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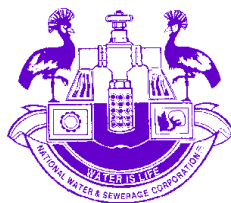


SIBO-BONDO PERFORMANCE IMPROVEMENT PLAN



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ES
EXTERNAL SERVICES

National Water &
Sewerage Corporation

LIST OF ABBREVIATIONS AND ACRONYMS

%	Percentage
Co.	Company
DWO	District Water Officer
ESU	External Services Unit
Hrs	Hours
K.Shs	Kenya Shillings
Km	kilo metre
KwH	Kilo watt Hours
L	Litre
LVSWSB	Lake Victoria South Water Services Board
LVWATSANI	Lake Victoria Region Water and Sanitation Initiative
M & E	Monitoring & Evaluation
M	metre
MD	Managing Director
MDG	Millennium Development Goals
Mg	mg
ml	milli litre
Mm	milli metre
No.	Number
NRW	Non Revenue Water
NWSC	National Water and Sewerage Corporation
MW&I	Ministry of Water and Irrigation
O & M	Operations and Maintenance
PG & CA	Performance Gap and Capacity Assessment
PIP	Performance Improvement Programme
Ptu	Platinum Units
RA	Rapid Assessment
RW	Raw Water
SIBO	Siaya – Bondo Water and Sanitation Company
SM	Scheme Manager
WHO	World Health Organization

TABLE OF CONTENTS**Table of Contents**

LIST OF ABBREVIATIONS AND ACRONYMS.....	i
TABLE OF CONTENTS	1
LIST OF TABLES	4
1 INTRODUCTION.....	5
1.1 Background.....	5
1.2 Lake Victoria Region Water and Sanitation Initiative	6
1.3 Capacity building programme	6
1.4 SIBO-Bondo Performance Improvement Plan	6
1.5 Overarching objectives of the Performance Improvement Plan	7
1.6 Outline of the Performance Improvement Plan	7
2 SIBO-BONDO Vision, Mission and STRATEGIC GOALS	9
2.1 SIBO-BONDO vision	9
2.2 Mission statement.....	9
2.3 SIBO-Bondo Slogan	9
2.4 Strategic goals for 2006 -2012	9
3 SWOT ANALYSIS.....	10
3.1 Introduction	10
3.2 SWOT Analysis for Water Production and Quality.....	11
3.3 SWOT Analysis for Water Distribution and NRW Management.....	12
3.4 SWOT Analysis for Water Sales and Billing.....	14
3.5 SWOT Analysis for Revenue Collection and Arrears Reduction	15
3.6 SWOT Analysis for Customer Care.....	16
3.7 SWOT Analysis for Finance and Administration.....	18
4 QUARTERLY GOALS AND TARGETS	23
5 IMPLEMENTATION METHODOLOGY	24
5.1 Compliance to the strategic plan & service agreement	24
5.2 Annual Reviews and Planning	24
5.3 Annual Budgeting	24
5.4 Monitoring and Evaluation	24
6 IMPROVEMENT STRATEGIES.....	25
6.1 Introduction	25
6.2 Water Production and Quality Improvement Strategies	26

6.3	Water Distribution and NRW Management Improvement Strategies	27
6.4	Water Sales and Billing Improvement Strategies.....	29
6.5	Revenue Collection and Arrears Reduction Improvement Strategies	31
6.6	Customer Care Improvement Strategies	32
6.7	Cost Optimization Improvement Strategies	33
6.8	General Administration Improvement Strategies	34
6.9	Human Resources Management Improvement Strategies	35
7	FINANCIAL FORECAST.....	39
7.1	Projected Revenues	39
7.2	Cash Flow Projections	39
7.3	One-off and Capital Expenses	40
8	MONITORING, EVALUATION AND INCENTIVE PLAN.....	41
8.1	Monitoring and Evaluation	41
8.1.1	Composition of M&E Team	41
8.1.2	Modus Operandi of M&E Team.....	41
8.2	Incentive Mechanism	42
	MEMORANDUM OF UNDERSTANDING BETWEEN SIBO MANAGEMENT AND BONDO STAFF	43
	ANNEX.....	46
	ANNEX 1: AGREED ORGANO GRAM FOR BONDO SCHEME.....	47

.....47

LIST OF TABLES

TABLE 3. 1 SWOT ANALYSIS FOR WATER PRODUCTION AND QUALITY	11
TABLE 3. 2 SWOT ANALYSIS FOR WATER DISTRIBUTION AND NRW MANAGEMENT	12
TABLE 3. 3 SWOT ANALYSIS FOR WATER SALES AND BILLING	14
TABLE 3. 4 SWOT ANALYSIS FOR REVENUE COLLECTION AND ARREARS REDUCTION	15
TABLE 3. 5 SWOT ANALYSIS FOR CUSTOMER CARE	16
TABLE 3.6 SWOT ANALYSIS FOR COST OPTIMISATION	18
TABLE 3. 7 SWOT ANALYSIS FOR GENERAL ADMINISTRATION	19
TABLE 3. 8 SWOT ANALYSIS FOR HUMAN RESOURCES MANAGEMENT	20
TABLE 4. 1 KEY PERFORMANCE TARGETS FOR SIBO-BONDO SCHEME	23
TABLE 6.1 STRATEGIES FOR IMPROVEMENT IN WATER PRODUCTION AND QUALITY	26
TABLE 6.2 STRATEGIES FOR IMPROVEMENT IN WATER DISTRIBUTION AND NRW MANAGEMENT	27
TABLE 6.3 STRATEGIES FOR WATER SALES AND BILLING	29
TABLE 6.4 STRATEGIES FOR REVENUE COLLECTION AND ARREARS REDUCTION	31
TABLE 6.5 STRATEGIES FOR CUSTOMER CARE	32
TABLE 6.6 STRATEGIES FOR COST OPTIMISATION	33
TABLE 6.7 STRATEGIES FOR GENERAL ADMINISTRATION	34
TABLE 6.8 STRATEGIES FOR HUMAN RESOURCES MANAGEMENT	35
TABLE 7. 1 PROJECTED REVENUE IN KSHS	39
TABLE 7. 2 ANNUAL CASH FLOW PROJECTIONS IN KSHS	40

1 INTRODUCTION

1.1 Background

Bondo town is a fast growing town in Western Kenya located about 50 kms northwest of Kisumu in Nyanza province and it is the headquarters of Bondo district. Bondo district has a population of 282,780 (Population census 2002) and Bondo town forms a town council with a population of 29,165.

Siaya-Bondo Water and Sanitation Company Limited (SIBO) was established in June 2006 and is one of the utilities under the Lake Victoria South Water Services Board (LVSWSB). The mandate of the company is to provide cost effective and affordable quality water and sanitation services to the residents of Siaya, Rarieda, Ugenya and Bondo districts. The service area covered by SIBO is estimated at 2,507 km² of which 987 km² is covered by the Bondo Water supply scheme. SIBO is headed by a Board with 11 members and has 62 staff of which only 3 staff as reported during the Rapid Assessment (RA) are employed by SIBO and rest of the staff are seconded from the Ministry of Water and the council. Bondo Water Supply Scheme has 8 permanent staff and the company employs a number of casuals from time to time.

The Bondo water supply scheme dates back to the colonial time of 1956. The intake and treatment works are located on the Bondo-Siaya bridge separating the two districts. The water is abstracted from Yala River and the current water production capacity is estimated at about 600 m³/day but the water supply system is old and dilapidated and in many cases need complete overhaul and replacement of equipment and civil structures e.g. water treatment units such as the composite filter units.

The Bondo distribution network covers 10 km and comprises of different pipe sizes. At present only 60 % of the town is covered and of these only 19% are said to be receiving water. The water demand is estimated at 1,500 m³/day with raw water pumped for 18 hours a day. However almost 40% of the water abstracted is being lost in the plant itself.

