

**Nairobi City Water and Sewerage  
Company Limited**

POPULAR VERSION OF THE  
**STRATEGIC PLAN**  
2014/15 – 2018/19

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## Foreword

Strategic planning is a development phenomenon that has been embraced by almost all sectors of the economy in Kenya and indeed worldwide. The process involves formulation; implementation and evaluation of cross-function decisions that enable an organization achieve its objectives. In other words, strategic planning produces fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future.

Instituting strategic management process marks the beginning of efficient and effectual management system that is forward-looking and more competence-based. As such, any modern business entity that wants to “lead the market instead of being market led” ought to embrace the concept of strategic planning if it has to survive, develop and grow in today’s dynamic and competitive operating environment. Out of this realization, many public institutions, private organizations and civil societies are nowadays increasingly instituting strategic plans for their business operations. Indeed, research has shown that organizations using strategic management are more successful than those that do not.

Water and Sewerage/Sanitation institutions are not exceptional to this development paradigm and that is why Nairobi City Water and Sewerage Company took a bold step, right from its inception, to embrace the concept of strategic planning. The Company pursued two, three-year rolling strategic plans up to June 2010 and a five-year strategic plan spanning between 2011 and 2014/15. Review of 2010/11 to 2014/15 plan shows that from 2010/11 to December 2013, this third plan achieved an estimated overall implementation of 74%. Among the key challenges that constrained 100% achievement included resource constraints especially for undertaking capital expenditure. However, due to the requirements of the 2010 constitutional dispensation, the plan was reviewed in 2014 and succeeded by the current fourth strategic plan, covering the period between 2014/15 and 2018/19. All these plans have been in tandem with the prevailing government’s economic blueprints e.g. the Economic Recovery Strategy for Wealth and Employment Creation (ERS from 2003 – 2007) and its successor, the Vision 2030 and its implementing five-year Medium Term Plans.

Beyond development, successful implementation of the plan requires concerted efforts of all stakeholders. We are therefore calling upon all stakeholders to rise to this call and contribute to the betterment of this institution. It is expected that successful implementation of the plan will catapult the Company to higher levels of prosperity for enhanced and sustained effective and efficient service delivery.



**Mr. Peter Kuguru**

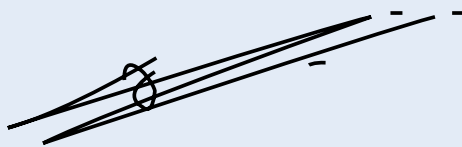
**CHAIRMAN, BOARD OF DIRECTORS**

## Preface

Development of this strategic plan adopted a participatory approach in analyzing the plan-implementation gaps of the previous plans; identifying the key priority areas and charting the key strategies to be pursued in the plan period (2014/15 - 2018/19). This participatory process revised the Vision and Mission statements, core values and identified eight (8) strategic themes to be pursued: enhanced and sustainable quality water sources, production and storage, optimized transmission and equitable distribution of quality water, reduction of non revenue water, wastewater management, revenue growth and customer loyalty, financial stewardship, human resource management, and brand equity and institutional strengthening. The plan has also taken cognizance of the current environment and the emerging issues.

All the key stakeholders (the National Government through the Ministry in charge of Water; the Nairobi City County Government, which wholly owns the Company; WaSREB, the Company's Board of Directors, management, staff and customers) are called upon to effectively play their respective roles to ensure successful implementation of the plan. This is in recognition that in an organizational setting, there is need to coordinate goals so that they do not conflict with each other. The goals of one part of the organization should mesh with those of other parts of the organization.

To effectively implement the plan, resources estimated at KShs. 42 billion will be required. On its part, the company commits itself to provide and mobilize the requisite resources to finance the identified investments projects geared towards meeting the identified objectives. In addition, deliberate efforts will be done to institute a mechanism for annual review with a view to assessing progress of implementation and therefore addressing plan-implementation gap(s). Such reviews will avail opportunities for the stakeholders to take stock of not only the implementation-enhancing lessons but also of the constraints, and thus devise strategies of overcoming such implementation constraints.



**Eng. Philip Gichuki**

**MANAGING DIRECTOR**

# 1. Introduction

## 1.0 Background

Nairobi City Water and Sewerage Company NCWSC was incorporated in December 2003 under the companies Act cap 486. It is a wholly owned subsidiary of Nairobi City County. The mandate of NCWSC is to provide clean water and sewerage services to the residents of Nairobi County, in a financially sustainable manner and within Government regulations. The City has an estimated population of 3.8 million and projected to grow to 4.5 million by 2018/19. NCWSC five year strategic plan focuses to provide the company with a strategic direction and assist it achieve efficacy in tandem with the planned international and national water sector goals of the government of Kenya.

### 1.1 NCWSC, MDGs/SDGs and The Kenya constitution, Vision 2030, Second Medium Term Plan and the Water Sector Strategic Plan

The development of this strategic plan is aligned and aims to fulfil the aspirations of international and domestic water sector policies in the context of global Millennium Development Goals (MDG) and its successor Sustainable Development Goals (SDG) whilst roping in the nationally water sector policies as expounded in the Kenya Constitution, the current Kenya economic blue print, the Vision 2030 and its implementing second Medium Term Plan (2013 – 2017), and the water sector strategic plan 2009 to 2014. Table 1 below outlines specific policy documents, a summary of policy issues and the conceived strategy by NCWSC in its attempt to realize goals during the planned period 2014/15 to 2018/19.

According to 2009 Kenya National Bureau of Statistics (KNBS's) Population Census, 76% of Households in Nairobi have piped water and NCWSC accounts for 28% of national water coverage. In addition, 48% of Households in Nairobi are connected to the main sewer and NCWSC accounts for 70% of national sewerage coverage. During the 2014/15 – 2018/19 plan period, the company envisages increasing its relative contribution to the achievement of the sub-sector's overall goal.

