



KITUI WATER & SANITATION CO. LIMITED (KITWASCO)



**PERFORMANCE IMPROVEMENT
ACTION PLAN**

Quality Water for All

Preamble

At Kitui Water and Sanitation Company Limited (KITWASCO), we are committed to spur sustainable competitiveness in water and sanitation services provision through quality, reliable, efficient and innovative technologies progressively diminishing Non-Revenue Water and enabling high stakeholder satisfaction. To support our commitment, we have established this Performance Improvement Action Plan (PIAP), which focusses on identifying specific areas for improvement, delineates measurable objectives, and outlines targeted strategies that will drive meaningful change by fostering a culture of accountability and proactive engagement. Further, the PIAP aims to not only address current performance gaps but also empower team members and departments to achieve sustainable excellence in their respective roles through providing a structured framework for providing feedback on the progress of the achievement of the set objectives.

As the Board of Directors and the Management we affirm that this PIAP represents part of our turn around strategies through the interventions prioritized to address the performance gaps identified. The proposed investments amounting to Ksh. 185 Million will go a long way in progressively improving the Operational Cost Coverage Ratio (OCCR) from 52% as reported in 2024 to 110% by 2030 and diminishing NRW from 46% to 36% by 2030 thus, ensuring sustainability of the company.

<p>John Muthui Chairperson, Board of Directors Kitui Water and Sanitation Company (KITWASCO)</p> <p><i>John Muthui</i> 8/8/2025</p>	<p>June M. Munyao Managing Director Kitui Water and Sanitation Company (KITWASCO)</p> <p><i>June M. Munyao</i> 08/08/2025</p>
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Executive Summary

This PIAP outlines targeted priority interventions to enhance operational efficiency, financial sustainability and service delivery of KITWASCO. The plan is driven by the need to address critical performance gaps that have significantly impacted the company's operational cost coverage ratio, currently at 52% which is below the benchmark. The key performance challenges identified include, high levels of NRW, low collection efficiency, high energy and operational costs and low water coverage.

This PIAP has been developed under the technical guidance of WASREB and World Bank consultant. It is organised into five chapters as summarised below:

Chapter One covers the introduction and background information of Kitui Water & Sanitation Company Limited, defining her mandate, service area, population demographics, water sources, current performance challenges and the purpose of the PIAP.

Chapter Two delves into the assessment of the performance gaps and their contribution to Operational Cost Coverage Ratio (OCCR), diagnosis and root cause analysis.

Chapter Three presents performance targets and modelling of OCCR over the five year PIAP implementation period. It further provides a detailed intervention selection and impact analysis of priority projects for addressing the identified performance gaps.

Chapter Four presents performance improvement strategies through investments in technical, commercial, financial management and institutional improvements. Further, it enumerates high potential bankable projects for development by KITWASCO.

Chapter Five describes the indicators that will be used to measure whether the implementation of the PIAP was successful. It outlines the Monitoring Framework, Performance Standards, Evaluation Framework and Reporting and Feedback Mechanism of this PIAP.

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List of Abbreviations

ICF	-	Infrastructure Condition Factor
IWA	-	International Water Association
KITWASCO	-	Kitui Water and sanitation Company Ltd
NRW	-	Non-Revenue Water
OCCR	-	Operational Cost Coverage Ratio
PIAP	-	Performance Improvement Action Plan
WSP	-	Water Service Provider
WASREB	-	Water Services Regulatory services

Chapter 1: Introduction and Background

1.1 WSP overview and service area

Kitui Water and Sanitation Company is a Company limited by guarantee and was incorporated on 10th April 2006. It is wholly owned by the County Government of Kitui in line with the Water Services Regulatory Board (WASREB) Corporate Governance Guidelines 2018, section 3.3.1 (5). The Company has the core mandate of providing water and sanitation services to Kitui Municipality, its environs and part of Machakos County where the main water source, Masinga dam (*producing 90% of the water supplied by KITWASCO*) is located.

KITWASCO service area covers approximately 733Km², serving a population of 246,304, which represents 61% of the total population within the designated service area. It serves the following seven (7) sub counties with piped water; Masinga (*in Machakos County*) and Kitui West, Kitui Rural, Kitui Central, Kitui South, Kitui East and parts of Mwingi West (*in Kitui County*).

The Company serves a population of 3,056 people with sewerage services, which represents 0.5% sewerage coverage. The sewer line has a distance of 40kms main trunks, out of which 18kms is activated with laterals in Kunda Kindu, Mosquito and Swahili estates where the sewer flows by gravity into the treatment plant.

Table 1: Population demographics

	Unit	2023	2024	2025
Population in service area	Number	403,668	408,972	417,152
Population in service area with water service from the utility	Number	246,304	314,808	292,006

	Unit	2023	2024	2025
Population in service area with wastewater service from the utility	Number	3,010	3,100	3,255
Population in service area with on-site sanitation services from the utility	Number	400,658	405,872	413,897
Area of service area	Sq. km*	733	733	733
Population density	Persons/sq. km	551	558	569
Average residential tariff (Ksh/m3)	Ksh/m3	98	95	202
Number of households in the service area	Number	80,734	81,794	82,203
Average household size in the service area	Persons/Household	5	5	5

Table 2: Water sources, production and area served

S/No	Water Sources	Production m3 '000	Areas served
1.	Masinga Dam	2,328	Masinga, Kitui west, Kitui rural, Mwingi west, Kitui Central
2.	KanguKangu Water supply	Under testing	Kitui Rural and South
	Other sources		
3.	Ithookwe	13	Kitui Central
4.	Voo	2	Kitui East
5.	Mutitu	2	Kitui East
6.	Matinyani Old	15	Kitui West
7.	Mutune	3	Kitui Central
8.	Ikanga Old	31	Kitui South
9.	Matinyani AIC	17	Kitui West
10.	Mbooni	120	Kitui Central
11.	Ilusya	10	Kitui South
12.	Nzalani	7	Kitui South
13.	Kilungu	3	Kitui Central

- 1) Old and dilapidated infrastructure:** KITWASCO has several sections with old and dilapidated pipelines, leaking tanks and worn-out valves. This has resulted to inefficiencies, frequent breakdowns, and costly repairs. Upgrading this infrastructure is essential for reliable service and reducing physical water losses.
- 2) Dilapidated raw-water main line and intake tower.** The raw water main consists of forty-eight (48) flexible rubber joints for enabling the floating pipeline to adjust to water waves by providing smooth curves. The flexible rubber joints are aging with twelve (12) joints being worn-out. The damaged sections have been experiencing serious leaks and frequent bursts which take long duration to repair due to the complicated nature of the repairs required, thus disrupting water supply to our customers. Replacement of these raw water main line rubber joints will enable KITWASCO to increase sustainability of water delivery by reducing repair costs and pumping disruptions occasioned by the leaks and bursts.
- 3) Aged pumping units:** The pumping units at Masinga T- Works, which is the main production site, are aged and outdated. This has resulted to inefficiencies, frequent breakdowns, and high electricity costs. Replacing these units is essential for reducing maintenance costs, ensuring reliable service to our customers and reducing energy costs.
- 4) Poor Customer Engagement and Service:** KITWASCO has been facing a challenge in improving customer relations and communication, especially in managing complaints and ensuring service reliability, which is crucial for maintaining public trust and satisfaction.
- 5) Effects of Climate Change:** KITWASCO has been facing drying up of sump-wells and bore holes during dry seasons due to climate change leaving our customers unserved.

6) High costs of water production: KITWASCO operates a double pumping system at Masinga treatment plant with average monthly electricity bills of approximately Kshs 10,000,000 (Ten Million shilling only) and water treatment chemicals of approximately Kshs 1,200,000 (one million two hundred thousand shillings only) per month.

Solarization/ hybridization of Masinga production plant is essential for reducing production cost and improving the company's OCCR.

7) High level of Non-Revenue Water: the current level of NRW is at 46% caused by water theft, vandalism of distribution systems, frequent bursts and leaks in some sections of rising/distribution lines, inadequate staff capacity in managing the NRW, faulty and aged meters. This challenge can be overcome through capacity building of staff, meter replacements, rehabilitation of dilapidated sections customer sensitization and education.

8) Lack of institutionalization of corporate values: The failure to consistently reinforce core corporate values has resulted in a void in the company's identity, which has resulted to the following consequences.

- i. Employees operate based on individual interpretations, leading to a lack of uniformity in how tasks are approached and how interactions occur both internally and externally.
- ii. Ambiguity around ethical standards, potentially leading to compromised decision-making.
- iii. Employees feel disconnected to a shared purpose and set of values, thus affecting their engagement and motivation, which has consequently impacted productivity and overall performance.
- iv. Strong corporate values acts as an anchor during times of change, providing a sense of stability and guiding principles for navigating

new challenges. Their absence may have led to confusion and resistance.

9) High debtors' level: The organization currently holds approximately Kshs. 175 million in outstanding debts. This severely impedes the company's cash flow, which restricts its capacity to meet immediate financial obligations, invest in growth opportunities, and potentially even negotiate favorable terms with suppliers.

10) Deficient organizational structure: Efficient organizational structure plays a significant role by influencing efficiency, resource allocation, employee engagement and strategic alignment. The current organizational framework is hindering the company's potential for efficiency, effective resource allocation, robust employee engagement, and clear strategic alignment. The deficiency is manifested in operational bottlenecks, duplicated efforts, unclear lines of authority, and communication breakdowns. A comprehensive review of the organizational structure is essential to unlock significant improvements in service delivery efficiency, enhance overall effectiveness, boost productivity levels, elevate service quality, and cultivate a more competent and empowered workforce.

