



*NATIONAL WATER & SEWERAGE CORPORATION*

**THE 100 – DAYS PROGRAMME TO IMPROVE  
NWSC SERVICES**

**NWSC CORPORATE  
MANAGEMENT  
DOCUMENT**

Prepared by:  
NWSC Management

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## FOREWORD

A recognition that problems exist magically transforms those problems into challenges. This is more so when recognizing the existence of problems is done by the person or the organisation affected by the problems.

The management of the NWSC is highly commended for the sincerity it has shown in preparing this document, which is a critical and candid analysis of its present shortcomings. For greater effectiveness, the Corporation has recognised the existence of the following challenges and the manner in which it must rise to meet them:

- ❑ *Water Production and Sewerage Services:* Increase the quality of wholesome water and improve treatment of resulting waste from use of water.
- ❑ *Water Distribution:* Increase distribution network so as to reach more customers and reduce water losses attributable to various causes.
- ❑ *Revenue Generation:* Collect more revenue from water supplied and sewerage services rendered by improving billing and collection efficiencies.
- ❑ *Cost Reduction:* The Corporation currently runs a monthly deficit of shs.348m. Even if this malady is not only stopped but also reversed within the 100 days, it would not have been done soon enough.
- ❑ *Customer Care;* Put in place mechanisms and modalities for receiving and responding to customers' reports and complaints courteously and promptly.

The Board of directors of the NWSC reminds all employees of the Corporation that rising to the five challenges effectively calls for individual and collective efforts and sacrifices. The Board is sure that this determination is not lacking.

The Board also recognises that the satisfactory attainment of the objectives of the 100-days programme depends on the co-operation of customers. The Board therefore calls upon the Corporation customers to always promptly pay their bills for water used and sewerage rendered.

When all the challenges in the 100-days programme are smartly and fully met, the board of directors firmly believes that a solid platform from which the NWSC will be launched on the correct trajectory that will comfortably take it to the 21<sup>st</sup> century would have been built.

**S. L. OKEC**  
**CHAIRMAN, BOARD OF DIRECTORS**

# THE 100 – DAY ACTION PLAN

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## **EXECUTIVE SUMMARY**

### **NWSC's Problems**

The Corporation is currently overburdened by the problems of cost of financing unviable towns; high cost of debt servicing, huge arrears, expensive inefficient labour force, high operational costs arising from high costs of inputs like electricity and a relatively inefficient operational mode; and a VAT law that has put the Corporation on collision course with URA. All these problems have had a major bearing on the cash flow situation, which in turn has hampered the implementation of planned activities through reduced generation and high expenditures. This scenario could not augur well for the Corporation unless a new critical analysis of the status quo ante was made with a view to ensuring that NWSC operated at the minimum, on a balanced budget.

### **The New Team**

The FY 98/99 saw two major developments in the Corporation. A new Board was appointed. The Board in turn appointed a new Managing Director after the position fell vacant on the expiry of the previous Chief Executive. The new team presented opportunity rare in Corporate Management to review the past performance of NWSC fairly objectively. The 100-Day Programme was therefore conceived as an effort to salvage NWSC's stagnant (in real terms declining) operation, given the impetus of new leadership.

### **Objectives**

The objective of the 100-day programme is to improve NWSC service delivery within 100 days. The Terms of Reference (ToR) therefore crystallised the objective of the 100-Day Programme to improving efficiency by reducing costs and generating more revenue so that NWSC can at least balance its FY 98/99 budget. (ToR) was therefore prepared with the main aim of improving on operational efficiency through optimal and equitable use of facilities and manpower. The ToR further focused on the all-important issue of revenue generation and cost reduction both of which are at all the core of the viability of NWSC. With not so glamorous image to the consumers, the Programme called for improvements in Customer Care.

### **The Task Force**

A Task Force (TF) was instituted to prepare the Operational Plan (OP) for the 100-Day Programme under the Chairmanship of the director of Technical Services (DTS). Five Committees were formed to deal with Water Production and Sewerage Services; Distribution; Revenue Improvement; Cost Reduction Measures and Customer Care. Committee Chairmen were responsible for drawing up details of OP which details were discussed in plenary sessions. Area Managers and Union were involved in this exercise to tap the enormous amount of experience and expertise these groups have. Furthermore, the involvement of staff outside Senior Management (SM) was seen as a rational way of building consensus among the various stakeholders whose complete co-operation and understanding of the 100-Day Programme are essential for its success.

## **The Essence of the Programme**

The 100-Day Programme is essentially the Corporation's FY 98/99 planned activities. Efforts have been made not to create further budgetary crisis by bringing in new activities that would require the passage of supplementary budgets. The furthest the budget would be affected shall be in the form of vote re-allocation. The Programme has, on the cost reduction side, focused mainly on recurrent expenditure. Capital expenditure has by and large been left intact.

On the Water Production and Sewerage Services, the overall aim is to improve capacity utilisation and ensure acceptable water quality and sewage effluent. In the course of doing this, we hope to address endemic problems of high down-time for machinery, erratic electricity supply, inadequate bulk metering and foul smell from sewage in unwanted locations. An increase of 10% is expected in the water production capacity bringing average gaily production of 140,000m<sup>3</sup>.

Unaccounted for water (UFW) represents an average 49% of the total water production. This varies from a low of about 23% in Gulu to a high of about 57% in Mbale. The apportionment of the UFW between systems and administrative losses is presently difficult because of lack of universal metering but consensus is that system losses account for about 30% and the administrative losses 19%. To reduce on the UFW, the Programme will, under this subject, address prompt repairs of bursts and leaks, control of reservoir leakage/overflows, and fixing of faulty valves. Coupled with these we shall deal with meter management issues, meter defilement, illegal access to service and the updating of the GIS. At the end of the exercise, it is anticipated that the system losses will reduce from the estimated 30% to 24% while the administrative losses will drop from 19% to 15%. The resulting reduction of UFW from 49% to 39% is expected to make available 420,000m<sup>3</sup> of water per month into the system for sale.

The key issues to look into as far as the Revenue Generation is concerned are the billings, collections and arrears. Billing efficiency is still low at 50%. This is caused mainly by water being consumed without knowledge of the Corporation through illegal access, faulty meters, unmated accounts, suppressed accounts and estimated meter readings. Addressing these shortcomings coupled with extra water available from improved utilisation of plant capacities and reduced UFW is expected to create more revenue and increase the billing efficiency to 60%.

The collection efficiency is presently 74%. Through a vigorous but friendly enforcement for payment, we expect to increase the collection efficiency by 6% to 80%. The exercise so instituted is expected to assist in arresting of arrears growth, which currently stands at nearly shs.30 billion. Bills that are deemed uncollectable like sewage bills raised when water was turned off shall be reviewed for write offs. The on-going tariff review shall be concluded to minimise causes of default and hence arrears build-up.

The Cost Reduction Measures are aimed at rationalising the income and facilities so as to cut down wasteful expenditures. The task involves addressing operational costs and reviewing the necessity and timing of acquiring certain

budgeted capital items. Reviewing of operational costs will be done so as not to erode staff morale, and hence the involvement of Union and Area Managers. The Cost Reduction Measures are expected to generate a surplus budget of shs.5.7 million as opposed to the budgeted deficit of shs.3,200 million.

The public is not entirely happy with NWSC's services. NWSC in turn has complaints about the consumers. The Customer Care activities are planned to address these issues with a view to creating a more friendly interfacing mechanisms. The use of the media in articulating the concerns of the Corporation and vice versa should create an atmosphere of mutual trust and respect. In the end, customer relations shall improve, awareness on Corporation activities should be better understood and these should in the end cause an improvement in the efficiency of NWSC.

### **Implementation**

The TF and SM are expected to play significant role in implementing the 100-Day Programme as part of their normal assignments. Committee Chairmen will monitor the performance of the activities that fall on their shoulders. TF shall meet every fortnight with the second meeting of every month being constituted into Senior Management Meeting (SMM). This shall enable SM to have a more global view of how the Corporation is performing under the 100-Day Programme.

Board sanctioning shall be sought to deal with issues of statutory nature like KRIP Contract, write off of uncollectable arrears and changes in some provisions in the Terms and Conditions of Service (TCS) which affect staff welfare and contract terms.

The programme's most important input is Revenue Generation, Cost Reduction and Improved Customer Care.

Revenue is expected to increase from shs.2,498 million per month to shs.2,748 million per month. This will reflect an increase in billing efficiency of 10% from present 50% to 60%. The collection efficiency is expected to increase by 9% from the present 74% to 80%. In real terms, the average monthly collection should move from shs.1,859 million to shs.2,198 million. Under the Revenue Improvement, we expect to arrest the growth of arrears, which currently stands at nearly shs.30 billion.

Under the Cost Reduction Measures, the corporation expects to gain a net benefit of nearly shs.1 billion from an investment of shs.25 million. The global view is that at the end of the FY 98/99, the current shortfall averaging nearly shs.350 million per month be reduced and turned around to a surplus.

### **Launching**

The launching of the Programme slatted for February 1, 1999 is expected to create awareness among the NWSC staff and consumers. We shall use the print and electronic media to marshal support to this programme. The publicity created at the launching is expected to be a check on the high expectation of

Management and the Consumers on the successful implementation of the Programme.

### **Reviews**

A review meeting planned at the end of the programme shall aim at assessing how the Programme was implemented and how it dovetailed with the FY 98/99 OP. The foundation created by the programme is expected to serve as a beacon of performance measure that must be maintained to ensure the viability of NWSC irrespective of the looming privatisation.

# THE 100-DAYS PROGRAMME

## 1.0 INTRODUCTION

The 100-Day Programme is being launched as part of the effort to determine the extent to which plans can be implemented given the impetus of new leadership. The programme is based on the Corporation overall plan for FY 98/99, which seeks to among other things; improve capacity utilisation, improve accessibility to water and sewerage services thereby improving the income. In-built in the programme are specific efforts to reduce costs using the existing facilities optimally and the enhancement of customer care in all NWSC operations.

