

the next three years...



NATIONAL WATER & SEWERAGE CORPORATION

# Corporate Plan

2006-2009





## **vision**

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to be one of the leading  
water utilities in the world

## **mission**

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To provide efficient and cost  
effective water and sewerage  
services, applying innovative  
managerial solutions to  
the satisfaction of our  
customers.

# core values



## 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

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/private sector involvement

Working in alliance with the private sector and a high level of devolved power to our area management.



## contributing to national development

As the key utility providing adequate water and sewerage service to all sectors for increased economic development of Uganda.



## enhanced management autonomy

Devolve more powers from the Centre to Areas of Operation as a basis for the separation of the function of asset management from



## innovation

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



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# abbreviations and acronyms

AHA.....	Asset Holding Authority
AMC.....	Area Management Contract
APC'.....	Area Performance contracts
CPP.....	Corporate Planning Process
DAPCB.....	Departed Asians' Properties Custodian Board
DWD.....	Directorate of Water Development
EU.....	European Union
FY.....	Financial Year
GTZ.....	German Technical Cooperation
GoU.....	Government of Uganda
HQTR.....	Head Quarters
H.E.....	His Excellency
IDA.....	International Development Association
ISO.....	International Standards of Organisations
IT.....	Information Technology
KFW.....	Kreditanstalt fuer Wiederaufbau
KRIP.....	Kampala Revenue Improvement Program
KWSSA.....	Kampala Water Supply Sewerage Service Area
LVEMP.....	Lake Victoria Environment Management Project
MIS.....	Management Information System
NWSC.....	National Water and Sewerage Corporation
OSUL.....	ONDEO Services Uganda Ltd
QMS.....	Quality Management System
SEREP.....	Service and Revenue Enhancement Programme
SSC's.....	Support Service Contract
SMART.....	Specific, Measurable, Achievable, Realistic and Time-bound
UFW.....	Unaccounted For Water
UNBS.....	Uganda National Bureau of Standards
VAT.....	Value Added Tax

# Towns served by National Water and Sewerage Corporation (NWSC)

# foreword

The National Water and Sewerage Corporation (NWSC) Act requires that the Board shall from time to time prepare and submit to the Minister three- year corporate plans. On behalf of the Board of Directors of the Corporation, I am pleased to present the National Water and Sewerage Corporation Corporate Plan for the period 2006 to 2009. This is the fourth Corporate Plan following the last three successive plans for the periods 1997 – 2000, 2000 - 2003, and 2003 –2006.

A review of the performance for the last corporate plan 2003- 2006 reveals that the NWSC is on the path to sustainable delivery of services. The goals set out were largely achieved, and where shortfalls were experienced, justifiable reasons have been provided.

The National Water and Sewerage Corporation is today recognised as one of the most efficient organisations in the water service industry within the African region. This achievement has not come by chance. During the last three planning cycles, the management and Board of Directors of the Corporation deliberately developed ambitious programmes that saw the continued realisation of its dream of being the Pride of the Water Sector in Africa.

Some of the key strategies adopted by the Corporation in the last three years specifically included:

- The devolution of power and autonomy to the areas through the framework of Internally Delegated Area Management Contracts (IDAMCs). These were followed by Zonal Performance Contracts in the Kampala area which were introduced to bring services nearer to the customers. This strategy was in line with the wider urban sector reform objective of separating operations from asset management.
- The expansion of coverage through the institution of a simplified water connection policy
- The improvement of customer care through the improvement of the front desk offices and the introduction of call centres.
- The reinforcement of performance standards through the introduction of a “checkers system”.
- The expansion to external markets through benchmarking and collaboration with other utilities within and outside the African Region.

As a result of our successful implementation of these strategies, the Corporation increased water production by 13% from 51.4 million cubic meters to 58.2 million cubic meters, while water sales increased by 32% from 31.2 million cubic meters to 41.2 million cubic meters. Our water service coverage, representing the percentage of the population served within our areas of operation throughout the country rose from 63% to 70%. This performance is particularly significant in light of the Country’s commitment to the Millennium Development Goals (MDGs), the Poverty Eradication Action Plan (PEAP) and the President’s Manifesto (2001), all of which address the common theme, namely the improvement of the welfare of the people of Uganda through increased access to safe drinking water.

On the side of financial viability, the Corporation has in the last three years been able to cover all its operating costs, including depreciation, and to post significant margins.