11) Inadequate capacity building –The current deficiency in providing adequate training and skills development opportunities for staff poses a significant impediment to the company's operational efficiency and future growth. This poses a threat to quality of service, innovation and adaptability, thus lowering customer delight and employee morale. Consequently, it impedes achieving of the company's goals and strategic objectives due to the low levels of competent staff.

Recognizing that a skilled and knowledgeable workforce is the bedrock of efficient operations, the existing gap in training and development

represents a critical vulnerability that demands urgent and strategic attention.

1.3 Purpose of the PIAP

This Performance Improvement Action Plan (PIAP) is a decisive and immediate response to the critical performance gaps urgently requiring KITWASCO's attention. Specifically, it directly targets improving the Operational Cost Coverage Ratio (OCCR), the high levels of Non-Revenue Water (NRW), deficiencies in metering, high energy costs, low collection efficiency and weaknesses in institutional governance. Furthermore, this plan is strategically imperative for KITWASCO to comply with the eligibility criteria for accessing vital performance-based financing under the Kenya Water, Sanitation and Hygiene (K-WASH) Program.

This PIAP is built on thorough technical, financial, and institutional assessments, drawing insights from the PIAP planning tool, KITWASCO's strategic plan and WASREB impact reports.

The PIAP provides a short- and medium-term implementation plan with key objectives aimed at:

- i. Significantly improving the Operational Cost Coverage Ratio (OCCR) from the current 52% to a 110% which will ensure KITWASCO's financial sustainability, enabling it to cover all operational expenses without relying on external subsidies.
- ii. Reducing energy costs as a percentage of overall Operational Expenditure (OPEX) from 43% to 34% that will free up significant financial resources that can be reinvested in critical service delivery improvements and infrastructure development.
- iii. Reducing Non-Revenue Water (NRW) from 46% to 36% which, will minimize the loss of treated water, conserve vital resources, and

significantly boost revenue collection by ensuring a greater proportion of produced water is billed.

- iv. Enhancing collection efficiency from 85% to 90% that will ensure a more consistent and predictable cash flow, providing the financial stability needed to further improve service delivery quality and expand coverage.
- v. Progressively increasing water coverage from 76% to 78% which will extend access to safe and reliable water services to a greater proportion of the population, contributing to improved public health and socio-economic development within KITWASCO's service area.

Chapter 2: Performance Assessment Summary

2.1 Key Performance gaps and Contributions to OCCR

This section serves as a critical diagnostic, highlighting the key performance gaps that are currently undermining the KITWASCO'S performance. This data-driven approach ensures that our efforts are focused, impactful, and directly address the root causes of our current performance challenges, paving the way for achieving the desired OCCR of 110%.

The table below shows an assessment of key performance gaps which directly impact KITWASCO'S ability to generate sufficient revenue to cover its expenses, their contribution to the current level of OCCR and how they compare with WASREB benchmarks. The data is obtained from the PIAP planning tool and internal information assessment.

Table 3: Assessment of key performance gaps

Dimension	Indicator	2024 Value	WASREB Benchmark	Performance Level	Contribution to Low OCCR
Technical	Non-Revenue Water (NRW)	46%	≤ 20%	Poor	Very High – Leads to massive revenue loss
	Hours of Supply	15 hrs/day	24 hrs/day	Below Acceptable	Medium – Poor service reliability reduces billing potential
	Water Coverage	76%	≥ 80%	Poor	High – unmet demand denying the

Dimension	Indicator	2024 Value	WASREB Benchmark	Performance Level	Contribution to Low OCCR
					company revenues.
	Sewerage Coverage	0.5%	≥ 30%	Poor	High-unmet sewerage demand leading to Low sewer revenues.
	Dormancy rate	45%	1%	Poor	High- huge number of customers are not consuming our services leading to loss of revenues
Commercial	Metering Ratio	100%	≥ 95%	Good	High – although the metering ratio is 100% there are many old, faulty and non-functional meters which leads to low revenues
	Collection Efficiency	108%	≥ 95%	Good	High – although we are reporting high

Dimension	Indicator	2024 Value	WASREB Benchmark	Performance Level	Contribution to Low OCCR
					collection efficiency the company has huge debtors which pose a significant challenge to liquidity.
	Accounts receivable turnover	418 days	≤ 90	Poor	High- there is a huge proportion of uncollected debtors negatively affecting cash flows.
	Customer Service / CRM	Manual/ Digital	Digital	Fair	Medium – Customer disputes are registered and solved both manually and digitally.
Human Resource	Staff per 1000 connections	10	≤ 8	Poor	High – the excess number of staff leads to high staff costs
	Personnel costs as a % of total	27	≤ 20	Acceptable	Medium- the personnel

Dimension	Indicator	2024 Value	WASREB Benchmark	Performance Level	Contribution to Low OCCR
	operating expenses				costs are higher than expected
	Energy Costs (% of OPEX)	43%	< 20%	Poor	High- Huge energy costs leads to low OCCR as most of the revenues are channeled to settling power bills.
	Organizational structure.	Weak	Effective	Poor	Medium – Ineffective allocation of duties, resources and overlapping roles leading to inefficiencies
	Staff capacity	Inadequate		Poor	Medium – staff are not adequately trained negatively affecting the quality of work.
Financial	Grant dependence	37%	0%	Poor	High- the company is supported by the government

Dimension	Indicator	2024 Value	WASREB Benchmark	Performance Level	Contribution to Low OCCR
					t through subsidies due to its low OCCR

2.2 Diagnosis and Root Cause Analysis

KITWASCO undertook Diagnosis and root cause analysis a process of identifying the underlying reasons behind the performance gaps identified. It involved collecting data, analysing the data using various techniques. The purpose of diagnosis and root cause analysis is to understand why a problem occurred, establish the underlying reasons and implement solutions in order to deter future occurrences.

Table 4: Diagnosis and root cause analysis

Dimension	Indicator	2024 Baseline	WASREB Benchmark	Root Cause
Technical	Non-Revenue Water (NRW)	46%	≤ 20%	-Illegal connections and meter bypasses -Old dilapidated and inadequate infrastructure -Aged and faulty consumer meters -Inadequate resources to facilitate NRW management -Vandalism of distribution system
	Hours of Supply	15 hrs/day	24 hrs/day	-Water rationing due to increased demand for water
	Water Coverage	76%	≥ 80%	-Underutilization of the main production plant due to limited abstraction capacity of the existing raw water intake.

Dimensi on	Indicator	2024 Base	WASREB Benchmark	Root Cause
				<ul style="list-style-type: none"> - Low rate of upgrading/ rehabilitation of the existing old infrastructure - Limited investment in network expansion
	Sewerage Coverage	0.5 %	≥ 30%	-Stalled last mile connectivity project which was meant to improve sewer network
	Dormancy rate	45%	1%	<ul style="list-style-type: none"> -Water rationing leading to inconsistency in supplies over extended periods. -Increased demand for water
Commercial	Metering Ratio	100 %	≥ 95%	-High – although the metering ratio is 100% there are many old, faulty and non-functional meters which leads to low revenues
	Collection Efficiency	108 %	≥ 95%	-High – although we are reporting high collection efficiency the company has huge debtors which pose a significant challenge to liquidity.
	Accounts receivable turnover	418 days	≤ 90	<ul style="list-style-type: none"> -Long outstanding debtors -Inconsistencies in supplies leading to non-payment by customers
	Customer Service / CRM	Manual/ Digital	Digital	--Vast area of service especially within rural areas with challenges in network.
Human Resource	Staff per 1000 connections	10	≤ 8	<ul style="list-style-type: none"> -Increasing number of dormant connections due to inadequate water. - Vast area of coverage

Dimensi on	Indicator	2024 Base	WASREB Benchmark	Root Cause
	Personnel costs as a % of total operating expenses	27	≤ 20	-Vast area of coverage -Numerous production sites - Inadequate staff capacity in some functions
	Organizational structure.	Weak	Effective	-Outdated human resource policies -Overlapping roles
	Staff capacity	Inadequate		-Cash-flow constraints leading to limited training opportunities
Financial	Grant dependence	37%	0%	-Subsidized tariff
	Energy Costs (% of OPEX)	43%	< 20%	-Double pumping at the main production plant (raw water low lift pumps and clear water high lift pumps) -Dependence on Electricity energy -Low efficiency pumping sets - Low rate of hybridization of the main production sources

The above challenges have contributed to poor performance since major investment opportunities cannot be undertaken due to cash flow constraints. The PIAP tool focuses on solving the challenges through various interventions.

Chapter 3: Performance Targets and Modelling of OCCR targets

3.1 Key Performance Indicators and annual targets

The performance gaps identified above have been used to setting annual targets to be achieved over the PIAP implementation period based on the selected interventions.

The key performance indicators (KPIs) below have been prioritized due to their direct and significant impact on the **Operational Cost Coverage Ratio (OCCR)** and the utility's overall sustainability.