NWSC is currently facing many difficulties, which influence its ability to finance its operations. The main problems being:

- i. Cost of Financing Non-viable Towns (Only Kampala, Jinja and Entebbe are viable with Mbarara and Mbale on the verge of break-even).
- ii. Debt Servicing arising from high costs of funds on-lent to the corporation by Government.
- iii. Arrears currently standing at nearly shs.30 billion out of which Government owes nearly 50%.
- iv. High labour costs due to over-staffing – a historical problem which can be solved partly by staff reduction or increase in customer base to decrease the employees to connection ratio to an acceptable level. Inefficient expensive labour can only be discarded.
- v. High cost of electricity amounting to nearly shs.300 million per month. Coupled with the high cost is the notorious load shedding which reduces production and accelerates wear and tear.
- vi. High operational costs averaging shs.1,927 million p.m excluding capital plus Corporation Tax of 25m/= expenditure of shs.221 million against average monthly collection of shs.1,939 million making a monthly deficit of shs.348 million.
- vii. Taxation policy that demands that VAT be collected on bills as opposed to collections. Blind application of this policy has strained NWSC's operational capacity and relations with URA. It is unimaginable that URA can expect NWSC to pay VAT on Government bills, which have not been paid.

The problems identified have a major bearing on the cash flow situation of the Corporation. The lack of cash in turn has had the undesirable effect of hampering the implementation of planned activities. The 100-Days Programme aimed at addressing measures that have direct influence on generating revenue and reducing costs. The major output is therefore expected to balance the budget and even raise surplus revenue for further investment.

As it will be seen from the cost reduction measures, there is no way the achievement of the 100-Days programme shall be attained if we do not change our MINDSET i.e. the way we have been doing things here! However, once it is clear that the 100-Days programme has correctly identified the right modus operandi the onus of sustaining the programme shall in itself be the challenge on NWSC management and staff.

## **1.1 THE NEW TEAM**

A New Managing Director (MD) assumed office on November 18, 1998. He replaced the former MD who has been at the helm for slightly over 15 years, save for a brief period of or four months when the search for a new Chief Executive was taking place.

The new Chief Executive brings with him two distinct advantages. First he is new in both NWSC and the water industry. He has the ability to assess issues, plans and mode of work without being inhibited by the past. The obvious benefit from this is that NWSC problems can be assessed more rationally. Practices that were deemed inappropriate but could not be addressed can now be done so without fear of betrayal. These would be seen in the light of either rationalising use or bringing about equity.

Secondly, the new MD comes from a Business background. NWSC has had to grapple with different problems at different times. The bulk of the time in the last eighteen years or so has been spent on improving the physical infrastructure for water production and sewage disposal. This has been coupled with institutional capacity building, which has enabled the Corporation to train staff to run the physical infrastructure satisfactorily. In this regard, NWSC has done a commendable job. Commercial operations and Customer Care have however not received the same attention as the Technical aspects. The new outlook from a Business perspective comes at a time when NWSC's problems revolve around reducing costs and marketing its services to consumers who have a long time perceived that the Corporation did not consider Customer Care to be important.

Lastly, the Board: The present Board was appointed on July 27, 1998 under the NWSC statute 1995. All of them save for the Director of DWD; have come in their own capacities. They come from backgrounds, which support NWSC operations. It is only fitting to see in this new team a renewed spirit of outlook towards the provision of water and sewerage services. The Board members are very dedicated and experienced people and the Management has taken full advantage of this to fine-tune and redirect the planned activities so that NWSC can perform beyond its normal expectations.

## **1.2 THE CORPORATE PLAN**

The FY 98/99 is the second year in which NWSC has had its Corporate Plan operational. The first Corporate Plan launched in June 1997 for the FY 97/98 was perceived more as a foundation for implementing plans. A lot of fine-tuning had to be made in the course of the year. In addition, the Corporation could not achieve the objective of running the FY 97/98 Budget based on the Corporate

Plan due to lack of complete understanding and concurrence on its mode of operation.

The Corporate Plan is prepared on a three-year basis as required by the NWSC Statute 1995. Update is made yearly to reflect emphasis and/or importance of the Corporation aspirations. The updated Corporate plan for the FY 98/99 was approved by the board in June 1998 and has formed the basis for the Corporation Plan for FY 98/99.

The Corporate Plan is a very important document and familiarisation with it will be important in addressing the problems of the Corporation. All Heads of Departments have made good efforts to fully internalise the formulation and the operation of the Corporate Plan. The 100-Day Programme is part and parcel of the Corporate Plan. We are only taking advantage of a changed environment to bring about a new awareness and approach to solving the problems of the Corporation. The Planned Activities are details of the various activities in the FY 98/99 budget.

### **1.3 BUDGET FOR FY 98/99**

The 1998/99 Budget coincided with the Second Year of the 3-year Corporate Planning Period 1997/98 to 1999/2000. For the first time, all the budgetary estimates were based on Departmental Corporate plan Targets.

Earlier on, and during the financial year 1997/98, NWSC Management reviewed the 3-year Strategic Goals set out in the Corporate Plan against the background of actual performance in the year. After this exercise and as part of the annual planning process, annual targets were set by each Department with a view of progressive achievement of the Corporate Strategic Goals. The 1998/99 Budget as presented was therefore a product of harmonising and attaching costs and revenue to a set of defined Departmental Targets for the year.

#### ***1.3.1 The Budget Objectives***

The key objective of the 1998/99 Budget were to:

- i. Raised billed revenue from shs.22 billion to shs.27 billion and attain a 23% revenue growth as compared to the past 3 years when revenue growth averaged 5% p.a.
- ii. Emphasises efficiency in operations by reducing the level of unaccounted for water from the previous year's average of 60% to 48% while raising water production from 52 million m<sup>3</sup> to 53 million m<sup>3</sup>.
- iii. Reduced the total number of employees in service by 25% from 1,800 to 1,350.
- iv. Increase Cash Collection from the previous year's level of some shs.20 billion (+VAT) to shs.35 billion.
- v. Increase network extension to raise the number of water subscribers from 46,000 to 51,000.

Measures put in place to meet these objectives included:

- a. Implementation of the Kampala Revenue Improvement Project (KRIP), which commenced in the second half of 1997/98.
- b. Use of the Corporate Planning Process to clearly define targets, evaluate monthly performance and effect control measures as necessary.
- c. The Voluntary Retirement Scheme, which has been agreed upon by Management and the Union.

### ***1.3.2 Revenue***

#### ***Billed Income shs.27,008 m***

Total Billed income was to be raised from the 1997/98 level of shs.21,882 million to shs.27,008 million or an increase of 23%. This increase was expected to be achieved through;

- i. Increased revenue generation from Kampala area using the Kampala Revenue Improvement Project.
- ii. Increase billing by all other areas according to set targets.

#### ***Cash Collections shs.35,008 m (+VAT)***

Collection efficiency (cash collection as a ratio of billing) was to be raised from the current average of 74% to an average of 82%. Actual cash collection from current billings and arrears under 1 year was to be raised from shs.21 billion to shs.35 billion (+VAT) or an increase of 70%.

### ***1.3.3 Expenditure***

#### ***Employee Costs shs.684 m.***

During this Financial Year, determined effort was to be made to reduce employee costs through the Voluntary Retirement scheme. It was expected that out of the current establishment of 1,800, a total of 450 employees would be laid off through the scheme thereby reducing the establishment to the optimum level of 1,350 employees. The total cost of this programme was budgeted at shs.4,500 million.

Once the scheme was implemented, it was expected that annual employee costs would drop from the current shs.8,600 million to shs.6,000 million. However, the real impact of these savings would only be realised from 1999/2000 onward, as full layoff was not expected to be completed until the second half of the budget Year. The Budget amount for employee related costs has therefore taken this assumption into account.

### ***Premises Repairs and Maintenance shs.691 m***

Budgeted repairs and maintenance costs was expected to exceed the 1998/99 actual by shs.107 million. This was mainly due to the fact that during 1998/99, a relatively small amount was invested in property repairs. During the budget year, it was expected that shs.146m would be spent on repairs as compared to only shs.60m in the previous year.

### ***Static Plant and Pipe Networks shs.3,778m***

Of the total amount budgeted on this head, shs.2,066m refer to the cost of electricity in the water works. This amount is comparable to the revised 1997/98 expenditure of shs.3,060m.

### ***Transport and Mobile Plant shs.935m***

The budget anticipated a slight reduction of 5% over the previous year's revised estimates. Initially it was expected that the total estimates for mobile plant maintenance should have decreased by at least some 20% over the past years as a result of the planned decrease in non-operational vehicles. However, analysis of the budget estimates show that the expected decrease will be offset by increasing fuel usage by KRIP for operational vehicles.

### ***Supplies and Services shs.1,416m***

The budgeted amount includes the cost of water treatment chemicals at shs.899m. Compared to 1997/98, the budgeted amount (shs.1,416 million) is an increase over the previous year's estimate (shs.1,232m) of 15%. The increase is mostly attributed to Chemicals (shs.899m compared to shs.813m) and Tools (shs.79m compared to shs.3m) that reflect anticipated increase in the level of production and maintenance.

### ***Establishment Expenses shs.967m***

The budgeted amount represents a saving of 17% over the revised estimates for 1997/98.

### ***KRIP Management Costs shs.3,130m***

The estimate for management fees initially included employee costs for NWSC staff seconded to the project while the incentive fee comprises 25% share of surplus collections as defined in the original KRIP Management Contract.

The KRIP contract has since been renegotiated and the management costs have accordingly reduced by about 20%.

In return for this cost, Kampala Area Revenue was expected to go up from shs.15.3 billion to shs.18.4 billion (20% increase) while total collections would go up from shs.15.0 billion to shs.21.4 billion (+VAT) or 43% increase.

### ***Financial Expenses shs.20,556m***

This estimate includes shs.1,780m representing interest payments on the Second Water Supply Project (shs.650m in 1997/98).

### ***Depreciation shs.5,950m***

The Second Water Supply Project was concluded at the end of FY 1997/98. This means the Corporation brought into the Balance Sheet assets constructed under the Project totalling some shs.80,000m. As a result of this, total depreciation changes would rise from shs.3,160m to shs.5,950 or an increase of nearly 90%.

#### ***1.3.4 Net Profit (Surplus) for the Year***

Net profit for the year before the restructuring expenses (which is an Exceptional item) was expected to amount to shs.1,239m.

#### ***1.3.5 Capital Expenditure***

A summary of Capital Expenditure Estimates to be financed by NWSC's own resources was shs.2,651 million. The main components being expenses on Land acquisition, building, renewal of vehicles, pumps, furniture and office equipment.

Within the 100 days, activities on the Capital Development Budget, which do not require large expenditure, shall be addressed more expeditiously. Such activities shall require a review of the Plan of Activities under the relevant Targets in the Corporate Plan with a view to adjusting milestones forward. With this in mind, it is impossible that for instance the Extension of the Headquarters building, which has been planned for in the FY 98/99, can have the planning aspects completed within the 100 days.