The Fourth Corporate Plan will aim at positioning the NWSC as reliable infrastructure organisation supplying water and providing sewerage services to a growing urban population in a cost effective manner.

In line with our futuristic objectives, the Vision adopted by the Corporation for the period 2006 – 2009 is

#### TO BE ONE OF THE LEADING WATER UTILITIES IN THE WORLD

This vision takes cognisance of the fact that through the last planning period, the Corporation has surpassed its expectations, and now strives to be ranked among the leading water utilities in the world.

To achieve this Vision, the Mission Statement adopted for NWSC Corporate Plan period 2006-2009 is

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

The key strategic focus for the next three years will be the continuous review and refinement of the Internally Delegated Area Management Contract (IDAMC) policy in all areas with the objective of increasingly evolving the service areas into autonomous units. The boundary conditions of the changes will be to raise our corporate sustainability to meet the increasing demands of our customers and to expand into new markets.

The Board of Directors will work in partnership with management to ensure that the goals and aspirations set out in this plan are achieved.



GANYANA MIIRO  
Chairman, Board of Directors  
July 2006

# executive summary

## 1.0 Introduction

In accordance with the NWSC Act, the Corporation is to prepare and present periodic three year Corporate plans as the guiding policy document for the Corporation. The Corporate plan for the period 2006 – 2009 is prepared in fulfillment of the obligation of the NWSC towards this legal framework. This plan shall be the fourth Corporate plan following three successive plans for the period 1997-2000, 2000- 2003, and 2003– 2006. The plan recognizes that as a result of the plethora of performance enhancement initiatives undertaken for the last eight years, the Corporation has evolved from a near bankrupt utility in 1998 into the vibrant, vigorous and viable institution of the year 2006.

## 2.0 Background

The first plan (1997-2000) laid the foundation for strategic planning and team building in the Corporation, while the second plan (2000-2003) was aimed at turning around the operational and financial performance of the Corporation through the introduction of performance enhancement programmes. The third plan (2003-2006) was aimed at consolidating the achievements of the second plan mainly through the devolution of authority to the operating units under the framework of Internally Delegated Management Contracts (IDAMCs).

### 2.1 Strategic Goals for the 2003 – 2006 Corporate Plan.

In the last Corporate Plan, the key strategic goals set out were as follows:

- **Water losses:** Reduce the level of unaccounted for water from 39% to not more than 36% of water produced
- **Staff Productivity:** Improve staff productivity through training and awareness and hence limit manpower levels to not more than 8 employees per 1000 water connections.
- **Customer Care:** Enhance Customer Care in all Areas, promote NWSC's image, and ensure effective response to customer complaints within 24 hours
- **Water Supply:** Ensure 24 hour water supply per day in all NWSC Areas.
- **Staff Emoluments:** Rationalize emoluments of staff to a level that is competitive in Public Utilities and creates a conducive working environment
- **Revenue:** Increase Annual Revenue from Shs.37.6 billion to Shs.42.8 billion
- **Collection/Billing Ratio:** Ensure a Collection/Billing ratio (including arrears) of not less than 100%.

- **Profitability:** Ensure an adequate net operating profit by implementing viable investments and cost effective operation management systems.
- **Service to the Poor:** Establish within the framework of water supply to the urban poor at least 500 public standposts targeting the informal settlements and peri-urban areas.
- **Water Quality:** Strengthen process control and water quality monitoring systems to ensure that the customer receives water that complies with National Standards for Portable Water, 1994.
- **Sewerage Effluent:** Operate the existing sewerage collection; treatment and disposal plants to ensure that effluent quality conform to the National Standards for Effluent Discharge, 1999.
- **Network Growth:** Increase Water and Sewerage services network in the NWSC Areas by at least 45% and 9% respectively.
- **Water Service Coverage:** Increase Water Service coverage from 63% to 70% of the population.
- **Debt Age:** Reduce the average debt age from 8 months (Shs 24.6 billion) to 5 months (shs 17.9 billion).
- **Total Quality Management:** Develop and apply a Certified Quality Management System (QMS) in reference to ISO 9001:2000.
- **MIS:** Implement a Corporate Wide Management Information system

## 2.2 Implementation of the 2003-2006 Corporate Plan

In order to achieve the strategic goals set out for the planning period 2003-2006, the following major strategies were undertaken:

- The transformation of the Area Performance Contracts into Internally Delegated Area Management Contracts (IDAMCs) in the FY 2003/2004 aimed at enhancing autonomy at the Area level.
- The signing of the second GoU/NWSC performance Contract in December 2003 which was aimed at building on the successes of the first contract
- The implementation of the Management Services Contract with a private international operation, ONDEO Services, which expired in the February 2004.
- The expanded computerization of the NWSC activities
- The increased decentralization of activities in Kampala through the Zonal Performance Contracts (ZPCs).
- The increased collaboration and partnering with other utilities within and outside the continent through the External Services Unit of the Corporation.
- The introduction of a simplified water connection policy aimed at spurring service demand in accelerating service coverage.