Table 5: Key performance indicators and annual targets

KPI	Baseline (2024)	2025	2026	2027	2028	2029	2030 Target	Benchmark (WASREB)
Non-Revenue Water (%)	46%	45%	42%	40%	38%	37%	36%	<25%
Metering Ratio (%)	100%	100%	100%	100%	100%	100%	100%	100%
Revenue Collection Efficiency (%)	108%	85%	86%	90%	92%	87%	90%	>95%
O&M Cost Coverage Ratio (OCCR)	52%	95%	96%	99%	101%	110%	110%	150%
Hours of Supply (per day)	15hrs	15 hrs	16 hrs	16 hrs	17 hrs	18 hrs	18 hrs	24 hrs/day
Staff per 1,000 connections	10	10	9	9	9	8	8	<8
Personnel costs as a % of OM costs	27%	25%	24%	24%	23%	23%	22%	≤ 20

KPI	Baseline (2024)	2025	2026	2027	2028	2029	2030 Target	Benchmark (WASREB)
Energy Costs (% of OPEX)	43%	37%	35%	35%	35%	35%	34%	≤ 20%
Water Coverage (%)	76%	76%	76%	77%	77%	77%	78%	>80%
Dormancy rate	45%	42%	40%	38%	35%	33%	30%	1%
Grant dependence	37%	11%	3%	0%	0%	0%	0%	0%
Sewerage Coverage (%)	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	>30%

KITWASCO targets an OCCR target of 110% by 2030 which will be sufficient to enable the Company meet her operating costs from own source revenue. This OCCR will be achieved through the proposed interventions to address the performance gaps identified.

3.2 Modelling of OCCR targets

Having identified the key performance gaps and their impact on the current Operational Cost Coverage Ratio (OCCR), the next step is to define a realistic and achievable pathway towards our target of 110%. This section, outlines the strategic approach to projecting and planning the incremental improvements required.

The improvement of the OCCR from the current 52% to 110% is a step towards achieving the OCCR benchmark of 150%. This will ensure KITWASCO's financial sustainability, enabling it to cover all operational expenses without relying on external subsidies.

3.2.1 Investment Scenario Modelling

Three scenarios were developed to project KITWASCO's OCCR trajectory based on the scope and intensity of investments implemented between 2026 and 2030:

3.2.1.1 Scenario 1: Business-as-Usual

- i. Minimal investments in NRW reduction, and commercial systems.
- ii. Limited organizational reform and no new revenue streams.
- iii. The OCCR remains at 0.96 due to lack of investments in intervention to improve it.

Table 6: Business-as-usual Model

Year	Projected Revenue (Kshs '000)	Projected O&M Cost (Kshs '000)	OCCR
2026	286,293	298,538	96%
2027	275,042	286,806	96%
2028	249,103	259,758	96%
2029	226,644	236,338	96%
2030	203,574	212,281	96%

3.2.1.2 Scenario 2: Moderate Investment

This scenario focuses on moderate investments involving the following;

- i. 100% metering coverage by 2030 through the replacement of aged and faulty consumer meters, enhanced billing, meter testing, relocation and resizing.
- ii. Strengthening debt recovery processes.
- iii. Staff capacity building and training
- iv. Review of organizational structure

- v. Tariff structuring and CRM deployment to improve collection efficiency to $\geq 95\%$.

Table 7: Moderate Investment Model

Year	Projected Revenue (Kshs '000)	Projected O&M Cost (Kshs '000)	OCCR
2026	295,258	317,613	0.93
2027	298,491	314,152	0.95
2028	301,769	314,337	0.96
2029	328,620	314,743	1.04
2030	329,024	317,353	1.04

3.2.1.3 Scenario 3: Comprehensive Investment (Recommended)

This scenario assumes KITWASCO implements all high-impact interventions proposed in the PIAP:

- i. NRW reduced to **below 40%** through DMAs, bulk metering, and pipeline rehabilitation.
- ii. 100% metering coverage by 2030 through the replacement of aged and faulty consumer meters, enhanced billing, meter testing, relocation and resizing.
- iii. Implementation of energy saving initiatives (Solarization of boreholes and booster stations)
- iv. Strengthening debt recovery processes.
- v. Staff capacity building and training
- vi. Review of organizational structure
- vii. Tariff structuring and CRM deployment to improve collection efficiency to $\geq 95\%$.

Table 8: Comprehensive Investment (Recommended)

Year	Projected Revenue (Kshs '000)	Projected O&M Cost (Kshs '000)	OCCR
2026	300,967	313,523	96%
2027	307,196	310,072	99%
2028	313,560	310,268	101%
2029	341,472	310,675	110%
2030	345,210	313,296	110%

Chapter 4: Performance Improvement Strategies

4.1 Investments in Technical/operational improvements

The current Non-Revenue Water (NRW) stands at 46% primarily due to factors such as water theft, vandalism of distribution systems, frequent bursts and leaks in some sections of rising/distribution lines, inadequate staff capacity in managing the NRW, faulty and aged meters. KITWASCO is targeting to reduce the NRW from 46% to 38% by the year 2030.

This reduction in NRW will improve the company's OCCR performance from 52% to 110% by 2030.

Achieving this target will significantly enhance the company's operating cost coverage ratio from the current 0.5 to 1.1 by the year 2030. KITWASCO is targeting through this PIAP to invest will Kshs. 108,605,555 in high-impact priority technical interventions. These interventions are prioritized to reduce energy costs, upgrade distribution lines, reduce non-revenue water and enhance preventive maintenance.

The cost of electricity and fuel for water production are major contributors to the high level of operation and maintenance costs accounting for 43% of OPEX. KITWASCO targets to reduce its OCCR by 5% through prioritized investments in interventions to reduce electricity expense to 34% of OPEX.

Table 7 Technical/Operational Investments and Cost Estimates

Investment Area	Expanded Intervention Description	Cost (Kshs. '000')	Source of Funding '000'	Targeted KPI Impact	OCCR Impact
Energy efficiency	Hybridization of boreholes and booster stations	25,000	County government	↓ Energy costs as a % of OPEX (43% → 34%) Annual inflows of 4,800	↓ Energy costs, ↑ OCCR
NRW management	Rehabilitate 30Kms of distribution lines of assorted sizes	36,000	County government (Kshs. 30,000) WSP (Kshs. 6,000)	↓ NRW, ↓ bursts	↑ OCCR ↑ Revenues ↓ O+M Cost
NRW management	Install pressure management equipment	1,700	WSP generated revenue	↓ NRW, ↓ bursts	↑ OCCR ↑ Revenues ↓ O+M Cost
NRW management	Establish accurate overall NRW ratio for	2,000	WSP generated revenue	↓ NRW, ↑ Efficiency	↑ OCCR ↑ Revenues

Investment Area	Expanded Intervention Description	Cost (Kshs. '000')	Source of Funding '000'	Targeted KPI Impact	OCCR Impact
	monthly monitoring				
Maintenance cost as percent of OPEX	Map major facilities such as water treatment plants, storage tanks, bulk meters, pipelines and gate valves on GIS	4,000	WSP generated revenue	Track the condition, age, and performance of all assets	↓ O&M cost
Water and sewer coverage	Develop expansion plan	2,000	WSP generated revenue	↑Resource mobilization	↑Efficiency in investment
Maintenance cost as percent of OPEX	Carry out preventive maintenance planning (regular servicing, stocking of spare parts)	37,905	WSP generated revenue	Reduce breakdowns and improve the performance and life span of assets.	↓ O&M cost

Total Estimated Cost: Kshs. 108,605,555

Table 8 Breakdown of investment in energy management

S/No	Description	Amount (Kshs)	Area of Impact
1.	Hybridization of Mbooni borehole	6,800,000	Cost saving
2.	Hybridization of Ithookwe borehole	3,500,000	Cost saving
3.	Hybridization of Museve borehole	2,500,000	Cost saving
4.	Hybridization of Kyangulu booster station	12,000,000	Cost saving
5.	Hybridization of Ndolos booster station	1,200,000	Cost saving
	TOTAL	25,000,000	

Impact on Technical/Operational Investments

The table below shows impact analysis of investments in the technical/operational interventions.

Investment Area	Expanded Intervention Description	Annual cost saving/ additional revenues	Area of impact
Energy efficiency	Hybridization of boreholes and booster stations	4,800	↓ Cost
NRW management	Rehabilitate 30Kms of distribution lines of assorted sizes	2,200	↑Revenues
NRW management	Install pressure management equipment	750	↓ Cost
NRW management	Establish accurate overall NRW ratio for monthly monitoring	2,734	↑Revenues
Maintenance cost as percent of OPEX	Map major facilities such as water treatment plants, storage tanks, bulk meters, pipelines and gate valves on GIS	5,469	↑Monitoring to ↓ NRW and O&M costs (scheduled monitoring and maintenance)
Water and sewer coverage	Develop expansion plan	↑Revenue will be realized upon plan implementation	↑Potential revenue (↑ customer base)

		(after OCCR improves)	
Maintenance cost as percent of OPEX	Carry out preventive maintenance planning (regular servicing, stocking of spare parts)	11,371	↓ Cost

Table 9 Impact on OCCR and Financial Viability

4.2 Investments in Commercial operations improvements

Billing and Collection efficiency play a critical role in determining the OCCR by enhancing collection processes, boosting organization revenues, reducing cost associated with debt collections and bad debts as well as improving overall financial health and customer loyalty. Improving billing, collection efficiency and customer service management is therefore a strategic priority for KITWASCO in order to ensure better financial performance and improve OCCR performance.

At KITWASCO we are facing the following performance gaps in commercial operations; Low collection efficiency of 85%, huge number of inaccurate aged and faulty consumer meters, high dormancy rate of 45%, high debtors level of Kshs.175M and poor customer engagement and service.

To address these performance gaps, KITWASCO prioritizes the following investments in commercial operation improvements.

