



National water
& Sewerage Corporation

2012 -2015



National water & Sewerage Corporation Corporate Plan 2012-2015

Corporate Plan

Enhancing Financial Sustainability
and Infrastructure Growth



NATIONAL WATER AND SEWERAGE CORPORATION

CORPORATE PLAN

JULY 01, 2012 - JUNE 30, 2015

“ ENHANCING FINANCIAL SUSTAINABILITY AND INFRASTRUCTURE GROWTH”

Water is Life
Sanitation is Health
June 2012

NATIONAL WATER AND SEWERAGE CORPORATION

CORPORATE PLAN

JULY 01, 2012 - JUNE 30, 2015

IN ACCORDANCE WITH
'THE NATIONAL WATER AND SEWERAGE CORPORATION ACT, 2000'

Water is Life
Sanitation is Health

June 2012

VISION

To be a Leading Water Utility In The World

MISSION

To Provide Efficient and Cost Effective Water and Sewerage Services, Applying Innovative Managerial Solutions to the Delight of Our Customers

QUALITY POLICY

National Water and Sewerage Corporation is Committed and Shall Endeavour to Provide Quality Water and Sewerage Services to Her Esteemed Customers in Collaboration with Other Stakeholders in An Efficient and Cost-Effective Manner, Ensuring Utmost Customer Delight and Continuous Service Improvement in An Environmentally Friendly Manner

Core Purposes

SATISFIED CUSTOMERS

Delighted Customers paying their bills promptly

ADEQUATE NETWORK COVERAGE

Adequate water and sewerage network-coverage in all the specified towns where the Corporation operates

CONSERVATION OF THE ENVIRONMENT

Working in harmony with, and contributing to the conservation of the environment.

EFFICIENT WORKFORCE

A strong, secure and committed workforce dedicated to the service of the Corporation.

DECENTRALIZATION/PUBLIC, PRIVATE PARTNERSHIPS

Devolve more powers to areas and Work in alliance with the public and private sector for efficient service delivery

CONTRIBUTING TO NATIONAL DEVELOPMENT

Through provision of adequate water and sewerage services

INNOVATION

Continuously develop and apply creative and innovative managerial solutions towards improved service delivery

Core Values

Reliability

Integrity

Commitment

Professionalism

Innovation

Table Of Contents

Vision	i
Mission	i
Quality policy	i
Core Purposes	ii
Core Values	iii
Foreword	xii
Executive summary	xiv

CHAPTER 1

BACKGROUND

2.0	Introduction	8
2.1	Strategic Goals for the 2009 – 2012 Corporate Plan.	8
2.1.1	Revenue Maximisation	9
2.1.2	Cost Rationalisation	9
2.1.3	Cross Cutting Reforms and Activities	9
2.1.4	External Services, Research and Development	9

2.2 STRATEGIES PLANNED AND IMPLEMENTED DURING THE 2009 – 2012 CORPORATE

2.2.1	Revenue Maximization	10
2.2.1.1	Reduction of NRW	10
2.2.1.2	Reduced Suppressed accounts.	10
2.2.1.3.	Customer Care	11
2.2.1.4.	24 Hour Water Supply	11
2.2.1.5.	Water Quality and Sewerage Effluent	11
2.2.1.6	Increase Turnover	11
2.2.1.7.	Improved the Collection/Billing Ratio	12
2.2.1.8	Arrears Reduction	12
2.2.1.9	Water Service Coverage	12
2.2.1.10	Sewerage Service Coverage	13
2.2.1.11	Service to the Poor	13
2.2.1.12	New Capital Works Projects	13
2.2.2	Cost Rationalisation	13
2.2.2.1	Staff Productivity	13
2.2.2.2	Rationalisation of Operational Costs	14
2.2.3	Internal Reforms and Restructuring	14
2.2.4	External Services, Research and Development	15

2.3 DETAILED PERFORMANCE REVIEW OF THE CORPORATE PLAN: 2009-2012

2.3.1	Water Produced and Sold	15
2.3.2	Non-Revenue Water (NRW)	17
2.3.3	Capacity Utilisation	18
2.3.4	Water Subscribers	19
2.3.5	Installation of Kiosks/Public Stand Posts	20
2.3.8	Meter Coverage	24

2.3.9	Staff Rationalization	24
2.3.10	Financial Performance 2009- 2012	25
2.3.10.1	Revenue Improvement	25
2.3.10.2	Analysis of Operating Costs	26
2.3.10.3	Operating Profit	26
2.3.10.4	Nominal vs. Real Growth in Billings	27
2.3.10.5	The Working Ratio: 2009 - 2012	27
2.3.10.6	Operating Ratio	28
2.3.10.7	Current Ratio	28
2.3.10.8	Collection Ratio	28

2.4 PERFORMANCE OF CAPITAL DEVELOPMENT PROJECTS 2009-2012

2.4.1	Gaba Offshore In-take Project	30
2.4.2	Jinja Walukuba In-take Project	30
2.4.3	Kampala Sanitation Programme Phase I – Stage I (Immediate Works)	30
2.4.4	Kampala Sanitation Project –Stage II (Major Works)	30
2.4.5	Kampala Urban Poor Project – Kagugube Parish	30
2.4.6	Kawempe Urban Poor Project	30
2.4.7	Rehabilitation and Expansion of Gulu Water Supply and Sewerage System – Stage II	31
2.4.8	Kampala Water Lake Victoria WATSAN Project	31
2.4.9	Bushenyi Water Supply Project – Immediate Measures	31
2.4.10	Water Supply Extension to Kako-Masaka (Ushs 1.7 billion)	32
2.4.11	Bujagali Water Supply Project (Ushs 2.3 billion)	32
2.4.12	Soroti Intake Redevelopment Project (Ushs 850 million)	32
2.4.13	Bwaise II Urban Poor Project (US \$ 530,000)	32
2.4.14	Uganda Water Development and Management Project (US \$ 55 million)	32
2.4.2	Growing Debt Age	33
2.4.3	Low Sewerage Coverage	33
2.4.4	Low CAPEX	34
2.4.5	Macro-Economic Instability	34
2.4.6	High Non-Revenue Water.	34
2.4.7	Encroachment on Catchment Areas which affects Raw Water Sources	34

CHAPTER 3

3.0	The strengths, weaknesses, opportunities and threats (swot) analysis	35
3.1	Strengths	35
3.2	Weaknesses	38
3.3	Opportunities	39
3.4	Threats	41
3.5	Conclusion of swot analysis	43

Part 2

CHAPTER 4

THE VISION, MISSION, AND STRATEGIC GOALS FOR THE 2012 – 2015 CORPORATE PLAN

4.0	Introduction	45
4.1	Vision	45
4.2	Mission	45

4.3	Core Purposes	45
4.4	Core Values	46
4.5	Strategic Themes	46
4.6	Corporate Strategic Goals 2012 - 2015	46
4.6.1	Revenue Growth	46
4.6.1.1	Increase the amount of water available for Sale and Sold.	46
4.6.1.2	Increase accessibility to water and sewerage services.	47
4.6.1.3	Increase Turnover from shs 156.6 billion to shs194.9 billion.	47
4.6.2	Cost Optimization	47
4.6.2.1	Improve staff productivity.	48
4.6.2.2	Ensure Optimal operating costs.	48
4.6.2.3	Improved Resource Allocation.	48

4.6.3 ASSET MANAGEMENT AND EFFICIENCY

4.6.3.1	Comprehensive Asset Management System.	48
4.6.3.2	Improve working capital Management:	48
4.6.4	Stakeholder Management	49
4.6.4.1	Ensure Motivated and Productive Work force:	49
4.6.4.2	Ensure Efficient Service Delivery:	49
4.6.4.3	Improve customer care:	49
4.6.4.4	Improve Collaboration in catchment management.	49
4.7	ASSUMPTIONS	49
4.8	Area Strategic Goals 2012- 2015	51

4.9 THE ANNUAL TARGETS FOR THE FY 2012/2013

CHAPTER 5

CORPORATE STRATEGIES 2012 - 2015 54

5.0	Introduction	54
5.1	Revenue Growth	54
5.1.1	Increase the amount of water available for Sale and Sold.	54
5.1.2	Increase Accessibility to water and Sewerage services.	55
5.1.3	Increase Turnover from shs 148.8 billion to shs194.9 billion.	56
5.2	COST OPTIMIZATION	56
5.2.1	Improved staff productivity.	56
5.2.2	Ensure Optimal operating costs.	56
5.2.3	Improved Resource Allocation.	57

5.3 ASSET MANAGEMENT AND EFFICIENCY

5.3.1	Comprehensive Asset Management System.	57
5.3.2	Improved Working Capital Management.	58

5.4 STAKEHOLDER MANAGEMENT

5.4.1	Create a favourable work environment that promotes motivation and productivity of the workforce. (Internal Stakeholders).	59
5.4.2	Ensure Efficient Service Delivery.	59
5.4.3	Improve customer care (External Stakeholders).	61
5.4.4	Improved Collaboration in Catchment Management (External Stakeholders).	61

Appendices

Appendix 1	NWSC CORPORATE PLAN LOGICAL FRAMEWORK MATRIX 2012 – 2015	62
Appendix 2 (a)	financial and operational indicators for corporate plan period 2012-2015	77
Appendix 2 (b)	Table of Area Annual Performance (Baseline) for 2011/12	79
	Table of Area Annual Targets for 2012/13	80
	Table of Area Annual Targets for 2013/14	81
	Table of Area Annual Targets for 2014/15	82
Appendix 3 (a)	NWSC TARIFF INDEXATION FORMULA	84
Appendix 3 (b)	WATER AND SEWERAGE TARIFF RATES FOR YEAR 2012/2013	85
Appendix 4	NWSC CORPORATE STRUCTURE	87
Appendix 5	Summary of Key Indicators	104
Appendix 6	Offices Contact Addresses	113

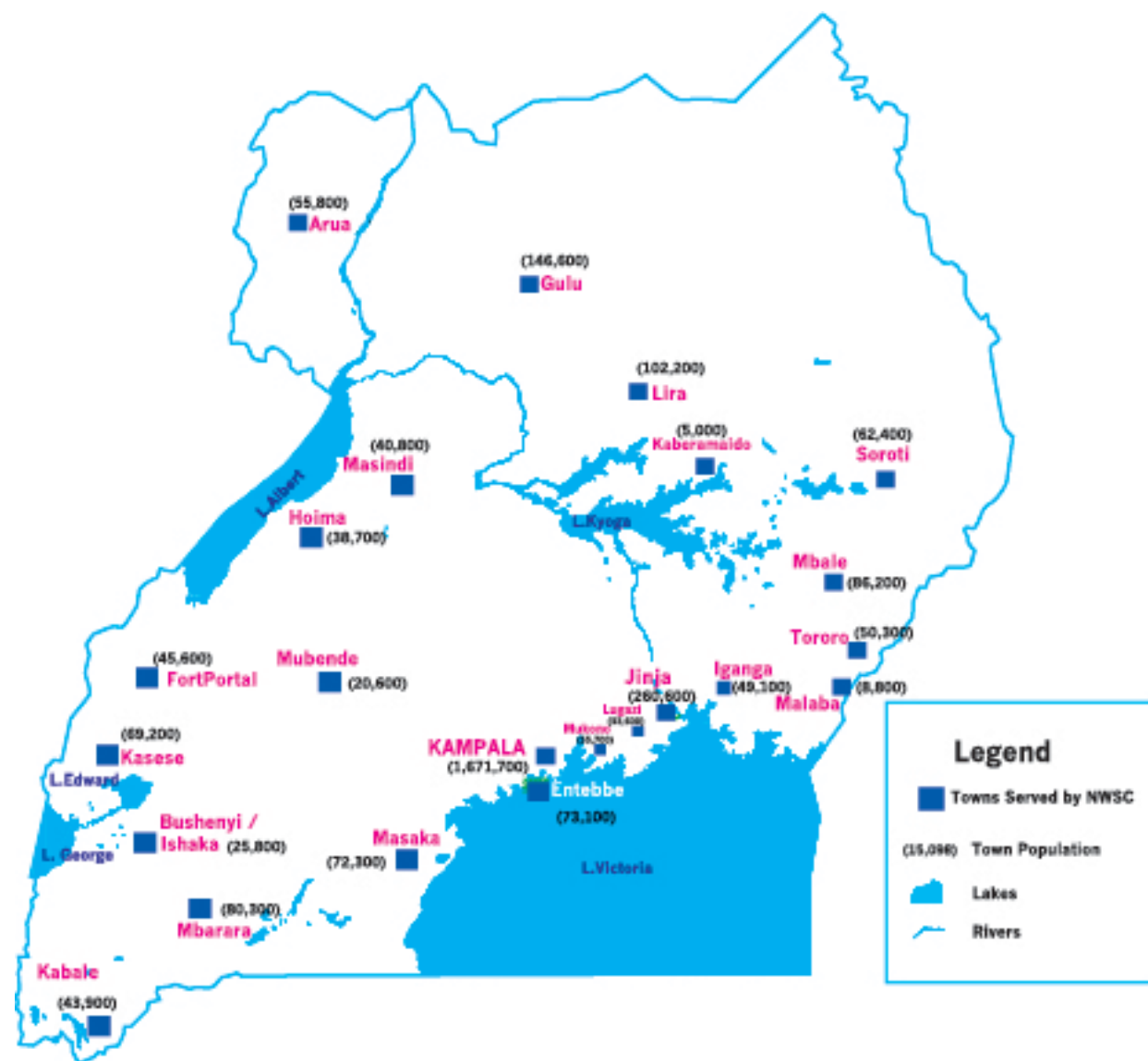
LIST OF TABLES

Table 1:	NWSC Performance Trend of 2009-2012 Corporate Plan	xiv
Table 2:	Alignment of BSC Perspectives to Strategic Themes	4
Table 3:	Water Production/Sold for 2009-2012	16
Table 4:	Non-Revenue Water Trends	17
Table 5:	Capacity Utilisation: 2009-2012	19
Table 6:	Annual Growths of New Water Connections	20
Table 7:	Trend of Stand Posts/Kiosks Installed	21
Table 8:	Trend of Sewerage Connections	21
Table 9:	Water Supply Service Coverage 2009-2012	22
Table 10:	Operation Status 2009-2012	23
Table 11:	Metered Accounts	24
Table 13:	Detailed Staff Levels as at 30th June 2012	25
Table 14:	Turnover in Shs. Millions	26
Table 15:	Analysis of staff costs over the Corporate Planning Period 2009-2012	26
Table 17:	Working Ratio 2009 - 2012	27
Table 18:	Operating Ratio 2009 - 2012	28
Table 19:	Current Ratio 2009 - 2012	28
Table 20:	Collection Ratio 29	
Table 21:	Financial Ratio Trends 2009 - 2012	29
Table 22:	Arrears by Customer Category as at March 2012	33
Table 23:	Trends of Inflation and Exchange Rates	34
Table 24:	Area Strategic Goals 2012 – 2015	51

ABBREVIATIONS AND ACRONYMS

AHA.....	Asset Holding Authority	NWSC.....	National Water and Sewerage Corporation
AMC.....	Area Management Contract	OSUL.....	ONDEO Services Uganda Ltd
APC's.....	Area Performance contracts	PACE.....	Performance, Autonomy and Creativity Enhancement
BSC.....	Balanced Score Card	PESTE.....	Political, Economic, Social, Technological & Environmental
CAPEX.....	Capital Expenditure	QMS.....	Quality Management System
CPP.....	Corporate Planning Process	SEREP.....	Service and Revenue Enhancement Programme
DAPCB.....	Departed Asians' Properties Custodian Board	SSC's.....	Support Service Contracts
DWD.....	Directorate of Water Development	SMART.....	Specific, Measurable, Achievable, Realistic and Time-bound
EU.....	European Union	UNBS.....	Uganda National Bureau of Standards
FY.....	Financial Year	WWTP.....	Waste Water Treatment Plant
GTZ.....	German Technical Cooperation	AMP.....	Asset Management Policy
GoU.....	Government of Uganda	KW.....	Kampala Water
HQTR.....	Head Quarters	AMS.....	Asset Management System
H.E.....	His Excellency	GIS.....	Geographic Information System
IDA.....	International Development Association	SIP.....	Strategic Investment Plan
IDAMC.....	Internally Delegated Area Management Contract	GAAP.....	Generally Accepted Accounting Principles
ISO.....	International Standards of Organisations	KSP.....	Kampala Sanitation Plan
IT.....	Information Technology	KLA LVWATSAN.....	Kampala Lake Victoria Water and Sanitation
KfW.....	Kreditanstalt fuer Wiederaufbau	WMDP.....	Water Management Development Project
KRIP.....	Kampala Revenue Improvement Program		
KWSSA.....	Kampala Water Supply Sewerage Service Area		
LVEMP.....	Lake Victoria Environnent Management Project		
MIS.....	Management Information System		
NRW.....	Non Revenue Water		

SERVICE COVERAGE BY NATIONAL WATER AND SEWERAGE CORPORATION (NWSC) ACROSS THE COUNTRY



FOREWORD

The NWSC Act Cap 317 stipulates that the Board shall from time to time prepare and submit to the Ministry a three year Corporate Plan. It is with great pleasure that I present the National Water and Sewerage Corporation Corporate Plan for the period 2012 to 2015. This marks the sixth Corporate Plan following the last five successive plans since 1997.

As will be recalled, during the previous Corporate Plan Period 2009 – 2012, the Corporation adopted the theme “Maximizing the Cash Operating Margin” which in essence towards the need to harness a surplus to be ploughed back into the much needed investment within the Corporation. The key performance indicator for this theme was the operating profit after depreciation.

From the performance records of the Corporation over the three years, the operating profit after depreciation increased significantly over the three years from Shs 15 billion to Shs19 billion. This has been a manifestation of the Corporation's edge towards achieving its goal for the plan period 2009 – 2012. Underlying this achievement was the increase in water sales by 21% from 44.4 million cubic meters to 53.5 million cubic meters, and the reduction in non revenue water from 35.8% to 32.6%.

The key strategic activities undertaken during the plan period 2009 – 2012 were centred on; enhanced commercialisation of the NWSC activities, improved interface with customers, implementation of stop gap measures to enhance water supply, coupled with the enhanced delegated management framework in the various areas.

In terms of infrastructure developments, the three year period 2009 – 2012 witnessed the completion of key projects which included; the Gaba Off Shore and Jinja Walukuba intake projects, Kagugube and Bwaise Urban Poor Projects, Bushenyi Water Supply Project. In addition, funding to the tune of Euro 212 million was secured for the Kampala Lake Victoria Water and sanitation project from European Bank, KfW and AFD. The Corporation was also able to kick start the implementation of the Kampala Sanitation Master Plan Project with the Construction of Lubigi Sewerage treatment plant.

The achievements notwithstanding, the period 2009 – 2012 was marked by a number of challenges, key among which were; the macro-economic turbulence which impacted on the cost of doing business, the continued accumulation of arrears especially from Government, and the intermittent water supply in some of our areas of operation. It is however worth noting that the Corporation has already worked out a broad strategy on how these will be addressed in the next planning cycle.

In formulating the 6th Corporate Plan, the Board and Management adopted some aspects of a Balance Score Card approach aimed at enhancing **“financial sustainability and infrastructure growth”** of the Corporation. This will be based on four fronts namely, Revenue Growth, Cost Optimisation, Asset Management and Efficiency and Stakeholder Management. As will be noted, the first two are not totally new, since they were embed in the theme for the last Corporate Plan Cycle. However key among the novelties of the new theme is the need to ensure posterity and productivity of Assets within the framework of Asset Management and Maintenance.

In regard to the futuristic aspirations of the Corporation, the Management and Board maintained the previous Vision and Mission as they were still relevant. The Vision and Mission are therefore as follows:
Vision 2012-2015 is:

"TO BE A LEADING WATER UTILITY IN THE WORLD".

The Mission is,

“TO PROVIDE EFFICIENT AND COST EFFECTIVE WATER AND SEWERAGE SERVICES, APPLYING INNOVATIVE MANAGERIAL SOLUTIONS TO THE DELIGHT OF OUR CUSTOMERS”.

The Goals, targets and strategies have been collectively developed taking into account a number of factors and assumptions which are enumerated within the plan. Key among the tenets for the strategies have been the need for innovation and cost effectiveness in which we do business. In the same breath, we are happy that a Comprehensive Logical framework has been developed that encapsulates the overall planning and monitoring framework for the next three years.

As we move ahead to the next planning cycle, let me take this opportunity to thank our various stakeholders including the Ministry's of Water and Environment, Finance Planning and Economic Development, our Esteemed Customers, the entire Board and indefatigable Management for the work done in the previous planning period.

We yet again look forward to the successful implementation of the 2012 – 2015 Corporate Plan and its overall alignment to the Government of Uganda Fifth Performance Contract as well as the National Development Plan Goals.



Christine Nandyose
Chairperson, Board of Directors
July 2012



EXECUTIVE SUMMARY

1.0 Background.

In accordance with the NWSC Act, the Corporation is to prepare and present periodic three year Corporate Plans as the guiding policy documents for the Corporation. The Corporate plan for the period 2012 – 2015 is prepared in fulfillment of this obligation.

2.0 Strategic Goals 2009 - 2012

During the Planning Period 2009-2012, the Corporation adopted Strategic Goals embedded within the Overarching theme **“Maximizing the Cash Operating Margin”**. The theme focused on two principal tenets of **Revenue Maximization** and **Cost Optimization** aimed at maximizing revenue while at the same time optimizing costs in order to achieve wide spreads between revenues and costs. The period's strategic goals and strategies were articulated under the framework shown below;

3.0 Implementation of the 2009-2012 Corporate Plan

In order to achieve the Strategic goals aimed at maximising the Cash Operating Margin in the planning period 2009-2012, a number of strategies were carried out which are outlined in the detailed plan. These were grouped into Revenue Maximization and Cost Rationalisation.

4.0 NWSC Performance 2009-2012 Corporate Plan

The table below summarises the NWSC performance during the planning period 2009-2012.

Indicator	Units	2009	Target 2012	Achiev. 2012	% achieved
Water Supplied (M3)	Million, M3	69,2	77.9	79.7	102%
water billed (M3)	Million, M3	44.4	53.1	53.8	101%
Billing Efficiency (Accounted for water)	%	64.20%	68.2%	67.40%	99%
Non Revenue (overall)	%	35.80%	31.8%	32.60%	98%
NRW Kampala	%	42.90%	38.0%	38.00%	100%
NRW Other Area	%	16.70%	13.7%	17.10%	80%
Reliability of water Supply	Hrs/day	18	24	20	83%
Revenue:	Shs, million	100,631	138,217	156,577	113%
Collection/Billing ratio	%	96%	100%	98%	98%
Debt Age – GoU	Months	15.7	12.8	17.3	74%
Debt Age - Non GoU	Months	3.0	2.2	1.6	138%
Global Debt Age	Months	4.8	3.8	3.5	109%
Debt Absolute	shs millions	44,640	47,814	48,533	99%
Debt Absolute – GoU	shs millions	17,893	17,440	26,647	65%

Debt Absolute – Non GoU	shs millions	26,747	30,374	21,886	139%
Total No. of Water connections	No.s	225,932	296,467	296,206	100%
No. water New connections	No.s	23,305	24,931	23,332	94%
No.of Sewerage connections	No.s	14,685	21,978	17,653	80%
No New Sewerage connections	No.s	267	373	301	81%
Suppressed accounts % of total accounts	%	12%	10%	10%	100%
Suppressed accounts	No.s	27,722	29,699	29,964	99%
No of new Stand posts/ kiosks	No.s	413	465	191	41%
Service coverage	%	73%	76%	77%	101%
No. of employees in service at end of FY	No.s	1,517	1,637	1,773	108%
Employees per 1000 connections	No.s	7	6	6	100%
Staff costs as a % of total costs	%	42%	41%	39%	95%
Minimum monthly take home pay	Shs mil/yr	1.43	1.89	1.87	99%
Response to Customer Complaints	Hrs	18	18	18	100%
Operating Surplus before interests on Loans, depreciation. and exceptional items.	Shs million.	25,424	37,864	37,829	100%
Depreciation	Shs million	10,306	19,416	18,796	97%
Operating Profit After Dep.	Shs, million	15,118	18,448	19,033	103%
Operating Profit After Dep.and Interest charges	Shs, million	12,350	16,527	17,392	105%

In summary, the performance was satisfactory save for a few areas in regard to connectivity for both water and sewerage connections services, and in the area of debtors.

5.0 CHALLENGES FACED DURING 2009 –2012 CORPORATE PLAN PERIOD.

Challenges faced by the Corporation during the planning period 2009-2012 were identified as follows:

Dry zones/ Intermittent Water Supply:

This is still a major challenge in especially in Kampala. The Areas most affected include Kawempe-Mbogo, Mpererwe, Kira-Namugongo, Namugongo-Kyaliwajala, some parts of Lubowa on Entebbe road and Matugga among others.

Growing Arrears:

During the reporting period, arrears increased from Shs 38 billion to Shs 48.4 billion. (GoU debt is Ushs 27 billion and Non GoU is Ushs 21.8 billion). This creates a cash flow problem to the Corporation, and therefore inhibits many of the planned activities, especially those of capital nature.

Low Sewerage Coverage:

Sewerage Services continue at a relatively low profile, majorly because of the large sums of investment funds required to address this problem. This is compounded by the fact that most domestic users preference for on-site sanitation as opposed to NWSC sewerage system which is considered expensive by majority of our customers.

Low CAPEX Performance:

The three year period was characterized by a poor performance in capital expenditure mainly due to the poor cash flow resulting from the inadequate provisions and releases by the Government.

Macro-economic Instability:

The three year period was marked by macroeconomic challenges specifically the spiraling inflation, and the depreciation of the exchange rate. This resulted into the increased cost inputs such as chemicals, pipes and fittings.

High Non-Revenue Water:

Despite the reduction of NRW from 35.8% to 32.6% during the three year period, the absolute level still remains high, especially when translated into monetary terms. This is attributed to the old pipe network especially in most parts of Kampala and the existence of some of the unscrupulous customers with illegal connections.

Encroachment on Catchment Areas which affects Raw Water Sources

Increased human activities upstream have led to enormous encroachment on catchment areas in most upcountry areas, which has led to deterioration and reduction of raw water available for production. There is need for deliberate efforts to minimize human activities around most water sources while engaging in scientific water resource management activities like tree planting.

VAT on Water

The reinstatement of VAT on water billings negatively impacts on the cash flow of the Corporation. The current VAT policy has two problems: (i) as an indirect tax, VAT has the effect of increasing the cost of water to consumers and therefore limiting service access especially to domestic consumers, including the poor, (ii) payment of VAT based on billings (as opposed to actual collections) impairs the cash flow of the Corporation particularly where there are high levels of arrears. In line with the East African community initiative of streamlining taxation in the region, Management shall endeavour to lobby Government to adopt zero rating of VAT for water supplied by NWSC.

Tax Penalties from URA on Government Debt

The threat of recouping Tax from the Government Debt that was converted into equity amounting to over Ushs 17 billion threatens the operations and financial sustainability of NWSC. Whereas the objectives and aims of the conversion were clearly approved by Government and Parliament, continued enforcement

of this tax on the Corporation might cause the bankruptcy of the NWSC, bearing in mind that the Government also owes Ushs 27 billion in arrears. Management however will continue to seek win-win solutions with relevant partners in this challenge.

6.0 WAY FORWARD: THE 2012 –2015 CORPORATE PLAN

In formulating the 2012 -2015 Corporate Plan, aspects of the Balanced Score Card (BSC) approach were adopted. The BSC focuses on four strategic perspectives which include; Financial, Customers, Internal Processes and Learning & Innovation. The BSC was integrated with key themes. The overall theme for the period 2012 – 2015 was agreed as **“Enhancing Financial Sustainability and Infrastructure Growth”** of the Corporation. This overarching theme is to be buttressed by four Strategic sub-themes. The key themes and their objectives are summarised below

- Revenue Growth à Aimed at ensuring continued and diversified revenue growth
- Cost Optimisation Aimed at ensuring cost optimisation and Allocative Efficiency
- Asset Management and Efficiency à Aimed at ensuring posterity and productivity of assets and investments.
- Stakeholder Management à Aimed at ensuring Company Strength and Stakeholder Management

These themes will be the guiding pillars of all operations and management activities during the next three (3 years). The Themes are aligned to the NWSC Strategic Perspectives.

The schematic presentation of the overall Corporate Planning Framework is presented in the figure below.



6.1 Corporate Vision, Mission, Core Purposes and Core Values for 2012 - 2015.

Vision

In reviewing the Corporation's Vision, it was agreed that the NWSC Vision for the period 2009 -2012 would be maintained as it was still relevant and pertinent, but was recast as “To be a Leading Water Utility in the World”. Therefore the Vision of the National Water and Sewerage Corporation, to be achieved in a twenty-year planning horizon is:

TO BE A LEADING WATER UTILITY IN THE WORLD

Mission

In tandem with the Vision statement, the mission statement for the period 2009 – 2012 was maintained as:

TO PROVIDE EFFICIENT AND COST EFFECTIVE WATER AND SEWERAGE SERVICES, APPLYING INNOVATIVE MANAGERIAL SOLUTIONS TO THE DELIGHT OF OUR CUSTOMERS

Core Purposes

In pursuing its major goal of providing efficient and cost effective Water and Sewerage services, 7 core purposes were identified which encompass the Corporation's mandate and operational activities. These are: **Satisfied Customers, Adequate Network Coverage, Conservation of the Environment, Efficient Work Force and processes, Decentralization/Public, Private Partnerships, Contributing to National Development, and Innovation.**

Core Values

The core values were reviewed and agreed upon as follows:

- Integrity: Having strong moral principles in our work.
- Commitment: Willing to work hard and give energy and time to the job.
- Professionalism: Exude skills and ability in the work environment.
- Innovation: Driving change in the way things are done

6.2 Corporate Strategic Goals for the Plan Period 2012 -2015

In line with the themes, Strategic Goals were developed to capture the key focus areas for the next corporate planning period. These include;

6.2.1 REVENUE GROWTH

The key goals under revenue growth for the period 2012- 2015 are grouped in three major sub-goals

- Increase the amount of water available for Sale and Sold.** The targets under this goal include;
 - Increase the total plant capacity from 308,219 cum3 /day to 358,356 cum/day
 - Increase water supply from 218,497 cum/day to 251,225 cum/day
 - Reduce NRW from 32.6% to not more than 30.1% of water produced
 - Increase the amount of Water available for Sale and Sold from 147,310 m3/day to 175,549m3/day
 - Suppressed Accounts: Reduce water suppressed accounts as a percentage of total accounts from 10% to 9%.

- ii) **Increase water and sewerage service coverage.** The targets under this goal include;
 - Increase water service coverage from 77% to 80%
 - Install 67,501 new water connections
 - Increase new sewerage connections by 811 connections over the three year period
 - Increase the sewer network extension by 30 kms over the three year period.

- iii) **Increase Turnover.** The targets under this will include;
 - Increase turnover from shs 156 billion to shs 194 billion
 - Increase in annual core revenue from shs 143 billion to 183 billion
 - Achieve an annual non-core income of shs 12 billion

6.2.2 COST OPTIMIZATION

Under this theme, there are 3 major goals which include

- i) **Improvement staff productivity.** The targets under this goal include;
 - Improve staff per 1000 connections from 6 staff/1000 connections to 5 staff/1000 connections
 - Reduce staff costs as a percentage of total operating costs from 39% to 36% by end of FY 2014/2015
- ii) **Ensuring Optimal operating costs: This goal will result from the following outputs**
 - Achieve optimal chemical usage,
 - Improved energy efficiency and
 - Optimization of other operating expenses.
- iii) **Improved Resource Allocation.** This goal will entail prioritisation of resource allocation to core business activities.

6.2.3 ASSET MANAGEMENT AND EFFICIENCY

The Asset Management and Efficiency theme has two major goals and these include;

- i) **Implementation of a Comprehensive Asset Management System,** which will result from the following outputs:
 - A functional Asset Management Policy (AMP)
 - An improved maintenance of fixed assets
 - An updated asset register
 - A Functional GIS system
 - An updated investment plan and financial model.
- ii) **Improved working capital:** The expected improved working capital will be as a result of improved debt management, improved inventory efficiency and improved Creditor management. The targets under this goals include:

- Reduction in **debt age** from 3.5 months in 2012 to 2.1 months by 2015
- Reduction in **arrears** from shs 48 billion to shs 37 billion by end of financial year 2014/2015 (GoU from Ushs 26.6 billion to Ushs 16.6 billion and Non GoU from Ushs 21.9 billion to Ushs 20.8 billion)
- Improvement in the **Average Inventory usage days** from 41 days to 40 days:
Reduction in **Creditors days** from 53 to 45

6.2.4 STAKEHOLDER MANAGEMENT

The Stakeholder Management theme is a measure of the Company strength and both the internal and external stakeholder management. It has four major goals and these include;

- Ensure Motivated and Productive Work force: The measures for this goal will be the staff turnover which is expected to reduce.
- Ensure Efficient Service Delivery: This will be as a result of streamlined operational systems and processes to enhance service delivery.
- Improvement in customer care through improved customer services. As a result, customer satisfaction will be improved as measured by the Customer Satisfaction Index. The Customer satisfaction index will be improved from 81% in 2012 to 90% in 2015
- Improved Collaboration in catchment management. This will be as a result of enhanced water source protection.

6.3 ASSUMPTIONS

In order to achieve these goals, the following key assumptions are made;

- Quick wins project is able to realise outcomes in the last year of the Corporate Plan period. It is however not envisaged that the major projects will be completed during the Corporate Planning cycle, i.e. KSP, KLA LVWATSAN and WMDP
- Government pays its arrears by shs 10bn (2012/13), shs 12 bn (2013/14), and shs 15 bn (2014/15) during the planning period.
- Government Collection Efficiency increases to 80% by end of the Corporate Plan period.
- Collection Ratio for other customers is maintained at over 100%.
- Average real growth (water sales) p.a. of 6% and Indexation of 4% is attained. Efforts to reduce NRW bear fruits.