Table 1 Linkage of MDGs/SDGs, Kenya Constitution, Vision 2030, Second Medium Term Plan and Water Sector Strategic Plan to NCWSC Strategic Plan 2014/15 to 2018/19

SNo.	International/ National and Sector Frameworks	Some Framework Target(s) /Objective(s)	Implications to NCWSC
1.	<p>Millennium Development Goals (MDGs) – 2000 - 2015</p> <p>To be succeeded by Sustainable Development Goals (SDGs) from 2015</p>	<p>1. MDGs Target No 7: Halving the world's population living without access to safe drinking water and sanitation by year 2015</p> <p>2. Some Water and Sanitation SDGs (still being developed by the time of printing this plan)</p> <ul style="list-style-type: none"> <li>(i) ensuring access to safe and affordable drinking water and adequate sanitation for all;</li> <li>(ii) providing adequate facilities and infrastructure, both built and natural, for safe drinking water and sanitation systems in all areas;</li> <li>(iii) extending wastewater treatment, recycling and reuse;</li> <li>(iv) improving water-use efficiency;</li> <li>(v) bringing fresh water extraction in line with sustainable supply;</li> <li>(vi) enhancing effective water governance including catchment area based integrated water resources management and appropriate trans-boundary co-operation;</li> <li>(vii) protecting and restoring water-linked ecosystems like mountains, watersheds and wetlands;</li> <li>(viii) eliminating the pollution and dumping of toxic materials in water bodies, and protecting aquifers;</li> <li>(ix) investing in water harvesting technologies; and</li> <li>(x) reducing risks and impacts of water-related disasters.</li> </ul>	<p>As the largest Water Service Provider in Kenya, NCWSC has a critical role to ensure the country achieves these international goals. This five year strategic plan is expected to provide the company with a strategic direction and assist it achieve efficacy in tandem with the planned international goals.</p>
2.	Kenya 2010 Constitution	Provision of water and sanitation as a basic right (article 43 (1) subsections b and d.	<p>-76% of Households in Nairobi have piped water and NCWSC accounts for 28% of national water coverage.</p> <p>-48% of Households in Nairobi are connected to the main sewer and NCWSC accounts for 70% of national sewerage coverage.</p>

SNo.	International/ National and Sector Frameworks	Some Framework Target(s) /Objective(s)	Implications to NCWSC
3.	Vision 2030 and the second Medium Term Plan (MTP) – 2013 - 2017	<ol style="list-style-type: none"> <li>1. Vision 2030's Social Pillar aims at improved and increased accessibility to both safe water and sanitation services beyond present levels by the year 2030</li> <li>2. The Second Medium Term Plan (2013 – 2017) has four relevant specific programs               <ol style="list-style-type: none"> <li>(i) Urban Water Supply Sub-programme which involves clustering of water supply in the counties to improve supply sustainability. Key towns targeted are Nairobi, Mombasa, Kisumu and Nakuru.</li> <li>(ii) Operationalization of Water Research Resource Center (WARREC) to capture emerging issues, trends and technologies in the broad water sector.</li> <li>(iii) Provision of water to poor un-served areas including informal settlements programme that will explore opportunities of subsidies through Water Service Providers (WSPs) to meet the basic water services supply in the informal settlements</li> <li>(iv) Rural Water Supply Sub-programme aiming at constructing and rehabilitating 150 rural water schemes annually.</li> </ol> </li> </ol>	<p>-With implementation of clustering, some of the surrounding areas within the environs of Nairobi City County may be served by NCWSC.</p> <p>-NCWSC will collaborate with WARREC in undertaking relevant sector research to exploit market opportunities in terms of best practices and technologies.</p> <p>-NCWSC puts a lot of emphasis in enhancing service provision to the informal settlements. During the 2014/15 – 2018/19 plan period, the company will devote its own resources and mobilize others from other stakeholders with a view of improving water services to the informal settlements.</p>

SNo.	International/ National and Sector Frameworks	Some Framework Target(s) /Objective(s)	Implications to NCWSC
4.	Water Sector Strategic Plan (2009 – 2014)	<ul style="list-style-type: none"> <li>i. Consolidate the effort of sustainable water resources management and development</li> <li>ii. Rehabilitation, augmentation and expansion of existing urban sewage collection, treatment and disposal systems.</li> <li>iii. Construction of new urban sewage collection, treatment and disposal systems.</li> <li>iv. Construction of appropriate on-site waterborne sewage systems in informal urban areas.</li> <li>v. Systematically increase user connections to cover all potential areas.</li> <li>vi. Develop a water re-use strategy and policy including standards, appropriate technology, wastewater facilities etc.</li> <li>vii. Increase use of non-water-based (e.g. <i>eco-san</i>) sewerage systems.</li> </ul>	<p>The Company : -</p> <ul style="list-style-type: none"> <li>i. puts a lot of emphasis on management of catchment areas and transmission</li> <li>ii. has identified wastewater management as a specific stand-alone theme during the 2014/15 – 2018/19 plan</li> <li>iii. in collaboration with other stakeholders, will rehabilitate Dandora and Kariobangi sewer treatment plants</li> <li>iv. has identified strategies of increasing ablution blocks and stand-alone toilets in the informal settlements</li> <li>v. Plans to increase connections from the current 280,000 to 400,000 by 2018/19.</li> <li>vi. has identified recycling of waste water as one of its strategies to be pursued during the 2014/15 – 2018/19 plan period.</li> <li>vii. has identified embracement of non-water based technology as one of its strategies for enhanced wastewater management.</li> </ul>



## 1.2 Rationale for the Strategic Plan

With its 2010-2014 strategic plan nearing an end, there was need for NCWSC to develop a new strategic plan that not only took cognizance of milestones achieved so far but also changes occurring in the internal and external operating environment. The current strategic plan envisages reducing the gap between demand and supply of water and sewerage services in Nairobi City County.