Table 10 Commercial Operations Improvements and Cost Estimates

Investment Area	Expanded Intervention Description	Cost (Ksh s. '000')	Source of Funding	Targeted KPI Impact	Quantified OCCR Impact
Collection efficiency	Develop/implement debt management policy	500	WSP generated revenue	↑ Collection Efficiency	↑ Revenue collection ↓ Bad debts
Collection efficiency	Implement a proactive debt monitoring system to identify and address potential bad debts early	500	WSP generated revenue	↑ Collection Efficiency	↑ Revenue collection ↓ Bad debts
Customer Relations	Develop and implement customer retention programs and marketing	5,000	WSP generated revenue	↑ Revenue ↓ Dormancy	↑ Improve Customer service responsiveness

Investment Area	Expanded Intervention Description	Cost (Kshs. '000')	Source of Funding	Targeted KPI Impact	Quantified OCCR Impact
	strategies to retain and boost service uptake.				
Collection Efficiency	Review and enhance billing processes to ensure accurate and timely revenues collection from both sewer and water services	6,000	WSP generated revenue	↑ Collection Efficiency	↑ Revenue collection ↑ Improve Customer service
Collection efficiency	Engage professional debt collection services for long overdue accounts to	5,000	WSP generated revenue	↓ Bad debts ↓ Dormancy	↑ Revenue

Investment Area	Expanded Intervention Description	Cost (Ksh s. '000')	Source of Funding	Targeted KPI Impact	Quantified OCCR Impact
	improve recovery rate				
NRW	Carry out meter accuracy testing, replacement, relocation, and resizing	31,539	Bank/Financial Institution	↓NRW	↑ Revenue
Collection Efficiency	Strengthen debt recovery processes by implementing early interventions strategies for overdue accounts.	6,000	WSP generated revenue	↓ Bad debts	↑ Collection Efficiency
Billing	Automation of water kiosks and smart metering of major consumers	8,000	Bank/Financial Institution	↑ Revenue ↓NRW	↑ Revenue ↓NRW
Billing	Conduct regular tariff reviews and engage with regulators to ensure tariffs are	5,000	WSP generated revenue	↑ Revenue	↑OCCR

Investment Area	Expanded Intervention Description	Cost (Kshs. '000')	Source of Funding	Targeted KPI Impact	Quantified OCCR Impact
	adjusted to reflect rising costs				
NRW	Enhance NRW reduction measures (Billing, metering, etc.)	1,500	WSP generated revenue	↑ Revenue ↓ NRW	↑ Revenue ↓ NRW

Total Estimated Cost: Kshs. 69,039,443

4.2.1 Impact on OCCR and Revenue Realization

These investments in commercial operations improvements will enhance revenue generation, improve collection efficiency and reduce non-revenue water consequently improving the company's OCCR by additional revenues or cost saving as tabulated below;

Table 11 Impact on OCCR and Revenue Realization

Investment Area	Expanded Intervention Description	Annual Cost saving/additional revenues (Kshs. '000')	Area of impact
Collection efficiency	Develop/ implement debt management policy		↑ Collection Efficiency

Investment Area	Expanded Intervention Description	Annual Cost saving/additional revenues (Kshs. '000')	Area of impact
Collection efficiency	Implement a proactive debt monitoring system to identify and address potential bad debts early	1,500	↑ Collection Efficiency
Customer Relations	Develop and implement customer retention programs and marketing strategies to retain and boost service uptake.	1,500	↑ Revenue
Collection Efficiency	Review and enhance billing processes to ensure accurate and timely revenues collection from both sewer and water services	9,000	↑ Collection Efficiency
Collection efficiency	Engage professional debt collection services for long overdue accounts to improve recovery rate	10,000	↑ Collection Efficiency
NRW	Carry out meter accuracy testing, replacement,	5,469	↑ Revenue

Investment Area	Expanded Intervention Description	Annual Cost saving/additional revenues (Kshs. '000')	Area of impact
	relocation, and resizing		
Collection Efficiency	Strengthen debt recovery processes by implementing early interventions strategies for overdue accounts.	9,000	↑ Collection Efficiency
Billing	Automation of water kiosks and smart metering of major consumers	2,400	↑ Revenue
Billing	Conduct regular tariff reviews and engage with regulators to ensure tariffs are adjusted to reflect rising costs	24,000	↑ Revenue
NRW	Enhance NRW reduction measures (Billing, metering, etc.)	546	↑ Revenue

4.3 Investments in Financial management improvements

The Company has finance and accounting department that deals with financial reporting and finance management functions. The department's operations are guided by policies and procedures as stipulated in the finance policy manual. The Company has embraced technology through operationalization of an enterprise resource planning system (ERP) which incorporate the functions of accounting, human resource, procurement and stores. The billing system is not integrated with the ERP used in finance

therefore, posing a high risk of data manipulation during transfer. This challenge can be addressed by improvement in the ERP system in the following areas will ensure better financial and improve OCCR performance;

Table 12 Priority investment in financial management improvements

S/No	Description	Amount (Kshs.)	Source of Funding	Annual Cost Saving/Additional Revenues (Kshs)
1.	Integration of the ERP with the Majisoft billing software for real time data transfer.	300,000	WSP generated revenue	This will reduce manual data entry and errors thus minimizing human errors, saving time, and freeing up personnel for more strategic tasks.
2.	The finance policy manual is outdated and requires review to reflect the current reporting requirements and regulations.	500,000	WSP generated revenue	A well-communicated and enforced finance policy manual will foster a culture of financial discipline and accountability across the company. This will lead to more responsible spending habits and better adherence to budgetary controls. Consequently, it will improve the OCCR.

S/No	Description	Amount (Kshs.)	Source of Funding	Annual Cost Saving/Additional Revenues (Kshs)
3.	Optimize the use of the human resource module in the ERP system.	600,000	WSP generated revenue	The optimization of the module will lead to strategic workforce planning, facilitated by the HR system that will ensure the right number of people with the right skills are in the right roles at the right time. This will prevent overstaffing (leading to unnecessary labour costs) and understaffing (leading to inefficiencies and potentially lost revenue).
	TOTAL	1,400,000		

4.4 Investments in Organizational/Institutional improvements

Efficient organizational structure plays a significant role in determining the OCCR by influencing efficiency, resource allocation, employee engagement and strategic alignment.

The current organizational framework is hindering the company's potential for efficiency, effective resource allocation, robust employee engagement, and clear strategic alignment. The deficiency is manifested in operational bottlenecks, duplicated efforts, unclear lines of authority, and communication breakdowns. Therefore, the organizational structure requires review to enhance efficiency and effectiveness in service delivery while boosting productivity, quality and competence. To optimize the organizational structure, the company will:

Table 13 Priority investment in Institutional improvements

Investment Area	Expanded Intervention Description	Cost (KSh'000')	Source of Funding	Targeted KPI Impact	Quantified OCCR Impact
Capacity Building and Training	Improve employee capacity, skills and competencies	4,000	WSP generated revenue	↑ Staff capabilities ↑ Staff morale	↑ Staff productivity
Organizational Restructuring	HR audit, rationalization, realignment of org structure, JDs, and workload balancing	1,000	WSP generated revenue	↓ Staff per 1000 connections (10→ ≤8)	↓ Payroll-to-OPEX ratio
Total		5,000			

Table 14: Impact on OCCR and Institutional Performance

Investment Area	Expanded Intervention Description	Targeted KPI Impact	Quantified OCCR Impact
Capacity Building and Training	Improve employee capacity, skills and competencies	Capacity building will enhance staff productivity and morale	↑ Staff productivity
Organizational Restructuring	Review of the organizational structure	A review will reveal duplicate roles, departments performing overlapping tasks, or unnecessary layers of management. Eliminating these redundancies directly reduces the total operating costs.	↓ Payroll-to-OPEX ratio

4.5 Potential Bankable projects

KITWASCO recognizes that preliminary technical designs are crucial for high-quality infrastructure projects. Conceptual work and network rehabilitation and expansion plans are underway for all priority projects. Further production sources for solarization have already been identified and specifications for the PV modules designed. Consequently, for the detailed designs KITWASCO will utilize the County technical team and K-WASH support for finalization by December 2025.

In line with our commitment to improve OCCR from 0.52 to 1.1, the Company has identified a number of potential bankable projects which will address some of the performance gaps identified and unlock long term sustainability. The projects are designed to reduce NRW, reduce energy costs, and improve revenue generation and collection efficiency.

4.5.1 Project 1: Hybridization of boreholes

This intervention is projected to reduce KITWASCO's Energy costs as percentage of OPEX from 43% to 34% by 2030, this targets to reduce its OCCR by 5%.

4.5.1.1 Technical Scope

The Solarization will require: solar sunvertors SV3 30KW, 15KW, 11KW, 75KW and 5.5KW 3PH, with solar panel mounting structures 4.5m above the ground (Galvanized steel 3*3*4mm), PV disconnect switches 1000v/125A, combiner box and accessories for:

- i. Mbooni borehole: Solarization (30KW motor)
- ii. Ithookwe borehole: Solarization (15KW motor)
- iii. Museve borehole: Solarization (11KW motor)
- iv. Kyangulu booster station: Solarization (75KW motor).
- v. Ndolos booster station: Solarization (5.5KW)

4.5.1.2 Financial Summary

- i. **CapEx:** Kshs 25 million
- ii. **O&M Costs:** Kshs. 250,000
- iii. **Revenue Impact:** KShs. 4.8 million/year cost savings through energy cost reduction
- iv. **Payback Period:** Approx. 5 years
- v. **IRR** estimated at 10.9%
- vi. **Project useful life:** 25 years
- vii. **Sensitivity:** The amount of money saved depends on the current and future cost of electricity that the solar system offsets. Further, any delay in implementation will delay the benefits accruing from the investment.

