare departmental work plans and budgets	Departmental work plans and budgets in place	HODs	Annually	

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
financial management	resources	ii. Implement the approved plans and budgets	Impact of annual work plans and budgets	HODs	Annually	
		iii. Prepare and implement a monitoring and evaluation work plan	M& E reports	HODs	Annually	

Objective 4: To enhance good corporate governance

Strategy	Expected Output(s)	Proposed Action(s)	Output Indicator(s)	Implementing actor(s)	Time Frame	Cost estimates (Kshs million)
Enhance synergy between BOD and management	Better understanding of corporate governance by Board members and senior management	i. Implement the Mwongozo guidelines	Level of compliance	MD/BOD	Continuous	
		ii. Determine training needs for BOD and management	Training reports and manuals	MD	Annually	
		iii. Undertake training of BOD and senior management on corporate governance	Number of people trained certificate and training report	MD		2
Board performance management	Improved Board performance	i. Develop a board charter and work plan	BOD charter and work plan in place	MD/BOD	December	0.2
		ii. Undertake BOD performance evaluation	BOD evaluation report	MD/BOD	Annually	0.2
Enhance good corporate citizenship	Increased support from the community in company activities	iii. Develop a CSR programme including internships, community engagement e.g. tree planting, etc	CSR programme in place	HODs/MD	June 2016	
		iv. Implement the CSR programme	Number of CSR activities implemented	HODs/MD	Annually	

CHAPTER SIX

INSTITUTIONAL STRUCTURE

6.1 BOARD OF DIRECTORS

The Board of Directors (BOD)'s role is to provide policy guidelines in the management of the Company. The Board has the responsibility to establish and maintain full and effective control over the strategic, financial and operational direction of the Company as well as ensuring compliance to policies and procedures.

The Board discharges its role through committees. Currently there are three committees which are:

- i. Technical committee;
- ii. Finance & Administration committee; and
- iii. Audit committee.

6.2 OFFICE OF THE MANAGING DIRECTOR

The Managing Director (MD) shall ensure proper and efficient management of the day-to-day operations of MAVWASCO under the policy guideline of the Board of Directors.

6.3 DEPARTMENTS AND SECTIONS FUNCTIONS

In order to effectively implement the strategies and activities identified in this Strategic Plan, the following organisational arrangement is proposed:

6.3.1 TECHNICAL SERVICE DEPARTMENT

The Technical department is comprised of Sewer and Water supply sections and has following functions:

- i. Production and distribution of quality water.
- ii. Collection, treatment and safe disposal of waste water.
- iii. Operation and maintenance of infrastructure i.e. assets, treatment plants pipeline and sewer network.
- iv. Carrying out technical audits and taking remedial action to optimize resource utilization.
- v. Rehabilitation of water and sewerage facilities.

- vi. Supervision of construction works.
- vii. Preparation of development plans, action plans and budgets.
- viii. Monitoring and evaluation of companywide performance.

6.3.2 FINANCE DEPARTMENT

The Finance department is comprised of Accounting, Commercial and ICT sections. The department has the following functions:

- i. Managing financial systems which include revenue collection, debt collection, expenditure, cash flows, and inventories.
- ii. Management and preparation of annual financial statements.
- iii. Managing commercial activities which include new connections applications, meter reading and billing.
- iv. Preparation of annual budgets and financial projections for investment programmes
- v. Budget control.
- vi. Overseeing provision of ICT services within the Company; and
- vii. Maintain coordination of project activities.

6.3.3 HUMAN RESOURCE AND ADMINISTRATION SECTION

The HR & A Section is responsible for the following:

- i. Human Resources planning and deployment;
- ii. Recruitment and selection, training and development;
- iii. Employee welfare, compensations and industrial relations;
- iv. Registry, mailing and security services; and
- v. Transport management.