#### ***1.3.6 NWSC Contributions to Externally Funded projects***

The Corporation expects to contribute a total of shs.1,396m (compared to shs.745m in 1997/98) as counterpart funds for externally financed projects towards Small Towns Water and Sanitation shs.597 million, second Water Supply shs.500 million, Namasuba shs.133 million and Kabale shs.166 million.

Due to cost over-runs on Second Water Supply Project Components, supplementary allocations exceeding shs.1,500 million may be required in the course of the year.

## **1.4 THE MANAGEMENT DILEMMA**

Whereas the billing trend seems to be reasonable (at 80% of the budget estimates by October 31,1998) and therefore compares with expenditure so far, the critical success of the overall budget depends on the Cash Budget.

A comparison of Actual Cash Collections in the four months (June – October 1998) with the Budget shows an average monthly variance of shs.692 million (or

shs.8,304 million p.a.). If this trend continues, the Corporation will be heading for a dead end.

Accordingly, those deviations will call for the following broad measures in the short run to enable the Corporation balance the cash budget and realise a reasonable surplus:

- Increasing water production/sewerage service level
- Reducing water losses
- Improving Customer Care to increase customer willingness to pay
- Raising cash collections
- Effecting cost cutting measures
- Regulating review of the budget.

Indeed that is what we are looking for in this 100-Day programme.

## **1.5 THE WAY FORWARD**

The implementation of the Budget anticipated discipline in the financial management of the Corporation's funds and a fundamental change in the NWSC business arena, if the intended objectives were to be achieved. In the event that NWSC continued to operate in its old ways, the attainment of the objectives set in the FY 98/99 Budget will be a dream.

The 100-Days Programme hopes to reactivate the discipline in managing Public affairs and discipline in managing the water business, in that activities would have to be planned and in full compliance to the prevailing regulations and business conditions. It is expected that the momentum that would be ushered in by the 100-Days programme would create a basis for sustainable corporate management. This Programme is supposed to be a beginning for turning the Corporation around. It requires full support of all the Stakeholders, the Board, Management, Staff ,government, Client, the Press etc. In this way, benefits, which accrue, would then be shared equitably by all stakeholders.

## **2.0 THE TASK FORCE**

A task Force was formed to prepare the Plan for the 100-Days Programme. The Task Force was given the mandate to prepare the 100-Days Programme within the beginning of December 4, 1998. As it turned out, the amount of work involved was overwhelming and the Task Force would only be able to complete the Programme preparation for launching on February 8, 1999.

### **2.1 TERMS OF REFERENCE (TOR)**

The ToR specifically addressed the problems currently being experienced by the Corporation. The salient ones included the increase in capacity utilisation with the intension of availing more water thereby increasing revenue. Problems of Distribution, Revenue Generation and Customer care were also included. Because of the high operational costs overheads, a Cost Reduction aspect was included.

### **2.2 COMPOSITION OF TASK FORCE MEMBERS**

Under the overall supervision and guidance of the Managing Director, the Director Technical Services was appointed Chairman and new Chief Engineer, Department of Planning and Capital Development as the Secretary. The rest of the Task Force Members are shown in Annex 2. Two members represented Union.

### **2.3 MODALITY OF WORK**

Five Committees were formed under the chairmanship of the officers in order to expedite work. The Committees were:

<b>Committee</b>	<b>Chairman</b>
1. Water Production And Sewerage Services	Chief Engineer Operations
2. Distribution	Chief Engineer, P&CD
3. Revenue Improvement	Commercial Manager
4. Customer Care	Branch Manager HP Gauff
5. Expenditure Reduction	Chief Internal Auditor

Committees met under their respective Chairmen on many occasions. Plenary sessions and chairmen's sessions took place almost every other day for the two weeks it took to prepare the programme. Every Committee was encouraged to prepare targets that were SMART, that is, specific, measurable, achievable, realistic and time bound.

### 3.0 WATER PRODUCTION AND SEWERAGE SERVICES

This chapter examines the water production capacity utilisation and the provision of sewerage services in all Areas. Quality aspects for both treated water and sewage effluents are also examined. The overall aim is to achieve the following objectives:

- ☒☒ Improved capacity utilisation of the water treatment plants
- ☒☒ Ensure quality of water produced meets WHO quality guidelines and UNBS standards and that this quality is maintained at all times.
- ☒☒ Ensure efficient operation of the sewage treatment plants such that the quality of the effluents meet NEMA guidelines and guidelines in the Waste Discharge Regulations.
- ☒☒ Minimise public complaints over sewage overflows.

#### 3.1 WATER PRODUCTION

##### 3.1.1 *Situational Analysis*

###### ***Capacity Utilisation***

The present capacity utilisation of the water production facilities in all areas is shown in Table 3.1. A part from Kampala and Entebbe, all water production facilities are operating at below 60% installed capacity mainly due to lack of effective demand. The quality of the water produced meets WHO guidelines and UNBS standards.

###### ***Problems affecting water production in all areas***

The general problems affecting water production in the Areas are:

- ☒☒ There is lack of sufficient metering of treated water output in most Areas. As a result, outputs from these plants are estimated based on pump run hours, which depends on the efficiency of the pumps in question. This is often not accurate.
- ☒☒ Power problems – Load shedding and power fluctuation coupled with high UEB tariff on maximum demand.
- ☒☒ Insufficient maintenance – Planned preventive maintenance not done timely. Repairs also take too long to be done.
- ☒☒ Production not maximised – Pump run hours and combinations not optimised.
- ☒☒ Inadequate equipment needed for maintenance of static plants.
- ☒☒ Delays in maintenance of plants due to present centralised maintenance system.
- ☒☒ Inadequate radio communication systems in place.
- ☒☒ Erratic procurement of chemicals.
- ☒☒ Under utilisation of capacity of water works due to lack of effective demand.
- ☒☒ Fluctuating quality of water produced especially in Gaba I, Entebbe, Masaka, Lira and Fort Portal due to mainly changes in raw water quality, effects of water hyacinth, inefficient operation of filters, lack of standby

dosing units for powder chlorine and inadequate maintenance of chemical dosing units.

**Table 3.1**

**CAPACITY UTILISATION OF WATER TREATMENT PLANTS**

<b>AREA</b>	<b>PRACTICAL CAPACITY M<sup>3</sup>/MONTH</b>	<b>AVERAGE PRODUCTION (QUARTER 7/98 TO 9/98) M<sup>3</sup>/MONTH</b>	<b>AVERAGE CAPACITY UTILISATION (based on last quarter)</b>	<b>REMARKS</b>
KAMPALA	3,768,000	2,788,320	74 %	Gaba II Plant is being operated at full capacity. Gaba I is producing at ½ capacity, requiring urgent rehabilitation.
JINJA	948,000	312,840	33 %	Lack of demand
ENTEBBE	228,000	193,800	85 %	Storage inadequacy, filtration requires overhauling; water hyacinth problem.
MASAKA	310,000	52,700	17 %	No effective demand
MBARARA	194,000	108,640	56 %	Old waterworks needs serious rehabilitation
TORORO	219,000	56,940	26 %	Lack of demand
MBALE	438,000	170,820	39 %	Lack of demand Manafwa intake and pumping main only allow for 50% operation of plant
LIRA	261,000	28,710	11 %	Lack of demand
GULU	48,000	27,840	58 %	Lack of demand; UEB power load shedding
KASESE	72,000	36,720	51 %	Lack of demand
FORT PORTAL	66,000	31,020	47 %	Lack of demand
<b>TOTAL</b>	<b>6,552,000</b>	<b>3,808,350</b>	<b>58 %</b>	

Specific problems that are experienced in the Areas that are provided as Annex 3.1. These may be categorised as mainly due to:

- ~~☒~~ Break down of specified equipment/plants
- ~~☒~~ Lack of metering and standby facilities
- ~~☒~~ Inadequate supply of logistics
- ~~☒~~ Localised water abstraction/treatment problems
- ~~☒~~ Problems arising from inappropriate design/choice of equipment/plants

Problems, which can be handled within the 100 days programme, have been identified and targets set to address them.

### **3.1.2 Targets**

The following targets have been set for the 100-days action programme:

- ~~☒~~ Carry out planned preventive maintenance (PPM) and corrective/break down maintenance (B/D) of static plants on schedule for all areas (except Fort Portal and Kasese).
  - a) Within one week's time for repairs costing less than 200,000 Ushs.
  - b) Within one month for repairs costing between 200,000 – 1,000,000 Ushs.
- ~~☒~~ Provide specified pipes, fittings laboratory chemicals and equipment, tools and equipment for Operations and Maintenance (O&M) of static plants for all Areas within 2 months.
- ~~☒~~ Maintain intakes in Tororo, Masaka and Mbale within 2 months
- ~~☒~~ Install bulk meters within Tororo, Jinja and Mbale and recalibrate electronic flow meter in Kampala, Masaka and Mbarara within 2 month.
- ~~☒~~ Install powder chlorine dosing systems in Gaba II, Jinja and Entebbe
- ~~☒~~ Re-sand filters in Fort Portal, Masaka, Mbarara and Jinja within 2 months.
- ~~☒~~ Achieve not more than 1-hour average of daily lost pumpage due to UEB power failures within 2 months in Kampala.
- ~~☒~~ Provide additional radio communication systems for all Areas within 2 months.

A summary of the targets, costs and benefits is given in Table 3.2.

### **3.1.3 Expected Outputs**

The implementation of the action Plan as outlined in the detailed plan of activities expected to produce the following outputs.

- ~~☒~~ Reliable and sustainable water production
- ~~☒~~ Reliable electricity supply
- ~~☒~~ Prompt responses to break downs leading to reduced down time
- ~~☒~~ Accurate measurement of water produced
- ~~☒~~ Good water quality
- ~~☒~~ Increase in water production particularly in Kampala by a minimum estimate of 405,000m<sup>3</sup>/month, i.e. a minimum 10% increase in overall output.