4.5.2 Project 2: Rehabilitate 30kms of distribution lines of assorted sizes - Kitui Municipality

The rehabilitation project is expected to improve cost savings by about Kshs 2.2 million per year through maintenance costs reduction, enhancing a marginal OCCR increase of 1%

4.5.2.1 Technical Scope

Areas requiring pipeline rehabilitation have already been surveyed and will utilize HDPE pipe material of assorted sizes (63mm-110mm) and PN 16- PN 25.

4.5.2.2 Financial Summary

- i. **Capex:** KShs. 36 million
- ii. **O&M Costs:** Kshs. 360,000
- iii. **Revenue Impact:** KShs. 2.2 million/year cost savings through maintenance cost reduction.
- iv. **Payback Period:** 16 years
- v. **IRR** estimated at 5.8%
- vi. **Project useful life:** 20 years
- vii. **Sensitivity:** Delay in implementation will delay the benefits accruing from the investment.

4.5.3 Project 3: Automation of water kiosks and smart metering of major consumer

The project will increase revenue through overflow reduction and accurate billing leading to an approximate OCCR improvement of 0.6%.

4.5.3.1 Technical Scope

Use of smart water dispensers with prepaid systems and automated water dispensing.

4.5.3.2 Financial Summary

- i. **Capex:** KShs. 8 million
- ii. **O&M Cost:** Kshs. 200,000
- iii. **Revenue Impact:** KShs. 2.4 million/year additional revenue through overflow reduction and accurate billing.
- iv. **Payback Period:** 4 years
- v. **IRR** estimated at 10.9%
- vi. **Project useful life:** 8 years
- vii. **Sensitivity** If adoption is slower than anticipated, the projected revenue increases will be delayed, affecting the financial viability in the initial years.

4.5.4 Project 4: Carry out meter accuracy testing, replacement, relocation and resizing.

This metering project is expected to improve revenues by about by Kshs 5.469 million per year through non-revenue water reduction and accurate billing, enhancing a marginal OCCR increase of 2%

4.5.4.1 Technical Scope

Adoption of R-Series meters with minimum meter ratio, R80.

4.5.4.2 Financial Summary

- i. **Capex:** KShs. 31,539,443
- ii. **O&M Costs:** Kshs. 350,000
- iii. **Revenue Impact:** KShs. 5,469,800 /year additional revenue through accurate billing.
- iv. **Payback Period:** 4 years
- v. **IRR** estimated at 5.9%
- vi. **Project useful life:** 8 years

- vii. **Sensitivity:** A slower implementation rate will delay the realization of revenue benefits.

Table 15 Summary of Potential bankable projects

S/No	Project	Technical scope	Financial summary	Impact on OCCR
1.	Hybridization of borehole and booster stations	Mbooni borehole: solarization (30KW motor) Ithookwe borehole: solarization (15KW motor) Museve borehole: solarization (11KW motor) Kyangulu booster station: solarization (75KW motor). Ndolos booster station: solarization (5.5KW)	Capex KShs. 25 million Opex: Kshs. 250,000 Revenue Impact: KShs. 4.8 million/year cost savings through energy cost reduction. Payback Period: 5 years IRR estimated at 10.9% Project useful life: 25 years Sensitivity: The amount of money saved depends on the current and future cost of electricity that the solar system offsets. Further, any delay in implementation will delay the benefits accruing from the investment.	Reduces energy costs by 4%, which translates to 1% increase in OCCR
2.	Rehabilitate 30kms of distribution lines of assorted sizes	HDPE pipe material of assorted sizes (63mm-110mm)	Capex: KShs. 36 million Opex: Kshs. 360,000 Revenue Impact: KShs. 2.2 million/year cost savings through maintenance cost reduction. Payback Period: 16 years	Increases OCCR by 1%

S/No	Project	Technical scope	Financial summary	Impact on OCCR
			<p>IRR estimated at 5.8%</p> <p>Project useful life: 20 years</p> <p>Sensitivity: Delay in implementation will delay the benefits accruing from the investment.</p>	
3.	Automation of water kiosks and smart metering of major consumer	Use of smart water dispensers with prepaid systems and automated water dispensing.	<p>Capex: KShs. 8 million</p> <p>Opex: Kshs. 200,000</p> <p>Revenue Impact: KShs. 2.4 million/year additional revenue through overflow reduction and accurate billing.</p> <p>Payback Period: 4 years</p> <p>IRR estimated at 10.9%</p> <p>Project useful life: 8 years</p> <p>Sensitivity If adoption is slower than anticipated, the projected revenue increases will be delayed, affecting the financial viability in the initial years.</p>	Increases the OCCR by 0.6%
4.	Carry out meter accuracy testing,	Adoption of R-Series meters with minimum	<p>Capex: KShs. 31,539,443</p> <p>Opex: Kshs. 350,000</p> <p>Revenue Impact: KShs. 5,469,800 /year additional revenue</p>	Increases the OCCR by 2%

S/No	Project	Technical scope	Financial summary	Impact on OCCR
	replacement, relocation and resizing)	meter ratio, R80.	through accurate billing. Payback Period: 4 years IRR estimated at 5.9% Project useful life: 8 years Sensitivity: A slower implementation rate will delay the realization of revenue benefits.	

Total Investment costs:	Kshs. 100,539,443
Total Annual additional revenues:	Kshs. 7,869,800
Total Annual Cost reduction:	Kshs. 7,000,000

Chapter 5: Implementation Roadmap, Monitoring and Evaluation Plan

5.1 Implementation Plan

KITWASCO will implement the selected interventions concurrently across the five-year period of the performance improvement action plan. The table below shows the proposed interventions with their time lines for implementation.

Table 16: Implementation Road map

Strategic area	Key activities	Lead unit	Timeline	Resources required	Milestone/deliverable	Expected Output
COMMERCIAL IMPROVEMENTS	Enhance NRW reduction measures (billing, metering, etc.)	Commercial department	2026-2030	1,500,000	Upgraded Billing software, meter reading application in place and staff trained	↓NRW (from 45% to 37%)
	Conduct a customer identification survey to identify hidden unbilled customers.	Commercial department	2026	1,100,000	Customer identification survey report	↓NRW (from 45% to 37%)
	Conduct regular tariff reviews and engage with regulators to ensure tariffs are adjusted to reflect rising costs	Commercial department	2028	5,000,000	Reviewed tariff in place	↑revenues by 24M in 2029

Strategic area	Key activities	Lead unit	Timeline	Resources required	Milestone/deliverable	Expected Output
	Develop and implement customer retention programs and marketing strategies to boost service uptake	Commercial dept	2026-2030	5,000,000	Customer retention programs and marketing strategies developed and implemented	↑revenues by 1.5M annually
	Develop a debt management policy	Commercial dept	2026	500,000	Debt management policy in place	Debt management policy developed
	Strengthen debt recovery processes by implementing early intervention strategies for overdue accounts	Commercial dept	2026-2030	6,000,000	Early intervention strategies for overdue accounts in place	↑collection efficiency from 85% to 92%
	Engage professional debt collection services for long-overdue accounts to improve recovery rates	Commercial dept	2026-2030	5,000,000	Debt collector engaged	↑collection efficiency from 85% to 92%
	Implement a proactive debt monitoring system to identify and	Commercial	2026-2030	500,000	Developed and implemented proactive	↑collection efficiency from

Strategic area	Key activities	Lead unit	Timeline	Resources required	Milestone/deliverable	Expected Output
	address potential bad debts early	dept			debt monitoring system	85% to 92%
	Review and enhance billing processes to ensure accurate and timely revenue collection from both water and sewer services	Commercial dept	2026-2030	6,000,000	Reviewed and enhanced billing processes	↑ collection efficiency from 85% to 92%
	Automation of water kiosks and smart metering of major consumer	Commercial dept	2027-2030	8,000,000	Automated water kiosks and smart metering of major consumers	No. of automated water kiosks and smart metered consumers
FINANCIAL MANAGEMENT	Integrate the ERP with the Majisoft billing software for real time data transfer.	Finance dept	2027	300,000	Integrated ERP with the Majisoft billing software	Integrated ERP and Majisoft billing system
	The finance policy manual is outdated and requires review to reflect the current reporting	Finance dept	2027	500,000	Reviewed finance policy	Reviewed finance policy in place

Strategic area	Key activities	Lead unit	Timeline	Resources required	Milestone/deliverable	Expected Output
	requirements and regulations.					
INSTITUTIONAL IMPROVEMENTS	Optimize the use of the human resource module in the ERP system.	Human resource department		600,000	Optimized use of HR module in the ERP	Optimized use of HR module in the ERP
	Improve employee capacity, skills and competencies	Human resource department		5,000,000	Improved employee capacity, skills and competencies	Number of staff trained
TECHNICAL IMPROVEMENTS	Carry out meter accuracy testing, replacement, relocation, and resizing	Technical department	2026-2030	31,539,443	The number of meters tested for accuracy, replaced and resized	↓ NRW (from 45% to 37%)
	Establish accurate overall NRW ratio for monthly monitoring	Technical department	2026	2,000,000	Established NRW monthly ratio	↓ NRW (from 45% to 37%)
	Implement energy-saving initiatives and explore alternative, cost-effective suppliers for	Technical department	2027	25,000,000	The number of water sources solarized and cost effective	Energy cost (% of OPEX) from 43% to 34%.