6.3.4 PROCUREMENT SECTION

The Procurement section is responsible for the following:

- i. Development, implementation and enforcement of procurement policies and regulations in line with procurement laws and regulations;
- ii. Preparation and implementation of the company's procurement plan in liaison with

- respective user departments, in order to realise the set objectives;
- iii. Managing and advising on asset disposal as and when required;
 - iv. Facilitating implementation of the procurement and tender committees' decisions;
 - v. Managing and monitoring contracts to ensure timely execution;
 - vi. Monitoring all risks related to procurement and ensuring that appropriate controls are implemented to mitigate the risks;

6.3.5 INTERNAL AUDIT DEPARTMENT

The Internal Audit department reports functionally to the Board and administratively to the MD.

The department is responsible for the following:

- i. Developing, documenting, implementing, testing, and maintaining a comprehensive internal audit plan and system of internal audit controls to help provide assurance that MAVWASCO policies and procedures are complied with;
- ii. Examining financial transactions for accuracy and compliance with the policies of the Company;
- iii. Evaluating financial and operational procedures to assure adequate internal controls are present;
- iv. Identifying, assessing, and evaluating the Company's risk areas; make appropriate recommendations for improved internal controls and accounting procedures;
- v. Identifying key business risks, assess those risks, and establish risk management procedures; and
- vi. Prepare necessary reports for the Audit Committee of the Board.

The organisation structure is depicted in the organogram presented in section 6.4.

6.4 THE ORGANOGRAM

The organization structure for the company is as depicted in Figure 4.