## 1.3 Planning Assumptions

In developing the strategic plan, the following assumptions were made:

- (i) That there will be no adverse changes in National and County governments' policies.
- (ii) That the country's economic growth will remain on the upward trend for the next five years.

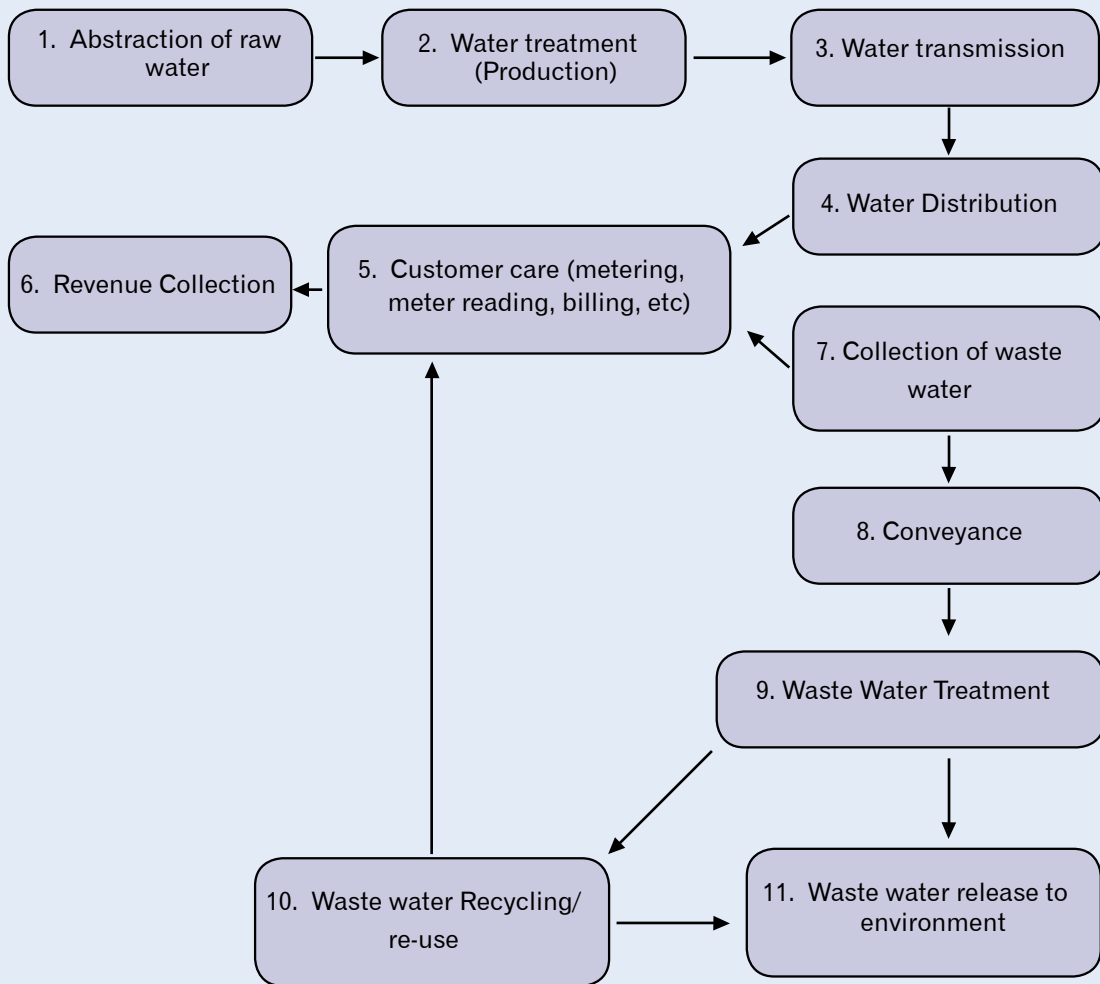
## 1.4 Process of Developing the Plan

Participatory strategic planning process was used in developing this strategic plan. This ensured incorporation of the views of the various stakeholders in the resulting plan. The process entailed consultations with NCWSC's Management and the Board of Directors. Specifically, the methodology comprised pre and post workshop discussions, and a strategic planning workshop with the Management which was held from 5<sup>th</sup>– 8<sup>th</sup> March, 2014 at Kenya School of Law, Nairobi. The workshop resulted in the development of a draft strategic plan for the company. The draft strategic plan was presented to the Board of Directors for review and comments. Further discussions were held with the Board of Directors and management aimed at enriching the draft strategic plan. The discussions resulted in conclusion of the process by a way of approval of the strategic plan by the Board of Directors (BOD) on 22<sup>nd</sup> March 2014 to come up with a final strategic plan for NCWSC.

## 2. Institutional Review

### 2.1 Core Business

The core business of Nairobi City Water and Sewerage Company is to supply water and provide sewerage services to the residents of Nairobi City County. In pursuit of the core business, the company identified the Value Chain depicted here in the below diagram:



**Fig 1: NCWSC Value Chain**

## 2.2 NCWSC's Vision, Mission and Core Values

### 2.2.1 Vision and Mission Statements

The corporate vision for NCWSC is:-

*“To be a world class provider of water and sewerage services”*

And the mission states:-

*“Provide reliable quality water and sewerage services in an environmentally friendly manner that delights customers within Nairobi City County”*

### 2.2.2 Core values

During the planning process, the under listed seven core values were identified. It is envisaged that these core values will provide clarity around the purpose of the company and drive the staff along the same continuum towards realization of the vision/mission statements.

