

Financing Urban Water Services In Kenya

Utility Shadow
Credit Ratings



A publication of the Water Services
Regulatory Board in collaboration with
the Water and Sanitation Program



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This report was prepared jointly by a team of WASREB and WSP staff led by Angela Kimani from WASREB, and Rajesh Advani and Jemima Sy from WSP.

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Foreword

The publication of the first report on shadow credit rating is a giant step in the water services subsector in Kenya. It comes at a critical time when there is increased demand for water services which largely outstrips the service provision capacity of water utilities in the country.

The rapidly growing population has exerted pressure on the aging water and sanitation infrastructure, some dating back as far as before Independence. Though significant funding has come into the sector, it has proved insufficient to meet both the rehabilitation and expansion requirements of water services infrastructure. Natural population growth coupled with increased urbanization has exerted more pressure on urban water service providers (WSPs) which have to cope with increased densities and the rapid expansion and demand for services in towns.

In pursuit of its strategic objective of promoting the commercial sustainability of Water Service Boards (WSBs) and WSPs, the Water Services Regulatory Board (WASREB) has put in place an enabling environment by issuing licenses to WSBs based on specific technical and financial criteria and approving Service Provision Agreements between the WSBs and WSPs. Further, the WASREB has approved regular tariffs for both urban and rural WSPs. While these providers have been able to realize full operation and maintenance (O&M) cost coverage, with some reporting over 100 percent O&M coverage, they are unable to exploit their full potential since they cannot efficiently supplement the WSBs in infrastructure development. Further financing for infrastructural development will increasingly depend on the WSPs' ability to pay back the loans. This ability is enhanced by strong cash flows and good quality management. These two requirements are underpinned by a strong governance structure. This is the reason behind the WASREB putting in place corporate governance

guidelines to enhance, among others, transparency and accountability in the operations of the water services sector.

Though the public sector is charged with the responsibility of providing public services, the numerous competing demands from the different sectors of the economy make it difficult for available fiscal resources to match investments required in water services infrastructure. Further, the Constitution recognizes the human right to water and sanitation which impacts the development, organization, and management of water services provision in the country. This makes partnership with the private sector critical in plugging the finance gap for infrastructure development. The WSPs operating at above full cost coverage coupled with an effective regulatory environment provide an opportunity for private sector financing. This is also enhanced by the bankability of the subsector.

This shadow credit rating report provides the private sector with an insight of the subsector and the opportunities available.

I wish to acknowledge the various parties who made this exercise a success. I thank the Water and Sanitation Program for its partnership with the WASREB in the exercise, the WSPs for their cooperation in providing information, WASREB's staff for quality control and coordination of the exercise, and all the teams involved in the drafting and editing of this report.



Eng. Robert Gakubia
Chief Executive Officer, WASREB
October, 2011

Executive Summary

The Water Services Regulatory Board (WASREB), with support from the Water and Sanitation Program, is exploring the potential for urban water services providers (WSPs) to access medium-term finance from commercial lenders. The debt will be used to finance infrastructure investment to improve access to water services by Kenyans. This paper presents the results of a credit assessment and shadow rating exercise for 43 urban WSPs.¹ The objective of the credit assessment is to provide borrowers and lenders with an overview of the creditworthiness of WSPs to support access to local currency finance from the domestic financial market. It gives an overview of the credit capacity of water utilities, provides utilities with a diagnostic to identify areas for improvement, and exposes financial institutions to potential lending opportunities in the water sector. Commercial finance in water is seen as a supplementary resource to public finance, which remains the predominant source of investment funds in the sector.

Using domestic ratings that benchmark WSPs against a AAA rating for the Government of Kenya, the results show that 13 WSPs rated A or BBB are creditworthy and that another 16 rated BB are potentially creditworthy. Relatively small improvements in some financial and operating performance indicators should enable the top four BB rated WSPs to access debt from the domestic financial market. The results also show that 14 WSPs are in the 'No Rating' category. These WSPs have difficulty remaining solvent and require substantial reforms before financial markets will advance them loan finance. The assessment rates WSPs in areas that are particular to a utility, such as financial and credit management, management quality and capacity, and operational performance, as well as external factors such as economic base, susceptibility to external shocks, and changes in sector policy.

By financing parts of the required capital expenditure on the balance sheet of WSPs with commercial loans, public funds (that is, budget allocations, grants, and concessional loans from development partners) can be freed up for larger

investments or those that may not be commercially viable, such as water resource development, storage, treatment, and expansion into areas where poor consumers cannot afford cost recovery tariffs. The decision to borrow, however, rests with the management of the creditworthy WSPs. Management needs to take up the challenge, prepare projects for financing, and seek the necessary support from their boards of directors. Some recommendations to move towards closing financially viable transactions are presented here.

WSPs must take the lead in identifying and developing viable projects for financing.

Ideal projects for commercial finance are those that will generate sufficient revenue to repay the debt used to finance them. Such projects are likely to be tertiary investments in network densification and expansion, metering, measures to reduce nonrevenue water (NRW), and noncapital intensive source augmentation and treatment.

Investments should be sized to fit the debt capacity of WSPs.

When using commercial debt to finance infrastructure, capital investment plans should fit the debt absorption capacity of the borrower. Scaling back or phasing capital investments to match the financial resource envelope will have to be considered by WSPs that are borrowing from the market.

Commercial debt should be blended with financial support from the public sector.

Owing to the relatively recent tariff reform, the ability of WSPs to raise all the financial resources needed for investment is very limited. Public finance and grants from development partners can be leveraged to attract investment from the domestic financial market into the water sector.

Tariff revisions and indexation may be required to support access to commercial debt.

Some tariff hikes might be necessary for WSPs to generate enough cash to access market finance. Given the current high inflation environment in Kenya, it is likely that some form of annual indexation in tariffs will also be required to ensure that projected surpluses that secure the loans are not eroded by inflation.

¹ Data extracted from the assessment have been used for the tables and figures presented in this report.

When ascertaining the financial viability of projects and the debt capacity of potential borrowers, lenders should couple past performance with projected revenues from new projects.

Tariff reforms in the water sector were initiated in 2009 and were only formalized in 2010. Hence, there has not been sufficient time for WSPs to record significant surpluses on their balance sheets. Lenders should therefore concentrate their appraisals on the ability of management to operate a utility and implement the proposed projects. A security structure that relies on the cash flow from water sales to provide the lender with the necessary comfort that debt service payments will

receive priority after essential operating costs have been met should be used to secure debt.

The results of the credit assessment present a case for creditworthy WSPs to prepare projects for financing and for the domestic financial sector to consider lending to select water utilities. In addition to improving access to finance, the results of the credit assessment provide an opportunity for WSPs to identify areas for improvement and to exchange good practices between utilities. Positive steps to address performance issues that hinder access to credit could see significantly more investment in water by the private sector, resulting in improved access to services in urban areas.



Acronyms and Abbreviations

AFS	Audited Financial Statements
CPI	Consumer Price Inflation
DSCR	Debt Service Coverage Ratio
GCR	Global Credit Ratings
GDP	Gross domestic product
KES	Kenyan Shilling
MWI	Ministry of Water and Irrigation
NRW	Nonrevenue water
NWCPC	National Water Conservation Pipeline Company
O&M	Operation and maintenance
OCCR	Operating Cost Coverage Ratio
S&P	Standard and Poor's
SPA	Service Provision Agreement
VAT	Value Added Tax
WASREB	Water Services Regulatory Board
WaterCAT	Water Credit Assessment Tool
WRMA	Water Resources Management Authority
WSB	Water Service Board
WSP	Water service provider

1. Introduction

1.1. Overview of Water Sector Financing

Today, some 8.1 million Kenyans are served by 62 urban water services providers (WSPs). This represents 40 percent of the urban population within WSP service areas and 21 percent of the total population². The rate of urban water coverage has been growing at a rate of 5 percent over the last four years; the urban population is projected to grow from the current 11.5 million to 19 million by 2020,³ that is, at about 7 percent annually. Investments in water supply will thus need to rise more rapidly to expand services to the growing urban population if Kenya is to achieve its national target for access to safe water of 80 percent in urban areas and 75 percent in rural areas by 2016.⁴

Water supply and sewerage services are delivered through water services providers (WSPs) acting as agents of eight regional Water Services Boards (WSBs). WSBs own and develop infrastructure used in the production and delivery of water services, and contract WSPs to operate the systems in demarcated service areas. The Water Services Regulatory Board (WASREB), the independent industry regulator, licenses WSBs who in turn engage WSPs as agents through service Provision Agreements (SPAs). The WASREB oversees the implementation of policies and strategies relating to the provision of water and sewerage services; approves tariff rates; sets rules; and monitors the performance of WSBs and WSPs.

In a move towards improving the financial sustainability of WSPs and WSBs, the WASREB announced an Extraordinary Tariff Adjustment in January 2009 that resulted in tariff increases levied by WSPs of between 70 percent and 100 percent. This move was followed by a formal tariff adjustment process where WSPs and WSBs applied for regular tariffs to support their cost base in a

progressive shift towards implementing a full cost recovery tariff policy in the medium term. 'Full cost recovery' is defined as the total cost of providing services, which includes operating, capital, administrative, and debt service costs. WSPs are categorized by the WASREB into three categories: category 1 utilities with tariffs that cover operating and maintenance (O&M) costs, regulatory levies, and administrative fees paid to the WSB; category 2 utilities with tariffs that cover debt service costs in addition to costs covered by category 1 utilities; and category 3 utilities with tariffs that cover capital investment costs in addition to costs covered by category 2 utilities.

At present, capital investment in water is almost entirely financed from public funds. Infrastructure investment projects are executed by the WSBs and the National Water Conservation Pipeline Company (NWPC), a state corporation acting as the implementing agency of the Ministry of Water and Irrigation (MWI) funded by the government development budget, which is engaged in development of water resources through construction of dams and drilling of boreholes. The annual sector development budget of KES 32 billion has contributed significantly towards new investment and the rehabilitation of dilapidated infrastructure. KES 12 billion comes from the government budget and KES 20 billion from appropriations in aid, either in the form of soft loans guaranteed by the Treasury or grants⁵.

Although revenues in the sector are generated at the WSP level, WSPs currently play a very small role in infrastructure investment. Investments are financed by WSBs through loans and grants from the Treasury, some of which originate from development partners and are on-lent or on-granted to the WSBs. The WSBs recover their operating and debt service costs through administrative fees charged to the WSPs. Any surplus revenues - after financial obligations to the WSBs, regulatory levies, and O&M costs have been met - are earmarked for investment in system rehabilitation and expansion. These surpluses can most effectively be utilized by borrowing to raise investment capital and repaying the loans through surplus revenues.

2 Water Services Regulatory Board coverage data for 62 urban utilities 2009-10 (8.1 million people with access in population area of 20.5 million); as cited in IMPACT Report, Issue no. 4 (2011).

3 Source: Kenya Economic Update Edition 4, June 2011, the World Bank Group.

4 Source: Government of Kenya Sector Investment Plan; Ministry of Water and Irrigation 2009.

5 Source: MWI presentation on sector finances, 2010.

Reforms in the water sector facilitate access to private sector finance by providing financially viable WSPs with the necessary autonomy to raise debt. Although the 2002 Water Act, which is the basis of reforms, is currently under review to harmonize it with the new 2010 Constitution of Kenya, preliminary deliberations of the review committee suggest that provisions relating to the commercialization of water services will be retained and that private sector participation in the delivery of water services will be further encouraged.

The private sector, at present, plays a negligible role in financing water and sewerage infrastructure. Yet there is considerable liquidity within the financial sector, and banks and pension funds are keen to expand their portfolios if creditworthy projects are presented for financing. The doubling of sector revenues from KES 5.9 billion in 2006/07 to KES 12.2 billion estimated in 2010/11 offers opportunities to leverage surplus revenues and raise capital for investment in infrastructure.

There are a number of reasons why WSPs should consider undertaking investments themselves, even though WSBs are charged with developing the majority of sector infrastructure:

- WSPs can leverage surplus revenues to undertake strategic investments such as network densification, rehabilitation, metering, and other programs that can rapidly improve their revenue positions. Revenue generating investments can quite easily be financed with short- or medium-term commercial loans. These investments can be implemented relatively quickly by WSPs, which have good knowledge of their customers and distributions networks.
- It will free up financial resources and allow WSBs to concentrate on undertaking major investments in storage, treatment, and bulk transmission, for example. This will improve the efficient allocation of public funds and concessional loans by ensuring that low cost funds go into non-commercially viable long term investments and areas inhabited by the poor who cannot afford cost recover tariffs. For example, the proposed water resource augmentation for Nairobi is expected to cost KES 900 billion, an investment which on account of its large size requires concessional finance and is being undertaken by Athi Water Services Board. On the other hand,

extensions to unserved areas of Nairobi are smaller investments that can be implemented by the WSP, which has a comprehensive understanding of its network and the technical skills to implement such projects.

- As revenues are generated at the WSP level, Kenyan financiers have indicated that they will lend to WSPs to capture cash flows from consumers directly. Financial resources from the private sector can provide supplementary finance for water and therefore complement funding from the public sector and development partners. The entry point for these funds should depend on what the lender is comfortable with, that is, in the case of domestic banks, the preferred entry point is the WSP, whereas the Treasury may prefer to lend to the WSBs.
- WSBs, as state corporations, require approval from the Treasury to borrow. WSPs, on the other hand, are incorporated as limited liability companies and can therefore borrow with the approval of their boards of directors.
- There is no recourse to the Treasury for any loans taken by WSPs. Financiers will lend directly to WSPs based on an assessment of the risk-return profile of the investment/borrower.
- As limited liability companies, WSPs are liable to pay corporate tax in the absence of any exemptions. Interest paid on loans and depreciation charged on assets financed by WSPs will reduce their tax liability.

1.2. Purpose of the Credit Assessment

The main purpose of this credit assessment and shadow rating exercise is to provide borrowers and lenders with an overview of WSPs' creditworthiness, with the objective of determining their ability to raise debt in the domestic financial market. It gives an overview of the credit capacity of the water utilities, provides utilities with a diagnostic to identify areas for improvement, and exposes financial institutions to potential lending opportunities in the water sector.

The credit assessment assigns a rating based on an appraisal of the likelihood that companies, in this case WSPs, will default on a loan. The rating is established through a credit analysis methodology, the **Water Credit Assessment Tool (WaterCAT)**, to identify, measure, and analyze the key

quantitative and qualitative factors used by credit rating agencies to assess the creditworthiness of municipally-owned WSPs. The methodology is explained in Section 3 and factors assessed and scores assigned to each WSP in Annex 1. In this assessment, a 'shadow rating' is assigned, denoting that it is primarily for diagnostics and sounding out or testing how financiers might evaluate a company's credit standing.

For the lender, the assessment can signal an opportunity for working with WSPs of sound credit. For potential borrowers, it can encourage creditworthy WSPs to finance capital investments off their own balance sheets. For less-than-creditworthy WSPs, it provides an opportunity to focus on areas to improve their rating. This information can improve WSP access to market finance considering that little direct borrowing by WSPs is currently happening. The information on whether commercial financing can be viably used to support investments of selected creditworthy WSPs can also be used as an input to improve sector wide capital planning by directing limited concessional finance into non-commercially viable investments.



2. Credit Ratings in General

A credit rating is a formal opinion by an independent, specialized agency, the credit rating agency, on the long term ability, capacity, and willingness of the borrower to repay commercial debt on a timely basis. The process of assessment is part science and part art in the sense that historical data, which is factual, can be used to predict trends into the future, which are speculative.

2.1. International Versus Domestic Ratings

All ratings reflect a loss probability (probability of defaulting on an obligation) against benchmark investments that are regarded as risk-free. Corporates with the highest quality credit are awarded AAA ('triple A') ratings, and are generally considered almost risk-free. A lower credit rating indicates a higher probability that an entity will default on a debt service payment. For example, AAA-rated corporates have historically had a default rate of 0.11 percent every five years and 0.66 percent every 10 years, whereas BB-rated corporates have had a default rate of 14.77 percent every five years and 26.61 percent every 10 years.⁶ Entities (such as corporates and municipalities) and specific debt instruments issued by these entities can both be rated. The ratings often differ between the two depending on the seniority and underlying security that underpins a specific instrument.

Sovereign ratings on a global scale measure the most robust economies as benchmarks, where defaults are regarded as highly improbable. Ratings of sovereigns are based on a number of macro-economic considerations such as export surplus, foreign reserves, and the general strength of the economy. Examples of AAA rated economies are Singapore, Germany, and New Zealand.

Most emerging market economies, however, are internationally rated as being of lower credit quality, that is, below investment grade (below BBB). For example, Kenya is rated B+.⁷

This gives rise to the concept of domestic ratings. Domestic ratings use a 'within-country' approach by benchmarking other institutions to the government of the country. In domestic ratings, the government receives an AAA rating even though its international rating is below this. In this assessment, the Kenyan government has a domestic rating of AAA while the international rating is B+. In the country context, the sovereign is largely regarded as risk-free and assigned a AAA rating, as it can effectively print money to make a debt service payment, albeit at the cost of higher inflation. This implies that domestically no other entity can have a higher rating than the sovereign benchmark. Domestic ratings are normally indicated by a country suffix, such as BBB.za for an organization or debt instrument rated in the Republic of South Africa.

2.2. The Benefits of Credit Ratings

There are a number of benefits to having a formal credit rating:

- It provides an *independent* and *objective* evaluation of an institution's or utility's creditworthiness to banks, financial institutions, and other lenders.
- It has been proven, on the whole, to be an *accurate predictor* of the risk of default and the likely severity of a default. This, in turn, helps banks or financial institutions to decide whether or not to lend to the entity concerned.

⁶ Source: Standard & Poor's (S&P) Risk Solutions Credit Pro 6.2; Fundamentals of Corporate Credit Analysis, Ganguin and Bilardello.

⁷ Source: Standard & Poor's Global Credit Portal; August 5, 2011.

- Not all institutions or utilities are equally creditworthy, so lenders and investors need a way of assessing how risky their loan might be. The scale of credit ratings allows a potential lender or investor to compare different utilities or institutions with each other and assess their relative creditworthiness.
- It assists investors in pricing risk correctly. For example, the Republic of South Africa's four-year domestic bond with a domestic credit rating of AAA currently has a 6.46 percent yield, whereas Umgeni Water with a domestic rating of AA has yield of 9.26 percent on its five-year bonds. The 2.8 percent yield difference represents the additional compensation investors require for the Umgeni water bond to compensate for the additional risk that Umgeni water will default on a debt service payment.
- It can improve the negotiating position of the utility or municipality with its lenders, especially with regard to finance costs. In developed markets where credit ratings are widely used, a rating can often facilitate access to finance without the lender having to perform its own due diligence.
- It allows the rated entity to focus on areas that reduce its creditworthiness and launch actions to address these issues.

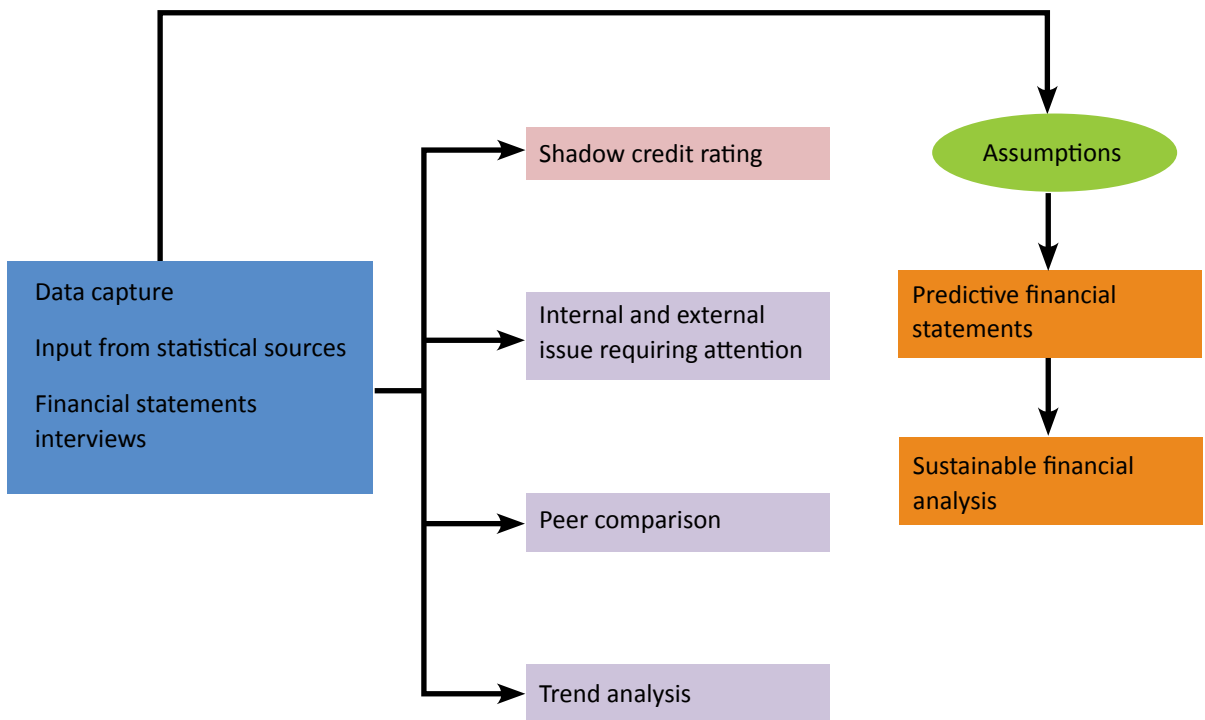


3. WaterCAT Credit Assessment and Shadow Rating Methodology

While a formal credit rating is an opinion by an accredited rating agency, a shadow rating is an opinion of the likely rating that the organization would get were it to have a formal rating. Formal credit ratings are not widely used in Kenya, even by companies listed on the Nairobi Stock Exchange.

WaterCAT ratings are based on the domestic rating scale that benchmarks the rated agencies against an AAA domestic rating for the Government of Kenya. Figure 1 illustrates the WaterCAT shadow credit rating process.

FIGURE 1: WATERCAT PROCESS



WaterCAT gathers financial, operating, and management data from Audited Financial Statements (AFSs) and structured management interviews, and combines this information with socioeconomic data to assign scores against internal and external criteria to determine a utility’s credit quality rating. Individual WaterCAT scores can be compared to peer utilities to help identify common creditworthiness trends and issues.

The WaterCAT methodology was developed and refined by calibrating the scoring system against

formal credit ratings of seven African water utilities carried out by Global Credit Ratings (GCR) in December 2008 in Uganda, Burkina Faso, Senegal, Tunisia, and Kenya. The credit assessment was commissioned by the Water and Sanitation Program at the request of the African Water Association, and co-funded by the Private-Public Infrastructure Advisory Facility and the African Development Bank.⁸

⁸ Global Credit Ratings is an independent rating agency based in South Africa that specializes in emerging market credit ratings.

3.1. Criteria Used for WaterCAT Credit Analysis and Shadow Rating

To arrive at a shadow credit rating, WSPs were scored against the WaterCAT criteria shown in Table 1. The criteria include internal and external factors that mirror key rating factors used by credit rating agencies for a formal water and sewer utility credit rating. For example, the formal rating assigned by GCR to Nairobi City Water and Sewerage Company in 2008 is the same as that assigned by this shadow credit assessment.

The internal criteria accounts for 73 percent of the overall credit score of a utility. Internal criteria comprise company-specific indicators that reflect the financial, operational, and management strength of WSPs and have been closely aligned with the WASREB's key performance indicators. Internal criteria include the following aspects: financial and credit management, management quality and capacity, operational performance, strategic planning and internal transformation, human resources and utilization of private sector, and customer relations.

'Financial and credit management' indicators measure the capacity of the WSP to meet its operating and maintenance expenses and service any debt obligations, and captures indicators such as efficiency of collections and payments. Internal criteria also measure key aspects of 'management quality and capacity', such as organizational structure and compliance with regulatory guidelines, while 'operational performance' captures indicators such as nonrevenue water

(NRW), water quality, maintenance quality and efficiency, and staff salaries as a percentage of operating expenditure.

The external criteria comprise the balance (27 percent) of the total WaterCAT creditworthiness score. External factors are beyond the control of the management of a WSP but have a significant impact on its capacity to make debt service payments and can be mitigated with strategic risk management. External criteria measure the political and socioeconomic environment in which a WSP functions that affects its ability to operate, generate revenue, and meet its financial obligations.

External criteria focus on the following aspects: support from government, autonomy and accountability, external risks, and the economic opportunities/base. 'Support from government' measures the degree and predictability of government support to WSPs, including during times of distress. The aspect of 'autonomy and accountability' refers to the independence of the utilities to make decisions without external intervention and the accounting controls employed. 'External risks' assesses the dependency of WSPs to irregular support, such as reliance on government and donor grants or subsidies, and assesses other external risks, such as the vulnerability to political interference that would force a utility to meet unfunded mandates. 'Economic base' measures things like the average income of customers in the service area and the diversity of the customer base. Where region specific information such as unemployment and gross domestic product (GDP) per capita was not available, national data were used.