The drinking water supply situation in Bondo calls for urgent action. The current water produced is not able to meet the demand. In the town water supply is often interrupted due to planned and unplanned failures in the water system. To address the structural institutional and organizational issues in water supply nation-wide, the Ministry for Water and Irrigation (MW&I) embarked on a National Urban Water Sector Reform Project. As such some interventions have been made e.g. construction of a composite filter and others are being planned e.g. some few mains extensions. However it is apparent that some of these interventions might not have the intended impact due to poor planning and the inadequate capacity to manage the system. There is therefore urgent need to build capacity among staff

especially in the core areas coupled with targeted performance improvement initiatives in order to advance Bondo Water Supply Area operations.

1.2 Lake Victoria Region Water and Sanitation Initiative

In March 2004, UN-HABITAT in association with the Governments of Kenya, Tanzania and Uganda launched the Lake Victoria Region Water and Sanitation Initiative (LWATSANI) to address the water and sanitation needs of the people particularly the poor in the secondary towns around Lake Victoria. The initiative has a clear pro-poor focus and is intended to generate desirable outcomes that have a lasting effect on the poor. Amongst the outcomes is institutionalized capacity building programmes to ensure sustainability of water supply systems.

1.3 Capacity building programme

The National Water and Sewerage Corporation of Uganda (NWSC) is one of the leading water utility corporations in the Region with an excellent track record in achieving performance improvements. In order to share its experience and expertise in bringing about real improvements in utility performance, the NWSC established an External Services (ES) department which has been actively involved in capacity building programmes for various water utilities within the region.

UN HABITAT under a Cooperation Agreement contracted the NWSC ES in May 2007 to design a Fast Track Capacity building programme that focused on strengthening the capacity of water and sanitation utilities in five towns around Lake Victoria i.e. Bukoba, Muleba, Kisii and Homa Bay. With the successful completion of the first phase, UN HABITAT has embarked on a second phase that involves scaling up the initiative to other towns. In line with this, four other towns have been brought on board namely: Bondo (Kenya), Bunda (Tanzania), Kyotera and Mutukula (Uganda).

As part of the assignment, NWSC ESU carried out a Performance Gap and Capacity Assessment (PG & CA) of the four towns in May 2009. The aim of the PG & CA was to establish the baseline performance, determine the performance gaps and carryout the training needs assessment. Based on the findings from the PG & CA, the NWSC-ESU successfully conducted a Change Agent benchmarking/training programme for the four towns in June 2009 for six days at NWSC, Uganda.

1.4 SIBO-Bondo Performance Improvement Plan

As part of the assignment, the NWSC ES was required to hold a workshop for management and all staff of each of the selected towns to build capacity and prepare a Performance Improvement Programme (PIP) in form of an annual plan for each of the above towns.

This report presents the annual performance improvement plan for SIBO-Bondo prepared during a workshop attended by management and key staff of SIBO-Bondo and key stakeholders from 3rd to 4th July 2009 and facilitated by NWSC ES team.

The PIP covers a period of 12 months, from July, 2009 to June, 2010. The objectives of the Plan relate to the performance areas of finance and administration, billing and revenue collection, leakage control, customer services, water production and water quality. The Plan contains both short-term and medium-term strategies with core emphasis on short-term horizon to ensure quick recovery. However, significant recourse is also made to medium & long-term strategies to ensure continuity after the end of PIP period. The Plan is made with the intention of enabling the SIBO-Bondo leadership get to grip with the operating situation and establish a stable and predictable performance track record.

1.5 Overarching objectives of the Performance Improvement Plan

The overall objective of this programme is to improve service delivery to customers in Bondo. The specific goals of the performance improvement plan include the following:

- i. To improve revenue collections and optimize costs thereby increasing the financial viability of SIBO-Bondo.
- ii. To improve leakage control thereby reducing the level of NRW
- iii. To improve the accuracy of the customer and operational databases.
- iv. To promote the organization image through good customer care and services, well maintained premises and a committed workforce.
- v. To manage personnel in a manner that improves staff welfare, skills, commitment and productivity.

1.6 Outline of the Performance Improvement Plan

This Performance improvement Plan has eight chapters which are briefly outlined below.

Chapter One gives an introduction to the Performance Improvement Plan, highlighting the background to the LVWATSAN project, the accomplished activities and the fundamental objectives that will guide SIBO-Bondo in providing the Water and Sanitation (WATSAN) services to the residents of Bondo satisfactorily.

Chapter Two presents the Vision, Mission and Strategic Goals of SIBO-Bondo. The vision, mission and motto of SIBO-Bondo were formulated through a participatory approach involving management and majority of the staff of SIBO-Bondo.

Chapter three presents the situational analysis highlighting the strengths, weaknesses, opportunities and threats that affect performance in the different areas. The issues were generated using a participatory approach involving management and majority of the staff of SIBO-Bondo.

Chapter Four details the Performance Improvement Plan targets for the period July 2009 to June 2010.

Chapter Five gives an overview of the implementation methodology

Chapter Six details the key issues and actions required to drive performance during the implementation of the performance improvement plan. The elements in this chapter were generated and discussed through a participatory process involving management and most of the staff of SIBO-Bondo.

Chapter Seven presents details of the financial forecast deriving from the actions and activities in Chapter Six

Chapter Eight describes the monitoring, evaluation and incentive plan as key performance drivers of the performance improvement plan.

The last section incorporates a Memorandum of Understanding (MoU), highlighting summary commitments between SIBO management and the staff and management of Bondo scheme towards achievement of the objectives and targets stipulated in this performance improvement plan.

2 SIBO-BONDO VISION, MISSION AND STRATEGIC GOALS

2.1 SIBO-BONDO vision

The Vision of SIBO-BONDO is *“To be the best Water and Sewerage Service scheme within the lake Victoria Region”*

2.2 Mission statement

The Mission of SIBO-BONDO through which the Vision is to be achieved is *“To provide quality, adequate and affordable water and sewerage services to our customers”*.

2.3 SIBO-Bondo Slogan

The Slogan of SIBO-BONDO is *“Quality water for all”*

2.4 Strategic goals for 2006 -2012

The Strategic goals (for the period: 2006-2012), on the basis of which, the targets in this performance improvement plan have been formulated are:

- To increase access to quality water services
- To reduce NRW
- To improve reliability of service
- To mobilize sufficient resources required for the rehabilitation, expansion and maintenance of the system
- To enhance the leadership and governance of the institution to ensure an effective and efficiently managed organization
- To have a human resource policy in place and have the right people in the right places
- To ensure gender equity in the organization
- To be financially sustainable

3 SWOT ANALYSIS

3.1 Introduction

In order to establish the basis for developing strategies for the performance improvement plan, a detailed SWOT analysis of the present situation was carried out to identify the strengths, weaknesses, opportunities and threats of/to SIBO-Bondo. The SWOT analysis focused on the operational areas that the management of SIBO-Bondo considered key in the short and medium term. Other operational areas that directly or indirectly influence those the management deemed critical were also analyzed in order to provide a holistic and fairly comprehensive platform for a more coherent strategy formulation/development. The facilitators presented to the SIBO team a summary of the findings from the gap analysis and capacity assessment carried out by NWSC-ES as the initial part of the assignment.

After the presentation, the participants brainstormed on the internal strength and weaknesses as well as the external opportunities and threats for SIBO-Bondo. The issues raised were presented in a plenary session for harmonization and consensus building among members.

The following operational areas were considered during the SWOT analysis:

- Water Production and Quality;
- Water Distribution and NRW Management;
- Water Sales and Billing;
- Revenue Collection and Arrears Reduction;
- Customer Care;
- Finance and Administration

During the SWOT Analysis, particular attention was given to billing, revenue collection, and water distribution. This was due to the great importance that SIBO-Bondo management attaches to these operational areas, which directly impact on the viability of the company. Tables 3.1 to 3.6 show the details of the SWOT analysis under each performance area.