Strategic area	Key activities	Lead unit	Timeline	Resources required	Milestone/deliverable	Expected Output
	chemicals and other inputs				consumables procured	
	Rehabilitate existing schemes or sources	Technical dept	2026-2030	36,000,000	Number of schemes/sources rehabilitated	↓ maintenance expenses by 2.2M annually
	Map major facilities such as water treatment plants, storage tanks, bulk meters, pipelines, and gate valves on GIS	Technical dept	2026-2030	4,000,000	Number of facilities mapped and maps developed	Major facilities mapped
	Develop expansion plan	Technical dept	2027	2,000,000	Developed expansion plan	Expansion plan in place
	Carry out preventive maintenance planning (regular servicing, stocking of spare parts)	Technical dept	2026-2030	37,905,555	Maintenance schedule developed and implemented	↓ maintenance expenses by 11M
	Install Pressure management equipment	Technical dept	2026-2030	1,700,000	Pressure management equipment installed	↓ maintenance costs by 750,000

Strategic area	Key activities	Lead unit	Timeline	Resources required	Milestone/deliverable	Expected Output
	TOTAL			185,144,998		

5.1.2 Phasing Priorities

- i. **Year 1–2:** Focus on Software integration and upgrade, quick-win NRW projects, preventive maintenance and metering.
- ii. **Year 3–4:** Complete major Capex (pipeline, hybridization); expand monitoring systems;
- iii. **Year 5:** Consolidation, closeout evaluations, and investment planning for 2031+ scale-up.

5.2 Monitoring and Evaluation Plan

This Monitoring and Evaluation (M&E) Plan outlines the framework for systematically tracking and assessing the progress and effectiveness of the Performance Improvement Action Plan (PIAP). Recognizing the critical role of continuous monitoring and rigorous evaluation in achieving sustainable performance enhancement, this plan establishes clear mechanisms for collecting, analyzing, and reporting data related to the implementation and outcomes of the defined actions.

The effective implementation of the PIAP depends on a robust, transparent, and adaptive Monitoring and Evaluation (M&E) framework. The M&E system will serve five key purposes:

- i. **Track progress** against performance and OCCR targets.
- ii. **Enable timely decision-making and mid-course corrections.**

- iii. **Facilitate reporting** to the Board, County Government, WASREB, and development partners.
- iv. **Build a learning culture** within KITWASCO that improves future planning and execution.

5.2.1 Monitoring and Evaluation (M&E) Framework

The following M&E framework will ensure successful monitoring and evaluation of the performance improvement action plan activities, objectives, challenges and achievements:

- i. The monitoring and evaluation of the PIAP rests with the Board of Directors
- ii. The Board delegate's power to the Board Committee assigned with the role of monitoring and evaluating progress on the PIAP
- iii. The KITWASCO management will form an M&E committee with representatives from all departments to oversee the implementation of the PIAP
- iv. The M&E committee will hold monthly meetings to review the status of the PIAP implementation
- v. The team leader of the committee will be responsible for ensuring collection of the data needed to monitor and report on the results
- vi. The M&E committee will report quarterly to the Corporate Management Team which is led by the Managing Director (MD)
- vii. The MD will avail quarterly progress reports to the Board of Directors and the county on the progress made.

5.2.2 Core Monitoring Indicators

The direct relevance of these KPIs to OCCR performance, service quality, and institutional accountability underscores their importance in our performance management framework.

Table 17: Core Monitoring Indicators by KPI

Key Indicator (KPI)	Baseline (2024)	Target (2030)	Reporting Frequency	Data Responsibility
O&M Cost Coverage Ratio (OCCR)	52%	≥110%	Quarterly + Annual	Finance Manager
Collection Efficiency (%)	85%	≥90%	Monthly + Quarterly	Commercial Manager
Energy Cost as % of OPEX	43%	≤34%	Quarterly	Finance Manager
Non-Revenue Water (%)	46%	≤36%	Monthly + Quarterly	NRW Unit Head
Hours of Supply (average)	15 hrs/day	18hrs/day	Monthly	Technical Manager
Metering Ratio (%)	100%	100%	Quarterly	Commercial Manager
Water Coverage (%)	76%	≥78%	Quarterly	Technical Manager
Sewerage Coverage (%)	0.5%	≥0.5%	Annual	Sewer Officer
Staff per 1,000 connections	10	≤8	Annually	Human Resource Manager
Performance Contracts signed and tracked (%)	100%	100%	Quarterly	Human Resource Manager
Personnel costs as a % of O&M	27%	22%	Quarterly	Finance Manager
Dormancy rate	45%	30%	Quarterly	Commercial Manager
Grant Dependency	37%	0%	Quarterly	Finance Manager

5.2.3 M&E Reporting Structure and Frequency

The table below shows the PIAP M&E reporting structure and frequency

Table 18 M&E Reporting Structure and Frequency:

OBJECTIVE	INDICATOR	FREQUENCY	RESPONSIBLE PERSON
Enhance NRW reduction measures (billing, metering, etc.)	Reports and reduced NRW rates	Monthly	Monitoring & Evaluation Team
Conduct a customer identification survey to identify hidden unbilled customers.	Customer identification survey reports	Monthly	Monitoring & Evaluation Team
Conduct regular tariff reviews and engage with regulators to ensure tariffs are adjusted to reflect rising costs	Approved and gazette tariff	Once	Monitoring & Evaluation Team
Develop and implement customer retention programs and marketing strategies to boost service uptake	Number of marketing activities conducted and the impact on revenues	Quarterly	Monitoring & Evaluation Team

OBJECTIVE	INDICATOR	FREQUENCY	RESPONSIBLE PERSON
Develop a debt management policy	Approved debt management policy documents and payment vouchers and monthly	Monthly	Monitoring & Evaluation Team
Strengthen debt recovery processes by implementing early intervention strategies for overdue accounts	Report on debt collection	Quarterly	Monitoring & Evaluation Team
Engage professional debt collection services for long-overdue accounts to improve recovery rates	Reports on long overdue debts collected by the debt collector.	Monthly	Monitoring & Evaluation Team
Implement a proactive debt monitoring system to identify and address potential bad debts early	Implementation reports on debt	Quarterly	Monitoring & Evaluation Team

OBJECTIVE	INDICATOR	FREQUENCY	RESPONSIBLE PERSON
	monitoring system		
Review and enhance billing processes to ensure accurate and timely revenue collection from both water and sewer services	Progress reports on reviewed billing processes	Quarterly	Monitoring & Evaluation Team
Automation of water kiosks and smart metering of major consumer	No of water kiosks and major consumers metered with smart meters	Quarterly	Monitoring & Evaluation Team
Integrate the ERP with the Majisoft billing software for real time data transfer.	Implementation reports on integration of the two systems	Quarterly	Internal Audit
Review the finance policy manual to reflect the current reporting	Reviewed and approved finance policy	Annually	Internal Audit

OBJECTIVE	INDICATOR	FREQUENCY	RESPONSIBLE PERSON
requirements and regulations.			
Optimize the use of the human resource module in the ERP system.	Progress reports on optimization of HR module	Quarterly	Monitoring & Evaluation Team
Improve employee capacity, skills and competencies	No of staffs capacity build and trained	Quarterly	Monitoring & Evaluation Team
Carry out meter accuracy testing, replacement, relocation, and resizing	No of meters tested, replaced, relocated and resized	Quarterly	Monitoring & Evaluation Team
Establish accurate overall NRW ratio for monthly monitoring	Report on water balance	Monthly	Monitoring & Evaluation Team
Implement energy-saving initiatives and explore alternative, cost-effective	The number of energy saving initiatives and energy cost as	Annually	Monitoring & Evaluation Team

OBJECTIVE	INDICATOR	FREQUENCY	RESPONSIBLE PERSON
suppliers for chemicals and other inputs	a percentage of OPEX		
Rehabilitate existing schemes or sources	Number of Kilometers of pipeline upgraded.	Quarterly	Monitoring & Evaluation Team
Map major facilities such as water treatment plants, storage tanks, bulk meters, pipelines, and gate valves on GIS	Report on facilities mapped	Quarterly	Monitoring & Evaluation Team
Develop expansion plan	Expansion plan	Annually	Monitoring and evaluation team
Carry out preventive maintenance planning (regular servicing, stocking of spare parts)	Progress report on preventive maintenance	Quarterly	Monitoring and evaluation team

OBJECTIVE	INDICATOR	FREQUENCY	RESPONSIBLE PERSON
Install Pressure management equipment	Number of pressure management equipment installed	Quarterly	Monitoring and evaluation team

5.2.4 M&E Tools and Responsibilities

To enhance accountability and data reliability, KITWASCO will track KPI performance, and export Excel-based PIAP implementation trackers.

Each department shall second a staff to the M&E committee, which will be responsible for monitoring and reporting monthly indicators to the management via a standardized M&E template:

- i. Consolidate and validate submitted data.
- ii. Hold monthly review clinics with heads of department.
- iii. Produce quarterly performance scorecards.
- iv. Recommend course corrections or escalation to the MD and Board.
- v. Coordinate with the County Water Department for mid-year evaluations.

5.2.5 PIAP Review and Update Protocol

To remain responsive to changes in operational realities, funding availability, or performance bottlenecks, the PIAP will be reviewed and updated annually through the following steps:

- i. Performance and budget analysis by the M&E committee and Finance Unit.
- ii. Departmental strategy review sessions.
- iii. Annual County stakeholder review workshop.
- iv. Update of OCCR modelling, KPI targets, and implementation roadmap (as needed).
- v. Submission of revised PIAP report and tracker to the County Government and development partners.

Major structural revisions (e.g., project substitution, target revision) will only be initiated upon significant deviation from baseline assumptions or agreement with financing partners.