TABLE 1: CRITERIA AND CATEGORIES USED IN THE WATERCAT CREDIT ANALYSIS AND SHADOW RATING

Criteria and Categories	Weighting = Maximum Points
Internal Criteria	Sub-Total: 73
Financial and Credit Management	25
Management Quality and Capacity	19
Operational Performance	15
Strategic Planning and Internal Transformation	5
Human Resources and Utilization of Private Sector	5
Customer Relations	4
External Criteria	Sub-Total: 27
Support from Government	10
Autonomy and Accountability	4
External Risks	3
Economic Base	10

Within each category, there are a number of indicators that measure different aspects. There can be between four and 18 indicators within each category. Each indicator is assigned varying weights of importance within the category. Indicators are scored 0–4 against set levels of performance

and the scores are scaled against the maximum weighting within the category. The category scores are aggregated to arrive at a total score that is then converted into a percentage out of 100 points. The shadow rating assigns a letter rating according to the scores shown in Table 2.

TABLE 2: WATERCAT RATING CATEGORIES AND CORRESPONDING SCORES

WaterCAT Rating	
Rating	Percentage Score
No Rating	0% to 34%
BB	35% to 44%
BBB	45% to 59%
A	60% to 69%
AA	70% to 79%
AAA	80% and above

Lenders consider ‘BBB to AAA’ ratings as ‘investment grade’, meaning entities with these ratings are of medium to good credit quality and likely to make good on their loans and, therefore, can access the private sector financial markets. Standard and Poors (S&P) defines an A-rating as having ‘strong payment capacity’ and BBB-rating as having ‘adequate payment capacity’. With some improvements to its financial, management, and operating performance, a BB rated entity could have the potential to access credit. S&P defines a BB-rating as ‘likely to fulfill obligations; ongoing uncertainty’. Companies rated below BB were assigned a ‘No Rating’, which indicates that a

significant amount of performance improvement is required for the utility to access market finance.

The WaterCAT shadow credit rating scores are *indicative* of creditworthiness. A more thorough assessment of the specific WSP loan proposal or debt instrument is necessary before definitive conclusions can be made about WSPs’ ability to access credit. Lenders will normally use the credit rating as a screening process and then perform an independent financial and due diligence analysis of borrowers that apply for loans and the proposed projects they intend to finance.

4. Results of WaterCAT Credit Analysis and Shadow Rating

This Section presents the results of the WaterCAT shadow credit rating for 43 WSPs. The first part of the Section reviews WaterCAT scores and the distribution of WSPs into grades of creditworthiness: from AAA to 'No Rating'. The second part of the Section analyzes the different internal and external criteria scores of the creditworthy and potentially creditworthy WSPs. The analysis presented here is based on five years of audited financial reports from 2005/06 to 2009/10 and interviews.

4.1. General Results

The results of the WaterCAT credit analysis and shadow rating for the 43 WSPs can be grouped into three categories: (a) 13 investment grade (A and BBB); (b) 16 potentially creditworthy WSPs on the verge of being investment grade (BB); and (c) 14 WSPs with 'No Rating.'

TABLE 3: CATEGORIZATION OF WSPs BY RATING AND SCORE

Creditworthy		Creditworthy		Potentially Creditworthy			
A		BBB		BB		No Rating	
WSP Name	Score	WSP Name	Score	WSP Name	Score	WSP Name	Score
Nyeri	61%	Meru	53%	Embu	44%	Mombasa	34%
		Malindi	52%	Limuru	43%	Sibo	34%
		Nairobi	49%	Kiambu	43%	Isiolo	33%
		Kisumu	49%	Nakuru Rural	43%	Western	33%
		Nyahururu	49%	Gusii	42%	Lodwar	31%
		Muranga	48%	Kericho	42%	Muranga South	31%
		Thika	47%	Nzoia	42%	Nyandarua	29%
				Kilifi			
		Eldoret	47%	Maraikani	40%	Olkalou	29%
		Nanyuki	46%	Nithi	40%	Machakos	28%
		Garissa	46%	Mathira	39%	Kitui	28%
		Ruiru Juja	46%	Mavoko	39%	Kwale	27%
		Nakuru	45%	Narok	39%	Noi Turesh	26%
				Kahuti	38%	Eldama Ravine	25%
				Kikuyu	38%	Amatsi	24%
				Oloolaiser	37%		
				Kirinyaga	36%		

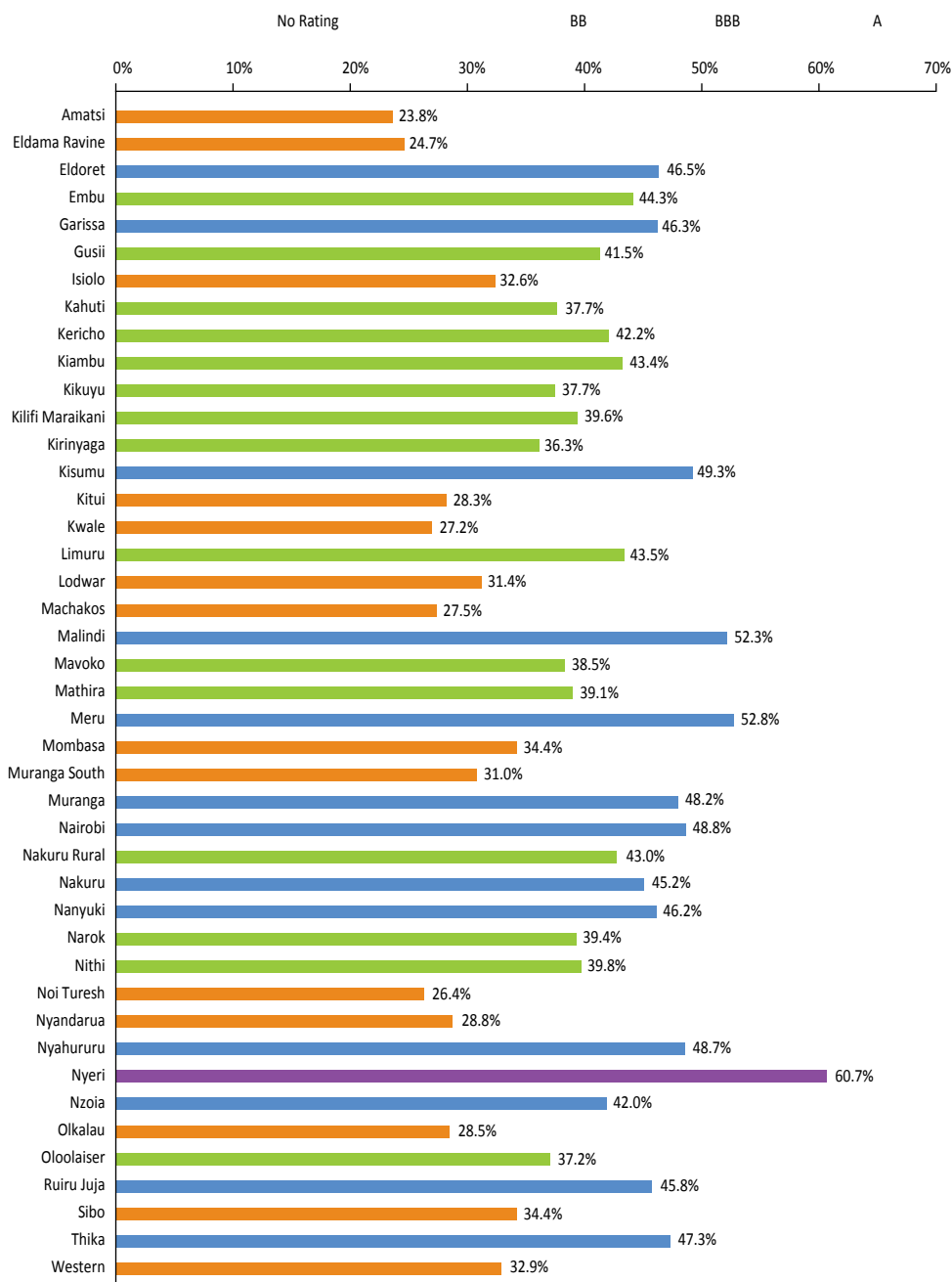
Thirteen of the 43 WSPs are investment grade in the Kenyan context and can be good risks should they access market finance. The highest rating is an 'A' for Nyeri, which scored 61 out of a maximum 100 points. Of all the utilities, Nyeri scored the highest in the 'financial and credit management', 'strategic planning and internal transformation', and 'human resources and utilization of the private sector'

categories and sets the best practice benchmark for WSPs interested in securing commercial finance. All other investment grade-rated WSPs received a BBB (triple B) rating with scores between 45 and 53. Between Nyeri and the highest BBB-rated WSP, Meru, there is an 8-point difference—about one standard deviation.

Sixteen WSPs are rated BB (double B). BB-rated utilities are considered below investment grade. It is worth noting, however, that all but one BB-rated utility is within one standard deviation from the BBB category and can be considered 'potentially creditworthy', that is, likely to fulfill financial obligations but with an element of ongoing uncertainty. Relatively small improvements in some financial and operating performance indicators, discussed more fully in Section 5, should enable the top four of these WSPs to access debt from the domestic financial market.

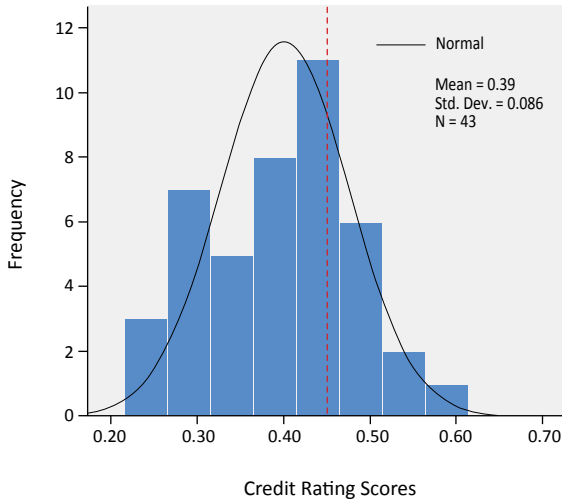
The results also show that a significant number of WSPs (14, or 33 percent) are in the 'No Rating' category. These WSPs have difficulty remaining solvent and require substantial reforms before financial markets will advance them loan finance. The lowest score for this category is 24 percent and half of them score lower than 29 percent. Categorized scores for each WSP is presented in Annex 1 and summary financial statements for A, BBB and BB rated WSPs are presented in Annex 4.

FIGURE 2: WATERCAT SCORES AND SHADOW CREDIT RATING FOR 43 WSPS



4.2. Shadow Credit Rating Mean Scores

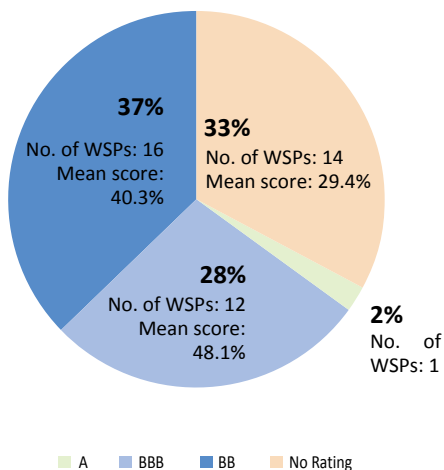
FIGURE 3: DISTRIBUTION OF WSPs BY CREDIT RATING SCORE



The median score for the 43 utilities is 40 percent, that is, half of the WSPs reviewed are below, and the other half above, this point. The mean (39 percent) is to the left of center, which implies that the distribution of WSPs across the scores is slightly skewed to the left towards the lower ratings. The red line in Figure 3 is a reference line at 45 percent, the threshold for an investment-grade rating.

Figure 4 shows the number of WSPs in each rating category and their mean WaterCAT scores. Within each rating category, the distribution of WSP scores is skewed to the right, that is, towards the threshold point to reach the next higher level.

FIGURE 4: WATERCAT TOTAL MEAN SCORES BY SHADOW RATING CATEGORY



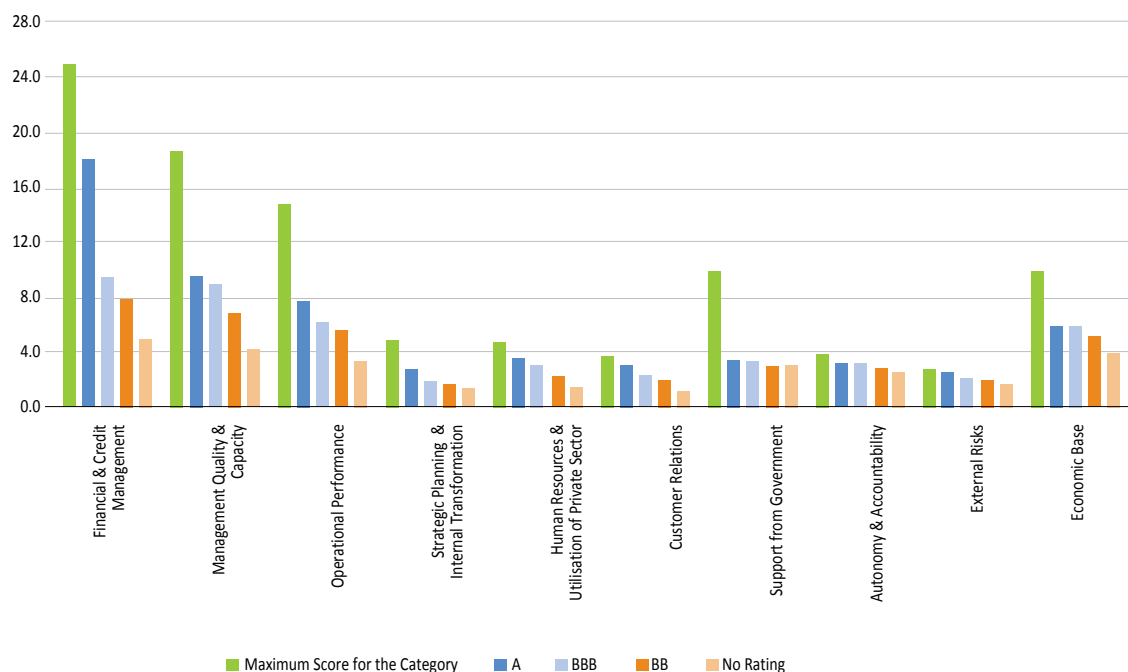
There is most variance in the scores within the BBB category. It is also notable that the observed mean of 48 percent for this group is below the expected mean for the range of 52 percent, and the median for this group is 47.5 percent - meaning that half of them score below this point. So while WSPs in the BBB class are investment-ready, they are not necessarily uniform in their credit quality and their scores are lower than the expected averages for BBB rated entities.

For the other two categories (BB and 'No Rating'), the observed mean are higher than the expected mean. In particular, the observed mean for the 'No Rating' group is 29.4 percent whereas the expected mean for the range 0 percent to 34 percent is only 17 percent. This indicates that the average scores of these WSPs are better than expected for BB and No Rating entities.

4.3. Category Results

Figure 5 provides the average score of rating groups (A, BBB, and so on) for each of the categories analyzed in WaterCAT. Blue bars (dark and light) represent the investment grade WSPs, and orange bars represent those that are not. The graph also shows, in green bars, the maximum score for each of the categories.

FIGURE 5: WATERCAT MEAN CATEGORY SCORES BY RATING



The analysis finds a statistically significant (to the 0.01 level) correlation between ‘financial and credit management’ results from this assessment and the ‘management quality and capacity’ (Pearson Correlation: 0.414) and an even larger correlation between ‘operational performance’ and ‘management quality and capacity’ (Pearson Correlation: 0.567). The data suggest that sound, strategic management plays a critical role in the good financial and operational performance of a utility.

4.4. Internal Criteria

Comparing investment- and below investment-grade WSPs, the former seem to have an advantage

in internal factors such as ‘management quality and capacity’, ‘operational performance’, and ‘human resources and utilization of private sector’.

Table 4 presents the top five ranking WSPs within each of the internal criteria categories. Note that Nyeri appears in the top five across all categories, while Meru appears in all but the last category. While dominated by Nyeri and other BBB-rated WSPs, it is worth noting that in some categories even those in noninvestment grade categories can be competitive. A more detailed statistical analysis and the full ranking per category are included in Annexes 1 and 3.

TABLE 4: TOP FIVE WSPs ACCORDING TO INTERNAL CRITERIA

Category	Rank 1	Rating	Rank 2	Rating	Rank 3	Rating	Rank 4	Rating	Rank 5	Rating
Financial and Credit Management	Nyeri	A	Kisumu	BBB	Nithi	BB	Meru	BBB	Narok	BB
Management Quality and Capacity	Malindi	BBB	Meru	BBB	Nyahururu	BBB	Thika	BBB	Nyeri	A
Operational Performance	Narok	BB	Malindi	BBB	Nyeri	A	Nyandarua	No Rating	Meru	BBB
Strategic Planning and Internal Transformation	Nyeri	A	Thika	BBB	Nakuru	BBB	Nakuru-Rural	BB	Meru	BBB
Human Resources and Utilization of Private Sector	Nyeri	A	Oloolaiser	BB	Eldoret	BBB	Meru	BBB	Malindi	BBB
Customer Relations	Kisumu	BBB	Nyeri	A	Kericho	BB	Malindi	BBB	Nairobi	BBB

4.5. External Criteria

Investment-grade WSPs as a class also seem to be working under a more robust economic base than their counterparts. This is true even if two out of nine indicators (unemployment and GDP per capita) within the economic base category have been 'neutralized' by assigning a similar score across WSPs. This was done because data were not available at local levels, but only at national level.

Apart from this, however, a number of external criteria categories do not distinguish between investment- and below investment-grade WSPs. For example, average scores across rating categories are similar for 'support from government', 'autonomy and accountability', and 'external risks'. Statistical tests comparing the results in the 'financial and credit management category' to 'support from government', and to 'external risks' confirm these observations and find no correlation between the sets of variables. On the other

hand, the variable 'autonomy and accountability' showed a statistically significant (at the 0.01 level) and strong correlation (Pearson Correlation: 0.534) with the outcomes of 'management quality and capacity'.

The results suggest that the experience of WSPs across a number of external criteria indicators did not differ between utilities, creditworthy or not. Indicators where WSPs scored practically the same are: government provision of operational support, probably of government assistance in case of serious management problems, alignment of WSB tariff proposal with tariff approvals by the regulator, independence to take loans, and vulnerability to political changes. As the external criteria assess the WSPs in the overall economic context and not just the context of the water sector per se, they also represent the performance of the water sector against other sectors of the economy.

5. Analysis of Key Financial Ratios and Operating Performance Indicators

This Section presents results of selected indicators that have a significant impact on the shadow credit rating of utilities assessed in this paper.

The financial ratios and performance indicators discussed in this Section are listed in Table 5 with their formulae.

TABLE 5: KEY FINANCIAL RATIOS AND OPERATING PERFORMANCE INDICATORS

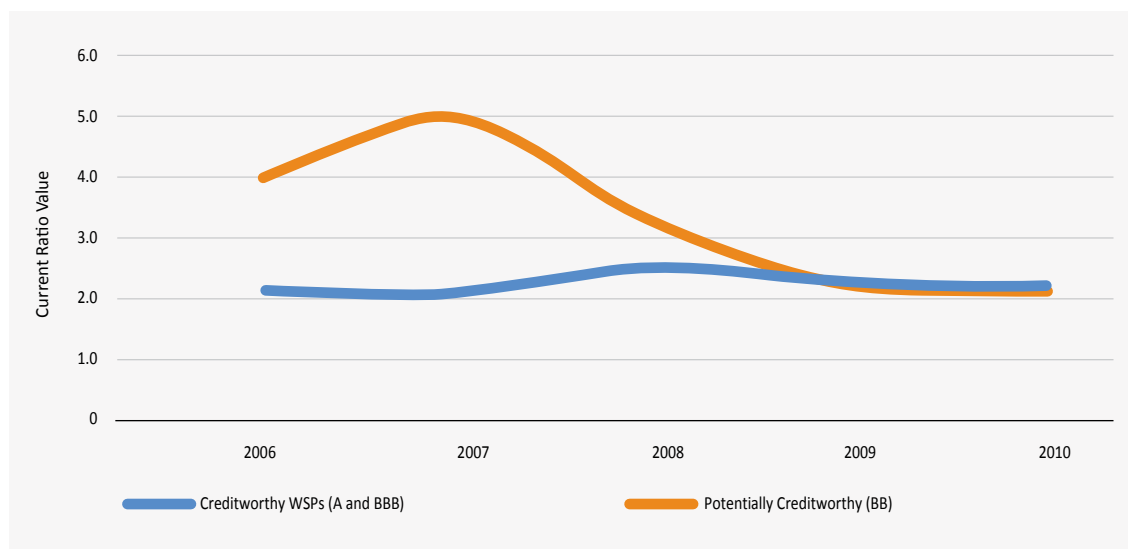
Indicator	Calculated as
1. Current Ratio	Current assets/Current liabilities
2. Net Surplus/(Deficit) %	Net surplus (deficit) after tax as a percentage of total revenues
3. Operating Cost Coverage Ratio	Total operating revenue/Total O&M costs
4. Debt Service Coverage Ratio	Surplus (deficit) after tax plus interest and depreciation/Debt service (interest + principal)
5. Debtor Days	Net debtors/Operating revenue x 365
6. Nonrevenue Water (NRW)	(Volume water produced – volume water sold)/Volume water produced
7. Billing Efficiency	Total volume of water billed/Total volume water produced
8. Collection Efficiency	Total cash collections/Total annual water and sewage billed
9. Metering Ratio	(Total no. connections – metered no. connections)/Total no. connections

5.1. Current Ratio and Annual Surplus

The current ratio is an indicator of short-term liquidity. It evaluates the availability of cash and other liquid assets to meet short-term financial obligations such as operating and maintenance

expenditures and debt service payments. A current ratio below 1.0 indicates substantial stress in a WSP's cash flow and threatens its ability to meet its short-term financial obligations. It also signals to creditors that these WSPs may not make timely debt service payments. Figure 6 shows the current ratios for five years for A/BBB and BB rated WSPs.

FIGURE 6: 2006 - 10 CURRENT RATIO, A/BBB AND BB WSPs (IN MILLIONS OF KES)

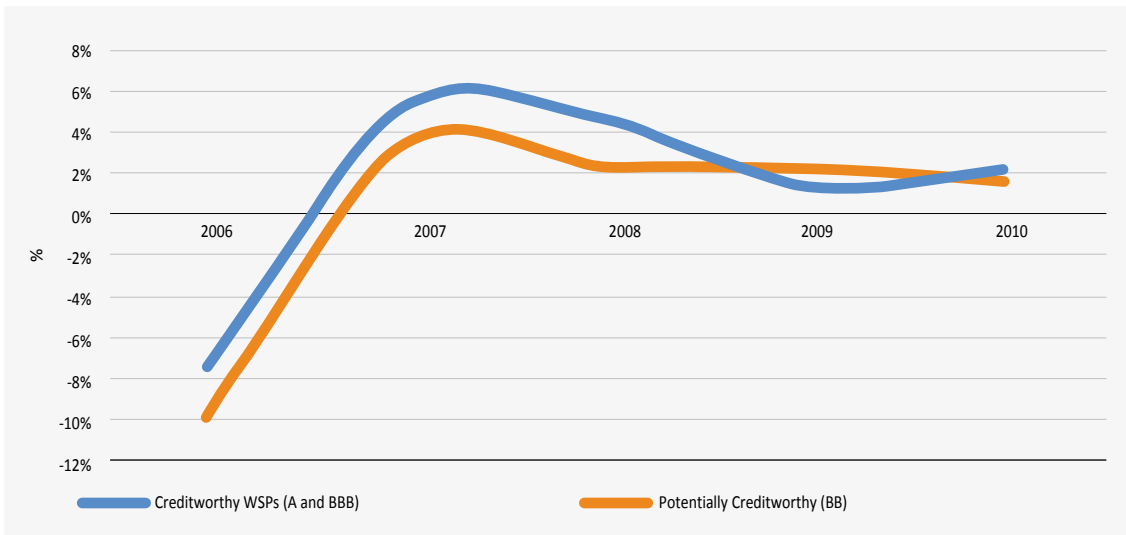


The trends show that the rated WSPs evaluated had sufficient liquidity between 2006 and 2010. A/BBB-rated WSPs maintained a stable current ratio throughout the period, whereas BB-rated WSPs had a significantly higher current ratio between 2006 and 2008, declining thereafter to similar levels as A/BBB-rated WSPs. It is noteworthy that receivables are included in current assets, and the high debtor days' ratio affecting all WSPs indicates that a significant portion of receivables may not be collectable. If adequate provisions are made for bad debts, the current ratios may decline.

The annual surplus (deficit) percent, or profit margin, is a ratio of surplus (deficit) over revenues.

For both groups there was a dramatic improvement in net income from substantial negative levels in 2006 to an average of about 2.5 percent (for BB) and 3 percent (for A/BBB) since 2008, as shown in Figure 7. This is mostly as a result of incremental revenues being generated by the WSPs following the Extraordinary Tariff Adjustment passed by the WASREB in January 2009. However, at approximately 2 percent, the thin net operating income of WSPs may need to grow to improve access to market finance because spikes in operating costs may result in losses in the absence of a tariff mechanism that allows adjustment for unforeseen costs.