3.2 SWOT Analysis for Water Production and Quality

Table 3. 1 SWOT Analysis for Water Production and Quality

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Well trained and committed staff • Availability of raw water all year long (river yala) • Reasonable quality of raw water • Functional pump sets • Viable infrastructure of the town area 	<ul style="list-style-type: none"> • Staff that report to work drunk • Lack of team work • Poor technology • Frequent pump breakdowns • lack of qualified staff to manage the process • poor infrastructure in place • inadequate water production • poor management of the system • poor maintenance schedules • lack of laboratory equipment/poor dozers • poor ambiance/hygiene • lazy staff/negligence/poor attitude • lack of equipment and tools • staff differences (SIBO, Ministry and National Water staff) • inadequate supply of chemicals • worn out/aged equipment/frequent equipment breakdown (inadequate 	<ul style="list-style-type: none"> • Prospective customers within Bondo town • Availability of land for expansion • Political stability • Proper management of water source • Alternative raw water sources • Adequate skilled labour in the market • Goodwill from donors and government; i.e. UN-Habitat • Improved water intake works • Lack of competitors in water business • High water demand 	<ul style="list-style-type: none"> • Customer apathy towards SIBO services • Power outages • Political interference • Economies of scale • Social aspect e.g. preference for alternate water supply • Poorly maintained catchment area • Drought • Rapid population growth that is not matched by expansion of services • High corruption levels • Culture that is resistant to change • Poor policy formulation • Changing technology • Insecurity at WTP • Aged infrastructure

Strengths	Weaknesses	Opportunities	Threats
	maintenance) <ul style="list-style-type: none"> • poor water quality • low staffing levels • lack of teamwork/no coordination 		<ul style="list-style-type: none"> • High electricity bills

3.3 SWOT Analysis for Water Distribution and NRW Management

Table 3. 2 SWOT Analysis for Water Distribution and NRW Management

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Well laid infrastructure • Limited leakages along rising main • Skilled staff • Underutilized distribution tanks 	<ul style="list-style-type: none"> • Poorly organized teams • Lack of network patrols • Non-functional air valves • Unskilled network patrollers • Many unmetered connections • Staff's non-responsiveness to emergencies • Lack of distribution system supervisors • Suspicious retention time during storage • Poor workmanship • poor coordination • meters are not enough • lack of good materials • no tools for leak detection 	<ul style="list-style-type: none"> • Enough room for expansion • Government support • Willingness to pay for reliable service • Donor goodwill to support SIBO 	<ul style="list-style-type: none"> • Vandalism • Illegal connections • High maintenance costs • Pipe damages by road contractors • Unreliable power supply • Uncooperative locals that don't want lines on their property • Soil erosion that exposes pipes • Political influence and land policy

Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • high UfW • incompetent distribution staff • poor utilization of the available storage facilities • inadequate water supply • staff laxity • insufficient supply • poor/small storage tanks • too many leaks and bursts • aged distribution pipes and pumps • lack of connection materials • lack of facilitation to monitor the network – transport • long response time to leaks and bursts • undersized distribution mains • unmetered connections • illegal connections by staff • lack teamwork • poor layout of the distribution network • poor maintenance of the network • poor public response to leaks and bursts 		

3.4 SWOT Analysis for Water Sales and Billing

Table 3. 3 SWOT Analysis for Water Sales and Billing

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Large customer base • High demand for clean and safe water • Availability of trainable staff • Regular billing (monthly) • Timely ,meter reading 	<ul style="list-style-type: none"> • Inaccurate meter readings and bills • Delay in producing bills • Delayed update of new connections • Lack of computerized billing system • Poor record keeping • Large proportion of accounts on flat rate • Low metering efficiency • very high arrears/poor collection efficiency/ • poor billing system/ lack of computerized billing system • illegal connections • poor customer care • inaccurate data • dissatisfied customers • inaccurate bills • lack of computer hardware and software • lack of office furniture – front desk • lack of enough water in the system/intermittent water supply 	<ul style="list-style-type: none"> • Well laid infrastructure • Staff's willingness to change • Clearance to acquire a computerized billing system • Capacity building through UN-Habitat 	<ul style="list-style-type: none"> • Well laid infrastructure • Inadequate funds to employ competent staff • Dilapidated equipment • Non-payment of bills • Hostile customers during bill delivery

Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • lack of transport for field staff • lack of qualified billing officers • poor staff attitude • defective meters • lack of master meters in the network • inconsistent meter reading cycles • poorly managed bill distribution • inadequate supervision • low area coverage • un metered connections • poor communication • lack of billing infrastructure • no clear revenue collection strategies 		

3.5 SWOT Analysis for Revenue Collection and Arrears Reduction

Table 3. 4 SWOT Analysis for Revenue Collection and Arrears Reduction

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Customer willingness to pay for consumer water • Staff willingness to work overtime 	<ul style="list-style-type: none"> • Falsification of records by staff • Failure by scheme manager to bank intact • Large number of inactive accounts • Inaccurate billing 	<ul style="list-style-type: none"> • Chance to acquire transport to facilitate bill distribution • Presence of banking 	<ul style="list-style-type: none"> • High cost of acquiring transport facilities • Lack of policy to deal with defaulters

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Availability of collection centre • Staff training in revenue collection • Availability fo huge arrears base • Existence of revenue task force • Part payment agreement with staff 	<ul style="list-style-type: none"> • very high arrears • embezzlement/ dishonest staff • lack of trained revenue collectors • no safes for keeping the collections • untimely bill distribution • erroneous meter reading • lack of facilitation for field staff – transport • lack of proper revenue records keeping/ no cash book • lack of a proper accounting system • lack of computer hardware and software • inadequate customer surveys • low water sales • poor communication • poor staff attitude 	<ul style="list-style-type: none"> • facilities within town • Alternative payment mechanisms; e.g. M-PESA 	<ul style="list-style-type: none"> • Robbers that may break into safe • Inability of urban poor to afford tariff • Delayed payment of bills

3.6 SWOT Analysis for Customer Care

Table 3.5 SWOT Analysis for Customer Care

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Good customer handling 	<ul style="list-style-type: none"> • Customers disrespect customers 	<ul style="list-style-type: none"> • Responsive customers 	<ul style="list-style-type: none"> • Reduction in customer

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Prompt response to customer complaints • Adequate explanations given to customers • Well motivated customer care officer • Sensitized customers • Willingness of staff to work for long hours • Proper communication between marketing officers and customers • Good relationship between staff and customers • Existence of customer lodging complaints register • Availability of complaints box • Trainable staff 	<ul style="list-style-type: none"> • reconnections are not done in time • staff conducting themselves poorly • rude staff • failure to receive and answer customer calls • long response time to customer complaints • lack of training in customer care • intermittent water supply- dry zones leading to dissatisfied customers • lack of customer register/poor customer records • no feedback to customers on their queries • no designated and trained customer care staff • Low level of awareness/sensitization to customers • Lack of customer care facilities-front desk • No recording of customer complaints • Lack of customer care desk • Changing of bills at will • Difficulty in tracking customers • Insufficient funds to employ competent customer care officers • Undermining the customers 	<ul style="list-style-type: none"> • Concerned customers • Customer care training courses • Support from UNHABITAT • Upcoming computerized billing system • Customers demand for better services • Demand for water services 	<p>base</p> <ul style="list-style-type: none"> • Competition • Un-comparative customers • Customers constructing their own boreholes • Rigid customers • Resistance to change

Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> Poor public relations 		

3.7 SWOT Analysis for Finance and Administration

Table 3.6 SWOT Analysis for Cost Optimization

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> Willingness to pay suppliers Prudent financial control in place Budgetary controls in place and implemented Qualified finance manager Procedures for purchasing in place Young and trainable staff in the Finance and Administration section Finance manual in place and its adhered to 	<ul style="list-style-type: none"> Books of accounts are not properly kept Some staff are paid yet they have not done any work Suppliers are not paid in staff Poor procurement system in place Poor control of revenues Cost of materials not verified so some of the costs are inflated Too many staff in place compared to the work being done Poor accounting systems in place they are manual and not computerized Poor budget controls hence exaggerated expenditure Ghost workers in place Materials of poor quality purchased resulting in losses. 	<ul style="list-style-type: none"> Improved computerized systems External support from Ministry, Donors etc Improved technology Reform processes Government subsidies 	<ul style="list-style-type: none"> Inflation Credit crunch Rising power price Rising chemical costs Increasing maintenance costs Reform processes Insufficient funding

Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Sell of company property (e.g. tools and materials)by some staff • Overvaluing of procurements in order to gain the difference between the true value and the quoted value • Low staffing in finance section • Unskilled finance staff • Frequent under banking • No clear strategies for debt collection • Lack of proper accountability and transparency • Deficient budgets • Erroneous billing 		

Table 3. 7 SWOT Analysis for General Administration

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • One motor cycle available • Bicycle allowance paid out to some staff • Available office structure • Good communication between Area Manager and head office • Focussed management team • Good administrative 	<ul style="list-style-type: none"> • Poor coordination in the administration section • Poor office premises. Buildings are old and in need of refurbishment • No security at water installations • Staff do not have uniforms and safety wear • Staff do not have identity cards • There are no toilets 	<ul style="list-style-type: none"> • Young and trainable staff • Donor support • Computerization • New technologies and networks 	<ul style="list-style-type: none"> • Poor workmanship when implementing development projects • Lack of confidentiality concerning staff issues • Staff apathy

Strengths	Weaknesses	Opportunities	Threats
structure			

Table 3. 8 SWOT Analysis for Human Resources Management

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Good Partnerships • Good Collaboration • Ability to share experiences • Staff welfare policy in place • Adequate staff numbers • Trainable staff 	<ul style="list-style-type: none"> • Staff not motivated and at times Staff work for long hours and during the holidays without any pay, staff are paid very little money. • Staff do not have identity cards • Not enough accommodation for staff working at the plant • Poor organizational behavior • Favoritism of some staff • The staff welfare scheme is not recognized as a legal entity • Few qualified staff • Nepotism by the Scheme Manager and the District Water officer on recruitment • Conflict between the Scheme Manager and the District Water Officer • Rivalry between Scheme Manager and District Water Officer created by the Company Manager 	<ul style="list-style-type: none"> • More room for capacity building • Improved policies • Employment opportunities • Strong Welfare Association 	<ul style="list-style-type: none"> • Poor performance may lead to closure of the business • Un published policies • Unspecified reform policies • Inflation • Redundancy • Government interference

Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Lack of coordination amongst staff • No supervision of staff • Poor working condition • No welfare for staff e.g. no health facility in place, no SACCO, no loan facilities provided to the staff • Staff not committed to work • Employment of unskilled /un qualified staff • Lack of team work and coordination among staff • No incentive mechanism for best paying staff • Enmity at the work place (lack of good PR) • Staff report late to work and leave early • There is no commitment at the top level • No information given to staff concerning the reform process • Delays in payment of staff claims • There is no HR Manager/officer for SIBO therefore staff issues are not handled well and the HR management is weak • No staff meetings are held • Lack of a Staff Union hence no forum for staff to express their rights • Staff are deployed in work places for which they do have the right qualifications hence poor deployment 		

Strengths	Weaknesses	Opportunities	Threats
	<p>mechanism</p> <ul style="list-style-type: none">• Too many staff are employed• Staff are not disciplined• Too many warnings/disciplinary letters given to staff• No staff guidance or counseling provided• No training programme in place• Poor time management• No job security• Poor policy formulation• No provision for staff exchange opportunities• No accountant for Bondo scheme		

4 QUARTERLY GOALS AND TARGETS

The targets for the performance improvement plan for the period July 2009 to June 2010 were formulated taking into account the strategic goals stipulated in the SIBO Strategic Plan for 2009/12, the service provision agreement between SIBO and the Lake Victoria South Water Services Board and the approved budget for SIBO-Bondo for the FY 2009/10. Table 4.1 below outlines the key performance targets for the performance improvement plan.

Table 4. 1 Key performance targets for SIBO-Bondo Scheme

Goal Description - Indicator	Unit	Baseline	1st Quarter (Jul-Sept '09)	2nd Quarter (Oct-Dec '09)	3rd Quarter (Jan-Mar '10)	4th Quarter (Apr-Jun '10)
WATER DEMAND MANAGEMENT/AUDIT						
Water Produced	m ³ /month	17,255	18,117	19,023	19,974	20,973
Water Sold	m ³ /month	8,192	9,011	9,912	10,904	11,994
Non Revenue Water	%	53%	50%	48%	45%	43%
Percentage response to leaks and Bursts	%	75%	80%	85%	90%	95%
Average Response time to leaks and bursts	hrs	48	36	24	12	6
Metered Connections	No.	390	420	450	509	618
Metering Efficiency	%	55%	58%	60%	64%	69%
LEVEL OF SERVICE INDICATORS						
New Water Connections	No./quarter	4	20	20	50	100
Active Water Connections	No.	507	537	567	626	735
Inactive	No.	203	193	183	174	165
Total No. of Accounts	No.	710	730	750	800	900
% no. of samples complying to the bacteriological standard	%	100%	100%	100%	100%	100%
CUSTOMER CARE						
Response time to customer complaints	hrs	36	30	24	18	12
Percentage response to Customer Complaints	%	94%	96%	98%	100%	100%
STAFF PRODUCTIVITY						
No. Staff	No	15	15	15	15	15
Staff productivity	No./1000c	21	21	20	19	17
FINANCIAL INDICATORS						
Total Billed Revenue	KShs/month	389,000	427,900	470,690	517,759	569,535
Total Revenue Collection	KShs/month	372,000	450,648	492,301	538,289	589,039
Total Arrears	KShs/month	1,364,908	1,296,663	1,231,829	1,170,238	1,111,726
Recurrent Expenditure	KShs/month	359,598	359,598	359,598	359,598	359,598
Working ratio	Ratio	92%	84%	76%	69%	63%

5 IMPLEMENTATION METHODOLOGY

The implementation of this Performance improvement plan is part and parcel to the implementation of SIBO's Strategic Plan (2006-2012) and in line with the service provision agreement between SIBO and Lake Victoria South Water Services Board. The key elements are:

5.1 Compliance to the strategic plan & service agreement

The formulated annual targets in Chapter 4 are consistent with SIBO's Strategic Goals. In addition, the targets are consistent with the performance targets set out in the service provision agreement between SIBO and LVSWSB. Therefore the achievement of the annual targets will be in fulfillment of the obligations of SIBO under the service provision agreement.

5.2 Annual Reviews and Planning

SIBO-BONDO will continue to carry out annual performance reviews of the Strategic Plan and come up with successor performance improvement plan. The review will include, among other things, extent of achievement of targets, assessment of constraints and challenges, future improvements in performance, viability as well as strategies and targets for the subsequent programmes.

5.3 Annual Budgeting

The activities of the Annual Plans will be implemented based on duly prepared and approved Annual Budgets. Therefore the preparation of the Annual Plan and that of the Annual Budget will be iterative and properly coordinated to ensure that the two management tools are well synchronized. Ensuring a positive trend of the financial sustainability will continue to be the guiding principle in the preparation of the Annual Budgets.

5.4 Monitoring and Evaluation

SIBO-Bondo management will prepare monthly reports based on standardized and harmonized reporting formats. The monthly reports will cover aspects such as performance, fulfillment of key result areas and implementation of the scheduled Performance Improvement Plan activities etc. The reporting format will be adjusted from time to time to suit the changing information needs of SIBO-Bondo scheme.

A Monitoring and Evaluation Team will be set up to proactively carry out regular assessment of the monthly reports, to verify reported performance and operational data, assess compliance to agreed activities and to promptly agree on the way forward with the implementing operating units. A well structured performance-based incentive framework will also be maintained to drive continuous improvements.

6 IMPROVEMENT STRATEGIES

6.1 Introduction

This performance improvement plan has been prepared as an implementation tool to facilitate SIBO-Bondo realize the objectives of its Strategic Plan for 2006 – 2012 and the service provision agreement between SIBO and LVSWSB.