6.4 STRATEGIES

The strategies outlined below are in line with the sub-themes and are aimed at ensuring the achievement of the strategic objectives of the strategic plan. The key strategies are outlined below:

6.4.1 REVENUE GROWTH

The key strategies under revenue growth are grouped in the major sub-themes as follows:

- i) **Increase the amount of water available for Sale and Sold.** This will be achieved through the following strategic activities:

- Implementation of projects which are in the pipeline.
- Augment raw water sources in water stressed areas.
- Undertake measures to address the dry zones problem
- Develop District Metered Areas (DMAs) policy and procedures to guide use of DMAs
- Establish hydraulic zones and District Metered Areas as a measure for more systematic and sustainable NRW reduction
- Strengthen and consolidate illegal use reduction activities
- Enhance measures to woo back disconnected customers.

ii) Increase water and sewerage service coverage. This will be achieved through the following strategic activities:

- Review of the implementation of the New Connection Policy
- Ensuring that all areas where NWSC has extended services are gazetted.
- Carrying out a well-planned water network expansion programme to enable growth of new water connections
- Up scaling implementation of pro-poor services to other parts of Kampala and other towns
- Ensuring timely implementation of Kampala Sanitation Master Plan.
- Raising the sewerage services profile through uplifting the institutional setup of the department.
- Exploring the use of condominium approach in delivery of sewerage services among the low income earners

iii) Increase Turnover from shs 156 billion to shs194 billion, This will be achieved through the following strategic activities:

- Enhance marketing of water and sewerage services
- Implementation of the recommendations of the Tariff Affordability Study
- Implementing the bottled drinking water project
- Exploring possibilities of generating revenue through Carbon Trading
- Carrying out extensive business prospecting and increase the coverage of external services, globally.
- Explore possibilities of renewable energy generation.

6.4.2 COST OPTIMIZATION

The cost optimization theme will be achieved through the implementation of following strategies:

i) Improved Staff Productivity:

- Carryout manpower audit with the view of rationalization of staff numbers.
- Enhance staff performance accountability through a robust and quantifiable productivity measurement system for teams and individual staff.
- Provide staff with the right tools and techniques to improve productivity.
- Training of staff to ensure that they have the right skills to effectively to cope with the changing business environment.
- Review and rationalize staff related costs.

ii) Optimal operating costs:

- Optimization of process control in water production
- Undertaking research on cost effective water treatment options (use of polymers, etc)
- Ensuring optimal water production.
- Upgrading and replace inefficient electro-Mechanical installations.
- Implementation of measures aimed at enhancing power supply reliability.
- Automation and computerisation of the operational processes.
- Development of in-house IT-solutions.
- Review and rationalize transport and other administrative expenses.

ii) Improved Resource Allocation.

- Manage Transport costs by Striking a balance between lease and ownership of the fleet of vehicles
- Derive and enforce corporate-wide monthly ceilings for critical recurrent expenditure categories
- Develop prioritized capital budget allocation ceilings and establish a decision support system for capital budget commitment tracking
- Implementation of priority based procurement strategy.
- Identifying and developing opportunities that will promote capital investment

efficiencies.

6.4.3 ASSET MANAGEMENT AND EFFICIENCY

The Asset Management and Efficiency theme will be achieved through the implementation of the following strategies.

i) Implementation of a Comprehensive Asset Management System.

a) Implement a Functional Asset Management Plan

- Develop an AMP for Board's Approval
- Implement an Asset Management System (AMS) that supports Finance and Technical Operations

b) Efficient and effective maintenance of fixed assets

- Develop and implement an Asset Maintenance Plan (AMP)
- Develop and implement an Asset Replacement and Disposal Plan

c) An Updated Asset Register

- Re-institute AM function in technical operations
- Train Staff on AMS
- Unbundle tangible assets to level 4
- Re-categorize assets based on an agreed coding

d) Functional GIS System

- Train Staff in GIS use
- Centrally establish a GIS platform and functionality

- Link KW GIS to the Central GIS portal and continuously update
- At least migrate 10 Areas Block-map geo-references to the GIS

ii) Improved working capital:

a) Roll out prepaid meters key Government and other institutions

b) Adopt innovative approaches of handling arrears.

- Adopting a project-approach to handling arrears.
- Enforcement of a credit limit of one month for domestic arrears.

c) Adopt a Public Private Participatory approach in debt collection.

d) Introduce payments at point of sale such as supermarkets, petrol stations and other selling points.

e) Improve Computerization of Inventory Management System.

f) Improve Material specification and inspection capacity for specific/key stock items.

g) Prioritize commitments in line with the cash flow.

h) Carry out annual cash flow projections for Areas.

i) Improve expenditure on core activities.

j) Enforce treasury management.

6.4.4 STAKEHOLDER MANAGEMENT

The Stakeholder Management theme will be achieved through the undertaking of the following strategies::

i) Ensure Motivated and Productive Work force:

- Review the NWSC staff emoluments and entitlements to ensure that they are competitive
- Provision of professional development support to staff
- Carryout manpower audit with a view of re-aligning salary structures and workload
- Rationalization of staff numbers including casual labourers

ii) Ensure Efficient Service Delivery:

- Adhere to ISO standards of operation
- Enhance IDAMCs into more advanced forms of commercialisation
- Develop an integrated IT system such as billing processing system
- Automation of business processes to improve current system to deliver more value to the corporation.— (ERP, Workflow, GIS, hydraulic modelling, Asset management)

- Computerize payment system
- Computerize Inventory Management
- Electronic Human Resources Management System (EHRMS)
- Water Network Monitoring System.
- Fleet management System

- Explore other technologies for on-spot billing.

- Enhance replacement and maintenance of some key assets in order to maintain service levels.
- Identify critically water stressed areas for immediate intervention.
- Implement water safety plans in all Areas to effectively manage quality risks and enhance catchment management
- Establishment of regional laboratories and that a modern NWSC central laboratory is in place.
- Extensive proactive programme for maintenance of WWTP to improve compliance to sewage treatment standards.
- Rehabilitation of critical sewer network and WWTP as a measure to further improve the quality of effluent discharge.
- Use innovative approaches to de-sludge lagoons in all Areas.
- Carryout Pre-System and Risk Based Post Audit Carry out IT Audit

iii) Improvement in customer care through improved customer services.

- Improve call centre performance
- Develop a communication strategy for NWSC
- Improve response times to customer complaints
- Effective and proactive communication to customers (print and electronic media, and social networks)
- Conduct customer satisfaction surveys as means of identifying and resolving any customer satisfaction gap
- Tailor the service to specific customer segments as a means of improving customer service

iv) Improve Collaboration in catchment management.

- Liaise with stakeholders on effective management of water catchment areas
- Ensure budget provisions for source protection.

CHAPTER 1

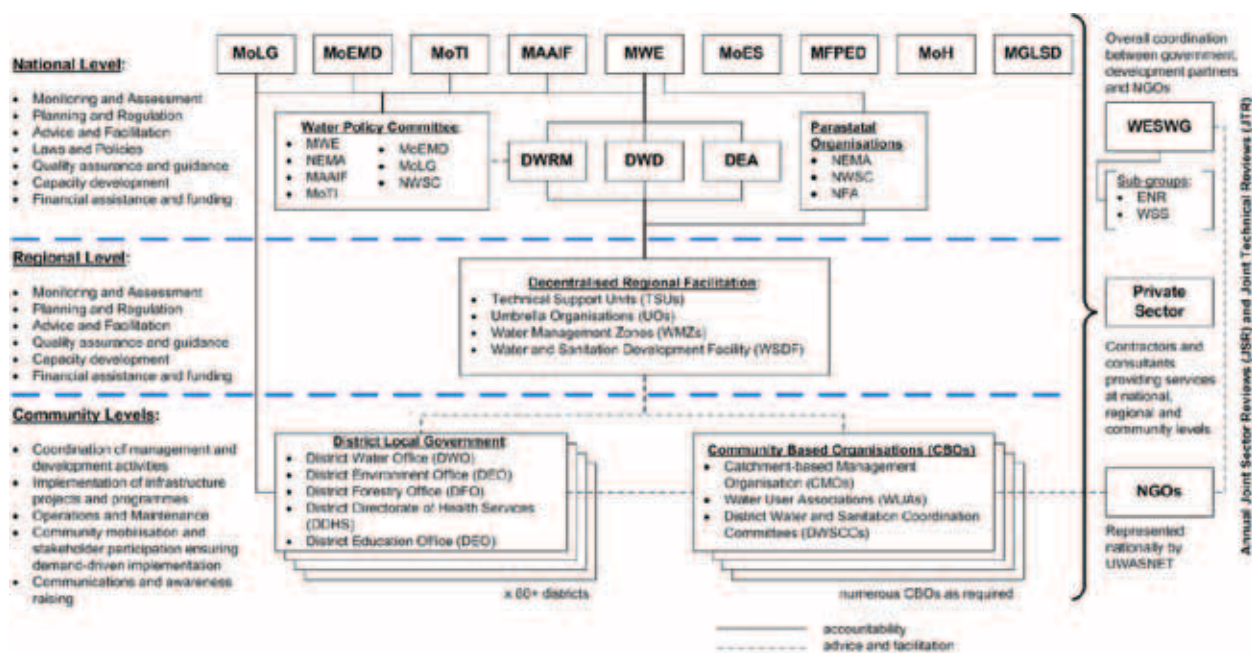
BACKGROUND

1.0 The Water and Environment Sector in Uganda

The Water and Environment sector consists of two sub-sectors: the Water & Sanitation (WSS) sub-sector and the Environment & Natural Resources (ENR) sub-sector. The Water and Sanitation Sub-Sector comprises water resources management, rural water supply and sanitation, urban water supply and sanitation, and water for production. The Environment and Natural Resources Sub-Sector comprises environmental management; management of forests and trees; management of wetlands and aquatic resources; and climate, weather and climate change.

The institutional framework for the water and environment sector comprises MWE and its three Directorates, various Parastatal organizations, related Government and non-Governmental organizations and stakeholders at community, district, regional and national levels as set out in the Figure below. The overall coordination of the Sector is carried out through the water and environmental sector working group which comprises representatives from Government, Development Partners and NGOs.

The Ministry of Water and Environment Institutional Framework



At the National level, is the **Directorate of Water Development (DWD)** that is responsible for providing overall technical oversight for the planning, implementation and supervision of the delivery of urban and rural water and sanitation services across the country, including water for production. **DWD** is also responsible for regulation of provision of water supply and sanitation and the provision of capacity development and other support services to Local Governments, Private Operators and other service

providers. DWD comprises three Departments; Rural Water Supply and Sanitation; Urban Water Supply and Sanitation and Water for Production. **The National Water and Sewerage Corporation (NWSC)** is

a Parastatal that operates and provides water and sewerage services for **23** large urban centres across the country including Kampala. NWSC's activities area aimed at expanding service coverage, improving efficiency in service delivery and increasing labour productivity. Key among its objectives is to plough back generated surpluses for infrastructure improvements and new investments

1.1 The National Water and Sewerage Corporation

The National Water and Sewerage Corporation was initially established by Decree No. 34 of 1972, following an earlier study on the need for improvement of water and sanitation services in the large urban centres of Uganda.

In 1995, the Corporation was re-established by the National Water and Sewerage Corporation Act, with the primary aim of revising the objectives, powers and structure of the Corporation and to enable the Corporation operate on a commercial and viable basis. The NWSC is a public Corporation wholly owned by the Government of Uganda

The principal business of the Corporation as defined in the National Water and Sewerage Corporation Act is to operate and provide water and sewerage services in areas entrusted to it under the Water Act.

The National Water and Sewerage Corporation currently operates in 23 towns namely: Kampala, Jinja/ Njeru, Entebbe, Tororo, Mbale, Masaka, Mbarara, Gulu, Lira, Fort Portal, Kasese, Kabale, Arua, Bushenyi/ Ishaka, Soroti, Lugazi, Iganga, Malaba, Mukono, Hoima, Masindi, Mubende and Kaberamaido. The NWSC serves a population of 3.4 million people in the large urban centres of Uganda, with water service coverage of 76% as at June 2012.

1.2 The Corporate Planning Process

The NWSC Corporate Plan for the period 2012-2015 marks the sixth plan, following five successfully implemented plans since 1997. This time round, there were a number of innovations that were made in regard to the Corporate Planning process. These include;

- Wider consultation that included representatives from the Areas. This was successfully done through a series of consultative meetings that were aimed at developing consensus on the overall strategic framework of the Corporate Plan.
- Benchmarking with other Parastatals.
- Harmonising the preparatory process with the PCV formulation process.

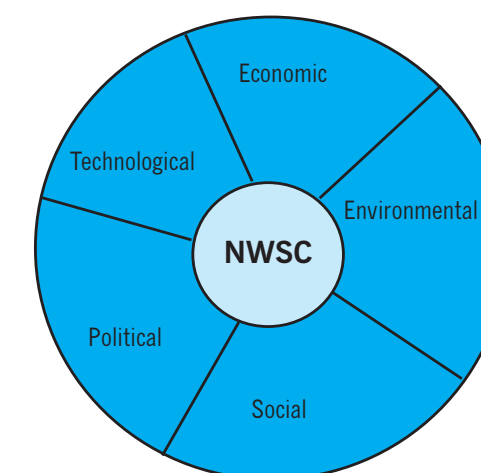
The Corporate Plan formulation process involved carrying out a situation analysis for the Corporation as at end of the Corporate Planning Period 2009-2012. This entailed performance review as at June 2012, review of the Corporation Strengths, Weaknesses,

Opportunities and Threats (SWOT Analysis). Based on the performance review, SWOT Analysis as well as the identified Corporation Challenges, the Corporate Strategic Goals were set in line with Corporation Vision and Mission. These give a clear direction of where the Corporation wants to go in the next three years.

1.3 Political, Economic, Social, Technological, Environmental(PESTE) Analysis

The development of the corporate strategic direction was preceded by a detailed audit of the external environment. There are 5 main components of the external environment that continually impact upon and shape the Corporations performance namely; political, economic, social, technological and environmental factors. This plan is designed to provide a strategic fit between the Corporation and the external environment.

The External Environment



1.3.1 Political

This encompasses changes in legislation and government policies for example the NWSC statue, the water Act, the yearly finance Acts, takeover of new towns

1.3.2 Economic

This recognizes changes in economic trends locally and internationally for example trade liberalization, appreciation or devaluation of major convertible currencies, inflation and primary and secondary effects of the financial crisis, i.e. reduced remittances, reduced export earnings, depreciation of shilling, increased cost of imported inputs, spiralling domestic inflation, cost of capital

1.3.3 Social

This takes into account changes in consumer tastes, perceptions, and demography, for example the perception that tap water is inferior to mineral water, the growth in population in the different supply service areas.

1.3.4 Technological

This relates to the technological changes that affect the process framework of the industry, for example the introduction of E-WATER payment as opposed to use of cash offices that has eased the payment of bills by NWSC customers and e-procurement that has lessened the procurement process.

1.3.5 Environmental

Climatic changes as a result of the Global warming impact on the water resources quantity and quality. Erratic climatic changes also affect the cyclical formation of water resources.

1.4 The 2012-2015 Corporate Planning Methodology

During then planning process, the NWSC adopted aspects of the Balanced Score Card (BSC) planning methodology. The BSC system strikes a balance between all aspects of the Corporation, both financial and non-financial aspects. We strongly believe that this approach to Strategy management will help the NWSC consolidate the gains so far realized and drive it into Corporate Excellence. The BSC is premised on four major perspectives that are aligned with Corporate Strategic themes. The four BSC perspectives are;

- The **financial perspective:** This looks at the financial strategic objectives and financial performance measures that provide evidence of whether or not the Corporation’s financial strategy is yielding increased profitability and decreased costs.
- The **Customers Perspective** aimed at improving customer satisfaction
- The Internal Processes perspective which looks at improvement in the productive capacity of Water and Sewerage Services delivery
- The **Learning and Innovation** aimed at improving staff productivity and the Corporation image

It is however envisaged that the BSC Methodology will further be enhanced during the Corporate Plan 2012-2015.

The BSC was then aligned to strategic themes of which the overarching theme developed for the Corporate Plan 2012-2015 is “**Enhancing Financial Sustainability and Infrastructure Growth**” under which four sub-themes are embedded. These include;

- Revenue Growth
- Cost Optimization
- Asset Management and Efficiency
- Stakeholder Management

The Themes were then aligned to the 4 BSC perspectives as shown in the table below:

Table 2: Alignment of BSC Perspectives to Strategic Themes

BSC Perspective	Strategic Theme
Financial Perspective	<ul style="list-style-type: none">• Revenue Growth• Cost Optimization• Asset Management & Efficiency
Customer Perspective	<ul style="list-style-type: none">• Stakeholder Management
Internal Business processes	<ul style="list-style-type: none">• Revenue Growth• Cost Optimization• Asset Management & Efficiency• Stakeholder Managements
Learning and Innovation	<ul style="list-style-type: none">• Stakeholder Management

The diagram below represents the Schematic framework of the **BSC** planning methodology.

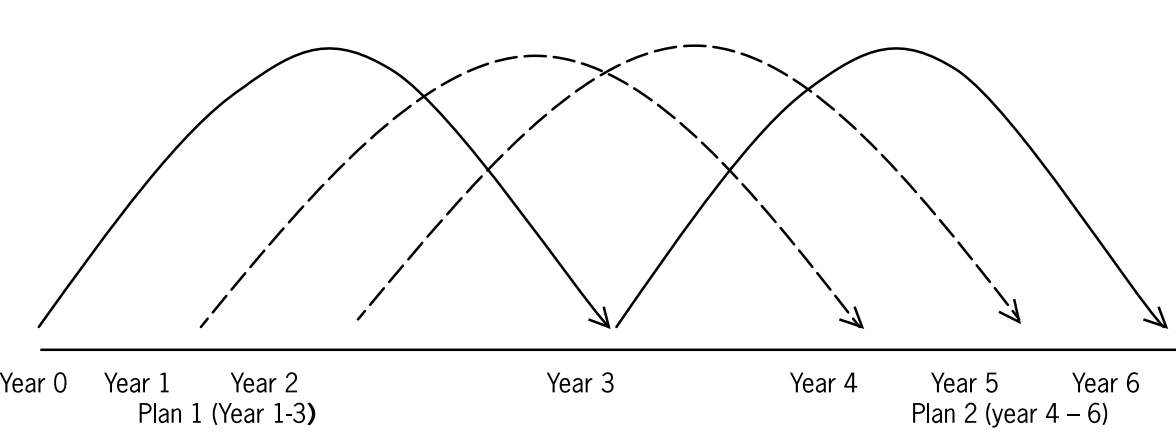
Figure: Schematic presentation of the overall Corporate planning Framework using the Balance Score Card Methodology



1.5 Application of the Planning Process

The planning methodology adopted by the Corporation is dynamic and responds to the changing business environment. The plan is a “rolling one” as opposed to a static plan. One of the immediate purposes of the plan is to allow for annual reviews of performance and annual budgeting. The annual reviews assist in tracking progress in resolving the long term issues. Once a specific course of action is agreed upon, the long-term business plan is updated to reflect the projected change in financial performance. The NWSC corporate plan therefore provides a framework for innovation and flexibility.

A Model of the NWSC Corporate Planning Methodology



A key innovation in the 2012 – 2015 plans was the need to adopt a Business Scorecard Planning methodology. The plan introduces a strategic integration process focused on uncovering and addressing the business' most important strategic issues on corporate performance strategic themes as opposed to business unit/departmental goals.

1.6 Structure of the Document

The Corporate Plan 2012 – 2015 is organized as follows: The document starts with an Executive Summary, which recapitulates the entire report.

Chapter 1 is the introductory chapter, which covers the planning process and the layout of the document.

Chapter 2 reviews the performance during the last corporate plan period 2009 – 2012 and outlines the operational, financial, and Capital projects performance, and the major challenges faced in the same period.

Chapter 3 reviews the situational analysis of the Corporation that would affect strategy implementation over the plan period 2012 – 2015

Chapter 4 covers the way forward and highlights the Corporate Vision, Mission,

Strategic goals for the Planning Period 2012 – 2015 and the annual targets for FY 2012/15.

Chapter 5 details the Strategies the Corporation intends to adopt to achieve the goals for the period 2012 to 2015.

Appendix 1: shows the detailed NWSC Corporate Plan Logical Framework Matrix 2012- 2015

Appendix 2: (a & b) shows the operational and Financial Indicators Global and Areas Specific 2012 – 2015

Appendix 3: Shows the NWSC Tariff Indexation Formula

Appendix 4: Shows the NWSC Organization Structure

Appendix 5: Shows the Operational and Financial Forecast 2012- 2015

Appendix 6: Shows the NWSC Investment Plan 2012 - 2015

Part 1

PERFORMANCE OF THE 2009– 2012 CORPORATE PLAN

CHAPTER 2

REVIEW OF THE 2009 – 2012 CORPORATE PLAN PERFORMANCE

2.0 Introduction

The performance of the NWSC over the last 3 years was characterised by increased revenue growth. However, underlying this were a number of challenges including the turbulent macro-economic situation which saw operating costs rising faster than anticipated. This was further exacerbated by the water source challenges.

2.1 Strategic Goals for the 2009 – 2012 Corporate Plan.

During the Planning Period 2009-2012, the Corporation adopted Strategic Goals embedded within the Overarching theme “Maximising the Cash Operating Margin”. The theme focused on two principal tenets of Revenue Maximisation and Cost Optimisation aiming at maximising revenue while at the same time optimising costs in order to achieve wide spreads between revenues and costs. The period’s strategic goals and strategies were articulated under the framework shown below;

GOALS

Theme: Maximizing The Cash Operating Margin

Revenue Maximization

- Water Production
- Water Sales ↑
- NRW ↓
- New Connections ↑
- Suppressed Accounts ↓
- Billing Efficiency ↑
- Accounts Receivables ↓
- Customer care ↑
- Collection Efficiency ↑
- Tariff ↑

Cost Rationalization

- Staff Productivity (Staff Costs/Output) ↑
- Investments Efficiency ↑
- Energy Costs (Electricity & Fuel) ↓
- Chemical costs ↓
- Administrative Costs ↓
- Vehicle operation cost ↓

2.1.1 Revenue Maximisation

Goals under the Revenue Maximisation included:

- Revenues: Increase Annual Revenue from Shs. 101 billion to Shs. 138 billion.
- Water Service Coverage: Increase water service coverage from 73% to 76%.
- Sewerage Service Coverage: Increase sewerage extensions by 9 kms.
- Service to the poor: Increase service coverage to informal settlements and peril-urban areas.
- Water Supply: Ensure 24 hour water supply per day in all NWSC Areas.
- Water Losses: Reduce the level of NRW from 35.8% to not more than 31.8% of water produced.
- New water Connections: Install 71,568 New water Connections over the three years.
- Collection/Billing Ratio: Ensure a Collection/Billing ratio (including arrears) of not less than 100% by 2012.
- Profitability: Ensure growth in net operating profit from Shs 25.4 billion to Shs 37.8 billion.
- Debt Age: Reduce Debt age from 4.8 months to 3.8 months of billings.
- Customer Care: Strengthen customer services in all Service Areas so as to ensure prompt and effective response to all customer needs and resolution of customer complaints to satisfaction of our customers
- Water and Sewerage quality: Ensure that potable water and sewerage effluent meet National Standards
- Suppressed Accounts: Reduce suppressed accounts as a percentage of total accounts from 12% (27,722) to 10% (29,699)
- Complete on-going projects such as the Gulu water supply and Sewerage Project, Mukono, Arua Water supply and Sewerage project, Bushenyi Water Supply project, Jinja Walukuba, Gaba offshore
- Intake Projects and Kampala Sanitation Master Plan project.
- Prioritise projects in order to improve investment efficiency.
- Carry out Annual Tariff Reviews

2.1.2 Cost Rationalisation

Goals under the Cost Rationalisation theme included:

- Staff Productivity: Improve staff productivity and limit manpower levels to not more than 6 employees per 1000 water connections and ensure staff costs as a ratio of operating costs is reduced from 42% to 40%.
- Energy (electricity and fuel) cost rationalisation
Optimise Administrative costs, Fleet management costs, Transport and Mobile costs, Static Plant and Pipe Network costs and other costs such as chemical costs.

2.1.3 Cross Cutting Reforms and Activities

Carry out Internal Reforms and Restructuring aimed at achieving the enhanced mandate, increased accountability and transparency of the Corporation.

2.1.4 External Services, Research and Development

Strengthen the External services, Research and Development functions to ensure effectiveness and efficiency in implementation of the Corporation programmes

2.2 STRATEGIES PLANNED AND IMPLEMENTED DURING THE 2009 – 2012 CORPO RATE PLANNING PERIOD

The following strategies were implemented to achieve the set goals during the planning period. The strategies were aligned to the identified themes as follows.

2.2.1 Revenue Maximization

This strategy involved a close look at and exploitation of all the strategic options that would lead to generation of more revenue to the Corporation. The details of the strategic actions undertaken are outlined below.

2.2.1.1 Reduction of NRW

The strategies carried out included the following;

- Reduced commercial losses by ensuring customer meter management, policing unauthorised usage, Water accounting Controls to ensure that all users were monitored and billed, and investigation of large consumers.
- Reduced leakages through effective pressure management, active leakage control and institution of NRW reduction squads to handle illegal use.
- Strengthened Water Sales Management by ensuring that the technical and commercial sections worked as a team in as far as water sales management is concerned, and carried out random monthly meter status and consumption audits.
- Meter Replacement Policy: Developed and commenced implementation of a comprehensive meter replacement policy.
- Production and implementation of Kampala NRW action plan. This involved, training in NRW management, monthly calibration of bulk water meters in Kampala (once in other Areas), and meter performance enhancement strategies.

2.2.1.2 Reduced Suppressed accounts.

This was achieved by carrying out the following strategies.

- On a Monthly basis, monitored the effectiveness of areas by studying the status of suppressed accounts and initiatives to woo them back to supply.
- Ensured that areas enforced a stretched Debt age limit of 90 days. A credit limit of 30 days (1 month) was enforced for domestic customers
- Encouraged areas to develop and implement incentive mechanism to woo back suppressed accounts on supply.
- Ensured that all disconnected accounts of over three years were closed and investigated, and those eligible were written off.

2.2.1.3. Customer Care

The Corporation continued to ensure that customer care in all areas was enhanced through the following strategic activities.

- Raving Water Fans Culture was benchmarked and extended to all Areas.
- The Direct Debt System and Payment over the Bank counter were enhanced and the performance of all the banks were reviewed with the intention of streamlining irregularities.
- The E-Water Payment System was launched and implemented and it allows customers to pay bills using the Mobile Money and M-Santé facilities provided by Mobile telecom companies.
- Head Office created a Revenue Reconciliation Unit to spearhead the process of harmonizing payments made through Electronic Fund Transfer (EFT) and the e-water payment platforms.
- Conducted Customer Perception and other related Surveys to analyse feedback and institute measures to resolve the customer issues
- Enhanced customer interface/interaction through NWSC website to cover more functionalities, conducted refresher courses in each area in customer care, conducted quarterly strategic alliance meetings with clients in areas.
- Management also participated in Corporate Social Responsibility activities like cleaning hospitals, markets, town roads, and sports.

2.2.1.4. 24 Hour Water Supply

The Corporation carried out the following interventions to address the supply problem in some areas.

- Creation and/or increase of water supply subsystems given the hilly terrain of Kampala.
- Ensured completion of the capital projects like the Mukono Water Supply Project, the Intakes at Gaba and Jinja, and completion of emergency rehabilitation works in Bushenyi
- Ensured that the pump age hours were rationalised in order to circumvent the current power outages.
- Adopted the New Economic Order concept as a planning tool for optimising water supply.

2.2.1.5. Water Quality and Sewerage Effluent

Standardization of Laboratory Equipment and Staff training: Ensured that all laboratory equipment in Areas were calibrated and staff trained on good laboratory practices.

2.2.1.6 Increase Turnover

Strategies in line with revenue improvement included:

- **Reviewed the functionality** of meters for adequate recording of billings and ensured a framework to enhance meter availability and performance efficiency
- **Billing System Upgrade:** The billing systems for all Areas were up graded to the latest version of Custima (Hi-affinity).
- **Marketing Programmes:** Implemented marketing programs in all Areas to boost revenues.
- Increased customer base through timely connection and billing of paid up applicants, minimised disconnections, and closely monitored the plans and works done to phase out dry zones.
- **Sensitized communities** in new areas of extension about the safety and quality of our water and connection procedures through the new **Water Councils**, and liaised with the Areas to identify potentially viable areas.

2.2.1.7. Improved the Collection/Billing Ratio

Strategies in line with improved collection and Billing Ratio included:

- **Setting Credit Limits:** The Corporation set and enforced credit limits and also ensured that all areas hire debt collectors.
- Promoted the use of the Direct Debit scheme by; bringing on board other non-participating banks into the scheme, availing banks with NWSC customer data base and implementing an SMS system to remind customers to credit their accounts a week before the bills are distributed.
- **Increased monitoring and achievement of collection targets** by areas through use of hand held meter reading devices, monthly production and delivery of bills by 10th of each month, lobbying Government for payment of arrears, and institution of weekly work programs for following up collections, and recognition and appreciation of customers who pay promptly.

2.2.1.8 Arrears Reduction

The reduction of arrears was carried out through implementation of the following strategies.

- **Disconnection Policy:** Disconnection of any non-government account that had not been credited for one month, or whose outstanding bill had accumulated to UGX 100,000.
- **System Entries and Adjustments** for a given month were posted by close of the month and subsequent adjustments posted in the month of detection in order to harmonize the finance and commercial systems.
- **Distressing Policy:** Reviewed and strengthened the distressing policy to facilitate uprooting of suppressed accounts of more than 6 months.
- **Non-Government Arrears:** Use of debt collectors, effective use of instalment payment agreement, coupled with the strengthened legal expertise to assist areas with legal issues relating collection of arrears
- **Separation of Accounts:** Procedures for separation of accounts were revised and are only acceptable if, and only if, arrears and outstanding bills on the existing accounts are cleared to zero.
- **Database Clean-Up of duplicated accounts:** Through the M&E department carried out intensive field verifications in all Kampala Water Branches to establish duplicated accounts followed by database clean-ups.

2.2.1.9 Water Service Coverage

The following are the implemented strategies for this goal.

- NWSC expanded its network to new un served areas beyond the service area especially to the upcoming housing estates so as to improve capacity utilisation of the plants.
- Implemented the capital projects in Mukono, Jinja & Gabba (offshore intake projects) and continued to implement others in Gulu (phase II) and Bushenyi Water Supply project.
- Continued with the implementation of the new connection policy

2.2.1.10 Sewerage Service Coverage

The following are the implemented strategies for this goal.

- Through the Kampala Sanitation Master Plan Project (KSMP) the following activities were undertaken during the Corporate Plan period 2009 – 2012.
- Implementation of the Lubigi sub-system Sewerage Treatment Plan with its associated networks.

2.2.1.11 Service to the Poor

Some of the strategic activities that were undertaken in this respect include:

- Intensification of the pipe network in informal settlements especially in Kampala
- Established public stand posts and installed yard taps within these settlements. A total of 600 stand posts were established during the planning period 2009-2012
- Streamlined the new connection water policy to cater for the urban poor.

2.2.1.12 New Capital Works Projects

In regard to the capital projects,

- The NWSC prepared and submitted **detailed feasibility studies as priorities** to the Sector working group and Ministry of Finance.
- **Completed projects** in Mukono, Jinja and Kampala (the offshore intake pipelines) and continued implementing works on ongoing projects in Gulu, Arua, Bushenyi and the Kampala Sanitation Master Plan project.
- **Prioritised projects** in order to improve investment efficiency.

2.2.2 Cost Rationalisation

The following were the strategies undertaken under this theme

2.2.2.1 Staff Productivity

The following were some of the key strategies that were undertaken in this regard;

- **Staff Recruitments:** All Areas ensured that all staff recruitments are first duly cleared by Head Office.
- Carried out a **comprehensive and systematic Man Power Audit by Ernst and Young Auditors** in all areas.
- **Sensitized staff** on the need to maintain discipline and good conduct at all times
- Focused training on multi-skilling and further skills enhancement especially for GIS staff, Plumbers and Technical Assistants
- Enhanced **performance based pay through the PACE Contracts**

2.2.2.2 Rationalisation of Operational Costs

The rationalisation of operating costs will be effected through the following strategies.

- **Energy Management Study:** Carried out an energy management study in liaison with Ministry of Energy for all Areas, and thereafter developed concrete strategies and action plans for the respective Areas
- **Energy Management plans and Strategies:** All Areas carried out energy audits and came up with both short term and long term energy management plans.
- **Motor Vehicle Leasing Policy:** Reviewed the motor vehicle leasing policy to establish the best and most beneficial option for the Corporation.
- **Old Dilapidated Vehicles:** The NWSC is processing the Implementation of the fleet disposal policy on all the identified old and dilapidated motor cycles and vehicles
- **Procurement Audit:** Implemented an efficient and effective supply chain management framework that translated into value for money of procured goods and services.
- **Expenditure Review Committees:** All Areas instituted Expenditure Review Committees to carryout monthly monitoring and regulation of Area expenditure and Creditors Portfolio based on clearly defined guidelines.
- **Training of Area Accounts Officers:** Trained all Area Accounts Officers on the basics of NWSC chart of Accounts and Accounting Standards and provide clear guidelines to ensure proper coding of Areas' Expenditures.