FIGURE 7: 2006 - 10 ANNUAL SURPLUS (DEFICIT) %, A/BBB AND BB WSPs (IN MILLIONS OF KES)

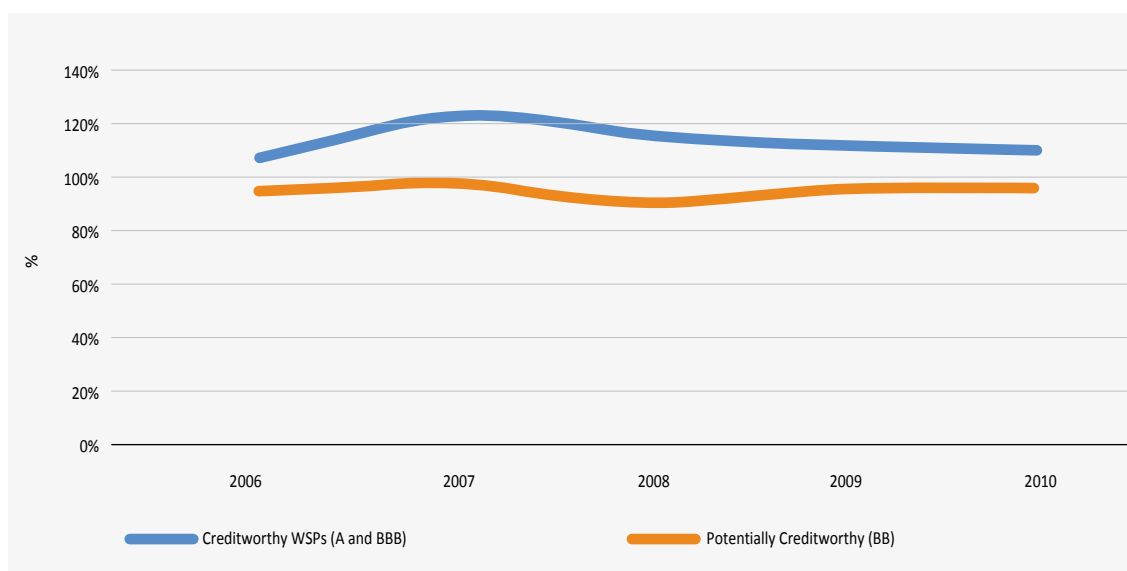


5.2. Operating Cost Coverage Ratio

Operating Cost Coverage Ratio (OCCR) measures a WSP's ability to recover operating costs with current operating revenues, and is a critical

indicator in assessing debt capacity. Compared to surplus (deficit), which measures profitability, OCCR is more a measure of the ability of a WSP to control costs.

FIGURE 8: 2006 - 10 OPERATING COST RECOVERY RATIO FOR BB AND A/BBB WSPs (IN MILLIONS OF KES)



A- and BBB-rated WSPs have sustained operating cost recovery (above 100 percent), but have stagnated since 2008. BB utilities are close to operating cost recovery and show a similar pattern: declining to 91 percent after achieving a 98 percent level in 2008.

BB-rated WSPs will need to rise above the 100 percent level and sustain short term cost recovery before lenders will finance rehabilitation and/or expansion improvements. A and BBB utilities, on the other hand, should strive to improve their OCCR to reduce the probability of default.

5.3. Debt Service Coverage Ratio

TABLE 6: 2006 - 10 DEBT SERVICE COVERAGE RATIOS FOR SELECTED A/BBB AND BB WSPs

Creditworthy WSPs (A and BBB)					
	2006	2007	2008	2009	2010
Nyeri	70.4	N/A	121.8	2.9	1.2
Eldoret	0.2	0.5	1.1	1.0	1.1
Nairobi	20.6	6.3	1.1	1.8	1.6
MEAN	30.4	3.4	41.3	1.9	1.3
Potentially Creditworthy (BB)					
	2006	2007	2008	2009	2010
Embu	N/A	1.1	4.6	12.0	74.5
Mathira	N/A	N/A	2.0	14.5	20.6
MEAN	N/A	1.1	3.3	13.3	47.5

Debt Service Coverage Ratio (DSCR) is one of the most important financial ratios that lenders use to assess creditworthiness. It measures the amount of “free cash” available from operations to cover debt service payments. Table 6 presents DSCR for five WSPs that have recorded debt obligations in their financial statements. DSCR for A and BBB WSPs show increased borrowing after 2008, whereas improved DSCR for the two BB WSPs indicates that outstanding debt obligations were settled during the period under review. Projected DSCR analysis is used to ascertain the debt absorption capacity of a borrower. This includes revenues from investments to be financed with the proceeds of any loans being applied for.

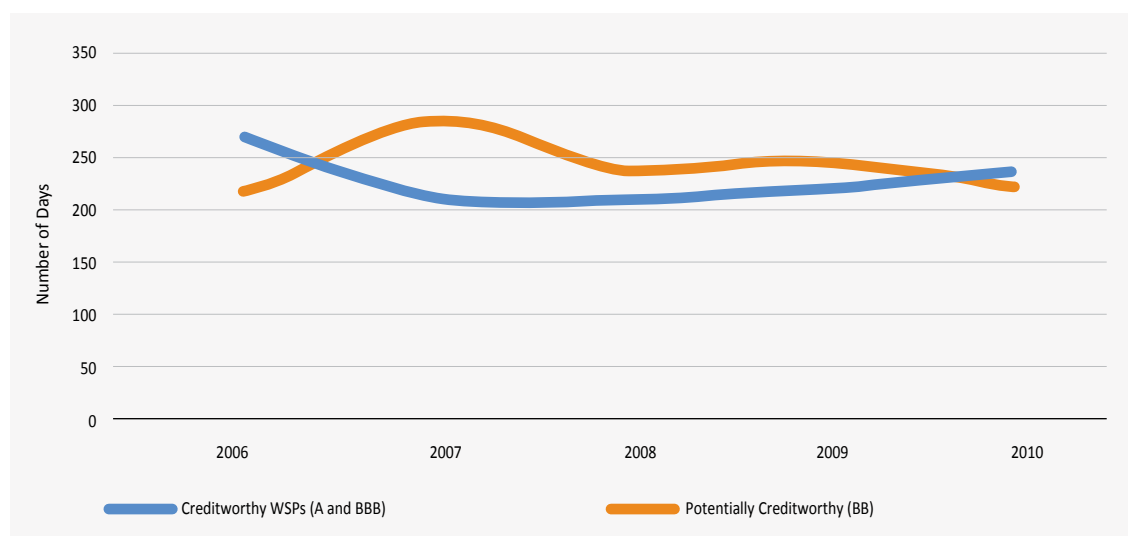
Lenders typically require a water utility to have more free cash than the required debt service payment: that is, a DSCR of between 1.3 and 1.5. This provides comfort to the lender that there is sufficient cash to meet debt service obligations in

the event that net operating income is less than projected, and provides surplus cash to build up a debt service reserve fund. The debt service reserve fund can be drawn upon by the lender in the event of default. Once the fund has enough cash to meet six months’ worth of debt service payments, lenders will typically not require any further deposits to be made into the fund.

In this case, all utilities have sufficient cash to meet their debt service obligations. In the case of Eldoret and Nyeri, however, lenders will be reluctant to provide additional financing to these WSPs on account of their low DSCRs in 2010, unless more free cash by way of tariff increases, for example, is available to the potential borrowers. WSPs with positive but low DSCRs will need to ensure that earlier loan proceeds are put to appropriate use that will generate the planned increases in revenue.

5.4. Net Debtor Days

FIGURE 9: 2006 - 10 NET DEBTOR DAYS, A/BBB AND BB WSPs



The debtor days’ ratio measures accounts receivable in terms of equivalent in daily revenue, and indicates how quickly cash is being collected from debtors. The longer it takes for a company to collect, the greater the number of debtor days. This is an area of concern for WSPs across the board. As Figure 9 indicates, net debtor days across all utilities in the WaterCAT assessment range from 200 to 250 days. The average levels for the period are 225 days for A and BBB, and 250 days for BB WSPs. Uncollected receivables have the primary effect of reducing the available cash to meet day-to-day operating expenses and debt service payments.

Over 60 percent of the total WSP revenues, that is, over two-thirds, have accumulated as accounts receivable in their 2010 balance sheets. This may in part be due to inherited legacy debts for which bad debt provisions have not been made. Creating provisions for bad debts will improve the net debtor days, as this indicator accounts for debtors net of provisions. The following WSPs improved their debtor days’ ratio since inception: Nyeri, Eldoret, Garissa, Kisumu, Meru, Muranga, Nairobi, Nyahururu, and Ruiru Juja.

5.5. Billing Efficiency

Net debtor days assume that amounts are billed but have not been collected. Billing efficiency, on the other hand, measures the amount of water sold that has been billed. While uncollected bills affect the cash position of a WSP, unbilled sales affect its revenue potential.

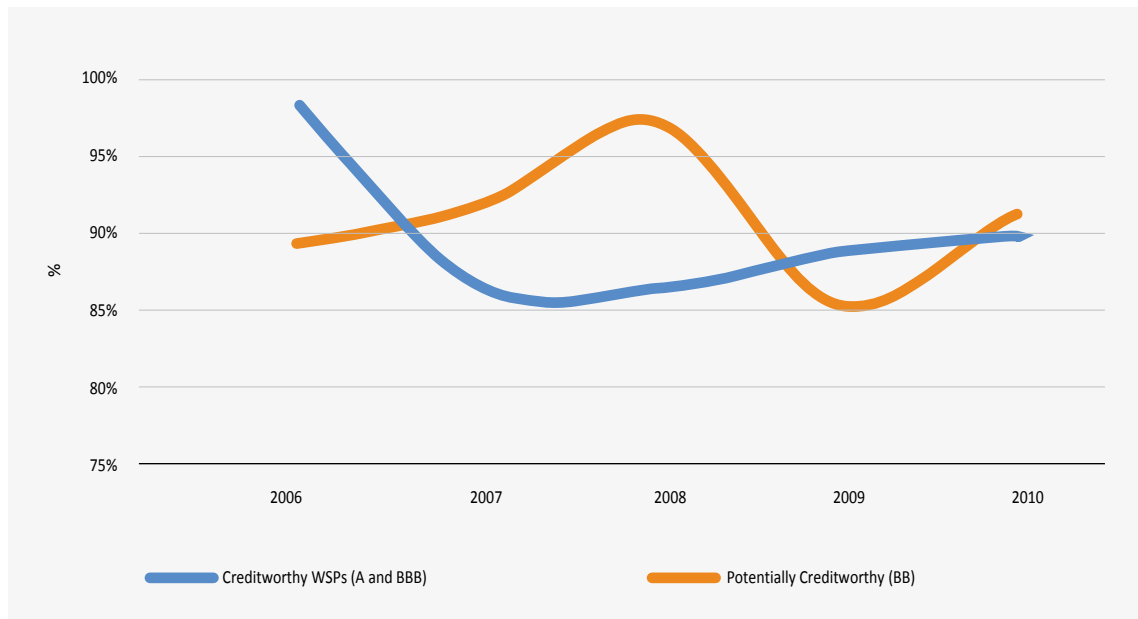
WaterCAT interviews with utilities indicated very low billing (and collection) efficiency scores. Less than half of the utility managers interviewed believed their billing systems were adequate and efficient, regardless of their shadow rating. Inadequacies range from lack of consumer records, inadequate updating of customer accounts, outdated systems used for monitoring, noncategorization of receivables by customer type and age, fragmented information management, and other administrative problems.

This is an area where the cost-benefit of improving billing systems by using state-of-the-art information management systems, combined with a focus on customer management, can deliver substantial results within a short time frame.

5.6. Collection Efficiency

Collection efficiency measures the amount of cash collections over billings. It is a measure of the efficiency with which a utility is able to realize cash from its billed revenue. The disconnection policy employed by a WSP for nonpayment by customers will often impact its collection efficiency. Most utility managers indicated that they apply service cut-offs rigorously and without political interference. However, the poor performance in terms of debtor days suggests that collecting receivables is a significant constraint for WSPs. Figure 10 shows the worsening collection ratios between 2006 and 2009, with some steady improvement thereafter.

FIGURE 10: 2006 - 10 COLLECTION EFFICIENCY, A/BBB AND BB WSPs

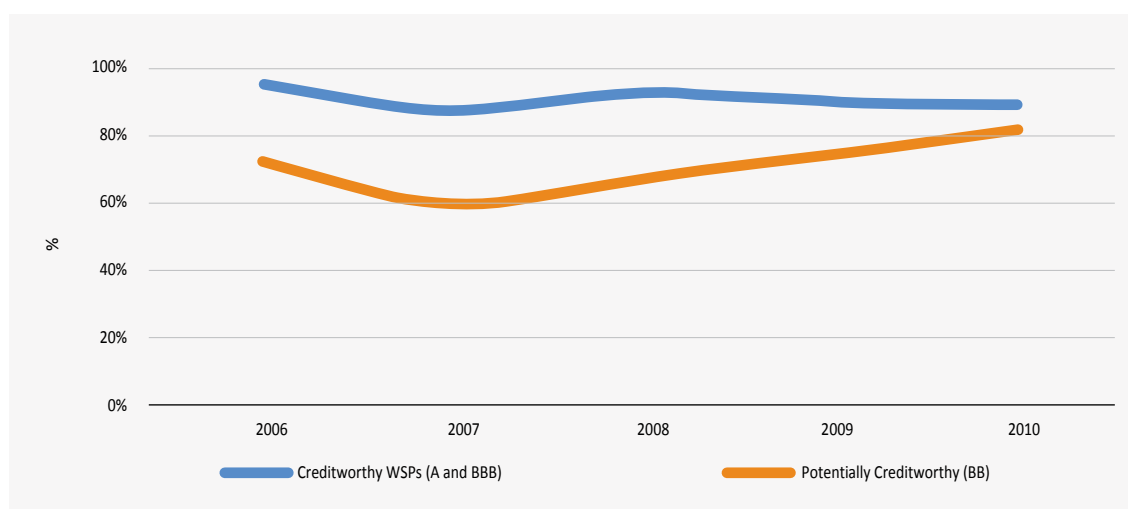


5.7. Metering Ratio

The metering ratio measures the number of active meters as a proportion of the total number of customer accounts that a WSP has on record. About 90 percent of A and BBB WSPs had metered

accounts versus about 80 percent for BB WSPs. Moving towards metering of all customer accounts will result in improvements in NRW and most of the other financial ratios and performance indicators used to judge creditworthiness.

FIGURE 11: METERING RATIO FOR A/BBB AND BB WSPs



5.8. Impact of WSP Size on Its Rating

TABLE 7: WSP SIZE AND IMPACT ON RATING

Rating	Size by Number of Connections ¹					Total
	No Data	Small <5,000	Medium 5,000–9,999	Large 10,000–34,999	Very Large >35,000	
No Rating	2	7	4	0	1	14
BB	0	4	4	8	0	16
BBB	0	1	5	4	2	12
A	0	0	0	1	0	1
Total	2	12	13	13	3	43

Statistical analysis does not find that the size of utilities, as measured by the number of connections, correlate to their credit rating scores. Even though seven out of 13 'investment grade' WSPs are either large or very large, five of the 12 WSPs rated BBB are medium sized. Size is therefore not an indicator of WSP creditworthiness. Indeed, the challenge for WSPs when expanding water supply coverage to a growing population is to ensure they do not erode their operating efficiency, which negatively impacts their financial viability. Careful capital planning, and maintaining adequate tariffs levels and operating efficiency, are critical for utilities to maintain creditworthiness.⁹

5.9. Analysis of Key Variables Affecting WSP Credit Rating

A regression analysis of these variables - service coverage, number of house connections, current ratio, NRW, operating cost coverage ratio (2010 data only), surplus, size of the service area, and volume of water produced - showed significant correlation to credit rating.

The credit score is predicted to increase by 4.5 percent for every 1 percent increase in operating cost coverage. A similar increase in NRW results in almost a 5 percent drop in credit score. Size of the service area also negatively affects the credit score, that is, a larger service area results in a lower credit score. The aggregate statistical results are presented in Annex 3.

⁹ See also Sy, *Prospects and Pitfalls of Integrated Water Utilities in the Philippines*; Water and Sanitation Program, 2009.

6. Conclusions

The assessment suggests that the 13 A/BBB rated creditworthy WSPs are in a position to access debt from the domestic financial market for infrastructure development. The 16 BB rated WSPs can improve their credit ratings through relatively small improvements in financial and operating efficiency. These include measures to improve operating cost coverage, metering ratios, collection efficiency, and NRW reduction through investments in network rehabilitation.

The analysis has shown that the quality of management is highly correlated with both financial and operating results. WSPs should therefore strive to build strong management teams that use results-based monitoring mechanisms to evaluate the performance of their utilities. Key areas that contribute to good management performance are the commitment and experience of the management team, compliance with the WASREB's corporate governance guidelines, the extent to which the WASREB's nine key performance indicators are met, and strategic management of the utility. A key aspect of strategic management is capital investment planning. Hence, the questions of when to invest, in what to invest, and how to invest are critical to utility performance, and will

need to be analyzed in greater detail by WSPs seeking to access market finance. WSPs currently play a limited role in this regard because capital planning is currently done by the WSBs.

The results of the credit assessment have also highlighted issues that affect water utilities across the board, which may need to be addressed through policy change. The large amount of accounts receivables on the books of WSPs is one such policy issue. Uncollectible receivables may have to be written off as bad debts and policies on recovering measures from classes of clients that habitually delay payment of water bills, such as government agencies, for example, may have to be put in place. The results provide an opportunity for WSPs to identify areas for improvement and to share good practices between utilities.

Positive steps to address performance issues that hinder access to credit could see significantly more investment in water by the private sector resulting in improved access in urban areas. The decision to borrow, however, rests with the management of these WSPs. The next Section suggests a way forward for WSPs to access market finance.

7. Way Forward

The water sector reforms underpinned by the Water Act of 2002 were aimed at ensuring the self sustainability of water sector entities. Creditworthy WSPs can realize these objectives by taking on a portion of investment financing as proposed in this paper and, in doing so, ensure that the surpluses being generated through consumer tariffs are invested in infrastructure to improve access to water services by more Kenyans. These suggestions are also supported by the Constitution of Kenya 2010, which puts counties in charge of water services delivery and puts more responsibility on the service delivery agents to ensure access to residents of their service areas.

To access market finance, the management of WSPs needs to take up the challenge and prepare projects for financing and seek the necessary support from their boards of directors. Some recommendations to move towards closing financially viable transactions are presented here.

WSPs must take the lead in identifying and developing viable projects for financing.

While WSBs will need to continue investing in bulk infrastructure assets that require long-term finance and are therefore best funded using public sector resources, creditworthy WSPs should take the lead in identifying projects that can be financed with short- to medium-term commercial finance, which will generate sufficient revenue to repay the debt used to finance them. Such projects are likely to be tertiary investments in network densification and expansion, metering, measures to reduce NRW, and noncapital intensive source augmentation and treatment. Banks will only finance plans that are technically feasible, hence proper investment preparation and execution is essential to access market finance.

Investments should be sized to fit the debt capacity of WSPs.

While traditional planning for water systems has focused on building infrastructure to meet demand for the next 20 to 30 years, limited financial resources invariably inhibits the achievement of these objectives. When using

commercial debt to finance infrastructure, capital investment plans should fit the debt absorption capacity of the borrower. Scaling back or phasing capital investments to match the financial resource envelope will have to be considered by WSPs that are borrowing from the market. WSPs will need to focus on high revenue generating investments, for example, metering and leak management.

Commercial debt should be blended with financial support from the public sector.

Owing to the relatively recent tariff reform, the ability of WSPs to raise all the financial resources needed for investment is very limited. Public finance can efficiently be used to support access to commercial debt, especially where capital-intensive upstream investments in source augmentation, for example, are required. WSBs can use their investment funds to leverage additional resources from the market, and thereby increase the total investment in the sector. Grants from development partners could also be leveraged to attract investment from the domestic financial market into the water sector.

Tariff revisions and indexation may be required to support access to commercial debt.

Some tariff hikes might be necessary for WSPs to generate enough cash to access market finance. Given the current high inflation environment in Kenya with annual Consumer Price Inflation (CPI) at 16.6 percent,¹⁰ it is likely that some form of annual indexation in tariffs will also be required to ensure that projected surpluses that underpin the loans are not eroded by inflation. These revisions will, however, be considered by the WASREB on a case by case basis and should not act as a disincentive for WSPs to seek to improve their surpluses through improvements in operating efficiency, for instance, through NRW reduction and controlling costs. Tariff increases and indexation should be coupled with reasonable projections of improved operating performance, and as far as possible, be linked to actual increases in costs.

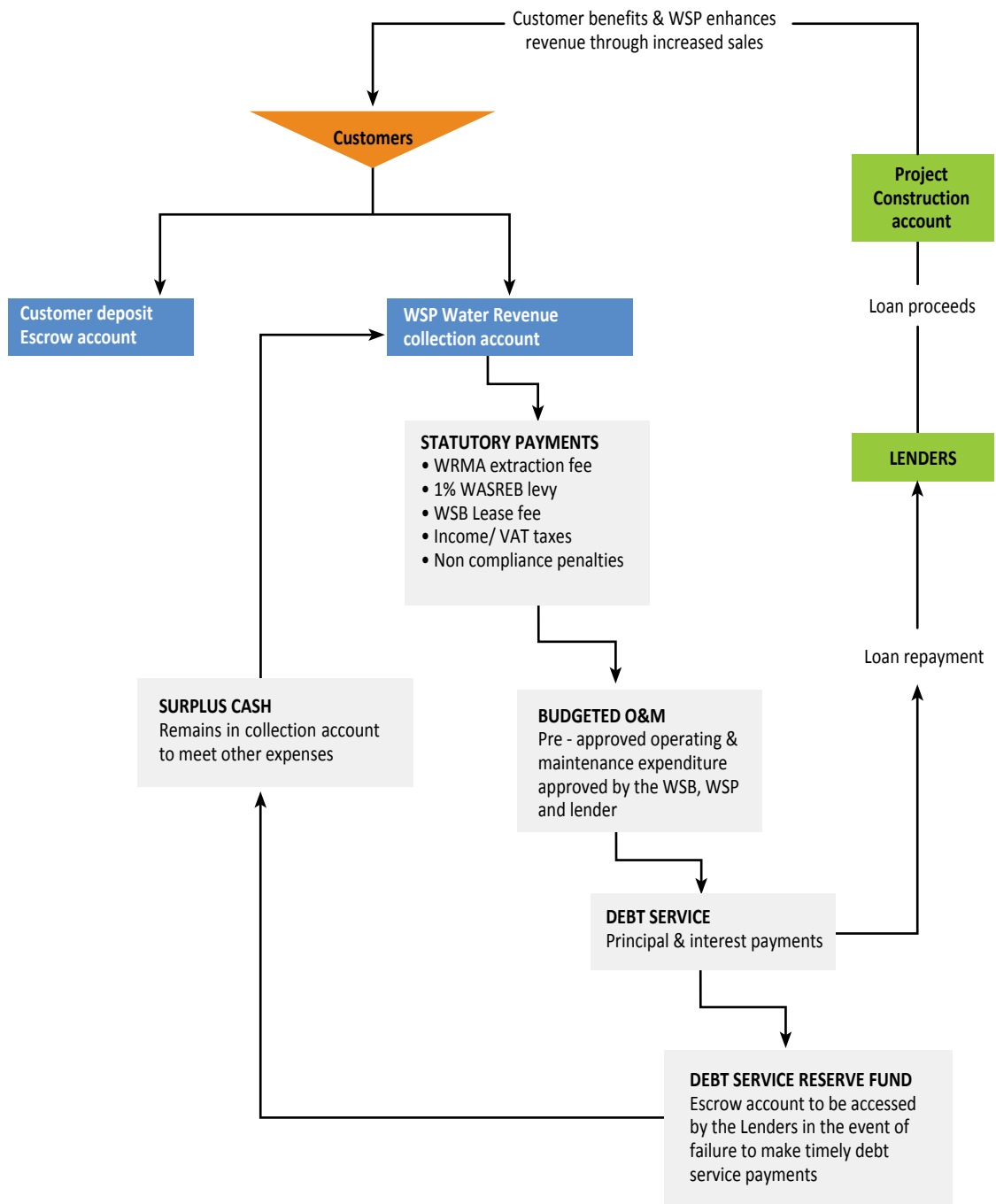
¹⁰ Source: CPI for August 2011; Central Bank of Kenya website <http://www.centralbank.go.ke>.

When ascertaining the financial viability of projects and the debt capacity of potential borrowers, lenders should couple past performance with projected revenues from new projects.

Tariff reforms in the water sector were initiated in 2009 and were only formalized in 2010. Hence there has not been sufficient time for WSPs to record significant surpluses on their balance sheets. Lenders should therefore concentrate their appraisals on the ability of management to operate a utility and implement the proposed

projects. Asset-backed lending is not appropriate for water projects, as the assets being financed have little liquidation value. A security structure that relies on the cash flow from water sales to provide the lender with the necessary comfort that debt service payments will receive priority after essential operating costs have been met should be used to secure debt. A sample loan structure showing the priority of payments from revenue is presented in Figure 12.

FIGURE 12: SAMPLE COMMERCIAL LOAN STRUCTURE FOR A WSP



The proposed security structure allows WSPs to take out budgeted costs from their cash flows to meet statutory payments and O&M costs as a priority. Any costs incurred in addition to budgeted amounts that have been agreed with the lender may then only be paid after debt service obligations have been met. Once the debt service reserve

fund has enough cash to meet six months worth of debt service payments, lenders will typically not require any further deposits to be made into the fund, and surpluses will be available to the utility. In coordination with their WSBs, WSPs should seek to include provisions in the SPA that will provide the necessary security to the lenders.