In developing the performance improvement plan, the facilitators presented to the SIBO team a summary of the findings from the gap analysis and capacity assessment carried out by NWSC-ES as the initial phase of the assignment. The presentation was followed by group discussions that analyzed the present situation as previously explained in Chapter 3. The SWOT Analysis was followed by formulating of the key performance targets presented in Chapter 4.

This section presents the strategies and the way forward that were agreed up to tackle the issues and bottlenecks raised in Chapter 3 and to enable SIBO-Bondo achieve the performance improvement plan targets presented in Chapter 4. The strategies and way forward were discussed in three working groups:

- **Technical:** this group handled Water Production and Quality; and Water Distribution and NRW Management
- **Commercial:** this group handled Water Sales and Billing; Revenue Collection and Arrears Reduction; and Customer Care
- **Finance and Administration:** this group handled Cost Optimization, General Administration and Human Resources Management.

The strategies were clearly elaborated indicating the time frame when they should be accomplished, the responsible officer to ensure successful implementation of the respective strategy and the cost implications of the strategy, where applicable.

The subsequent sections detail the formulated strategies categorized in the eight performance areas of water production quality; water distribution and NRW management; water sales and billing; revenue collection and arrears reduction; customer care; cost optimization; general administration; and human resources management.

6.2 Water Production and Quality Improvement Strategies

Table 6.1 Strategies for Improvement in Water Production and Quality

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
1.	Water production staff report to work drunk	<ul style="list-style-type: none"> Disciplinary action 	SM	Immediately	NIL
2.	Lack of team work	<ul style="list-style-type: none"> Hold meetings/seminars to enhance team building 	SM	Ten days	1
3.	Frequent pump breakdowns	<ul style="list-style-type: none"> Develop Plant Preventive maintenance (PPM) programme and ensure that it is implemented 	TM	Immediately	NIL
4.	Lack of qualified staff to manage the treatment process	<ul style="list-style-type: none"> Train operational staff Recruit a qualified Laboratory staff 	MD	Immediately	60
5.	Poor infrastructure in place hence inadequate water production	<ul style="list-style-type: none"> Look for funding to carry out major rehabilitation works 	MD	31/Aug/2009	10,000
6.	Lack of laboratory equipment and chemical dozers	<ul style="list-style-type: none"> Acquire laboratory equipments and replace dozers 	MD	31/Oct/2009	500
7.	Poor ambiance/hygiene	<ul style="list-style-type: none"> Prepare cleaning schedules and implement on routine basis 	SM	Immediately	1
8.	Lazy staff who are negligence and have poor attitude towards work	<ul style="list-style-type: none"> Discipline staff Prepare daily task planners for staff and review the outputs of the staff on daily basis 	SM	Immediately	2
9.	Lack of equipment and tools	<ul style="list-style-type: none"> Procure tools 	TM/PO	31/Oct/2009	5,000
10.	Inadequate supply of chemicals	<ul style="list-style-type: none"> Prepare procurement plan and procure chemicals in time 	PO/MD	Immediately/continuously	50
11.	Poor water quality	<ul style="list-style-type: none"> Train staff in process control and water quality monitoring Establish water quality monitoring programme and implement on routine basis 	TM	31/Oct/2009	NIL (covered by UN HABITAT)

6.3 Water Distribution and NRW Management Improvement Strategies

Table 6.2 Strategies for Improvement in Water Distribution and NRW Management

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
1.	Poorly organised teams	<ul style="list-style-type: none"> Reorganize network operations team and assign duties to the staff 	SM	Immediately	NIL
2.	Un skilled network patrols	<ul style="list-style-type: none"> Establish a monitoring mechanism and ensure that all leaks and bursts reported are recorded 	SM	31/Jul/2009	NIL
3.	Non-functional air valves	<ul style="list-style-type: none"> Carry out an assessment to determine the non functional air valves Service and repair faulty air valves Replace faulty air valves 	SM	31/Aug/2009	NIL
			TM	30/Sept/2009	10
			TM/PO		40
4.	Many unmetered connections	<ul style="list-style-type: none"> Procure and install new consumer meters 	TM/PO	31/Oct/2009	2,400
5.	Staff's non-responsiveness to emergencies	<ul style="list-style-type: none"> Institute an action plan for water loss control Carry out training of field staff 	TM	31/Oct/2009	NIL
			TM	31/Oct/2009	NIL (Covered by UN HABITAT)
6.	Poor workmanship	<ul style="list-style-type: none"> On job Training Enhanced Supervision of field staff 	SM/TM	Immediately	NIL
7.	Poor coordination of network operations	<ul style="list-style-type: none"> Hold regular staff Meetings Daily Task Planning Ensure that field staff are facilitated with necessary logistics 	SM	Immediately	NIL
8.	Lack of bulk metering	<ul style="list-style-type: none"> Establish the number of bulk meters required Procure new bulk meters 	TM	31/Aug/2009	NIL
			TM/PO	31/Nov/2009	9 (Covered by

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
					UN HABITAT)
9.	Poor quality materials procured	<ul style="list-style-type: none"> Pre-qualify suppliers against required material specifications Carry out audit checks on materials procured 	TM/PO IA	Immediately	NIL NIL
10.	No tools for leak detection	<ul style="list-style-type: none"> Procure leak detection equipment 	MD	Immediately	1,600
11.	High NRW levels due to too many leaks and bursts and water theft	<ul style="list-style-type: none"> Carry out universal metering Timely repair of bursts and leakages Develop illegal use reduction strategy and implement Carry out replacement of aged pipe network sections 	TM/SM/MD SM TM/SM TM/SM	30/Jun/2010 Routine 31/Oct/2010 31/Mar/2010	7,000 NIL NIL ?
12.	Poor utilisation of the available storage facilities	<ul style="list-style-type: none"> Utilize dormant facilities 	SM	Immediately	NIL
13.	Inadequate water supply	<ul style="list-style-type: none"> Increase pumping hours where necessary Increase pump efficiency 	SM SM	Immediately	2,500
14.	Poor/small storage tanks	<ul style="list-style-type: none"> Carry out a feasibility study to determine the storage requirements Upgrading storage facilities if found necessary 	TM MD	30/Sept/2009 30/Jun/2010	500 ?
15.	Lack of connection tools and materials	<ul style="list-style-type: none"> Procure and store required tools and connection materials 	TM/PO	31/Oct/2009	500
16.	Lack of facilitation to monitor the network – transport	<ul style="list-style-type: none"> Acquire a motor cycle for field operations 	MD	30/Jun/2010	2,000
17.	Illegal connections by staff	<ul style="list-style-type: none"> Carry out a campaign against field malpractices Institute disciplinary actions 	SM/TM	Immediately	NIL
18.	Poor layout of the distribution network	<ul style="list-style-type: none"> Re-design the network 	TM/SM/DWO	30/Jun/2010	5,000

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
19.	Poor maintenance of the network	<ul style="list-style-type: none"> Develop PPM schedule and ensure that it is implemented 	TM/SM	31/Oct/2009	NIL
20.	Poor reporting on by public on leaks and bursts	<ul style="list-style-type: none"> Sensitize customers on the importance of reporting leaks and bursts 	SM	Immediately	NIL