2.2.3 Internal Reforms and Restructuring

The strategies implemented under this theme were:

- Continued **carrying out innovations in the management systems** and this covered strengthening of our internal contracting mechanisms (IDAMCs and later PACE Contracts), Management Information Systems, Commercial Services, Financial Services and Capital Expenditure programme”.
- Achieved ISO certification for all towns
- **Expanded the External Service exploits** as a means of building synergies within the different water providers in the region and Uganda in particular.
- **Established a regional Training centre** as a means of sharing best practices in the provision of water and sewerage services.
- **Enhanced stakeholder participation and collaboration** through establishment of Local water committees in Areas
- **Strengthened the Monitoring and Evaluation System** through regionalised monitoring and evaluation of Areas

The following strategies were further implemented to ensure increased transparency/Governance in the Corporation

- **Ensured formulation of management committees on audit**
- **Followed up of Audit Recommendations during checkers activities**
- **Ensured quarterly reviews of Audit issues in Top Management**
- **Ensured that Resolution/implementation of Audit recommendations is part of each division's annual targets**

2.2.4 External Services, Research and Development

External Services

The following were the strategies which were undertaken by the External Services Department during the 2009-2012 planning period.

- Formulated a Strategic Business Plan articulating the strategic path for enhancing skills and management training to various practitioners in the utility industry and also reflecting the financial self-sustainability of External services.

Research and Development

During this planning period, the Corporation embarked on the following;

- Developed a Research and Development policy and a Strategic Research Plan (SRP) by June 2010 to guide the Corporation strategic research initiatives.
- Conducted research in priority areas identified in the SRP and is still ongoing.
- Put in place knowledge management systems to identify, create, represent, distribute and enable adoption of knowledge, insights and experiences from research activities
- Established national and international research and knowledge networks beneficial to the Corporation
- Conducted annual learning needs assessments, develop plans, implement and evaluate relevant formal and informal learning activities
- Developed a learning management system to track learning activities throughout the corporation by January 2010.

2.3 DETAILED PERFORMANCE REVIEW OF THE CORPORATE PLAN: 2009-2012

2.3.1 Water Produced and Sold

During the Corporate Planning period 2009 – 2012, the NWSC continued to increase water production to correspond to the demand of the growing customer base. Total water production increased by 9.9 million cubic meters from 69.7 million cubic meters in the financial year 2008/2009 to 79.7 million cubic meters in the financial year 2011/2012. Likewise, Water sales increased from 44.8 million cubic meters in 2009 to 53.8 million cubic meters in 2012. NRW decreased from 35.8% to 32.6%.The table below shows changes in Water Produced, Water sold and NRW for each town.

Table 3: Water Production/Sold for 2009-2012

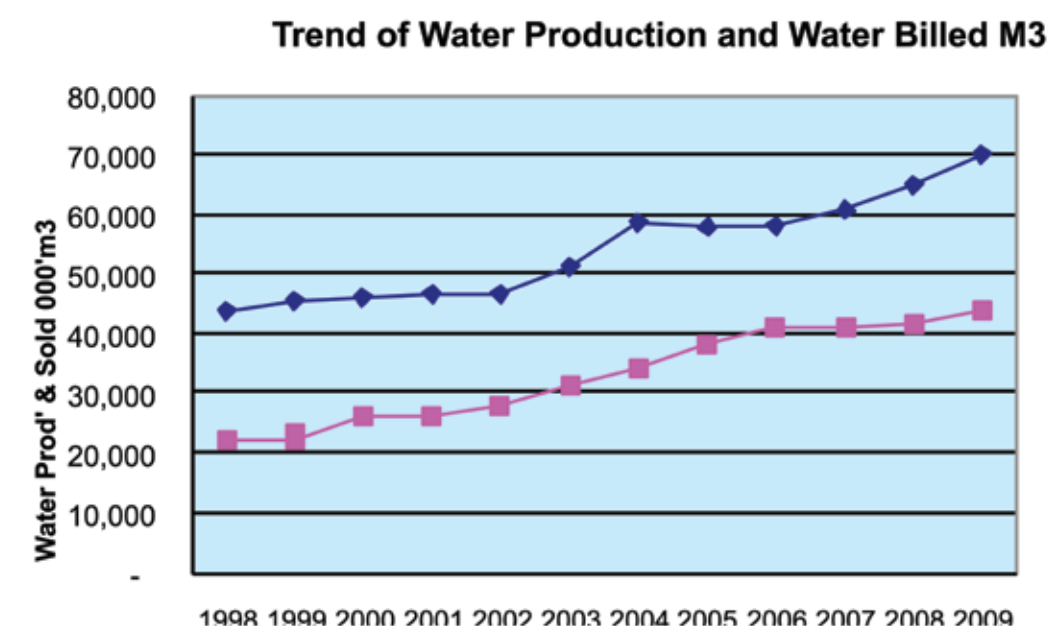
Area	Water Supplied			Water Sold			NRW (%)		
	June 2009 (m3)	June 2012 (m3)	% change	June 2009 (m3)	June 2012 (m3)	% change	Jun 09 (m3)	Jun 12 (m3)	% change
Kampala/ Mukono	50,444,455	58,460,898	15.9%	28,790,851	36,108,690	25.4%	42.90%	38.0%	-4.9%
Jinja/ Lugazi/ Iganga	4,458,433	4,160,490	-6.7%	3,394,954	3,195,749	-5.9%	23.90%	23.2%	-0.7%
Entebbe/ Kajansi	2,507,564	3,858,584	53.9%	2,112,380	3,194,267	51.2%	15.80%	17.2%	1.4%
Tororo/ Malaba	747,880	625,555	-16.4%	672,789	566,665	-15.8%	10.00%	9.4%	-0.6%
Mbale	1,303,000	1,410,912	8.3%	1,163,991	1,255,884	7.9%	10.70%	11.0%	0.3%
Mbarara	2,311,524	2,397,743	3.7%	1,993,001	2,164,720	8.6%	13.80%	9.7%	-4.1%
Masaka	1,146,000	1,414,674	23.4%	893,828	1,004,602	12.4%	22.00%	29.0%	7.0%
Lira	924,360	1,121,280	21.3%	834,457	980,463	17.5%	9.70%	12.6%	2.9%
Gulu	840,817	728,765	-13.3%	750,428	598,952	-20.2%	10.80%	17.8%	7.0%
Kasese	621,739	719,820	15.8%	487,858	578,341	18.5%	21.50%	19.7%	-1.8%
Fort Portal	675,322	808,730	19.8%	571,713	663,131	16.0%	15.30%	18.0%	2.7%
Kabale	508,189	538,708	6.0%	460,900	493,064	7.0%	9.30%	8.5%	-0.8%
Arua	591,186	641,589	8.5%	525,056	534,786	1.9%	11.20%	16.6%	5.4%
Bushenyi/ Ishaka	228,611	364,110	59.3%	187,858	305,815	62.8%	17.80%	16.0%	-1.8%
Soroti	694,946	728,476	4.8%	547,327	623,364	13.9%	21.20%	14.4%	-6.8%
Hoima	367,959	335,001	-9.0%	311,015	281,716	-9.4%	15.50%	15.9%	0.4%
Masindi	449,863	430,426	-4.3%	401,320	369,905	-7.8%	10.80%	14.1%	3.3%
Mubende	359,700	342,641	-4.7%	298,407	308,250	3.3%	17.00%	10.0%	-7.0%
Lugazi	215181	218,287	1.4%	160,531	186,010	15.9%	25.40%	14.8%	-10.6%
Iganga	380070	444,662	17.0%	256,063	353,795	38.2%	32.60%	20.4%	-12.2%
Total	69,776,799	79,751,351	14.3%	44,814,727	53,768,169	20.0%	35.80%	32.6%	-3.2%
Other areas	19,332,344	21,290,453	10.1%	16,023,876	17,659,479	10.2%	16.70%	17.1%	0.4%

The Areas which registered large increases in water production include Bushenyi, Entebbe, Masaka, Lira, Iganga, Fort Portal, Kampala and Kasese, while those that registered high production declines were Tororo, Gulu, Hoima, Lugazi and Jinja. The reductions in these areas were in part due to water source problems, frequent power outages and sinking of boreholes by large industrial users especially in Jinja.

On the other hand, there were notable corresponding increases in the volume of water sold in areas of Bushenyi, Entebbe, Iganga, Kampala, Kasese, Lira and Fort Portal. Water sales reductions were registered

in Gulu, Tororo, Hoima, Jinja and Masindi. The reduction in the volume of water sold is partly attributed to the limited raw water for production, increased power outages experienced in these areas and sinking of boreholes.

Water Production Trends and Sales: 1998 -2012



2.3.2 Non-Revenue Water (NRW)

During the 3 year period, NRW decreased from 35.8% in 2009 to the current level of 32.6% as at June 2012, a decrease of 3.2% points as shown in the table below.

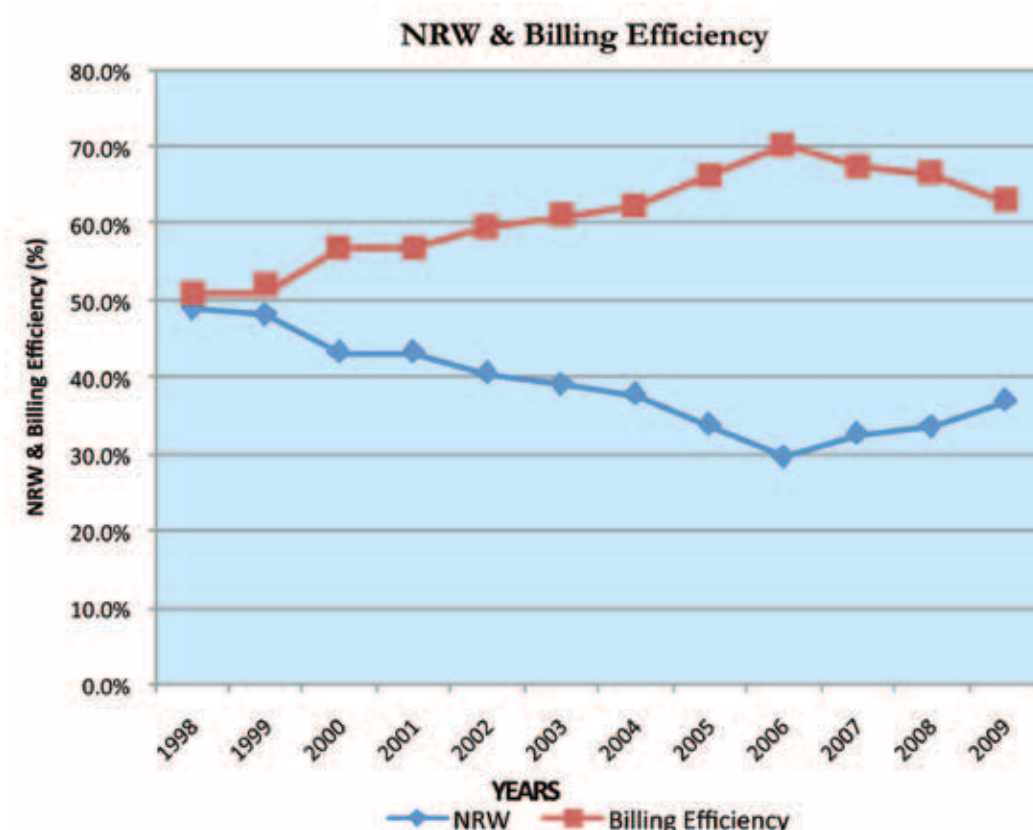
Table 4: Non-Revenue Water Trends

	Baseline	Corporate Plan Period 2009 - 2012		
Year	2008/09	2009/10	2010/2011	2011/12
Total NRW	35.8%	35.8%	32.8%	32.6%
Kampala	42.9%	42.9%	39.2%	38.0%
Other Areas	16.7%	16.7%	16.7%	17.1%

In Kampala, the NRW decreased from 42.9% in 2009 to 38.0% in 2012, a decrease of 4.9%. Other areas, registered an increase in NRW of 0.41 from 16.7% to 17.1 % during the planning period. The major reason for the reduction in the level of NRW was

the management strategies implemented during the planning period which included among others the Every Drop Counts Programmes, Operation Wet Storm, emphasis on territorial accountability for water delivered to each area / branch through the New Economic Order Concept and targeted replacement of old pipe network sections. There were also deliberate efforts to curb illegal water use in Kampala, and timely fixing of leaks and bursts to minimise technical losses.

The graph below shows a downward trend in NRW and an improving trend in billing efficiency since 2009. The Corporation has managed to reduce NRW from 35.8% in 2009 to 32.6% IN 2012 and will focus its energy towards continuous reduction of NRW in the next Corporate Planning period 2012-2015. However, it should be noted that NRW still remains a big challenge to manage within the prevailing operational conditions.



2.3.3 Capacity Utilisation

During the Planning period 2009-2012, the average capacity utilisation in all the towns increased from 66% as at June 2009 to 76% in 2012 as shown in table 4. The increase in capacity utilisation is mainly attributed to increased pumpage and water production especially in Kampala, to meet the growing demand. Capacity Utilisation is an indicator of investment needs to expand production in an Area. The higher the capacity utilisation, the greater the need for new production plants. Therefore, from that table below, it is seen that new capacities are urgently needed in Kampala Kasese, Fort Portal, Gulu and Arua.

However, according to the NWSC Strategic Investment Plan and the World Bank Priority Project Funding Selection Criteria, the towns of Arua, Gulu, Bushenyi and Mbale were selected as priority investment areas. Kampala was excluded as large investments are to be made under the Lake Victoria WATSAN programme, supported by AfD, EIB

and KfW. Mbale was selected ahead of Fort Portal because it would be used to supply some of the rural growth centres that are on the programme of the Directorate of Water Development (DWD) for further investment.

Table 5: Capacity Utilisation: 2009-2012

Area	June 2009			June 2012		
	Practical capacity m3 per day	Average Production m3 per day	Capacity Utilisation (%)	Practical capacity m3 per day	Average Production m3 per day	Capacity Utilisation (%)
Kampala/ Mukono	197,270	147,955	75%	180,000	160,164	89%
Jinja/ Lugazi	24,000	14,550	61%	30,600	14,375	47%
Entebbe/ Kajansi	20,000	11,389	57%	20,000	11,079	55%
Tororo/ Malaba	5,914	2,340	40%	5,267	1,855	35%
Mbale	14,408	3,805	26%	12,000	4,063	34%
Mbarara	10,197	6,593	65%	11,164	6,777	61%
Masaka	6,382	3,515	55%	7,500	4,206	56%
Lira	8,586	2,699	31%	8,700	3,660	42%
Gulu	2,696	2,452	91%	3,000	2,106	70%
Kasese	2,368	1,731	73%	2,400	2,034	85%
Fort Portal	2,171	1,926	89%	2,520	2,292	91%
Kabale	3,600	1,477	41%	2,600	1,626	63%
Arua	5,400	1,655	31%	2,733	1,909	70%
Bushenyi/ Ishaka	960	707	74%	1,920	1,088	57%
Soroti	5,529	2,060	37%	8,256	2,069	25%
Hoima	3,000	1,090	36%	3,000	989	33%
Masindi	3,000	1,416	47%	2,640	1,326	50%
Mubende	2,500	1,021	41%	2,748	956	35%
Lugazi				1,300	591	45%
Iganga				-	-	-
Total NWSC	317,981	208,381	66%	308,348	223,165	72%

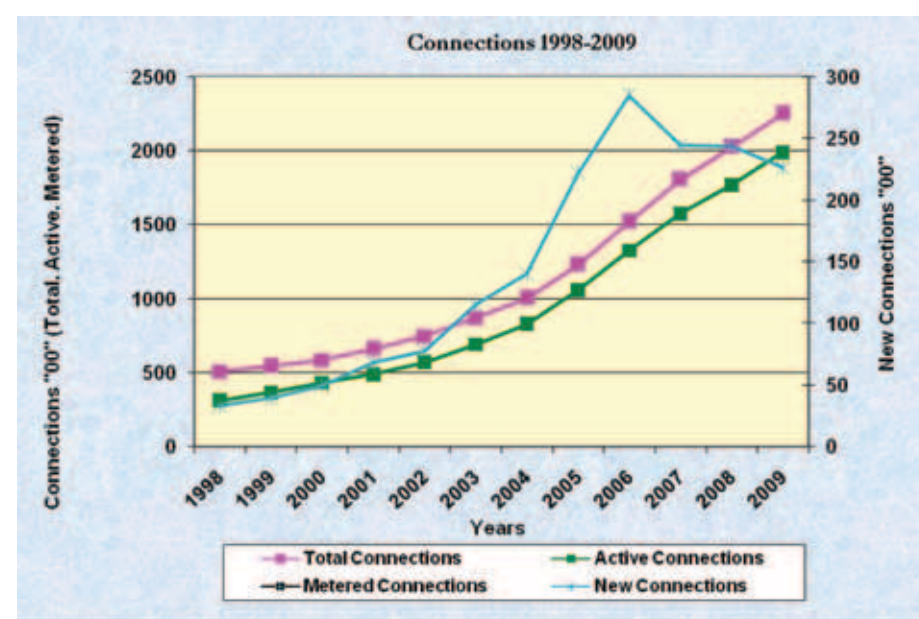
2.3.4 Water Subscribers

During the period 2009 to 2012, a total of 71,187 new connections were made, an average of about 23,729 per annum. This brings the total number of connections to about 296,206 connections against a target of 296,467 connections (performance of 99.9%).

Table 6: Annual Growths of New Water Connections

	Baseline	Corporate Plan Period 2009-2012		
Year	2008/2009	2009/2010	2010/2011	2011/12
Kampala	13,212	12,713	15,217	12,872
Other Areas	10,093	9,509	10,416	10,480
Total new connections	23,305	22,222	25,633	23,332
Total connections	225,203	245,852	271,995	295,444
% Increase in connections	12%	10%	10.4%	9%

During the period, new connections were relatively stable. However, there could have been a better performance since it is evident that there is immense demand for our water services. There is therefore need to match the investment and financial capacity of the Corporation to match the demand. In the next planning cycle, the Corporation will embark on massive connections with the implementation of specific projects including the Kampala Water Lake Victoria WATSAN Project.



The graph above shows a general increase in the total number of connections during the last 3 year planning period from 225,932 in 2009 to 296,206 connections in 2012. The level of new connections averaged at 23,729 during the period 2009-2012 compared to baseline of 23,305 connections. This is due to increased business activity precipitated by high demand for water services. It is expected that during the next planning cycle (2012-2015), the Corporation will embark on expansion of water services through implementation of the Kampala Water Lake Victoria WATSAN Project, which will see a surge in connection of new customers in new service areas. The Corporation also plans to expand services in other towns.

2.3.5 Installation of Kiosks/Public Stand Posts

Kiosks remain a major means of extending services to the urban poor in informal settlements especially in Kampala and other areas. The objective of installing kiosks is to among others increase access to potable water at a subsidised rate to the poor. This is in line with the Government's National Development Plan and objectives of achieving Millennium Development Goals,

aiming at improving people's livelihoods through better hygiene, improved health and poverty reduction.

The NWSC therefore continued supporting the Urban Poor Branch in Ndeeba-Kisenyi and implementation of the Urban Poor Projects; Ndeeba-Kisenyi, Kawempe, Katwe and Kagugube in Kampala.

During the period 2008/09 to 2011/12 over 1,200 public stand posts were installed against a target of 1,332 stand posts, accounting for about 90% performance. This brings the total number of public stand posts to 8,622.

Table 7: Trend of Stand Posts/Kiosks Installed

	Baseline	Corporate Plan Period 2009 - 2012		
Year	2008/2009	2009/2010	2010/2011	2011/2012
New Kiosks	413	540	469	191
Total Kiosks	5,809	6,349	8,431	8,622
% Growth	7.6%	9.3%	32%	2.3%

NB* The drastic increase during the year 2010/11 is attributed to an update of the database system which established that the number of PSPs had risen hence accounting for the growth of 32%

2.3.6 Sewerage Services

Over the three-year period 2009 to 2012, the Corporation continued with its quest to provide Sewerage services in an efficient and cost effective manner. During the period, the Corporation continued to implement the new simplified Sewerage connection policy which entailed the provision of free connection within a radius of 60 meters from the NWSC sewerage main. To this effect, a total of 8.66 kms of sewer mains were extended, and 945 new sewer connections were installed against a target of 1,026 connections (a performance of 92%).

Table 8: Trend of Sewerage Connections

	Baseline	Corporate Plan Period 2009 - 2012		
Year	2008/2009	2009/2010	2010/2011	2011/12
New Sewerage Connections	267	343	301	301
Total Sewerage connections	14,685	1,028	15,329	17,653
% Growth	2	2.3%	2%	1.7%
Sewer extensions (kms)	1.4 kms	3.12 kms	1 kms	4.53 kms

The service coverage for sewerage services as at end of period 2009-2012 stagnated at about 6.4%. The major reason for the low sewer connection rate is the limited sewerage network coverage, and the reluctance of customers to connect to the sewer system due to the fact that most of them already have on-site sanitation facilities. Furthermore, some of the NWSC Areas have no water borne or piped sewerage services. These include the Areas of Arua, Bushenyi/Ishaka, Kasese, Mubende, Malaba, and Lugazi.

2.3.6.1 Sewerage Investments

During the Period 2009-2012, the Corporation secured funding (Euros 69 million) and embarked on implementation of the Kampala Sanitation Master Plan. This involves rehabilitation and relocation of the old sewerage plant at Bugolobi and construction of 3 new Waste Water Treatment Plants in Lubigi, Kinawataka and Nakivubo to improve the collection and management of effluent from the greater Kampala Metropolitan District with the aim of increasing sewerage coverage to 30% by 2025. Civil works are already on going at Lubigi and Nakivubo, and are projected to be completed within the next planning period 2012-2015.

2.3.7 Water Service Coverage

Water Service Coverage is an indicator of the extent of service delivery to people with access to clean water services, and within a certain geographical area. During the period 2009 to 2012, the service coverage increased from 73% to 77%, against a target of 76% for water. The table below indicates the comparative situation of water coverage as at June 2009 and June 2012.

Table 9: Water Supply Service Coverage 2009-2012

Area	Status June 2009		Status June 2012	
	Population Served (water)	Population served as % of Total population	Population Served (water)	Population served as % of Total population
Kampala/ Mukono	1,215,273	73%	1,438,814	78%
Jinja/ Lugazi/ Iganga	199,883	77%	254,532	90%
Entebbe/ Kajansi	49,651	68%	64,644	82%
Tororo/ Malaba	37,775	75%	43,010	77%
Mbale	61,542	71%	68,945	74%
Mbarara	64,922	81%	68,134	84%
Masaka	57,500	80%	78,114	81%
Lira	81,229	79%	95,742	75%
Gulu	121,015	83%	141,814	79%
Kasese	56,296	81%	45,028	81%
F/Portals	32,992	72%	57,794	78%
Kabale	30,733	70%	36,914	76%
Arua	41,212	74%	49,426	76%
Bushenyi/Ishaka	13,440	52%	17,016	60%
Soroti	28,915	46%	34,848	54%
Hoima*	17,529	45%	21,606	51%
Masindi*	16,542	41%	21,410	47%
Mubende*	10,385	50%	13,402	59%
Lugazi			21,657	61%
Iganga			41,240	80%
Total	2,136,834	73%	2,614,090	77%

- Population figures are derived from 2002 Population and Housing Census Provisional Results (Uganda Bureau of Statistics, 2005)

Note: Population coverage is based on the following number of persons served per connection:

Domestic.....	6 Persons/household/connection
Standpipe.....	200 persons per stand pipe
Institutions: Small towns.....	100 persons/Institution per connection
Medium towns.....	500 persons/Institution
Large towns.....	1,000 persons/Institution

- Figures for Kampala include the suburbs of Mukono, and Nansana.

The coverage table above shows that in Kampala, coverage increased from 73% to 77% mainly due to the rapid increase in population which has resulted into increased connection of new customers and extending services into parts of Wakiso District. Entebbe, Jinja, Kabale and Fort Portal Areas too, experienced growth in their service coverage. Areas which experienced reductions in coverage include Mbarara, Lira, Gulu and Kasese, mainly due to increase in population that was not matched with similar connections (backlog of new connections).

However, during the same planning period 2009-2012, it was noted that NWSC continued to serve areas outside the stipulated Municipal Boundaries. This has in turn increased the Corporation's area of jurisdiction. Management will in the next planning period 2012-2015 formulate a framework under which the boundaries of Kampala and Wakiso service areas will be gazetted to NWSC. The framework will also identify and align increase in service area with required investments for appropriate funding from Government.

During the period 2009 – 2012, the NWSC continued to operate within the 23 gazetted towns countrywide as shown below Table 9 below shows the areas in which the Corporation currently operates.

Table 10: Operation Status 2009-2012

Areas Under NWSC -June 2012		
1. Entebbe	11. Masaka	20. Hoima
2. Fort Portal	12. Mbale	21. Masindi
3. Gulu	13. Mbarara	22. Mubende
4. Jinja/ Njeru	14. Tororo	23. Kaberamaido
5. Kampala	15. Soroti	
6. Kabale	16. Mukono	
7. Arua	17. Lugazi	
8. Bushenyi /Ishaka	18. Malaba	
9. Kasese	19. Iganga	
10. Lira		

2.3.8 Meter Coverage

As at June 2012, a total of 295,444 accounts were metered out of 296,206. This represents 99.7% meter coverage against a target of 100%. The trend of meter coverage for the last five years is shown in the table below.

Table 11: Metered Accounts

	Baseline	Corporate Plan Period 2009 - 2012		
Year	2008/09	2009/10	2010/11	2011/12
Kampala	132,881	146,109	162,226	174,758
Other Areas	92,322	98,994	110,180	120,686
Total metered	225,203	245,103	271,734	295,444
Total Accounts	225,932	246,259	272,406	296,206
% Metered Accounts	99.7%	99.8%	99.8%	99.7%

From the graph above, it can be observed that total metered connections are on a rising trend from 2009 up to 2012. Metering in Kampala and Other Areas too is on a rising trend, which explains the effectiveness of the metering policy adopted by the Corporation, for all new connections and the existing accounts.

2.3.9 Staff Rationalization

During the period 2009-2012, staff numbers increased from 1,517 as at June 2009 to 1,773 as at June 2012. This represents an increment of 256 staff in the 3 years. The increment was due to the expanding business activities in all areas of operation especially the growth of Branches and Sub Branches in Kampala. Staff productivity however was maintained at 6 staff per 1000 connections as a result of increasing new connections.

Table 12: Staff Productivity Trends

Year	2008/09	2009/10	2010/11	2011/12
Staff Numbers	1,517	1,589	1,691	1,773
Staff/1000 water connections	7	6	6	6

Table 13 below shows staff productivity per Area with respect to the total number of connections. It can be observed that most areas registered improvements in staff productivity i.e. Jinja, Entebbe, Mbale, Mbarara, Lira, Kasese, Soroti, and Hoima. The Areas of Kampala, Kabale, Bushenyi and Arua maintained their staff productivity ratio during the planning period.

The Areas which declined in performance were Tororo, Gulu, Fort Portal and Masindi whose increase in the number of connections was not proportionate to the increase in the number of staff.

Table 13: Detailed Staff Levels as at 30th June 2012

	June 2009			June 2012		
	Total Staff	Total Conn.	Staff/1000 Conn.	Total Staff	Total Conn.	Staff/1000 Conn.
Headquarters	247	-	-	275	-	-
Kampala / Mukono	660	133,198	5	790	174,853	5
Jinja	114	15,727	7	92	16,578	6
Entebbe/ Kajansi	82	14,574	6	92	20,897	4
Tororo/Malaba	31	3,354	9	61	3,788	16
Mbale	53	6,885	8	61	8,819	7
Mbarara	59	5,836	10	34	10,899	3
Masaka	38	8,885	4	30	7,562	4
Lira	32	5,337	6	27	6,891	4
Gulu	27	3,828	7	37	4,588	8
Kasese	22	3,652	6	22	5,080	4
Fort Portal	24	3,993	6	44	5,237	8
Kabale	21	3,523	6	25	4,401	6
Arua	23	4,358	5	24	5,283	5
Bushenyi/Ishaka	19	1,604	12	25	2,035	12
Soroti	18	3,962	5	18	5,249	3
Hoima	18	2,849	6	17	3,700	5
Masindi	16	2,542	6	24	3,442	7
Mubende	13	1,825	7	17	2,615	7
Lugazi				17	1,560	11
Iganga				19	2,729	7
Total	1,517	225,932	7	1,773	296,206	6

According to the graph, there has been a downward trend in Staff numbers from 1,784 in 1998 to 889 in 2002, thereafter an upward trend to 1,773 staff in 2012. Staff productivity index improved from 35 in 1998 to 7 in 2006 and thereafter levelled out at 7 staff/thousand connections until 2010. From FY 2009/10, staff productivity further improved to 6 staff/thousand connections until 2012.

2.3.10 Financial Performance 2009- 2012

The section below highlights the financial performance of the Corporation during the 2009-2012 planning period.

2.3.10.1 Revenue Improvement

The NWSC has continued to register growth in its financial performance and during the planning period 2009 - 2012, the annual turnover increased from Ushs 101.7 billion in the financial year 2008/2009 to Ushs 156.6 billion in the FY 2011/2012, a growth of 54%.

Table 14: Turnover in Shs. Millions

	Baseline	Corporate Plan Period 2009 - 2012		
Year ending	2008/2009	2009/2010	2010/2011	2011/2012
Turnover	101,732	112,848	131,314	156,577
% Growth	20%	11%	16%	19%

2.3.10.2 Analysis of Operating Costs

Over the previous corporate planning period, there has been notable reduction in ratios of staff costs, premises and maintenance costs and supplies and services costs as a percentage of the total operating costs. The reduction is attributed to the deliberate management cost optimization strategies implemented in the last three years. On the other hand, administrative costs, static plant and pipe network and transport and mobile plant costs have gone up due to expansion of the Corporation activities as a result of the increased customer base.

Table 15: Analysis of staff costs over the Corporate Planning Period 2009-2012

Cost centre	2009		2010		2011		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Staff Costs	31,713,930	41.9%	35,521,734	40.9%	41,186,774	40.8%	46,707,338	39%
Administrative costs	10,202,885	13.5%	12,880,182	14.8%	14,541,818	14.4%	17,353,066	15%
Static Plant and Pipe Network	18,784,440	24.8%	20,785,188	23.9%	23,936,002	23.7%	30,865,898	26%
Supplies and Services	8,819,322	11.6%	11,340,779	13.1%	12,749,614	12.6%	14,122,514	12%
Premises and Maintenance	2,764,308	3.6%	2,933,311	3.4%	3,106,606	3.1%	3,353,874	3%
Transport and Mobile Plant	3,465,410	4.6%	3,342,578	3.9%	5,409,994	5.4%	6,340,257	5%
Total	75,750,295	100.0%	86,803,772	100.0%	100,930,808	100.0%	102,625,405	100%

2.3.10.3 Operating Profit

Operating profit before depreciation increased from Shs 25.9 billion in the year ending June 2009 to Shs 37.8 billion in financial year ending June 2012. See table 16 below for details of financial performance.

Operating profit after depreciation increased from Shs 15.4 billion in the financial year ending June 2009 to Shs 19.033 billion in the financial year ending June 2012. This showed that the NWSC was able to cover its costs inclusive of depreciation and to some extent financing costs by the end of the planning period 2009 to 2012. Operating expenditure as a percentage of Revenue reduced to 76% by the end of the Corporate Planning period.

Table 16: Operating Profit 2009 - 2012

	Baseline	Corporate Plan Period 2009 - 2012		
	2008/2009 Shs m	2009/2010 Shs m	2010/2011 Shs m	2011/2012 Shs m
Operating Revenue	101,732	112,848	131,314	156,577
Operating Costs	75,250	86,803	100,930	118,747
Operating Profit before depreciation	25,982	26,044	30,383	37,829
Depreciation	9,958	16,648	17,003	18,796
Operating Profit after depreciation	15,420	9,396	12,899	19,033

The graph shows an increasing trend in turnover since 2002, while operating profit has also increased over the same period.

2.3.10.4 Nominal vs. Real Growth in Billings

Nominal billings refer to the monetary value of water sales whereas Real billings refer to the actual volumetric water sales. This section analyses the growth in these two. The graph shows an upward trend in growth of both nominal and real billings for the period 2009-2012. However, growth in real billings is still low and the gap between the two is widening. This implies that whereas billings in monetary terms were increasing, sales in volumetric terms (cubic meters) were increasing at a lower rate. This therefore calls for a need to ensure growth in the business of the corporation through increased volumetric water sales. Management will in the next planning period 2012-15 implement strategies aimed at increasing volumetric water sales as outlined in the Log Matrix annexed to this report.

2.3.10.5 The Working Ratio: 2009 - 2012

The working ratio is the ratio of operating costs (exclusive of depreciation and interest charges) to operating revenues (which include revenues from water and sewerage tariffs, service charges, connection fees and re-connection fees). The ratio shows the ability of the Corporation to cover its operating costs. Sound financial management requires the working ratio to be well below 1. The table below shows the trend of NWSC's working ratio over the last three financial years and the provisional figure for the FY 2011/12.

Table 17: Working Ratio 2009 - 2012

	Baseline	Corporate Plan Period 2009 - 2012		
	2008/2009 Shs m	2009/2010 Shs m	2010/2011 Shs m	2011/2012 Shs m
Operating costs	75,250	86,803	100,930	118,747
Operating core revenue	101,732	112,848	131,314	156,577
Working ratio	0.75	0.76	0.76	0.76

The above ratio shows an increase in the working ratio from 0.75 in 2008/09 to 0.76 in 2011/12. However the fact that it is still below 1 shows that the Corporation is still able to cover its operational costs excluding depreciation and interest.

2.3.10.6 Operating Ratio

The operating ratio is the ratio of operating costs (including depreciation and interest costs) to operating revenues. The ratio should be below 1 for a financially sound entity. The table below shows the trend of the operating ratio for the last three financial years 2009-2012, and the provisional figure for the FY 2011/12. The ratio shows an improvement from 0.91 in 2010 to 0.86 in 2012.

Table 18: Operating Ratio 2009 - 2012

	2008/2009 Shs m	2009/2010 Shs m	2010/2011 Shs m	2011/2012 Shs m
Operating costs (Including Depreciation & Interest costs) (excluding exceptional items)	85,513	103,452	118,414	135,903
Operating revenue	101,732	112,848	131,314	156,577
Operating ratio	0.84	0.91	0.90	0.86

2.3.10.7 Current Ratio

The Current Ratio is measured as the ratio between current assets and current liabilities. It is a liquidity measure which reflects the ability of a utility to meet its short- term debt obligations. For sound financial management, the ratio should be greater than one.