- (i) Accountability
- (ii) Customer Focus
- (iii) Commitment
- (iv) Creativity and innovation
- (v) Integrity
- (vi) Professionalism
- (vii) Team work

## 3. Situational Analysis

### 3.1 Evaluation of Past Performance

A review of NCWSC's past performance on the third 2010/11 – 2014/15 plan was undertaken in order to isolate those factors that have contributed to favourable or unfavourable results. This was carried out through an analysis of the Company's key performance indicators on the eleven themes that the plan pursued. Overall, the implementation status as at December 2013 was 74%. Factors that enabled this performance include company's experience in executing strategic plans, annual monitoring and reviews, management and staff commitment. Among the factors that may have constrained better performance are limited resources especially for undertaking capital development, lack of approval of the plan by the Board of Directors and limited participatory approach in its development. All these factors were taken into consideration when developing the current 2014/15 – 2018/19 plan. Below are details of five key operational performance indicators (Production, Non-Revenue Water (NRW), Revenue Collection, Water and Sewer Network and Extensions/Rehabilitations).

#### 3.1.1 Production - 2010/2011 to 2012/2013

168.2 million m<sup>3</sup> of water was produced in the financial year 2010/11 translating to 100% achievement. In the second year of the period, 167.7 million m<sup>3</sup> of water was targeted; the actual performance posted was 177 million m<sup>3</sup> resulting into 106% achievement. Against a target of producing 184 million m<sup>3</sup> in the FY 2012/013, the company produced 190.4 million m<sup>3</sup> of water translating to a performance of 103.48%. Broadly, the company performed over and above the target set on this indicator by attaining an average performance of 103% in the first three years of planned period under review.

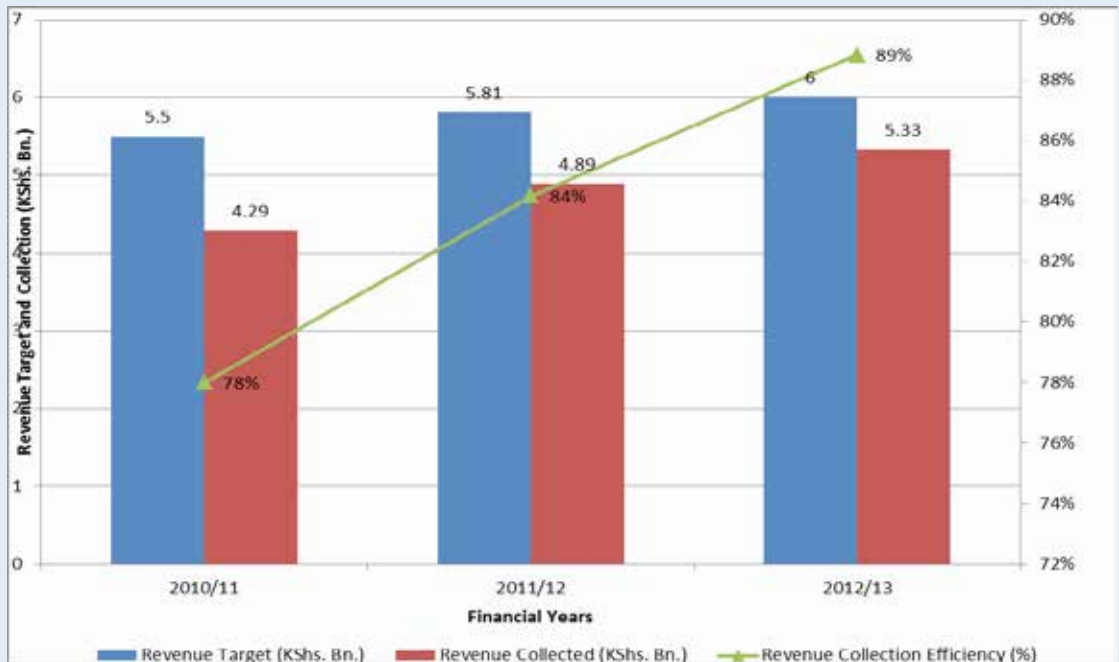
#### 3.1.2 Non-Revenue Water

Non- Revenue Water is a challenge to most Water Service Providers including NCWSC. Indeed, high non-revenue water affects technical efficiency and denies the company revenue. In the period under review, NCWSC targeted to reduce NRW from 40% to 30% by 2014. To meet this target, during the period, the company established NRW Department mandated to coordinate and actualize all planned activities towards reducing high volume of NRW to acceptable levels. In the FYs 2010/11, 2011/12 and 2012/13, the company targeted to reduce NRW to 38%, 36% and 34% respectively. The actual performance posted in those respective FYs was 37%, 39.5% and 39.8%. This performance is mainly due to low investments in projects aimed at reducing NRW.

### 3.1.3 Revenue Collection

During 2010/11, 2011/12 and 2012/13 FYs, NCWSC had planned to collect Kshs. 5.5 billion, 5.8 billion and 6.0 billion respectively. The actual collection was Ksh 4.3 in 2010/11, Kshs. 4.9 billion in 2011/12 and Ksh. 5.3 billion in 2012/13 translating to 78%, 84% and 89% performance achievement for the three respective financial years resulting into 84% overall performance as presented in the figure below.

Fig 2 Revenue Target, Collection and Collection Efficiency



### 3.1.4 Water Network extensions

To adequately meet the growing demand of water in Nairobi, the company planned to extend the water supply network by 125km by the year 2015. In the financial year 2010/11 out of 25km of water pipeline extension targeted, 27km was achieved. In 2011/12, 25km was targeted and 14.5km realized. Of the planned 25km in year 2012/13, 29.8km was achieved.