6.4 Water Sales and Billing Improvement Strategies

Table 6.3 Strategies for Water Sales and Billing

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
1.	Inaccurate meter readings and bills	<ul style="list-style-type: none"> Re-read the meter and carry out meter Audits Proper structure 	BO/SM	Immediately	NIL
2.	Delay in bill production	<ul style="list-style-type: none"> Review the billing procedures and ensure timely production of bills 	CM/BO	Immediately	NIL
3.	Delayed update of new connections	<ul style="list-style-type: none"> Ensure Prompt update of all new connections 	SM	Immediately	NIL
4.	Lack of computerised billing system	<ul style="list-style-type: none"> Install the computerized billing software system Carry out training of billing staff 	CM	30/Nov/2009	NIL (Covered by UN HABITAT)
5.	Poor record keeping	<ul style="list-style-type: none"> Institute proper record keeping procedures Avail counter books for records /documentation Procure a computer and its accessories 	SM SM MD	31/Jul/2009 31/Jul/2009 31/Dec/2009	NIL NIL 80
6.	Large proportion of accounts on flat rate	<ul style="list-style-type: none"> Carry out a survey to establish the metered accounts 	SM	31/Aug/2009	NIL
7.	Low metering efficiency	<ul style="list-style-type: none"> Procure new consumer meters 	SM	30/Jun/2010	??
8.	Very high arrears/poor collection efficiency/	<ul style="list-style-type: none"> Setting collection targets Develop an arrears reduction strategy Develop a bad debt policy and implement 	CM/MD CM/MD CM/MD	5/Jul/2009 30/Sep/2009 31/Dec/2009	NIL NIL NIL
9.	No fines instituted for illegal	<ul style="list-style-type: none"> Ensure that all illegal connections are 	MD	Immediately	NIL

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
	connections	surcharged/fined /prosecuted/legalize			
10.	Inaccurate bills and data	<ul style="list-style-type: none"> Carry out Data/bill verification Train meter readers and billing officers Ensure that bills are audited before they are dispatched Segregation of duties 	CM	Immediately	NIL
11.	Lack of designated front desk and poor office furniture	<ul style="list-style-type: none"> Designate front desk Procure new office furniture 	PO	30/Jun/2009	?
12.	Lack of transport for field staff to enable good coordination	<ul style="list-style-type: none"> Pay field allowance -3days 	SM	31/Jul/2009	?
13.	Lack of qualified billing officer	<ul style="list-style-type: none"> Re deploy a computer literate billing officer to Bondo and train the staff 	MD/CM	31/Aug/2009	NIL
14.	Poor staff attitude	<ul style="list-style-type: none"> Discipline and counsel staff 	SM	Immediate	NIL
15.	Defective meters	<ul style="list-style-type: none"> Survey to know the defective number Service and repair faulty meters Procure new meters and replace faulty meters 	SM SM/TM TM/PO	31/Aug/2009 Routine 30/Jun/2010	NIL NIL Already covered
16.	Inconsistent meter reading cycles and poorly managed bill distribution	<ul style="list-style-type: none"> Review meter reading cycles and ensure that the proposed cycles are adhered to Strengthen supervision and institute checks and balances 	CM	Immediately	NIL
17.	Poor communication	<ul style="list-style-type: none"> Hold regular meetings with billing staff/meter readers etc. 	CM	Routine	NIL

6.5 Revenue Collection and Arrears Reduction Improvement Strategies

Table 6.4 Strategies for Revenue Collection and Arrears Reduction

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
1.	Falsification of records by staff	<ul style="list-style-type: none"> Discipline staff found falsifying records 	SM/CM	Immediately	NIL
2.	Failure by Cashier to bank all collections	<ul style="list-style-type: none"> Discipline cashier 	SM/CM	Immediately	NIL
3.	No clear revenue collection strategies	<ul style="list-style-type: none"> Institute revenue collection strategies and implement them 	SM/CM	Routine	NIL
4.	Large number of inactive accounts	<ul style="list-style-type: none"> Carry out an investigation and take necessary action 	CM/SM	Routine	NIL
5.	Very high arrears	<ul style="list-style-type: none"> Disconnect Visit customer & enter into part-payment agreement 	SM	Immediately	NIL
6.	Embezzlement / dishonest staff	<ul style="list-style-type: none"> Dismiss corrupt staff 	SM/CM	Immediately	NIL
7.	Lack of trained revenue collectors	<ul style="list-style-type: none"> Carry out on job training of finance staff 	CM	Continuous	NIL
8.	No safe for keeping the collections	<ul style="list-style-type: none"> Procure a safe Carry out Daily banking Procure a Cash box Hold meeting with the banks to agree on favorable banking hours 	CM	1 year	NIL
9.	Lack of facilitation for field staff – transport	<ul style="list-style-type: none"> Procure a Bicycle and provide lunch allowances 	SM	Continuous	??
10.	Lack of proper revenue records keeping/ no cash book	<ul style="list-style-type: none"> Institute proper record keeping 	CM	31/Jul/2009	NIL
11.	Lack of a proper accounting system	<ul style="list-style-type: none"> Put accounting systems in place and adhere to them. 	CM	31/Jul/2009	NIL

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
12.	Bill adjustments are done at will and no clear procedures are followed	<ul style="list-style-type: none"> Ensure that all bills adjusted are authorized 	CM	Immediate	NIL

6.6 Customer Care Improvement Strategies

Table 6.5 Strategies for Customer Care

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
1.	Staff disrespect customers and are very rude	<ul style="list-style-type: none"> Institute disciplinary measures Encourage customers to report rude staff Carry out continuous training of staff in good customer care practices 	CM CM/SM CM	Routine Routine CM	NIL NIL NIL (partly covered by UN HABITAT)
2.	No customer surveys being done	<ul style="list-style-type: none"> Carry out a customer survey 	CM/SM	30/Jun/2010	??
3.	Failure of staff to receive and answer customer calls made on their personal mobiles	<ul style="list-style-type: none"> Purchase office phone (wireless mobile) 	CM	31/Jul/2009	??
4.	Long response time to customer complaints	<ul style="list-style-type: none"> Avail tools, transport, procure tool kit Improve on the customer complaints register 	TM/SM/PO CM	Immediate	5,000
5.	Information on customers not adequate	<ul style="list-style-type: none"> Review and update the customer register 	CM	31/Aug/2009	NIL
6.	No feedback given to customers on their queries	<ul style="list-style-type: none"> Ensure that customer contacts are taken when complaints are made Institute a feed back mechanism Carry out random checks 	CM CM CM/SM	Immediate 31/Aug/2009 Routine	NIL NIL NIL
7.	No designated and trained customer care staff	<ul style="list-style-type: none"> Assign customer care duties to one staff and train him/her. 	CM	31/Jul/2009	NIL

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
8.	Low level of awareness/sensitization to customers	<ul style="list-style-type: none"> Hold regular meetings with the stake holders. 	SM/CM	Quarterly	NIL
9.	Difficulty in tracking customers	<ul style="list-style-type: none"> Carry out block mapping and train staff 	MD	30/Nov/2009	NIL Covered by UN HABITAT
10.	Poor public relations	<ul style="list-style-type: none"> Draw up a Public relations strategy 	MD/CM	30/Nov/2009	NIL

6.7 Cost Optimization Improvement Strategies

Table 6.6 Strategies for Cost Optimization

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
1.	Books of accounts are not properly kept	<ul style="list-style-type: none"> Improve/ strength on record keeping systems and methods 	SM	Immediately	NIL
2.	Some staff are paid yet they have not done any work	<ul style="list-style-type: none"> Strengthen staff supervision 	SM	Immediately	NIL
3.	Suppliers are not paid in time	<ul style="list-style-type: none"> Adhere to procurement procedures 	PO	Routine	NIL
4.	Poor procurement system in place	<ul style="list-style-type: none"> Improve procurement procedures 	PO	Immediately	NIL
5.	Poor control of revenues	<ul style="list-style-type: none"> Ensure intact banking, transparency and accountability 	CM/SM	Continuous	NIL
6.	Cost of materials not verified so some of the costs are inflated	<ul style="list-style-type: none"> Carry out a Market survey and audit 	PM/IA	Continuous	NIL
7.	Too many staff in place compared to the work being done	<ul style="list-style-type: none"> Restructure the system Division of labour and specialization Ensure all staff have job description 	CM CM CM	Immediately	NIL NIL NIL
8.	Poor accounting systems in place	<ul style="list-style-type: none"> Instituted a computerized accounting system 	MD/CM	31/Aug/2009	??

