



THE REPUBLIC OF UGANDA

**SPEECH BY**  
**PROFESSOR APOLO R NSIBAMBI**  
**THE RT. HON. PRIME MINISTER**  
**AT THE**  
**EXPOSITION OF DR. WILLIAM MUHAIRWE'S BOOK**  
*"MAKING PUBLIC ENTERPRISES WORK – FROM DESPAIR TO PROMISE: A  
TURNAROUND ACCOUNT"*  
**AT**  
**RWENZORI BALL ROOM, SHERATON HOTEL, KAMPALA,**  
**MONDAY, 31<sup>ST</sup> MAY 2010**  
**AT 5.30PM**



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Honourable Ministers

National Water and Sewerage Corporation (NWSC) Board  
Chairperson and Board Members

The Managing Director, National Water Sewerage Corporation

Distinguished Guests

Ladies and Gentlemen

## 1. Introduction

I am delighted to officiate at the exposition of the book **“Making Public Enterprises Work From Despair To Promise: A Turnaround Account”** authored by Dr. William Muhairwe.

I wish to congratulate Dr. Muhairwe on writing the book which I am sure will inform policy matters on how to manage public enterprises.

I have found this book very useful in terms of the performance management methods used by National Water and Sewerage Corporation, the challenges encountered and the lessons learnt.



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My speech will be in two main parts. Part one will tackle the contribution that this book makes towards improving the organizational performance of National Water and Sewerage Corporation. Part Two will deal with the Government of Uganda's (GoU's) position regarding the management of public enterprises within the context of its liberalization policy of the 1980s.

## **2.0 Contribution of the Book**

From the outset, this well written book of 415 pages which is divided into five parts and seventeen chapters, discusses the processes and the people that have succeeded in transforming a once moribund public enterprise into one of Africa's most successful stories. Right from its inception as a public enterprise,

National Water Sewerage Corporation was meant to operate as a Government Department rather than as a commercial public utility supposed to generate profit.

In Africa, as elsewhere in the Third World, the 1960s and 1970s were periods of corporatism and not privatization driven by the free market mechanism.



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Under the dynamic leadership and strategic direction of Dr. William Muhairwe and his supportive Staff, the National Water Sewerage Corporation, that became operational in February 1973, but was failing miserably in the 1980s, has been turned around to become one of the success models in Africa. The turn-around started earnestly in July 1998 when re-engineering reform was instituted in the National Water Sewerage Corporation.

As rightly noted by Professor Sanford V. Berg, the case of the National Water Sewerage Corporation is one of commitment to improve performance. Professor Berg identifies four basic ingredients for organizational transformation, namely:

- Thoughtful leadership,
- Careful measurement
- Open communication channels, and
- Well-designed implementation strategies

Besides the dynamic leadership that Dr. Muhairwe has continuously offered, it has to be realised that turning around National Water Sewerage Corporation has been an inclusive and bottom-up process. What Dr. Muhairwe and his team have accomplished is that public enterprises can perform efficiently and



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effectively provided they operate in an enabling environment, set the appropriate priorities, target the customers, seek concrete and home-grown solutions to challenges, invest in the organizational members, and have motivated, vision-driven leadership. The sound policies and conducive political environment that the NRM Government has provided, has been the catalyst to their success.

### **3.0 Government Policy Vis-à-vis the Book**

A few years after the NRM captured political power in 1986, a heated debate ensued about the future of public enterprises and what ought to be the proper role of the Government in management of the economy.

After Uganda attained political independence, it was clear that the Government would retain control of the strategic sectors of economy through the “Move to the Left” strategy and the “Nakivubo Pronouncements” of the first UPC Government led by Apollo Milton Obote. These policies set in motion planned approaches in economic management under the UPC regime. This planned economic management approach that was informed by the socialist tendencies of the time, coupled with Idi Amin’s expulsion of the



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Asians in 1972, did not attain much because the economy came to a near total collapse

Consequently, when the NRM Government came to power, through its liberalization policy, it took a decision to privatize almost all the failing public enterprises as a deliberate strategy of revamping them. This policy was also considered significant in allowing the Government to concentrate more on the business it could best handle and leave the private sector to engage in those matters that it was best at – i.e., business.