Annex 1 - WSP Categorized Credit Rating Scores

KENYAN WSPs SUMMARY SHADOW CREDIT RATING SCORES												
	Financial & Credit Management	Management Quality & Capacity	Operational Performance	Strategic Planning & Internal Transformation	Human resources & utilization of private sector	Customer relations	Support from Government	Autonomy & Accountability	External Risks	Economic Base	TOTAL Rating %	Rating
Nyeri	18.1	9.7	7.7	3.0	3.8	3.3	3.4	3.2	2.7	6.0	61%	A
Meru	10.9	10.7	7.5	2.8	3.4	2.6	3.0	3.1	2.3	6.5	53%	BBB
Malindi	10.6	10.9	7.9	2.1	3.4	2.9	3.1	3.2	2.7	5.5	52%	BBB
Kisumu	11.9	8.6	4.9	1.1	3.3	3.3	3.8	3.3	2.3	6.9	49%	BBB
Nairobi	10.0	8.8	5.8	1.4	3.4	2.9	4.1	3.3	2.3	6.8	49%	BBB
Nyahururu	9.7	10.7	5.3	1.8	3.1	2.4	4.4	3.2	2.3	6.0	49%	BBB
Muranga	10.0	7.6	7.5	3.0	2.6	2.9	4.1	3.3	1.9	5.3	48%	BBB
Thika	4.7	10.5	7.5	2.9	2.8	1.9	3.4	3.2	2.6	8.0	47%	BBB
Eldoret	10.0	7.8	6.4	1.1	3.8	2.5	3.0	3.0	2.4	6.5	47%	BBB
Garissa	9.1	9.5	7.5	1.5	3.0	1.7	3.3	3.3	2.4	5.1	46%	BBB
Nanyuki	9.4	8.1	7.3	2.8	2.8	2.9	3.5	2.5	2.4	4.6	46%	BBB
Ruiru Juja	9.7	9.0	5.1	2.0	3.1	2.0	3.6	3.2	2.3	5.9	46%	BBB
Nakuru	9.4	8.3	5.1	2.8	3.1	2.1	3.0	2.7	2.1	6.8	45%	BBB
Embu	7.5	9.3	4.9	1.8	3.1	2.9	4.0	2.9	2.4	5.6	44%	BB
Limuru	8.1	6.9	7.1	2.1	3.0	2.7	4.0	3.2	1.6	4.8	43%	BB
Kiambu	7.2	7.4	6.6	2.5	2.9	2.5	2.6	3.1	2.0	6.6	43%	BB
Nakuru Rural	5.0	8.6	6.8	2.9	2.1	2.7	3.6	3.0	2.4	6.0	43%	BB
Kericho	9.4	6.2	4.5	1.8	2.8	3.1	3.1	3.0	2.3	6.1	42%	BB
Nzoia	8.1	8.6	6.2	0.8	2.3	1.7	4.1	3.0	2.3	5.0	42%	BB
Gussi	9.7	7.1	3.8	2.1	2.6	2.6	2.9	3.2	1.2	6.4	42%	BB
Nithi	11.6	5.9	6.0	0.8	1.5	2.2	2.1	3.0	2.2	4.5	40%	BB
Kilifi Maraikani	7.8	7.1	5.8	1.1	2.2	1.9	3.0	3.2	2.3	5.1	40%	BB
Narok	10.9	4.3	8.3	1.9	1.1	1.4	2.6	2.6	1.6	4.8	39%	BB
Mathira	7.8	9.0	5.4	0.8	2.0	1.1	2.6	3.2	2.7	4.5	39%	BB
Mavoko	4.1	7.8	5.4	2.4	2.8	1.8	3.4	3.2	2.4	5.1	39%	BB
Kahuti	7.2	7.4	4.1	1.5	2.2	1.6	3.9	3.0	2.3	4.6	38%	BB
Kikuyu	8.1	4.8	5.8	2.4	2.3	1.7	2.5	3.3	0.8	6.0	38%	BB
Oloolaiser	9.1	6.4	4.1	1.5	3.8	1.7	1.8	3.0	1.9	4.0	37%	BB
Kirinyaga	6.9	5.7	4.1	1.5	1.9	2.2	3.4	3.0	2.2	5.4	36%	BB
Sibo	6.9	5.9	6.0	1.8	2.4	1.1	3.9	3.0	1.5	1.9	34%	No rating
Mombasa	7.5	4.5	3.4	0.8	1.5	1.5	4.1	2.4	2.4	6.3	34%	No rating
Western	5.6	5.9	2.4	1.1	2.3	2.3	3.5	2.2	1.8	5.8	33%	No rating
Isiolo	6.6	5.0	3.9	2.4	2.4	1.6	2.6	3.1	2.2	2.9	33%	No rating
Lodwar	10.9	2.6	3.8	1.2	1.4	0.4	4.5	2.3	1.8	2.5	31%	No rating
Muranga South	4.4	5.9	3.0	2.5	1.6	1.6	3.1	2.3	2.1	4.5	31%	No rating
Nyandarua	2.5	4.8	7.7	1.9	1.1	0.9	2.1	2.3	2.1	3.4	29%	No rating
Olkalou	5.0	2.9	6.2	0.8	1.1	1.0	3.0	3.1	1.8	3.6	29%	No rating
Kitui	4.7	3.1	2.3	1.1	3.0	2.2	3.0	2.6	1.4	5.1	28%	No rating
Machakos	3.8	6.2	2.3	1.1	1.3	1.0	3.0	2.0	2.1	4.9	28%	No rating
Kwale	4.4	4.3	3.2	1.5	1.3	0.5	3.0	2.6	2.4	4.0	27%	No rating
Noi Turesh	5.9	3.6	2.8	1.2	1.1	1.6	3.4	2.1	1.2	3.6	26%	No rating
Eldama Ravine	2.5	4.8	1.1	1.6	1.2	0.8	3.9	3.2	2.2	3.4	25%	No rating
Amatsi	4.1	1.9	1.3	1.8	1.4	1.3	4.3	2.6	1.9	3.4	24%	No rating
Maximum score	25	19	15	5	5	4	10	4	3	10		

Annex 2 - WaterCAT Model Statistical Analysis

A test was done to review whether there exists, and the strength of, a dependency relationship between the variables used in the WaterCAT based on the results. Since the credit scores and letter ratings are an aggregate of the various weighted constructs defined by the model, these were not selected to test the relationship. Rather, the 'financial and credit management' category, which is largely based on data from audited financial statements, was selected as the dependent variable. The remaining internal and external category/factors were used as predictors or independent variables. The results at the model level are shown here:

WaterCAT Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.687 ^a	.472	.328	2.50856

a. Predictors: (Constant), Economic, Support, Strategic, External Risks, Autonomy, Operations, Human Resources, Customer, Management.

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	185.357	9	20.595	3.273	.006 ^a
	Residual	207.665	33	6.293		
	Total	393.021	42			

a. Predictors: (Constant), Economic, Support, Strategic, External Risks, Autonomy, Operations, Human Resources, Customer, Management.

b. Dependent Variable: Financial.

The results show that, taken together, there are real effects by the different category variables on the WSPs' financial and credit management performance but only explain 47 percent of the variance in performance. Thus, as a whole, the model appears to be a modestly robust predictor of financial and credit management. However, none of the individual independent variables, except for 'operational performance,, is statistically significant—it cannot be said, therefore, that at the level of individual variables, whether the 'effects' to 'financial and credit management' are due to something more than chance. In the same way, results showing a sign that is not consistent with expectations cannot be said to be real effects.

Coefficients ^a						
Model B		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	2.897	4.406		.657	.515
	Management	-.054	.360	-.042	-.151	.881
	Operations	.606	.270	.380	2.246	.031
	Strategic	-1.241	.660	-.272	-1.881	.069
	Human Resources	1.300	.848	.352	1.532	.135
	Customer	1.378	.909	.341	1.515	.139
	Support	.239	.658	.049	.363	.719
	Autonomy	.068	1.328	.009	.051	.959
	External Risks	-.403	1.024	-.068	-.394	.696
	Economic	-.333	.459	-.141	-.726	.473

a. Dependent Variable: Financial.

In future iterations of the WaterCAT, there will be a need to look into whether the range used in scoring within categories, on which basis a 0-4 score is assigned, has to be adjusted to be better sensitive to different experiences. In relation to criteria scores that rely on management interviews, the model should test whether the perception of utility managers are similar or if there is a need to find a more objective basis to characterize those perceptions.

Additional analysis of predictor variables yields strong correlation between the score of WSPs (dependent variable) and these predictors/independent variables: service coverage, number of house connections, current ratio, NRW, operating cost coverage ratio (2010 data only), surplus, size of the service area, and volume of water produced.

At the level of individual variables, 'operating cost coverage', 'NRW' and 'size of the service area' significantly affect the credit score. Credit score is predicted to increase by 4.5 for every increase in operating cost coverage. An increase in NRW results in almost a 5 unit drop in credit score. The size of the service area also negatively affects the credit score, that is, a larger service area results in a lower credit score.

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.852 ^a	.726	.656	4.81722	

a. Predictors: (Constant), Service Coverage, H2OCnnx, Current Ratio, NRW, OCCR10, Surplus BDAT, Service Area, M³ Produced.

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1908.126	8	238.516	10.278	.000 ^a
	Residual	719.374	31	23.206		
	Total	2627.500	39			

a. Predictors: (Constant), Service Coverage, H2OCnnx, Current Ratio, NRW, OCCR10, Surplus BDAT, Service Area, M³ Produced.

b. Dependent Variable: Score.

Coefficients ^a						
Model B		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	35.876	3.889		9.225	.000
	OCCR10	.162	.036	.572	4.491	.000
	NRW	-.247	.050	-.481	-4.944	.000
	H2OCnnx	4.386E-5	.000	.222	.243	.809
	M ³ Produced	-4.762E-8	.000	-.133	-.142	.888
	Surplus BDAT	-.016	.038	-.055	-4.25	.674
	Service Area	.000	.000	-.443	-2.579	.015
	Current Ratio	-.299	.474	-.063	-.630	.534
	Service Coverage	.060	.044	.246	1.350	.187

a. Dependent Variable: Score.

Annex 3 - Summary Financials for A, BBB, and BB Rated WSPs

NYERI [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	120.0	-	225.8	211.4	257.3	267.6
Other operating revenue and capital and operating subsidies	1.5	-	3.2	10.5	12.0	7.2
Other revenue	1.1	-	1.5	1.6	3.4	12.0
Total Revenue	122.7	-	230.5	223.6	272.7	286.8
Expenditure						
Direct production costs	13.1	-	16.6	13.5	14.5	15.3
Employee related costs	49.6	-	100.4	65.3	78.3	78.3
Lease fees to WSBs	11.8	-	22.4	24.7	34.2	31.6
WARMA and WASREB levies	0.4	-	2.6	0.8	2.4	3.0
Repairs and maintenance	9.7	-	15.3	13.3	14.8	14.3
Other operating expenditure	20.6	-	34.8	17.4	30.3	62.9
Total Operating and Maintenance Expenditure	105.1	-	192.1	135.0	174.5	205.4
Interest expense	0.2	-	0.3	29.0	28.0	27.4
Depreciation	7.7	-	63.4	46.7	46.6	47.6
Total Expenditure	113.1	-	255.8	210.8	249.2	280.4
EBITDA	17.6	-	38.4	88.5	98.2	81.4
Surplus (Deficit) Before Tax for the Year	9.6	-	(25.3)	12.8	23.5	6.4
Income tax expense / provision	-	-	-	3.8	7.1	1.9
Surplus (Deficit) After Tax for the Year	9.6	-	(25.3)	8.9	16.5	4.5
BALANCE SHEET SUMMARY						
Current assets	56.0	-	52.8	125.0	137.8	-
Non-current assets	1,030.4	-	1,198.6	1,178.6	1,158.1	-
Total Assets	1,086.4	-	1,251.4	1,303.6	1,296.0	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	54.3	-	55.0	61.6	74.0	-
Long term borrowings (interest and non interest bearing)	954.7	-	1,144.4	1,181.1	1,123.0	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	77.3	-	52.0	61.0	98.9	-
Total Equity and Liabilities	1,086.4	-	1,251.4	1,303.6	1,296.0	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	6.9	-	36.9	63.3	102.3	-
Cash generated from investing activities	(219.6)	-	(228.0)	(55.2)	(51.9)	-
Cash generated from financing activities	202.1	-	189.6	36.7	(36.6)	-
Cash and cash equivalents movement for the year	(10.6)	-	(1.5)	44.8	13.9	-
Cash and cash equivalents at end of year (30th June)	9.8	-	8.4	17.8	21.7	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	51.6%		56.5%	52.9%	46.4%	39.3%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	9.2%		7.9%	9.8%	8.5%	7.0%
Surplus (deficit) before depreciation and after tax [KES Mil]	17.3		38.1	55.7	63.1	52.1
Operating surplus (deficit) [%]	13.5%		16.1%	39.2%	35.2%	25.3%
Surplus (deficit) after tax [%]	7.9%		-11.0%	4.0%	6.0%	1.6%
Net debtors days (Collection period) [Days]	104		63	111	84	-
Net debtors as percentage of operating revenue [%]	29%		17%	30%	23%	0%
Operating cost coverage ratio (OCCR) [%]	115.6%		119.2%	164.4%	154.3%	133.8%
Debt service coverage ratio (DSCR)	70.4		121.8	2.9	1.2	2.9
Current ratio	1.0		1.0	2.0	1.9	
KEY OPERATING INDICATORS						
Number of water connections	9,701.0	10,605.0	12,517.0	13,995.0	18,460	
Number of sewerage connections	1,851.0	2,794.0	3,327.0	3,551.0	3,962	
Volume water produced per annum [Cubic meter]	3,630,444.0	4,557,252.0	5,501,051.0	5,219,356.0	4,734,417	
Volume water sold i.e. billed	2,116,919.0	2,489,068.0	2,864,021.0	3,191,800.0	3,259,199	
Non revenue Water [NRW]	42%	45,30%	48,00%	39,00%	31%	
Collection ratio	98%	96,80%	101,00%	90,00%	95%	
Service area coverage [Sq Km]					179	
Population of area	132,434.0	134,968.0	118,644.0	122,203.0	136,531	
Population served with potable water	53,466.0	77,607.0	86,663.0	83,408.0	111,193	
Service area coverage [population served with water/ population of area]	40%	57,50%	73,00%	68,00%	81%	
Total Value of water sold [KES]					174,918,917	
Average tariff per cubic meter of water sold [KES]	55.4	55.0	53.5	68.5	54	

ELDORET [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	203.0	238.6	264.9	259.4	271.0	624.2
Other operating revenue and capital and operating subsidies	2.9	3.3	3.6	3.9	4.4	-
Other revenue	4.7	4.8	5.9	25.2	21.9	4.0
Total Revenue	210.5	246.7	274.4	288.6	297.3	628.2
Expenditure						
Direct production costs	34.2	29.1	23.1	25.5	36.2	18.2
Employee related costs	61.9	68.6	71.1	79.2	96.3	121.1
Lease fees to WSBs	36.0	36.0	36.0	36.0	36.0	-
WARMA and WASREB levies	-	-	-	-	0.7	-
Repairs and maintenance	10.5	15.5	9.5	17.9	10.8	14.0
Other operating expenditure	55.0	59.4	56.4	86.0	78.2	314.2
Total Operating and Maintenance Expenditure	197.6	208.7	196.0	244.6	258.1	467.5
Interest expense	71.3	71.3	71.3	42.2	36.3	42.0
Depreciation	52.1	69.4	69.6	71.6	73.3	-
Total Expenditure	321.0	349.4	336.9	358.4	367.7	509.5
EBITDA	12.9	38.0	78.4	43.9	39.1	160.7
Surplus (Deficit) Before Tax for the Year	(110.5)	(102.7)	(62.5)	(69.9)	(70.4)	118.7
Income tax expense / provision	-	-	-	-	-	-
Surplus (Deficit) After Tax for the Year	(110.5)	(102.7)	(62.5)	(69.9)	(70.4)	118.7
BALANCE SHEET SUMMARY						
Current assets	261.4	248.8	288.1	309.2	344.7	-
Non-current assets	2,314.3	2,253.7	2,210.7	2,168.6	2,153.4	-
Total Assets	2,575.6	2,502.4	2,498.8	2,477.7	2,498.1	-
Short term borrowings (interest and non interest bearing)	88.0	95.2	89.9	84.2	85.9	-
Other current liabilities	73.2	69.3	68.4	79.4	110.5	-
Long term borrowings (interest and non interest bearing)	1,464.1	1,490.2	1,555.3	1,598.9	1,631.9	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	950.4	847.7	785.2	715.3	669.9	-
Total Equity and Liabilities	2,575.6	2,407.2	2,408.9	2,393.6	2,412.2	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	69.3	(11.0)	76.5	12.4	34.6	-
Cash generated from investing activities	(69.9)	6.3	(51.9)	(29.8)	(38.1)	-
Cash generated from financing activities	-	-	-	-	24.9	-
Cash and cash equivalents movement for the year	(0.6)	(4.6)	24.6	(17.5)	21.5	-
Cash and cash equivalents at end of year (30th June)	5.4	0.8	25.4	7.9	29.4	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	34.6%	36.8%	40.3%	37.0%	40.2%	25.9%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	5.3%	7.4%	4.8%	7.3%	4.2%	3.0%
Surplus (deficit) before depreciation and after tax [KES Mil]	-58.4	-33.3	7.1	1.7	2.9	118.7
Operating surplus (deficit) [%]	4.0%	13.7%	27.0%	7.1%	6.3%	25.1%
Surplus (deficit) after tax [%]	-52.5%	-41.6%	-22.8%	-24.2%	-23.7%	18.9%
Net debtors days (Collection period) [Days]	400	339	293	318	341	-
Net debtors as percentage of operating revenue [%]	110%	93%	80%	87%	94%	0%
Operating cost coverage ratio (OCCR) [%]	104.1%	115.9%	137.0%	107.6%	106.7%	133.5%
Debt service coverage ratio (DSCR)	0.2	0.5	1.1	1.0	1.1	3.8
Current ratio	1.6	1.5	1.8	1.9	1.8	-
KEY OPERATING INDICATORS						
Number of water connections	19,767.0	25,274.0	27,826.0	31,272.0	38,206	-
Number of sewerage connections	9,261.0	11,557.0	10,704.0	11,321.0	11,488	-
Volume water produced per annum [Cubic meter]	11,719,642.0	12,227,000.0	12,318,750.0	15,512,500.0	10,364,678	-
Volume water sold i.e. billed	5,605,309.0	6,857,408.0	7,087,852.0	7,517,274.0	7,765,475	-
Non revenue Water [NRW]	52%	44%	42%	52%	25%	-
Collection ratio	107%	103%	70%	81%	97%	-
Service area coverage [Sq Km]					270	-
Population of area	350,000.0	272,472.0	375,193.0	401,456.0	429,558	-
Population served with potable water	114,787.0	147,544.0	233,000.0	260,512.0	220,198	-
Service area coverage [population served with water/ population of area]	33%	54%	62%	65%	51%	-
Total Value of water sold [KES]					202,403,457	-
Average tariff per cubic meter of water sold [KES]	36.7	34.8	40.2	38.9	26	-

GARISSA [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	49.1	62.7	66.8	89.6	88.0
Other operating revenue and capital and operating subsidies	-	15.0	-	-	0.5	2.8
Other revenue	-	0.3	0.6	0.3	-	-
Total Revenue	-	64.4	63.3	67.1	90.1	90.7
Expenditure						
Direct production costs	-	-	4.2	3.6	4.5	14.4
Employee related costs	-	8.7	13.5	24.0	28.1	33.1
Lease fees to WSBs	-	-	1.5	4.7	6.4	8.1
WARMA and WASREB levies	-	-	0.4	1.2	1.6	1.8
Repairs and maintenance	-	1.7	13.7	10.7	21.7	12.3
Other operating expenditure	-	13.8	10.5	8.7	15.7	15.9
Total Operating and Maintenance Expenditure	-	24.1	43.9	52.9	77.9	85.6
Interest expense	-	-	0.2	0.2	0.2	-
Depreciation	-	3.1	4.1	4.3	4.7	-
Total Expenditure	-	27.2	48.1	57.4	82.8	85.6
EBITDA	-	40.3	19.4	14.3	12.2	5.1
Surplus (Deficit) Before Tax for the Year	-	37.2	15.1	9.7	7.3	5.1
Income tax expense / provision	-	11.2	4.5	2.9	2.2	1.5
Surplus (Deficit) After Tax for the Year	-	26.1	10.6	6.8	5.1	3.6
BALANCE SHEET SUMMARY						
Current assets	-	57.5	74.1	86.6	70.3	-
Non-current assets	-	15.0	17.3	14.3	11.9	-
Total Assets	-	72.5	91.4	100.8	82.2	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	14.6	21.3	24.1	28.2	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	1.6	1.4	0.7	-
Equity & reserves	-	57.9	68.5	75.3	53.3	-
Total Equity and Liabilities	-	72.5	91.4	100.8	82.2	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	23.5	(3.4)	(2.4)	7.1	-
Cash generated from investing activities	-	(6.0)	(6.5)	(1.2)	(2.3)	-
Cash generated from financing activities	-	-	1.4	(0.3)	(0.4)	-
Cash and cash equivalents movement for the year	-	17.4	(8.5)	(4.0)	4.4	-
Cash and cash equivalents at end of year (30th June)	-	17.4	8.9	5.0	9.4	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		38.9%	33.0%	47.4%	38.7%	38.7%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		6.9%	31.3%	20.2%	27.8%	14.4%
Surplus (deficit) before depreciation and after tax [KES Mil]		29.1	14.7	11.1	9.8	3.6
Operating surplus (deficit) [%]		62.4%	30.0%	20.9%	13.5%	5.7%
Surplus (deficit) after tax [%]		40.5%	16.7%	10.2%	5.7%	4.0%
Net debtors days (Collection period) [Days]		296	367	430	239	-
Net debtors as percentage of operating revenue [%]		81%	101%	118%	65%	0%
Operating cost coverage ratio (OCCR) [%]		203.4%	142.9%	126.4%	115.6%	106.0%
Debt service coverage ratio (DSCR)		-	-	-	-	-
Current ratio		4.0	3.5	3.6	2.5	-
KEY OPERATING INDICATORS						
Number of water connections	6,238.0	7,379.0	6,892.0	8,739.0	8,446	-
Number of sewerage connections	351.0	410.0	372.0	376.0	8,782,605	-
Volume water produced per annum [Cubic meter]	3,240,000.0	3,240,000.0	3,463,455.0	3,960,068.0	4,344,969	-
Volume water sold i.e. billed	1,236,000.0	2,343,194.0	1,198,192.0	1,421,430.0	1,789,832	-
Non revenue Water [NRW]	62%	77%	65%	64%	59%	-
Collection ratio	88%	45%	63%	74%	86%	-
Service area coverage [Sq Km]					147	-
Population of area	180,000.0	210,000.0	110,000.0	186,522.0	132,500	-
Population served with potable water	37,404.0	120,000.0	91,542.0	121,239.0	124,715	-
Service area coverage [population served with water/ population of area]	21%	57%	83%	65%	94%	-
Total Value of water sold [KES]					89,626,751	-
Average tariff per cubic meter of water sold [KES]	17.5	20.4	52.7	51.4	50	-

KISUMU [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	156.4	182.3	187.2	229.5	275.8	317.5
Other operating revenue and capital and operating subsidies	3.1	8.9	10.2	8.8	8.7	17.2
Other revenue	0.0	0.8	0.4	0.7	1.5	-
Total Revenue	159.5	191.9	197.8	239.0	286.0	334.7
Expenditure						
Direct production costs	53.8	66.2	56.3	88.1	93.0	117.2
Employee related costs	49.2	60.2	61.3	71.3	74.3	94.6
Lease fees to WSBs	-	18.0	18.0	18.0	18.0	18.0
WARMA and WASREB levies	-	-	-	3.1	5.2	4.8
Repairs and maintenance	7.0	13.3	8.2	12.3	13.1	21.7
Other operating expenditure	44.9	26.7	28.9	32.1	63.9	76.3
Total Operating and Maintenance Expenditure	154.9	184.4	172.8	224.9	267.5	332.7
Interest expense	0.0	0.4	-	-	-	-
Depreciation	4.3	5.4	5.4	5.7	6.2	9.1
Total Expenditure	159.2	190.2	178.2	230.7	273.8	341.8
EBITDA	4.7	7.5	25.0	14.1	18.5	2.0
Surplus (Deficit) Before Tax for the Year	0.4	1.8	19.6	8.4	12.2	(7.1)
Income tax expense / provision	3.0	0.7	5.9	2.6	3.8	-
Surplus (Deficit) After Tax for the Year	(2.6)	1.0	13.7	5.7	8.4	(7.1)
BALANCE SHEET SUMMARY						
Current assets	258.2	260.2	288.4	317.8	315.6	-
Non-current assets	29.0	36.8	33.7	38.1	40.5	-
Total Assets	287.2	296.9	322.1	356.0	356.1	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	137.2	169.8	184.0	204.0	192.3	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	156.3	132.3	135.3	143.7	148.1	-
Equity & reserves	(6.3)	(5.1)	2.8	8.2	15.6	-
Total Equity and Liabilities	287.2	296.9	322.1	356.0	356.1	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	14.6	10.3	(1.0)	5.1	6.5	-
Cash generated from investing activities	(12.9)	(14.7)	(2.7)	(9.1)	(9.7)	-
Cash generated from financing activities	2.9	0.2	3.0	3.8	3.4	-
Cash and cash equivalents movement for the year	4.6	(4.2)	(0.7)	(0.2)	0.2	-
Cash and cash equivalents at end of year (30th June)	6.0	2.0	1.2	1.0	1.3	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	34.0%	33.4%	36.1%	32.4%	28.6%	30.2%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	4.5%	7.2%	4.8%	5.5%	4.9%	6.5%
Surplus (deficit) before depreciation and after tax [KES Mil]	1.7	6.4	19.1	11.5	14.6	2.0
Operating surplus (deficit) [%]	2.9%	3.5%	12.1%	5.4%	5.8%	0.6%
Surplus (deficit) after tax [%]	-1.6%	0.5%	6.9%	2.4%	2.9%	-2.1%
Net debtors days (Collection period) [Days]	575	484	514	435	338	-
Net debtors as percentage of operating revenue [%]	157%	133%	141%	119%	92%	0%
Operating cost coverage ratio (OCCR) [%]	103.0%	103.7%	113.7%	105.7%	106.1%	100.6%
Debt service coverage ratio (DSCR)	-	-	-	-	-	-
Current ratio	1.9	1.5	1.6	1.6	1.6	-
KEY OPERATING INDICATORS						
Number of water connections	8,474.0	8,152.0	8,205.0	9,232.0	11,628	-
Number of sewerage connections	1,200.0	4,458.0	4,902.0	4,852.0	5,215	-
Volume water produced per annum [Cubic meter]	7,394,073.0	6,743,453.0	6,818,200.0	6,199,553.0	5,225,585	-
Volume water sold i.e. billed	1,852,120.0	2,098,303.0	2,780,057.0	2,337,958.0	2,635,181	-
Non revenue Water [NRW]	75%	69%	59%	62%	50%	-
Collection ratio	110%	100%	91%	84%	93%	-
Service area coverage [Sq Km]					297	-
Population of area	500,000.0	520,000.0	512,500.0	525,313.0	379,270	-
Population served with potable water	128,086.0	138,008.0	158,277.0	153,083.0	181,512	-
Service area coverage [population served with water/ population of area]	26%	27%	31%	29%	48%	-
Total Value of water sold [KES]					259,274,489	-
Average tariff per cubic meter of water sold [KES]	87.9	86.9	67.3	98.2	98	-