### 2.3 Achievements in the Plan Period 2003 - 2006

In summary, the following major achievements were made during the period 2003 – 2006.

- Service coverage increased from 63% to 70% in 2006, (target 70%).
- The Non Revenue Water (NRW) reduced from 39.4% to 29.7% (target 36%). Of remarkable performance was the Kampala area where the NRW reduced from 44.5% to 35.7%.
- The Corporation's turnover increased from Shs 37 billion to Shs 58 billion in the financial year 2005/06 (Target 42.8 billion)
- The staff productivity improved from 10 staff/1000 connections to 7 staff per thousand connections (target 8 staff per 1000 connections)
- The customer growth more than tripled from an average of 11,000 new connections per year in 2003 to 28,000 new connections per year, in the financial year ending June 2006, bringing the customer base of the Corporation to 152,138 connections.
- A total of 686 kms of distribution pipeline were extended during the 3-year period bringing the total network length to 2,868 kms.
- The debt age decreased from 8 months of billing to 5.5 months of billing (target 5 months).
- During the planning period, two towns namely Jinja and Tororo received ISO certification.

### 2.4 Challenges Faced in the Plan Period 2003 – 2006

Challenges faced by the Corporation during the planning period 2003 – 2006 were identified by management, notable of which were the following;

- The continued accumulation of arrears from both the Government and non-Government billings, specifically the domestic arrears.
- The increased power shortage resulting into increased use of generators, which in turn increased the cost of production, and a corresponding shortage of water supply.
- The drought conditions affected the various water sources therefore affecting the quantity and quality of water abstracted. The resultant effect of this adverse condition was intermittent supply of water in some areas especially in Kampala.
- The low sewerage network which impairs the Corporation's ability to effectively provide sewerage services.

## 3.0 Way Forward: The 2006 –2009 Corporate Plan

Taking into account the strategic fit and SWOT analysis carried out, our Vision for the next three year period 2006 – 2009 is to position the NWSC as a reliable infrastructure organisation supplying water and providing sewerage services to a growing population in a cost effective manner.

### 3.1 Corporate Vision and Mission 2006 - 2009.

In line with our futuristic objectives, the Vision adopted by the Corporation for the period 2006 – 2009 is;

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

The vision takes cognisance of the fact that the Corporation has currently surpassed its expectations of being the pride of the water sector in Africa, and now strives higher to be a ranked among the leading water utilities in the world.

To achieve this Vision, the Mission Statement adopted for NWSC Corporate Plan period 2006-2009 is;

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

Of emphasis in the Mission are the key words efficiency, cost effectiveness, and innovative managerial solutions. The innovative managerial solutions aspect was considered to be important, because most of the solutions to our problems originate from management strategic initiatives.

### **3.2 Corporate Strategic Goals for the Plan Period 2006 -2009**

In developing the goals for the Planning period 2006 – 2009, the Corporation adopted strategic themes encompassing the desired goals. The themes span multiple business and align strategy development with decision making and investment. The themes and the attendant goals are detailed as follows:

#### **3.2.1 Operational Efficiency**

Goals under this theme include:

- i) **Water Losses:** Reduce the level of NRW from 31.7<sup>1</sup>% to not more than 28.7% of water produced.
- ii) **Staff Productivity:** Improve staff productivity and limit manpower levels to not more than 6 employees per 1,000 water connections and ensure staff costs as a ratio of operating costs is reduced from 45% to 39%.
- iii) **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
- iv) **Water Supply:** Ensure 24 hour water supply per day in all NWSC Areas.
- v) **Water and Sewerage Effluent quality:** Ensure that potable water and sewerage effluent meet National Standards

#### **3.2.2 Financial Sustainability**

Goals under this theme include:

- i) **Revenues:** Increase Annual Revenue from Shs. 58 billion to Shs. 82 billion
- ii) **Collection/Billing Ratio:** Ensure a Collection/Billing ratio (including arrears) of not less than 100%.