**Table 3.2**  
**SUMMARY OF WATER PRODUCTION TARGETS, COSTS AND BENEFITS**

<b>Item</b>	<b>Present Status / Problem</b>	<b>Target</b>	<b>Cost (U.shs)</b>	<b>Expected Benefits</b>
1	Inadequate maintenance of Static plants	Carry out planned preventive maintenance and breakdown	42,547,600	* Sustainability and reliability of water supply * Increase water production by 5% in Kampala 135,000m <sup>3</sup> /month * Prompt responses to Breakdowns in region * Improve reliability of systems * Reduce down time for equipment
2	Insufficient equipment for maintenance	Provide specified pipes, fittings, laboratory chemicals, equipment and tools for operations and Maintenance	29,900,000	* Efficient operations * Protection of water treatment equipment * Improve reliability of systems * Sustainability and reliability of water supply * Sustainability of quality product * Reduce down time for equipment * Compliance to WHO guidelines for drinking water
3	Inadequate maintenance of intake	Maintenance of intakes/abstraction points at water works	12,200,000	* Improved abstraction
4	Lack of metering of treated water output	Installation of bulk meters	19,000,000	* Reduction in unaccounted for water * Accurate measurement of water produced
5	Lack of Standby power chlorine dosing systems	Install power chlorine dosing systems (standby disinfection systems)	3,680,000	* Drinking water standards met when using standby system
6	Insufficient operations and Maintenance of filters	Resanding of filters	37,732,400	* Increase filter through put * Improve water quality * Improved reliability of supply
7	Problems of load shedding at NWSC water works	Achieve not more than one hour		* 10% increase in water production 270,000m <sup>3</sup> /month * Reliable and adequate electricity supply
8	Inadequate radio communication in place	Provide additional radio communication	27,600,000	* Improved efficiency in operations
	<b>TOTAL</b>		<b>172,660,000</b>	* <b>405,000m<sup>3</sup>/month increase in water production</b>



## 3.2 SEWERAGE SERVICES

### 3.2.1 *Situational analysis*

#### **Capacity utilisation**

All NWSC sewage treatment plants are operating far below their design capacities. This is because the treatment works receive minimal inflows as a small proportion of the water consumers are connected to the sewerage networks. This is mainly due to the limited sewerage network coverage in the Areas. Kasese area for example, does not have a sewerage network in place.

UEB power load shedding affects operations of the conventional sewage treatment plants in Masaka and Kampala.

The performance of all the sewage treatment plants do not comply with the required national standards.

#### **Problems affecting sewerage collection and treatment**

General problems that are common in all areas are:

- ✘✘Administrative – Sewage activities are not given equal priority as compared to water services. This is clearly reflected in these years' area budgets.
- ✘✘Lack of proper maintenance due to lack of equipment, logistics and will.
- ✘✘Insecurity with no proper fencing encourages vandalism.
- ✘✘Under-utilisation of installed facilities – narrow coverage of sewerage services hence low flow into the sewage works.
- ✘✘Inadequate cesspool emptier services. There are two old cesspool emptier vehicles, which are centralised.
- ✘✘Sewage treatment is up to secondary level only and some treatment stages like screens at WSP are not provided for.
- ✘✘Poor performance of sewage treatment plants. Treatment efficiency low, hence poor treatment.
- ✘✘No provision for flow measurements and sampling points at inlet or outlet to sewage plants e.g. "V" notch, weir e.t.c.
- ✘✘No alternative low cost method of sewage collection, treatment and disposal.

Specific problems experienced in the different areas are given in Annex 3.3. They may however be categorised as mainly due to:

- ✘✘Inadequate maintenance of plants/equipment.
- ✘✘Poor conditions of specific access roads to the sewage plants.
- ✘✘Problems of growth of weeds/algae in WSP.
- ✘✘Improper siting and sizing of waste stabilisation ponds.
- ✘✘Neglect to maintain WSP areas of bushes

Problems, which can be handled within the 100 days action programme, have been identified and targets set to address them.

### 3.2.2 *Targets*

The following targets have been set for the 100-day action programme:

- ✂✂ Carry out preventive and breakdown maintenance at Bugolobi Sewage Treatment Works (BSTW) in 3 months.
- ✂✂ Reduce storm water inflow into sewer manholes in Kampala by 50% within 2 months.
- ✂✂ Reduce trunk sewer blockages in Kampala by 50% (from an average of 60 to 30 cases per month) in 3 months.
- ✂✂ Carry out preventive, corrective and breakdown maintenance on all sewage works installations within 3 months.
- ✂✂ Replenish laboratory chemicals for sewerage analysis within 3 months.
- ✂✂ Provide short-term alternatives for disposal of sewage in Kasese within 2 months

A detailed plan of activities to achieve these targets is given in Annex 3.4. A summary of the targets, costs and benefits is given in Table 3.3.

### 3.2.3 *Expected outputs*

The implementation of the action plan as outlined in the detailed plan of activities is expected to produce the following outputs:

- ✂✂ Reduce sewer bursts and spillage in and therefore reduction in public complaints.
- ✂✂ Improve operation of sewage treatment plants.
- ✂✂ Effluents from sewage treatment plants meet the national standards.
- ✂✂ Effective effluent quality monitoring by the Water Quality Section.
- ✂✂ Kasese area will have short-term disposal facility for its sewage.

**Table 3.3**  
**SUMMARY OF SEWERAGE SERVICES, TARGETS, COSTS AND BENEFITS**

ITEM	PRESENT STATUS / PROBLEM	TARGET	COST (shs. million)	EXPECTED BENEFIT
1	Poor maintenance and response to breakdowns - BSTW	Carry out preventive and breakdown maintenance at Bugolobi Sewage Treatment Works in 3 months	2.61	Plant performance meets expected NEMA standards. Reduction in public complaints
2	Storm water ingress into the sewers; causing overflows	Reduced storm water inflow into manholes in Kampala by 50% in 2 months	4.25	Nuisance overflow stopped in the city.
3	Trunk sewers and siphons frequently get blocked	Reduce trunk sewer blockages by 50% (from 60 –30 cases per month) in 3 months	17.5	Spillage of sewage in the city and Nakivubo channel reduced
4	General maintenance of ponds and installations in poor and responses to breakdown is slow	Carry out preventive, corrective and breakdown maintenance on all installations in 3 months	39.2	Reliable collection, treatment and disposal processes
5	Inadequate supply of laboratory chemicals and space in regions (Jinja &Mbarara)	Replenish laboratory chemicals for sewage analysis in 3 months	5	Compliance with NEMA standards enforced promptly
6	No dumping site for sewage in Kasese	Provide short term alternative for disposal of sewage in Kasese in 2 months	0.8	Safe disposal and increased revenue turnover
<b>GRAND TOTAL (SHS)</b>			<b>66.75</b>	

## 4.0 WATER DISTRIBUTION

### 4.1 THE GENERIC PROBLEMS

In NWSC, conditions developed during the recent years stemming partly from a woeful neglect of maintenance of distribution mains and partly from lack of public standards where under registration or incorrect reading of meters and increasing numbers of illegal connections have become predominant factors in unaccounted for water (UFW).

The main theme of this topic is the improvement of the “DISTRIBUTION EFFICIENCY” i.e. the amount of water produced at the plants and stored at the tanks versus the water distributed up to the meters of the customers. The question to ask here is “does all the water that is produced and stored at the tanks actually reach the customer?”

The level of un-accounted for water in NWSC water distribution system is currently estimated at about 49%. Table 4.1 below gives a summary of UFW in all areas.

**Table 4.1 UFW In Areas**

<b>Area</b>	<b>Average Monthly Water Production m<sup>3</sup> (Quarter 7/98 – 9/98)</b>	<b>UFW % (as at June 98)</b>	<b>UFW (m<sup>3</sup>)</b>
Kampala	2,788,320	51	1,422,043
Jinja	312,840	53	165,805
Entebbe	193,800	39	75,582
Masaka	52,700	50	26,350
Mbarara	108,640	23	24,987
Tororo	56,940	30	17,082
Mbale	170,820	57	97,367
Lira	28,710	33	9,474
Gulu	27,840	23	6,403
Kasese	36,720	43	15,422
Fort Portal	31,020	23	7,135
Overall	3,808,350	49	1,862,078

In Kampala area night demand is almost as high as day demand due to suspected high system and administrative losses. There are about 10,000 suppressed accounts (30% of total accounts), which can be assumed with good confidence level that at night at least 30% are illegally reconnected. This assumption is justified by the fact that Reservoirs don't fill to high levels at night (Muyenga and Nakasero). Likewise, the situation is not any better in other towns like Jinja, Mbale, Entebbe, Mbarara and Masaka.

The present level of UFW of 49%, which is due to systems and administrative losses analysed below, is to be reduced.

## 4.2 SYSTEM LOSSES:

System losses in NWSC are estimated at about 30% of the UFW.

System losses originate from:

- Bursts and leaks on water transmission and distribution mains,
- Bursts and leaks on tertiary mains and service pipes less than DN 50 mm
- Reservoir leakage and overflows
- Sluice valves, air valves and washouts
- Leaking house connections caused by;
  - ☞☞ Service pipes laid in shallow depths
  - ☞☞ Old age/poor quality materials used for service connections
  - ☞☞ Lack of proper supervision

### 4.2.1 Proposed Measures

#### ***Repairs of transmission / distribution mains:***

Control of water bursts on transmission / distribution mains should be effected within one hour of reporting. Repairs of water mains greater than 50mm diameter should be effected within 24 hours of reporting time. This measure will help to reduce physical water losses tremendously.

#### ***Repairs of tertiary mains and consumer services:***

Control of leaks/bursts on mains less than 50mm diameter and service connections should be effected within 8 hours of reporting, and repairs effected within 36 hours. The Zonal Managers shall be fully responsible for control and repairs of tertiary mains and consumer service pipes.

#### ***Control of Reservoir leakages/overflows:***

No overflows should be allowed in service reservoirs and any circumstantial occurrence should be controlled within 30 minutes. Immediate repair of leaking reservoirs should be effected.

#### ***Sluice valves, air valves and wash-out valves***

Planned preventive maintenance of valves, which is currently lacking should be established. This will involve locating, excavating buried valves, gland-packing valves and repairing them.

#### ***Leaking house connections***

It is estimated that 85% of the leaks (system losses) result from consumer connections. Identify and advice owners of consumer connections laid in shallow excavations to relay their service pipes. Step-up supervision to ensure compliance and if necessary give time bound notices to disconnections in case of non-compliance.

Establish a Pilot Zone for study on how NWSC can be fully responsible for installation and maintenance of service connections. (Privatise the service if possible).