The current ratio is greater than 1 and has been rising during the corporate planning period 2009-2012 from 2.63 to 3.77. This was attributed to the low debt and creditor portfolio in comparison to the debtors, inventories, cash and short term deposits. The current ratio as at June 2012 of 3.77 shows the improving ability of the Corporation to finance its current liabilities.

Table 19: Current Ratio 2009 - 2012

	2008/2009 Shs m	2009/2010 Shs m	2010/2011 Shs m	2011/2012 Shs m
Current Assets	66,470	86,528	79,532	121,350
Current Liabilities	25,268	32,058	28,266	32,156
Current ratio	2.63	2.69	2.81	3.77

2.3.10.8 Collection Ratio

Collection ratio measured as the ratio between total collections (inclusive of arrears) and total billings within a given period remains one of the most critical indicators for debt collection. The collection ratio declined and ranged from 99% to 98% during the three-year period.

Table 20: Collection Ratio

Year ending 30 June	2009	2010	2011	2012
Collection Ratio	99%	100%	96%	98%

The failure by the Corporation to meet the targeted collection ratio can partly be attributed to Government's failure to honour its bills on time. Government arrears continue to accumulate and currently stand at Ushs 26.6 billion or an equivalent debt age of 17 months. The Corporation will in the next planning period 2012-15 take drastic steps to reverse this awful situation. Table 21 below summarises the collection Ratio trends of the last Corporate Planning cycle.

Table 21: Financial Ratio Trends 2009 - 2012

	Formula	2008/2009 Shs m	2009/2010 Shs m	2010/2011 Shs m	2011/2012 Shs m
i) Current Ratio	Current Assets				
Current Liabilities	2.63	2.69	2.81	3.77	
ii) Average receivables collection days	Average receivables/ sales x 365	131	134	110	105
iii) Average inventory usage days	Average inventory/sales x 365	39	62	42	41
iv) Average creditor payment periods	Average creditors/sales x 365	62	88	58	52
v) Total Assets Turnover: Assets	Sales/Total Assets	0.203	0.204	0.224	0.22
vi) Total Fixed Assets Turnover:	Sales/Average fixed Assets	0.231	0.23	0.25	0.27

Notes:

The Current Ratio is 2.63 at the beginning of the last planning period in 2009. However, this has improved to 3.66 in FY 2011/12 implying a low debt and creditor portfolio in comparison to the debtors, inventories, cash and short term deposits. This further implies that the Corporation is in a sound financial position to meet its short term debt obligations.

The Average Receivables Collection Days decreased from 131 in 2009 to 105 in 2012 showing that the management of debtors has improved. However, the absolute level of debtors remains high especially Government arrears alone amounting to Ushs 26.3 billion or a debt age of 18 months.

Average Inventory Usage Days ratio increased from 39 to 41 showing a decline in inventory management. In absolute terms however, there is improved inventory management which has translated into efficient disbursement and usage of stock.

The average Creditor Payment Days decreased in the last year 2011/12 to 52 days. This is a sign of improvement in management of the creditor's portfolio.

The Total Assets Turnover ratio of less than one shows that the return to assets is still very low

The Fixed Assets Turnover ratio of below one depicts a low return to fixed assets.

2.4 PERFORMANCE OF CAPITAL DEVELOPMENT PROJECTS 2009-2012

2.4.1 Gaba Offshore In-take Project

The Gaba Offshore Pipeline Intake project was fully funded by NWSC through a concession loan of Euro 7 million from AfD. The project which was completed during the period 2009- 2012 has led to an increase in production capacity as a result of installation of new high lift pumps and better quality raw water that requires less chemical treatment than before.

2.4.2 Jinja Walukuba In-take Project

The Jinja Walukuba Intake project was funded by the NWSC with a Grant of Euro 2.5 million from AFD. The project was completed in 2011, and has resulted in abstraction of cleaner raw water which saves the Corporation chemical treatment costs and securing the intakes in the event that lake water levels drop again.

2.4.3 Kampala Sanitation Programme Phase I – Stage I (Immediate Works)

The project is funded by KfW/EU/GoU (Euros 15.3 million) and its objective is to improve the health and living standards of the residents of Kampala by improving sanitation services in and around the Lake Victoria basin. During the period, preliminary works at Lubigi and rehabilitation works at Bugolobi STW were substantially completed. On-going works include the excavations for both facultative and anaerobic ponds and the installation of the sewer pipes in Makindye/Katwe, and Katanga.

2.4.4 Kampala Sanitation Project –Stage II (Major Works)

The project is funded by KfW/AfDB/GoU at a cost of Euros 84 million. The major works entail construction of wastewater treatment plants at Nakivubo and Kinawataka swamps, sewer network rehabilitation and extension in Nakivubo catchment, and construction of sewer network in Kinawataka catchment. During the period 2009-2012, the contract for construction and operation of Nakivubo Waste Water Treatment Plant (WWTP) commenced in January 2012. Bids for the Kinawataka WWTP were also received. Negotiations were also held with Mott MacDonald for the Tariff Affordability Study.

2.4.5 Kampala Urban Poor Project – Kagugube Parish

The project is being funded by the African Water Facility of the ADB at a cost of Euro 800,000 (Ushs.2.2 billion) and is aimed at addressing the water supply sanitation needs/challenges of the urban poor residing in the informal settlements of Kagugube Parish in Kampala. The works which involved installation and repair of water pipes, supply and installation of the pre-paid metering system, and all related civil works, and construction of public and private sanitation facilities as well as drainage civil works were substantially completed in December 2009, and the defects- liability period ended in December 2010. Additional works which entailed installation of 7 prepaid meters, acquisition of 2,200 tokens and 5 vending machines, and installation of hand washing facilities were completed in March 2011.

2.4.6 Kawempe Urban Poor Project

The project was funded by the NWSC at a cost of US\$ 1.5 billion. The objectives of the project were

to address the sanitation needs/challenges of the urban poor residing in the informal settlements of Kawempe Division, Kampala through construction of 45 water borne sanitation facilities of multiple stances. By December 2011, over 30 toilets were completed and the others are still under construction.

2.4.7 Rehabilitation and Expansion of Gulu Water Supply and Sewerage System – Stage II

The Gulu Water and Sanitation systems are in critical need of refurbishment and expansion as demand has outstripped the current supply. The total cost for this was established at about U Shs 48 billion to be provided by NWSC and GoU. During the period 2009-2012, due to financial constraints, emergency works were carried out at a cost of U shs 6.7 billion. The works which have been completed included; Installation of a flanged foot valve DN 200 at foot of suction line in Oytino Dam, Installation of a surge vessel PN 16 total volume 2m³ of which compressed gas is 1m³ at Oytino Dam, installation of a motor control centre panels for the new pump sets at Oytino Dam and the Water Works, however, the panels are yet to be connected to the pumps due to missing cable, completed the enlargement of inlets to the clarifiers. The old DN 150mm pipes were replaced with new DN 200 pipes to improve the production capacity of the Water Works. Completed pipe work for the pumps at Oytino Dam while the pipe work for pumps at the Water Works is in progress.

2.4.8 Kampala Water Lake Victoria WATSAN Project

The project which is funded by KfW, European Investment Bank (EIB), AFD, European Union Infrastructure Trust Fund and Government of Uganda at Euros 212 Million aims at addressing the water supply challenges in the greater Kampala metropolitan area up to the year 2035. The key project objectives include; improving water supply reliability through rehabilitation of Gaba I & II treatment works, restructuring of the Kampala water distribution network, construction of a new treatment plant in Katosi (East of Kampala), construction of satellite reservoirs, and non-revenue water reduction, among others. The project will be implemented in 7 packages. During the period, the following were achieved;

- The Procurement for the immediate measures reached advanced stages and it is envisaged that the physical works will commence in the 1st quarter of 2013.
- The other packages including network modeling and the Katosi Water Treatment Works are at the stage of detailed designs.

2.4.9 Bushenyi Water Supply Project – Immediate Measures

The project aims at rehabilitating and expanding the water supply and sanitation systems in Bushenyi to address immediate water shortage challenges for Ishaka and Kitabi water supply Areas and also execute remedial works aimed at improving the quality and quantity of final water produced from Nyaruzinga swamp. The project is wholly financed by NWSC at Ushs 2.6 billion and during the period, the suction pipeline together with the floating bridge were fabricated and installed at the Intake. Accordingly, the intake pipeline was modified to allow abstraction from both suction pipes (i.e. old and new pipelines). Lamella plates for both units of clarifiers have been installed, the Katungu-Kitabi and the Bushenyi-Ishaka mains were installed and pressure testing completed. The associated distribution network for Katungu-Kitabi pipeline is currently almost completed and the contract has been amended to extend water supply to Kyamuhunga village (17.3km pipeline). As part of the project scope, ground water investigation activities commenced.

2.4.10 Water Supply Extension to Kako-Masaka (Ushs 1.7 billion)

The Project is being jointly implemented with Ministry of Water and Environment and is intended to extend and improve water supply to Kako in Masaka. The extension entails laying 9km pipeline from the Bwala system through a Tee Junction at the Kitovu reservoir to a storage reservoir located at Kako Secondary School. During the period, NWSC completed its section of the project i.e. upgrading of the Kitovu-Nyendo Transmission Main and laying of the Kitovu-Nyendo Transmission Main. The Ministry of Water and Environment is leading the implementation of the remaining works.

2.4.11 Bujagali Water Supply Project (Ushs 2.3 billion)

The Project is being implemented under a MoU between NWSC and Bujagali Energy Ltd (BEL). Under the MoU, BEL is responsible for the full project financing while NWSC is to ensure technical quality of the works and takeover the operation and maintenance of the facilities upon completion. The Project entails laying 42 km of pipeline, installation of a booster station and construction of a 50m3 reservoir tank. In the period under review, seven (07) road crossings were done and all pending connections effected. Water is currently flowing to all parts of the project area.

2.4.12 Soroti Intake Redevelopment Project (Ushs 850 million)

The Soroti water supply project is aimed at addressing the water abstraction challenges facing the Soroti water supply system since the water abstraction system was washed away during the October-November 2010 floods. The need to develop a more secure water intake was therefore realized at a cost of Ushs 850 million. During the period under review, contract negotiations were successfully conducted and the contract was signed in July 2012 and thereafter, the consultancy services shall start. Works are expected to be completed in the next planning period 2012- 2015.

2.4.13 Bwaise II Urban Poor Project (US \$ 530,000)

The Bwaise II Urban Poor project is an initiative aimed at improving the water supply and sanitation services of the urban poor residing in the informal settlements of Bwaise II parish. The project entails expansion of the water supply network and installation of prepaid meters to increase access to water supply by the urban poor in the Parish. The project is jointly funded by NWSC and the Coca Cola Foundation through Water and Sanitation for the Urban Poor (WSUP), a UK humanitarian organization. During the review period, procurement of consultancy services was done and bids for the works contractor were evaluated. Works are expected to begin in the next planning period of July 2012-2015.

2.4.14 Uganda Water Development and Management Project (US \$ 55 million)

The Government of Uganda in Partnership with the World Bank is developing a project to develop infrastructure in some urban centres and implement an integrated water resources management framework. The project is wholly financed by the World Bank, while NWSC is the implementing agency. As part of this project, the World Bank is going to support some of the NWSC water stressed towns of Arua, Gulu, Bushenyi and Mbale. During the period, preparatory negotiations were conducted and analysis of other requirements and conditions are still ongoing. Works are expected to begin in the 2012-2015 planning period.

MAJOR CHALLENGES IN 2009-2012

The following are challenges encountered during the Corporate Planning period 2009- 2012.

2.4.1 Dry zones/ Intermittent Water Supply

The dry zones are still a challenge in most areas especially in Kampala. The Areas most affected include Kawempe-Mbogo, Mpererwe, Kira-Namugongo, Namugongo-Kyaliwajala, some parts of Lubowa on Entebbe road and Matugga among others. The dry zones are mainly caused by low pressure caused by the old and poor network system and the geographical hydraulic challenges. It is envisaged that the problem will be solved after the completion of the Kampala Water Lake Victoria WATSAN Project and continuous management effort in rehabilitation of the network and distribution system.

2.4.2 Growing Debt Age

The growing Corporation debt age has resulted into accumulation of arrears and this is attributed to inadequate payments from Government (Government arrears were 26.6 billion or a debt age of 17 months as at 30th June 2012) and non-payments by domestic consumers. The high level of domestic arrears which was shs 11.5 billion as at 30th June 2012 could be attributed to economic hardships that the economy is facing in form of increased food prices; and other basic goods and services as a result the customers with low incomes prioritize expenditure on basic items as opposed to paying utility bills like water

Table 22: Arrears by Customer Category as at March 2012

Category	Arrears 31/07/11	Arrears 30/06/12	% to the Total	% Increase (I) / Decrease(D)
Ministries	19,574,383,399	26,646,912,125	55.0%	36.1% (I)
Parastatals	391,930,929	424,563,887	0.8%	8.3% (I)
Institutions	2,468,490,765	1,859,233,871	3.8%	-24% (D)
Commercial	7,571,474,292	7,694,628,570	15.8%	1.6% (I)
Local Authorities	233,332,174	244,398,665	0.5%	4.7% (I)
Domestic	12,542,484,338	11,488,769,657	23.7%	-8.4% (D)
Foreign Missions	89,853,094	52,226,889	0.1%	-41.8% (D)
Total	42,871,948,991	48,410,733,664	100.0%	12.9% (I)

2.4.3 Low Sewerage Coverage

The coverage for sewerage is currently estimated at about 6%, and the low coverage is a result of lack of funding to carry out comprehensive extension of the sewerage network, which is highly capital intensive and thus requires large sums of funds for investment. The other challenge is the preference of on-site sanitation by most people as opposed to NWSC sewerage system which is considered expensive by majority of our customers.

2.4.4 Low CAPEX

The poor CAPEX performance during the period 2009-2012 is attributed to limited cash flow as a result of inadequate provisions and releases by the Government which have severely curtailed major capital expenditures.

2.4.5 Macro-Economic Instability

The Corporation is facing challenges of unfavorable macroeconomic changes emanating from the depreciation of the exchange rate as well as deteriorating value of the local currency due to double digit inflation. This has increased the cost inputs such as chemicals, pipes and fittings. The input costs are further increased by the high fuel consumption due to intermittent power supply.

The adverse macro-economic performance witnessed during the period under review continues to bog the Corporation and is expected to exist in the near future.

Table 23: Trends of Inflation and Exchange Rates

	Base June 2009	2009/10	2010/2011	2011/2012
Exchange Rate: Ushs / USD 1	2,086	2,282	2,686	2,500
Headline Inflation	13.4%	4.2%	15.7%	18%
Core Inflation	11.7%	4.6%	12.1%	19.5%

2.4.6 High Non-Revenue Water.

The Corporation is still faced with high levels of NRW especially in Kampala Area. The overall NRW as at end of the Corporate Planning period 2009-2012 was 32.6% and 38.0% in Kampala. This is attributed to the old pipe network especially in most parts of Kampala and the existence of some of the unscrupulous customers with illegal connections.

2.4.7 Encroachment on Catchment Areas which affects Raw Water Sources

Increased human activities upstream have led to enormous encroachment on catchment areas in most upcountry areas, which has led to deterioration and reduction of raw water available for production. There is need for deliberate efforts to minimize human activities around most water sources while engaging in scientific water resource management activities like tree planting.

CHAPTER 3

3.0 THE STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS

A company situation analysis is an evaluation of relevant factors in the organization in order to determine its internal strengths and weaknesses on one hand, and the availability of external opportunities and threats on the other hand. In doing this, the objective of the organization is to achieve a strategic fit between the organization's internal skills, capabilities and resources with the external opportunities so as to minimize the threats to the organization. A cross-functional team comprising members of Top Management, Managers and Supervisors carried out the SWOT analysis in a workshop setting. This chapter analyses the situation of the NWSC and that of the external environment as of 30th June 2012, with the purpose of developing viable strategies for the next three years.

The strengths of the Corporation as at 30th June 2012 were identified as follows;

3.1 STRENGTHS

- **Dedicated, hardworking and skilled staff with vast Experience**

National Water and Sewerage Corporation has dedicated hardworking and skilled staff with vast Experience in management of water and sanitation services. The staff carry out duties diligently and have propelled the Corporation to a position where it is recognized as one of the best utilities in the region.

- **Good Customer Care**

The Corporation treasures its customers and therefore strives to ensure that they are served with quality services. Premised on the service theme **“The Customer is the Reason We Exist”**, the corporation has in place various customer care platforms that ease the interaction with customers including a toll free line (0800100977), various customer care desks handling customer concerns in all branches and Area Offices, bill payments solutions that make it easy for customers to pay from their comfort zones e.g. the e-water payment solution- mobile money payments, over the counter payments and Electronic Fund Transfer (EFT) services through banks, the SMS platform, Suggestion boxes etc. Through exchange of ideas with customers, the Corporation has been able to offer what the customers prefer and through the “Raving Fans Concept”, the Corporation always tries to exceed customer Stakeholder Management in terms of service delivery.

- **High Staff Integrity**

The Corporation is privileged to have an honest and sound work force, with minimal cases of fraud reported. The Corporation is still ranked among the top high integrity organizations in the region, having been ranked as the most honest Public Institution by the Inspector General of Government's office in 2007. NWSC continues to fight minor iniquities of fraud wherever they come up.

- **Sound Information Technology (IT) Infrastructure**

NWSC has a sound Information Technology (IT) Infrastructure and Management Information System (MIS) that supports core business activities of the Corporation and communication. The NWSC IT and

MIS system, through the website services has helped the Corporation to market its services and its management strategies to the other water utilities. The customers are also able to access our information anytime e.g. researchers and the internal communication system (lotus notes) has reduced stationary costs and use of paper. The introduction of Virtual Private Network (VPN) Infrastructure allows staff to access corporate IT systems remotely and working even when they are not physically in office.

- **Good Billing System**

The availability of a good billing system enables NWSC to provide customers with timely and accurate bills, while at the same time maintains a fairly up-to-date billing database. This has helped to minimize billing errors. The billing system is linked to the Accounting system and facilitates financial comparisons and transactions for all registered customers.

- **Well Established Institutional Structures and Systems**

NWSC boasts of well-established Institutional Structures and Systems that guide policy, operational and administrative functions. The Corporation is headed by a Board of Directors which exercises a supervisory role over Management headed by the Managing Director and a team of Managers, with clear functional and reporting levels. At Operational Level, activities are aligned to respective Divisions namely Finance & Accounts, Engineering Services, Planning & Capital Development, Institutional Development and External Services, Audit, Management Services, and Commercial & Customer Care Services. Each of these divisions is headed by a Chief Manager and Managers who ensure timely execution of activities.

- **Decentralised Policy (Areas, Branches, Territories)**

The NWSC adopted a Decentralized Management Policy in order to improve the performance of its business units in all Service Areas through delegation of responsibilities. This Decentralization has been realized over time through Management Contracts signed between Head Office and Areas i.e. Area Performance Contracts (APCs), Internally Delegated Area Management Contracts (IDAMCs) and the current Performance, Autonomy and Creativity Enhancement Contracts (PACE) formulated under the IDAMC framework. These contracts are further cascaded downwards to Branches and Territories. The objectives of decentralization include among others; enhancing individual accountability, reducing bureaucracy and empowering staff while providing for innovation. The decentralization policy has tremendously transformed operations of NWSC over the years.

- **Visionary Leadership at Board and Management levels adhering to Good Corporate Governance Principles**

Over the years, the NWSC has registered resounding success in most of its operational activities. This has been possible because of the Visionary leadership at the Board and Management levels. Visionary leadership aims to achieve and surpass the best practice in service delivery. To this end, the NWSC has built capacity to offer benchmarking services with other utilities in the region and is recognized as a model utility within the African region. The leadership exercise good Corporate Governance Principles in undertaking operational and administrative roles, with fair succession plans, adhering to employment laws, membership to workers Unions and representation on various end user committees e.g. the water committees in most service areas.

- **Favourable Welfare Policy, especially the Medical Policy**

The Corporation has a favourable welfare policy that is acceptable to staff in comparison to other public institutions. The Medical policy provides for medical treatment of all staff and selected dependants in designated health facilities. This has improved the health and safety of workers while adhering to health legislation aimed at ensuring the workplace is as safe as is reasonably practical.

- **ISO Certification of all areas including Headquarters**

NWSC has adopted and implemented Quality Management System (QMS) according to International Standard Organization (ISO) as a management tool. All areas of NWSC including Headquarters have undergone (ISO 9001:2008) audits and 15 have been certified. The quality management system ensures that activities are done in way that conforms to International Standards

- **Sound Financial Systems**

The Corporation has built sound financial systems that facilitate accounting functions. The Multi-Company Accounting system enables the Corporation to analyze financial transactions in all 23 towns of operations and check fraud. The Corporation has also built internal financial systems that enable it to transact with banks and insurance companies with ease. Over time the NWSC has been able to build a strong history of profitability and credit worthiness. This has enabled the Corporation access market finance for specific projects.

- **Well established M&E System**

Monitoring and Evaluation helps to evaluate the performance of operational activities in regard to existing plans while maintaining checks and balances. The NWSC has a well-established M&E system through which the set GOU Performance Contract targets are evaluated, and also helps to ensure that projects and management goals and objectives are in line with the plans.

- **Clear and well documented policies**

The NWSC has a variety of clear and well documented policies that guide and streamline the execution of operational and management activities. The policies are in harmony with the National and/or International legislative, financial, economic, environmental and engineering policies. These policies are subject to revision depending on the changing operating environment.

- **Ability to offer External Consultancy Services**

NWSC has gained experience through its skilled man power to deliver services like change management, IT and commercial and customer care services to water utilities in Africa e.g. Nairobi Water Company, Dar-es-salaam Water and Sewerage Company (DAWASCO), Electrogaz of Rwanda, Zanzibar, Nigeria, Naivasha Water Supply, Mozambique, Burundi and Nkana Water company and Lusaka Water of Zambia. The benchmarking experience with other water utilities has created opportunity for NWSC to market its skills to other water utilities in the world. Furthermore, in line with the objective of establishing a centre of knowledge and training, the NWSC embarked on the construction of a Training Centre which is to offer skills and management training to various practitioners in the Utility Industry.

- **Existence of a supportive Tariff Indexation Policy**

The NWSC's Tariff is non-full cost recovery and the Indexation Policy allows management to index the tariff annually against eroding factors like Inflation, Exchange rate depreciation and depreciation of the shilling. This practice insulates the tariff and helps to maintain the real value of the tariff over time. In turn, the Corporation is able to share efficiency gains realized from the nominal tariff, by extending water services to new customers and subsidizing towns with smaller economies of scale.

3.2 WEAKNESSES

The internal weaknesses of the Corporation were identified as follows:

- **Insufficient Funding, impeding service expansion**

The Corporation faces a challenge of insufficient funding necessary for infrastructure expansion to serve people better. The NWSC over the last Corporate Planning period has continued to rely on revenues generated through user fees/ tariff, which is non-full cost recovery. As such, it is difficult to generate adequate funds for key capital projects that would expand service provision to unserved areas. This thus calls for more Government and donor support for large scale investments. Although part of the revenues generated internally has been used to carry out minor investments in water, a lot remains to be done if the Corporation is to cope with the fast population growth rates and demand.

- **Staff turnover**

The Corporation has overtime lost some of its competent staff who have gone for greener pastures. This coupled with lack of a business continuity plan and a comprehensive human resource policy undermines the Corporations' smooth operation. The Cost of losing trained staff far exceeds that of recruiting new ones, both in nominal and real terms.

- **High Non-Revenue Water (NRW) by International Standards**

NRW is still a challenge to NWSC and currently stands at 32.6% as at June 2012. Although NRW was reduced from 35.8% in 2009 to 32.6%, by international standards (20% - 25%), this is a high percentage. The major problem is in Kampala, (38%) which is as a result of the old pipe network, illegal consumption coupled with the difficulties in pressure balancing due to hilly terrain. The high NRW is attributed to increased bursts & leaks, illegal connections and inaccuracies in meter reading. Minor NRW Management Interventions have been carried out in Kampala in the short term; however major investments need to be carried out in other Areas too.

- **High Level of Inactive Accounts (Suppressed Accounts)**

The number of inactive accounts continues to grow as the customer base of the Corporation increases. The number of inactive accounts increased from 27,722 as at June 2009, to 29,964 as at June 2012. However, the inactive accounts as a percentage of total accounts stabilized at 10% over the three years under review.

- **High Debt Age (Arrears)**

The NWSC Arrears over the last three years have increased from Shs.41.0 billion at June 2009 to Shs 48.4 billion as at June 2012. This growth in arrears impairs the ability to effectively carry out its activities due to the reduced cash flow. The Government which owes the Corporation over Ushs 26.6 billion as at June 2012 or an equivalent debt age of 17months and this accounts for 55% of total arrears. Other categories account for 1.6 months

- **Aged Infrastructure in Some Areas, especially in Kampala**

Aged infrastructure in Kampala and some other Areas impedes efficient service delivery. In respect of the immense rural/urban migration coupled with rapid urbanization in Kampala and other urban centers, the existing aged infrastructure is unable to efficiently deliver water services to intended recipients. The infrastructure is prone to leaks and bursts leading to high NRW. It is imperative that adequate investments must be carried out to revamp the networks to suit current demand levels.

- **Inadequate Sewerage Services**

The corporation currently has piped sewerage coverage of about 6.4%. This is due to the low network coverage which has stagnated over the years due to lack of finance on one hand, but also due to the low demand and unfavourable terrain which does not enable the installation of piped sewerage. The expansion of the sewerage networks requires colossal sums of money according to the Feasibility studies carried out for Kampala and the other small towns. Despite this, the Corporation secured Euros 69 million from the African Development Bank and German Government through KfW and is implementing the Kampala Sanitation Master Plan, in which 3 new Waste Water Treatment Plant are to be constructed at Lubigi, Kinawataka and Nakivubo. This is expected to raise the sanitation coverage to 30% within the Kampala Central Business District. Works are already on going at Lubigi and Nakivubo. However, this is not adequate for the population in Kampala. Other Areas without sewerage services at all including Kasese, Bushenyi, Mubende, Arua and Lugazi too need to be availed the services.

- **Intermittent Water Supply /“Dry Zones”**

The incidence of “dry zones” in Kampala and increased intermittent water supply in surrounding areas like Kisaasi, Kulambiro, Buwate, Bulindo, Nabingo, Lubowa parts of Bwaise & Kawempe, Gayaza etc needs special attention. This is mainly due to increased demand for connections on the lower parts of the network, leaving the raised areas in short water supply since pressures are low. Other Areas like Mbarara, Hoima and Masindi require new water sources (boreholes) to cope with the rate of urbanisation since their current raw water sources are constrained.

- **Inadequate Asset Management**

There are no authorised and systematic processes for managing and replacing the Corporation assets. Lack of a comprehensive asset replacement policy affects the implementation of internal inventory control procedures, asset management processes and general tracking of assets. It also renders the Corporation lack complete, accurate financial audit capabilities for technology assets as needed by the Business & Finance division, Internal Audit, or third-party auditors.

3.3 OPPORTUNITIES

The external opportunities were identified as follows:

- **Rapid Urbanisation and economic growth (industrialisation and growth in housing industry leading to increasing demand for our services, etc)**

The population growth rate of about 4.2% per annum for the large Urban Centres (Census 2002) and projections to 2015 show rapid urbanisation and economic growth buoyed by the construction and business industry. Business growth attracts many people to urban centres, who set up settlements. This has a positive correlation to the demand for NWSC services, and thus provides a larger market. This is an opportunity for NWSC to expand its service coverage so as to meet the increasing demands for both water and sewerage services.

- **Donor Support**

The Corporation continues to benefit from donor support for improvement of water and sewerage services. Donors include the German Government, World Bank, European Union, French Government. Donor support has assisted in the rehabilitation and expansion of a number of water projects with the most recent during the 2009-2012 period being the Gaba & Jinja Offshore Intake Pipeline Projects, Urban Poor Projects, Kampala Sanitation Master Plan, the Kampala Lake Victoria WATSAN Project and others.

- **Abundant Raw Water Resources**

The NWSC business activities are supported by the available abundant raw water resources which give the Corporation an opportunity to increase its water production to meet the increasing demand for its services on the market. The water sources include Lake Victoria, Lake Kyoga, River Rwizi, River Kwana, River Manafa, Katoma dam, Oytino Dam, Gravity flow water from the Rwenzori Mountains, River Mpanga but to mention a few. These sources provide plenty of water for sustainable business growth all over the country.

- **Favourable Economic and Political Environment**

The Ugandan economy has over the last 10 years grown at a rate of about 7-8% per annum. During the period 2009-2012, the average growth rate has averaged 5-7% due to the global economic slowdown. However this is still one of the fastest growing rates regionally and internationally. The relatively stable and predictable macro-economic environment gives opportunity for the corporation to carry out long term planning and thus provide its services to a wider cross section of people. (It should be noted that the current economic volatility has affected key macroeconomic variables, but is predicted to calm in the long run). The stable and favourable Political environment too has facilitated continuous business growth through long term investment planning and attraction of foreign capital.

- **Government Support to the Corporation**

The NRM Government has continued to support the National Water and Sewerage Corporation through the provision of an enabling operating framework, and assistance through provision of finances. The Government continues to provide capital investment funds as counterpart funding to projects, and for the non-viable activities such as the provision of services to the poor, and emergency Funds and

grants for large capital investments like the Kampala Lake Victoria WATSAN Project and Kampala Sanitation Master Plan. This is in addition to the annual on budget support to the water sector

- **Public goodwill/ image and International Reputation**

The NWSC has built a good public image locally and internationally because of its reliable and efficient service delivery. This has in turn created public good will reflected through timely payment of water bills by customers, and benchmarking opportunities from other water utilities in the world. The Corporation will strive to maintain this good will and reputation, for the future.

- **Technology Advancement which allows GPS Connectivity, IT**

The Corporation is equipped with state of the art GPS equipment that has greatly contributed to the Block mapping services and Network services. Advancements in Information Technology Management Systems too have improved the operational activities and communication within NWSC and with our external stakeholders.

- **Competitive market environment (Availability of Competent Private Firms that offer Outsourced Services)**

The NWSC operates within a competitive macroeconomic environment with a diversity of private firms offering different services that support the core business of the Corporation. These firms present NWSC with a chance to screen and select the best outsourced services. The practice helps the Corporation to optimise costs in procurement of locally produced goods or services, while building lasting business relationships.

- **A supportive Institutional and Policy Framework**

The existing Institutional and Policy framework (Water Act and NWSC Act) allows the Corporation to operate with minimal interference from external forces. The Framework is well streamlined to accommodate changes in the business, political, social, economic and technological environment. This gives the NWSC room to innovate and build policies that are tailor made to respective situations.

- **Global focus on Sanitation**

Sanitation services have always dragged behind Water service delivery. However there is growing advocacy for raising the Sanitation profile in water and sewerage utilities. Although investment costs in piped sewerage services are enormous, the NWSC has an opportunity to expand sanitation services in the growing urban areas where it operates, which currently rely heavily on on-site sanitation options like Latrines and Septic tanks.

3.4 THREATS

The following issues were identified as possible threats to the Corporation;

- **Unstable Macro-Economic Environment**

The current macroeconomic environment in Uganda is unstable typified by high inflation rates of between 25% - 28%, volatility of the exchange rate and general slowdown in economic growth of

about 5-6% as at March 2012 compared to 9% -12% before the global economic downturn. However this is projected to stabilise in the next 2 years. The macroeconomic volatility affects the business of NWSC since most of the inputs like Chemicals, pipes& fittings and some supplies are imported. The locally produced inputs too are prone to inflationary pressure. The overall effect is impairment of the Corporation's cash flow through raised expenditures and shrinking willingness and ability to pay.

- **Growing Government Arrears**

Total Government arrears as at June stood at Ushs 26.6 billion or a debt age of 17 months. During the Corporate Plan Period 2009-2012, Government Arrears grew from Ushs 18 billion in 2008/09 to 26.6bn or a growth rate of 48%. The growth is mainly attributed to failure by Government to honour their bills commitments and under budgeting for utility bills by Government Ministries. This situation holds up the Corporation's cash resources which would otherwise have been used to carry out operational activities and expand services to the people. Government needs to show willingness and commitment to clear the outstanding arrears so that the Corporation can ensure sustainable service delivery.

- **Competition from Alternative Sources (Boreholes, Wells etc.)**

NWSC is facing a problem of competition from alternative water sources such as boreholes, spring water and wells which provide free water to the populace. It was noted that many large consumers in the NWSC operated Towns are constructing their own boreholes which poses a threat to the NWSC market.

- **Climatic Change**

Climatic change is one of the greatest challenges facing the water sector today. The prolonged dry climatic conditions witnessed in the country have affected the water sources. This has reduced the water levels in Lake Victoria, and the other water sources in Mbarara, Gulu, Bushenyi, and Arua. In Hoima and Masindi, the water table in the ground aquifers has shrunk that new boreholes are the only option to be adopted. This creates a threat on supply, other available sources and the water quality.

- **Poor Catchment Management and Pollution Challenge, leading to deteriorating Raw Water Sources**

The NWSC currently has no policy on Water Source Protection & Catchment Management and thus is faced with a challenge of encroachment on water source areas by humans especially in Kampala, Masaka, Mbale, Tororo and Kasese. This has resulted into less water available at the intakes. The increased pollution emanating from increased human activity upstream contributes to deterioration of the raw water quality at the abstraction points in various areas and the discharge of effluent into the inner Murchison bay of Lake Victoria. For example, a lot of farming along river Rwizi in Mbarara has increased its turbidity due to the reduced flow of water, whereas in Kampala, the construction of industries along the shores of L. Victoria has resulted into discharge of untreated effluent into the Lake. The deterioration results into increased treatment costs.