<sup>1</sup>Adjusted from 29.7% to 31.7% due to change in measurement methodology from estimation to bulk metering.

- iii) **Profitability:** Ensure growth in net operating profit from Shs 4 billion to 11 billion.
- iv) **Debt Age:** Reduce the debt age from 6 months to 4 months of billings

### 3.2.3 Water and Sewerage Coverage

Goals under this theme include:

- i) **Water Service Coverage:** Increase water service coverage from 70% to 75%.
- ii) **Sewerage Service Coverage:** Increase sewerage extensions by 60 kms, and increase the number of sewerage connections by 2500.
- iii) **Service to the poor:** Increase service coverage to informal settlements and peri-urban areas

### 3.2.4 Capital works Projects

Goals under this theme include:

- i) **New Capital Works Projects:** Undertake the refurbishment and rehabilitation of the water and sewerage systems in Gulu, Kasese, Arua and Bushenyi
- ii) Ensure the completion of the on-going capital works in Kampala (Gaba III) and Entebbe.

### 3.2.5 Reform and Restructuring

- i) Carry out Internal Reforms and Restructuring aimed at achieving the enhanced mandate of the Corporation
- ii) Cluster towns to form viable blocks within the NWSC framework.

## 4.3 Strategies

The key strategic focus for the next three years will be the continuous review and refinement of the IDAMC policy in all areas with the objective of evolving the areas into increasingly autonomous operations. The boundary conditions of the changes will be to raise our corporate sustainability profile to meet the increasing demands of our customers and expand into new markets.

The Corporation is to ensure that the IDAMC partnerships grow into strong commercial units with a possibility of evolving into private operating entities. This development will entail strengthening of local managerial capacity and searching for long-term sustainability through cost-effective and efficient operations.

On the other hand, the Head Office will be strengthened to carry out efficient Asset-Holding and Monitoring roles. Similarly, the head office functionality and productivity is to be enhanced with increased operational accountability through functional restructuring.

In regard to the external services component, the Corporation will strive to achieve greater heights by offering competitive external services. The Corporation will foster greater partnerships and memoranda of understandings with various utility organizations in a bid to strengthening south-to-south cooperation and build synergies within the Water Industry.



# Chapter 1

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## Introduction

### 1.0 The Water Sector In Uganda

The Ministry of Water and Environment is responsible for the planning, management and provision of water and sanitation services within Uganda. The two key institutions responsible for the implementation of the water sector activities are the National Water and Sewerage Corporation (NWSC), which is responsible for the Large Urban Centres, and the Directorate of Water Development (DWD) which is in charge of the small towns and the rural growth centres. NWSC is an autonomous public corporation while the DWD is essentially a department under the Ministry of Water and Environment. From the later part of the 1990's, the Ministry has emphasised empowerment of efficiency within the sector with specific focus on increasing cost effectiveness, reducing the Government burden and increasing private sector participation in both investments and management of water and sanitation facilities. Among the boundary conditions for the reform of the water sector, which are also reflected in the Water Policy 1999, are the need to ensure sustainable and economic management of water as an economic good, respect for management at the appropriate level, and within the context of decentralisation policy and the need to factor in efficiency on investment and commercial operations. The sector policy has set the framework for the goals and aspirations of the Corporation.





## 1.1 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 22 towns namely: Kampala, Jinja/Njeru, Entebbe, Tororo, Mbale, Masaka, Mbarara, Gulu, Lira, Fort Portal, Kasese, Kabale, Arua, Bushenyi/Ishaka, Soroti, Lugazi, Malaba, Mukono, and the new towns of Hoima, Masindi, and Mubende. The NWSC towns have a population of 2.2 million people which account for 75% of the population in the large urban centers of Uganda.

## 1.2 The Planning Process

The NWSC planning process involves two tiers, the long term strategic process, which is then translated into short-term annual plans represented by the annual budgeting process. Tactical performance enhancement programmes are used as strategies to achieve strategic and short term objectives.

### 1.2.1 Long Term Planning/Corporate Planning

The general purpose of long-term/Corporate Planning is to provide a structured mechanism, the modus operandi, by means of which the Corporation shall achieve its medium and long-term objectives in the most cost effective manner. The long-term plan is a three year plan which is revised annually to provide a rolling strategic plan.