#### **4.3 ADMINISTRATIVE LOSSES:**

- Problems associated with meter management such as estimated meter readings, in-accessibility of meters, under-registration, lack of policy on meter servicing, replacement, testing and calibration.
- Meter defilement mostly associated with abuse of meters by public who connive with NWSC staff.
- Illegal connection and reconnections. In Kampala alone, up to 800 connections are estimated to be illegal.
- Un-metered accounts / flat rate billing
- Abuse of Fire hydrants by Police and owners of water tankers
- Delay in up dating of block maps
- Corruption of NWSC staff

##### ***4.3.1 Proposed Measures To Reduce Administrative Losses***

###### ***Meter Management***

Proposed meter management policy to give guidance on meter replacement, servicing, testing and calibration.

Installation of bulk meters, district meters and Zonal meters.

Decentralisation of meter management to the Zones should be effected in Kampala (other towns where applicable) to make the Zonal managers accountable for the water they produce in their Zones.

All buried meters should be installed on standard gooseneck connection.

###### ***Meter Defilement***

Sealing of meters should be enforced to reduce cases of meter defilement. Enforcement of Penalties should be strengthened; this involves actual replacement of damaged meters by customers, payment for estimated water used during the period of meter defilement and legal action where necessary.

###### ***Illegal connection / reconnection***

Stepped-up supervision on house connections to un-earth a minimum of two illegal connections daily in each Zone of Kampala and other areas.

###### ***Up dating of block maps***

Block maps should be up dated within 5 days by Kampala – KRIP and within 30 days in case of the other areas.

Block mapping section should be given logistical support to enable them carry their activities effectively.

## 4.4 TARGETS

### 4.4.1 *Systems Losses*

1. Equip Area with basic tools for distribution mains maintenance.
2. Stock quality materials for water mains maintenance.
3. Repair all leaking reservoirs and control overflows within 30 minutes of occurrence.
4. Repair bursts on water mains greater than DN 50mm within 24 hours of reporting.
5. Control/repair leaks on tertiary mains of diameter less than 50mm and service pipes within 36 hours of reporting in Kampala and 12 hours in other areas.
6. Implement planned preventive maintenance of sluice valves, air valves, fire hydrants and washouts.
7. Enforce pipe-laying standards on house connections.
8. Enforce standard meter installation/location on house connections.
9. Install at least 8 meters daily in each Zone.
10. Establish leak detection team in Kitintale Zone.

### 4.4.2 *Administrative Losses*

1. Establish meter management system in all areas.
2. Up date block maps within 5 days in Kampala and within 30 days in other areas.
3. Unearth at least two illegal connections in each Zone of Kampala.
4. Install bulk meters in pilot zone in Kampala (Kitintale)

The summary of targets, activities, costs and benefits to address the system and administrative losses are shown in table 4.2 and 4.3.

In addition, detailed plan of activities to achieve the targets are shown in Annex 4.1 and 4.2.

## 4.5 EXPECTED OUTPUTS

**4.5.1** Improve response time to control/repair leaks from over one week in some cases to 24 hours.

**4.5.2** Reduce system losses by 20% and Administrative losses by 21%.

### (i) *System Losses*

~~✍~~ The system losses are 30% of total water production of 4,205,100 m<sup>3</sup> per month.

~~✍~~ Reducing system losses by 20% will result in an increase in available water by 252,306 m<sup>3</sup> per month.

### (ii) *Administrative Losses:*

~~✍~~ The administrative losses at present are 19% of total water production.

~~iii)~~ Reducing Administrative losses by 21% will result in an increase in available water by 168,204 m<sup>3</sup>.

∴ Annual increase in billing will be Ushs.3.249 billion.

iii) Total increase in available water from (i) and (ii) above will be 420,510 m<sup>3</sup> per month.

**4.5.3** Improve water supply in all areas by introduction of Water Kiosks.

**4.5.4** Motivated customers due to reliable quality service.

**4.5.5** Improved willingness to pay for water and sewerage rates.



**Table 4.2  
SUMMARY OF SYSTEM LOSSES**

<b>ITEM</b>	<b>PRESENT STATUS/PROBLEM</b>	<b>TARGET</b>	<b>COST (U. shs.)</b>	<b>EXPECTED BENEFIT</b>
1.	Persistent lack of tools for distribution maintenance	Equip all areas with basic tools for distribution mains maintenance	10,000,000	Improve response time to carry out repairs on water mains
2.	Lack of materials for repair works is a major problem in all areas	Stock quality materials for water mains maintenance	20,000,000	-ditto-
3.	Circumstantial reservoir overflows occur in Kampala and serious tank overflows and leaks occur in small towns like Entebbe, Gulu and Masaka	Repair all leaking reservoirs and control overflows within 30 minutes of occurrence	18,000,000	Improve water supply and water sales reduce system losses by 2%
4.	Frequent bursts of water mains contribute about 20% of system losses	Repair bursts on water mains greater than 50mm diameter within 24 hours of reporting.	5,000,000	10% reduction in system losses
5.	50% of system losses are caused by leaks on tertiary mains and service pipes	Control/repair leaks on tertiary mains of diameter less than 50mm and service pipes within 36 hours of reporting	15,000,000	15% reduction in system losses
6.	Leaking sluice valves, air valves, fire hydrants and washouts caused about 5% of system losses	Implement planned preventive maintenance of sluice valves, air valves, fire hydrants and washouts	2,000,000	2% reduction in system losses, effective network control, and less waste during repairs
7.	Lack plumbing standards and inspection of works on consumer service connections	Enforce pipe laying standards on house connections	-	2% reduction in system losses
8.	Wrong positioning and installation of meters are the main causes of meter by-passes and meter vandalism	Enforce standard meter installation/location on house connections	5,000,000	1% reduction in system losses, accuracy of meter reading and improved billing efficiency
9.	There are about 5000 un-metered accounts in all areas	Install at least 8 meters daily in each Zone/area	65,000,000	Achieve universal metering in all areas. No more flat rate billing and minimum estimate bills. Increase billing efficiency by 3%
10.	There is no leak detection for invisible leaks in all areas. The invisible leaks contribute about 05% of system losses	Establish leak detection team in Kitintale (Pilot Zone)	-	The pilot zone will serve as a model for training of staff in leak detection. Reduce system losses in Kitintale by 5%
		<b>TOTAL</b>	<b>140,000,000</b>	<b>Total reduction in system losses of 35% will make available additional 399,017 Cu.M of water per month.</b>



**Table 4.3**  
**SUMMARY OF ADMINISTRATIVE LOSSES**

ITEM	PRESENT STATUS/PROBLEM	TARGET	COST (SHS)	EXPECTED BENEFIT
1	No meter management system to give guidance on meter servicing, testing, calibration and replacement.	Establish meter management system in all areas	5,000,000	- 5% increase in billing efficiency by increased water sales
2	Meter readings are estimated due to delay in updating of block maps and metered accounts are billed on flat rates especially construction sites	Up date Block maps within 5 days in Kampala and within 30 days in other areas	5,000,000	- Increase in number of accounts by 5% of total active accounts. - Increase billing efficiency by 2%
3	There are about 800 illegal connections in Kampala and about 200 illegal connections in other areas	Unearth at least two illegal connections in each zone	5,000,000	- Increase number of accounts by 2% of total accounts. - Increase billing efficiency by 1%
4	Inadequate district metering	Install bulk meters in a pilot zone in Kampala (Kitintale)	10,000,000	- Zonal Manager will be able to account for water supplied to the zone and compute billing efficiency
		<b>TOTAL COST</b>	<b>25,00,000</b>	<b>Reduce administrative losses by 50% and increase billing efficiency by 20%</b>



## 5.0 REVENUE IMPROVEMENT

### 5.1 GENERIC PROBLEMS

NWSC has successfully been able to meet the significantly rising water demands and increased service levels. However, the rise in water available to the consumer as a result of the improved “production efficiency” raises the question of whether that water can actually be billed and revenue actually collected from the customer. The Corporation is concerned with the rapidly growing amounts of water that is not billed and more even so with the revenue that is not collected from the little water that is billed! There will be no use of improving our production capacities and distribution efficiencies if the water thus generated cannot generate the additional revenue required to run the Corporation.

The main theme of this chapter therefore is to find out ways of improving the “BILLING AND COLLECTION EFFICIENCY” of the services delivered. The billing efficiency in our new sense of the term would refer to the amount of water distributed from the tanks up to the meter of the customer versus the amount of water actually billed. The pertinent question here is “Is the water distributed up to meter of the customer actually billed?” The collection efficiency on the other hand refers to the “Water actually billed versus the revenue collected”. The pertinent question being – Is NWSC collecting the revenue from all the water and sewerage services that are billed to the customer?

The rise in water production and increase in water consumption must match with proportionate increase in revenues generated. The Corporation is getting increasingly concerned with rapid growing arrears unmatched with the low revenue collections. The immediate effect of these imbalances is that the financial performance of the organisation has been compromised mainly due to increased operational as well as overhead costs without corresponding support from cash inflows as reflected in the statistics below.