The underlying philosophy was that Government was not the best business manager and had, therefore, to disengage from business related activities but provide a sound environment and the enabling laws within which local and foreign business enterprises would operate and thrive. The Government was also cognizant of the fact that public enterprises can deliver quality services at a profit if well managed.

The National Water Sewerage Corporation has proved beyond reasonable doubt that the Government's policy of not privatizing all the public enterprises, especially utilities such as roads, water and



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electricity, that provide essential services to the majority poor, was after all correct.

This interventionist strategy disproved the dogmatic perspective of some donors that privatization is the only *panacea* to development. Whereas the Donor's perspective is partly acceptable to Government, the practical reality is that privatization *per se* cannot solve all the problems currently confronting developing economies.

Indeed, Dr. Muhairwe's book clearly demonstrates that privatization is not the only way of promoting efficiency in a failing enterprise. Hence, the fundamental reason why the Government chose position is that if properly managed, as the National Water Sewerage Corporation has clearly demonstrated some of these utilities can deliver to the satisfaction of the public as well as make profits that can keep them afloat.

Indeed, like badly managed public enterprises, private companies can also fall prey to the vices of patronage, corruption and monopolist practices that shield them from accountability as well as transparency and open competition. The global credit crunch of the 2008-2009, where big private businesses in Western developed



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Countries have received bailouts from their respective Governments in form of subsidies to sustain their businesses, clearly illustrates this point i.e, that it is not sustainable to risk the Country's fate to free market enterprise in an environment of weak financial systems and governance problems including corruption.

As Dr. Muhairwe has rightly said, by focusing on the customer, motivating staff through a combination of group and individual incentive mechanisms, and building a culture of mutual confidence, respect and reciprocity among all stakeholders, National Water Sewerage Corporation has become a viable, dynamic and sustainable Corporation.

At this juncture, I wish to express the Government's appreciation at the 'management revolution' and re-engineering reform which has been carried out through local initiatives that has not only revolutionized National Water Sewerage Corporation's organizational behavior and transformed its work environment but has also led to the achievement of consistent positive operating margin trends.





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#### 4.0 Conclusion

In concluding my remarks, I wish to hail Dr. Muhairwe for disseminating his experience in a published book. Other Ugandans should emulate this method of publishing their contribution to this country so that others can learn from their experiences. Dr. Muhairwe and his team is contributory to the country's transformation because, and as he points out, to cross the cost-recovery boundary and start making money and delivering services to the satisfaction of shareholders and customers, public enterprises must embrace new ideas and management techniques, change with change and break the chains of old habits, tradition, conventional wisdom, fashion and the rules and procedures of bureaucracy.

I am therefore pleased to note that part of the proceeds from the sale of the book will be directed towards a Children's Education Trust Fund, which will go a long way in promoting literacy, which is the foundation for enhancing both the reading and writing culture.

I wish also to recognize and thank the sponsors in two categories, the Uganda Telecoms Limited who deemed it fit and valuable to help in exposing the book today, and secondly, the companies



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who contributed to the publication of the local version of the book. These include: Standard Chartered Bank, Chartis Insurance company, NIC, GENTEX, SOGEA, Africa Com, China Nanjing, Mulstar and Pan African Chemicals. We thank you very much for this contribution.

I, therefore, strongly recommend this illustrious and well-written book to Managers, Academics, Researchers, Policy-makers and the informed citizenry because it provides relevant information that opens everyone's eyes to see what it takes to succeed in a world that often creates barriers to good performance.

It is now my pleasure to officially declare this exposition open, and the Children's Education Trust Fund launched.

I thank you.