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
	they are manual and not computerized				
9.	Poor budget controls hence exaggerated expenditure	<ul style="list-style-type: none"> Adhere to allocated vote head and correct budget analysis. 	CM/IA	Immediately	NIL
10.	Ghost workers in place	<ul style="list-style-type: none"> Carry out a Head count and check records Update staff establishment 	SM/CM	31/Aug/2009	NIL
11.	Materials of poor quality purchased resulting in losses.	<ul style="list-style-type: none"> Adherence to procurement procedures Proper requisitions by user departments Verification by Procurement officer and user 	PO	Continuous	NIL
12.	Sell of company property (e.g. tools and materials)by some staff	<ul style="list-style-type: none"> Dismiss staff found selling company property 	MD	Immediately	NIL
13.	Unskilled finance staff	<ul style="list-style-type: none"> Carry out on job training 	CM	31/Oct/2009	NIL
14.	Frequent under bankings	<ul style="list-style-type: none"> Discipline and supervision 	CM	Immediately.	NIL
15.	No clear strategies for debt collection	<ul style="list-style-type: none"> Develop bad debt policy Encourage part payment agreements and policy 	MD/CM/SM CM/SM	30/Nov/2009 Routine	NIL NIL
16.	Lack of proper accountability and transparency	<ul style="list-style-type: none"> Close supervision Monitoring and evaluation 	CM	Continuous	NIL

6.8 General Administration Improvement Strategies

Table 6.7 Strategies for General Administration

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
1.	Poor coordination in the administration section	<ul style="list-style-type: none"> Hold Regular meeting and improve communication Put notices on the notice board 	SM	At least weekly	NIL
2.	Poor office premises. Buildings are old and in need of refurbishment	<ul style="list-style-type: none"> Paint the administration block Prepare schedule for maintaining regular cleaning 	CM SM	31/Oct/2009 Immediately	?? NIL

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
3.	Staff do not have uniforms and safety wear	<ul style="list-style-type: none"> Review requirements for safety gargets and uniforms and procure them 	CM	31/Oct/2009	??
4.	Staff do not have identity cards	<ul style="list-style-type: none"> Provide staff with identity cards 	CM	31/Oct/2009	??

6.9 Human Resources Management Improvement Strategies

Table 6.8 Strategies for Human Resources Management

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
1.	Staff not motivated and at times Staff work for long hours and during the holidays without any pay, staff are paid very little money.	Create incentives	CM/MD/BOD	Continuous	NIL
2.	Not enough accommodation for staff working at the plant	<ul style="list-style-type: none"> Rehabilitate the residential houses for staff 	MD	2 years	??
3.	Poor organizational behavior	<ul style="list-style-type: none"> Institute Disciplinary measures 	MD/CM	Continuous	NIL
4.	Favoritism of some staff	<ul style="list-style-type: none"> Avoid nepotism / fairness 	Management	Continuous	
5.	The staff welfare scheme is not recognized as a legal entity	<ul style="list-style-type: none"> Strengthen staff welfare 	SM	Continuous	NIL
6.	Few qualified staff	<ul style="list-style-type: none"> Train and employ professionals 	MD/ BOD	Continuous	-
7.	Nepotism by the Scheme Manager and the District Water officer on recruitment	<ul style="list-style-type: none"> Ensure Fairness to all based on merit Come up with a clear Human resource policy on recruitment 	MD	Continuous	NIL

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
8.	Conflict between the Scheme Manager and the District Water Officer	<ul style="list-style-type: none"> Reconciliation Define Job descriptions 	BOD	Immediately	NIL
9.	Lack of coordination amongst staff	<ul style="list-style-type: none"> Ensure proper job description with clear segregation of duties are made and availed to all staff 	MD/CM/SM	Continuous	NIL
10.	No supervision of staff	<ul style="list-style-type: none"> Intensify supervision 	SM/ Officer in-charge	Continuous	NIL
11.	Poor working condition	<ul style="list-style-type: none"> Improving working conditions 	Management	Continuous	NIL
12.	No welfare for staff e.g. no health facility in place, no SACCO, no loan facilities provided to the staff	<ul style="list-style-type: none"> Willing officers to withdraw Legal actions should be taken Avail first Aid kits 	Members	Immediately	NIL
13.	Staff not committed to work	<ul style="list-style-type: none"> Discipline / incentives 	SM / BOD/ Management	Immediately	NIL
14.	Employment of unskilled /un qualified staff	<ul style="list-style-type: none"> Train staff 	MD/CM/SM	Continuous	-
15.	Lack of team work and coordination among staff	<ul style="list-style-type: none"> Encourage team building and co-ordination 	SM	Continuous	NIL
16.	Inadequate incentive mechanism for best performing staff	<ul style="list-style-type: none"> Improve incentives 	Management	continuous	-
17.	Enmity at the work place (lack of good PR)	<ul style="list-style-type: none"> Build team work, guidance and counseling 	SM/CM	Continuous	NIL
18.	Staff report late to work and leave early	<ul style="list-style-type: none"> Introduce daily attendance register Discipline staff who report late for work 	SM SM	Continuous	NIL NIL
19.	There is no commitment at the top level	<ul style="list-style-type: none"> Take action on dormant top management 	MD	Immediately	NIL
20.	No information given to staff	<ul style="list-style-type: none"> Institute proper channel of 	MD	Immediately	NIL

#	Issue	Action (s)	By Who	By When	Cost Kshs.'000
	concerning the reform process	communication upwards and downwards.			
21.	Delays in payment of approved staff claims	<ul style="list-style-type: none"> Prompt/expedite payments 	CM	Continuous	NIL
22.	There is no HR Manager/officer for SIBO therefore staff issues are not handled well and the HR management is weak	<ul style="list-style-type: none"> Recruit a qualified Human resource officer 	MD/ BOD	Immediately	-
23.	No staff meetings are held	<ul style="list-style-type: none"> Ensure weekly staff meetings are held Maintain minutes 	SM	Weekly	NIL
24.	Staff are not sensitized about the unions	<ul style="list-style-type: none"> Join existing unions Sensitize staff 	Staff	Continuous	NIL
25.	Staff are deployed in work places for which they do not have the right qualifications hence poor deployment mechanism	<ul style="list-style-type: none"> Appropriate staff deployment 	MD/CM/SM	Continuous	NIL
26.	Staff are not disciplined and there is no staff guidance and counseling	<ul style="list-style-type: none"> Counsel and institute disciplinary measures 	SM	Continuous	NIL
27.	Too many warnings/disciplinary letters given to staff	<ul style="list-style-type: none"> Strengthen disciplinary committee Terms of service for Sibbo 	MD	Continuous	
28.	No job security	<ul style="list-style-type: none"> Establish a HR manual and clear Terms and conditions of service 	MD/CM/HR	9 months	NIL
29.	Poor policy formulation and implementation	<ul style="list-style-type: none"> Down/upward communication 	MD	Continuous	NIL
30.	No provision for staff exchange opportunities	<ul style="list-style-type: none"> Institute staff exchange programmes 	CM	30/Jun/2010	??
31.	No accountant for Bondo scheme	<ul style="list-style-type: none"> Employ qualified accountant 	MD/CM/	30/Sept/2009	NIL

7 FINANCIAL FORECAST

This Chapter presents the forecast of revenue from billing and other sources, and expected expenditures for the period of the performance improvement programme (July 2009 to July 2010). The collection forecast has been based on assumption that there is still wide prospect and potential for SIBO-Bondo scheme to improve in its revenue collection performance. It is envisaged that with commitment to improve the quality of service, the sky will be the limit for the company.

7.1 Projected Revenues

It is projected that SIBO-Bondo scheme will raise annual billing revenue amounting to KShs 6.3 million. In addition to the billing revenue SIBO-Bondo will raise funds from other sources including the Government subsidy. From the various revenue streams presented in Table 7.1 below, SIBO-Bondo is expected to raise total revenue amounting to KShs. 9.3 million.

Table 7. 1 Projected Revenue in KShs

#	Item Description	Amount (KShs)
A	Operating Income	
	Cash Collections from Sales	6,210,834
	Miscellaneous	
	New Connections	45,000
	Sub Total	6,255,834
B	Government Subsidy	
	Electricity	1,000,000
	Salaries	1,870,800
	Chemicals	250,000
	Sub Total	3,120,800
	Grand Income	9,376,634

7.2 Cash Flow Projections

In preparing the cash flow revenue collections estimate in Table 7.1 were harmonized with the quarterly targets set out in this annual plan. It is assumed that the improvements in collections beyond the estimated figures is possible and will further enhance the financial viability of the Company.