**Table 5.1**  
**Statistics for the year ended 30/6/1998**

Area	Water Production m <sup>3</sup>	Water Billed m <sup>3</sup>	Billing Efficiency %	Billing	Collection	Collection Efficiency %
Kampala	30,969,108	15,132,918	49	18,955,832,975	13,302,615,925	70
Jinja	4,652,000	2,166,817	47	2,887,551,382	1,984,181,163	69
Entebbe	2,455,875	1,504,842	61	1,101,454,781	830,894,395	75
Mbale	1,684,968	716,298	43	853,488,499	643,199,351	75
Tororo	746,957	520,078	70	474,764,232	367,094,982	77
Masaka	680,898	343,466	50	383,735,114	316,046,386	82
Mbarara	1,296,609	998,127	77	860,814,870	645,428,670	75
Lira	365,218	245,577	67	237,117,098	218,631,081	92
Gulu	333,573	255,363	77	269,477,788	204,095,425	76
Kasese	458,907	267,476	58	232,731,480	197,214,879	85
Fort Portal	348,843	269,075	77	230,448,732	166,913,706	72
<b>Total</b>	<b>43,992,956</b>	<b>22,420,036</b>	<b>51</b>	<b>26,487,416,951</b>	<b>18,876,315,963</b>	<b>71</b>

**Table 5.2**  
**Suppressed Accounts as at 30<sup>th</sup> June 1998**

<b>Area</b>	<b>Total No. of Accounts</b>	<b>No. of suppressed Accounts</b>	<b>Arrears on Accounts (SHS)</b>
Kampala	27,651	9,750	2,097,788,919
Jinja	7,971	3,651	1,267,025,958
Entebbe	3,207	939	139,452,596
Mbale	4,189	1,898	364,769,213
Tororo	1,569	-	-
Masaka	2,008	815	73,433,821
Mbarara	2,797	957	116,219,088
Lira	1,127	580	79,286,273
Gulu	1,255	631	63,186,934
Kasese	981	228	37,847,918
Fort Portal	1,130	164	16,341,971
<b>TOTAL</b>	<b>53,885</b>	<b>19,613</b>	<b>4,255,352,691</b>

**Table 5.3**  
**Arrears as at 31/10/1998 (U shs.000): -**

<b>AREA</b>	<b>KRIP</b>	<b>JINJA</b>	<b>ENTEBBE</b>	<b>MBALE</b>	<b>TORORO</b>	<b>MASAKA</b>	<b>MBARARA</b>	<b>LIRA</b>	<b>GULU</b>	<b>KASESE</b>	<b>F/PORTAL</b>	<b>TOTAL</b>
COMM	5,738,182	706,352	38,702	40,609	17,848	50,995	85,470	30,950	38,593	22,487	9,430	6,779,618
DOM	4,781,734	792,097	122,416	207,696	46,914	31,860	73,678	16,460	54,468	25,678	41,700	6,194,701
INST	784,095	56,048	10,697	36,670	3,580	7,603	49,003	5,059	5,680	1,581	11,623	971,640
L/AUTH	332,952	76,843	38,827	100,376	4,153	6,162	10,983	3,316	5,233	1,186	1,330	581,361
MIN	8,123,931	1,460,217	864,139	441,913	116,911	326,538	196,601	50,877	145,188	30,430	70,972	11,827,717
PARS	3,477,226	165,996	43,342	44,265	17,003	10,640	13,281	10,026	8,225	28,664	2,286	3,820,958
DAPCB	2,400,000	68,224	920	170,491	14,336	2,248	32,349	38,807	7,393	-	-	3,653,909
<b>TOTAL</b>	<b>23,298,348</b>	<b>3,325,778</b>	<b>1,119,043</b>	<b>1,042,023</b>	<b>220,743</b>	<b>436,142</b>	<b>461,365</b>	<b>155,495</b>	<b>264,780</b>	<b>110,026</b>	<b>137,340</b>	<b>30,571,084</b>

## **5.2 BILLING: (see table 5.1)**

Billing Efficiency (BE) is the total amount of water billed ( $m^3$ ) expressed as a percentage of the total amount of water produced ( $m^3$ ) for the billing period. Statistics show that overall NWSC achieves 50% billing efficiency rendering another 50% of the water produced un-accounted for. This unaccounted for water is lost either through systems or administrative losses described in chapter 4.0.

The major problem affecting billing efficiency in NWSC include the following:

### **5.2.1 *Illegal Connections:***

Many consumers especially in the City/town centre are very crafty. Many reconnect themselves at night; some pass the meters and even get supplies through underground connections, which are difficult to identify. The Corporation workers often abate some of those malpractices. Sometimes Corporation employees do not carry effective disconnection creating room for illegal reconNECTIONS.

*Target: Institute a programme to control illegal connections.*

### **5.2.2 *Faulty Meters:***

Meters sometimes get choked or tampered with and cannot accurately record water flow. The defect can only be detected at the time a meter is read i.e. after a month, resulting into considerable losses due to underestimation of consumption.

*Target: All faulty meters to be identified, checked, repaired and replaced.*

### **5.2.3 *Un-metered accounts:***

These are considerable water losses leading to low billing arising out of un-metered single taps, stand posts, building sites and institutions. The single tap tariff has been abused by people who use such taps as selling points for water, paying only the flat rate shs.3,696/= per month.

*Target: Meter all stand posts, building sites and major commercial institutions.*

### **5.2.4 *Suppressed accounts: (see Table 5.2)***

There are about 19,600 accounts out of a total of 53,613 accounts that are not billed. It is possible that up to 25% of this unaccounted for such customers illegally consume water. This illegal consumption (25% of monthly production of 3.948 million  $m^3$ ) translates into a loss of 987,000  $m^3$  or shs.690 million at an average price of shs.700/= per  $m^3$ .

*Target: Investigate and resolve at least 10 accounts per zone/area per day.*

### **5.2.5 Estimated Meter readings:**

These result into over/underestimation of billings, which cause disputes resulting into disconnections.

The Corporation does not have an effective surveillance capacity to identify deliberate losses. There is also reluctance to invoke penalties for such offences.

*Target: All un-realistic estimates eliminated.*

### **5.2.6 Connections and Billing from improved water production & distribution**

The collective effect of improved use of water production facilities as well as saving from distribution improvement is expected to result into the following:

- i) Extra water, which is expected to be generated from improvements in the production facilities (405,000 m<sup>3</sup> per month) and savings from distribution losses, will contribute to an additional increase of 10% in the overall billing efficiency.
- ii) New connections are expected to continue at a rate of about 300 connections per month consuming approximately 30 m<sup>3</sup> per month. This contribution is reflected in the 10% increase in the billing efficiency.

### **5.3 COLLECTION: (see table 5.1)**

Collection Efficiency is the amount of cash collected as a percentage of billing for the period. Statistics as at 30<sup>th</sup> June 1998 showed that on the overall NWSC achieved about 71% collection efficiency. The current collection efficiency is at 74%. It is acknowledged that much as this percentage is above average, further improvement could still be attained within 100 days. Major problems in this area include:

#### **5.3.1 Government Bills:**

Treasury usually releases amounts that do not cover current bills for various ministries.

The Corporation cannot easily disconnect some ministries without undue political interference.

*Target: Collect at least 4.5 billion of the verified debt*

#### **5.3.2 Industrial / Commercial / Parastatal**

Some small shop owners need only small quantities of water and usually prefer to buy a few jerry-cans of water daily.

Reconnection fees are considered to be high.

The tariff for the small business discourages them from paying their bills as bills are perceived to be high compared to income.

Some parastatals are Corporation creditors, so it is difficult to demand for full settlement from them.

*Target: Enter into settlement agreements.  
Debt swap with creditor parastatals  
Legal action to include property attachment  
Write off billings of sewerage on disconnected accounts.*

### **5.3.3 Institutions:**

Their income is seasonal i.e. when students report at the beginning of the term. They also depend on funds from Government, which are usually not adequate and irregular.

*Target: Enter into settlement agreements.  
Legal action to include property attachment  
Write off billings of sewerage on disconnected accounts.*

## **5.4 ARREARS: (see Table 5.3)**

As at 30/10/98, the Arrears stood at 30 billion. This represents 15 month's billing a situation that is not good. The reasons for arrears build up are many but the most important ones are:

1. The collection efficiency is low, leading to arrears build up
2. Some arrears are disputed especially sewerage bills raised when water supply had been disconnected.
3. Custodian Board debts stand at shs.2.4 billion, account for 50% of the total debt. These have remained unsettled for over 3 years.
4. Commercial consumers, particularly the small businessmen are not happy with the high tariff charged on them when in fact they partly stay in those premises. They are not willing to pay the arrears.
5. There are bills raised on the basis of minimum charges which people are not willing to settle as this practice ignores actual consumption.
6. Areas consider it uneconomic to disconnect some accounts with low balances, but which together add up to a very high arrears figure.
7. There are some leaks that are invisible especially if they are beyond the meter. These normally attract high bills which consumers are not willing to settle and therefore remain outstanding for long.
8. Court action against defaulters usually takes long and is in most cases outside the control of the Corporation. This leaves arrears unresolved for a long time.
9. Purchasers of properties do not normally want to inherit bills, contrary to Corporation's policy. This leads to disputes resulting into non-settlement of the bills.

*Targets for Arrears reduction:*

- *Write off at least 50% of all sewerage billings on disconnected accounts.*
- *Investigate and resolve at least 10 suppressed accounts per day per zone/area.*
- *Develop bad debt policy for NWSC*

- *Investigate and resolve all arrears on liquidated properties.*
- *Institute legal action to include property attachment*
- *Reduce non-government arrears (excluding sewerage write off) by 2%.*

## **5.5 TARGETS FOR REVENUE IMPROVEMENT:**

In order to realise an increase in the revenue base for the Corporation, the problems mentioned above need to be addressed. One hundred (100) day strategy based on the following targets is suggested for revenue improvement.

- 5.5.1 Increase Billing Efficiency by 10% to raise the overall efficiency from 50% to 60%.
- 5.5.2 Increase Collection Efficiency by 6% to raise the overall efficiency from 74% to 80%.
- 5.5.3 Maintain arrears growth rate to not more than 20% of billing per month.
- 5.5.4 Institute a programme to control illegal connections.
- 5.5.5 Meter all stand posts, building sites and commercial locations.
- 5.5.6 Investigate and resolve at least 10 suppressed accounts per zone/area per day.
- 5.5.7 Reduce government arrears by collecting shs.4.5 billion of all the verified debt.
- 5.5.8 Write off sewerage bills on disconnected accounts for consumers who will have paid arrears on water charges
- 5.5.9 Develop a bad debt policy for NWSC
- 5.5.10 Monitor on weekly basis all accounts with meter size exceeding DN 40mm
- 5.5.11 Monitor on a weekly basis all accounts with monthly billing exceeding Ushs.500,000 in Kampala and 100,000 in other Areas.
- 5.5.12 Establish strategic alliance with police and Ministry of Defence to curb abuse of fire hydrants
- 5.5.13 Open and bill at least 300 new connections/accounts per month
- 5.5.14 Carry out mains extension of DN 100mm to UCI – Factory and Trading Centre in Tororo Area as well as a DN 80mm for Kakira Sugar Works.
- 5.5.15 ITM to develop a system of calculating volumes of water billed to enable calculation of billing efficiency
- 5.5.16 Commercial manager to isolate government institutions with large arrears and write individual stations about the intension to disconnect if arrears are not settled.
- 5.5.17 ITM to improve billing processing capacities in Jinja and Mbale centre to ensure timely production of bills.
- 5.5.18 Director Manager Services to resolve the Auctioneers cases with the customers in Masaka, Lira and Gulu
- 5.5.19 Top Management to lobby government to have VAT paid on collections and not billings.
- 5.5.20 Top Management to strengthen the legal arm of NWSC to effect arrears recovery
- 5.5.21 Commercial Manager to follow up implementation of the tariff review report within the 100 days programme
- 5.5.22 Arrears that meet collection targets will each be given a bull for roasting
- 5.5.23 All Area Managers to ensure that arrears do not increase over and above total monthly government billing

5.5.24 All areas must strictly adhere to the revenue collection strategy.

A summary of the activities of the targets is presented in Table 5.5 with the details in Annex 5.1.