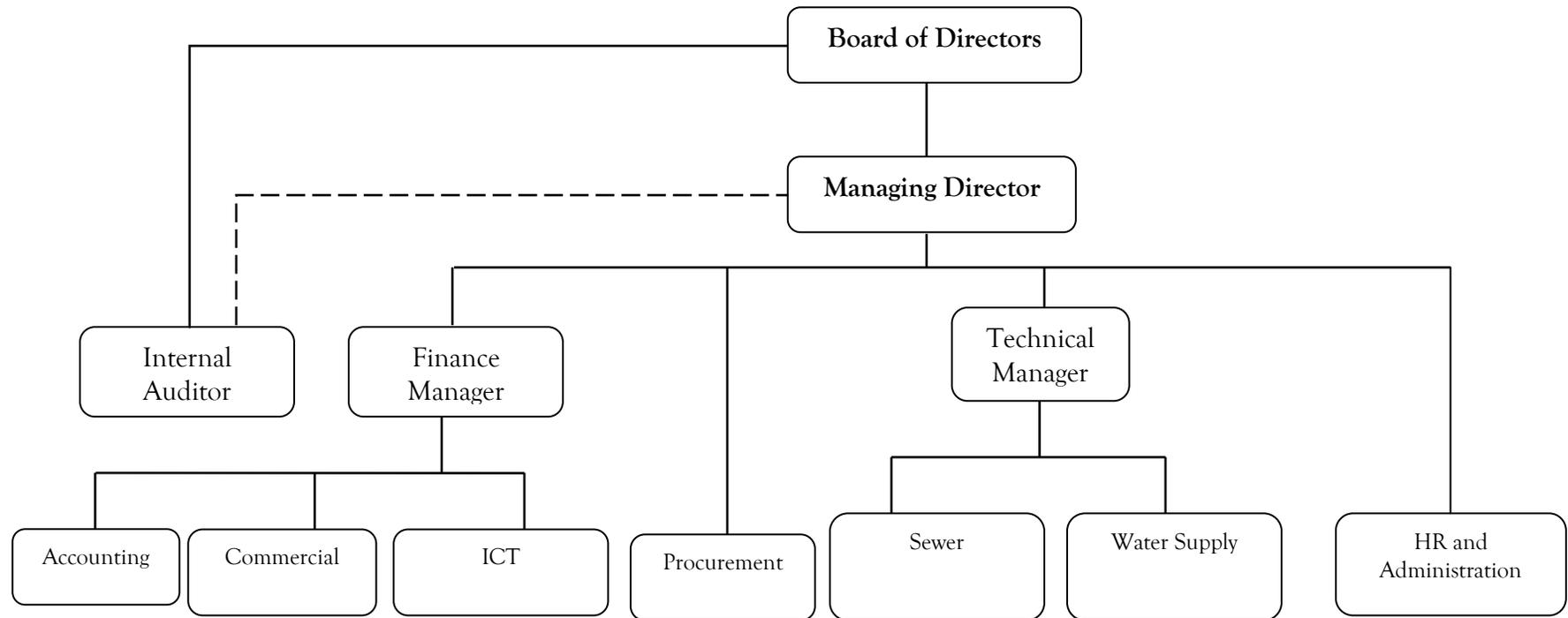


Figure 4: Proposed Organization Structure

CHAPTER SEVEN

MONITORING AND EVALUATION

7.1 OBJECTIVES OF MONITORING AND EVALUATION

To be able to attain the desired outcome from the identified strategies, the strategic plan must be carefully implemented. Successful implementation of the plan requires clarifying decision rights, improving information flow, establishing the right motivators (incentives and sanctions) and structuring the organization to suit the strategies put in place. Further, there is need for an adequate M & E framework to be in place.

7.2 MONITORING AND EVALUATION (M & E) FRAMEWORK

The following M & E framework will be put in place by MAVWASCO management in order to ensure implementation of the strategic plan:

- i. An M & E committee to be established comprising of the Managing Director and heads of departments to oversee the implementation of the strategic plan.
- ii. The M&E committee will hold monthly meetings to review the status of the strategic plan implementation as it relates to their respective areas.
- iii. The M&E committee will be reporting monthly to the committees of the Board on the respective areas.
- iv. The M & E committee will be reporting quarterly to the Board of Directors on the progress of the strategic plan implementation.
- v. The Board and the Management will undertake annual reviews of the status of implementation of the strategic plan. During the annual reviews, any necessary changes will be identified and implemented.
- vi. The strategic plan will be reviewed mid-term so as to ensure that necessary changes in the objectives, strategies, activities among others are effected informed by new information regarding the company or the environment.

Note: The key performance indicators in section 7.3 will provide guidance on more objective review of the progress of the strategic plan implementation.

7.3 KEY PERFORMANCE INDICATORS

Table 6 shows the projected key performance indicators (KPIs) for financial and non-financial targets set for the year 2015 to 2020.

KPI	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Water demand (m ³ /day)	15,000	15,750	16,530	17,357	18,224	19,136
Water received (m ³ /day)	4,800	4,900	10,000	10,000	10,000	10,000
Water sold (m ³ /day)	2,688	3050	6,000	6,200	6,300	6,400
Non revenue water (%)	44	42	40	38	37	36
Turnover /Billings (Ksh m)	176	181	216	223	226	230
Water coverage (%)	60	62	80	81	81	82
Sewer connections	3,572	3929	4,429	4,489	4,549	4,609
Sewer coverage (%)	20	24	30	36	37	38
Number of connections	7,988	8,786	9,286	9,855	10,348	10,865
Number of active connections	5,998	6,796	7,296	7,765	8,154	8,561
Active accounts/Total connections	0.75	0.77	.82	.82	.82	.82
Working meters to total meters %	88	90	92	94	95	96
Collection efficiency	95	96	96	97	97	97
Operating expenses/Total revenue	0.99	0.95	0.8	0.75	0.74	0.74
Customer satisfaction	-	60%	65%	70%	75%	80%
Employee satisfaction						
Number of staff	78	78	85	85	86	86
Number of staff per 1000 connections	9	8	8	7	7	7
No. of supply hours	8	8	15	15	15	15
Profit before Tax Ksh (m)	1.1	1.8	4.5	4.5	4.6	4.6

Table 6: Key performance indicators

ANNEXES

Annex 1: KPIs Assumptions

i. Water demand

Water demand is based on the population of the Mavoko Sub County. The population is based on the 2009 Population Census with a growth rate of between 7-8.5 %.

ii. Water received

The water received will be amended to reflect new status as the projects are implemented and commissioned.

iii. Water Coverage

Water coverage is estimated to grow at an average of 4% p a subject to implementation of the Mavoko water supply project.

iv. Sewer Coverage

The sewer coverage is estimated to increase by 3% p.a. subject to the implementation of Mavoko water supply project.

v. Number of connections

The connections will increase gradually subject to development of real estate, industries and other institutions

vi. Number of staff

Increase in staff will be minimal due to the expected increase in use of technology in the company operations.