MALINDI [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	180.6	137.6	187.9	226.6	291.0
Other operating revenue and capital and operating subsidies	-	13.2	10.7	10.8	15.9	34.0
Other revenue	-	0.0	0.4	0.4	0.5	-
Total Revenue	-	193.8	148.7	199.1	243.0	325.0
Expenditure						
Direct production costs	-	89.6	62.3	70.9	74.6	112.0
Employee related costs	-	37.6	38.0	58.1	68.7	75.5
Lease fees to WSBs	-	18.0	12.6	15.9	20.3	25.5
WARMA and WASREB levies	-	-	1.2	1.7	2.3	2.8
Repairs and maintenance	-	13.9	7.6	7.8	8.6	17.8
Other operating expenditure	-	38.6	32.1	38.1	51.5	44.9
Total Operating and Maintenance Expenditure	-	197.7	153.7	192.4	226.1	278.7
Interest expense	-	0.0	0.0	0.1	0.3	-
Depreciation	-	3.3	3.3	4.9	4.5	-
Total Expenditure	-	201.0	157.1	197.4	230.8	278.7
EBITDA	-	(3.9)	(5.0)	6.7	17.0	46.3
Surplus (Deficit) Before Tax for the Year	-	(7.2)	(8.4)	1.7	12.2	46.3
Income tax expense / provision	-	-	-	-	-	-
Surplus (Deficit) After Tax for the Year	-	(7.2)	(8.4)	1.7	12.2	46.3
BALANCE SHEET SUMMARY						
Current assets	-	28.0	55.6	69.8	103.0	-
Non-current assets	-	98.0	105.8	114.9	114.5	-
Total Assets	-	126.0	161.4	184.7	217.5	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	26.2	69.7	91.4	99.1	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	57.1	57.1	57.1	57.1	-
Equity & reserves	-	42.7	34.5	36.2	61.3	-
Total Equity and Liabilities	-	126.0	161.4	184.7	217.5	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	(1.7)	10.8	11.9	(3.6)	-
Cash generated from investing activities	-	(44.2)	(10.6)	(14.0)	(4.2)	-
Cash generated from financing activities	-	49.9	-	-	12.9	-
Cash and cash equivalents movement for the year	-	4.0	0.2	(2.1)	5.1	-
Cash and cash equivalents at end of year (30th June)	-	4.0	4.3	(2.7)	7.2	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		25.6%	31.8%	37.8%	36.3%	29.3%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		7.0%	5.0%	4.1%	3.8%	6.4%
Surplus (deficit) before depreciation and after tax [KES Mil]		-3.9	-5.1	6.6	16.7	46.3
Operating surplus (deficit) [%]		-2.0%	-3.7%	3.1%	6.8%	5.9%
Surplus (deficit) after tax [%]		-3.7%	-5.6%	0.8%	5.0%	14.2%
Net debtors days (Collection period) [Days]		17	49	56	75	-
Net debtors as percentage of operating revenue [%]		5%	14%	15%	21%	0%
Operating cost coverage ratio (OCCR) [%]		98.0%	96.5%	103.2%	107.3%	106.3%
Debt service coverage ratio (DSCR)		-	-	-	-	-
Current ratio		1.1	0.8	0.8	1.0	-
KEY OPERATING INDICATORS						
Number of water connections	9,394.0	7,710.0	11,128.0	12,356.0	14,997	-
Number of sewerage connections	-	-	-	-	-	-
Volume water produced per annum [Cubic meter]	4,174,420.0	5,066,770.0	4,490,880.0	4,301,060.0	4,053,735	-
Volume water sold i.e. billed	3,205,127.0	3,820,345.0	3,995,114.0	3,995,114.0	3,609,684	-
Non revenue Water [NRW]	23%	25%	11%	7%	11%	-
Collection ratio	94%	73%	85%	85%	97%	-
Service area coverage [Sq Km]					7,605	-
Population of area	373,000.0	67,992.0	-	259,756.0	418,482	-
Population served with potable water	192,000.0	43,902.0	-	207,804.8	370,000	-
Service area coverage [population served with water/ population of area]	51%	65%	0%	80%	88%	-
Total Value of water sold [KES]					226,609,855	-
Average tariff per cubic meter of water sold [KES]	43.0	49.1	39.9	39.9	63	-

MERU [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	44.6	55.8	62.1	80.6	106.2	89.2
Other operating revenue and capital and operating subsidies	3.8	4.2	6.7	6.1	12.8	8.0
Other revenue	0.9	4.5	2.7	2.6	4.1	7.9
Total Revenue	49.2	64.6	71.4	89.3	123.0	105.2
Expenditure						
Direct production costs	3.5	3.4	2.4	3.1	4.2	4.7
Employee related costs	24.4	21.9	23.9	27.6	32.8	36.8
Lease fees to WSBs	-	-	-	-	-	-
WARMA and WASREB levies	-	-	-	-	-	0.9
Repairs and maintenance	5.0	7.9	6.4	7.2	6.0	13.6
Other operating expenditure	16.7	18.0	21.1	62.7	62.7	39.6
Total Operating and Maintenance Expenditure	49.6	51.3	53.7	100.6	105.6	95.6
Interest expense	-	-	-	-	-	-
Depreciation	7.0	5.9	6.8	6.0	6.4	9.6
Total Expenditure	56.6	57.2	60.5	106.6	112.0	105.2
EBITDA	(0.3)	13.3	17.7	(11.3)	17.4	9.6
Surplus (Deficit) Before Tax for the Year	(7.3)	7.4	10.9	(17.3)	11.0	0.0
Income tax expense / provision	-	-	-	-	-	-
Surplus (Deficit) After Tax for the Year	(7.3)	7.4	10.9	(17.3)	11.0	0.0
BALANCE SHEET SUMMARY						
Current assets	62.3	69.8	85.6	94.5	136.7	-
Non-current assets	34.5	36.2	35.8	35.9	38.7	-
Total Assets	96.8	105.9	121.4	130.4	175.4	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	10.5	11.9	17.7	15.4	22.0	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	43.7	43.6	43.6	43.6	37.6	-
Equity & reserves	42.6	50.5	60.2	71.4	115.9	-
Total Equity and Liabilities	96.8	105.9	121.4	130.4	175.4	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	13.2	22.1	7.7	28.6	24.8	-
Cash generated from investing activities	(10.0)	(6.2)	(15.0)	(3.8)	(6.1)	-
Cash generated from financing activities	0.1	(0.1)	0.8	-	5.6	-
Cash and cash equivalents movement for the year	3.2	15.8	(6.5)	24.8	24.3	-
Cash and cash equivalents at end of year (30th June)	24.5	40.3	33.8	58.5	82.8	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	53.6%	47.2%	47.9%	28.5%	33.1%	40.9%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	10.2%	15.5%	11.9%	7.1%	5.6%	14.3%
Surplus (deficit) before depreciation and after tax [KES Mil]	-0.3	13.3	17.7	-11.3	17.4	9.6
Operating surplus (deficit) [%]	-2.4%	14.5%	21.9%	-16.0%	11.2%	1.7%
Surplus (deficit) after tax [%]	-14.9%	11.5%	15.3%	-19.3%	9.0%	0.0%
Net debtors days (Collection period) [Days]	239	139	180	81	113	-
Net debtors as percentage of operating revenue [%]	65%	38%	49%	22%	31%	0%
Operating cost coverage ratio (OCCR) [%]	96.9%	117.0%	126.4%	86.2%	107.4%	101.7%
Debt service coverage ratio (DSCR)						
Current ratio	6.0	5.9	4.8	6.1	6.2	
KEY OPERATING INDICATORS						
Number of water connections	3,870.0	4,769.0	4,874.0	5,687.0	7,463	
Number of sewerage connections	640.0	-	748.0	748.0	800	
Volume water produced per annum [Cubic meter]	1,323,000.0	1,588,903.0	1,680,314.0	1,926,119.0	1,799,018	
Volume water sold i.e. billed	960,102.0	1,150,181.0	1,233,392.0	1,378,429.0	1,377,228	
Non revenue Water [NRW]	27%	28%	27%	28%	23%	
Collection ratio	137%	118%	86%	110%	67%	
Service area coverage [Sq Km]					61	
Population of area	165,088.0	63,325.0	103,602.0	105,985.0	128,274	
Population served with potable water	24,980.0	44,872.0	45,829.0	53,146.0	56,914	
Service area coverage [population served with water/ population of area]	15%	71%	44%	50%	44%	
Total Value of water sold [KES]					85,936,932	
Average tariff per cubic meter of water sold [KES]	46.4	48.5	50.3	55.7	62	

MURANGA [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	-	34.6	51.1	64.1	81.8
Other operating revenue and capital and operating subsidies	-	-	23.4	21.2	17.8	11.5
Other revenue	-	-	0.9	0.1	0.0	0.5
Total Revenue	-	-	58.9	72.4	81.9	93.8
Expenditure						
Direct production costs	-	-	15.1	18.4	19.6	21.0
Employee related costs	-	-	22.5	21.5	25.9	22.0
Lease fees to WSBs	-	-	4.5	5.5	5.8	7.1
WARMA and WASREB levies	-	-	0.2	0.7	1.2	0.9
Repairs and maintenance	-	-	5.8	7.3	8.5	8.2
Other operating expenditure	-	-	8.4	5.5	10.1	10.8
Total Operating and Maintenance Expenditure	-	-	56.5	58.8	71.1	70.1
Interest expense	-	-	-	-	-	-
Depreciation	-	-	1.9	3.7	4.8	-
Total Expenditure	-	-	58.4	62.5	75.9	70.1
EBITDA	-	-	2.4	13.6	10.8	23.7
Surplus (Deficit) Before Tax for the Year	-	-	0.5	9.9	6.0	23.7
Income tax expense / provision	-	-	0.1	3.0	1.8	7.1
Surplus (Deficit) After Tax for the Year	-	-	0.3	6.9	4.2	16.6
BALANCE SHEET SUMMARY						
Current assets	-	4.1	22.8	24.8	23.4	-
Non-current assets	-	-	16.6	27.2	38.2	-
Total Assets	-	4.1	39.3	52.0	61.6	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	-	5.7	11.5	16.8	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	4.1	33.6	40.5	44.8	-
Total Equity and Liabilities	-	4.1	39.3	52.0	61.6	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	-	16.9	19.2	12.0	-
Cash generated from investing activities	-	-	(18.5)	(14.4)	(15.8)	-
Cash generated from financing activities	-	-	0.5	0.6	-	-
Cash and cash equivalents movement for the year	-	-	(1.1)	5.4	(3.7)	-
Cash and cash equivalents at end of year (30th June)	-	4.1	3.0	8.4	4.7	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]			41.2%	37.8%	38.6%	34.2%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]			10.3%	12.4%	11.9%	11.7%
Surplus (deficit) before depreciation and after tax [KES Mil]			2.3	10.7	9.0	16.6
Operating surplus (deficit) [%]			2.6%	16.6%	12.7%	24.9%
Surplus (deficit) after tax [%]			0.6%	9.6%	5.1%	17.7%
Net debtors days (Collection period) [Days]			190	94	90	-
Net debtors as percentage of operating revenue [%]			52%	26%	25%	0%
Operating cost coverage ratio (OCCR) [%]			63.7%	94.4%	97.3%	116.8%
Debt service coverage ratio (DSCR)						
Current ratio			4.0	2.2	1.4	
KEY OPERATING INDICATORS						
Number of water connections	4,989.0	4,803.0	4,538.0	4,911.0	4,992	
Number of sewerage connections	-	1,000.0	1,747.0	2,156.0	2,391	
Volume water produced per annum [Cubic meter]	1,111,440.0	1,404,598.0	1,800,000.0	1,800,000.0	1,810,000	
Volume water sold i.e. billed	691,242.0	319,442.0	759,724.0	907,485.0	890,000	
Non revenue Water [NRW]	38%	77%	58%	50%	51%	
Collection ratio	67%	98%	117%	103%	94%	
Service area coverage [Sq Km]					12	
Population of area	75,746.0	40,000.0	45,000.0	47,000.0	50,000	
Population served with potable water	20,670.0	20,412.0	24,132.0	24,816.0	30,000	
Service area coverage [population served with water/ population of area]	27%	51%	54%	53%	60%	
Total Value of water sold [KES]					51,639,804	
Average tariff per cubic meter of water sold [KES]	32.5	77.9	39.8	46.5	58	

NAIROBI [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	3,158.2	2,954.4	3,185.8	3,082.3	4,512.4	5,646.6
Other operating revenue and capital and operating subsidies	153.7	250.6	464.0	394.2	545.1	676.0
Other revenue	0.2	0.9	-	(0.2)	-	-
Total Revenue	3,312.1	3,205.9	3,649.8	3,476.2	5,057.4	6,322.6
Expenditure						
Direct production costs	272.0	254.2	262.4	340.3	399.1	402.4
Employee related costs	954.3	1,164.9	1,221.9	1,243.4	1,548.9	2,154.5
Lease fees to WSBs	407.0	519.2	518.3	520.6	526.2	632.1
WARMA and WASREB levies	-	-	-	-	-	-
Repairs and maintenance	338.5	246.1	161.1	233.7	488.1	529.3
Other operating expenditure	732.3	690.8	1,047.2	604.5	1,667.8	1,276.6
Total Operating and Maintenance Expenditure	2,704.0	2,875.3	3,210.9	2,942.4	4,630.1	4,994.9
Interest expense	7.6	24.5	41.4	84.1	77.9	68.6
Depreciation	54.0	67.7	165.1	190.0	203.5	336.7
Total Expenditure	2,765.6	2,967.4	3,417.5	3,216.5	4,911.5	5,400.2
EBITDA	608.1	330.6	438.8	533.8	427.4	1,327.7
Surplus (Deficit) Before Tax for the Year	546.5	238.5	232.3	259.7	146.0	922.4
Income tax expense / provision	163.9	71.5	69.7	77.9	43.8	276.7
Surplus (Deficit) After Tax for the Year	382.5	166.9	162.6	181.8	102.2	645.7
BALANCE SHEET SUMMARY						
Current assets	2,601.1	3,086.9	2,440.4	3,353.2	3,045.7	-
Non-current assets	530.7	796.4	854.6	791.5	732.6	-
Total Assets	3,131.8	3,883.3	3,295.0	4,144.7	3,778.3	-
Short term borrowings (interest and non interest bearing)	13.9	213.9	80.4	100.0	114.0	-
Other current liabilities	1,716.0	1,870.8	1,271.0	2,006.6	2,125.7	-
Long term borrowings (interest and non interest bearing)	22.9	5.9	-	316.7	237.1	-
Other non current liabilities	64.2	92.8	662.8	441.0	593.9	-
Equity & reserves	1,314.7	1,699.9	1,280.8	1,280.4	707.6	-
Total Equity and Liabilities	3,131.8	3,669.4	3,214.6	4,044.7	3,664.3	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	335.1	33.9	188.3	(207.6)	326.1	-
Cash generated from investing activities	(380.5)	(363.5)	(230.4)	(128.1)	(144.5)	-
Cash generated from financing activities	60.1	381.1	(21.0)	336.2	(65.6)	-
Cash and cash equivalents movement for the year	14.7	51.5	(63.1)	0.6	116.1	-
Cash and cash equivalents at end of year (30th June)	16.5	68.0	4.9	5.5	121.6	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	35.7%	40.9%	38.3%	42.9%	33.8%	43.3%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	12.5%	8.6%	5.0%	7.9%	10.5%	10.6%
Surplus (deficit) before depreciation and after tax [KES Mil]	436.5	234.6	327.7	371.8	305.7	982.4
Operating surplus (deficit) [%]	18.4%	10.3%	12.0%	15.4%	8.5%	21.0%
Surplus (deficit) after tax [%]	11.5%	5.2%	4.5%	5.2%	2.0%	10.2%
Net debtors days (Collection period) [Days]	234	271	197	297	172	-
Net debtors as percentage of operating revenue [%]	64%	74%	54%	81%	47%	0%
Operating cost coverage ratio (OCCR) [%]	120.6%	108.3%	110.8%	118.0%	109.0%	126.6%
Debt service coverage ratio (DSCR)	20.6	6.3	1.1	1.8	1.6	15.3
Current ratio	1.5	1.5	1.8	1.6	1.4	-
KEY OPERATING INDICATORS						
Number of water connections	234,571.0	209,476.0	195,044.0	244,297.0	268,616	-
Number of sewerage connections	155,369.0	119,886.0	82,779.0	157,371.0	168,209	-
Volume water produced per annum [Cubic meter]	125,396,825.0	170,000,000.0	178,000,000.0	154,000,000.0	146,816,185	-
Volume water sold i.e. billed	79,000,000.0	102,701,452.0	107,195,094.0	93,119,437.0	85,347,432	-
Non revenue Water [NRW]	37%	40%	40%	40%	42%	-
Collection ratio	71%	85%	82%	80%	95%	-
Service area coverage [Sq Km]					700	-
Population of area	2,798,661.0	3,140,173.0	3,167,665.0	3,203,201.0	3,555,553	-
Population served with potable water	1,272,810.0	1,107,330.0	2,085,827.0	2,157,826.0	2,250,607	-
Service area coverage [population served with water/ population of area]	45%	35%	66%	67%	63%	-
Total Value of water sold [KES]					2,710,313,474	-
Average tariff per cubic meter of water sold [KES]	46.2	29.5	29.3	34.1	32	-

NAKURU [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	288.1	303.3	286.7	550.8	581.9	660.0
Other operating revenue and capital and operating subsidies	7.4	8.7	10.0	14.1	8.5	7.4
Other revenue	5.6	15.2	-	-	12.8	-
Total Revenue	301.2	327.3	296.7	564.9	603.2	667.4
Expenditure						
Direct production costs	90.6	75.7	97.7	112.6	166.0	191.0
Employee related costs	66.6	68.5	91.0	152.2	120.8	185.3
Lease fees to WSBs	23.5	22.4	24.4	48.4	68.3	101.0
WARMA and WASREB levies	-	-	-	-	10.5	11.0
Repairs and maintenance	-	10.9	2.5	8.0	6.5	39.4
Other operating expenditure	95.6	133.2	59.4	157.8	87.2	(527.7)
Total Operating and Maintenance Expenditure	276.3	310.6	275.0	479.0	459.2	-
Interest expense	-	-	-	-	-	-
Depreciation	3.6	4.4	4.6	8.2	6.4	7.1
Total Expenditure	279.9	315.0	279.6	487.2	465.6	7.1
EBITDA	24.9	16.7	21.7	85.9	143.9	667.4
Surplus (Deficit) Before Tax for the Year	21.3	12.3	17.1	77.7	137.6	660.3
Income tax expense / provision	6.4	3.7	5.1	23.3	41.3	198.1
Surplus (Deficit) After Tax for the Year	14.9	8.6	12.0	54.4	96.3	462.2
BALANCE SHEET SUMMARY						
Current assets	69.9	104.0	97.0	135.5	290.8	-
Non-current assets	25.3	23.0	17.7	21.8	40.2	-
Total Assets	95.3	126.9	114.7	157.3	331.0	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	73.6	96.7	72.8	75.8	141.7	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	225.3	225.3	225.3	225.3	225.3	-
Equity & reserves	(203.7)	(195.1)	(183.4)	(143.8)	(36.0)	-
Total Equity and Liabilities	95.3	126.9	114.7	157.3	331.0	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	16.7	3.4	(16.5)	59.5	(6.1)	-
Cash generated from investing activities	(21.7)	(5.5)	(0.7)	(6.0)	(25.1)	-
Cash generated from financing activities	-	-	-	-	11.5	-
Cash and cash equivalents movement for the year	(5.0)	(2.1)	(17.2)	53.5	(19.7)	-
Cash and cash equivalents at end of year (30th June)	4.7	2.6	(14.6)	39.0	19.3	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	24.1%	22.0%	33.1%	33.5%	28.5%	
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	0.0%	3.5%	0.9%	1.7%	1.4%	
Surplus (deficit) before depreciation and after tax [KES Mil]	18.5	13.0	16.6	62.6	102.7	469.3
Operating surplus (deficit) [%]	6.5%	0.5%	7.3%	15.2%	22.2%	100.0%
Surplus (deficit) after tax [%]	5.0%	2.6%	4.0%	9.6%	16.0%	69.3%
Net debtors days (Collection period) [Days]	66	96	98	33	135	-
Net debtors as percentage of operating revenue [%]	18%	26%	27%	9%	37%	0%
Operating cost coverage ratio (OCCR) [%]	107.0%	100.5%	107.9%	117.9%	128.6%	
Debt service coverage ratio (DSCR)						
Current ratio	0.9	1.1	1.3	1.8	2.1	
KEY OPERATING INDICATORS						
Number of water connections	15,913.0	23,161.0	19,935.0	26,475.0	23,374	
Number of sewerage connections	7,810.0	9,572.0	9,988.0	13,040.0	11,016	
Volume water produced per annum [Cubic meter]	12,181,751.0	9,316,872.0	9,974,963.0	10,301,546.0	12,134,897	
Volume water sold i.e. billed	3,858,658.0	4,421,852.0	5,356,804.0	5,453,088.0	5,726,240	
Non revenue Water [NRW]	68%	53%	46%	47%	53%	
Collection ratio	119%	72%	79%	92%	74%	
Service area coverage [Sq Km]					130	
Population of area	400,000.0	540,000.0	450,000.0	674,789.0	473,288	
Population served with potable water	98,320.0	360,000.0	352,274.0	472,352.0	372,366	
Service area coverage [population served with water/ population of area]	25%	67%	78%	70%	79%	
Total Value of water sold [KES]					351,872,492	
Average tariff per cubic meter of water sold [KES]	62.2	102.1	56.0	71.4	61	

NANYUKI [KES Million]	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	-	157.1	107.9	114.0	163.6
Other operating revenue and capital and operating subsidies	-	-	84.7	27.5	16.4	38.9
Other revenue	-	-	0.3	0.7	0.6	0.4
Total Revenue	-	-	242.1	136.1	131.0	202.9
Expenditure						
Direct production costs	-	-	4.7	5.0	5.4	5.4
Employee related costs	-	-	42.4	37.0	40.1	38.5
Lease fees to WSBs	-	-	25.1	17.0	24.0	44.9
WARMA and WASREB levies	-	-	1.2	1.8	2.0	1.6
Repairs and maintenance	-	-	2.5	8.0	6.5	7.5
Other operating expenditure	-	-	58.5	31.3	41.9	93.4
Total Operating and Maintenance Expenditure	-	-	134.4	100.2	119.8	191.4
Interest expense	-	-	-	-	-	-
Depreciation	-	-	-	9.2	9.9	11.5
Total Expenditure	-	-	134.4	109.4	129.8	202.9
EBITDA	-	-	107.7	35.9	11.2	11.5
Surplus (Deficit) Before Tax for the Year	-	-	107.7	26.7	1.3	-
Income tax expense / provision	-	-	32.3	8.0	0.4	-
Surplus (Deficit) After Tax for the Year	-	-	75.4	18.7	0.9	-
BALANCE SHEET SUMMARY						
Current assets	-	-	227.8	235.8	246.8	-
Non-current assets	-	-	217.6	256.0	264.5	-
Total Assets	-	-	445.4	491.8	511.3	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	-	36.7	64.8	83.3	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	-	408.7	427.0	427.9	-
Total Equity and Liabilities	-	-	445.4	491.8	511.3	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	-	(96.1)	28.1	15.3	-
Cash generated from investing activities	-	-	(217.6)	(48.0)	(18.4)	-
Cash generated from financing activities	-	-	334.8	1.1	4.1	-
Cash and cash equivalents movement for the year	-	-	21.1	(18.8)	1.0	-
Cash and cash equivalents at end of year (30th June)	-	-	21.1	2.3	3.2	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]			33.5%	40.8%	36.4%	21.5%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]			1.8%	8.0%	5.4%	3.9%
Surplus (deficit) before depreciation and after tax [KES Mil]			75.4	27.9	10.8	11.5
Operating surplus (deficit) [%]			44.4%	26.0%	8.1%	-11.0%
Surplus (deficit) after tax [%]			31.1%	13.8%	0.7%	0.0%
Net debtors days (Collection period) [Days]			312	629	679	-
Net debtors as percentage of operating revenue [%]			85%	172%	186%	0%
Operating cost coverage ratio (OCCR) [%]			179.9%	135.2%	108.8%	90.1%
Debt service coverage ratio (DSCR)						
Current ratio			6.2	3.6	3.0	
KEY OPERATING INDICATORS						
Number of water connections	5,182.0	5,262.0	8,103.0	8,000.0	8,428	
Number of sewerage connections	2,550.0	2,574.0	2,136.0	3,364.0	3,484	
Volume water produced per annum [Cubic meter]	5,250,000.0	3,984,710.0	4,008,107.0	3,832,309.0	3,833,256	
Volume water sold i.e. billed	2,407,838.0	1,908,588.0	2,169,899.0	2,084,047.0	2,187,889	
Non revenue Water [NRW]	54%	52%	46%	46%	43%	
Collection ratio	90%	63%	69%	84%	95%	
Service area coverage [Sq Km]					141	
Population of area	80,000.0	80,000.0	80,000.0	83,360.0	86,054	
Population served with potable water	54,240.0	41,840.0	46,626.0	50,360.0	57,252	
Service area coverage [population served with water/ population of area]	68%	52%	58%	60%	67%	
Total Value of water sold [KES]					79,834,005	
Average tariff per cubic meter of water sold [KES]	56.4	75.2	76.2	60.8	36	