### 3.1.5 Sewer Networks Extension and Rehabilitations

To adequately handle and manage the resultant waste water arising from the use of treated water, the company envisaged to extend sewer coverage in Nairobi by 60km at an equitable staggering length of sewer pipeline line extension of 12km annually within the five year planned period. Against these targets, 8km, 3.1km and 8.4km were achieved in the financial years 2010/11, 2011/12 and 2012/13 respectively.

For sewer rehabilitations, the company targeted to repair 250 KMs of sewer line within the planned period translating to 50 KMs per year. Against this annual target, the company managed to rehabilitate 11.3 KMs, 43 KMs and 8.4 KMs for the financial years 2010/11, 2011/12 and 2012/13 respectively.

### 3.2 Strategic SWOT Analysis

For the purpose of developing viable strategies to steer the company business processes for the next five years, this strategic planning process undertook an environmental scan (SWOT Analysis). The table below outlines the internal factors that may influence performance of the company positively (strengths) or negatively (weakness). Similarly, an external environmental scan was carried out to identify factors that are beyond the direct control of the company but are likely to impact on its performance taking into consideration the Political, Economic, Social, Technological, Legal and Environmental (PESTLE) milieu.

Table 2 Environmental Scan

Internal		External	
Strengths	Weaknesses	Opportunities	Threats
1. Established core infrastructure	1. High water supply deficit	1. Political good will and support	1. Conflict in the trans boundary water sources
2. Qualified and experienced human resource	2. Inadequate responsiveness of organizational structure	2. Access to funds – internal or external high willingness of lenders	2. Competition of water resources
3. Compliance with water quality standards	3. Staff rationalization	3. Regular tariff review	3. Political interference of set priorities
4. Quality Management Systems (ISO 9001-2008) certification	4. Dilapidated infrastructure	4. Rural urban migration increasing customers base	4. High costs of living eroding the ability to pay
5. Customer confidence in the product	5. Low automation level	5. Likelihood of funding to meet the basic needs	5. Generic competition
6. Embracement of ICT	6. Ageing staff	6. Emerging technologies allow us to operate cost effectively	6. Urban farming
7. NEMA lead Agency for Water and Sewerage	7. Inadequate ICT infrastructure	7. Decentralized waste water treatment	7. Vandalism

Internal		External	
Strengths	Weaknesses	Opportunities	Threats
8. Availability of numerous Business Centres	8. Slow uptake of new technology	8. Alternative chemicals for water treatment	8. Illegal connections
9. Existence of documented Risk and Control Framework	9. Lack of integrated systems	9. Enforcement of the Polluter Pay Principle (3Ps)	9. Government restrictions of budgetary allocation
10. Documented Water Safety Plans Framework	10. Resistance to change	10. NEMA regulations enhancing controls	10. High taxation
11. Strong market edge/big customer base	11. Low integrity among some staff	11. Enforcement of Wetland protection Act	11. Water is a basic human right – hence attitude for free access
12. Collaboration with international community on water and sanitation issues	12. High non-revenue water	12. Near monopoly status for the business	12. Increasing demands by the locals for employment
	13. Inadequate skilled low-cadre staff	13. Drafting water regulations at County level	13. Mushrooming informal settlements
	14. High historical debt	14. Strategy to increase forest cover to 10% (Government)	14. Changing demographic( gated communities, life style change, rapid population growth)
	15. High levels of accounts payables	15. Emerging carbon credit policy	15. Emerging terminal illnesses/chronic illnesses
	16. Inadequate work supervision tools	16. Organic farming	16. Emerging gangs in informal settlements
	17. Non-compliance to regulatory waste water management standards	17. New sources of water like recycling, rainwater harvesting	17. Competition- expansion in some areas for customers especially gated communities
	18. Low sewerage coverage	18. Social drive to increase forest cover	18. Inadequate and un harmonized legal frameworks like the water rules/ by laws, prosecutorial powers, draft water policy
		19. Energy production and re-use	19. Land Act – on subdivision
			20. Unclear policy on taxation.

Internal		External	
Strengths	Weaknesses	Opportunities	Threats
			21. Changing weather patterns/ Global warming
			22. Deforestation
			23. Encroachments
			24. Increased human wildlife conflict
			25. Uncontrolled abstraction
			26. Uncontrolled development
			27. Urbanization
			28. Population pressure
			29. Land fragmentation
			30. Destruction of wetlands
			31. Industrial pollution
			32. Production of environment unfriendly goods like plastics
			33. Poor solid waste management
			34. Lack of storm water management at all levels
			35. Terrorism

### 3.3 Stakeholder Analysis

NCWSC is keen in meeting the needs and surpassing the expectations of various stakeholders. The strategic planning process identified the following stakeholders which the company envisages to work with and the inward and outward expectations:

Table 3: Key stakeholders of NCWSC

	Stakeholder	NCWSC's Expectations	Stakeholder's Expectations
1.	Employees	High productivity and commitment	1. Sound terms and conditions of service 2. Prompt payment of emoluments 3. Timely communication 4. Good working conditions 5. Fair treatment
2.	Customers	Customer loyalty prompt payment	1. Quality Service 2. Timely communication