- **High Investment Cost for Sewerage**

The investment costs in sewerage services far exceed those of water. The cost of sewerage inputs e.g. large diameter pipes, trenching and excavation, installation of manholes, plus the city's structural

planning difficulties push up investment costs. This is partly why sewerage coverage in our service areas is still limited to about 6.4%. The challenge is compounded by the fact that unlike water which is metered and billed, there is no technology anywhere in the world where sewerage is billed and metered separately. The Implication is that high sewerage investment costs would translate into high tariffs which would defeat the objectives of providing affordable water and sewerage services to the people.

- **Poor Urban Planning**

Poor urban planning has hindered the expansion of services to many parts of the urban areas. This is especially true for sewerage services which cannot therefore be expanded at the desired rate. The Corporation also faces challenges in replacing and intensifying water mains in areas/road reserves of the towns, which have been encroached upon by people. Land acquisition problems too arise in some parts of the city/towns where reservoirs and booster stations are intended for installation.

- Increasing cost of living affecting customer ability and willingness to pay
The economic environment in Uganda today has witnessed violent variations in macro-economic parameters like high inflation rates of between 22%- 30% and foreign exchange depreciation which negatively affect the disposable incomes of our customers (loss in real value of income). This has raised the general cost of living and implies that customers now reallocate their expenditure priorities to more pressing commodities. Therefore, Customers' willingness and ability to pay for water and sewerage services is declining and this affects the corporation's revenue streams.

- **Non-full cost recovery tariff**

The NWSC tariff is non-full cost recovery in a way that it does not provide for recouping of investment costs incurred in establishing new infrastructure or its expansion. This implies that the Corporation can not generate adequate funds for re-investment in critical capital projects. This situation has limited NWSC's financial capacity to invest in new water works and systems and calls for continued government and donor support for large scale investments.

3.5 CONCLUSION OF SWOT ANALYSIS

The NWSC has taken note of the external threats and internal weaknesses and will endeavour to minimize their impact through:

- Capitalizing on its strengths by carrying out more innovative change management programmes, and effectively utilizing the resources (both infrastructural and human) at hand.
- Taking advantage of the opportunities to consolidate its expansion programmes and enhance its efficiency gains.

Part 2

THE WAY FORWARD THE 2012 - 2015 CORPORATE PLAN

CHAPTER 4

THE VISION, MISSION, AND STRATEGIC GOALS FOR THE 2012 – 2015 CORPORATE PLAN

4.0 Introduction

The Vision, Mission and Strategic Goals provide the overarching boundary conditions and aspirations of a business entity. This chapter details out the Corporation's future focus based on an evaluation of its situational analysis.

4.1 Vision

In reviewing the Corporation's Vision, it was agreed that the NWSC Vision for the period 2012 -2015 would be maintained as it was still relevant and pertinent. Therefore the Vision of the National Water and Sewerage Corporation, to be achieved in a twenty-year planning horizon is:

“TO BE ONE OF THE LEADING WATER UTILITIES IN THE WORLD”

4.2 Mission

The Mission statement adopted by management for the NWSC Corporate Plan period 2012-2015 is:

“TO PROVIDE EFFICIENT AND COST EFFECTIVE WATER AND SEWERAGE SERVICES, APPLYING INNOVATIVE MANAGERIAL SOLUTIONS TO THE DELIGHT OF OUR CUSTOMERS”

4.3 Core Purposes

In pursuing its major goal of providing efficient and cost effective Water and Sewerage services, management identified 7 core purposes which encompass the Corporation's mandate and operational activities. This section describes and explains each core purpose and some of the work that is undertaken to achieve them.

Satisfied Customers: Happy and satisfied customers paying their bills promptly.

Adequate Network Coverage: Adequate water and sewerage network-coverage in all the specified towns where the Corporation operates.

- **Conservation of the Environment:** The Corporation working in harmony with, and contributing to the conservation of the environment.
- **Efficient Work Force:** A Strong Secure and committed Workforce dedicated to the service of the Corporation.
- **Decentralization/Public, Private Partnerships:** Devolve more powers to Areas and Work in alliance with the public and private sector for efficient service delivery.
- **Contributing to National Development:** Through provision of adequate water and sewerage services
- **Innovation:** Continuously develop and apply creative and innovative managerial solutions towards improved service delivery

4.4 Core Values

The system of shared values and norms in an organization shapes the culture of that organization. The Board and management recognize that having the right values will result in increased efficiency, higher productivity and better focus. The overriding principles adopted to guide the Corporation's value definition during the period 2012-2015 include the following:

- **Reliability:** Having reliable Water Supply
- **Integrity:** Having strong moral principles in our work.
- **Commitment:** Willing to work hard and give energy and time to the job.
- **Professionalism:** Exude skills and ability in the work environment.
- **Innovation:** Driving change for improved performance

4.5 Strategic Themes

In line with the Overall theme of “**Enhancing Financial Sustainability and Infrastructure Growth**” four Strategic Themes were adopted namely;

- **Revenue Growth:** This is aimed at ensuring continued and diversified revenue growth.
- **Cost Optimization:** This is aimed at ensuring cost rationalization and allocative efficiency
- **Asset Management and Efficiency:** Aimed at ensuring posterity and productivity of assets.
- **Stakeholder Management:** Aimed at ensuring company strength and Stakeholder management.

These themes will be the guiding pillars of all operations and management activities during the next three (3 years) and they are linked to the four Balance Scorecard perspectives. Within each of the above themes are attributes that direct the formulation of respective goals and results.

4.6 Corporate Strategic Goals 2012 - 2015

In line with the themes, Strategic Goals were developed to capture the key focus areas for the next corporate planning period. The Goals give the global picture of what the Corporation intends to achieve. Using the Logical Framework, these goals will be aligned with respective Strategies, Targets and timelines to give a holistic blend of activities. These include;

4.6.1 Revenue Growth

Under this theme, emphasis is put on Volumetric Increase in Water Sales, improvement in Sewerage Services, Non Consumptive Income, and Price Optimisation. The theme has 3 major goals which include

4.6.1.1 Increase the amount of water available for Sale and Sold.

This will be as a result of increased water supply, reduction in NRW and increased water sales. The targets under this theme include;

- **Total Plant Capacity per day:** Increase the total plant capacity from 308,219 cum³ Per day to 358,356 cum per day
- **Water Supply per day:** Increase the level of water supply from 218,497 cum per day to 251,225um per day

- **Capacity Utilization:** Increase the average capacity utilization for all areas from 76% to 74%
- **Water Supply Reliability:** Ensure 20 hour water supply reliability per day in all NWSC Areas
- **Water Losses:** Reduce the level of NRW from 32.6% to not more than 30.1% of water produced
- **Increase the amount of Water available for Sale and Sold** from 147,310 m³ per day to 175,549m³ per day
- **Suppressed Accounts:** Reduce water suppressed accounts as a percentage of total accounts from 10% to 9%.

4.6.1.2 Increase accessibility to water and sewerage services.

This will be as a result of increased water and sewerage coverage. The targets under this goal include;

- **Service Coverage:** Increase water service coverage from 77% to 80%
- **Total Connections:** increase total connections from 296,206 to 363,707 connections (i.e. install 67,501new water connections)
- **Water Mains Extension.** Increase the total water mains extensions from 3,130 kms to 3,236 by end of FY 2014/2015
- **Service to the poor:** Increase service coverage to informal settlements and Peri-Urban areas through the implementation of projects including Kawempe and also ensure that 574 PSPs are connected. The pro-poor connections will be increased from 8,098 to 8,672 connections
- **Sewerage Connections:** Increase total sewerage connections from 17,653 to 18,464connections (i.e. by 811 connections over the three period)
- **Sewer Network:** Increase the total sewer network from 239 km to 254 km over the three year period.
- **Reduction in sewerage suppressed accounts** from 10% in 2012 to 9% by 2015

4.6.1.3 Increase Turnover from shs 156.6 billion to shs194.9 billion.

This will be as a result of increased core revenue and diversification of revenue sources. The targets under this goal include

- **Annual Core Revenue:** Increase the annual core revenue from shs 143.0 billion to shs 182.7 billion by end of FY 2014/15
- **Annual Non-Core Revenue:** Achieve an annual non core revenue of shs 12.2billion by end of the FY 2014/15
- **Profitability:** Ensure growth in net operating profit after depreciation from 19.03 billion to 25.42 billion.

4.6.2 Cost Optimization

The cost optimization theme also includes Resource allocative efficiency. Under this theme, there are 3 major goals which include

4.6.2.1 Improve staff productivity.

The improved staff productivity will be measured by the following key parameters;

- **Staff per 1000 connections:** Reduction in staff per 1000 connections from 6 staff/1000 connections to 5 staff/1000 connections
- **Staff costs as a percentage of total operating costs:** Ensure that staff costs as a percentage of total operating costs are reduced from 39% to 36% by end of FY 2014/2015

4.6.2.2 Ensure Optimal operating costs.

The optimal operating costs will be as a result of optimal chemical usage, improved energy efficiency and Optimization of transport and other administrative expenses. The targets under this goal include

- Chemical use (kg)/m³ of water produced
- Specific Power use(in KWH)/m³ of water produced
- Percentage of transport and other administrative costs over total operating costs

4.6.2.3 Improved Resource Allocation.

This goal will be as a result of prioritised resource allocation to core business activities and will be measured by percentage of expenditure on core business activities.

4.6.3 ASSET MANAGEMENT AND EFFICIENCY

The Asset Management and Efficiency theme has two major goals and these include;

4.6.3.1 Comprehensive Asset Management System.

This will be as a result of improved maintenance of fixed assets, updated asset register, functional GIS system and an updated investment plan and financial model. These results will be measured by the following key indicators

- Maintenance costs as a % of operating costs
- NRW from 32.6% to 30.1%
- Approved Asset Management Policy
- Water supply reliability to 24/7
- Unbundle up to level 4 all assets acquired since 2007; and Revalue
- Add at least 10 more towns on GIS platform in addition to KW updated one
- From the Sector Strategic Investment Plan draw up a NWSC Strategic IP with a Financial Model (10 years horizon)

4.6.3.2 Improve working capital Management:

The improved working capital will be as a result of improved debt management, improved inventory efficiency and improved Creditor management. These will be measured by the following performance indicators;

- Debt age: Reduce the Corporation debt age from 3.5 months in 2012 to 2.0 months by 2015
- Arrears: reduce the level of arrears (absolute debt) from shs 48 billion to shs 37 billion by end of financial year 2014/2015 (GoU debt from Ushs 26 billion to Ushs 17 billion, and Non GoU debt from Ushs 22 billion to Ushs 21 billion)
- Improvement in Creditor days from 53 days to 45 creditor days

4.6.4 Stakeholder Management

The Stakeholder Management theme is a measure of the Company strength and stakeholder management. It has four major goals and these include;

4.6.4.1 Ensure Motivated and Productive Work force:

This goal will be as a result of staff retention. The measures for these goals will be the staff turnover.

4.6.4.2 Ensure Efficient Service Delivery:

This will be as a result of streamlined operational systems and processes to enhance service delivery, Improved supply reliability, improved water quality and Improved sewerage effluent. These will be measured by the following targets;

- Supply hours;; increase supply hours from 18hrs to 24hrs per day
- Compliance with National Standards of Drinking water
- Compliance with effluent discharge parameters

4.6.4.3 Improve customer care:

This will entail strengthening customer services in all Service Areas so as to ensure prompt and effective response to all customer needs and resolution of customer complaints to satisfaction of our customers. As a result, customer satisfaction will be improved as measured by the Customer Satisfaction Index. The Customer satisfaction index will be improved from 81% in 2012 to 90% in 2015

4.6.4.4 Improve Collaboration in catchment management.

This will be as a result of enhanced water source protection. This will be measured by the investment in source protection and improvement in raw water quality.

4.7 ASSUMPTIONS

In order to achieve these goals, the following key assumptions are made;

- Quick wins project is able to realise outcomes in the last year of the Corporate Plan period. It is however not envisaged that the major projects will be completed during the Corporate Planning cycle, i.e. KSP, KLA LVWATSAN and WMDP.
- Government pays its arrears by shs 10bn (2012/13), shs 12 bn (2013/14), and shs 15 bn (2014/15) during the planning period.
- Government Collection Efficiency increases to 80% by end of the Corporate Plan period. Collection Ratio for other customers is maintained at over 100%.

- Average real growth (water sales) p.a. of 6% and Indexation of 4% is attained.
- Efforts to reduce NRW bear fruits.

4.8 Area Strategic Goals 2012- 2015

The table below summarises the Area Strategic goals for the period 2012 – 2015.
The cumulative goals make the Corporate Goals (details shown in Annex 2 (b)).

Table 24: Area Strategic Goals 2012 – 2015

Area	Water Supplied/day		Water sold/day		NRW June (%)		New water Conn.	New PSPs	Total water Connections		New sewer conn	Billings Ushs/month '000		Collections Ushs/month, '000	
	2012	2015	2012	2015	2012	2015	2012-2015	2012-2015	2012	2015	2012-2015	2012	2015	2012	2015
Kampala	160,218	181,462	98,846	117,794	38.0%	35.1%	39,385	406	174,853	214,245	417	8,357,705	10,508,146	7,863,739	10,412,772
Jinja	11,389	13,304	8,770	10,452	23.2%	21.4%	2,850	29	16,578	19,435	42	732,242	977,577	669,321	968,704
Entebbe/Kajjansi	10,562	12,514	8,766	10,447	17.2%	16.5%	5,644	0	20,897	26,530	42	589,891	832,491	585,869	824,935
Tororo/Malaba	1,712	2,032	1,556	1,853	9.4%	8.8%	936	21	3,788	4,723	27	114,113	145,290	102,446	143,971
Mbale	3,863	4,582	3,447	4,107	11.0%	10.4%	1,545	19	8,819	10,367	42	336,713	381,151	274,611	377,692
Mbarara	6,563	7,787	5,941	7,080	9.7%	9.1%	2,258	44	10,899	13,158	42	454,146	604,733	392,328	599,243
Masaka	3,873	4,600	2,757	3,285	29.0%	28.6%	1,318	0	7,562	8,882	10	188,141	270,627	197,739	268,171
Lira	3,069	3,640	2,691	3,206	12.6%	11.9%	1,224	0	6,891	8,116	27	168,085	251,990	184,892	249,703
Gulu	1,995	2,363	1,644	1,958	17.8%	17.1%	1,124	7	4,588	5,711	31	153,101	183,129	122,574	181,467
Kasese	1,970	2,333	1,587	1,891	19.7%	18.9%	1,124	0	5,080	6,204	0	86,919	134,193	99,512	132,975
Fort portal	2,214	2,623	1,820	2,169	18.0%	17.3%	1,265	0	5,237	6,501	10	126,780	176,925	126,257	175,318
Kabale	1,475	1,750	1,353	1,613	8.5%	7.8%	1,167	12	4,401	5,567	20	103,157	137,163	106,258	135,919
Arua	1,756	2,081	1,467	1,749	16.6%	16.0%	973	0	5,283	6,258	0	92,356	127,361	96,416	126,205
Bushenyi Ishaka	997	1,181	839	1,000	16.0%	15.3%	598	0	2,035	2,632	0	52,506	76,975	56,313	76,276
Soroti	1,994	2,364	1,711	2,039	14.4%	13.8%	1,239	6	5,249	6,489	7	114,121	160,713	119,605	159,255
Hoima	917	1,087	773	921	15.9%	15.2%	1,033	6	3,700	4,732	20	51,312	71,669	52,167	71,019
Masindi	1,178	1,396	1,015	1,210	14.1%	13.4%	1,033	6	3,442	4,474	20	81,217	100,261	63,954	99,351
Mubende	938	1,113	846	1,008	10.0%	9.4%	825	12	2,615	3,439	0	51,912	72,106	48,429	71,451
Lugazi	597	708	511	608	14.8%	14.1%	787	0	1,560	2,343	27	31,542	41,577	31,619	41,199
Iganga	1,217	1,441	971	1,157	20.4%	19.7%	1,173	6	2,729	3,897	27	52,506	82,454	63,748	81,706
Total	218,497	251,225	147,310	175,549	32.6%	30.1%	67,501	574	296,206	363,707	811	11,938,467	15,336,531	11,257,797	15,197,333

4.9 THE ANNUAL TARGETS FOR THE FY 2012/2013

Within the framework of the Corporate Strategic goals stated above the key tactical objectives which management intends to achieve during the financial year 2012/2013 have been defined as follows:

- Total Plant Capacity per day: Achieve the total plant capacity of 308,000 cum perday
- Increase water Supply from 218,497 cubic meters to 228,204 cubic meters per day.
- Increase water sales per day from 147,310 cubic meters per day to 155,741 cubic meters per day
- Reduce overall Non-Revenue Water (NRW) from 32.6% to 31.8% (Target for Kampala Water is 37.0% and Other Areas 16.4%)
- Carry out water mains extensions of 35 kms and sewer extensions of 5 kms.
- Install 21,500 nos. new water connections in all areas ie 12,300 in Kampala and 9,200 in other areas
- Install new sewer connections of 205 connections
- Establish 184 public stand posts in all areas and strengthen the existing water vending management system for the urban poor.
- Increase Service coverage from 77% to 78%
- Raise Turnover from Ushs.156.6 billion to Ushs.163.9 billion
- Increase Net Profit before tax from Shs 17.4 to Shs 17.6 billion
- Increase Collections (excluding arrears over one year) from Ushs.11.26 billion in 2012 to Ushs.12.42 billion per month in 2013.
- Increase the collection ratio from 94% to 98%
- Reduce average debt age for arrears from 3.5 months to 3.1 months
- Reduce Arrears from the current Ushs 48.533 billion to Ushs 45.491 billion
- Achieve a Working Ratio (operating costs exclusive of depreciation to operating revenue) of 0.76.
- Ensure that total staff costs as percentage of operating costs are limited to not more than 39%.
- Achieve Staff Productivity of 6 staff per 1,000 connections.
- Enhance customer care in all areas and ensure effective response to customer complaints within 18 hours.
- Ensure that water and effluent quality conform to National Standards (i.e. National Standards for Portable Water (1994), and National Standards for effluent discharge 1999).

CHAPTER 5

CORPORATE STRATEGIES 2012 - 2015

5.0 Introduction

This chapter outlines the fundamental steps that the NWSC intends to take in order to achieve its goals for the period 2012 to 2015. Management has developed strategies, which will address the goals taking into account the SWOT analysis in Chapter three. The strategies outlined below are broadly grouped under the four (4) Strategic themes of Revenue Growth, Cost Optimisation, Asset Management & Efficiency and Stakeholder Management. The four Strategic themes are further translated into Goals and Results (Outputs) and appropriate strategies are designed to achieve a set of results and their respective goals as follows:

5.1 Revenue Growth

Revenue growth has 3 major goals which include increasing the amount of water available for Sale and Sold, increasing water and sewerage service coverage and Increase in Turnover from shs 148.6 billion to shs190.6 billion. Each of these goals is as a result of specific outputs (results) and appropriate strategies will be implemented to achieve these results. The goals and results include;

5.1.1 Increase the amount of water available for Sale and Sold.

This will be as a result of increased **water supply, reduction in NRW and increased water sales**. The following strategies will be implemented;

Result 1: Increased water supply

- Mobilize funds for implementation of infrastructure development projects in Hoima, Kasese, Fort Portal, Lugazi, Mbarara, Masaka and Lira
- Undertake priority infrastructure developments in Arua, Bushenyi, Gulu and Mbale to ensure sustainability of services in the areas
- Timely implementation of Kampala Water –Lake Victoria WatSan Project
Implement the Quick Wins Programme as short term intervention to improve water supply in Kampala
- Evaluate the sustainability of raw water sources to ensure reliable water supply
- Maximize the sustainable use of existing water production infrastructure for Mbarara, Entebbe and Kampala
- Identify critically water stressed areas for immediate intervention and reduce them by at least 50% by the end of the Corporate Plan period
- Undertake combined interventions in particular Areas to systematically reduce dry zones and improve water supply reliability
- Implement measures aimed at enhancing power supply reliability at all our major installations
- Put in place plans for any future network extensions and investments
- Increase the level of investment in network fixtures (e.g. air valves, isolation valves, etc) where deemed necessary.
- Undertake Installation of real time flow monitors and network simulations to reduce service interruptions.

Result 2: Reduced NRW

- Establish hydraulic zones and District Metered Areas as a measure for more systematic and sustainable NRW reduction
- Intensify leakage detection and repair
- Undertake Pressure management in order to increase distribution system capacity and maintain supply of sufficient water
- Increase the level of network renewal for identified problematic sections of the network
- Continuous performance assessment and calibration of bulk meters
- Enhance water loss control
- Proactive monitoring of large consumers
- Effective disconnection of inactive accounts – Adopt a multi- stakeholder Approach
- Adopt and implement a cost effective meter replacement strategy.

Result 3: Increased water sales

- Engage stakeholders in an effort to address the problem of private boreholes
- Enhance measures to woo back disconnected customers
- Identify critically water stressed areas for immediate interventions

5.1.2 Increase Accessibility to water and Sewerage services.

This will be as a result of increased water and sewerage service coverage. The strategies that will be implemented to achieve this goal include;

Result 1: Increased water service coverage

- Review the implementation of the New Connection Policy
- Ensure that all areas where NWSC has extended services are gazetted.
- Carry out a well-planned water network expansion programme to enable growth of new water connections
- Ensure timely implementation of planned infrastructure development projects.
- Enhance planning for demand in new growth areas.
- Upscale implementation of pro-poor services to other parts of Kampala and other towns

Result 2: Increased sewerage coverage

- Ensure timely implementation of Kampala Sanitation Programme
- Implement the recommendations of the tariff study in relation to sewerage services
- Raise sewerage services profile through uplifting the institutional setup of the department
- Rationalise capital expenditure on sewerage services
- Explore the use of condominium approach in delivery of sewerage services among the low income earners
- Develop and implement an effective sewerage service demand creation programme
- Mobilize funds for sewerage infrastructure development in other Areas outside Kampala
- Carry out a well-planned sewer network expansion programmes.

5.1.3 Increase Turnover from shs 148.8 billion to shs194.9 billion.

This will be as a result of increased core revenue and diversification of revenue sources. The strategies to implemented in order to achieve this goal include

Result 1: Increased Core Revenue

- Enhance marketing of water and sewerage services
- Implement the recommendations of the Tariff Affordability Study

Result 2: Diversification of revenue sources

- Implement the bottled drinking water project
- Explore possibilities of generating revenue through Carbon Trading
- Carry out extensive business prospecting and increase the coverage of external services, globally.
- Ensure that NWSC offers commercially viable training courses
- Explore possibilities of renewable energy generation

5.2 COST OPTIMIZATION

The cost optimization theme is underlined by the need to improve the allocative efficiency of Resources. Under this theme, there are 3 major goals which include

5.2.1 Improved staff productivity.

In order to achieve improved staff productivity, the following strategies will be implemented.

- Carryout manpower audit with the view of rationalization of staff numbers
- Enhance staff performance accountability through a robust and quantifiable productivity measurement system for teams and individual staff
- Provide staff with the right tools and techniques to improve productivity.
- Training of staff to ensure that they have the right skills to effectively to cope with the changing business environment
- Review and rationalize staff related costs

5.2.2 Ensure Optimal operating costs.

The achievement of optimal operating costs will be as a result of optimal chemical usage, improved energy efficiency and Optimization of transport and other administrative expenses. The following strategies will be implemented in order to achieve the respective results

Result 1: Optimal chemical usage

- Optimize process control in water production
- Strengthen protection of the raw water sources
- Undertake research on cost effective water treatment options (use of polymers, etc)
- Operate and maintain water treatment processes

Result 2: Improved energy efficiency

- Ensure optimal water production
- Carry out annual energy audits
- Upgrade and replace inefficient electro-Mechanical installations
- Explore options in technological advancement to reduce energy consumption
- Implement measures aimed at enhancing power supply reliability

Result 3: Optimization of other operating expenses

- Automate and computerise our operational processes
- Develop in-house IT-solutions
- Review and rationalize transport and other administrative expenses

5.2.3 Improved Resource Allocation.

This goal will be as a result of prioritised resource allocation to core business activities and the following strategies will be implemented

- Manage Transport costs by Striking a balance between lease and ownership of the fleet of vehicles
- Derive and enforce corporate-wide monthly ceilings for critical recurrent expenditure categories
- Develop prioritized capital budget allocation ceilings and establish a decision support system for capital budget commitment tracking
- Implement a priority based procurement strategy
- Identify and develop opportunities that will promote capital investment efficiencies
- Improve on prioritization of the capital development programme with focus on core business.

5.3 ASSET MANAGEMENT AND EFFICIENCY

The Asset Management and Efficiency theme has two major goals and these include;

5.3.1 Comprehensive Asset Management System.

A comprehensive Asset Management System will be established through improved maintenance of fixed assets, updated asset register, Functional GIS system and updated Investment Plan and Financial model. The following strategies will be implemented in line with this goal.

Result 1: Functional Asset Management Policy (AMP)

- Develop an Asset Management policy
- Implement an Asset Management System (AMS) that supports Finance and Technical Operations
- Establish an Asset Management Department

Result 2: Improved Maintenance of Fixed Assets

- Develop and implement an Asset Maintenance Plan (AMP)
- Develop and implement an Asset Replacement and Disposal Plan

- Develop a monitorable Job Card and integrate it with Operations, Inventory, Finance and M&E systems
- Undertake Risk Based Maintenance and PPM on all Critical and important Assets
- Monitor AMS and improve

Result 3: Updated Asset Register

- Re-institute AM function in technical operations
- Train Staff on AMS
- Unbundle tangible assets to level 4
- Re-categorize assets based on an agreed coding
- Carry out asset condition survey and assessment – picking all relevant attributes and upload to GIS platform
- Revalue the assets
- Review and annually update the assets and inventory register
- Link Asset register to Financial System (financial transactions)

Result 4: Functional GIS System

- Train Staff in GIS use
- Centrally establish a GIS platform and functionality
- Link KW GIS to the Central GIS portal and continuously update
- Migrate Bloc-map geo-references of at least 10 Areas to the GIS
- Continuously upload asset attributes: condition status, GPS locations coordinates etc on GIS

Result 5: An updated investment plan and financial model

- Develop NWSC Investment Plan and Financial Model
- Regularly update and control asset register in accordance with GAAP/GRAP Standards
- Departments compile asset inventories for replacement
- Simulate the Financial Model for line of funding and decision making
- Update and Implement the SIP
- Monitor SIP implementation

5.3.2 Improved Working Capital Management.

The improved working capital goal has three major results and these include improved debt management, improved inventory efficiency and improved Creditor management. The following strategies will be implemented to achieve this goal;

Result 1: Improved debt management

- Roll out prepaid meters to key Government departments and other institutions
- Negotiate favourable terms with Government and other institutions on payment of current bills and arrears.
- Seek approval for debt write-off of uncollectable debts
- Adopt innovative approaches of handling arrears
- Adopting a project-approach to handling arrears
- Enforcement of a credit limit of one month for domestic arrears

- Adopt a PPP approach in debt collection
- Improve customer care and outreach
- Introduce customer care premium centres in selected Areas
- Introduce an online tool accessible for customers to access and compute their bill.
- Introduce payments at point of sale such as supermarkets, petrol stations and other selling points.
- Introduce security deposits for new properties and persistent defaulters
- Improve customer services in an effort to increase willingness to pay for NWSC services

Result 2: Improved inventory efficiency

- Improve Computerization of Inventory Management System.
- Improve Material specification and inspection capacity for specific/key stock items
- Develop a specification manual, reviewed annually

Result 3: Improved creditors' management

- Match commitments with the cash flow.
- Carry out annual cash flow projections for areas.
- Prioritise expenditure on core activities
- Strengthen the treasury management function
- Computerize payment system

5.4 STAKEHOLDER MANAGEMENT

The Stakeholder Management theme is a measure of the Company strength and internal & external stakeholder management. It has four major goals and these include;

5.4.1 Create a favourable work environment that promotes motivation and productivity of the workforce. (Internal Stakeholders).

This goal will be as a result of staff retention. The following strategies will implemented to achieve this goal.

Result 1: Staff retention

- Review the NWSC staff emoluments and entitlements to ensure that they are competitive
- Provision of professional development support to staff
- Carryout manpower audit with a view of re-aligning salary structures and workload
- Rationalize of staff numbers including casual labourers
- Review the human resource manual with the view of enhancing employee job Stakeholder Management
- Review and strengthen employee appraisal system
- Review and streamline staff performance based incentive system
- Improve the working conditions and environment

5.4.2 Ensure Efficient Service Delivery.

This will be as a result of streamlined operational systems and processes to enhance service delivery, Improved Supply Reliability and Improved Water Quality. It has the following strategies

Result 1: Streamlined operational systems and processes to enhance service delivery

- Adhere to ISO standards of operation
- Drive service improvement in Areas through comparative competition
- Enhance IDAMCs into more advanced forms of commercialisation
- Develop an integrated IT system such as billing processing system
- Automate of business processes to improve current system to deliver more value to the corporation.– (ERP, Workflow, GIS, hydraulic modelling, Asset management)
- Computerize payment system
- Computerize Inventory Management
- Electronic Human Resources Management System (EHRMS)
- Water Network Monitoring System;
- Fleet management System
- Explore other technologies for on-spot billing.
- Implement Storage Area Network to host all NWSC Corporate Data.
- Develop and implement a research agenda to enhance operational efficiency
- Carry out Pre-System and Risk Based Post Audit
- Carry out IT audit

Result 2: Improved supply reliability

- Proper assets maintenance and adherence to the maintenance schedules
- Enhance replacement and maintenance of some key assets in order to maintain service levels
- Identify critically water stressed areas for immediate intervention
- Increase the level of investment in ancillary assets (e.g. air valves, isolation valves, etc) to reduce service interruptions

Result 3: Improved water quality

Improve maintenance of water treatment assets

Implement water safety plans in all Areas to effectively manage quality risks and enhance catchment management

Establish regional laboratories and that a modern NWSC central laboratory is in place

Timely implement of planned capital investment projects geared towards improving water quality compliance

Result 4: Improved sewerage effluent

- Extensive proactive programme for maintenance of WWTP to improve compliance to sewage treatment standards
- Rehabilitation of critical sewer network and WWTP as a measure to further improve the quality of effluent discharge
- Use innovative approaches to de-sludge lagoons in all Areas
- Raise the profile of sewerage services within the Corporation

5.4.3 Improve customer care (External Stakeholders).

This will entail strengthening customer services in all Service Areas so as to ensure prompt and effective response to all customer needs and resolution of customer complaints to satisfaction of our customers. As a result, customer satisfaction will be improved as measured by the Customer Satisfaction Index. The following strategies will be implemented geared towards improved customer care.

- Improve call centre performance
- Develop a communication strategy for NWSC
- Improve response times to customer complaints
- Effective and proactive communication to customers (print and electronic media, and social networks)
- Conduct customer satisfaction surveys as means of identifying and resolving any customer satisfaction gap
- Tailor the service to specific customer segments as a means of improving customer service
- Participate and contribute in community programmes

5.4.4 Improved Collaboration in Catchment Management (External Stakeholders).

This will be as a result of enhanced water source protection. This will be achieved through implementation of the following strategies;

- Liaise with stakeholders on effective management of water catchment areas
- Adequate budget provisions for source protection

Appendices

Appendix 1

NWSC CORPORATE PLAN LOGICAL FRAMEWORK MATRIX 2012 – 2015
“Enhancing Financial Sustainability and Infrastructure Growth”

STRATEGIC THEME 1: REVENUE GROWTH		GOAL 1.1: Increase the amount of water available for Sale and Sold				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Increased water supply	Total plant capacity ('000 m3)/day	293	358	Quarterly reports Area monthly reports Annual Reports	Timely implementation of Quick Wins Project Reliable power supply Stable quality and quantity of water from sources
		Water Supply ('000 m3)/day	218	251		
		Capacity utilization (%) by year end	72%	71%		
		Supply reliability (hrs)	18hrs	20 hrs		
2.	Reduced NRW	NRW (%) by year end	32.6%	30.1%		
		Water sales ('000 m3)/day	147	175		
3.	Increased water sales	Percentage of suppressed accounts	10%	9%		

STRATEGIC OPTIONS

Result 1: Increased water supply

- Mobilize funds for implementation of infrastructure development projects in Hoima, Kasese, Fort Portal, Lugazi, Mbarara, Masaka and Lira
- Undertake priority infrastructure developments in Arua, Bushenyi, Gulu and Mbale to ensure sustainability of services in the areas
- Timely implementation of Kampala Water –Lake Victoria WatSan Project
- Implement the Quick Wins Programme as short term intervention to improve water supply in Kampala
- Evaluate the sustainability of raw water sources to ensure reliable water supply
- Maximize the sustainable use of existing water production infrastructure for Mbarara, Entebbe and Kampala

- Identify critically water stressed areas for immediate intervention and reduce them by at least 50% by the end of the CP period
- Undertake combined interventions in particular Areas to systematically reduce dry zones and improve water supply reliability
- Implement measures aimed at enhancing power supply reliability at all our major installations
- Put in place plans for any future network extensions and investments
- Increase the level of investment in network fixtures (e.g. air valves, isolation valves, etc) where deemed necessary.
- Installations of real time flow monitors and undertake network simulation to reduce service interruptions.

Result 2: Reduced NRW

- Establish hydraulic zones and District Metered Areas as a measure for more systematic and sustainable NRW reduction
- Intensify leakage detection and repair
- Undertake Pressure management in order to increase distribution system capacity and maintain supply of sufficient water
- Increase the level of network renewal for identified problematic sections of the network
- Continuous performance assessment and calibration of bulk meters
- Enhance water loss control
- Proactive monitoring of large consumers
- Effective disconnection of inactive accounts – Adopt a multi- stakeholder Approach
- Adopt and implement a cost effective meter replacement strategy.