NYAHUTURU [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	37.6	-	74.0	84.9	105.4
Other operating revenue and capital and operating subsidies	-	4.6	-	4.4	7.1	11.6
Other revenue	-	0.3	-	0.4	0.8	0.4
Total Revenue	-	42.5	-	78.8	92.9	117.4
Expenditure						
Direct production costs	-	8.0	-	17.1	17.8	13.2
Employee related costs	-	23.7	-	35.4	33.9	47.5
Lease fees to WSBs	-	3.2	-	6.1	6.6	1.1
WARMA and WASREB levies	-	0.4	-	1.5	1.9	1.6
Repairs and maintenance	-	0.9	-	2.8	9.1	6.5
Other operating expenditure	-	5.7	-	11.0	18.1	30.1
Total Operating and Maintenance Expenditure	-	41.9	-	73.8	87.5	99.8
Interest expense	-	0.1	-	-	-	-
Depreciation	-	2.4	-	4.5	4.6	-
Total Expenditure	-	44.4	-	78.3	92.1	99.8
EBITDA	-	0.6	-	5.0	5.4	17.6
Surplus (Deficit) Before Tax for the Year	-	(1.9)	-	0.6	0.8	17.6
Income tax expense / provision	-	-	-	-	-	-
Surplus (Deficit) After Tax for the Year	-	(1.9)	-	0.6	0.8	17.6
BALANCE SHEET SUMMARY						
Current assets	1.2	20.5	-	24.7	29.5	-
Non-current assets	-	65.2	-	66.5	71.3	-
Total Assets	1.2	85.7	-	91.2	100.8	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	15.7	-	21.0	31.4	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	1.2	70.0	-	70.2	69.4	-
Total Equity and Liabilities	1.2	85.7	-	91.2	100.8	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	2.7	-	4.4	8.2	-
Cash generated from investing activities	-	(1.6)	-	(5.8)	(9.4)	-
Cash generated from financing activities	-	(0.3)	-	-	-	-
Cash and cash equivalents movement for the year	-	0.9	-	(1.3)	(1.2)	-
Cash and cash equivalents at end of year (30th June)	1.2	2.1	-	0.7	(0.4)	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		57.8%		48.7%	40.6%	48.3%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		2.1%		3.8%	10.4%	6.5%
Surplus (deficit) before depreciation and after tax [KES Mil]		0.5		5.0	5.4	17.6
Operating surplus (deficit) [%]		0.7%		5.9%	5.0%	7.5%
Surplus (deficit) after tax [%]		-4.5%		0.7%	0.9%	15.0%
Net debtors days (Collection period) [Days]		136		101	108	-
Net debtors as percentage of operating revenue [%]		37%		28%	29%	0%
Operating cost coverage ratio (OCCR) [%]		100.7%		106.3%	100.0%	108.1%
Debt service coverage ratio (DSCR)		-				
Current ratio		1.3		1.2	0.9	
KEY OPERATING INDICATORS						
Number of water connections	3,514.0	3,604.0	5,373.0	6,302.0	6,696	
Number of sewerage connections	1,629.0	1,661.0	2,182.0	3,163.0	2,624	
Volume water produced per annum [Cubic meter]	1,080,000.0	1,080,000.0	2,245,716.0	2,291,150.0	2,496,306	
Volume water sold i.e. billed	671,379.0	671,379.0	989,771.0	979,311.0	1,062,894	
Non revenue Water [NRW]	38%	38%	56%	57%	57%	
Collection ratio	98%	98%	103%	95%	98%	
Service area coverage [Sq Km]					205	
Population of area	48,853.0	33,764.0	83,998.0	95,000.0	103,264	
Population served with potable water	27,865.0	16,849.0	29,377.0	35,564.0	46,014	
Service area coverage [population served with water/ population of area]	57%	50%	35%	37%	45%	
Total Value of water sold [KES]					83,224,441	
Average tariff per cubic meter of water sold [KES]	47.7	47.7	38.0	55.0	78	

RUIRU JUJA [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	8.0	16.4	23.3	35.7	54.6
Other operating revenue and capital and operating subsidies	-	-	5.8	6.4	4.7	22.5
Other revenue	-	-	0.1	2.0	2.5	3.2
Total Revenue	-	8.0	22.4	31.7	42.8	80.3
Expenditure						
Direct production costs	-	1.2	3.9	9.0	11.2	-
Employee related costs	-	0.7	8.5	10.5	12.4	19.9
Lease fees to WSBs	-	0.6	0.8	2.0	3.2	8.9
WARMA and WASREB levies	-	-	-	-	-	-
Repairs and maintenance	-	0.3	1.5	1.0	0.9	-
Other operating expenditure	-	2.2	4.6	7.0	4.8	30.2
Total Operating and Maintenance Expenditure	-	5.1	19.4	29.5	32.5	59.0
Interest expense	-	-	-	-	-	-
Depreciation	-	0.0	0.6	1.0	1.2	-
Total Expenditure	-	5.1	20.0	30.5	33.7	59.0
EBITDA	-	2.9	3.0	2.2	10.3	21.3
Surplus (Deficit) Before Tax for the Year	-	2.9	2.4	1.2	9.1	21.3
Income tax expense / provision	-	-	-	-	2.8	-
Surplus (Deficit) After Tax for the Year	-	2.9	2.4	1.2	6.3	21.3
BALANCE SHEET SUMMARY						
Current assets	-	5.6	4.9	7.9	16.3	-
Non-current assets	-	0.3	4.8	6.4	7.8	-
Total Assets	-	5.9	9.7	14.3	24.1	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	3.8	4.4	6.0	9.4	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	2.0	5.3	8.3	14.7	-
Total Equity and Liabilities	-	5.9	9.7	14.3	24.1	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	3.1	3.3	1.2	5.1	-
Cash generated from investing activities	-	(0.3)	(5.2)	(1.5)	(0.7)	-
Cash generated from financing activities	-	0.0	0.9	-	-	-
Cash and cash equivalents movement for the year	-	2.8	(1.0)	(0.3)	4.4	-
Cash and cash equivalents at end of year (30th June)	-	2.8	1.8	1.5	6.0	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		30.3%	49.5%	39.8%	38.9%	33.7%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		6.3%	7.9%	3.6%	2.7%	0.0%
Surplus (deficit) before depreciation and after tax [KES Mil]		2.9	3.0	2.2	7.5	21.3
Operating surplus (deficit) [%]		36.7%	12.9%	0.6%	19.5%	-6.5%
Surplus (deficit) after tax [%]		36.3%	10.7%	3.9%	14.7%	26.5%
Net debtors days (Collection period) [Days]		127	69	69	78	-
Net debtors as percentage of operating revenue [%]		35%	19%	19%	21%	0%
Operating cost coverage ratio (OCCR) [%]		157.9%	84.7%	79.0%	109.8%	92.6%
Debt service coverage ratio (DSCR)						
Current ratio		1.5	1.1	1.3	1.7	
KEY OPERATING INDICATORS						
Number of water connections			3,271.0	5,168.0	3,846	
Number of sewerage connections			100.0	100.0	146	
Volume water produced per annum [Cubic meter]			603,140.0	735,878.0	834,966	
Volume water sold i.e. billed			413,773.0	542,544.0	572,225	
Non revenue Water [NRW]			31%	26%	31%	
Collection ratio			90%	86%	91%	
Service area coverage [Sq Km]					297	
Population of area			136,734.0	115,375.0	176,342	
Population served with potable water			72,446.0	50,765.0	69,740	
Service area coverage [population served with water/ population of area]			53%	64%	40%	
Total Value of water sold [KES]					35,700,185	
Average tariff per cubic meter of water sold [KES]			39.6	43.0	62	

THIKA [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	-	-	-	149.9	-
Other operating revenue and capital and operating subsidies	-	-	-	-	-	-
Other revenue	-	-	-	-	9.0	-
Total Revenue	-	-	-	-	158.9	-
Expenditure						
Direct production costs	-	-	-	-	66.8	-
Employee related costs	-	-	-	-	41.2	-
Lease fees to WSBs	-	-	-	-	23.0	-
WARMA and WASREB levies	-	-	-	-	3.4	-
Repairs and maintenance	-	-	-	-	8.5	-
Other operating expenditure	-	-	-	-	40.9	-
Total Operating and Maintenance Expenditure	-	-	-	-	183.8	-
Interest expense	-	-	-	-	-	-
Depreciation	-	-	-	-	0.8	-
Total Expenditure	-	-	-	-	184.6	-
EBITDA	-	-	-	-	(25.0)	-
Surplus (Deficit) Before Tax for the Year	-	-	-	-	(25.7)	-
Income tax expense / provision	-	-	-	-	-	-
Surplus (Deficit) After Tax for the Year	-	-	-	-	(25.7)	-
BALANCE SHEET SUMMARY						
Current assets	-	-	-	-	254.2	-
Non-current assets	-	-	-	-	17.5	-
Total Assets	-	-	-	-	271.7	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	-	-	-	74.1	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	-	-	-	197.6	-
Total Equity and Liabilities	-	-	-	-	271.7	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	-	-	-	(203.8)	-
Cash generated from investing activities	-	-	-	-	204.9	-
Cash generated from financing activities	-	-	-	-	-	-
Cash and cash equivalents movement for the year	-	-	-	-	1.1	-
Cash and cash equivalents at end of year (30th June)	-	-	-	-	1.1	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]					26.3%	
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]					4.6%	
Surplus (deficit) before depreciation and after tax [KES Mil]					-25.0	
Operating surplus (deficit) [%]					-22.6%	
Surplus (deficit) after tax [%]					-16.2%	
Net debtors days (Collection period) [Days]					607	
Net debtors as percentage of operating revenue [%]					166%	
Operating cost coverage ratio (OCCR) [%]					81.5%	
Debt service coverage ratio (DSCR)						
Current ratio					3.4	
KEY OPERATING INDICATORS						
Number of water connections			89.0	162.0	16,708	
Number of sewerage connections			-	-	9,600	
Volume water produced per annum [Cubic meter]			206,436.0	522,887.0	9,000,000	
Volume water sold i.e. billed			147,851.0	236,482.0	5,400,000	
Non revenue Water [NRW]					40%	
Collection ratio					85%	
Service area coverage [Sq Km]					254	
Population of area			32,600.0	32,000.0	400,000	
Population served with potable water			18,980.0	7,020.0	330,000	
Service area coverage [population served with water/ population of area]					83%	
Total Value of water sold [KES]					148,916,366	
Average tariff per cubic meter of water sold [KES]			30.4	28.6	28	

EMBU [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	46.0	55.7	77.2	89.3	116.5	146.2
Other operating revenue and capital and operating subsidies	1.2	0.2	1.2	2.0	2.5	2.2
Other revenue	0.3	1.0	0.4	0.5	2.6	0.2
Total Revenue	47.5	56.9	78.9	91.8	121.6	148.6
Expenditure						
Direct production costs	8.6	2.9	1.4	2.1	3.3	-
Employee related costs	9.8	17.1	24.4	32.5	49.7	43.3
Lease fees to WSBs	2.4	2.8	3.7	4.7	5.0	-
WARMA and WASREB levies	2.4	2.8	0.6	1.0	1.0	-
Repairs and maintenance	5.7	3.4	6.2	7.5	11.1	13.9
Other operating expenditure	11.5	8.9	14.1	19.0	26.7	46.4
Total Operating and Maintenance Expenditure	40.3	37.8	50.4	66.7	96.8	103.5
Interest expense	-	-	0.1	0.5	0.3	0.2
Depreciation	6.6	18.6	19.6	19.2	19.3	24.1
Total Expenditure	46.9	56.4	70.1	86.5	116.4	127.8
EBITDA	7.3	19.1	28.4	25.1	24.8	45.1
Surplus (Deficit) Before Tax for the Year	0.6	0.5	8.8	5.4	5.2	20.8
Income tax expense / provision	0.2	0.2	2.1	1.6	1.6	6.3
Surplus (Deficit) After Tax for the Year	0.4	0.4	6.7	3.7	3.6	14.6
BALANCE SHEET SUMMARY						
Current assets	46.5	37.1	52.6	67.3	84.4	-
Non-current assets	117.8	138.1	139.4	138.6	140.0	-
Total Assets	164.3	175.2	192.0	205.9	224.5	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	13.1	14.6	27.0	39.5	56.4	-
Long term borrowings (interest and non interest bearing)	-	8.1	2.5	1.1	-	-
Other non current liabilities	-	-	3.7	2.9	2.0	-
Equity & reserves	151.2	152.5	158.9	162.4	166.0	-
Total Equity and Liabilities	164.3	175.2	192.0	205.9	224.5	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	(16.8)	25.3	16.8	22.9	20.4	-
Cash generated from investing activities	26.3	(38.9)	(20.8)	(18.4)	(20.7)	-
Cash generated from financing activities	-	9.1	(0.3)	(2.2)	(0.9)	-
Cash and cash equivalents movement for the year	9.6	(4.4)	(4.3)	2.4	(1.2)	-
Cash and cash equivalents at end of year (30th June)	9.6	5.1	0.8	4.6	3.4	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	24.2%	45.7%	50.3%	49.7%	56.2%	41.8%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	14.1%	8.9%	12.3%	11.3%	11.5%	13.4%
Surplus (deficit) before depreciation and after tax [KES Mil]	7.1	19.0	26.3	22.9	22.9	38.7
Operating surplus (deficit) [%]	14.7%	32.4%	35.7%	26.9%	18.6%	30.2%
Surplus (deficit) after tax [%]	0.9%	0.6%	8.6%	4.1%	3.0%	9.8%
Net debtors days (Collection period) [Days]	274	204	209	214	222	-
Net debtors as percentage of operating revenue [%]	75%	56%	57%	59%	61%	0%
Operating cost coverage ratio (OCCR) [%]	117.2%	147.9%	155.6%	136.9%	122.9%	143.4%
Debt service coverage ratio (DSCR)		1.1	4.6	12.0	74.5	243.7
Current ratio	3.6	2.5	2.0	1.7	1.5	
KEY OPERATING INDICATORS						
Number of water connections	7,214.0	4,970.0	5,690.0	7,065.0	11,202	
Number of sewerage connections	1,146.0	983.0	2,029.0	2,480.0	1,945	
Volume water produced per annum [Cubic meter]	1,555,760.0	2,308,080.0	3,211,463.0	3,725,658.0	3,748,675	
Volume water sold i.e. billed	1,077,335.0	1,126,707.0	1,338,647.0	1,596,486.0	1,597,866	
Non revenue Water [NRW]	31%	51%	58%	57%	57%	
Collection ratio	63%	108%	77%	92%	83%	
Service area coverage [Sq Km]					900	
Population of area	120,000.0	120,000.0	120,000.0	140,000.0	149,000	
Population served with potable water	60,000.0	57,480.0	53,192.0	67,549.0	83,865	
Service area coverage [population served with water/ population of area]	50%	48%	44%	48%	56%	
Total Value of water sold [KES]					101,914,797	
Average tariff per cubic meter of water sold [KES]	69.7	46.8	57.7	55.9	64	

GUSSI [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	19.2	18.5	31.2	58.0	58.2
Other operating revenue and capital and operating subsidies	-	31.4	24.7	42.4	41.9	22.3
Other revenue	-	-	-	-	-	-
Total Revenue	-	50.6	43.2	73.6	99.8	80.5
Expenditure						
Direct production costs	-	19.2	17.2	27.1	36.0	23.1
Employee related costs	-	18.7	17.8	28.6	23.2	21.8
Lease fees to WSBs	-	-	-	-	-	5.4
WARMA and WASREB levies	-	-	-	-	-	1.3
Repairs and maintenance	-	0.9	1.5	1.2	2.7	9.8
Other operating expenditure	-	6.8	9.9	12.5	13.3	26.7
Total Operating and Maintenance Expenditure	-	45.6	46.4	69.3	75.1	88.0
Interest expense	-	-	-	-	-	-
Depreciation	-	0.0	0.0	0.1	0.7	-
Total Expenditure	-	45.6	46.4	69.4	75.8	88.0
EBITDA	-	5.0	(3.1)	4.3	24.7	(7.5)
Surplus (Deficit) Before Tax for the Year	-	5.0	(3.1)	4.2	24.1	(7.5)
Income tax expense / provision	-	1.5	-	0.3	7.2	-
Surplus (Deficit) After Tax for the Year	-	3.5	(3.1)	3.9	16.8	(7.5)
BALANCE SHEET SUMMARY						
Current assets	-	13.8	15.2	25.2	43.6	-
Non-current assets	-	0.0	0.1	0.1	2.4	-
Total Assets	-	13.8	15.3	25.4	45.9	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	10.3	14.6	25.3	29.0	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	4.2	4.5	-	-	-
Equity & reserves	-	(0.7)	(3.8)	0.1	17.0	-
Total Equity and Liabilities	-	13.8	15.3	25.4	45.9	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	(0.0)	(0.3)	(0.6)	6.2	-
Cash generated from investing activities	-	(0.0)	(0.1)	(0.0)	(2.8)	-
Cash generated from financing activities	-	1.4	0.4	0.4	0.5	-
Cash and cash equivalents movement for the year	-	1.3	(0.0)	(0.2)	3.8	-
Cash and cash equivalents at end of year (30th June)	-	1.3	1.3	1.1	4.9	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		44.3%	42.6%	42.6%	32.3%	26.0%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		2.0%	3.3%	1.7%	3.5%	11.2%
Surplus (deficit) before depreciation and after tax [KES Mil]		3.5	-3.1	4.0	17.5	-7.5
Operating surplus (deficit) [%]		9.8%	-7.2%	5.8%	24.8%	-9.4%
Surplus (deficit) after tax [%]		6.9%	-7.3%	5.3%	16.9%	-9.4%
Net debtors days (Collection period) [Days]		230	260	267	235	-
Net debtors as percentage of operating revenue [%]		63%	71%	73%	64%	0%
Operating cost coverage ratio (OCCR) [%]		43.2%	41.5%	47.3%	79.9%	68.2%
Debt service coverage ratio (DSCR)						
Current ratio		1.3	1.0	1.0	1.5	
KEY OPERATING INDICATORS						
Number of water connections		11,555.0	394.0	4,513.0	12,400	
Number of sewerage connections		1,056.0	-	1,230.0	1,200	
Volume water produced per annum [Cubic meter]		1,093,176.0	963,465.0	1,210,271.0	1,291,980	
Volume water sold i.e. billed		622,409.0	575,602.0	669,745.0	700,000	
Non revenue Water [NRW]		53%	40%	45%	46%	
Collection ratio		89%	142%	72%	100%	
Service area coverage [Sq Km]					326	
Population of area		1,600,000.0	1,550,000.0	1,600,000.0	503,052	
Population served with potable water		640,000.0	200,000.0	300,000.0	221,439	
Service area coverage [population served with water/ population of area]		8%	13%	19%	44%	
Total Value of water sold [KES]					41,312,935	
Average tariff per cubic meter of water sold [KES]		31.0	21.9	46.8	59	

KAHUTI [KES Million]	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	13.0	15.4	23.8	33.4	34.2
Other operating revenue and capital and operating subsidies	-	1.4	1.5	2.7	3.0	2.0
Other revenue	-	0.0	0.1	0.1	0.2	0.2
Total Revenue	-	14.4	17.0	26.6	36.6	36.4
Expenditure						
Direct production costs	-	0.0	1.6	1.7	2.5	2.5
Employee related costs	-	8.3	9.5	11.2	16.3	21.1
Lease fees to WSBs	-	-	1.6	1.9	2.8	2.2
WARMA and WASREB levies	-	-	0.0	0.6	0.6	0.5
Repairs and maintenance	-	-	1.7	2.2	2.5	2.2
Other operating expenditure	-	4.5	2.2	6.5	5.2	4.9
Total Operating and Maintenance Expenditure	-	12.8	16.6	24.2	29.8	33.4
Interest expense	-	-	-	-	-	-
Depreciation	-	-	0.1	0.3	0.6	-
Total Expenditure	-	12.8	16.7	24.4	30.5	33.4
EBITDA	-	1.6	0.4	2.4	6.7	3.0
Surplus (Deficit) Before Tax for the Year	-	1.6	0.3	2.1	6.1	3.0
Income tax expense / provision	-	0.5	0.1	0.6	1.8	0.9
Surplus (Deficit) After Tax for the Year	-	1.1	0.2	1.5	4.3	2.1
BALANCE SHEET SUMMARY						
Current assets	0.1	2.0	2.1	17.7	23.7	-
Non-current assets	-	0.7	2.1	3.0	4.8	-
Total Assets	0.1	2.7	4.2	20.6	28.5	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	1.5	2.8	4.2	7.8	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	0.1	1.2	1.4	16.4	20.7	-
Total Equity and Liabilities	0.1	2.7	4.2	20.6	28.5	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	2.6	0.7	(11.5)	4.0	-
Cash generated from investing activities	-	(0.7)	(1.5)	(1.1)	(2.5)	-
Cash generated from financing activities	-	-	-	13.5	-	-
Cash and cash equivalents movement for the year	-	1.9	(0.8)	0.9	1.6	-
Cash and cash equivalents at end of year (30th June)	0.1	2.0	1.2	2.1	3.7	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		64.7%	58.5%	46.7%	57.0%	64.9%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		0.0%	10.4%	9.3%	8.3%	6.5%
Surplus (deficit) before depreciation and after tax [KES Mil]		1.1	0.3	1.7	4.9	2.1
Operating surplus (deficit) [%]		11.1%	1.8%	8.5%	18.1%	7.8%
Surplus (deficit) after tax [%]		7.8%	1.2%	5.6%	11.7%	5.8%
Net debtors days (Collection period) [Days]		-	19	219	197	-
Net debtors as percentage of operating revenue [%]		0%	5%	60%	54%	0%
Operating cost coverage ratio (OCCR) [%]		112.5%	101.8%	104.2%	118.1%	108.5%
Debt service coverage ratio (DSCR)						
Current ratio		1.3	0.8	4.2	3.0	
KEY OPERATING INDICATORS						
Number of water connections		3,234.0	3,901.0	4,712.0	9,970	
Number of sewerage connections		-	-	-	-	
Volume water produced per annum [Cubic meter]		3,240,000.0	3,240,000.0	3,240,000.0	3,135,484	
Volume water sold i.e. billed		615,960.0	821,720.0	909,420.0	972,000	
Non revenue Water [NRW]		81%	75%	72%	69%	
Collection ratio		82%	95%	87%	88%	
Service area coverage [Sq Km]					300	
Population of area		160,000.0	153,286.0	179,983.0	179,985	
Population served with potable water		25,000.0	27,018.0	34,212.0	52,578	
Service area coverage [population served with water/ population of area]		12%	18%	19%	29%	
Total Value of water sold [KES]					33,365,465	
Average tariff per cubic meter of water sold [KES]		19.4	18.8	26.1	34	