	<b>Stakeholder</b>	<b>NCWSC's Expectations</b>	<b>Stakeholder's Expectations</b>
3.	Union	Sound industrial relations	<ol style="list-style-type: none"> <li>1. Recognition and enhancement of members welfare</li> <li>2. Prompt remittance of emoluments</li> </ol>
4.	Board of Directors	Sound leadership and good policy	High performance and Good Governance
5.	Shareholders (Nairobi City County Government)	Support and autonomy	<ol style="list-style-type: none"> <li>1. Prompt payment of lease fees</li> <li>2. Improved service delivery</li> </ol>
6.	Government and its Agencies (WARMA, NEMA, AWSB, WASREB)	Enabling policies and legislation and support	Service delivery and compliance
7.	Suppliers	<ol style="list-style-type: none"> <li>1. Quality goods, services and works</li> <li>2. Timely delivery and after sale service</li> </ol>	<ol style="list-style-type: none"> <li>1. Prompt payment</li> <li>2. Fair treatment</li> </ol>
8.	Development Partners	<ol style="list-style-type: none"> <li>1. Favourable terms and conditions</li> <li>2. Timely disbursement of funds</li> </ol>	<ol style="list-style-type: none"> <li>1. Good governance</li> <li>2. Effective utilization of funds</li> </ol>
9.	Community (WRUA, WAGs, CBOs, KARA, COFEK, Mungano wa Wanavijiji)	Support and Cooperation	<ol style="list-style-type: none"> <li>1. Corporate Social Responsibility</li> <li>2. Efficient Service Delivery</li> </ol>
10.	Media	Factual and Fair coverage	Information disclosure
11.	Water and Sewerage vendors	<ol style="list-style-type: none"> <li>1. Compliance with licensing terms</li> <li>2. Prompt payment</li> </ol>	<ol style="list-style-type: none"> <li>1. Cooperation</li> <li>2. Timely communication</li> <li>3. Service delivery</li> </ol>
12.	Neighbouring County Governments	Support and Understanding	Corporate Social Responsibility
13.	Water Service Providers (WSPs)	Timely payment of bulk water supplied	Supply adequate bulk water
14.	Sector Associations (WASPA, AfWA, IWA etc.)	Good sector stewardship and accountability	<p>Active participation</p> <p>Cooperation</p>

## 4. Strategic Analysis

### 4.1 Strategic Themes

To capture the key focus areas and give a broad picture of what the company intends to achieve for the next five years, the following eight strategic themes were developed:

- 1. Enhanced and sustainable quality water sources, production and storage**  
To be able to meet the growing demand of water, NCWSC aims to increase and sustain water production through measures that will ensure conservation of the water catchment areas.
- 2. Optimized transmission and equitable distribution of quality water**  
NCWSC plans to ensure increased water coverage while ensuring efficiency in the distribution process.
- 3. Reduction of Non-Revenue Water**  
NCWSC will upscale investments in areas that will lead to reduction of both commercial and technical water losses.
- 4. Wastewater management**  
NCWSC will endeavour to reach out and improve its services to her customers through addressing the inadequate wastewater infrastructure and its operational efficiency.
- 5. Revenue growth and customer loyalty**  
NCWSC will employ strategies to expand its customer base and enhance water and sewerage billing whilst improving revenue collection.
- 6. Financial stewardship**  
NCWSC will endeavour to adhere to the regulatory provision and best practices while carrying out its operations.
- 7. Human resource management**  
NCWSC plans to put in place appropriate organizational structure with optimal skilled human resources.
- 8. Brand equity and institutional strengthening**  
NCWSC intends to pursue strategies that will enhance its visibility and collaborations with various partners.

## 4.2 Strategic Objectives and Strategies and their Estimated Costs

To actualize the eight strategic themes as aforementioned, NCWSC strategic planning process developed specific strategic objectives against each strategic theme backed by strategies that the company envisages will offer a road map and guide towards efficacy. The table below outlines strategic themes, strategic objectives and the laid down strategies. In addition, the table shows the responsibility centres and cost estimates for each theme/objective. It is estimated that a total of Kshs 42 billion over and above the regular operations expenditure will be required to implement this strategic plan. The funds for implementing the strategic plan will largely be from internally generated funds. The deficit is expected to be sourced from public private partnerships and development partners.

Table 4: Objectives and Strategies and their estimated implementation costs

Theme	Objectives	Strategies	Cost Per Objective (KShs. Mn.)	Cost Per Theme (KShs. Mn.)	Responsibility
1. <b>Enhanced and sustainable quality water sources, production and storage</b>	1. To enhance the water sources capacity to meet demand of 782,000m <sup>3</sup> /day by 2018/19  2. To ensure 100% compliance to NCWSC water quality standard as adopted from WHO and KEBS	i. Conservation of catchment areas ii. Expand raw water transmission lines iii. Expand the treatment plant iv. Enhance raw water storage capacity v. Adapt new water treatment technologies vi. Regulation of river abstraction flows	5,763	6,488	MD/TD
		i. Enhanced process and quality control ii. Implementation of Water Safety Plans (WSP) and Food Safety Management System (FSMS) iii. Implement water quality standards iv. Enhance water quality monitoring v. Automation of operations	725		
2. <b>Optimized transmission and equitable distribution of quality water</b>	To sustainably transmit and distribute 770,000m <sup>3</sup> /day by June 2019	i. Expand the capacity of the transmission pipelines ii. Rehabilitate, upgrade and extend the existing distribution network	-	4,061	TD

Theme	Objectives	Strategies	Cost Per Objective (KShs. Mn.)	Cost Per Theme (KShs. Mn.)	Responsibility
<b>3. Reduction of Non Revenue Water</b>	To reduce Non revenue water from 40% to 16% by June 2019	<ul style="list-style-type: none"> <li>i. Active leak detection</li> <li>ii. Pressure management</li> <li>iii. Asset management</li> <li>iv. Quantify the water distributed into the zones</li> <li>v. Improve meter accuracy</li> <li>vi. Develop authentic customer data base.</li> </ul>	-	3,215	MD/TD/CD