## **5.6 EXPECTED OUTPUTS**

**5.6.1** Increase monthly billing from shs.2.498 billion i.e. additional shs.250 million per month, which is equivalent to 357,000 m<sup>3</sup> of water per month from water production and distribution assuming 88% efficiency in the billing process.

### Assumptions

- Assumes 10% increase in billing efficiency
- Billing for the month of January 99 and February 99 assumed to remain at shs.2.498 billion.
- Achieve 5% of expected 10% increase in billing efficiency during the month of March 99.
- Achieve 10% increase in billing efficiency for the month of April, May & June '99

**5.6.2** Increase monthly collection from shs.1.859 billion to shs.2.198 billion

### Assumptions

- Assumes 6% increase in billing efficiency
- Collection for month of January 99 assumed remain constant
- Achieve a collection efficiency of 80% from March '99.

**5.6.3** Expect to collect shs.4.5 billion from government verified bills

**5.6.4** Maintain arrears growth rate to not more than 20% of billing per month.

Current arrears at shs.30 billion

Monthly billing of 2.4 billion = 400 million

Expect to collect 2 billion each month to maintain arrears at 20% of monthly billing.

**5.6.5** Reduce arrears by a further shs.500 million by writing off 50% of sewerage billings on disconnected accounts.

**5.6.6** Expect to raise shs.300 million from debt swap with KCC and other urban authorities

**5.6.7** Increase the number of active accounts by 5%

**5.6.8** Reduce the number of un-metered accounts by 50%

**Table 5.4**  
**Billing / Revenue Projection ('000,000): January – June 1999**

<b>Item</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>Total</b>
Billing	2,498	2,498	2,623	2,748	2,748	2,748	15,863
<b>Total Billing</b>							<b>15,863</b>
Collections	1,859	2,034	2,198	2,198	2,198	2,198	12,685
Promissory notes		1,000	2,000	0	0	1,500	4,500
<b>Total Revenue</b>	<b>1,859</b>	<b>3,034</b>	<b>4,198</b>	<b>2,198</b>	<b>2,198</b>	<b>3,698</b>	<b>17,181</b>

**Table 5.5**  
**Summary of Revenue Improvement Activities**

Item	PRESENT STATUS / PROBLEMS	OBJECTIVES / TARGETS	ACTIVITIES	COST (U shs.)	EXPECTED BENEFIT
<b>BILLING: To increase billing efficiency from 50%, (of which 25% is considered to be commercial loss) to 60%</b>					
1	Illegal connections	Institute a programme to control illegal connections	1.1 Declare Amnesty 1.2 Repair tampered meters 1.3 Disconnect & take legal action on all legal action on all illegal connections not reported by customer	2,000,000 200,000 2,500,000	5,000,000 21,000,000 18,000,000
2	Suppressed accounts (over 10,000 accounts are disconnected and not billed)	Investigate and resolve at least 10 suppressed accounts per Area/Zone per day	2.1 Investigation of suppressed accounts 2.2 Resolve all suppressed accounts 2.3 Reconnect	4,000,000	126,000,000
3	Un-metered accounts lead to considerable loss arising out of single taps, stand posts & building sites & institutions	Meter all stand posts, Building sites, institutions and Commercial sites	3.1 Meter all stand posts, building sites, institutions and commercial locations	10,100,000	10% increase in billing efficiency
4	Un-realistic Meter Estimates	Un-realistic estimates eliminated	4.1 Proper Meter reading Management 4.2 Random checks to verify meter readings for meters with size DN40mm 4.3 Monitoring on a weekly basis all accounts with monthly billing exceeding Ushs.500,000 in Kampala and Ushs.100,000 in other Areas 4.4 Joint Meter reading for big customers	500,000	10% increase in billing efficiency
5	Faulty Meters	All faulty meters checked and repaired	5.1 Repair or replace faulty meters 5.2 Random checks to verify meter status 5.3 Disciplinary action to customers who defile meters	37,000,000	5,000,000
6	New Connections	Open and bill at least 300 new connections per month	6.1 New accounts included in each monthly billing returns 6.2 Bills produced by 5 <sup>th</sup> of each month 6.3 Carry out Mains extension to UCITororo and Kakira Sugar Works		

Item	PRESENT STATUS / PROBLEMS	OBJECTIVES / TARGETS	ACTIVITIES	COST (U shs.)	EXPECTED BENEFIT
<b>COLLECTION/ARREARS: To increase collection efficiency from 71% to 80%</b>					
7	Insufficient allocation of funds from treasury for settlement of government accounts	Reduce Government arrears by collecting at least 4.5 billion of verified debt	7.1 Pursue negotiations on swap/promissory arrangements with government 7.2 Follow-up of monthly allocations 7.3 Disconnect accounts with Arrears	100,000  2,100,000	4,500,000,000  150,000,000 80,000,000
8	Abuse of fire hydrants by police, UPDF and private water tankers contribute to about 10% of water loss	Establish strategic alliance with police and Ministry of Defence to curb abuse of fire hydrants	8.1 Sensitise police and UPDF on use of fire hydrants	200,000	
9	Stop billing sewerage of disconnected accounts	Write-off at least 50% of all sewerage bills on disconnected accounts	9.1 Write-off of sewerage charges after disconnection	500,000	Reduce Arrears by 1bn
10	High arrears portfolio currently at Ushs.30 billion	Maintain arrears growth rate to not more than 20% of billing per month	10.1 Areas to implement collection strategy 10.2 Introduce validation check prior to command to input into billing system 10.3 Areas to adhere to billing time-table to enable timely collection 10.4 Investigate and resolve all arrears above 500,000 for Kampala & above 100,000 for other Areas. 10.5 Legal action to include property attachment	100,000	20,000,000
11	High arrears portfolio currently at Ushs.30 billion	Publicise billing and collection schedules	11.1 Publicise Meter reading/bill delivery dates 11.2 Bill production by 5 <sup>th</sup> of each month 11.3 Bill distribution by 15 <sup>th</sup> of each month 11.4 Identification tags issued to field staff	100,000	
12	Old un-collectable debts	Develop a bad debt policy for NWS	12.1 Bad debt older than 3 years should be recommended for write-off	100,000	

## **6.0 COST REDUCTION MEASURES**

### **6.1 INTRODUCTION**

The Corporation's budgeted cash collections for 1998/99 amounts to shs.2,496m per month. However, the collections statistics for July – October 1998 indicate an average net actual collections of shs.1,939m including Government Promissory Notes. In order to sustain the budgeted monthly average expenditure of shs.2,287m, the Corporation would need to collect an extra shs.348m per month. The corporation must therefore adopt measures that will urgently improve Revenue Collection to be able to achieve the budgeted cash requirement and to be on course with the Corporate Plan.

In order to survive, the following additional measures are imperative:

- i) Operational costs must be reduced
- ii) Some of the Capital expenditures must be adopted or postponed

### **6.2 PRESENT STATUS OF HIGH COST AREAS**

1. **Electricity**  
Electricity costs stand at shs.3,300m p.a or 14% of operating budget expenses.
2. **Medical**  
Medical costs amount to shs.590m p.a. or 2.6% of annual operating costs.
3. **Vehicle movement and repair costs**  
Uncontrolled vehicle movement and high cost of vehicle maintenance. The annual repairs, insurance and licenses cost shs.410m p.a. or 1.8% of budget
4. **Stores**  
Historical cases of theft, unexplained variances and inadequate sourcing of supplies.
5. **Security**  
Hire of private security guards at shs.260m p.a.
6. **Staff transfers**  
High costs of disturbance allowances paid to staff on transfer to other towns.
7. **Fuel**  
Fuel costs amount to shs.580m p.a. of operating budget
8. **Utilities**  
Costs of utilities to entitled staff are estimated at shs.78m p.a.
9. **Employee costs**  
High employee costs in the sum of shs.8 billion p.a (30% of operating expenses) against collections of shs.20b p.a.
10. **KRIP management fee**  
High KRIP Management fee of shs.161m per month flat rate regardless of performance.
11. **Over ambitious Capital Expenditure**  
Shs.4,047m (including projects) or 14% of total budgeted expenditure.

## 12. Breakeven of Areas (Annex 6.3)

Seven Areas of the Corporation are not breaking even. The cost of operating these towns far exceeds the Revenue generated. These towns are Gulu, Lira, Tororo, Masaka, Mbarara, Kasese and Fort Portal.

### 6.3 TARGETS FOR COST REDUCTION (See Table 6.1 for summary)

1. Reduction of electricity expenses by Ushs.293m p.a. Joint meter reading with UEB staff, selective pumping hours, optimisation of operations and payment of individual UEB bills by staff at the labour lines.
2. Installing a cost effective but a humane medical scheme by 30/01/99 to reduce medical expenses by shs.77m p.a.
3. Putting in place systems to control vehicle movements and high maintenance costs of vehicles in the Corporation as well as partial privatisation of the garage to cause a saving of shs.90m p.m.
4. Immediate computerisation of stock cards, privatisation of fuel handling as well as installation of physical and audit controls.
5. Prequalification of suppliers for major items of supply in the Corporation as well as strengthening of the procurement unit to reduce procurement costs by 10%.
6. Reduction in security expenses by dispensing with unnecessary hired guards and policemen. Selection of the security firms by public tender. A saving of shs.81m p.a is to be realised.
7. Fixing house rental limits for entitled staff to enhance saving of shs75m.
8. Achieving 50% reduction in costs of transfers of staff by putting in place the necessary control mechanism.
9. Mobilisation of utilities paid for entitled staff and fixing expenditure ceiling.
10. Reduction in fuel allocations of staff.
11. Reduction in personnel costs. Management notes that the remedy to high personnel cost lies in reduction in staff numbers by paying off staff that want to retire voluntarily. This cannot be achieved in 100 days. In order not to bankrupt the Corporation through colossal payment of voluntary retirement benefit scheme estimated at approximately shs.4.5b, it is recommended that voluntary retirement benefit scheme be phased out in two years starting with 200 numbers this financial year. The anticipated saving on this measure is estimated at shs.2.25b this year.
12. **KRIP Management fees**  
Management notes that KRIP management fees of shs.161m p.m.flat rate regardless of performance is too high and could lead the Corporation into bankruptcy especially when it is shown that collections with KRIP does not break-even with NWSC operating costs.