KERICO [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	49.2	56.6	68.2	86.2	101.3	111.9
Other operating revenue and capital and operating subsidies	0.1	0.1	0.1	0.2	0.0	5.3
Other revenue	1.6	2.1	1.6	2.1	2.3	-
Total Revenue	50.8	58.8	69.8	88.5	103.6	117.2
Expenditure						
Direct production costs	4.1	2.0	1.5	7.7	5.2	6.3
Employee related costs	31.1	22.7	38.4	42.1	50.4	52.5
Lease fees to WSBs	6.0	-	8.3	10.0	9.2	9.2
WARMA and WASREB levies	-	-	-	0.6	0.9	3.5
Repairs and maintenance	4.7	2.3	6.5	5.7	8.5	6.3
Other operating expenditure	12.1	27.6	12.8	11.7	25.6	27.6
Total Operating and Maintenance Expenditure	58.0	54.6	67.4	77.8	99.9	105.4
Interest expense	-	-	-	-	0.2	-
Depreciation	0.9	0.9	1.1	2.2	3.8	-
Total Expenditure	59.0	55.5	68.4	79.9	103.8	105.4
EBITDA	(7.2)	4.2	2.4	10.7	3.7	11.8
Surplus (Deficit) Before Tax for the Year	(8.2)	3.3	1.4	8.5	(0.2)	11.8
Income tax expense / provision	-	-	-	1.5	-	-
Surplus (Deficit) After Tax for the Year	(8.2)	3.3	1.4	7.0	(0.2)	11.8
BALANCE SHEET SUMMARY						
Current assets	21.9	22.2	35.1	51.2	52.5	-
Non-current assets	5.1	5.2	8.3	9.7	17.2	-
Total Assets	27.0	27.4	43.5	60.9	69.7	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	22.5	19.0	32.7	43.0	48.6	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	19.1	19.7	20.7	20.8	24.2	-
Equity & reserves	(14.5)	(11.3)	(9.9)	(2.9)	(3.1)	-
Total Equity and Liabilities	27.0	27.4	43.5	60.9	69.7	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	3.0	2.5	2.2	7.9	6.4	-
Cash generated from investing activities	(2.8)	(1.1)	(4.1)	(3.4)	(11.3)	-
Cash generated from financing activities	(1.3)	0.7	0.9	0.3	3.4	-
Cash and cash equivalents movement for the year	(1.2)	2.1	(1.0)	4.8	(1.5)	-
Cash and cash equivalents at end of year (30th June)	(2.3)	(0.1)	(1.1)	3.7	2.2	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	56.7%	44.4%	59.5%	56.3%	52.7%	52.1%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	8.1%	4.2%	9.6%	7.3%	8.5%	6.0%
Surplus (deficit) before depreciation and after tax [KES Mil]	-7.2	4.2	2.4	9.2	3.5	11.8
Operating surplus (deficit) [%]	-18.1%	3.5%	1.1%	9.8%	1.4%	10.0%
Surplus (deficit) after tax [%]	-16.0%	5.6%	2.0%	7.9%	-0.2%	10.0%
Net debtors days (Collection period) [Days]	118	122	168	186	167	-
Net debtors as percentage of operating revenue [%]	32%	33%	46%	51%	46%	0%
Operating cost coverage ratio (OCCR) [%]	84.7%	103.6%	101.2%	110.9%	101.4%	111.2%
Debt service coverage ratio (DSCR)					21.5	
Current ratio	1.0	1.2	1.1	1.2	1.1	
KEY OPERATING INDICATORS						
Number of water connections	5,818.0	7,362.0	7,843.0	8,631.0	12,000	
Number of sewerage connections	1,871.0	1,877.0	1,903.0	1,923.0	2,633	
Volume water produced per annum [Cubic meter]	2,595,016.0	2,994,655.0	2,954,151.0	3,006,642.0	2,609,374	
Volume water sold i.e. billed	1,227,850.0	1,453,302.0	1,441,310.0	1,443,107.0	1,418,402	
Non revenue Water [NRW]	53%	51%	51%	52%	46%	
Collection ratio	96%	97%	89%	86%	95%	
Service area coverage [Sq Km]					110	
Population of area	121,798.0	113,000.0	115,825.0	118,720.0	142,842	
Population served with potable water	33,066.0	63,280.0	46,430.0	60,543.0	98,507	
Service area coverage [population served with water/ population of area]	27%	56%	40%	51%	69%	
Total Value of water sold [KES]					98,697,984	
Average tariff per cubic meter of water sold [KES]	39.4	41.1	45.1	58.6	70	

KIAMBU [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	33.5	36.7	42.7	40.3	54.6
Other operating revenue and capital and operating subsidies	-	0.9	-	4.8	1.6	1.0
Other revenue	-	0.0	0.1	0.0	0.0	-
Total Revenue	-	34.4	36.8	47.5	41.9	55.7
Expenditure						
Direct production costs	-	7.0	7.8	16.9	21.4	18.0
Employee related costs	-	14.4	13.5	15.4	14.0	19.0
Lease fees to WSBs	-	-	-	2.9	5.2	-
WARMA and WASREB levies	-	-	-	-	0.3	-
Repairs and maintenance	-	4.1	3.0	4.8	5.3	-
Other operating expenditure	-	11.1	7.3	6.0	2.4	20.7
Total Operating and Maintenance Expenditure	-	36.7	31.5	46.0	48.6	57.7
Interest expense	-	-	-	-	-	0.1
Depreciation	-	0.4	0.9	0.9	0.8	0.9
Total Expenditure	-	37.2	32.4	46.8	49.4	58.6
EBITDA	-	(2.3)	5.2	1.5	(6.7)	(2.0)
Surplus (Deficit) Before Tax for the Year	-	(2.8)	4.4	0.6	(7.5)	(2.9)
Income tax expense / provision	-	-	0.5	0.2	-	-
Surplus (Deficit) After Tax for the Year	-	(2.8)	3.9	0.4	(7.5)	(2.9)
BALANCE SHEET SUMMARY						
Current assets	-	11.3	16.7	20.0	21.2	-
Non-current assets	-	1.5	2.3	1.5	0.7	-
Total Assets	-	12.8	19.0	21.5	21.9	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	7.8	12.6	14.7	22.6	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	5.1	6.4	6.8	(0.7)	-
Total Equity and Liabilities	-	12.8	19.0	21.5	21.9	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	(3.5)	3.9	0.3	(1.0)	-
Cash generated from investing activities	-	1.9	(1.4)	0.4	-	-
Cash generated from financing activities	-	7.8	0.9	(0.4)	-	-
Cash and cash equivalents movement for the year	-	6.2	3.3	0.3	(1.0)	-
Cash and cash equivalents at end of year (30th June)	-	0.9	0.8	1.1	0.1	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		40.3%	43.6%	34.9%	29.6%	32.9%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		11.3%	9.4%	10.4%	10.9%	0.0%
Surplus (deficit) before depreciation and after tax [KES Mil]		-2.3	4.8	1.3	-6.7	-2.1
Operating surplus (deficit) [%]		-6.8%	14.1%	3.1%	-16.1%	-3.6%
Surplus (deficit) after tax [%]		-8.1%	10.6%	0.9%	-17.8%	-5.3%
Net debtors days (Collection period) [Days]		86	134	138	165	-
Net debtors as percentage of operating revenue [%]		24%	37%	38%	45%	0%
Operating cost coverage ratio (OCCR) [%]		93.6%	116.5%	92.8%	82.9%	96.5%
Debt service coverage ratio (DSCR)						(30.6)
Current ratio		1.5	1.3	1.4	0.9	
KEY OPERATING INDICATORS						
Number of water connections			2,296.0	3,026.0	3,166	
Number of sewerage connections			923.0	804.0	749	
Volume water produced per annum [Cubic meter]			1,044,747.0	1,040,616.0	1,263,074	
Volume water sold i.e. billed			684,337.0	645,798.0	778,932	
Non revenue Water [NRW]			0%	38%	38%	
Collection ratio			74%	92%	96%	
Service area coverage [Sq Km]					55	
Population of area			73,524.0	89,921.0	78,000	
Population served with potable water			11,802.0	15,162.0	21,630	
Service area coverage [population served with water/ population of area]			16%	17%	28%	
Total Value of water sold [KES]					3,463,242	
Average tariff per cubic meter of water sold [KES]			53.7	66.1	4	

KIKUYU [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	17.6	24.2	37.4	41.1	56.4
Other operating revenue and capital and operating subsidies	-	11.7	13.3	29.0	14.0	-
Other revenue	-	0.2	0.0	0.2	0.0	1.0
Total Revenue	-	29.5	37.5	66.6	55.2	57.4
Expenditure						
Direct production costs	-	11.7	12.2	22.2	33.9	25.6
Employee related costs	-	5.2	9.3	10.9	13.3	13.4
Lease fees to WSBs	-	1.7	2.4	2.9	3.2	-
WARMA and WASREB levies	-	-	-	0.3	0.6	1.1
Repairs and maintenance	-	4.3	5.7	8.0	4.9	5.3
Other operating expenditure	-	1.9	4.6	15.0	4.7	12.9
Total Operating and Maintenance Expenditure	-	24.8	34.1	59.3	60.6	58.5
Interest expense	-	-	-	-	-	-
Depreciation	-	0.5	1.2	1.1	1.0	-
Total Expenditure	-	25.3	35.3	60.4	61.6	58.5
EBITDA	-	4.7	3.4	7.2	(5.4)	(1.1)
Surplus (Deficit) Before Tax for the Year	-	4.2	2.3	6.1	(6.4)	(1.1)
Income tax expense / provision	-	1.3	0.7	1.8	-	-
Surplus (Deficit) After Tax for the Year	-	3.0	1.6	4.3	(6.4)	(1.1)
BALANCE SHEET SUMMARY						
Current assets	-	2.9	4.3	10.1	11.6	-
Non-current assets	-	5.4	6.1	5.8	6.4	-
Total Assets	-	8.3	10.4	15.9	18.0	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	2.7	4.3	6.6	15.1	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	2.3	1.1	-	-	-
Equity & reserves	-	3.4	5.0	9.3	2.9	-
Total Equity and Liabilities	-	8.3	10.4	15.9	18.0	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	6.3	3.9	1.5	0.8	-
Cash generated from investing activities	-	(5.5)	(2.6)	(0.0)	(1.6)	-
Cash generated from financing activities	-	2.3	(1.1)	(1.1)	-	-
Cash and cash equivalents movement for the year	-	3.0	0.1	0.4	(0.8)	-
Cash and cash equivalents at end of year (30th June)	-	2.7	2.8	3.3	2.5	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		22.3%	28.4%	19.3%	22.4%	24.2%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		17.5%	16.6%	13.5%	8.1%	9.1%
Surplus (deficit) before depreciation and after tax [KES Mil]		3.4	2.7	5.4	-5.4	-1.1
Operating surplus (deficit) [%]		15.4%	9.1%	10.6%	-9.8%	-3.6%
Surplus (deficit) after tax [%]		10.0%	4.2%	6.5%	-11.6%	-1.9%
Net debtors days (Collection period) [Days]		2	7	65	80	-
Net debtors as percentage of operating revenue [%]		1%	2%	18%	22%	0%
Operating cost coverage ratio (OCCR) [%]		71.1%	71.0%	63.0%	67.9%	96.5%
Debt service coverage ratio (DSCR)						
Current ratio		1.1	1.0	1.5	0.8	
KEY OPERATING INDICATORS						
Number of water connections			6,704.0	7,422.0	9,806	
Number of sewerage connections			-	-	-	
Volume water produced per annum [Cubic meter]			1,050,000.0	1,858,882.0	1,810,524	
Volume water sold i.e. billed			718,435.0	1,012,142.0	834,706	
Non revenue Water [NRW]			32%	46%	54%	
Collection ratio			128%	94%	98%	
Service area coverage [Sq Km]					90	
Population of area			141,110.0	112,830.0	143,930	
Population served with potable water			111,912.0	38,136.0	66,486	
Service area coverage [population served with water/ population of area]			79%	34%	46%	
Total Value of water sold [KES]					41,148,686	
Average tariff per cubic meter of water sold [KES]			26.2	30.9	49	

KILIFI MARIAKANI [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	103.7	101.3	136.6	168.5	213.0
Other operating revenue and capital and operating subsidies	-	1.7	3.0	7.6	24.4	15.7
Other revenue	-	-	-	0.0	0.0	-
Total Revenue	-	105.3	104.3	144.2	192.9	228.7
Expenditure						
Direct production costs	-	42.1	38.1	51.7	52.2	67.9
Employee related costs	-	23.7	34.6	35.2	67.6	68.1
Lease fees to WSBs	-	8.1	10.1	10.5	14.0	18.0
WARMA and WASREB levies	-	-	-	1.2	1.6	2.1
Repairs and maintenance	-	8.0	8.5	16.6	23.2	10.5
Other operating expenditure	-	27.4	20.6	24.3	29.2	50.1
Total Operating and Maintenance Expenditure	-	109.3	111.9	139.4	187.7	216.6
Interest expense	-	-	-	-	-	-
Depreciation	-	0.6	1.4	2.3	2.1	1.4
Total Expenditure	-	109.8	113.2	141.7	189.9	218.0
EBITDA	-	(3.9)	(7.6)	4.7	5.2	12.1
Surplus (Deficit) Before Tax for the Year	-	(4.5)	(9.0)	2.5	3.0	10.7
Income tax expense / provision	-	-	-	-	-	-
Surplus (Deficit) After Tax for the Year	-	(4.5)	(9.0)	2.5	3.0	10.7
BALANCE SHEET SUMMARY						
Current assets	-	40.3	48.7	65.0	77.2	-
Non-current assets	-	36.6	39.0	40.3	40.2	-
Total Assets	-	76.9	87.7	105.2	117.3	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	45.0	64.9	48.3	68.7	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	18.3	18.3	-
Equity & reserves	-	31.9	22.8	38.6	30.3	-
Total Equity and Liabilities	-	76.9	87.7	105.2	117.3	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	3.9	1.2	(25.4)	(1.7)	-
Cash generated from investing activities	-	(2.9)	(3.8)	(3.5)	(2.0)	-
Cash generated from financing activities	-	2.1	-	31.7	-	-
Cash and cash equivalents movement for the year	-	3.2	(2.7)	2.7	(3.8)	-
Cash and cash equivalents at end of year (30th June)	-	3.2	0.5	3.3	(0.5)	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		27.4%	33.9%	29.5%	38.2%	33.7%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		7.3%	7.6%	11.9%	12.3%	4.8%
Surplus (deficit) before depreciation and after tax [KES Mil]		-3.9	-7.6	4.7	5.2	12.1
Operating surplus (deficit) [%]		-3.7%	-7.3%	3.3%	2.7%	5.3%
Surplus (deficit) after tax [%]		-4.3%	-8.6%	1.7%	1.6%	4.7%
Net debtors days (Collection period) [Days]		128	155	152	148	-
Net debtors as percentage of operating revenue [%]		35%	42%	42%	41%	0%
Operating cost coverage ratio (OCCR) [%]		96.4%	93.2%	103.4%	97.8%	105.6%
Debt service coverage ratio (DSCR)						
Current ratio		0.9	0.8	1.3	1.1	
KEY OPERATING INDICATORS						
Number of water connections			6,472.0	8,067.0	16,673	
Number of sewerage connections			-	-	-	
Volume water produced per annum [Cubic meter]			4,422,279.0	4,424,383.0	4,545,928	
Volume water sold i.e. billed			2,741,813.0	2,708,790.0	2,773,211	
Non revenue Water [NRW]			38%	39%	39%	
Collection ratio			88%	83%	97%	
Service area coverage [Sq Km]					4,988	
Population of area			764,090.0	764,090.0	709,221	
Population served with potable water			325,679.0	428,161.0	418,307	
Service area coverage [population served with water/ population of area]			43%	56%	59%	
Total Value of water sold [KES]					168,525,103	
Average tariff per cubic meter of water sold [KES]			37.3	50.4	61	

KIRINYAGA [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	24.1	40.6	61.7	73.9	59.8
Other operating revenue and capital and operating subsidies	-	9.3	11.7	16.2	9.9	20.4
Other revenue	-	0.0	0.0	0.2	0.3	-
Total Revenue	-	33.4	52.3	78.1	84.1	80.2
Expenditure						
Direct production costs	-	1.5	5.2	8.8	8.5	9.7
Employee related costs	-	16.3	27.1	35.6	36.6	38.7
Lease fees to WSBs	-	2.7	4.2	7.9	7.0	7.3
WARMA and WASREB levies	-	-	-	-	2.5	2.6
Repairs and maintenance	-	1.7	2.1	12.6	9.9	9.3
Other operating expenditure	-	8.1	7.3	12.3	13.2	5.2
Total Operating and Maintenance Expenditure	-	30.4	45.9	77.3	77.7	72.8
Interest expense	-	-	-	-	-	-
Depreciation	-	0.2	2.9	3.0	3.0	-
Total Expenditure	-	30.6	48.8	80.2	80.7	72.8
EBITDA	-	3.0	6.4	0.9	6.5	7.4
Surplus (Deficit) Before Tax for the Year	-	2.8	3.5	(2.1)	3.5	7.4
Income tax expense / provision	-	0.8	1.0	-	0.4	2.2
Surplus (Deficit) After Tax for the Year	-	1.9	2.4	(2.1)	3.1	5.2
BALANCE SHEET SUMMARY						
Current assets	0.5	46.3	41.8	45.5	46.3	-
Non-current assets	-	0.7	12.4	12.8	17.7	-
Total Assets	0.5	47.0	54.2	58.3	64.0	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	2.4	7.1	13.3	15.9	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	0.5	44.6	47.1	45.0	48.0	-
Total Equity and Liabilities	0.5	47.0	54.2	58.3	64.0	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	10.7	11.6	5.9	5.5	-
Cash generated from investing activities	-	(0.9)	(13.1)	(3.7)	(7.8)	-
Cash generated from financing activities	-	-	-	-	-	-
Cash and cash equivalents movement for the year	-	9.8	(1.5)	2.2	(2.4)	-
Cash and cash equivalents at end of year (30th June)	0.5	10.3	7.3	9.5	7.1	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		55.2%	59.9%	47.4%	48.8%	54.1%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		5.6%	4.5%	16.3%	12.7%	12.8%
Surplus (deficit) before depreciation and after tax [KES Mil]		2.2	5.4	0.9	6.1	5.2
Operating surplus (deficit) [%]		9.0%	12.2%	0.8%	7.3%	9.3%
Surplus (deficit) after tax [%]		5.8%	4.7%	-2.7%	3.6%	6.5%
Net debtors days (Collection period) [Days]		521	265	174	147	-
Net debtors as percentage of operating revenue [%]		143%	73%	48%	40%	0%
Operating cost coverage ratio (OCCR) [%]		79.3%	88.4%	85.6%	98.8%	98.1%
Debt service coverage ratio (DSCR)						
Current ratio		19.7	5.9	3.4	2.9	
KEY OPERATING INDICATORS						
Number of water connections		8,959.0	9,699.0	10,733.0	19,930	
Number of sewerage connections		-	-	-	-	
Volume water produced per annum [Cubic meter]		6,435,495.0	8,683,254.0	1,504,667.0	7,799,703	
Volume water sold i.e. billed		1,785,588.0	1,372,799.0	1,447,766.0	1,411,372	
Non revenue Water [NRW]		72%	84%	86%	82%	
Collection ratio		98%	107%	107%	99%	
Service area coverage [Sq Km]					572	
Population of area		331,082.0	348,000.0	348,000.0	430,000	
Population served with potable water		53,754.0	132,264.0	110,106.0	186,478	
Service area coverage [population served with water/ population of area]		16%	38%	39%	43%	
Total Value of water sold [KES]					73,907,360	
Average tariff per cubic meter of water sold [KES]		15.9	28.7	38.1	52	

LIMURU [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	11.2	16.8	29.0	38.1	61.9
Other operating revenue and capital and operating subsidies	-	5.6	8.9	13.4	8.7	2.2
Other revenue	-	0.4	0.0	0.3	0.3	-
Total Revenue	-	17.2	25.6	42.7	47.1	64.1
Expenditure						
Direct production costs	-	3.9	6.7	19.1	17.0	19.3
Employee related costs	-	3.7	6.9	9.9	13.2	18.3
Lease fees to WSBs	-	1.4	1.7	2.4	4.5	-
WARMA and WASREB levies	-	-	-	-	-	-
Repairs and maintenance	-	0.8	2.7	3.0	4.0	-
Other operating expenditure	-	3.6	5.0	5.4	7.2	26.1
Total Operating and Maintenance Expenditure	-	13.4	23.0	39.9	45.8	63.7
Interest expense	-	-	-	-	-	-
Depreciation	-	-	0.1	2.0	2.5	-
Total Expenditure	-	13.4	23.1	41.9	48.4	63.7
EBITDA	-	3.8	2.7	2.8	1.3	0.4
Surplus (Deficit) Before Tax for the Year	-	3.8	2.6	0.7	(1.2)	0.4
Income tax expense / provision	-	1.1	0.8	0.2	-	-
Surplus (Deficit) After Tax for the Year	-	2.6	1.8	0.5	(1.2)	0.4
BALANCE SHEET SUMMARY						
Current assets	-	42.5	42.0	47.2	39.3	-
Non-current assets	-	0.7	4.3	10.6	10.9	-
Total Assets	-	43.2	46.3	57.7	50.2	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	1.8	3.1	12.3	5.8	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	41.4	43.2	45.5	44.4	-
Total Equity and Liabilities	-	43.2	46.3	57.7	50.2	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	9.1	5.7	7.5	(0.6)	-
Cash generated from investing activities	-	(0.7)	(3.7)	(8.3)	(2.7)	-
Cash generated from financing activities	-	0.0	-	-	-	-
Cash and cash equivalents movement for the year	-	8.4	2.0	(0.8)	(3.3)	-
Cash and cash equivalents at end of year (30th June)	-	8.4	10.4	9.7	6.3	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		30.9%	31.6%	26.1%	30.6%	31.4%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		5.8%	11.9%	7.6%	8.8%	0.0%
Surplus (deficit) before depreciation and after tax [KES Mil]		2.6	1.9	2.6	1.3	0.4
Operating surplus (deficit) [%]		20.3%	10.4%	5.9%	2.2%	0.6%
Surplus (deficit) after tax [%]		15.4%	7.0%	1.2%	-2.6%	0.6%
Net debtors days (Collection period) [Days]		1,097	673	457	300	-
Net debtors as percentage of operating revenue [%]		300%	184%	125%	82%	0%
Operating cost coverage ratio (OCCR) [%]		84.8%	74.4%	75.0%	87.0%	100.6%
Debt service coverage ratio (DSCR)						
Current ratio		23.5	13.5	3.8	6.8	
KEY OPERATING INDICATORS						
Number of water connections					4,685	
Number of sewerage connections					780	
Volume water produced per annum [Cubic meter]					924,000	
Volume water sold i.e. billed					639,092	
Non revenue Water [NRW]					31%	
Collection ratio					100%	
Service area coverage [Sq Km]					286	
Population of area					239,738	
Population served with potable water					54,978	
Service area coverage [population served with water/ population of area]					23%	
Total Value of water sold [KES]					26,700,684	
Average tariff per cubic meter of water sold [KES]					42	

MATHIRA [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	12.1	20.7	37.3	44.3	47.8	65.7
Other operating revenue and capital and operating subsidies	0.3	0.5	1.5	3.6	2.7	0.1
Other revenue	-	-	-	3.4	3.2	-
Total Revenue	12.4	21.3	38.7	51.2	53.7	65.8
Expenditure						
Direct production costs	0.4	2.1	0.5	1.7	1.1	2.0
Employee related costs	3.9	6.7	11.4	15.0	16.9	19.4
Lease fees to WSBs	1.0	1.7	2.9	3.7	3.8	5.4
WARMA and WASREB levies	-	-	-	-	-	1.5
Repairs and maintenance	2.3	4.3	7.1	9.8	12.0	18.9
Other operating expenditure	5.0	8.7	12.8	11.5	9.6	12.0
Total Operating and Maintenance Expenditure	12.6	23.5	34.7	41.7	43.5	59.2
Interest expense	-	-	0.0	0.1	0.1	0.1
Depreciation	0.4	0.6	1.1	1.0	2.0	1.7
Total Expenditure	13.0	24.2	35.8	42.9	45.6	61.0
EBITDA	(0.2)	(2.3)	4.0	9.5	10.3	6.6
Surplus (Deficit) Before Tax for the Year	(0.6)	(2.9)	2.9	8.4	8.1	4.8
Income tax expense / provision	-	-	-	2.3	2.4	-
Surplus (Deficit) After Tax for the Year	(0.6)	(2.9)	2.9	6.0	5.7	4.8
BALANCE SHEET SUMMARY						
Current assets	15.7	37.9	48.8	60.1	63.7	-
Non-current assets	1.9	1.9	3.0	5.4	6.7	-
Total Assets	17.6	39.8	51.8	65.6	70.4	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	1.5	4.5	8.3	14.7	14.1	-
Long term borrowings (interest and non interest bearing)	2.0	2.0	1.4	3.0	2.8	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	14.0	33.3	42.2	47.8	53.5	-
Total Equity and Liabilities	17.6	39.8	51.8	65.6	70.4	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	(13.6)	(20.6)	(2.8)	0.0	4.9	-
Cash generated from investing activities	(2.2)	(0.7)	(2.2)	(3.4)	(3.3)	-
Cash generated from financing activities	16.5	22.2	4.3	1.6	(0.2)	-
Cash and cash equivalents movement for the year	0.7	0.9	(0.7)	(1.8)	1.3	-
Cash and cash equivalents at end of year (30th June)	0.7	1.6	0.8	2.9	4.3	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	43.1%	39.6%	43.5%	39.5%	41.2%	35.0%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	18.1%	18.1%	20.5%	23.4%	27.7%	31.8%
Surplus (deficit) before depreciation and after tax [KES Mil]	-0.2	-2.3	4.0	7.1	7.7	6.5
Operating surplus (deficit) [%]	-1.8%	-10.7%	10.3%	12.8%	14.0%	10.0%
Surplus (deficit) after tax [%]	-4.7%	-13.7%	7.5%	11.8%	10.6%	7.3%
Net debtors days (Collection period) [Days]	354	560	365	428	421	-
Net debtors as percentage of operating revenue [%]	97%	154%	100%	117%	115%	0%
Operating cost coverage ratio (OCCR) [%]	98.3%	90.3%	111.5%	114.6%	116.3%	111.1%
Debt service coverage ratio (DSCR)			2.0	14.5	20.6	55.0
Current ratio	10.1	8.4	5.9	4.1	4.5	
KEY OPERATING INDICATORS						
Number of water connections	4,543.0	7,120.0	5,583.0	5,582.0	17,042	
Number of sewerage connections	536.0	70.0	2,701.0	2,800.0	2,806	
Volume water produced per annum [Cubic meter]	211,700.0	3,911,176.0	4,064,270.0	3,967,074.0	4,017,709	
Volume water sold i.e. billed	123,479.0	1,609,551.0	1,754,945.0	1,538,489.0	1,382,001	
Non revenue Water [NRW]	42%	65%	57%	61%	66%	
Collection ratio	99%	101%	78%	78%	80%	
Service area coverage [Sq Km]					320	
Population of area	180,000.0	180,000.0	180,000.0	180,000.0	148,847	
Population served with potable water	26,718.0	41,328.0	32,040.0	54,000.0	29,760	
Service area coverage [population served with water/ population of area]	15%	23%	18%	30%	20%	
Total Value of water sold [KES]					39,643,788	
Average tariff per cubic meter of water sold [KES]	127.5	14.9	20.4	29.5	29	