Result 3: Increased water sales

- Engage stakeholders in an effort to address the problem of private boreholes
- Enhance measures to woo back disconnected customers
- Identify critically water stressed areas for immediate interventions

STRATEGIC THEME 1: REVENUE GROWTH		GOAL 1.2: Increase accessibility to water and sewerage services				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Increased water service coverage	Water service coverage (%) by year end	77	80	Quarterly reports Area monthly reports Annual Reports	Timely implementation of Quick Wins Project Timely payment of Government bills and arrears Timely implementation of Kampala Sanitation Project
		Total Connection by year end	296,206	363,707		
		Network extension by year end	5,107	3,236		
		Total Pro-poor water connections (No.) by year end	8,098	8,672		
2.	Increased sewerage service coverage	Total sewerage connections (No.) by year end	17,653	18,464		
		Total Sewer network extensions (km) by year end	465	480		

STRATEGIC OPTIONS:

Result 1: Increased water service coverage

- Review the implementation of the New Connection Policy
- Ensure that all areas where NWSC has extended services are gazetted.
- Carry out a well-planned water network expansion programme to enable growth of new water connections
- Ensure timely implementation of planned infrastructure development projects.
- Enhance planning for demand for new growth areas.
- Upscale implementation of pro-poor services to other parts of Kampala and other towns

Result 2: Increased sewerage coverage

- Ensure timely implementation of Kampala Sanitation Programme
- Implement the recommendations of the tariff study in relation to sewerage services
- Raise sewerage services profile through uplifting the institutional setup of the department
- Rationalise capital expenditure on sewerage services
- Explore the use of condominium approach in delivery of sewerage services among the low income earners
- Develop and implement an effective sewerage service demand creation programme
- Mobilize funds for sewerage infrastructure development in other Areas outside Kampala
- Carry out a well-planned sewer network expansion programmes

STRATEGIC THEME 1: REVENUE GROWTH		GOAL 1.3: Increase in Turnover				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Increased Core Revenue	Annual Core Revenue (shs billion)/annum	143.0	182.7	Quarterly and annual Management accounts reports Final accounts	Implementation of quick wins project and internally funded projects supported by increased cash flow
2.	Diversification of revenue sources	Non-Core Revenue (shs billion)/annum	13.8	12.2		4% indexation per annum Continued internal support and reputational demand for external Services Implementation of the bottled water project

STRATEGIC OPTIONS:

Result 1: Increased Core Revenue

- Enhance marketing of water and sewerage services
- Implement the recommendations of the Tariff Affordability Study

Result 2: Diversification of revenue sources

- Implementing the bottled drinking water project
- Exploring possibilities of generating revenue through Carbon Trading
- Carry out extensive business prospecting and increase the coverage of external services, globally.
- Ensure that NWSC offers commercially viable training courses
- Explore possibilities of renewable energy generation

STRATEGIC THEME 2: COST OPTIMIZATION		GOAL 2.1: Improve Staff Productivity				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Improved staff productivity	Staff per 1000 connections	6	5	Quarterly and annual reports Management accounts reports	Increased demand for connections Macroeconomic stability
		Staff costs as a ratio of operating costs	39%	36%	Final accounts	

STRATEGIC OPTIONS:

Result 1: improved staff productivity

- Carryout manpower audit with the view of rationalization of staff numbers
- Enhance staff performance accountability through a robust and quantifiable productivity measurement system for teams and individual staff
- Provide staff with the right tools and techniques to improve productivity.
- Training of staff to ensure that they have the right skills to effectively to cope with the changing business environment
- Review and rationalize staff related costs

STRATEGIC THEME 2: COST OPTIMIZATION		GOAL 2.2: Ensure Optimal operating costs				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Optimal chemical usage	Chemical use (kg)/m ³				Macroeconomic stability
2.	Improved energy efficiency	Specific Power use(in KWH)/m ³ of produced water				Reliable water source quality Reliable power supply
3.	Optimization of transport and other administrative expenses	Percentage of transport and other administrative costs over total operating costs				Macroeconomic stability

STRATEGIC OPTIONS:

Result 1: Optimal chemical usage

- Optimize process control in water production
- Strengthened protection of the raw water sources
- Undertake research on cost effective water treatment options (use of polymers, etc)
- Operate and maintain water treatment processes

Result 2: Improved energy efficiency

- Ensure optimal water production
- Carry out annual energy audits
- Upgrading and replace inefficient electro-Mechanical installations
- Explore options in technological advancement to reduce energy consumption
- Implement measures aimed at enhancing power supply reliability

Result 3: Optimization of other operating expenses

- Automate and computerise our operational processes
- Develop in-house IT-solutions
- Review and rationalize transport and other administrative expenses

STRATEGIC THEME 2: COST OPTIMIZATION	GOAL 2.3: Improve Resource Allocation
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RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Prioritises resource allocation to core business activities	% expenditure on core business	16%	20%	Quarterly and annual Management accounts reports Final accounts	Macroeconomic stability (less expenditure on noncore)

STRATEGIC OPTIONS:

Result 1: Prioritized Resource Allocation to core business

- Manage Transport costs by Striking a balance between lease and ownership of the fleet of vehicles
- Derive and enforce corporate-wide monthly ceilings for critical recurrent expenditure categories
- Develop prioritized capital budget allocation ceilings and establish a decision support system for capital budget commitment tracking
- Implementation of priority based procurement strategy
- Identifying and developing opportunities that will promote capital investment efficiencies
- Improve on prioritization of the capital development programme with focus on core business.

STRATEGIC THEME 3: ASSET MANAGEMENT AND OPERATIONAL EFFICIENCY		GOAL 3.1: Comprehensive Asset Management System				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Functional Asset Management Policy(AMP)	Approved AMP			Monthly Water Balance Model/ Audit	Macro-economic stability
2.	Improved maintenance of fixed assets	Maintenance costs as a % of operating costs	6%	9%		
		NRW (Technical Water Losses)	32.6%	30.1%		
		Water supply reliability	18hrs	24/7	Quarterly Management reports	
3.	Updated asset register	Unbundle up to level 4 all assets acquired since 2007; and Revalue	2007 register	Annual updates	Area monthly reports	
4.	Functional GIS system	Add at least 10 more towns on GIS platform in additional to KW updated one	KW (1town)	11 towns geo-referenced	Annual Management Reports	
5.	An updated investment plan and financial model	From the Sector Strategic IP draw up a NWSC Strategic IP with a Financial Model (10 years horizon)	SSIP	Annual updates of NWSC's SIP with lines of funding streamlined		

STRATEGIC OPTIONS:

Result 1: Functional AMP

- Establish an Asset Management Department
- Develop an AMP for Board's Approval
- Implement an Asset Management System (AMS) that supports Finance and Technical Operations

Result 2: Efficient and effective maintenance of fixed assets

- Develop and implement an Asset Maintenance Plan (AMP)
- Develop and implement an Asset Replacement and Disposal Plan
- Develop a monitorable Job Card and integrate it with Operations, Inventory, Finance and M&E systems
- Undertake Risk Based Maintenance and PPM on all Critical and important Assets
- Monitor AMS and improve

Result 3: Updated asset register

- Re-institute AM function in technical operations
- Train Staff on AMS
- Unbundle tangible assets to level 4
- Re-categorize assets based on an agreed coding
- Carry out asset condition survey and assessment – picking all relevant attributes and upload to GIS platform
- Revalue the assets
- Review and annually update the assets and inventory register
- Link Asset register to Financial System (financial transactions)

Result 4: Functional GIS system

- Train Staff in GIS use
- Centrally establish a GIS platform and functionality
- Link KW GIS to the Central GIS portal and continuously update
- At least migrate 10 Areas Block-map geo-references to the GIS
- Continuously upload asset attributes: condition status, GPS locations coordinates etc on GIS

Result 5: An updated investment plan and financial model

- Develop NWSC Investment Plan and Financial Model
- Regularly update and control asset register in accordance with GAAP/GRAP Standards
- Departments compile asset inventories for replacement
- Simulate the Financial Model for line of funding and decision making
- Update and Implement the SIP
- Monitor SIP implementation

STRATEGIC THEME 3: ASSET MANAGEMENT AND OPERATIONAL EFFICIENCY		GOAL 3.2: Improve Working Capital Management				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Improved Debt Management	Debt Age (months) by year end	3.5	2.1	Quarterly and annual Management accounts reports	Government compliance to payment of arrears and current bills Macroeconomic stability affecting ability to pay
		Arrears –absolute (shs billion) by end	48	37	Quarterly and annual Management accounts reports Final accounts	
2.	Improved creditors' management	Creditor days by year end	53	45	Quarterly and annual Management accounts reports	

STRATEGIC OPTIONS:

Result 1: Improved debt management

- Roll out prepaid meters key Government and other institutions
- Negotiate favourable terms with Government and other institutions on payment of current bills and arrears.
- Enforce debt write-off of uncollectable debts
- Adopt innovative approaches of handling arrears
- Adopting a project-approach to handling arrears
- Enforcement of a credit limit of one month for domestic arrears
- Adopt a PPP approach in debt collection
- Improve customer care and outreach
- Introduce customer care premium centres in selected Areas
- Introduce an online tool accessible for customers to access and compute their bill.
- Introduce payments at point of sale such as supermarkets, petrol stations and other selling points.
- Introduce security deposits for new properties and persistent defaulters
- Improve customer services in an effort to increase willingness to pay for NWSC services

Result 2: Improved inventory efficiency

- Improve Computerization of Inventory Management System.
- Improve Material specification and inspection capacity for specific/key stock items
- Develop a specification manual, reviewed annually

Result 3: Improved creditors' management

- Prioritize commitments in line with the cash flow.
- Carry out annual cash flow projections for areas.
- Improve expenditure on core activities
- Enforce treasury management
- Computerize payment system

STRATEGIC THEME 4: STAKEHOLDER MANAGEMENT		GOAL 4.1: Create a favourable work environment that promotes motivation and productivity of the workforce.			
RESULT		PERFORMANCE INDICATORS		MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015	
1.	Staff Retention	Staff Turnover			Stable labour market Macroeconomic stability

STRATEGIC OPTIONS:

Result 1: Staff retention

- Review the NWSC staff emoluments and entitlements to ensure that they are competitive
- Provision of professional development support to staff
- Carryout manpower audit with a view of re-aligning salary structures and workload
- Rationalization of staff numbers including casual labourers
- Review the human resource manual with the view of enhancing employee job Stakeholder • • Management
- Review and strengthen employee appraisal system
- Review and streamline staff performance based incentive system
- Improve the working conditions and environment

STRATEGIC THEME 4: STAKEHOLDER MANAGEMENT		GOAL 4.2: Ensure Efficient service delivery				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Streamlined operational systems and processes to enhance service delivery				Quarterly and annual Management reports	Macroeconomic stability
2.	Improved supply reliability	Supply hours	18hrs	24hrs	Quarterly Customer Surveys	Reliable water sources
3.	Improved water quality	Compliance with National Standards of Drinking water (%)	92%	98%	Laboratory tests passing National Standards	A well equipped laboratory
4.	Improved sewerage effluent	Compliance with effluent discharge parameters (%)	41%	50%	Laboratory tests passing National Standards	Standardised Indicators for effluent discharge by Africa standards

STRATEGIC OPTIONS:

Result 1: Streamlined operational systems and processes to enhance service delivery

- Adhere to ISO standards of operation
- Drive service improvement in Areas through comparative competition
- Enhance IDAMCs into more advanced forms of commercialisation
- Develop an integrated IT system such as billing processing system
- Automation of business processes to improve current system to deliver more value to the corporation.– (ERP, Workflow, GIS, hydraulic modelling, Asset management)
- Computerize payment system
- Computerize Inventory Management
- Electronic Human Resources Management System (Ehrms)
- Water Network Monitoring System;
- Fleet management System
- Explore other technologies for on-spot billing.
- Implement Storage Area Network to host all NWSC Corporate Data.
- Develop and implement a research agenda to enhance operational efficiency
- Carry out Pre-System and Risk Based Post Audit
- Carry out IT audit

Result 2: Improved supply reliability

- Proper assets maintenance and adherence to the maintenance schedules
- Enhance replacement and maintenance of some key assets in order to maintain service levels
- Identify critically water stressed areas for immediate intervention
- Increase the level of investment in ancillary assets (e.g. air valves, isolation valves, etc) to reduce service interruptions

Result 3: Improved water quality

- Improve maintenance of water treatment assets
- Implement water safety plans in all Areas to effectively manage quality risks and enhance catchment management
- Establishment of regional laboratories and that a modern NWSC central laboratory is in place
- Timely implementation of planned capital investment projects geared towards improving water quality compliance

Result 4: Improved sewerage effluent

- Extensive proactive programme for maintenance of WWTP to improve compliance to sewage treatment standards
- Rehabilitation of critical sewer network and WWTP as a measure to further improve the quality of effluent discharge
- Use innovative approaches to de-sludge lagoons in all Areas
- Raise the profile of sewerage services within the Corporation

STRATEGIC THEME 4: STAKEHOLDER MANAGEMENT		GOAL 4.3: Improve customer care				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
1.	Improved customer satisfaction	Customer satisfaction index	86%	92%	Quarterly and annual Management reports CSI survey reports	Reliable water source Stability in quality and quantity of the raw water Reliable power supply

STRATEGIC OPTIONS:

Result 1: Improved customer satisfaction

- Improve call centre performance
- Develop a communication strategy for NWSC
- Improve response times to customer complaints
- Effective and proactive communication to customers (print and electronic media, and social networks)
- Conduct customer satisfaction surveys as means of identifying and resolving any customer satisfaction gap
- Tailor the service to specific customer segments as a means of improving customer service
- Participate and contribute in community programmes

STRATEGIC THEME 4: STAKEHOLDER MANAGEMENT		GOAL 4.4: Improved Collaboration In Catchment Management				
RESULT		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS
		OBJECTIVELY VERIFIABLE INDICATORS	BASELINE	TARGETS 2015		
		Investment in source protection			Quarterly and annual Management reports Quarterly and annual accounts	Availability of resources Commitment from other stakeholder

STRATEGIC OPTIONS:

Result 1: Enhanced Water Source Protection

- Liaise with stakeholders on effective management of water catchment areas
- Ensure budget provisions for source protection

Appendix 2 (a)

FINANCIAL AND OPERATIONAL INDICATORS: 2012 – 2015

Appendix 2 (a)

FINANCIAL AND OPERATIONAL INDICATORS FOR CORPORATE PLAN PERIOD 2012-2015

Total installed capacity of water production (million m3) =116
Average Water + Sewerage Tariff (shs per m3 of water sold) = 1,834

All money values are shown at current prices.

	Year 0 (2011/2012)	Year1 (2012/13)	Year (2013/14)	Year 3 (2014/15)
Plant capacity (million cu.m)	112.5	112.5	130.8	130.8
Water Supplied (million cu.m)	79.7	83.3	87.1	91.7
Water Billed (million cu.m)	53.8	56.8	60.2	64.1
Billing Efficiency (Accounted for water) %	67.4%	68.2%	69.1%	69.9%
Unaccounted for water (overall) (%)	32.6%	31.8%	30.9%	30.1%
UFW Kampala (%)	38.0%	37.0%	36.0%	35.0%
UFW Other Area (%)	17.1%	16.4%	15.7%	15.0%
Reliability of water Supply Hrs/day	18	18	19	20
Revenue: shs millions	156,577	163,986	177,595	194,866
Collection/Billing ratio (%)	98%	102%	102%	103%
Debt Age – GoU (months)	17.3	15.6	13.2	10.0
Debt Age – Non GoU (months)	1.6	1.5	1.4	1.2
Global Debt Age (months)	3.5	3.1	2.6	2.1
Global Debt Absolute shs millions	48,533	45,491	42,104	37,444
Debt Absolute GoU shs millions	26,647	24,026	21,105	16,649
Debt Absolute Non-GoU Shs millions	21,886	21,466	20,999	20,794
Total No. of Water connections	296,206	317,706	340,486	363,707
No. water New connections	23,332	21,500	22,780	23,221
No. of Sewerage connections	17,653	17,858	18,117	18,465
No New Sewerage connections	301	205	259	347
Suppressed accounts % of total accounts	10%	10%	9%	9%
Suppressed accounts	29,964	31,247	32,530	33,813
No of new Stand posts/kiosks	191	184	190	200
Service coverage (%)	77%	78%	79%	80%
No. of employees in service at end of FY	1,773	1,793	1,793	1,763
Employees per 1000 connections	6	6	5	5
Staff costs as a % of total costs	39%	39%	38%	36%
Average monthly take home pay (Shs mil)	1.87	1.96	2.06	2.16
Response to Customer Complaints (hrs)	18	18	18	18
Operating Surplus before interests on Loans, deprec. and exceptional items. (Shs millions).	37,829	38,739	42,991	49,010
Depreciation Shs millions	18,796	19,449	20,591	23,586
Operating Profit After Dep.	19,033	19,289	22,400	25,424
Operating Profit After Dep. & Interest Charges	17,392	17,630	21,036	24,396

Appendix 2 (b)

AREA SPECIFIC TARGETS
2012 - 2015.

Table of Area Annual Performance (Baseline) for 2011/12

Area	Water Supplied/day	Water sold/day	UFW June (%)	New water connections	New PSP/ Kiosks	Total water Connections	New sewer connections	Billings Ushs/month '000	Collections Ushs/month '000
Kampala	160,218	98,846	38.0%	12,872	129	174,853	113	8,357,705	7,863,739
Jinja	11,389	8,770	23.2%	1,353	18	16,578	38	732,242	669,321
Entebbe/ Kajjansi	10,562	8,766	17.2%	2,205	2	20,897	16	589,891	585,869
Tororo/ Malaba	1,712	1,556	9.4%	237	3	3,788	6	114,113	102,446
Mbale	3,863	3,447	11.0%	781	5	8,819	29	336,713	274,611
Mbarara	6,563	5,941	9.7%	595	4	10,899	13	454,146	392,328
Masaka	3,873	2,757	29.0%	855	2	7,562	3	188,141	197,739
Lira	3,069	2,691	12.6%	621	1	6,891	11	168,085	184,892
Gulu	1,995	1,644	17.8%	259	0	4,588	36	153,101	122,574
Kasese	1,970	1,587	19.7%	450	0	5,080	0	86,919	99,512
Fort portal	2,214	1,820	18.0%	389	2	5,237	4	126,780	126,257
Kabale	1,475	1,353	8.5%	302	0	4,401	1	103,157	106,258
Arua	1,756	1,467	16.6%	261	4	5,283	0	92,356	96,416
Bushenyi/ Ishaka	997	839	16.0%	199	0	2,035	0	52,506	56,313
Soroti	1,994	1,711	14.4%	437	7	5,249	13	114,121	119,605
Hoima	917	773	15.9%	313	4	3,700	4	51,312	52,167
Masindi	1,178	1,015	14.1%	315	1	3,442	12	81,217	63,954
Mubende	938	846	10.0%	307	8	2,615	0	51,912	48,429
Lugazi	597	511	14.8%	153	0	1,560	0	31,542	31,619
Iganga	1,217	971	20.4%	428	1	2,729	2	52,506	63,748
Total	218,497	147,310	32.6%	23,332	191	296,206	301	11,938,467	11,257,797

Table of Area Annual Targets for 2012/13

Area	Water Supplied/day	Water sold/ day	UFW (%)	New water connections	New PSP/ Kiosks	Total water Connections	New sewer connections	Billings Ushs/ month '000	Collections Ushs/month '000
Kampala	166,512	104,503	37.2%	12,428	138	187,289	90	8,645,160	8,507,723
Jinja	11,892	9,273	22.0%	932	8	17,519	12	804,263	791,476
Entebbe/ Kajjansi	11,177	9,269	17.1%	1,864	0	22,750	12	684,900	674,012
Tororo/ Malaba	1,813	1,644	9.3%	311	5	4,098	8	119,531	117,630
Mbale	4,089	3,644	10.9%	497	3	9,321	12	313,577	308,592
Mbarara	6,949	6,281	9.6%	746	13	11,646	12	497,519	489,611
Masaka	4,117	2,914	29.2%	435	0	8,001	3	222,647	219,108
Lira	3,249	2,844	12.5%	404	0	7,298	8	207,315	204,019
Gulu	2,111	1,737	17.7%	373	1	4,960	9	150,662	148,267
Kasese	2,085	1,678	19.5%	373	0	5,453	0	110,402	108,648
Fort portal	2,342	1,924	17.8%	404		5,640	3	145,558	143,243
Kabale	1,561	1,431	8.4%	373	4	4,772	6	112,846	111,051
Arua	1,858	1,552	16.5%	311	0	5,596	0	104,781	103,116
Bushenyi/ Ishaka	1,055	887	15.9%	186	0	2,220	0	63,328	62,321
Soroti	2,110	1,808	14.3%	373	2	5,622	2	132,220	130,118
Hoima	970	817	15.8%	311	2	4,009	6	58,963	58,025
Masindi	1,247	1,073	14.0%	311	2	3,751	6	82,486	81,174
Mubende	993	894	10.0%	249	4	2,862	0	59,322	58,379
Lugazi	632	540	14.7%	249	0	1,804	8	34,206	33,663
Iganga	1,287	1,026	20.3%	373	2	3,096	8	67,836	66,758
Total	228,204	155,741	31.8%	21,500	184	317,706	205	12,617,523	12,416,934

Table of Area Annual Targets for 2013/14

	Water Sup- plied/day	Water sold/ day	UFW (%)	New water connections	New PSP/ Kiosks	Total water Connections	New sewer connections	Billings Ushs/month '000	Collections Ushs/month '000
Kampala	173,496	110,666	36.2%	13,352	130	200,641	140	9,508,953	9,367,684
Jinja	12,507	9,819	21.5%	936	10	18,454	13	884,622	871,479
Entebbe/Kajjansi	11,760	9,814	16.5%	1,872	0	24,622	13	753,332	742,140
Tororo/Malaba	1,909	1,741	8.8%	312	8	4,410	8	131,474	129,521
Mbale	4,304	3,859	10.3%	509	8	9,829	13	344,909	339,784
Mbarara	7,315	6,651	9.1%	749	15	12,395	13	547,230	539,100
Masaka	4,327	3,087	28.6%	437	0	8,437	3	244,894	241,256
Lira	3,420	3,012	11.9%	406	0	7,704	8	228,029	224,641
Gulu	2,220	1,841	17.1%	374	3	5,334	9	165,716	163,254
Kasese	2,193	1,777	19.0%	374	0	5,827	0	121,434	119,629
Fort portal	2,465	2,037	17.4%	429	0	6,069	3	160,101	157,723
Kabale	1,643	1,515	7.8%	396	4	5,168	6	124,121	122,277
Arua	1,956	1,643	16.0%	330	0	5,926	0	115,250	113,539
Bushenyi/Ishaka	1,110	939	15.4%	198	0	2,418	0	69,655	68,620
Soroti	2,221	1,915	13.8%	432	2	6,054	2	145,432	143,271
Hoima	1,021	865	15.2%	360	2	4,369	6	64,854	63,890
Masindi	1,313	1,137	13.4%	360	2	4,111	6	90,728	89,380
Mubende	1,045	947	9.4%	288	4	3,150	0	65,250	64,280
Lugazi	665	572	14.0%	269	0	2,073	8	37,624	37,065
Iganga	1,355	1,087	19.8%	400	2	3,497	8	74,614	73,505
Total	238,761	164,926	30.9%	22,780	190	340,486	259	13,878,219	13,672,039

Table of Area Annual Targets for 2014/15

Area	Water Sup- plied/day	Water sold/ day	UFW June (%)	New water connections	New PSP/ Kiosks	Total water Connections	New sewer connec- tions	Billings Ushs/ month '000	Collections Ushs/month '000
Kampala	181,462	117,794	35.1%	13,605	138	214,245	187	10,508,146	10,412,772
Jinja	13,304	10,452	21.4%	982	11	19,435	17	977,577	968,704
Entebbe/Kajjansi	12,514	10,447	16.5%	1,908	0	26,530	17	832,491	824,935
Tororo/Malaba	2,032	1,853	8.8%	314	8	4,723	11	145,290	143,971
Mbale	4,582	4,107	10.4%	539	8	10,367	17	381,151	377,692
Mbarara	7,787	7,080	9.1%	764	16	13,158	17	604,733	599,243
Masaka	4,600	3,285	28.6%	446	0	8,882	4	270,627	268,171
Lira	3,640	3,206	11.9%	414	0	8,116	11	251,990	249,703
Gulu	2,363	1,958	17.1%	377	3	5,711	13	183,129	181,467
Kasese	2,333	1,891	18.9%	377	0	6,204	0	134,193	132,975
Fort portal	2,623	2,169	17.3%	432	0	6,501	4	176,925	175,318
Kabale	1,750	1,613	7.8%	399	4	5,567	8	137,163	135,919
Arua	2,081	1,749	16.0%	333	0	6,258	0	127,361	126,205
Bushenyi/Ishaka	1,181	1,000	15.3%	214	0	2,632	0	76,975	76,276
Soroti	2,364	2,039	13.8%	435	2	6,489	3	160,713	159,255
Hoima	1,087	921	15.2%	363	2	4,732	8	71,669	71,019
Masindi	1,396	1,210	13.4%	363	2	4,474	8	100,261	99,351
Mubende	1,113	1,008	9.4%	289	4	3,439	0	72,106	71,451
Lugazi	708	608	14.1%	270	0	2,343	11	41,577	41,199
Iganga	1,441	1,157	19.7%	401	2	3,897	11	82,454	81,706
Total	251,225	175,549	30.1%	23,221	200	363,707	347	15,336,531	15,197,333

Appendix 3

TARIFF INDEXATION FORMULA AND NWSC TARIFF STRUCTURE 2012 -2013

APPENDIX 3 (a)

NWSC TARIFF INDEXATION FORMULA

The NWSC tariff is indexed annually according to the following formula;

T₁ = T₀ (AΔi + BΔfiΔfx+ CΔk)

Where:

- To = Tariff level at end of year zero.
- A = Proportion of tariff associated with local costs e.g. salaries, and locally Sourced goods based on the previous year’s audited financial Accounts.
- Δ = Change
- I = Domestic retail price index as published by the Bureau of Statistics and based on the underlying inflation rate
- B = the proportion of the tariff associated with foreign costs, i.e. foreign inputs in the production process based on the previous years audited financial accounts
- FI = Foreign retail price index based on the US Bureau of Labour Statistics
- FX = US Dollar to shilling exchange rate based on the Bank of Uganda mid exchange rate as at the 30th June of each financial year
- C = Proportion of tariff associated with electrical power based on % of electricity cost to total cost as a proxy. (Audited financial Accounts)
- K = Price of electrical power
- T1 = Indexed Tariff at beginning of year one

Source: Statutory Instrument 2002, No. 23

APPENDIX 3 (b)

NATIONAL WATER AND SEWERAGE CORPORATION

WATER AND SEWERAGE TARIFF RATES FOR YEAR 2012/2013

1. WATER RATES

	Charges per cubic meter of water shs
Public standpipes	1,236
Residential/Domestic	1,912
Institutional/Government	2,353
Industrial/Commercial	
First 500m3 per months	2,887
501-1500m3 per months	2,887
Over 1500m3 per months	2,462

2. SEWERAGE RATES

Sewerage charges for all properties connected to the sewers are based on

Domestic category	75% of water charge
All other categories	100% of water charge

3. OTHER RATES

New water connection fee ranges from shs 105,000 to shs 2,670,000 depending on the size of connection.
Sewerage connection ranges from shs 178,000 to shs 297,260
Reconnection fee after disconnection for non payment of water charges ranges from shs 10,000 to shs 20,000.

4. SERVICE CHARGE

Ranges from Ushs.1,500 to Ushs 30,000 per month depending on the pipe connection size and consumer category.