It is recommended that in the medium-term consideration be given to fixing of the collection fees as a percentage of cash collected. A rate of 10% is fair enough considering that the

current fee was fixed with a collection expectation of shs.1,700m per month.

13. **Reduction in capital expenditure by Ushs.305m or 25m/= per month**

We recommend adjustments in capital expenditure commitments for 1998/99 as follows:

i) ***Head office extension***

We propose that the Corporation spends shs.50m this year on Head office extension instead of 354.5m/= as proposed in the budget. The rest of the expenditure to be incurred in a phased out manner commencing next financial year in order to alleviate the current cash flow constraints.

ii) Similarly the refurbishment of 6<sup>th</sup> Street pipe yard be adjusted from shs.100m to shs.50m this year.

14. To develop a programme for break even of at least three more towns i.e. Mbarara, Mbale and Kasese. It is proposed that the Areas should start meeting their own operation expenses beginning with employee costs and no more funds shall be sent to these towns for operating expenses except electricity costs and mains extensions. Any extra transfer of funds to Masaka and Tororo areas for operations shall be treated as a loan to the area and after justification of rate of return and pay back period by the concerned Area Managers (Annex 6.3)

15. Reduction in costs of maintenance and repairs of Corporation premises by 27%. A total of shs.691m has been budgeted for this during 1998/99. However, only shs.155m has been spent on this item so far during the last five months. If this trend is maintained, the Corporation should spend not more than 500m/= this financial year.

Additional control measures will be required to control expenditure on office telephone usage.

A part from maintenance of premises at the Static Plant, a policy should be put in place of divesting the Corporation from this non-core activity of premises repairs.

## **6.4 EXPECTATIONS**

The situation can be summarised as follows:

1. The current gross average monthly cash collection of shs.1,859m p.m. 9(without Government Promissory Notes) will not meet the budgeted cash expenditure of shs.2,430m p.m.

2. Cost saving and cost cutting measures (as recommended by management) alone reduces the monthly cash expenditure from shs.2,430m p.a. to shs.1,975m per month. (Annex 6.2).
3. Management recommends that in addition to the cost saving measures monthly collections be raised to shs.1,986m per month plus government receipts of at least 4.5b/= over the next six months. (Annex 6.4).
4. With this measure the income statement will change from a budgeted deficit of shs.3.2b/= to a surplus of shs.57m/= during 98/99. (Annex 6.6 & 6.5).

**Table 6.1**  
**SUMMARY OF THE COST REDUCTION MEASURES OUTPUTS**

<b>NO</b>	<b>PRESENT STATUS</b>	<b>TARGET</b>	<b>COST SHS (M)</b>	<b>ESTIMATED SAVINGS SHS (M) P.A</b>	<b>EXPECTED BENEFITS</b>
1	High costs of electricity expenses at shs.3,300m/= per annum	Reduce electricity expenses by 8%		261	
2	Inadequate control over medical expenses currently shs.590m/= p.a.	Maintain a human but cost effective medical policy	-	77	* Effective control of costs
3	Uncontrolled vehicle movements causing high maintenance costs shs.410m/= per annum	Control vehicle movements and reduce maintenance costs	11	60	* Effective use of motor vehicles * Increased life span of NWSC vehicles * Reduced maintenance costs
4	Ineffective supervision of M/V workshop and high workshop costs	Minimise M/V & workshop costs	6	30	* Reduced delays in M/V repairs
5	Historical cases of thefts, breakages and unexpected variances in stores. Estimated loses at shs.106m/= p.a.	Elimination of losses in stores	6.5	106	
6	Delayed procurement process substandard materials and inadequate issuing of supplies	Reduction in procurement costs by 10%	-	110	* Timely delivery of goods/services * Acquisition of value for money
7	High costs of hired security services at shs.259m/= per annum	Reduction of security costs by at least shs.81m/= p.a.	-	81	
8	High costs of house rent to staff at 228m/= p.a	Fixing house rent limits for entitled staff where housing not available	-	75	
9	High cost of transfer of staff by disturbances allowances at shs.50m/= p.a.	Reduce transfer costs by at least 50%	-	25	* Increased staff motivation due to stoppage of erratic transfers
10	High costs of utilities to entitled staff at shs.78m/= per annum	Reduce cost utilities by fixing costs	-	16	* Improved control over costs of utilities
11	High fuel costs totalling shs.580m/= p.a.	Reduction in fuel allocation & fuel costs	-	157	
			<b>24.5</b>	<b>998</b>	

## **7.0 CUSTOMER CARE**

This chapter examines the present levels of Customer Care efficiency in all our operational areas. It also focuses on the difficulties encountered by the Corporation during the course of our services.

As a result, targets have been formulated with the overall aim of achieving improved customer care relations and services, which would have an eventual impact on improved revenue collection.

A detailed plan, time schedules, definitions and responsibilities, approximate cost and likely benefits have been estimated (see Annex 7.1)

### **7.1 CUSTOMER COMPLAINTS**

- ?? Poor customer relations
- ?? Untimely response to customer complaints
- ?? Illegal connections (my neighbour steals and I am being billed)
- ?? Complex tariff structure
- ?? Inadequate sensitisation of consumer responsibility
- ?? Late delivery of bills
- ?? Estimated water bills/over billing
- ?? Failure to visit customers
- ?? Failure to install a 24 hour customer care unit
- ?? High sewerage bills
- ?? High connection and reconnection fees
- ?? Lack of proper identification of field staff
- ?? Estimated and incorrect meter readings

### **7.2 CORPORATION COMPLAINTS**

- ?? Harassment of our field staff by our customers
- ?? Lack of willingness to pay bills by consumers
- ?? Illegal connections encouraged by consumers
- ?? Meter defilement
- ?? Negative attitude of consumers towards utilities (water – which is still looked at as a God given gift service)
- ?? Vandalisation of NWSC facilities
- ?? Theft of water at fire hydrants
- ?? Taxation Policy: VAT demanded on bills and not collection
- ?? Government Arrears

### **7.3 TARGETS**

The following were formulated with a view enhancing customer care:-

- ?? Motivating customers to pay their bills on times
- ?? Improve timely response to customer complaints
- ?? Improve awareness of the dangers of having an illegal connection
- ?? Create awareness of the dangers of having an illegal connection

- ?? Explaining the need for tariff review
- ?? Clarify NWSC and customer responsibilities
- ?? Motivate customers to pay their bills on times
- ?? Improve timely response to customer complaints

#### **7.4 EXPECTED OUTPUTS**

The implementation of the action plan as outlined in the detailed plan of activities is expected to

- ?? Improve customer relations
- ?? Improve awareness of Corporation activities
- ?? Improved efficiency in the services of the corporation

## **8.0 IMPLEMENTATION MECHANISM**

The 100-Day Programme is basically the activities, which are planned in the 1998/99

Budget Estimates with the main exception that routine business and Capital Development activities have been left out. The programme will therefore serve as an addendum to Planned Activities as contained in the corporate plan.

Implementation of corporation activities fall on the shoulders of the Heads of Department and Area Managers basically. It is therefore essential that these officers become familiar with the 100- Day Programme. The implementation of the programme should not in any way detract the relevant officers from their day-to-day work because the programme itself is part of daily core with the attendant advantage of being more focused.

### **8.1 BOARD'S ROLE**

As bulk of the 100 day Programme contain activities that are in the approved budget for FY 98/99, Management therefore doesn't need Board's approval prior to implementation. As the Supervising Authority, the Board is interested to know the impact of the Programme so as enable it determine measures, which can assist in addressing the issues and constraints.

Now withstanding the above position, there are certain activities, which have bearing on the Terms and Conditions of Service, which have been approved, by Board and whose review is the prerogative of the Board. Such activities including utility costs for certain categories of staff and medical facilities need to be sanctioned by the Board. Therefore where these activities are concerned, the corporation will continue to operate on the present modality with heightened vigilance. In any case, Board approval is expected within the first two months.

### **8.2 THE PRESS**

After pronouncement of the commencement date of the programme, the print and electronic media will be invited to carry out promotional programmes as follows:

- ? A press conference will be conducted by top management
- ? 15 min radio programmes will be run on weekly basis on Capital Radio, Central Broadcasting Services and Radio Simba
- ? Radio commercials will be run to carry short messages.
- ? Television commercials and messages will be run on UTV
- ? Press releases will be run in the Monitor, New Vision, Bukedde, Crusader, Rupiny, Orumuri e.t.c

### **8.3 MONITORING**

While every Director, Head of Department and Area Manager is responsible for monitoring the planned activities within their domain, the responsibility for monitoring the 100 day Programme shall remain the Task Force

Through the Chairman of the various committees, the task force shall monitor the programme on a continuous basis. The task force members should meet in plenary sessions every fortnight with every second fortnightly meeting being convened as Senior Management Meeting whereby all director and heads of departments attend.

The monitoring shall be made against the time frame and the quantum of the indicators prescribed as expected outputs in the plan of activities. Responsible officers have been indicated in the plan of activities and they shall be the ones to report the performance of particular activities to the respective chairman for task force meetings. In the cases where board is responsible the managing director shall be responsible for reporting to the relevant committees.

#### **8.4 REPORTING**

Responsible officers shall provide the status of the activities on a monitoring sheet, which will be modified from the activities sheet. These shall be submitted to the committee chairmen for compilation ready for task force meetings.

The task force shall in turn prepare monthly brief to senior management meetings.

At the end of the 100 days, a report shall be submitted to the Board on the performance of the programme. The report shall contain achievements, constraints and suggested ways of solving the problems, which have not been adequately addressed.

#### **8.5 REVIEWING MEETING**

A review shall be planned for end of the 100 days to examine the performance of the Programme against targets. The meeting shall also look at the Programme in relation to the planned activities in the FY 98/99 Budget. This exercise should then determine how to proceed given the impetus of the 100-day Programme.

## **9.0 CONCLUSION**

The objective of the action programme is to improve NWSC services within 100 days. Detailed plans to achieve this have been drawn. The NWSC management is committed to implement this programme to achieve the stated objective. This programme will in addition provide a basis for the way forward in the management of the corporation in line with this year's CPMP plans.

Management therefore looks forward to the full support of all stakeholders i.e. staff, customers and board e.t.c in the implementation of the programme in its entirety.