5.3 Conclusion and Next steps

KITWASCO has developed a strategic plan, the Performance Improvement and Action Plan (PIAP), for July 2025 to June 2030, aimed at tackling its operational, financial, and institutional hurdles. This plan pinpoints key weaknesses and their underlying causes, sets clear performance targets, and outlines impactful investment and operational strategies. It also includes a framework for implementation and monitoring to track progress and make necessary adjustments.

A primary goal of this PIAP is to significantly improve KITWASCO's financial health, with a specific target of increasing its Operational Cost Coverage Ratio (OCCR) from 0.86 in 2025/26 to 1.10 by 2029/30. This will be achieved through focused initiatives like better non-revenue water management, more efficient metering, billing, and collection, energy optimization, and stronger financial management. These measures are expected to boost service delivery, enhance financial stability, and strengthen governance and

accountability within the utility. The PIAP will also guide KITWASCO in identifying and preparing viable investment projects to support long-term growth and service expansion, ultimately helping the utility better serve its customers, meet regulatory requirements, and contribute to county development goals.

Next Steps

To operationalize this PIAP, the following next steps are proposed:

Table 19 Steps in the operationalization of the PIAP

Action	Responsibility	Timeline
Finalize and approve the PIAP through the WSP Board and County Government	Board Chair & Managing Director	June 2025
Submit approved PIAP to WASREB for formal review and clearance	Managing Director	June 2025
Establish a PIAP Implementation Committee with clear terms of reference	Managing Director	June 2025
Confirm financing commitments for priority investments through county, internal, and external sources	Finance Manager	August 2025
Initiate procurement for priority interventions (NRW equipment, metering systems, billing systems)	Head of Supply Chain Management	September–December 2025
Finalize and roll out the M&E framework and reporting tools	Commercial & Technical Managers	September 2025
Conduct stakeholder engagement and awareness campaigns for planned activities and expected service disruptions	Commercial Manager	August–October 2025

Annex I: Summary of key infrastructure

Item	Size(mm)	Length (KM)	Age (Yrs.)	Material
Main supply	50-100	288	26	uPVC/GI
		123	1-12	uPVC/GI /HDPE
	101-150	404	5-12	uPVC/GI/HDPE
	151-200	15	17	uPVC/GI
		95	5-12	uPVC/GI/HDPE/Epoxy
	201-250	8	39	uPVC/GI
		183	5-12	uPVC/GI/Epoxy
	251-300	48	39	uPVC/GI
		27	5-12	uPVC/GI/Epoxy
	301-400	3.5	39	uPVC/GI
		54	26	uPVC/Epoxy
		40.5	5-12	uPVC/GI/Epoxy
	401-500	1.5	12	Epoxy
Distribution network	0-49	64	10-26	PVC/PPR/HDPE/GI
		335.2	0-10	uPVC/HDPE/PPR/GI
	50-100	131.3	10-26	uPVC/HDPE/GI
		280	0-10	uPVC/HDPE/GI/Epoxy
	No	Volume (m3)	Age (Yrs.)	Material

Item	Size(mm)	Length (KM)	Age (Yrs.)	Material
Main water storage	18	18,000	5-39	Masonry/ RC/Mabati (canvas)
	No	Energy source	Age(ye ars)	
Pumping facilities	10	Electricity	1-26	
	2	Electricity/ Genset	5-15	
	1	Electricity/ Solar/Gen set	10	
	4	Genset/So lar	5-10	
	8	Solar	1-10	

Annex II: Production sources assessments

S/ No	Production site	Historical energy consumption (kWh) p.a	Technical specifications	Type of Energy	Electricity costs (Kshs) p.a	Status	Maintenance Reliability
1.	Masinga	4,143,349	Low lift 2no.@ 55kw High lift 2no.@3 15kw Backwash 5.5kw Air blowers 2no. @11kw	Electricity	102,898,992	Operational	Frequent downtime due to breakdowns
2.	Katheka	26,759	Kyangulu Booster 75kw Ndolos Booster 5.5Kw	Electricity	856,688	Operational	Reliable
3.	Kangukangu	36,890	Intake 22kw Booster 75Kw	Electricity	1,322,850	Partially operational (implementation ongoing)	

S/ No	Production site	Historical energy consumption (kWh) p.a	Technical specifications	Type of Energy	Electricity costs (Kshs) p.a	Status	Maintenance Reliability
4.	Kwa mukoma	31,740	Submersible 15 Kw	Solar/Electricity	1,010,842	Operational	Reliable
5.	Matinyani booster	7,792	Booster 7.5kw	Electricity	254,944	Operational	Reliable
6.	Mbooni	119,268	Submersible 30kw	Electricity	3,825,495	Operational	Reliable
7.	Ikanga	45,615	Ilusya 2no. @5.5kw Old ikanga 15kw	Solar/Electricity	1,444,450	Operational	Reliable
8.	Katwala	2,487	11kw and 5.5kw	Solar/Electricity	76,679	Operational	Reliable
9.	Kyanongi	60,384	11kw	Solar/Genset/Electricity	1,884,809	Operational	Reliable
10.	Voo	777	5.5kw	Electricity	21,359	Operational	Reliable
11.	Mamole kwa kilui	3,101	18.5kw	Solar/Electricity	97,920	Operational	Reliable
12.	Mwita syano		7.5kw	Solar/Genset		Operational	Reliable

Annex III: Reference Documents Used in PIAP Development

Reference Document	Date	Source
KITWASCO Strategic Plan (2024–2029)	2024	KITWASCO
WASREB Impact Report 16	2024	WASREB
CWSSIP KITUI County Report	2024	County Government
PIAP Planning Tool	April 2025	Reworked submission
Draft PIAP Template and Guidance Notes	2024	World Bank / K-WASH

Annex IV: PIAP Communications and Advocacy Strategy

Objectives:

- i. Ensure all stakeholders understand PIAP objectives, timelines, and progress.
- ii. Increase internal buy-in among KITWASCO staff and departments.
- iii. Build customer trust and promote willingness to pay.
- iv. Keep County Government, Board, and development partners well-informed and engaged.

Key Audiences & Messages:

Audience	Message	Medium
KITWASCO Staff	"This plan improves our systems and job security – your role is key."	Staff meetings
Customers (Urban & Rural)	"Expect improved service, metering, billing – participate, and pay!"	Customer outreach and sensitization forums
County Government	"PIAP links to CIDP, sanitation scale-up, and funding eligibility."	Correspondences and stakeholder meetings
Board of Directors	"PIAP is your roadmap for oversight and performance governance."	Quarterly briefings
Development Partners	"This is a ready-to-invest, performance-monitored reform plan."	Reports, site visits

Audience	Message	Medium
Media & General Public	"KITWASCO is reforming to serve better – here's the evidence."	Press briefings, social media and roadshow

Communication Tools & Channels:

Tool	Frequency	Purpose
Quarterly PIAP Performance Brief	Every 3 months	Shared with Board, County, and development partners
Internal Staff Circulars	Monthly	Update departments on milestones and targets
Customer SMS Updates	Ongoing	Bill notices, disruptions, PIAP awareness
Community Radio Talk Shows	Quarterly	Public awareness, grievance redress education
Stakeholder Forums	Annually	County departments, WRUAs, CBOs, NGOs
Branding Materials	Annually	Uniforms, vehicle branding, branding and promotional materials

Annex IV: Detailed intervention impact analysis

The table below shows a breakdown of the specific interventions and their quantitative contribution to the OCCR by increasing revenue generation, reducing operation expenses and improving collection efficiency.

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	Useful life (yrs.)	Comments
1.	Hybridization of borehole and booster stations	25,000,000		4,800,000	5	25	This will involve solarization of three (3) boreholes and two (2) booster stations. This is estimated to cost Kshs. 25,000,000 with an annual cost reduction of Kshs. 4,800,000
2.	Carry out meter accuracy testing,	31,539,443	5,469,800		6	8	This will involve testing, calibrating, replacement and

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	useful life (yrs.)	Comments
	replacement, relocation, and resizing						relocation of production, zonal and consumer meters. This is estimated to cost Kshs. 31,539,443 with an annual increase in revenue of Kshs 5,469,800 which is 1% drop in NRW
3.	Rehabilitate 30kms of distribution lines of assorted sizes	36,000,000	2,200,000		16	20	This will involve rehabilitation and upgrading of 30Kms pipelines of assorted sizes. This will lead to a 20% reduction in repair expenses annually translating

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	useful life (yrs.)	Comments
							to Kshs. 2,200,000. This estimated to cost Kshs. 36,000,000.
4.	Automation of water kiosks and smart metering of major consumer	8,000,000	2,400,000		4	10	This will involve the installation of water dispensing ATM's at busy kiosks. This will cost 8,000,000 translating to Kshs 2,400,000 annual increase in collections.
5.	Improve employee capacity, skills and competencies	5,000,000					This will involve training of staffs to bridge capacity and skills gaps with a cost Kshs 5,000,000

S/ No	Invest ment descrip tion	Investm ent amount	Annual additio nal revenu es	Annual cost saving s	Payba ck perio d (yrs.)	usef ul life (yrs .)	Comment s
6.	Conduct a custome r identific ation survey to identify hidden unbilled custome rs.	1,100,00 0	1,093,9 60		1		This will involve door-to- door customer survey to identify illegal connection s, wrongly installed water connection s, faulty consumer meters, wrongly classified consumer tariffs and others. This is estimated to cost of 1,100,000 with an annual increase in revenue of Kshs.1, 093,960 which 0.2% drop in NRW.
7.	Install Pressure	1,700,00 0		750,000	3		This will involve