Theme	Objectives	Strategies	Cost Per Objective (KShs. Mn.)	Cost Per Theme (KShs. Mn.)	Responsibility
<b>4. Wastewater management</b>	To efficiently collect, convey, treat and dispose off 400,000m <sup>3</sup> per day of wastewater in an environmentally friendly manner by 2018/19.	<ul style="list-style-type: none"> <li>i. Preventive maintenance of sewerage infrastructure</li> <li>ii. Wastewater quality and abuse monitoring</li> <li>iii. Education and advocacy campaigns</li> <li>iv. Expansion and rehabilitation of existing network and treatment plants</li> <li>v. Reuse of backwash and final effluent</li> <li>vi. Compliance to regulatory requirement on wastewater</li> <li>vii. Implement PPP (Polluter Pay Principle)</li> <li>viii. Embrace appropriate technology</li> <li>ix. Explore possibilities of accessing Carbon Credits</li> <li>x. Wastewater recycling</li> </ul>	-	17,322	TD

Theme	Objectives	Strategies	Cost Per Objective (KShs. Mn.)	Cost Per Theme (KShs. Mn.)	Responsibility
5. Revenue growth and customer loyalty	1. To grow the sales volume from 60% to 84% of the production by June 2019.	<ul style="list-style-type: none"> <li>i. Generate timely and accurate bills</li> <li>ii. Grow the number of High Consumers accounts</li> <li>iii. Implement and continuously review meter management policy</li> <li>iv. Implement the token based pre-paid meters in the informal settlements</li> </ul>	1,927	2,420	CD/TD
	2. To increase the customer base from 280,000 to 400,000 by June 2019	<ul style="list-style-type: none"> <li>i. Develop business marketing/ development units</li> <li>ii. Implementation of social connection policy in the informal settlements</li> <li>iii. Review and adopt effective contracting processes to the last mile</li> </ul>	77		
	3. To increase Customer Satisfaction level from 69% to 90% by June 2019	<ul style="list-style-type: none"> <li>i. Provide quality and reliable customer service</li> <li>ii. Enhance stakeholder engagement</li> <li>iii. Implementation of Quality Management System (QMS) requirements</li> </ul>	416		

Theme	Objectives	Strategies	Cost Per Objective (KShs. Mn.)	Cost Per Theme (KShs. Mn.)	Responsibility
<b>6. Financial stewardship</b>	1. Increase revenue collection from 94% to 98% by 2018/19	i. Increased accurate and timely billing	355	4,804	FD/CD/ICTD
		ii. Increase alternative channels for revenue collection			
		iii. Fully operationalize the zoning concept			
		iv. Use modern technology in disconnection			
	2. Increase the current revenue base by 68% (from kshs.6 billion to Kshs. 10.08 billion) by 2018/19	i. Undertake review of water prices	60		
		ii. Diversify revenue sources			
	3. Reduce accounts receivables of KShs. 9 billion to not more than 4.5 billion by June 2019	Review and comply with debt management policy	20		
4. Reduce the level of accounts payables from KShs. 3.9 billion to KShs. 1.3 billion by 2018/19	Review and comply with financial management policy	4,000			
5. Secure external funding of up to Kshs 20 billion by 2018/19.	i. Sourcing for external financial resources	37			
	ii. Engage private sector in development and management of water and sewerage infrastructure				
6. To ensure 100% automation and integration of all business processes by June 2019.	i. Improve budgetary control through enhanced financial systems.	169			
	ii. Improve automation level from 55% to 100%				
7. To ensure 100% safety and optimal utilization of company resources.	i. Strengthen internal controls	163			
	ii. Ensure business systems continuity				
	iii. Provision of onsite security				
	iv. Obtaining insurance cover for assets				
	v. Enhance implementation of fleet management system				



Theme	Objectives	Strategies	Cost Per Objective (KShs. Mn.)	Cost Per Theme (KShs. Mn.)	Responsibility
7. Human resource management	1. Improve staff productivity level from 65% to 90% by June 2019	i. Undertake a review and alignment of the organogram	743	1,373	DHRA
		ii. Carry out staff rationalization			
iii. Undertake manpower planning					
iv. Undertake succession planning					
v. Implement change management					
vi. Implement performance based remuneration					
2. Improve employees' satisfaction level from 68% to 80% by June 2019	i. Undertake staff training and development		630		
	ii. Improve work environment				
8. Brand equity and institutional strengthening	1. To have a Nairobi City Water Tower in place by June 2019	Enter in public private partnerships	2,200	2,510	MD
	2. Improve the level of brand equity from 35% to 100% by 2018/19	i. Harmonise brand equity within the company	270		
	3. Strengthen Company's partnership with stakeholders at national, regional and international levels	ii. Enhance positive public image		40	
i. Seek membership in relevant Associations					
		ii. Participation in relevant congresses, conferences, workshops and seminars			
<b>Total</b>			<b>42,193</b>		

## 5. Risk Management, Monitoring & Evaluation and KPIs

### 5.1 Risk Management

The main objective of risk management is to reduce the likelihood of risk exposures and the impact thereon. The process involves identifying risk drivers, analyzing their causes, assessing their likelihood and impact, instituting the mitigation measures and monitoring and evaluation of the implementation.

The company has developed a risk management framework which ensures the following: -

- i. Significant strategic, operational, compliance and financial risks have been identified and prioritized.
- ii. Management reports and information from internal and external auditors are reviewed and acted on promptly.
- iii. Management is held accountable for continuously implementation of the risk management framework within the institution.
- iv. The Board of Directors oversees the overall implementation of the framework.

### 5.2 Monitoring and Evaluation

In order to ensure effective implementation of the strategic plan, NCWSC intends to carry out a continuous assessment of the roll out of the planned activities. In this regard, an adequate monitoring and evaluation framework is in place. An M&E committee was constituted comprising of representatives from all directorates to oversee the implementation of the plan. The committee will hold monthly meetings and carry out M&E assessments quarterly and submit M&E report to the Board of Management which in turn will report quarterly to the Board of Directors. The strategic plan will be subjected to an annual review under an independent external reviewer.

### 5.3 Key Performance Indicators

The table below shows the projected Key Performance Indicators (KPIs) for financial and non-financial targets set for the year 2014/15 to 2018/19.