The broad objectives of the NWSC Corporate Plan are:

- i) To co-ordinate efforts of the Corporation's various departments to achieve a common purpose at least possible human, material, and financial cost.
- ii) To ensure that organisational policies, programmes and projects support and re-enforce each other.
- iii) Guarantee internal consistency of purpose in order to eliminate conflicts and duplications caused by diffused responsibilities.
- iv) Need to align and adopt corporate objectives and strategies with changes in the business environment.
- v) To be the primary tool management uses to negotiate establish and communicate corporate priorities with stakeholders and it is the wheel that drives strategic performance within the corporation. It is a dynamic and living document.

## 1.2.2 Short Term Tactical Planning

At the secondary and more tactical level, the Corporation converts the long term plans into a series of short term plans relating to sections of the long term plan. The short-term plans progressively fulfil the Corporate plan, and are meant to operationalize the long term plans.

## 1.2.3 The Business Environment

The development of strategic plans is preceded by a detailed audit of the business environment. There are 4 main components of the business environment that continually impact upon and shape the Corporations performance namely; political, economic, social and technological. A successful plan is that which produces a strategic fit between the Corporation and the business environment.

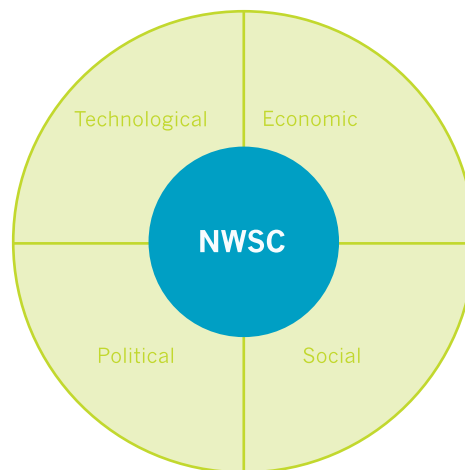
### 1.2.3.1 Political

This encompasses changes in legislation and government policies

### 1.2.3.2 Economic

This recognizes changes in economic trends locally and internationally for example trade liberalization, appreciation or depreciation of major convertible currencies and inflation.

### The Business Environment



### 1.2.3.3 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.

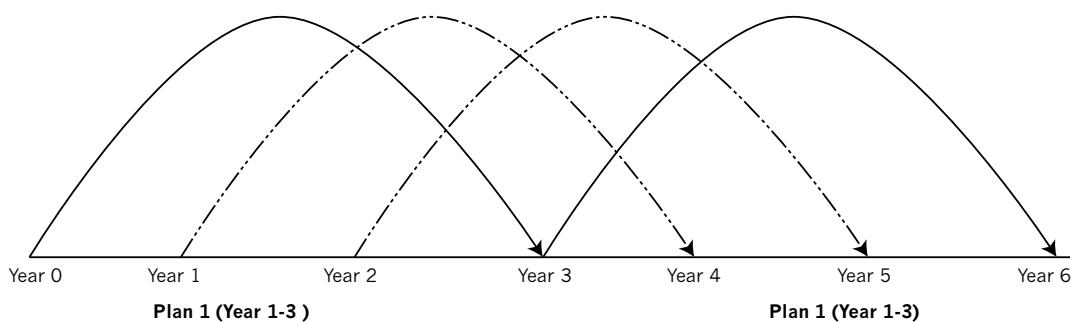
### 1.2.3.4 Technological

This relates to the technological changes that affect the process framework of the industry, for example the change from ductile iron pipes to plastic pipes and fittings and the impact of changes in information technology.

### 1.3 Application of the Planning Process

The planning methodology adopted by the Corporation is unique in that it 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 2006 – 2009 plan has been the need to move from the “business-as-usual” situation to a dynamic state. The plan introduces a strategic integration process focused on uncovering and addressing the business’ most important strategic issues. These are focused on corporate performance strategic themes as opposed to business unit/departmental goals.

### 1.4 Monitoring and Evaluation

Monitoring and Evaluation is an integral part of the implementation of the Corporate Strategic Plan. Monitoring is the periodic review of the Corporate inputs, activities and outputs against expected results. A monitoring system is in place to ensure that planned activities are implemented, and that setbacks and variations are addressed as they arise.

Evaluation is a judgement on the effectiveness of the Corporate strategic plan. Monitoring and Evaluation will be at three distinct levels, at the Government level, Corporate level and the business unit/ Area level.