Annex 2: Implementation status of the 2008 – 2013 strategic plan

Objective	Priority strategy	Implementation status
To increase the volume of water supply by 25% per annum	Develop alternative water sources; <ul style="list-style-type: none"> • Rapid assessment of informal water providers • Develop and abstract water from EAPCC dam • Rehabilitate three boreholes p.a. • Sink and commission 3 boreholes p.a. • Develop and abstract water from KMC dam • Develop Kitengela Dam and abstract water • Address issues raised by EIA report for developing Mbagathi dam and abstraction 	Done Done Not done 7 done Not done Not done Not done
	<ul style="list-style-type: none"> • Develop Master plan for water reticulation • Undertake block mapping for water reticulation 	Not done Not done
Reduce non revenue water by 5% per annum	<ul style="list-style-type: none"> • Community water scouting and feedback • Scheduled crack downs 	Done
To service un-connected customers	<ul style="list-style-type: none"> • Expand sewerage connectivity • Conduct an audit of un-connected customers • Undertake new sewer connections in Valley view estate (Harp Housing) • Undertake sewerage connection works within Slaughter and KMC zones • Finalize design of sewer line and construct • Finalize PPP with Erdemann and implement 	Done Done Not done Done Not done
	Undertake block mapping and develop Master Plan <ul style="list-style-type: none"> • Block mapping of sewer lines network • Master plan for sewerage connectivity • Secure control of sewerage treatment ponds from EPZA • Develop engagement guidelines and tariffs for operators of private exhausters • License operators of private exhausters 	Not done Not done Not done Not done Not done

Objective	Priority strategy	Implementation status
To reduce salinity / fluoride levels	Water quality management <ul style="list-style-type: none"> • Learning from other areas on technologies for sustainable treatment of saline and fluoride water • Improve capacity of staff in water quality management • Invest in a quality control laboratory to test water from various sources • Adoption of appropriate, sustainable technology for water quality management • Undertake quality audit of water from Bore holes, dams and all additional water sources 	Not done Done Partly done Not done Done
To attain equity in water distribution and sewerage service provision and reduce customer complaints.	<ul style="list-style-type: none"> • Build additional 1000m³ storage tanks (at Mavoko tanks) • Educate costumers on water saving tips • Create customer awareness on reticulation system and its implications to address critical customer perceptions. • Undertake CSR programmes in conjunction with our consumers. 	Done Done Done Done
Customize the MWI PPIP-WSS	<ul style="list-style-type: none"> • Develop and pilot a pro-poor water supply strategy • Develop and pilot a pro-poor sanitation service provision strategy 	Done Done
Resolve outstanding issues on MEWSCO identity	<ul style="list-style-type: none"> • Institutionalize relationships with key stake holders. • Resolve dispute with EPZA 	Done In progress
Secure an approved SPA	<ul style="list-style-type: none"> • Develop an asset register for water and sewerage infrastructure • Undertake infrastructural asset valuation • Undertake transfer of the assets from the MCM/EPZA to Tanathi WSB • Define and gazette jurisdiction area of MEWSCO 	Done Not done Partly In progress
Develop and implement operational policies and procedures by 2013.	<ul style="list-style-type: none"> • Regularly review the organizational structure to match the organizational development. • Develop, implement and regularly review operational and procedure manuals and performance contracts • Develop and implement capacity building guidelines and policies 	Done Done Not done

Objective	Priority strategy	Implementation status
	<ul style="list-style-type: none"> • Customize and implement the national guidelines on PPPs. • Develop and implement an ICT optimization strategy • Create awareness on ISO certification and preconditions for the same 	<p>Done</p> <p>Not done</p>
Promote ethical business practices and internal relations	<ul style="list-style-type: none"> • Continue the implementation and review of the culture change programme 	Done
Systematically and regularly Monitor and evaluate effectiveness of the implementation	<ul style="list-style-type: none"> • Develop and implement M&E formats for various operations and cross cutting issues • Develop and transform departments into business units 	<p>Done</p> <p>Not done</p>
Secure adequate assets for effective operations	<ul style="list-style-type: none"> • Continuously review capital acquisition policy to align with our strategy 	Not done