Table 7.2 shows the annual cash flow for the period June 2009 – July 2010. The cash flow shows that SIBO-Bondo will realize a net cash flow of KShs 3.2 million at the end of the programme if the company is able to realize the projected cash collections and at the same time maintain costs within the estimate.

Table 7. 2 Annual Cash Flow Projections in KShs

#	Item Description	Amount(Kshs)	
A	Cash collection		
	Collections from operating income		6,255,834
	Government Subsidy		3,120,800
	Total cash collection		9,376,634
B	Operating Expenditure		
	Staff costs	2,836,800	
	Electricity	2,400,000	
	Chemical	360,000	
	Operations & maintenance	540,000	
	Administration costs	60,000	
	Total Operating Expenditure	6,196,800	
	<i>Net Cash Flow Projection</i>		3,179,834

7.3 One-off and Capital Expenses

The financial requirements outside recurrent expenditure (one-off and capital expenses) associated with the strategies in Chapter Six shall be considered on priority basis depending on the available cash generated. Expenses of capital nature shall be implemented in full co-operation with the District Water Office and Development Partners.

8 MONITORING, EVALUATION AND INCENTIVE PLAN

8.1 Monitoring and Evaluation

The monitoring and evaluation for the annual plan will be carried out by a multi-disciplinary Team composed of members from different section/departments of SIBO. The following sections outline the composition of the M&E Team and the modus Operandi of the Team.

8.1.1 Composition of M&E Team

The management of SIBO-Bondo will structure itself into a monitoring and evaluation team. The team shall be composed of members from the different departments of SIBO-Bondo and will consist of the following team members:

- The Overall Chairman
- The Organizing Secretary
- Revenue in-charge
- Leakage Control in-charge
- Customer Care in-charge
- Other WATSAN services in-charge

8.1.2 Modus Operandi of M&E Team

The M&E team will regularly move (at an interval to be determined by SIBO management) around Bondo to check progress with implementation of planned activities, constraints and advise on way forward. The team will then meet on a monthly basis to discuss the implementation status, emphasizing exceptionally disquieting issues and striving to find solutions. After each meeting, the agreed way forward on the constraints and achievements will be communicated to the respective sections/officers; including reprimands & praises in respect to the performance pertaining at that time and the time frames when the agreed recommendations should be accomplished.

At the end of every quarter, a comprehensive evaluation shall be carried out by the team, highlighting the achievements, constraints and way forward. The results of the evaluation shall be presented and discussed in a plenary with a wider staff representation, using a workshop methodology under the leadership of the overall chairman and coordinated by the organizing secretary.

During the workshop, the incentive earned for the quarter will also be communicated to all the staff.

8.2 Incentive Mechanism

In order to drive performance, the Performance Improvement Plan incorporates a simple incentive mechanism, which is purely based on revenue collections. This is because in the current financial situation of SIBO-Bondo, any incentive payment for achievements of performance indicators that do not directly translate into physical cash would be fatal to the Company. Liquid cash is critical at this stage. And because money makes money, any payments based on actual cash collections are quite justifiable and will certainly enhance the cash flow position of SIBO-Bondo.

Due to the volatile nature of targets such as response time to leaks and complaints, unaccounted for water etc; they have not been taken into consideration because such targets require some time to establish authentic and transparent data capture procedures. Incorporating such targets in the incentive plans can easily lead into contentions and thus negative impacts on performance objectives.

The incentive mechanism considers a simple approach that rewards performance above the “SMART” collection target. It is based on a sharing plan for surplus realized above the SMART target collection. Its computation is as follows:

The Quarterly Incentive Earned (MIE) = $X\% * (C_A - C_m)$

Where:

- C_A stands for the actual average monthly collection achieved during the quarter under review
- $X\%$ is a percent to be determined by SIBO management from time to time, in such a way that its cash-flows are not affected negatively and staff motivation is also enhanced.
- C_m is the SMART collection target for the quarter under review
- If C_A is less than C_m no incentive shall be earned

The MIE shall be shared among all staff on a pro-rata basis. However SIBO-Bondo management may discretionarily, decide to award special awards to excelling staff in order to recognize outstanding performers and further drive performance improvement and viability of the Company.

MEMORANDUM OF UNDERSTANDING BETWEEN SIBO MANAGEMENT AND BONDO STAFF

1.0 This Memorandum of Understanding is made this 4th day of July, 2008

BETWEEN

Management of SIBO of P.O. Box 214, Siaya, Kenya, hereafter called MANAGEMENT

AND

Staff of Bondo Water Supply Scheme of P.O.Box 43, Bondo, hereafter called STAFF.

2.0 **WHEREAS MANAGEMENT** worked with its STAFF to come up with this Performance Improvement Plan, as a means of increasing staff productivity and commitment and consequently operationalizing the service provision agreement between SIBO and LVSWWB, the Strategic Plan for (2006-2012) and the Budget for the FY 2009/10, the STAFF have consequently embraced the principles and objectives of the Performance Improvement Plan. Now both parties hereby undertake to fulfill their obligations towards achievement of agreed targets and objectives.

3.0 OBLIGATIONS OF MANAGEMENT

- 3.1** To provide financial and technical support as agreed in the details set out in this Performance Improvement Plan.
- 3.2** To operate in a bureaucracy-free environment to enable the staff acquire the equipment and finance in the stipulated time.
- 3.3** To give required data or any other technical or professional support whenever consulted by the staff.
- 3.4** To carry out periodic monitoring of the activities as specified in Performance Improvement Plan to ensure that all activities and milestones are achieved in the specified time
- 3.5** To pay bonuses/incentives to the STAFF based on the incentive framework detailed in the Performance Improvement Plan

4.0 OBLIGATIONS OF STAFF

- 4.1** To do everything necessary to improve performance, of SIBO-Bondo scheme taking care of its jurisdictional activities and targets stipulated in this Performance Improvement Plan.
- 4.2** To take continuous pro-active steps and liaise with MANAGEMENT in respect to required operational inputs.
- 4.3** To provide timely reports as per the formats agreed upon and provided by MANAGEMENT
- 4.4** To optimize costs in all activities carried out taking into account the approved budget.
- 4.5** To ensure professional operations management that reflects the good image of SIBO-Bondo

5.0 It is hereby agreed by both parties that the Performance Improvement Plan document herein above mentioned shall be construed as part of this MoU.

6.0 **NOW THEREFORE** the STAFF and MANAGEMENT hereto sign this Memorandum of Understanding (MoU) the day and date first above mentioned.

SIBO MANAGEMENT

Signed by: Nashon O. Akello
MANAGING DIRECTOR For and on behalf of **MANAGEMENT**

Signed by: Edwin O. Owor
COMMERCIAL/FINANCE For and on behalf of **MANAGEMENT**
MANAGER

Witnessed by: John O. Nyambare
TECHNICAL MANAGER For and on behalf of **MANAGEMENT**

BONDO WATER SUPPLY SCHEME STAFF

Signed by: Morris Ojungu
Bondo Scheme Manager
For and on behalf of **STAFF**

Signed by: Gerald Omondi
Operator in Charge Production
For and on behalf of **STAFF**

Signed by: Moses Ondiji
Operator in-Charge Billing
For and on behalf of **STAFF**

Witnessed by: Carolin Akomo
Customer Care Officer
For and on behalf of **STAFF**

ENDORSEMENT

Endorsed by: Orenge Juma
BOARD MEMBER
For and on Behalf of **SIBO, KENYA**

Endorsed by: Dr. Francis Arigawa
BOARD CHAIRMAN
For and on Behalf of **SIBO, KENYA**

ANNEX

ANNEX 1: AGREED ORGANO GRAM FOR BONDO SCHEME