Table 5: Key performance indicators

	KPIs	Unit	Level of achievement/Targets					
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
1.	Volume of water abstracted	m <sup>3</sup> /d	579,700	600,000	650,000	680,000	770,000	823,000
2.	Increased treated water volume	m <sup>3</sup> /d	552,800	560,000	615,000	650,000	700,000	782,000
3.	Volume of water transmitted	m <sup>3</sup> /d	512,000	522,000	540,000	550,000	680,000	770,000
4.	Volume of water sold	m <sup>3</sup> /d	340,000	392,000	401,500	418,000	440,000	646,800
5.	Level of water demand met	%		67	67	67	100	100
6.	Non revenue water (physical losses)	%	21	20	18	16	13	10
7.	Non revenue water (commercial losses)	%	18	10	9	8	7	6
8.	Water quality compliance level – Plants (Residual Chlorine)	No.	91085	91085	91085	91085	91085	91085
9.	Water quality compliance level – Plants (Residual Chlorine)	%	100	100	100	100	100	100
10.	Water quality compliance level – Plants (Physico-chemical –pH, Color, Turbidity)	No.	91085	91085	91085	91085	91085	91085
11.	Water quality compliance level Plants(Physico-chemical –pH, Color, Turbidity)	%	100	100	100	100	100	100
12.	Water quality compliance level –Plants (Total Coliform and E.coli)	No.	1800	2696	2696	2696	2696	2696
13.	Water quality compliance level –Plants(Total Coliform and E.coli)	%	100	100	100	100	100	100
14.	Improved efficiency inequality control process	%	60	64	66	69	95	100
15.	Water quality compliance level – Distribution (Residual Chlorine)	No.	12,000	12734	13172	13415	16579	18769
16.	Water quality compliance level – Distribution (Residual Chlorine)	%	100	100	100	100	100	100

	KPIs	Unit	Level of achievement/Targets						
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	
17.	Number of samples collected – Distribution (Physico-chemical –pH, Color, Turbidity)	No	12,000	12734	13172	13415	16579	18769	
18.	Water quality compliance level - Distribution (Physico-chemical –pH, Color, Turbidity)	%	100	100	100	100	100	100	
19.	Water quality compliance level – Distribution (Total Coliform and E.coli)	No	6000	6355	6574	6696	8277	9372	
20.	Water quality compliance level – Distribution (Total Coliform and E.coli)	%	>95	>95	>95	>95	>95	>95	
21.	Hours of supply	Hours/day		18	18	18	24	24	
22.	Length of water pipelines extended in formal areas	KM		12.3		8	10	20	
23.	Length of water pipelines rehabilitated in formal areas	KM		1	10	50	150	150	
24.	Water reservoir cleaned	No.	0	8	8	8	8	8	
25.	Construction of reservoirs	No.	0	0	0	0	1	1	
26.	Swabbing of transmission and distribution pipelines	KM	0	20	36	36	36	36	
27.	Length of water lines laid in informal settlements	KM	15	60	60	60	60	60	
28.	No. of Water kiosks constructed in informal settlements	No.	10	10	10	10	10	10	
29.	No. Public prepaid meter installation in informal settlements	No.	20	40	40	40	40	40	
30.	No. of water connection in informal settlements	No.	100	4,000	4,000	4,000	4,000	4,000	
31.	Volume of wastewater conveyed	m <sup>3</sup> /d		100,000	170,000	240,000	340,000	400,000	
32.	Volume of wastewater treated and disposed	m <sup>3</sup> /d		100,000	170,000	240,000	340,000	400,000	
33.	Level of compliance to regulatory requirements on wastewater management	%		30	50	70	90	100	
34.	Amount of power harnessed	MW		0	0	0.1	0.2	0.3	
35.	Length of sewers laid in the Informal Settlements	KM		10	10	10	10	10	
36.	No of Ablution blocks constructed in the informal settlements	No.		12	10	10	10	10	
37.	No of sewer connections in informal settlements	No.		2,000	2,000	2,000	2,000	2,000	

	KPIs	Unit	Level of achievement/Targets						
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	
38.	No of stand-alone toilets in informal settlements	No.		80	80	80	80	80	80
39.	Customer base	No.	280,000	300,000	330,000	345,000	380,000	400,000	400,000
40.	Customer Satisfaction level	%	69	75	75	80	85	90	90
41.	Revenue Base	KShs. Bn.	6	9.45	9.5	9.7	9.8	10	10
42.	Revenue collection level	%	94.5	95	95	96	97	98	98
43.	Reduce the accounts receivables	KShs. Bn.	9	8	7	6	5.5	4.5	4.5
44.	Reduce the level of accounts payables	KShs. Bn.	3.9	3.0	2.5	2.0	1.5	1.3	1.3
45.	Raising of external funding	KShs. Bn.		4	4	4	4	4	4
46.	Level of adherence to annual budgets	%	100	100	100	100	100	100	100
47.	Level of recurrent costs as a % of revenue	%	78	77	77	76	76	75	75
48.	Level of automation	%	55	80	80	90	100	100	100
49.	Business systems continuity level	%	40	70	100	100	100	100	100
50.	Number of staff per 1,000 water connections	No.	8.9	8.7	8.5	8.3	8.1	8	8
51.	Level of public confidence	%	68	70	73	76	78	80	80
52.	Training & Development	No.	2,800	2,800	2,800	2,800	2,800	2,800	2,800
53.	Level of employees satisfaction	%	68	75	75	77	79	80	80
54.	Staff performance management	%	65	70	75	80	85	90	90
55.	Improve Level of Brand Equity	%	35	45	60	75	85	100	100



Ngethu Clarifiers



Ruiru Dam



Thika Dam



Mwagu Intake



Kabete Water Plant



Kikuyu Springs