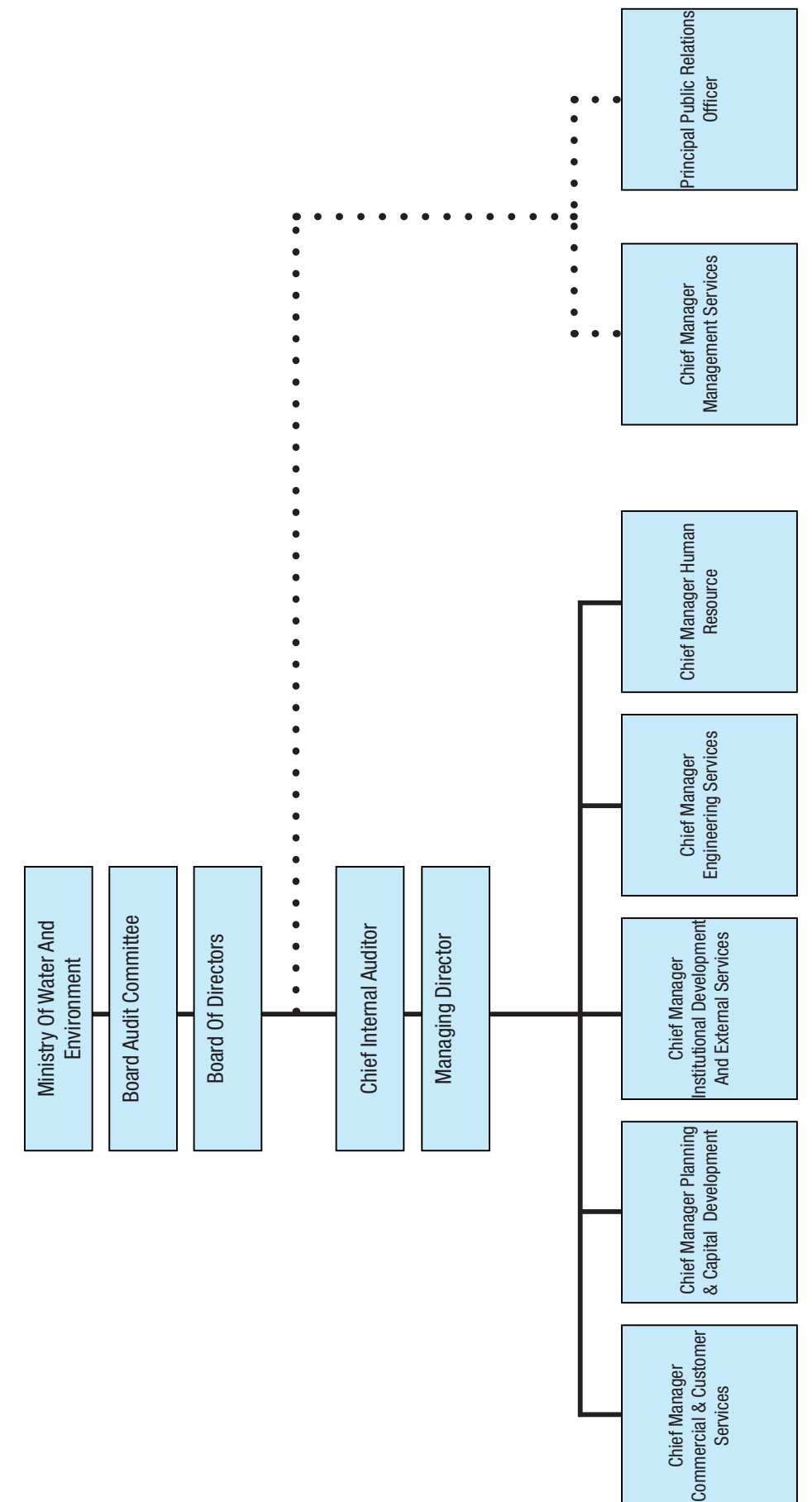
Appendix 4

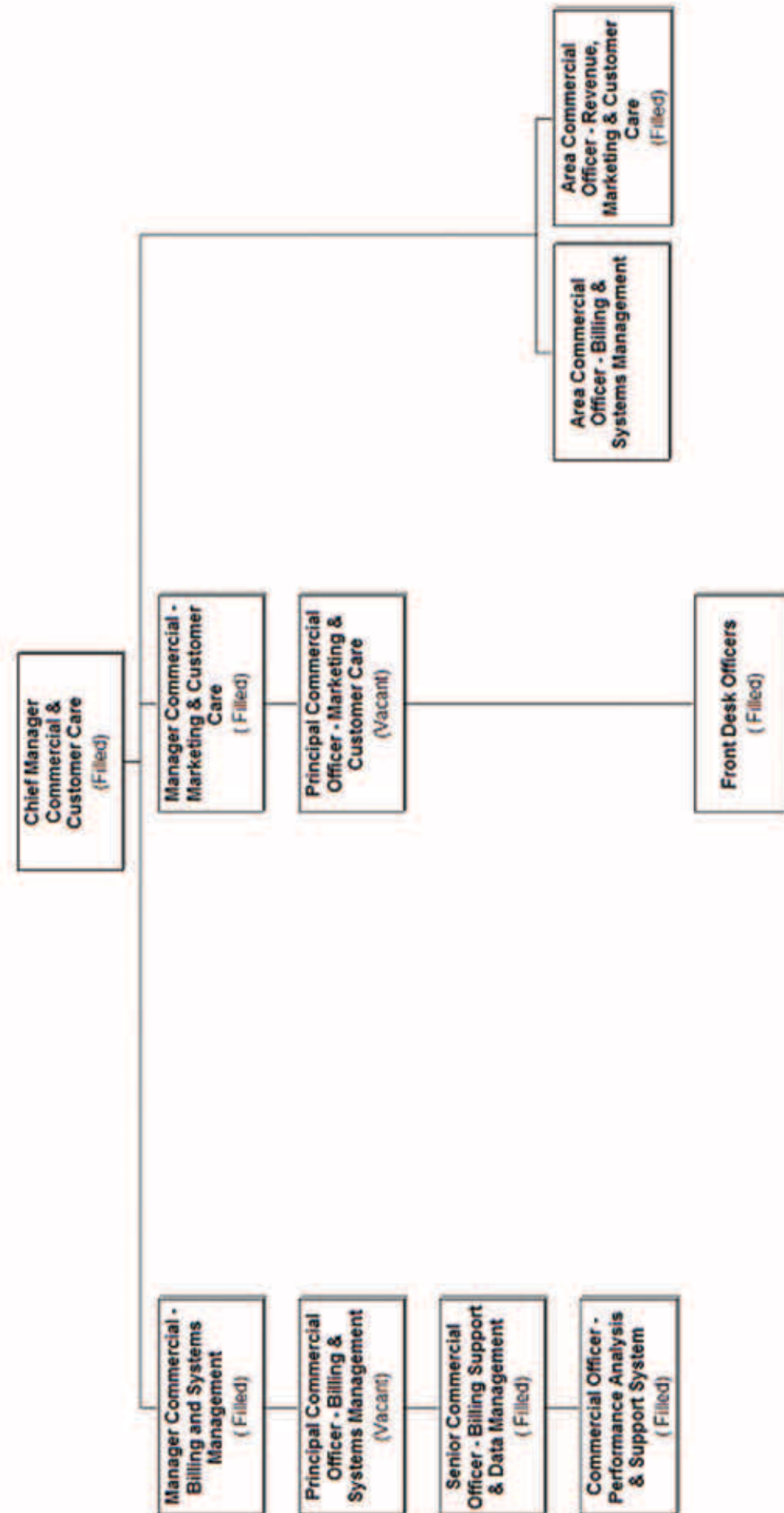
NATIONAL WATER AND SEWERAGE CORPORATION CORPORATE PLAN 2012 - 2015

ORGANIZATION STRUCTURE AND DIVISION KEY RESULT AREAS

NWSC CORPORATE STRUCTURE

CORPORATE STRUCTURE - PROPOSED



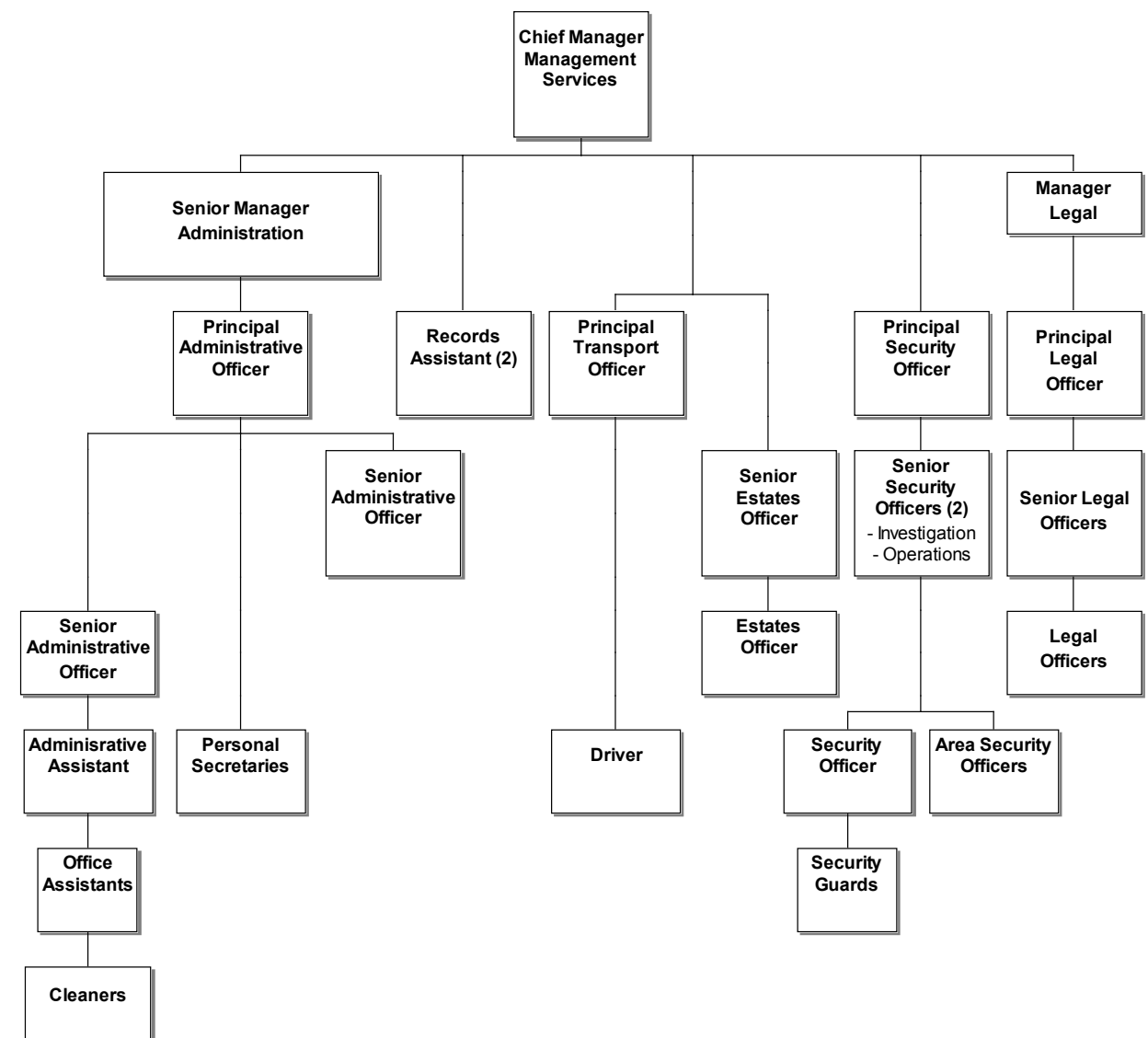


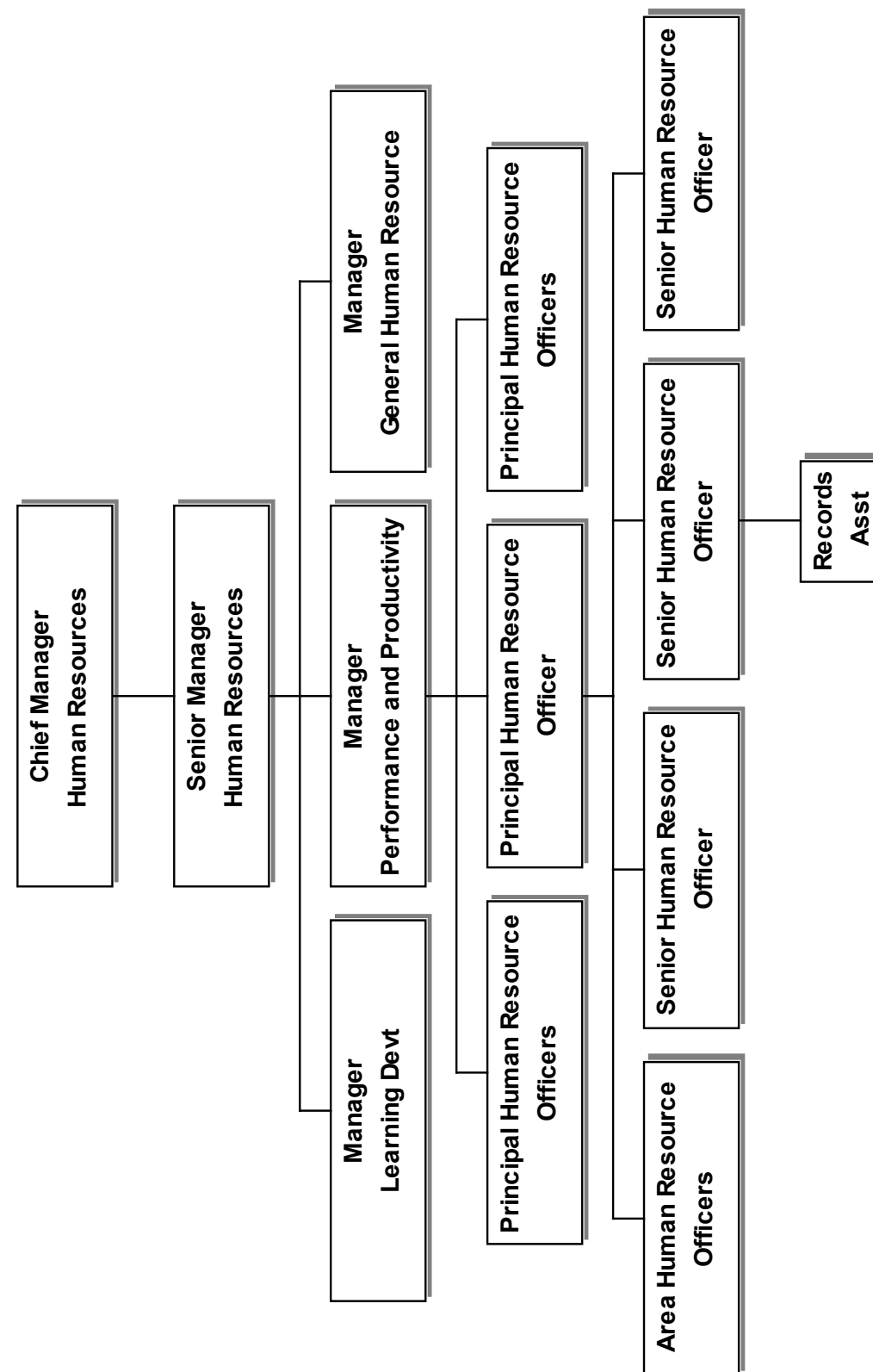
Commercial Divisional Key Result Areas

Within the frame work of the corporate strategic goals and targets the Division has come up with the following key result areas which incorporate all key activities of the departments and the section (business units)

- Increase in Annual Revenue.
- Efficiency, Reliability and promptness in the billing system in all areas.
- Reduction in debt age of arrears.
- Elimination of suppressed accounts.
- Improved Response to customer complaints and enhancement.
- Enhancement of NWSC Corporate Image.
- Assessment of water demand, affordability, service coverage and customer satisfaction.
- Enhancement of the customer complaints management system.
- Enhancement of staff skills and rationalisation of their placement in all Areas.
- Effective and efficient corporate social mission through the Urban Poor projects.

MANAGEMENT SERVICES DIVISION STRUCTURE

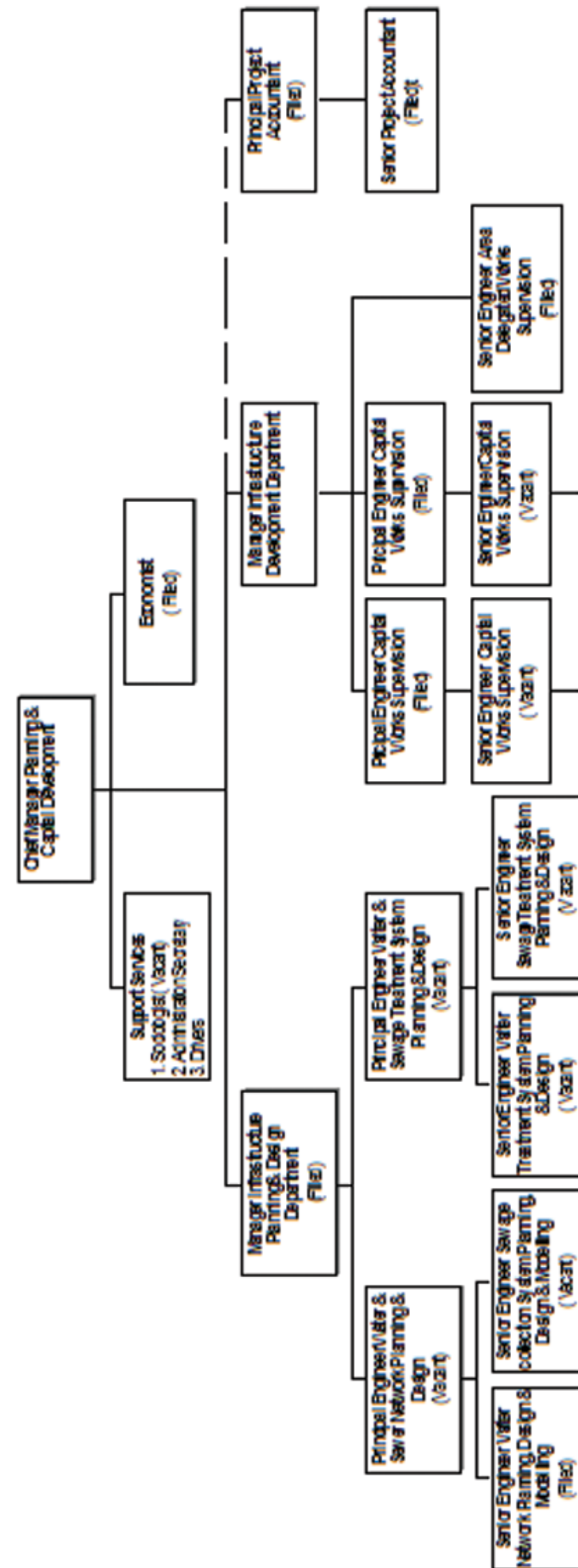




Management Service Division Key Result Areas

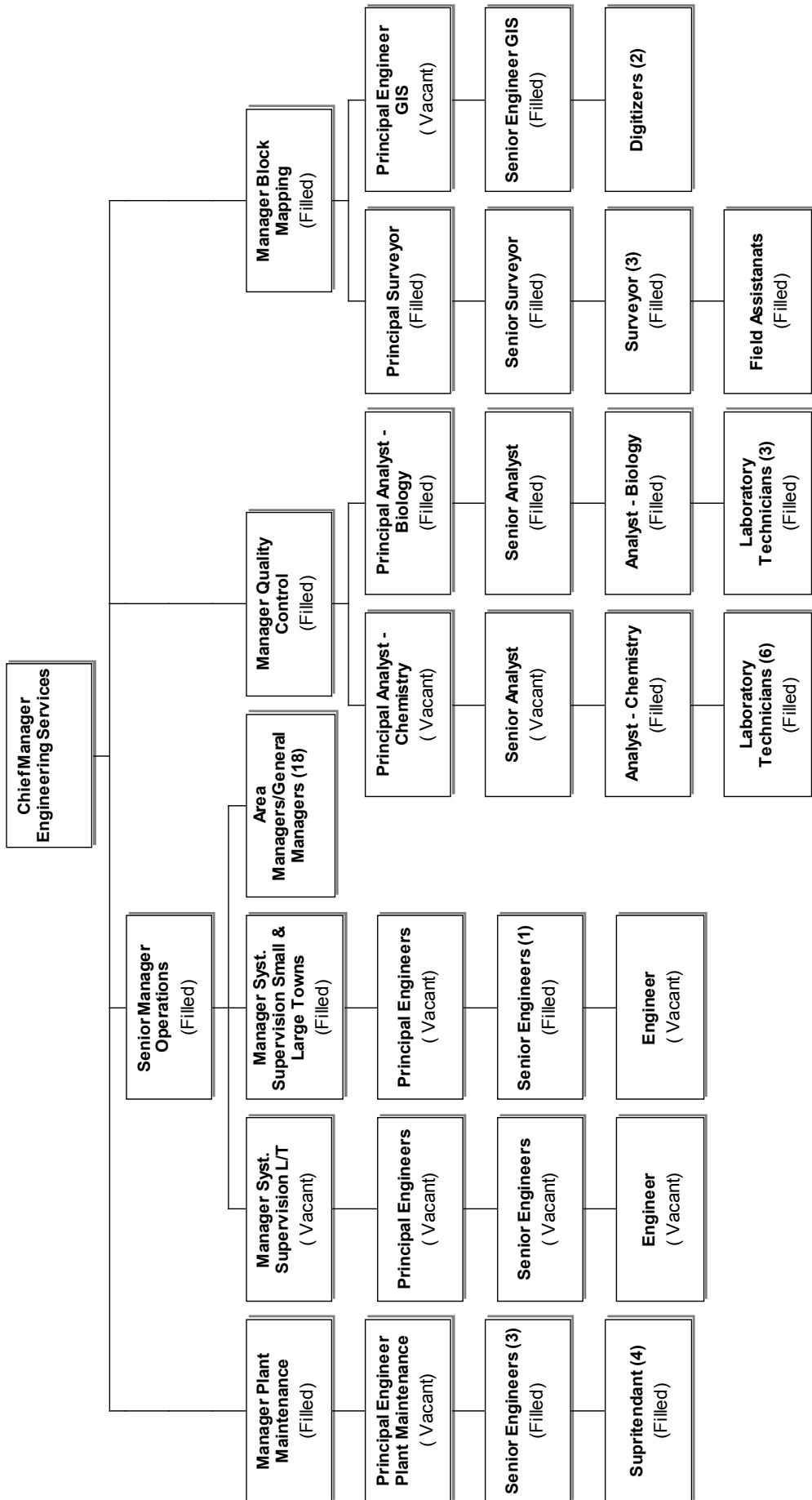
Within the framework of the corporate strategic goals and targets, NWSC-Management Service Division has come up with key stretched annual targets/Goals as follows:

1. To ensure that Board and Management functions conform to the principles of Corporate Governance which include among others, effective Board functioning through regular Board and Committee meetings, provision of professional advice and secretarial services to the Board, accountability, transparency, honest financial reporting, responsibility, fairness and ethical conduct.
2. In consultation with relevant divisions establish a mechanism to timely obtain Board papers and approvals.
3. To supplement the corporation's debt management system by ensuring that debts aged above 3 months are recovered using among others legal means.
4. Secure titles for all Corporation Assets as and when they are acquired.
5. Dispose of Non-core houses in accordance with the Housing policy.
6. Ensure that new Corporation Assets are regularly valued.
7. Provide legal services including litigation, legal drafting and advice as and when required.
8. Protect the Corporation's Assets including its human resources through, among others, maintaining an effective and adequate insurance port folio.
9. Establish a priority needs-based training programme in key NWSC operational fields/Areas and ensure it is timely implemented to create value for money.
10. Ensure rationalised manpower levels are obtained and monitor effective implementation of recommended adjustments in accordance with the approved organogram.
11. Ensure that the Human resource manual and other approved related human resource policies are effectively adhered to.
12. Ensure that the staff performance appraisal is carried out monthly based on the one-minute management concept, and that an overall performance appraisal is carried out annually.
13. Put in place a reputation risk management system that will ensure good relations with all stakeholders in general and promote a good corporate image in particular.
14. Maintain an effective and efficient awareness and response system that regularly updates customers and the general public on NWSC operations and gives feedback to customer complaints within a maximum of 24 Hrs.
15. In consultation with relevant Divisions and Areas establish a mechanism to timely obtain updates that require dissemination to the public and the media.
16. Maintain an effective and efficient office administration system that is aimed at reducing operational costs and getting value for money.
17. Maintain a high degree of ambience of NWSC offices and Estates in order to enhance a good corporate image.
18. Maintain an efficient and effective fleet management system aimed at providing transport services to the corporation at least cost and achieving value for money, and always ensure that materials and fittings are timely delivered to Areas within a maximum of two (2) days from the date of requisition for transport.
19. Maintain an effective mechanism of investigating illegal water consumers, promptly fining them and/or prosecuting them in accordance with the provisions of the law.
20. Through the Checker's system, ensure that the Legal, Public Relations, Human Resources, Administration, Transport and Security services in the Areas are professionally handled.



Planning and Capital Development Division Key Result Areas

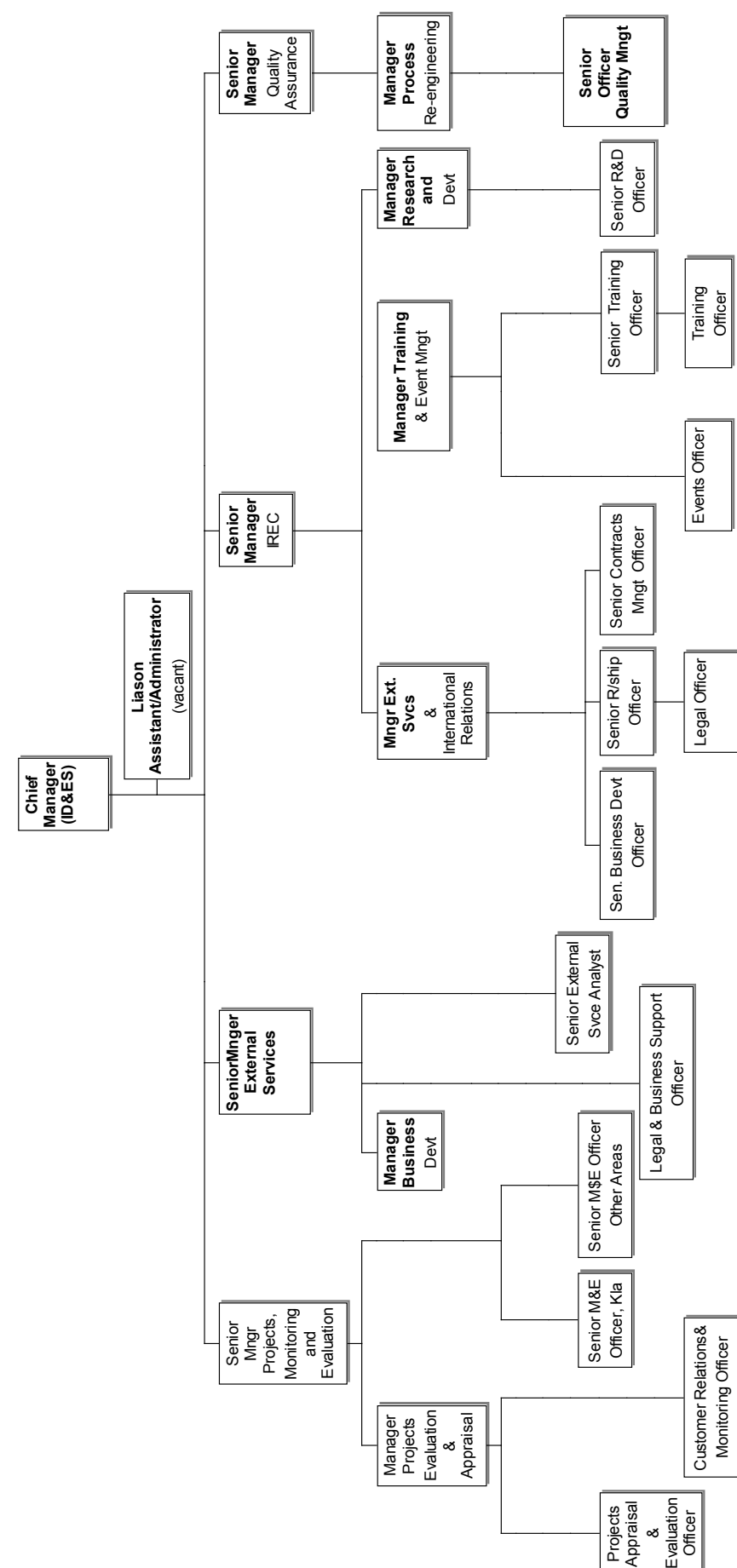
1. Undertaking periodic validation/ updating of base line socio-economic and quantitative performance data to enhance effective formulation of TOR, planning and design of water and sewerage systems
2. Undertaking periodic updating of the long and short term strategic investment plans
3. Carrying out investment analysis and appraisal of new capital development programs
4. Identifying, scoping and selecting water and sewerage projects for implementation
5. Implement pro-poor Water and Sanitation projects
6. Preparing Terms of Reference (TOR) for specific projects to guide in their implementation
7. Ensuring timely preparation of procurement plans and submission of procurement reports
8. Ensuring that consultancy services and contractors are procured in liaison with NWSC procurement unit in order to comply with the applicable laws and regulations
9. Ensuring that consultants are effectively supervised during studies, design, tendering, construction, and defects liability period
10. Ensuring contractors are effectively supervised during project construction and defects liability period
11. Carrying out design, tendering and direct supervision of small scale water and sewerage schemes which do not necessarily require the involvement of consultancy services
12. Carrying out supervision of capital investments undertaken by Areas to ensure value for money
13. Undertaking risk analysis and mitigation measures to ensure attainment of desired project outputs
14. Ensuring adequate budget provision for financing the planned investments/activities within Planning and Capital Development Division
15. Sourcing for funding of planned capital investment projects in liaison with other relevant Divisions within the corporation
16. Ensuring timely preparation of cash flow projections for ongoing projects, and notification and follow-up of payments for planned activities/programs
17. Preparing periodic performance/progress reports to the Board of Directors and Management of NWSC on the implementation of capital investments



Engineering Division Key Result Areas

Key Result Areas Engineering Services Division

- 1 Ensuring increased water production and 24 hour water supply in all areas
- 2 Ensuring good housekeeping and maintenance of all corporation assets
- 3 Ensuring smooth flow of logistics and inputs to all areas
- 4 Ensuring deliberate replacement of old water meters in all Areas that are ten years or more.
- 5 Ensuring that Non Revenue Water is reduced to acceptable standards
- 6 Ensuring that reliability of Water and Sewerage infrastructure assets is maximized
- 7 Increasing water service coverage through network extension of water and sewerage infrastructure to meet new customer needs
- 8 Ensuring that potable water and sewerage effluent meet National Standards
- 9 Ensuring update of customer data bases and network infrastructure
- 10 Ensuring that update records of water production/distribution and sewerage infrastructure are maintained.

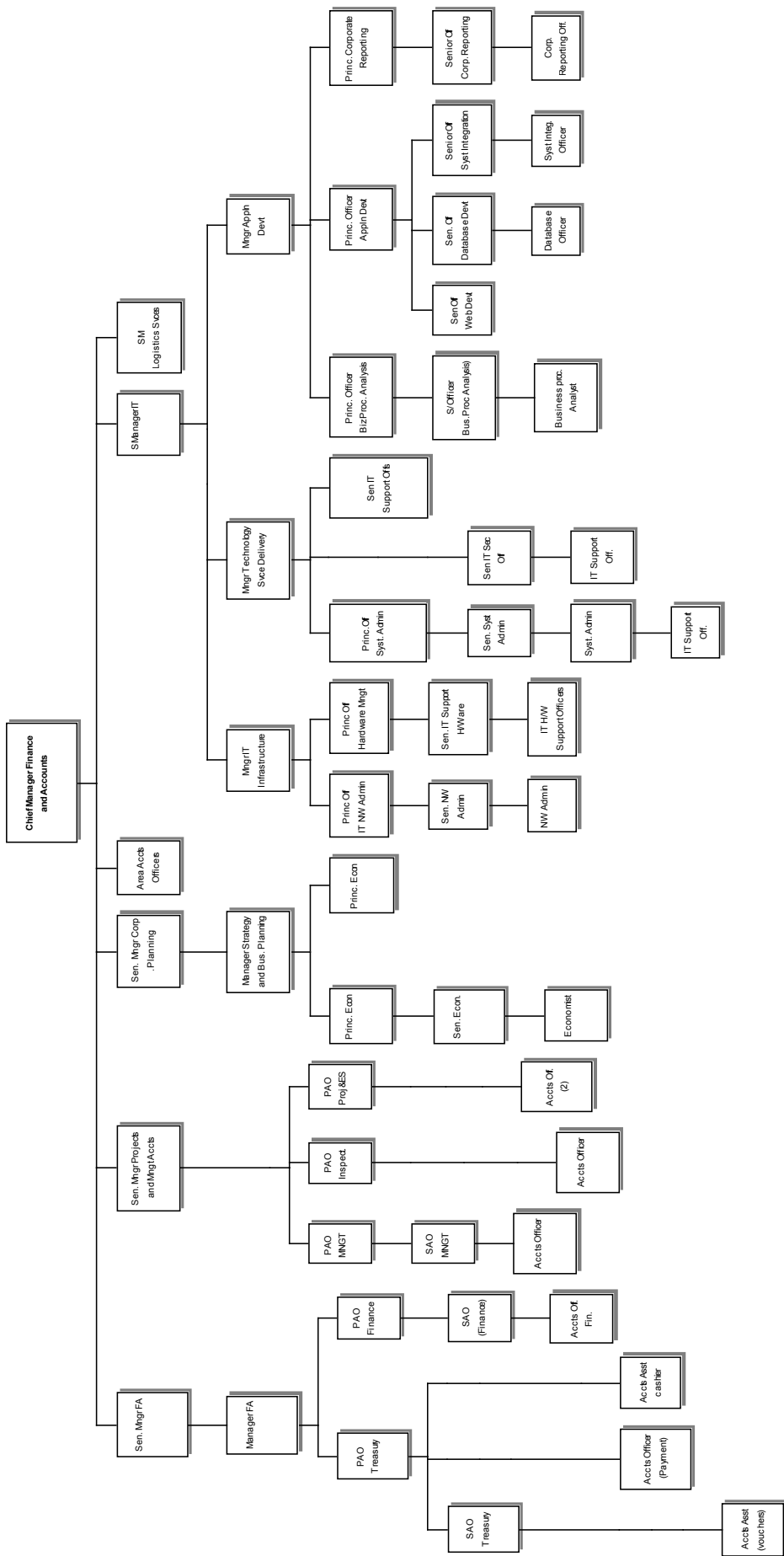


INSTITUTIONAL DEVELOPMENT AND EXTERNAL SERVICES DIVISION

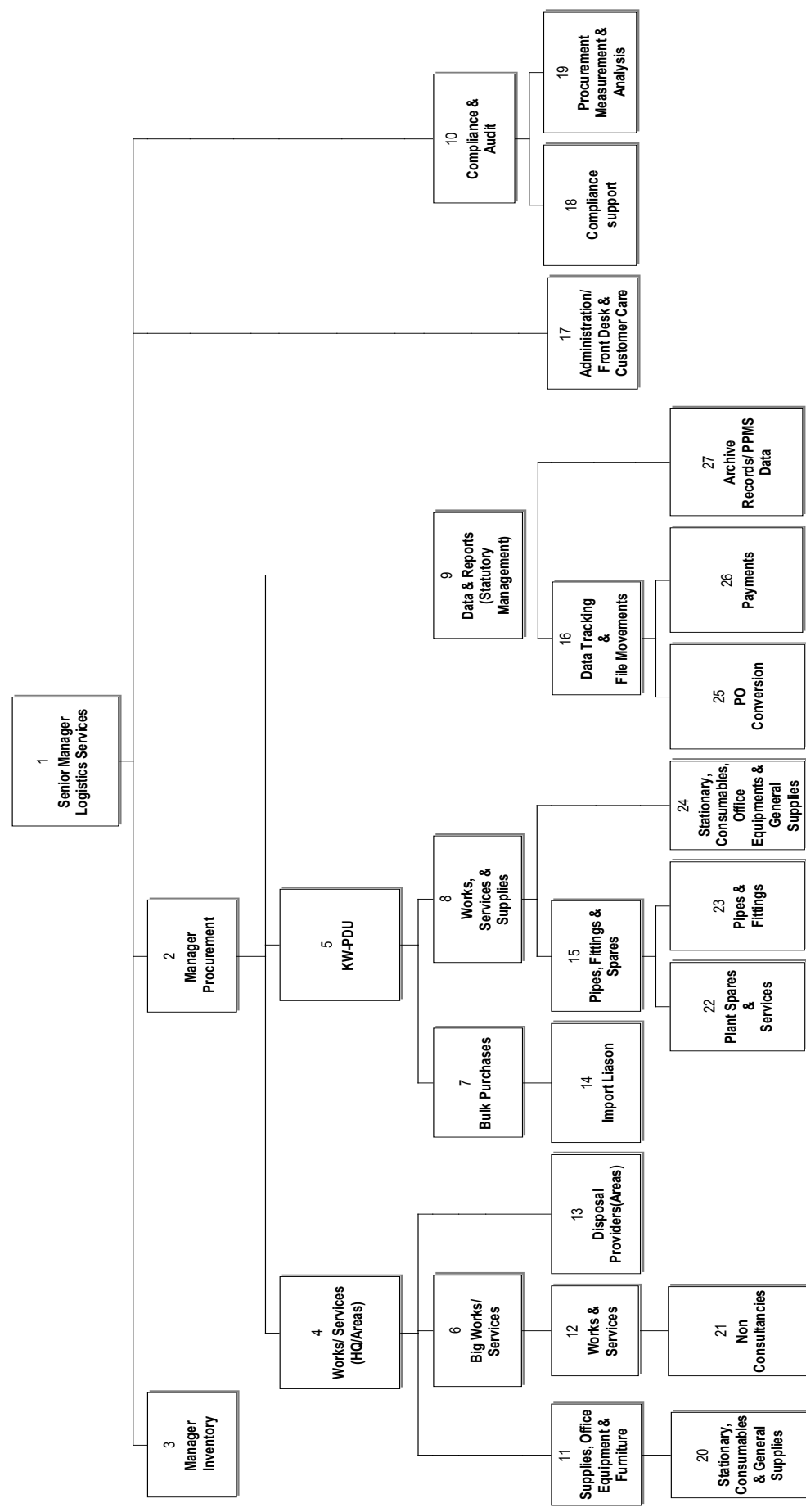
KEY RESULT AREAS

1. Ensure timely projects appraisal prior to implementation and advise management on expected viability
2. Ensure effective post-evaluation of implemented expansion projects and advise management on value for money creation
3. Ensure that all performance monitoring and evaluation activities in respect to the corporation's performance improvement contracts and programmes are effectively carried out in a timely and cost-efficient manner
4. Ensure that a credible operating performance data base is well maintained on key performance indicators
5. Ensure continuous modernization of the corporation's performance measurement criteria and benchmarking systems to ensure sustained efficiency improvements
6. Ensure that internal and external research activities are well conducted in a way that derives maximum value for the corporation
7. Coordinate information dissemination in respect to recent research and innovative activities of the corporation to both national and international fora
8. Ensure that relevant performance improvement programmes are properly planned, designed and implemented in the corporation to enhance continuous performance improvements
9. Ensure effective coordination and implementation of training programmes in the corporation
10. Ensure continuous implementation of innovative management solutions to improve service delivery
11. Ensure effective development and implementation of quality assurance systems in the corporation
12. Ensure that risk management is integrated in all NWSC business processes
13. Ensure establishment and implementation of a comprehensive monitoring and evaluation framework for the asset management system
14. Ensure that institutional development projects/programmes are well coordinated including sourcing for funding.
15. Ensure that external services assignments are well marketed, sourced, executed and paid for in a way that is beneficial to the corporation
16. Participate in the discussion of institutional development issues affecting the wider operating context of the corporation in local and international fora
17. Prepare Board Papers in respect to the activities of the Division and assist the Managing Director in effective presentations to the Board.
18. Carry out all administrative responsibilities in the Division and provide the overall leadership
19. Carry out any other tasks assigned by Management