MAVOKO [KES Million]	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	70.3	55.3	34.8	53.5	120.8
Other operating revenue and capital and operating subsidies	-	1.1	12.3	12.1	22.3	3.3
Other revenue	-	-	0.4	0.5	0.1	-
Total Revenue	-	71.4	68.0	47.4	75.9	124.1
Expenditure						
Direct production costs	-	0.7	14.9	8.8	24.3	53.4
Employee related costs	-	29.6	24.3	22.1	26.7	28.1
Lease fees to WSBs	-	5.4	4.0	3.4	3.3	-
WARMA and WASREB levies	-	-	-	-	-	-
Repairs and maintenance	-	3.4	3.4	6.6	9.3	-
Other operating expenditure	-	31.2	17.8	12.4	13.2	40.6
Total Operating and Maintenance Expenditure	-	70.3	64.4	53.3	76.7	122.1
Interest expense	-	-	-	-	-	-
Depreciation	-	0.4	1.2	2.4	4.4	0.6
Total Expenditure	-	70.7	65.7	55.7	81.1	122.7
EBITDA	-	1.1	3.6	(5.9)	(0.8)	2.0
Surplus (Deficit) Before Tax for the Year	-	0.6	2.3	(8.3)	(5.2)	1.4
Income tax expense / provision	-	0.2	0.7	-	-	-
Surplus (Deficit) After Tax for the Year	-	0.4	1.6	(8.3)	(5.2)	1.4
BALANCE SHEET SUMMARY						
Current assets	-	98.6	46.1	25.0	31.1	-
Non-current assets	-	1.3	3.0	5.9	7.4	-
Total Assets	-	99.9	49.1	30.9	38.5	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	91.5	39.1	13.9	25.1	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	14.1	15.8	-
Equity & reserves	-	8.4	10.0	2.9	(2.4)	-
Total Equity and Liabilities	-	99.9	49.1	30.9	38.5	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	25.9	(3.6)	(15.3)	(2.4)	-
Cash generated from investing activities	-	(1.7)	(2.7)	(5.4)	(5.9)	-
Cash generated from financing activities	-	7.9	-	0.1	-	-
Cash and cash equivalents movement for the year	-	32.1	(6.4)	(20.6)	(8.4)	-
Cash and cash equivalents at end of year (30th June)	-	32.1	25.8	5.2	(3.2)	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		43.0%	40.7%	45.4%	36.8%	24.5%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		4.9%	5.3%	12.4%	12.1%	0.0%
Surplus (deficit) before depreciation and after tax [KES Mil]		0.9	2.9	-5.9	-0.8	2.0
Operating surplus (deficit) [%]		1.5%	4.7%	-13.6%	-4.1%	1.6%
Surplus (deficit) after tax [%]		0.6%	2.4%	-17.5%	-6.8%	1.1%
Net debtors days (Collection period) [Days]		338	104	142	149	-
Net debtors as percentage of operating revenue [%]		92%	28%	39%	41%	0%
Operating cost coverage ratio (OCCR) [%]		100.0%	94.7%	86.4%	93.0%	101.6%
Debt service coverage ratio (DSCR)						
Current ratio		1.1	1.2	1.8	1.2	
KEY OPERATING INDICATORS						
Number of water connections		1,700.0	2,826.0	3,134.0	3,831	
Number of sewerage connections			-	-	418	
Volume water produced per annum [Cubic meter]		2,113,567.0	1,535,815.0	687,960.0	969,518	
Volume water sold i.e. billed		1,562,400.0	956,276.0	448,540.0	610,903	
Non revenue Water [NRW]		38%	38%	35%	37%	
Collection ratio		81%	117%	95%	71%	
Service area coverage [Sq Km]					697	
Population of area		-	150,000.0	170,000.0	190,284	
Population served with potable water		-	33,300.0	35,595.0	47,571	
Service area coverage [population served with water/ population of area]		20%	22%	21%	25%	
Total Value of water sold [KES]					49,296,463	
Average tariff per cubic meter of water sold [KES]		37.6	38.2	35.6	81	

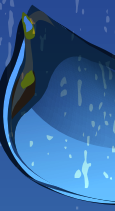
NAKURU RURAL [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	-	123.0	102.3	151.5	167.8
Other operating revenue and capital and operating subsidies	-	-	2.7	2.6	2.7	3.0
Other revenue	-	-	-	-	-	-
Total Revenue	-	-	125.7	104.9	154.3	170.8
Expenditure						
Direct production costs	-	-	26.3	25.7	34.5	18.0
Employee related costs	-	-	47.5	46.6	73.1	70.5
Lease fees to WSBs	-	-	-	-	-	-
WARMA and WASREB levies	-	-	-	-	-	-
Repairs and maintenance	-	-	9.2	11.0	14.3	9.8
Other operating expenditure	-	-	46.8	59.1	75.7	72.4
Total Operating and Maintenance Expenditure	-	-	129.8	142.4	197.6	170.8
Interest expense	-	-	-	-	-	-
Depreciation	-	-	0.3	0.4	0.6	-
Total Expenditure	-	-	130.1	142.8	198.3	170.8
EBITDA	-	-	(4.1)	(37.5)	(43.4)	-
Surplus (Deficit) Before Tax for the Year	-	-	(4.4)	(37.9)	(44.0)	-
Income tax expense / provision	-	-	-	-	-	-
Surplus (Deficit) After Tax for the Year	-	-	(4.4)	(37.9)	(44.0)	-
BALANCE SHEET SUMMARY						
Current assets	-	-	258.9	254.5	259.2	-
Non-current assets	-	-	1.3	1.2	1.6	-
Total Assets	-	-	260.2	255.7	260.8	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	-	36.6	74.4	126.3	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	-	223.7	181.3	134.5	-
Total Equity and Liabilities	-	-	260.2	255.7	260.8	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	-	(229.6)	4.0	(1.9)	-
Cash generated from investing activities	-	-	(1.6)	(0.3)	(0.9)	-
Cash generated from financing activities	-	-	229.2	1.6	(0.5)	-
Cash and cash equivalents movement for the year	-	-	(2.0)	5.3	(3.4)	-
Cash and cash equivalents at end of year (30th June)	-	-	(2.0)	(2.7)	(8.4)	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]			38.6%	35.1%	38.2%	41.3%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]			7.1%	7.7%	7.2%	5.7%
Surplus (deficit) before depreciation and after tax [KES Mil]			-4.1	-37.5	-43.4	-
Operating surplus (deficit) [%]			-3.3%	-35.8%	-28.1%	0.0%
Surplus (deficit) after tax [%]			-3.5%	-36.1%	-28.5%	0.0%
Net debtors days (Collection period) [Days]			747	861	605	-
Net debtors as percentage of operating revenue [%]			205%	236%	166%	0%
Operating cost coverage ratio (OCCR) [%]			96.8%	73.7%	78.1%	100.0%
Debt service coverage ratio (DSCR)						
Current ratio			7.1	3.4	2.1	
KEY OPERATING INDICATORS						
Number of water connections		21,522.0	11,129.0	12,980.0	16,266	
Number of sewerage connections		-	-	-	-	
Volume water produced per annum [Cubic meter]		8,304,881.0	5,312,340.0	6,404,832.0	8,825,346	
Volume water sold i.e. billed		4,514,878.0	4,119,864.0	4,119,864.0	3,378,551	
Non revenue Water [NRW]		46%	22%	36%	62%	
Collection ratio		72%	90%	90%	92%	
Service area coverage [Sq Km]					600	
Population of area		250,000.0	409,801.0	441,174.0	453,105	
Population served with potable water		122,616.0	171,234.0	202,378.0	213,376	
Service area coverage [population served with water/ population of area]		49%	42%	46%	47%	
Total Value of water sold [KES]					151,540,714	
Average tariff per cubic meter of water sold [KES]		28.0	26.9	26.9	45	

NAROK (KES Million)						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	-	3.4	9.9	18.4	15.0
Other operating revenue and capital and operating subsidies	-	-	-	-	10.6	19.1
Other revenue	-	-	-	-	-	0.1
Total Revenue	-	-	3.4	9.9	29.0	34.2
Expenditure						
Direct production costs	-	-	-	2.2	10.7	12.3
Employee related costs	-	-	0.1	1.1	6.1	7.1
Lease fees to WSBs	-	-	0.7	2.1	1.4	2.7
WARMA and WASREB levies	-	-	-	-	0.9	0.3
Repairs and maintenance	-	-	0.6	1.1	5.3	4.1
Other operating expenditure	-	-	1.0	2.3	3.8	5.7
Total Operating and Maintenance Expenditure	-	-	2.5	8.8	28.2	32.2
Interest expense	-	-	-	-	-	-
Depreciation	-	-	0.0	0.1	0.4	-
Total Expenditure	-	-	2.5	8.9	28.7	32.2
EBITDA	-	-	0.9	1.1	0.8	2.0
Surplus (Deficit) Before Tax for the Year	-	-	0.9	1.0	0.3	2.0
Income tax expense / provision	-	-	0.3	0.3	0.1	0.6
Surplus (Deficit) After Tax for the Year	-	-	0.6	0.7	0.2	1.4
BALANCE SHEET SUMMARY						
Current assets	-	-	3.7	4.5	4.9	-
Non-current assets	-	-	0.1	1.2	1.6	-
Total Assets	-	-	3.8	5.7	6.5	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	-	0.9	2.0	3.3	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	-	2.9	3.7	3.2	-
Total Equity and Liabilities	-	-	3.8	5.7	6.5	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	-	(0.8)	1.0	1.1	-
Cash generated from investing activities	-	-	(0.2)	(1.2)	(0.8)	-
Cash generated from financing activities	-	-	2.2	-	-	-
Cash and cash equivalents movement for the year	-	-	1.3	(0.2)	0.3	-
Cash and cash equivalents at end of year (30th June)	-	-	1.3	1.1	1.4	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]			13.4%	18.7%	23.9%	24.4%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]			25.8%	12.2%	18.9%	12.9%
Surplus (deficit) before depreciation and after tax [KES Mil]			0.6	0.8	0.7	1.4
Operating surplus (deficit) [%]			26.0%	11.5%	2.6%	5.7%
Surplus (deficit) after tax [%]			17.8%	7.2%	0.8%	4.1%
Net debtors days (Collection period) [Days]			262	124	70	-
Net debtors as percentage of operating revenue [%]			72%	34%	19%	0%
Operating cost coverage ratio (OCCR) [%]			135.2%	113.0%	65.0%	46.6%
Debt service coverage ratio (DSCR)						
Current ratio			4.1	2.2	1.5	
KEY OPERATING INDICATORS						
Number of water connections	1,452.0	1,454.0	1,625.0	1,655.0	1,711	
Number of sewerage connections	-	-	-	-	-	
Volume water produced per annum [Cubic meter]	547,500.0	864,000.0	612,000.0	792,000.0	548,252	
Volume water sold i.e. billed	342,259.0	214,200.0	294,036.0	332,412.0	297,482	
Non revenue Water [NRW]	37%	75%	52%	58%	46%	
Collection ratio	85%	107%	60%	67%	95%	
Service area coverage [Sq Km]					30	
Population of area	53,749.0	60,000.0	60,000.0	60,000.0	43,000	
Population served with potable water	30,000.0	12,490.0	25,350.0	25,814.0	22,640	
Service area coverage [population served with water/ population of area]	56%	21%	42%	43%	53%	
Total Value of water sold [KES]					18,352,430	
Average tariff per cubic meter of water sold [KES]	20.0	37.2	51.6	47.0	62	

NITHI [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	4.2	7.9	20.6	23.5	29.9
Other operating revenue and capital and operating subsidies	-	-	17.9	6.3	13.8	7.0
Other revenue	-	-	0.0	-	0.1	-
Total Revenue	-	4.2	25.8	26.9	37.4	36.9
Expenditure						
Direct production costs	-	0.1	0.0	0.7	0.7	-
Employee related costs	-	0.1	7.6	7.7	8.6	9.0
Lease fees to WSBs	-	0.3	0.6	1.0	2.1	1.9
WARMA and WASREB levies	-	-	0.1	-	-	0.7
Repairs and maintenance	-	0.2	12.0	0.4	2.7	13.0
Other operating expenditure	-	1.5	2.7	3.1	5.3	(5.0)
Total Operating and Maintenance Expenditure	-	2.3	22.9	12.9	19.3	19.6
Interest expense	-	-	-	-	-	-
Depreciation	-	0.0	0.1	0.9	2.2	0.9
Total Expenditure	-	2.3	23.1	13.8	21.4	20.5
EBITDA	-	1.9	2.9	14.0	18.2	17.3
Surplus (Deficit) Before Tax for the Year	-	1.9	2.7	13.1	16.0	16.4
Income tax expense / provision	-	0.6	0.8	3.9	4.8	4.9
Surplus (Deficit) After Tax for the Year	-	1.3	1.9	9.2	11.2	11.5
BALANCE SHEET SUMMARY						
Current assets	-	1.9	5.7	14.5	28.8	-
Non-current assets	-	0.1	0.5	5.4	11.0	-
Total Assets	-	2.0	6.2	19.9	39.8	-
Short term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other current liabilities	-	0.6	1.6	6.5	13.1	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	1.3	4.5	13.4	26.7	-
Total Equity and Liabilities	-	2.0	6.2	19.9	39.8	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	1.6	2.7	4.4	10.5	-
Cash generated from investing activities	-	(0.1)	(0.6)	(2.6)	(7.7)	-
Cash generated from financing activities	-	-	-	-	-	-
Cash and cash equivalents movement for the year	-	1.5	2.1	1.8	2.8	-
Cash and cash equivalents at end of year (30th June)	-	1.5	3.6	5.4	8.5	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		7.3%	33.6%	61.8%	46.9%	45.9%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		9.9%	52.3%	3.0%	13.8%	66.4%
Surplus (deficit) before depreciation and after tax [KES Mil]		1.4	2.0	10.1	13.4	12.4
Operating surplus (deficit) [%]		46.0%	11.0%	52.0%	39.9%	46.9%
Surplus (deficit) after tax [%]		31.9%	7.4%	34.1%	29.9%	31.2%
Net debtors days (Collection period) [Days]		34	37	143	289	-
Net debtors as percentage of operating revenue [%]		9%	10%	39%	79%	0%
Operating cost coverage ratio (OCCR) [%]		185.2%	34.4%	159.6%	124.4%	158.8%
Debt service coverage ratio (DSCR)						
Current ratio		3.1	3.5	2.2	2.2	
KEY OPERATING INDICATORS						
Number of water connections		2,056.0	1,494.0	1,734.0	5,250	
Number of sewerage connections		-	-	-	-	
Volume water produced per annum [Cubic meter]		148,200.0	1,089,137.0	1,385,288.0	2,282,048	
Volume water sold i.e. billed		127,424.0	315,810.0	363,036.0	423,509	
Non revenue Water [NRW]		14%	71%	74%	81%	
Collection ratio		100%	97%	71%	71%	
Service area coverage [Sq Km]					151	
Population of area		67,102.0	68,791.0	69,811.0	67,102	
Population served with potable water		4,944.0	14,814.0	15,996.0	32,968	
Service area coverage [population served with water/ population of area]		7%	22%	23%	49%	
Total Value of water sold [KES]					23,525,310	
Average tariff per cubic meter of water sold [KES]		33.0	26.0	53.7	56	

NZOIA [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	71.1	88.1	76.9	111.0	142.3	194.0
Other operating revenue and capital and operating subsidies	0.4	29.4	10.0	9.3	3.2	7.1
Other revenue	2.7	3.6	1.1	0.4	0.8	-
Total Revenue	74.3	121.1	88.0	120.7	146.2	201.1
Expenditure						
Direct production costs	38.8	51.6	32.7	44.6	42.2	35.2
Employee related costs	17.8	46.3	40.1	40.2	40.8	59.1
Lease fees to WSBs	5.7	11.5	10.0	10.5	11.3	-
WARMA and WASREB levies	4.3	-	0.8	1.3	3.1	-
Repairs and maintenance	6.1	4.0	3.5	3.2	9.2	-
Other operating expenditure	15.2	19.1	14.3	19.8	21.3	38.1
Total Operating and Maintenance Expenditure	87.9	132.4	101.4	119.6	127.9	132.4
Interest expense	-	-	-	-	-	-
Depreciation	0.6	0.7	0.8	0.9	0.7	-
Total Expenditure	88.4	133.1	102.2	120.4	128.6	132.4
EBITDA	(13.6)	(11.3)	(13.4)	1.1	18.4	68.7
Surplus (Deficit) Before Tax for the Year	(14.2)	(12.0)	(14.2)	0.2	17.7	68.7
Income tax expense / provision	-	-	-	-	-	-
Surplus (Deficit) After Tax for the Year	(14.2)	(12.0)	(14.2)	0.2	17.7	68.7
BALANCE SHEET SUMMARY						
Current assets	24.8	66.7	80.1	95.4	107.7	-
Non-current assets	3.2	4.2	4.0	2.8	2.1	-
Total Assets	28.0	70.9	84.0	98.2	109.8	-
Short term borrowings (interest and non interest bearing)	-	-	-	6.0	5.0	-
Other current liabilities	17.1	40.5	65.5	82.6	77.6	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	2.1	6.6	9.0	-	-	-
Equity & reserves	8.8	23.8	9.5	9.6	27.3	-
Total Equity and Liabilities	28.0	70.9	84.0	92.2	104.8	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	4.2	(8.2)	(4.0)	23.3	2.7	-
Cash generated from investing activities	(3.7)	(1.7)	(0.6)	(0.4)	-	-
Cash generated from financing activities	-	4.6	-	(2.3)	-	-
Cash and cash equivalents movement for the year	0.4	(5.2)	(4.6)	20.6	2.7	-
Cash and cash equivalents at end of year (30th June)	0.3	(4.9)	(9.6)	1.7	4.4	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]	21.4%	37.3%	40.8%	34.5%	34.0%	44.6%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]	7.0%	3.0%	3.5%	2.6%	7.2%	0.0%
Surplus (deficit) before depreciation and after tax [KES Mil]	-13.6	-11.3	-13.4	1.1	18.4	68.7
Operating surplus (deficit) [%]	-22.8%	-12.6%	-16.7%	0.6%	12.1%	34.1%
Surplus (deficit) after tax [%]	-19.1%	-9.9%	-16.2%	0.2%	12.1%	34.1%
Net debtors days (Collection period) [Days]	123	243	345	284	257	-
Net debtors as percentage of operating revenue [%]	34%	67%	95%	78%	70%	0%
Operating cost coverage ratio (OCCR) [%]	81.4%	67.7%	77.6%	95.5%	113.0%	151.2%
Debt service coverage ratio (DSCR)						
Current ratio	1.4	1.6	1.2	1.1	1.3	
KEY OPERATING INDICATORS						
Number of water connections	13,285.0	16,093.0	18,772.0	17,653.0	20,392	
Number of sewerage connections	3,784.0	4,143.0	4,129.0	4,203.0	4,324	
Volume water produced per annum [Cubic meter]	5,404,300.0	3,321,204.0	4,518,965.0	5,109,457.0	6,437,016	
Volume water sold i.e. billed	2,574,648.0	2,198,108.0	2,209,039.0	2,209,039.0	2,339,068	
Non revenue Water [NRW]	52%	53%	51%	57%	64%	
Collection ratio	103%	82%	108%	88%	101%	
Service area coverage [Sq Km]					441	
Population of area	392,920.0	450,000.0	364,825.0	377,036.0	199,602	
Population served with potable water	186,826.0	159,241.0	143,688.0	174,215.0	117,924	
Service area coverage [population served with water/ population of area]	48%	35%	39%	46%	59%	
Total Value of water sold [KES]					113,836,498	
Average tariff per cubic meter of water sold [KES]	27.4	37.2	32.4	49.3	49	

OLOLAISER [KES Million]						
	2006	2007	2008	2009	2010	Budget 2011
INCOME STATEMENT SUMMARY						
Revenue						
Operating revenue from water and sewerage sales	-	12.3	20.8	36.3	53.9	101.7
Other operating revenue and capital and operating subsidies	-	0.2	17.2	22.4	6.1	10.2
Other revenue	-	-	-	-	-	-
Total Revenue	-	12.5	38.1	58.7	59.9	111.9
Expenditure						
Direct production costs	-	-	9.1	20.9	16.9	28.1
Employee related costs	-	5.5	15.8	15.7	18.2	23.8
Lease fees to WSBs	-	-	1.9	2.9	4.3	22.7
WARMA and WASREB levies	-	-	-	1.9	1.3	2.2
Repairs and maintenance	-	2.6	5.1	2.8	3.7	4.1
Other operating expenditure	-	4.6	5.9	9.3	12.1	19.3
Total Operating and Maintenance Expenditure	-	12.6	37.7	53.5	56.5	100.2
Interest expense	-	-	-	-	-	-
Depreciation	-	0.0	0.3	0.4	0.7	0.4
Total Expenditure	-	12.7	38.0	54.0	57.2	100.6
EBITDA	-	(0.1)	0.4	5.2	3.4	11.8
Surplus (Deficit) Before Tax for the Year	-	(0.1)	0.1	4.7	2.7	11.3
Income tax expense / provision	-	-	0.0	1.4	0.8	3.4
Surplus (Deficit) After Tax for the Year	-	(0.1)	0.1	3.3	1.9	7.9
BALANCE SHEET SUMMARY						
Current assets	-	6.2	7.4	13.8	16.7	-
Non-current assets	-	0.0	5.0	1.0	1.4	-
Total Assets	-	6.2	12.4	14.8	18.1	-
Short term borrowings (interest and non interest bearing)	-	-	-	0.4	-	-
Other current liabilities	-	2.4	4.7	7.7	9.5	-
Long term borrowings (interest and non interest bearing)	-	-	-	-	-	-
Other non current liabilities	-	-	-	-	-	-
Equity & reserves	-	3.8	7.7	6.7	8.6	-
Total Equity and Liabilities	-	6.2	12.4	14.4	18.1	-
CASH FLOW STATEMENT SUMMARY						
Cash generated from operating activities	-	(3.3)	2.8	0.2	1.7	-
Cash generated from investing activities	-	(0.0)	(5.3)	(0.8)	(1.1)	-
Cash generated from financing activities	-	3.9	3.8	0.4	(0.4)	-
Cash and cash equivalents movement for the year	-	0.6	1.4	(0.2)	0.2	-
Cash and cash equivalents at end of year (30th June)	-	0.6	2.0	1.8	2.0	-
KEY FINANCIAL RATIOS						
Personnel cost as a % of total operating and maintenance expenditure [%]		46.6%	43.0%	30.4%	33.6%	24.9%
Repairs & maintenance cost as a % of total operating and maintenance expenditure [%]		20.6%	13.5%	5.3%	6.6%	4.1%
Surplus (deficit) before depreciation and after tax [KES Mil]		-0.1	0.3	3.8	2.6	8.4
Operating surplus (deficit) [%]		-0.9%	1.0%	8.8%	5.7%	10.5%
Surplus (deficit) after tax [%]		-0.9%	0.2%	5.6%	3.1%	7.1%
Net debtors days (Collection period) [Days]		162	87	112	96	-
Net debtors as percentage of operating revenue [%]		44%	24%	31%	26%	0%
Operating cost coverage ratio (OCCR) [%]		99.1%	59.7%	72.5%	98.6%	105.7%
Debt service coverage ratio (DSCR)					6.5	
Current ratio		2.6	1.6	1.7	1.7	
KEY OPERATING INDICATORS						
Number of water connections		4,687.0	2,751.0	3,358.0	6,331	
Number of sewerage connections		-	-	-	-	
Volume water produced per annum [Cubic meter]		799,632.0	1,271,303.0	1,622,640.0	1,762,100	
Volume water sold i.e. billed		447,228.0	719,800.0	971,409.0	993,394	
Non revenue Water [NRW]		44%	43%	40%	44%	
Collection ratio		83%	107%	78%	93%	
Service area coverage [Sq Km]					733	
Population of area		132,000.0	270,056.0	420,000.0	397,961	
Population served with potable water		16,620.0	28,886.0	32,528.0	116,025	
Service area coverage [population served with water/ population of area]		13%	11%	8%	29%	
Total Value of water sold [KES]					53,859,615	
Average tariff per cubic meter of water sold [KES]		27.6	26.3	41.1		



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