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	Useful life (yrs.)	Comments
	management equipment						installation of PRVs in high pressure zones to reduce bursts and repair expenses.
8.	Enhance NRW reduction measures (billing, metering, etc.)	1,500,000	546,800		3		This will include upgrading of meter reading application to incorporate real time readings, GPS location, self- reading interface and upgrading of the billing software to incorporate abnormal variance analysis of consumpti

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	useful life (yrs.)	Comments
							ons to detect defective meters and meter reversals. These technologies are estimated to cost Kshs. 1,500,000 with an annual increase in billing estimated at Kshs. 546,800. Which is 0.1% drop in NRW
9.	Establish accurate overall NRW ratio for monthly monitoring	2,000,000	2,734,000				This will involve segregating NRW into commercial and technical losses with a view of prioritising areas of intervention

S/ No	Invest ment descrip tion	Investm ent amount	Annual additio nal revenu es	Annual cost saving s	Payba ck perio d (yrs.)	useful life (yrs .)	Comment s
							n Which will in turn reduce the NRW by 0.5% annually
10.	Conduct regular tariff reviews and engage with regulators to ensure tariffs are adjusted to reflect rising costs	5,000,000	24,000,000		1		The current tariff will expire by June 2028, a review will be required to match the costs of production and retain compliance status. The estimated cost is Kshs. 5,000,000 with an annual revenue increase of Kshs. 24,000,000
11.	Develop and implement customer	5,000,000	1,500,000		3		This will involve undertaking customer outreach,

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	useful life (yrs.)	Comments
	retention programs and marketing strategies to boost service uptake						education, branding of company assets and aggressive marketing of the company's services(water bowser, exhauster etc).This is estimated to cost Kshs.5,000,000 with an annual increase in revenues of Kshs.1,500,000
12.	Map major facilities such as water treatment plants, storage tanks, bulk meters,	4,000,000					This will help in tracking age, material, installation date and maintenance history of assets, which will support in

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	useful life (yrs.)	Comments
	pipelines, and gate valves on GIS						real time monitoring and updates of asset conditions for better preparedness and efficient planning. The estimated cost is Kshs. 4,000,000
13.	Develop expansion plan	2,000,000					This will help in investment planning and resource mobilization. The estimated cost is Kshs. 2,000,000
14.	Carry out preventive maintenance planning (regular	37,905,555		11,371,667	3		This will involve development of maintenance schedules for repairs

S/ No	Invest ment descrip tion	Investm ent amount	Annual additio nal revenu es	Annual cost saving s	Payba ck perio d (yrs.)	useful life (yrs .)	Comment s
	servicing, stocking of spare parts)						and maintenan ce of pumps, motors, gensets, and vehicles. It will also ensure availability of adequate stock of fittings, valves for pipeline repairs and motor vehicle spare parts. The estimated additional cost is Kshs. 7,581,111 translating to cost reduction by Kshs. 11,371,66 7

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	useful life (yrs.)	Comments
15.	Develop a debt management policy	500,000					This will involve developing a debt management policy, which will offer guidelines on standard operating procedures on revenue collections. The estimated cost is Kshs. 500,000
16.	Strengthen debt recovery processes by implementing early intervention strategies for overdue accounts	6,000,000	9,000,000		1		This is will involve sensitizing customers on the importance of making regular payments and avoid disconnections (which attract penalties). It will

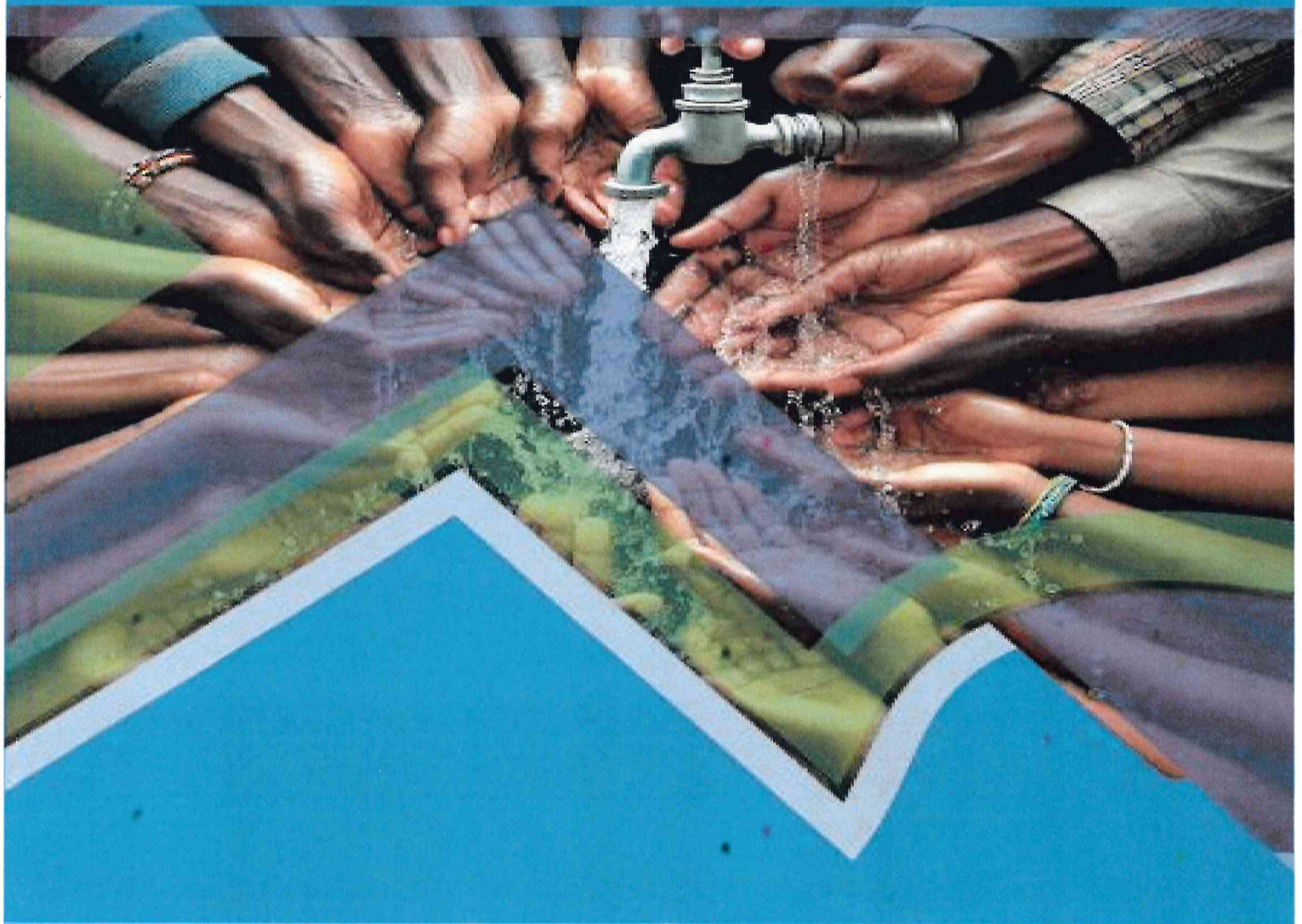
S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	Useful life (yrs.)	Comments
							ensure that all bills are cleared within 90 days. The estimated cost is Kshs. 6,000,000 improving the collections by 750,000 per month translating to annual increase of collections by Kshs. 9,000,000
17.	Engage professional debt collection services for long-overdue accounts to improve recovery rate	5,000,000	10,000,000		1		This will involve outsourcing debt collection services for difficult customers and long outstanding arrears. This will cost Kshs. 5,000,000 translating

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	useful life (yrs.)	Comments
							to collection improvement by Kshs. 10,000,000 per year.
18.	Implement a proactive debt monitoring system to identify and address potential bad debts early	500,000		1,500,000	1		This will involve upgrading a debt collection module to enable it to monitor and track payment history of customers and plug out potential defaulters for early interventions. The estimated cost is Kshs. 500,000 with an annual cost reduction of Kshs. 1,500,000

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	Useful life (yrs.)	Comments
							for bad debts
19.	Review and enhance billing processes to ensure accurate and timely revenue collection from both water and sewer services	6,000,000	9,000,000		1		This will involve improving internal controls around meter reading, billing and revenue collections to improve on efficiency of collections and accuracy of meter reading and billing. The estimated cost is Kshs. 6,000,000 improving collections by Kshs. 9,000,000 annually
20.	Integrate the ERP	300,000					

S/ No	Investment description	Investment amount	Annual additional revenues	Annual cost savings	Payback period (yrs.)	useful life (yrs.)	Comments
	with the Majisoft billing software for real time data transfer.						
21.	The finance policy manual is outdated and requires review to reflect the current reporting requirements and regulations.	500,000					
22.	Optimize the use of the human	600,000					

S/ No	Invest ment descrip tion	Investm ent amount	Annual additio nal revenu es	Annual cost saving s	Payba ck perio d (yrs.)	usef ul life (yrs .)	Comment s
	resource module in the ERP system.						
	TOTAL	185,144, 998	67,944, 560	18,421, 667			



P.O Box 341 – 90200 KITUI

+254 (0) 701 545 554

kitwasco@gmail.com / info@kitwasco.co.ke | www.kitwasco.co.ke

Kyangwithya - Misewani Road Opposite the Governor's Office, 100M off Gate B

PERFORMANCE IMPROVEMENT ACTION PLAN