FINANCE AND ACCOUNTS DIVISION STRUCTURE



ORGANOGRAM FOR LOGISTICS – PROCUREMENT DEPARTMENT AND COMPLIANCE SECTION



Finance and Accounts Division Key Result Areas

The Finance and Accounts Division is mandated to develop financial management policies and strategies for the Corporation and also see to the implementation and achievement of Financial Corporate objectives. Specifically, the Division is responsible for:

1. Coordinating the development of NWSC Corporate Strategy and produce a Corporate Plan.
2. Initiating, implementing, monitoring and enforcing compliance with the approved financial policy in NWSC.
3. Corporate planning and budgeting to ensure effective and efficient delivery of services.
4. Producing timely and accurate statutory and management reports.
5. Development and maintenance of an appropriate tariff system.
6. Provide NWSC Policy, Financial requirements and performance related information to various stakeholders.
7. Continuous review of the accounting system and internal controls to ensure financial discipline, maximization of revenue, control of costs and safe guarding of Corporation assets.
8. Development and Implementation of computerization strategy for all the key business processes to ensure effective MIS.
9. Value for money supply chain management in accordance with PPDA regulations and NWSC policies.
10. Sourcing for appropriate and cost effective investment finance
11. Develop an effective Treasury Management function

Appendix 5

NATIONAL WATER AND SEWERAGE CORPORATION
CORPORATE PLAN 2012 - 2015

FINANCIAL FORECAST

Summary of Key Indicators

SUMMARY OF KEY INDICATORS		Base Case	Historical CP 2009- 2012			Forecast CP 2012 - 2015		
Year Ending June,			2010	2011	2012	2013	2014	2015
Ushs in millions								
OPERATIONS								
UfW	(%)	35.8%	33.1%	32.8%	32.6%	31.8%	30.9%	30.1%
Sales per active connection	(m3/day)	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Billing efficiency		64.2%	66.9%	67.2%	67.4%	68.2%	69.1%	69.9%
Active Connections	(nos.)	198,210	216,812	244,075	266,242	286,459	307,956	329,894
Inactive Connections	(nos.)	27,722	29,447	28,331	29,964	31,247	32,530	33,813
Total Water Connections	(nos.)	225,932	246,259	272,406	296,206	317,706	340,486	363,707
Overall collection Efficiency	%	96%	101%	96%	98%	102%	102%	103%
Staff Employed	(nos.)	1,517	1,547	1,691	1,773	1,793	1,793	1,763
Staff / 1000 connections	(nos.)	7	6	6	6	6	6	5
Staff Reduction	(nos.)	(93)	(30)	(144)	(82)	(20)	0	30
INCOME								
Annual Turnover	(Ushs)	100,631	112,849	131,314	156,577	163,986	177,595	194,866
Net Income	(Ushs)	15,118	9,396	12,899	17,392	17,630	21,036	24,396
CASH FLOW								
Net Cash Flow	(Ushs)	4,696	16,896	(10,344)	5,855	(7,162)	(7,074)	(895)
Cash Balance	(Ushs)	13,173	30,069	19,725	25,580	18,418	11,344	10,449
CREDITOR - GoU								
Interests Outstanding b/f	(Ushs)	0	0	0	0	0	0	0
Interest Due	(Ushs)	0	0	481	1,820	1,559	1,263	928
GoU Debt Swap	(Ushs)	0	0	0	0	0	0	0
Total Interest Payment	(Ushs)	0	0	481	1,820	1,559	1,263	928
Interest Outstanding c/f	(Ushs)	0	0	0	0	0	0	0
DEBTOR - GoU								
Principal Outstanding b/f	(Ushs)	0	0	0	0	0	0	0
Principal Due	(Ushs)	0	1,511	1,714	1,944	2,205	2,501	2,837
GoU Debt Swap	(Ushs)	0	0	0	0	0	0	0
Total Principal Payment	(Ushs)	0	1,511	1,714	1,944	2,205	2,501	2,837
Principal Outstanding c/f	(Ushs)	0	0	0	0	0	0	0
DEBTOR - GoU								
Arrears Outstanding b/f	(Ushs)	38,603	37,108	44,359	87,466	83,780	80,589	75,916
Annual Increase	(Ushs)	0	0	0	0	0	0	0
GoU Settlement	(Ushs)	0	0	0	0	0	0	0
GoU Debt Swap	(Ushs)	0	0	0	0	0	0	0

Key Indicators: Production and Delivery

INDICATORS PRODUCTION AND DELIVERY		Base Case	Historical CP 2009- 2012				Forecast CP 2012 - 2015		
Year Ending June,		2009	2010	2011	2012		2013	2014	2015
KAMPALA									
PRODUCTION									
Capacity	(mil m3/y)	77.2	65.7	65.7	65.7		65.7	84.0	84.0
Production	(mil m3/y)	50.45	50.0	53.94	58.46		61.4	64.6	68.5
Billed	(mil m3/y)	28.8	30.4	32.78	36.11		38.5	41.2	44.4
UfW	(%)	43%	39%	39%	38%		37%	36%	35%
Billing Efficiency		57.1%	60.8%	60.8%	61.8%		62.8%	63.8%	64.8%
Sales per Existing Connections	(m3 / day)	0.71	0.70	0.67	0.63		0.64	0.64	0.64
Sales per New/Newly Activated Con	(m3 / day)	0.63	0.38	0.37	0.75		0.60	0.60	0.70
Average Sales per Connection	(m3 / day)	0.70	0.67	0.63	0.64		0.64	0.64	0.64
CONNECTIONS									
Active Connections	(nos.)	112,824	124,304	141,754	153,923		165,016	177,228	189,700
Inactive Connections	(nos.)	20,374	21,939	20,472	20,930		22,137	23,344	24,551
Re-activation Target	(% of inactive)	6%	5%	6%	6%		5%	5%	5%
Re-activation	(nos.)	1,193	1,193	1,193	1,193		1,193	1,193	1,193
suppressed during year		2,400	2,400	2,400	2,400		2,400	2,400	2,400
Total Water Connections	(nos.)	133,198	146,243	162,226	174,853		187,153	200,572	214,251
Metered Connections	(nos.)	132,881	146,109	162,116	174,758		184,346	197,563	211,037
New Connections	(nos.)	13,212	12,713	15,217	12,872		12,300	13,419	13,679
% increase in connections	(%)	11%	10%	9%	9%		7%	7%	7%
% metered connections	(%)	99%	99%	99%	99%		99%	99%	99%
OTHER AREAS									
PRODUCTION									
Capacity	(mil m3/y)	40.8	40.8	40.8	46.8		46.8	46.8	46.8
Production	(mil m3/y)	18.74	20.48	21.59	21.28		21.90	22.52	23.15
Billed	(mil m3/y)	15.61	16.73	17.98	17.64		18.31	18.99	19.68
UfW	(%)	16.7%	18.3%	16.7%	17.1%		16.4%	15.7%	15.0%
Billing Efficiency		83.3%	81.7%	83.3%	82.9%		83.6%	84.3%	85.0%
Sales per Existing Connections	(m3 / day)	0.54	0.50	0.50	0.45		0.43	0.41	0.40
Sales per New/Newly Activated Con	(m3 / day)	0.20	0.43	0.35	0.25		0.20	0.20	0.20
Average Sales per Connection	(m3 / day)	0.50	0.50	0.48	0.43		0.41	0.40	0.38
CONNECTIONS									
Active Connections	(nos.)	85,386	92,508	102,321	112,319		121,443	130,728	140,194
Inactive Connections	(nos.)	7,348	7,508	7,859	9,034		9,110	9,186	9,262
Re-activation Target	(% of inactive)	13%	13%	13%	13%		13%	13%	13%
Net re-activation	(nos.)	364	364	364	364		364	364	364
suppressed during year		440	440	440	440		440	440	440
Total Water Connections	(nos.)	92,734	100,016	110,180	121,353		130,553	139,914	149,456
Metered Connections	(nos.)	92,322	99,743	109,879	120,686		129,835	139,145	148,634
New Connections	(nos.)	10,093	9,509	10,416	10,480		9,200	9,361	9,542
% increase in connections	(%)	12%	10%	10%	10%		8%	7%	7%
% metered connections	(%)	100%	100%	100%	99%		99%	99%	99%
ALL AREAS									
PRODUCTION									
Capacity	(mil m3/y)	118.0	106.5	106.5	112.5		112.5	130.8	130.8
Production	(mil m3/y)	69.2	70.5	75.5	79.7		83.3	87.1	91.7
Billed	(mil m3/y)	44.4	47.1	50.8	53.8		56.8	60.2	64.1
UfW	(%)	35.8%	33.1%	32.8%	32.6%		31.8%	30.9%	30.1%
Sales per active connection	(m3/day)	0.61	0.60	0.57	0.55		0.54	0.54	0.53
Billing Efficiency		64.2%	66.9%	67.2%	67.4%		68.2%	69.1%	69.9%
CONNECTIONS									
Active Connections	(nos.)	198,210	216,812	244,075	266,242		286,459	307,956	329,894
Inactive Connections	(nos.)	27,722	29,447	28,331	29,964		31,247	32,530	33,813
Total Water Connections	(nos.)	225,932	246,259	272,406	296,206		317,706	340,486	363,707
Metered Connections	(nos.)	12%	12%	10%	10%		10%	10%	9%
New Connections	(nos.)	225,203	245,852	271,995	295,444		314,181	336,708	359,671
% increase in connections	(%)	23,305	22,222	25,633	23,352		21,500	22,780	23,221
% metered connections	(%)	100%	100%	100%	100%		99%	99%	99%

TOTAL STAFF ANALYSIS		Base Case	Historical CP 2009- 2012				Forecast CP 2012 - 2015		
		2009	2010	2011	2012	2013	2014	2015	
Staff Employed as of 1 July at start of financial year		1,424	1,517	1,547	1,691	1,773	1,793	1,793	
Staff Employed year end		1,517	1,547	1,691	1,773	1,793	1,793	1,763	
Staff / 1000 connections active		8	7	7	7	6	6	5	
Staff / 1000 connections total		7	6	6	6	6	5	5	
Staff Reduction/(Increase)		(93)	(30)	(144)	(82)	(20)	0	30	
Wages	(mil Ushs/yr)	26,973	29,970	35,105	39,752	42,210	44,321	45,758	
Average Wages per Staff	(mil Ushs/yr)	17.78	19.37	20.76	22.42	23.54	24.72	25.95	
					1.87	1.96	2.06	2.16	
Staff costs per connections.									
Staff costs as a percentage of Operating costs.		42%	41%	41%	39%	39%	38%	36%	
TARIFFS		Base Case	Historical CP 2009- 2012				Forecast CP 2012 - 2015		
Average Water Tariff									
Kampala	(Ushs/m3)	1,990	2,169	2,243	2,527	2,527	2,628	2,734	
Other Areas	(Ushs/m3)	1,842	2,008	2,100	2,366	2,366	2,460	2,559	
All areas	(Ushs/m3)	1911	2084	2192	2474	2475	2575	2680	
Average Service fee									
Kampala	Ush pm /conn	1,652	1,644	1,562	1,562	1,562	1,562	1,562	
Other Areas	Ush/conn	1,515	1,507	1,549	1,549	1,549	1,549	1,549	
All areas	Ush/conn	1,597	1,632	1,557	1,607	1,557	1,557	1,557	
Growth Factors									
Indexation inflation factor		9%	9%	4%	12%	0%	4%	4%	
Real Growth			6%	8%	6%	6%	6%	6%	

INCOME STATEMENT		Base Case	Historical CP 2009- 2012				Forecast CP 2012 - 2015		
Year Ending June,		2009	2010	2011	2012	2013	2014	2015	
WATER SALES									
Kampala	Ushs	55,957	64,242	73,525	91,257	97,397	108,322	121,365	
Other Areas	Ushs	28,941	33,957	37,759	41,734	43,310	46,710	50,346	
Total Sales	Ushs	84,898	98,199	111,284	132,991	140,706	155,032	171,712	
Service fees									
Kampala	Ushs	2,195	2,424	2,658	3,033	3,094	3,323	3,557	
Other Areas	Ushs	1,603	1,822	1,902	2,102	2,258	2,431	2,607	
Total Service Fees	Ushs	3,798	4,247	4,560	5,135	5,352	5,753	6,163	
CONNECTION CHARGES (for new connections)									
No. of Conn. (assumption)									
Kampala	Nos.	13,212	12,713	15,217	12,872	12,300	13,419	13,679	
Other Areas	Nos.	10,093	9,509	10,416	10,480	9,200	9,361	9,542	
Average connection Fee									
Kampala	Ushs/per conn	0.087	0.087	0.124	0.124	0.124	0.124	0.124	
Other areas	Ushs/per conn	0.067	0.108	0.109	0.100	0.100	0.100	0.100	
Kampala	Ushs	1,220	1,705	1,882	1,543	1,522	1,660	1,692	
Other Areas	Ushs	678	1,025	1,136	1,049	1,138	1,158	1,180	
Total connection fee	Ushs	1,898	2,730	3,018	2,592	2,660	2,818	2,873	
Other Water and Sewerage Revenues		698	935	1,348	2,292	1,958	1,958	1,958	
TOTAL REVENUE									
Kampala	Shs m	59,372	68,372	78,065	95,833	102,012	113,305	126,614	
Other Areas	Shs m	31,223	36,805	40,797	44,885	46,706	50,298	54,133	
Other Revenue	Shs m	698	935	1,348	2,292	1,958	1,958	1,958	
CORE INCOMES	Shs m	91,293	106,111	120,210	143,010	150,676	165,561	182,706	
OTHER INCOMES			116%	113%	119%	105%	110%	110%	
Investment income	Shs m	637	886	995	1,748	1,500	1,000	1,000	
Profit sale of assets	Shs m	3,042	0	0	0	0	0	0	
Foreign Exchange Gains			56	1,992					
Laboratory Services			130	207	0	200	210	221	
Decrease provision obsolete stock					107				
Recogn of deferred income	Shs m	3,190	3,967	5,104	6,202	6,000	5,104	5,104	
Decrease in provision for bad debts		209	8	160	3,017	3,017	3,017	3,017	
External Services			1,586	2,175	2,100	2,200	2,310	2,426	
Other income		2,261	104	471	393	393	393	393	
sub total	Shs m	9,338	6,737	11,104	13,567	13,310	12,034	12,160	
TOTAL INCOME		100,631	112,849	131,314	156,577	163,986	177,595	194,866	
EXPENDITURE		2009	2010	2011	2012	2013	2014	2015	
Salaries & Wages	Ushs	26,973	29,970	35,105	39,714	42,210	44,321	45,758	
Restructuring Costs/Gratutities	Ushs	4,315	5,552	6,082	6,993	6,993	6,993	6,993	
Fixed Costs (Staff)	Ushs	31,288	35,522	41,187	46,707	49,204	51,314	52,751	
Premises	Ush m	2,764	2,933	3,107	3,359	3,527	3,879	4,267	
Static plant and pipe	Ush m	18,784	20,785	23,936	30,866	33,952	37,348	42,950	
Transport and mobile plant	Ush m	3,465	3,343	5,410	6,340	7,291	8,020	8,822	
Supplies and services	Ush m	8,819	11,341	12,750	14,123	14,829	16,015	17,296	
Administrative expenses	Ush m	10,086	12,880	14,542	17,353	15,831	17,414	19,155	
Provision for bad debts	Ush m	642	1,390	838	912	1,003	1,103	1,213	
Provision for obsolete inventory	Ush m	0	0	0	0	0	0	0	
Other admin expenses	Ush m	9,444	11,258	13,222	15,828	14,828	16,310	17,941	
Financial expenses		0	232	482	614	614	614	614	
Deferred charges written-off	Ush m	0	0	0	0	0	0	0	
TOTAL OPERATING EXPENSES	Ush m	75,207	86,804	100,931	118,748	125,247	134,604	145,856	
EBITDA	Ush m	25,424	26,045	30,383	37,829	38,739	42,991	49,010	
(earnings before interest, tax, depreciation, & Exceptional item)									
Depreciation	Ush m	10,306	16,649	17,003	18,796	19,449	20,591	23,586	
Exceptional item - Asset Impairment		0	0	0	0	0	0	0	
EBIT	Ush m	15,118	9,396	13,380	19,033	19,289	22,400	25,424	
(earnings before interest and tax)									
Interest payable		0	0	481	1,641	1,559	1,263	928	
Interest received		0	0	0	0	0	0	0	
Bank charges		0	0	0	0	0	0	0	
Exchange loss		0	0	0	0	100	100	100	
Net financial	Ush m	0	0	481	1,641	1,659	1,363	1,028	
Net Income before tax (EBT)	Earnings Before Tax	15,118	9,396	12,899	17,392	17,630	21,036	24,396	
Impairment Adjustment		0	0	0	0	0	0	0	
Net Profit before tax		15,118	9,396	12,899	17,392	17,630	21,036	24,396	
Tax credit charge/(Credit)		(2,767)	(1,718)	(2,661)	0	(5,289)	14,725	17,077	
NET INCOME	Ush m	12,351	7,679	10,238	17,392	12,341	35,762	41,473	

STATEMENT OF CASH FLOWS		Base Case	Historical CP 2009- 2012				Forecast CP 2012 - 2015		
Year Ending 30 June,		2009	2010	2011	2012	2013	2014	2015	
CASHFLOW FROM OPERATIONS									
Net Income (after interest)		15,118	9,396	12,899	17,392	17,630	21,036	24,396	
Add: Depreciation & Amortization		10,306	16,649	17,003	18,796	19,449	20,591	23,586	
Add: Interests		0	0	481	1,641	1,659	1,363	1,028	
Investment Income Realised		(637)	(886)	(995)	(1,748)	(1,500)	(1,000)	(1,000)	
Interest income accrued		0	0	0	0	0	0	0	
Add Asset Impairment		0	0	0	0	0	0	0	
Add: Deferred Charges		(3,190)	(3,967)	(5,104)	(6,202)	(6,000)	(5,104)	(5,104)	
Profits on disposal of assets		(3,042)	0	0	0	0	0	0	
Exchange rate loss		0	0	0	0	100	100	100	
Subtotal		18,555	21,192	24,285	29,879	31,339	36,987	43,005	
Working Capital Items									
GoU Debt Swap		0	0	0	0	0	0	0	
Debtor - GoU		(1,280)	454	(1,978)	(7,230)	2,621	2,921	4,455	
Other Debtors		(3,494)	1,042	(5,272)	(36,998)	1,065	269	218	
Decrease/(Increase) in Debtors		(4,774)	1,496	(7,251)	(44,228)	3,686	3,190	4,674	
Unpaid Loan Principal increase/(decrease)		0	0	0	0	0	0	0	
Creditors - GoU		0	0	0	0	0	0	0	
Creditors - Others		6,295	5,635	(6,264)	2,490	(500)	(500)	(500)	
Increase/(Decrease) in Creditors		6,295	5,635	(6,264)	2,490	(500)	(500)	(500)	
Increase in deferred income									
Increase/(Decrease) in Retirement benefits		(531)	395	(471)	(1,049)	(1,500)	(1,500)	(2,000)	
Decrease/(Increase) in Stocks		(3,479)	(5,587)	4,066	2,322	(300)	(300)	(300)	
Add: Net Decrease / (Increase) in Working Capital Items		(2,489)	1,939	(9,920)	(40,465)	1,386	890	1,874	
Less: Taxation Paid		(91)	(78)	(163)	(163)	0	0	0	
Interest Received		637	886	995	995	995	995	995	
Proceeds from sale of assets		3,695							
Subtotal		20,307	23,939	15,196	(9,755)	33,719	38,872	45,874	
Less: Loan principal and interests		0	0	0	0	0	0	0	
Net Cash Flow from Operations		20,307	23,939	15,196	(9,755)	33,719	38,872	45,874	
DEBT SERVICING									
Cashflow from Interests Payment		0	0	(481)	(1,820)	(1,559)	(1,263)	(928)	
Cashflow from Principal Payment		0	(1,511)	(1,714)	(1,944)	(2,205)	(2,501)	(2,837)	
Net Cashflow from Debt Servicing		0	(1,511)	(2,195)	(3,765)	(3,765)	(3,765)	(3,765)	
CASHFLOW FROM FINANCING ACTIVITIES									
GoU Grants (contribution to projects)		0	0	0	0	55,925	53,895	48,768	
Other Donor Grants (Arua, Bushenyi, Gulu)		0	0	0	0	0	0	0	
AfD		0	17,717		2,300		0	0	
kFw/AfDB Sanitation		0	11,691	11,460	53,018	49,000	39,680	9,193	
KfW/AfD, EIB Kampala Network				0	1,000	78,686	182,795	257,819	
WMDP World Bank Project						15,000	40,000	50,000	
Net Cashflow from Financing		0	29,408	11,460	56,318	198,611	316,370	365,780	
CASHFLOW FROM INVESTING ACTIVITIES									
Mukono		3,138	0	0	0	0	0	0	
Bushenyi Water supply Project		1,654	709	106	54	1,700	0	0	
Gulu water supply and sewerage project		3,634	3,874	152	1,616	1,400	0	0	
Arua water supply and sewerage project		236	2,500	0	910	1,350	0	0	
Kampala Network Restructuring and Expansion		0	1,341	3,514	41	92,111	203,340	291,971	
Construction of Kampala Gaba intake inner Bay (AfD)		0	14,584	7,298	0	0	0	0	
Kampala Sanitation Project (KfW/AfDB)		0	3,976	10,867	16,625	102,000	85,081	34,427	
WMDP World Bank Project						15,000	44,000	55,000	
Kampala Urban Poor Project		160	1,579	1,252	900	250	0	0	
Urban Poor WATSAN Project					257	500	500	500	
Jinja Intake Off shore pipeline		1,644	2,756	2,704	0				
Kako Water Supply Extension			0	0	50				
Soroti intake design and construction			0	0	0	400	1,500	2,500	
Mbarara Emergency Water Supply Improvement Proj						600	2,000	2,000	
Design and construction of Office PremisesArua/Lira						800	800	400	
NWSC Minor Works+ purchase of Prop&equip		846	3,520	8,911	16,490	15,916	16,830	17,486	
Operating Lease payments			100		0				
Other capital expenses					0				
Net Cashflow from Investing		(15,612)	(34,939)	(34,805)	(36,943)	(235,727)	(358,551)	(408,784)	
NWSC Internal Cash Outlay for projects			(7,043)	(25,540)	15,610	(40,881)	(45,946)	(46,769)	
NET CASHFLOW		4,696	16,896	(10,344)	5,855	(7,162)	(7,074)	(895)	
Cash taken over from SWSP									
Cash Balance b/f, 1 July		8,477	13,173	30,069	19,725	25,580	18,418	11,344	
Cash Balance c/f, 30 June		13,173	30,069	19,725	25,580	18,418	11,344	10,449	

BALANCE SHEET		Base Case	Historical CP 2009- 2012				Forecast CP 2012 - 2015		
Year Ending 30 June,		2009	2010	2011	2012	2013	2014	2015	
ASSETS									
Non-current Assets									
Property, Plant & Equipment		429,589	464,924	483,267	498,702	714,980	1,052,940	1,438,138	
Current Assets									
Stocks/Inventories		12,536	18,123	14,057	11,735	12,035	12,335	12,635	
Assets held for sale		86	0	0	0	0	0	0	
Trade and other receivables (Debtors)		38,603	37,108	44,359	87,466	83,780	80,589	75,916	
Taxation Recoverable		1,577	1,655	1,818	2,071	2,071	2,071	2,071	
Bank Deposits		4,423	9,321	10,842	13,113	13,113	5,320	5,402	
Bank & Cash balances		9,244	20,323	8,457	6,965	5,400	5,300	4,500	
		66,469	86,529	79,533	121,350	116,399	105,615	100,524	
Total Assets		496,058	551,453	562,800	620,052	831,379	1,158,555	1,538,662	
EQUITY & LIABILITIES									
Equity Reserves									
GoU funding		238,363	249,455	249,455	249,455	448,066	764,436	1,130,216	
Revaluation Reserve		38,625	34,853	31,018	27,183	26,683	26,183	25,683	
Retained Earnings		36,840	48,290	62,363	83,968	89,314	81,445	90,853	
		313,828	332,598	342,837	360,607	564,063	872,064	1,246,753	
Non-Current Liabilities									
Borrowings		0	18,355	17,181	14,050	14,050	14,050	14,050	
Deferred income taxes		24,088	25,805	28,467	28,467	32,539	49,505	52,319	
Retirement obligations		13,482	12,722	10,916	9,565	8,065	6,565	4,565	
Deferred Income		119,393	129,914	135,133	175,208	181,208	186,312	191,416	
		156,962	186,796	191,697	227,289	235,861	256,432	262,350	
Current Liabilities									
Trade and other payables		20,058	25,693	19,429	21,919	21,419	20,919	20,419	
Interest Payable		0	0	0	0	0	0	0	
Borrowings-loans due within 1 year		0	0	0	0	0	0	0	
Bank overdraft - unsecured									
Deferred Income		3,967	3,967	5,104	6,202	6,000	5,104	5,104	
Retirement benefit obligations		1,244	2,398	3,733	4,035	4,035	4,035	4,035	
Taxation		0	0	0	0	0	0	0	
		25,269	32,058	28,266	32,156	31,454	30,059	29,559	
Total Equity and Liabilities		496,059	551,453	562,800	620,052	831,379	1,158,555	1,538,662	
						0	1	0	

SCHEDULES		Base Case	Historical CP 2009- 2012				Forecast CP 2012 - 2015		
LOAN SCHEDULES		2009	2010	2011	2012	2013	2014	2015	
Interests Outstanding b/f		0	0	0	0	0	0	0	
Interest Due		0	0	481	1,820	1,559	1,263	928	
GoU Debt Swap		0	0	0	0	0	0	0	
Accrued Interests Paid		0	0	0	0	0	0	0	
Current Year Interests Paid		0	0	481	1,820	1,559	1,263	928	
Total Interest Payment		0	0	481	1,820	1,559	1,263	928	
Interest Outstanding c/f		0	0	0	0	0	0	0	
Principal Outstanding b/f		0	0	0	0	0	0	0	
Principal Due		0	1,511	1,714	1,944	2,205	2,501	2,837	
GoU Debt Swap		0	0	0	0	0	0	0	
Accrued Principal Paid		0	0	0	0	0	0	0	
Current Year Principal Paid		0	1,511	1,714	1,944	2,205	2,501	2,837	
Total Principal Payment		0	1,511	1,714	1,944	2,205	2,501	2,837	
Principal Outstanding c/f		0	0	0	0	0	0	0	
DEBTOR SCHEDULES		Base Case	Historical CP 2009- 2012				Forecast CP 2012 - 2015		
BILLINGS (Net of VAT)									
GoU	Ush m	13,842	15,408	16,029	18,724	18,724	19,473	20,252	
Others	Ush m	74,855	87,038	99,815	119,402	127,334	141,312	157,623	
Total Billings		88,696	102,446	115,844	138,126	146,058	160,785	177,875	
Debtor days after provisions		16%	15%	14%	14%	13%	12%	11%	
GoU	Ush m	472	413	442	519	468	396	300	
Other	Ush m	91	75	69	48	45	41	37	
Total		151	125	116	105	93	78	63	
Total Collections (net of VAT)									
GoU	Ush m	14,249	17,861	13,080	12,414	21,345	22,394	24,707	
Other	Ush m	71,032	85,764	98,331	122,423	127,755	141,779	157,828	
Total		85,281	103,626	111,410	134,837	149,100	164,172	182,535	
Collection efficiency (Total collections/billings)									
GoU	Ush m	103%	116%	82%	66%	114%	115%	122%	
Other	Ush m	95%	99%	99%	103%	100%	100%	100%	
Total		96%	101%	96%	98%	102%	102%	103%	
Debtors outstanding -before provisions									
GoU	Ush m	17,893	17,438	19,417	26,647	24,026	21,105	16,649	
Others	Ush m	26,747	25,418	25,622	21,886	21,466	20,999	20,794	
Total		44,640	42,856	45,038	48,533	45,491	42,104	37,444	
(Increase)/decrease in debtors		(1,551)	1,783	(2,182)	(3,494)	3,042	3,387	4,660	
Proviisons for bad debts annual	Ush m	642	1,390	809	912	1,003	1,103	1,213	
of which GoU	Ush m	0	0	0	0	0	0	0	
Adjstment		2,258	1,794	1,469	1,469	1,500	1,500	1,500	
Amounts recovered during the year		172	8	160	0				
Provisions for other receivables		387	387	387	387	387	387	387	
GoU	Ush m	0	0	0	0	0	0	0	
Others	Ush m	7,998	7,586	6,766	6,208	5,711	5,314	5,028	
Total		7,998	7,586	6,766	6,208	5,711	5,314	5,028	
Debtors outstanding after provisions									
GoU	Ush m	17,893	17,438	19,417	26,647	24,026	21,105	16,649	
Others	Ush m	18,749	17,832	18,856	15,677	15,754	15,685	15,766	
Prepayments		527	527	102	37,092	37,000	37,000	37,000	
Other debtors (non-billing)	Ush m	1,435	1,310	4,863	8,050	7,000	6,800	6,500	
Value added Tax				1,121					
Total		38,603	37,108	44,359	87,466	83,780	80,589	75,916	
NWSC OTHER INVESTMENTS		2009	2010	2011	2012	2013	2014	2015	
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	
Land & Buildings		36	0	113	308	642	655	668	
Statitic Plant/Network extensions		0	0	0	6,989	0	0	0	
Network Extensions									
Installation New Water Service lines	water	0	0	0	0	7,160	7,804	8,428	
Installation New Sewer Service lines	Sewerage	0	0	0	0	1,790	1,861	1,880	
Mobile Plant		0	39	45	88	276	400	400	
Furniture/Equipment		810	3,481	8,655	9,105	6,049	6,109	6,109	
Purchase of computer software				98	2,051				
TOTAL		846	3,520	8,911	16,490	15,916	16,830	17,486	

Appendix 6

NATIONAL WATER AND SEWERAGE CORPORATION CORPORATE PLAN INVESTMENT PROGRAMME (2012-2015)

#	Project Name	Funding Source	2012/13 Expenditure	2013/14 Expenditure	2014/15 Expenditure
1	Kampala Sanitation Program (Lake Victoria Protection)	NWSC	7,000	4,321	3,635
		GoU	46,000	41,079	21,599
		Donor	49,000	39,680	9,193
			102,000	85,081	34,427
2	Kampala LV WATSAN Project	NWSC	3,500	7,730	6,983
		GoU	9,925	12,815	27,169
		Donor	78,686	182,795	257,819
			92,111	203,340	291,971
3	Arua Water Supply Project (Emergency Works)	NWSC	1,350	-	-
		GoU	-	-	-
		Donor	-	-	-
			1,350	-	-
4	Bushenyi Water Supply Project (Rehabilitation & Major Works)	NWSC	1,700	-	-
		GoU	-	-	-
		Donor	-	-	-
			1,700	-	-
5	Gulu Water Supply Project (Emergency Works)	NWSC	1,400	-	-
		GoU	-	-	-
		Donor	-	-	-
			1,400	-	-
6	Urban Poor Sanitation Project - Kawempe	NWSC	250	-	-
		GoU	-	-	-
		Donor	-	-	-
			250	-	-
7	Urban Poor WATSAN Project	NWSC	500	500	500
		GoU	-	-	-
		Donor	750	-	-
			1,250	500	500
8	Soroti Intake Design and Construction Project	NWSC	400	1,500	2,500
		GoU	-	-	-
		Donor	-	-	-
			400	-	-
9	Mbarara Emergency Water Supply Improvement Project	NWSC	600	2,000	2,000
		GoU	-	-	-
		Donor	-	-	-
			600	-	-
10	Uganda Water Management and Development Project (UWMDP)	NWSC	-	4,000	5,000
		GoU	-	-	-
		Donor	15,000	40,000	50,000
			15,000	-	-
11	Design and Construction of Office Premises for Arua and Lira Areas	NWSC	800	800	400
		GoU	-	-	-
		Donor	-	-	-
			800	800	400
12	NWSC Internal Funds pipe network extensions, new connections, static plant, Lands and buildings		15,916	15,000	15,000
		NWSC	17,500	20,851	21,018
		NWSC Total	33,416	35,851	36,018
		GoU	55,925	53,895	48,768
		Donor	143,436	262,475	317,012
			232,777	352,221	401,798

Exchange rate: 1€ = 3,300UGX

1USD = 2500GX

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Kampala Area- Branch Offices

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Branch 3- Najjanankumbi
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Mob: (+) 256 782 433 044

Branch 5- Ntinda
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Mob: (+) 256 772 453 931

Branch 8- Nateete
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Kampala Areas Sub-Branches

Mukono
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, (+) 256 41 315500/501
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Branch 4- Bwaise
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Branch 6- Kitintale
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ENTEBBE AREA- GREATER ENTEBBE

Entebbe Area- Greater Entebbe Water Partnership
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Entebbe Area: Sub Branches

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(+) 256 772 442 946
Fax: (+) 256 43 122053

Masaka Area- Buddu Water Partnership
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(+) 256 772 412561
Fax: (+) 256 481 20038

Fort Portal Area- Rwenzori Water Partnership
Water Works- Fort Portal
P.O. Box 203 Fort Portal
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(+) 256 772 410043
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Tororo Area- Tororo Rock Water Supply
Plot 13, Bazaar Street
P.O. Box 889 Tororo
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(+) 256 772 564540
Fax: 45105

Lira Area-Lira Urban Water Partnership
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(+) 256 772 458708

Gulu Area-Gulu Water Partnership
Coronation Road
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(+) 256 772 543346

Mbale Area-Elgon Water Partnership
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Mbarara Area- Rwizi Water Partnership
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Kasese Area- Margherita Water Partnership
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Soroti Area- Soroti Water Supply
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Bushenyi Ishaka Area- Nyaruzinga Bushenyi Water
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Hoima Area
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