- a) Government monitoring will be effected through the annual review of the Performance Contract between the Corporation and Government.
- b) The Board will monitor the implementation of the Corporate Strategic Plan through the quarterly and annual budget performance reviews.
- c) The Area level Business Plans will be monitored by management through a continuous and monthly performance reviews.

The implementation of the above outlined monitoring framework will provide a robust mechanism for the monitoring and evaluation strategy.



## 1.5 Structure of Document

The Corporate Plan 2006 – 2009 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 2003 – 2006 and outlines the operational, financial, and donor funded projects performance, and the constraints faced in the same period.

Chapter 3 reviews the situational analysis of the Corporation that would affect strategy implementation over the plan period 2006 – 2009.

Chapter 4 covers the way forward and highlights the Corporate Vision, Mission and Strategic goals for the Planning Period 2006 – 2009.

Chapter 5 outlines the Strategies the Corporation intends to adopt to achieve the goals for the period 2006 to 2009.



# Chapter 2

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## Review of the 2003 – 2006 Corporate Plan Performance

### 2.0 Introduction

The last three years have confirmed the efficacy of the Corporation's turnaround strategies with significant improvements in both the operational and financial performance of the Corporation. Each ensuing year has been a step towards the fulfilment of the strategic goals developed for the Corporate plan period 2003 to 2006.





## 2.1 Review Of 2003 – 2006 Performance

The following section provides a detailed review of the performance during the period 2003 – 2006.

### 2.1.1 Status of Key Operational Indicators as at 30th June 2003

As at June 2003 an evaluation of the key operational and financial indicators of the NWSC revealed the following situation.

1. **Service Coverage:** The Service coverage was about 63% for water and 8% for sewerage.
2. **Water Losses:** The level of non-revenue water 39%.
3. **Staff Numbers:** The Corporation had a staff of 950 employees translating into a staff productivity ratio of 11 staff per 1,000 connections.
4. **Water Production:** Water Production was an average of 140,724 m<sup>3</sup>/day (i.e. 51 million m<sup>3</sup>/annum).
5. **Capacity Utilization:** Capacity utilization was an average of 65%.
6. **Water Network:** The total network length was approximately 2,200 km (including Kabale).
7. **Metering,** nearly all active accounts metered in the areas except for Kampala. Overall, 95% of all accounts were metered.
8. **Number of Connections:** Total connections were 87,172.
9. **Turnover:** Income for the FY 2002/2003 was Shs 37 billion.
10. **Collection Efficiency:** Average collection efficiency as at June 2003 was 92%.
11. **Dormant/Inactive Accounts:** The suppressed accounts as at June 2003 were 17,999, out of a total of about 87,172 accounts i.e. 21%.
12. **Customer Service:** Customer care units were established in most areas.
13. **Geographic Scope:** The NWSC operated in 15 towns.

### Strategic Goals 2003 – 2006 Corporate Plan

Strategic goals refer to the key performance targets that the Corporation seeks to attain during the Corporate Plan Period. In the Corporate Plan 2003 – 2006, the following strategic goals were determined.

## 2.2 Corporate Strategic Goals For 2003 -2006

The strategic goals were formulated in line with the Corporate Vision and Mission and are based on the criteria that they are Specific, Measurable, Achievable, Realistic and Time-bound (SMART) for NWSC over the period 2003-2006.

1. **Water losses:** Reduce the level of unaccounted for water from 39% to not more than 36% of water produced
2. **Staff Productivity:** Improve staff productivity through training and a awareness and hence limit manpower levels to not more than 8 employees per 1000 water connections.
3. **Customer Care:** Enhance Customer Care in all Areas, promote NWSC's image, and ensure effective response to customer complaints within 24 hours
4. **Water Supply:** Ensure 24 hour water supply per day in all NWSC Areas.
5. **Staff Emoluments:** Rationalize emoluments of staff to a level that is competitive in Public Utilities and creates a conducive working environment
6. **Revenues:** Increase Annual Revenue from Shs.37.6 billion to Shs.42.8 billion
7. **Collection/Billing Ratio:** Ensure a Collection/Billing ratio (including arrears) of not less than 100%.
8. **Profitability:** Ensure an adequate net operating profit by implementing viable investments and cost effective operation management systems.
9. **Service to the Poor:** Establish within the framework of water supply to the urban poor at least 500 public standposts targeting the informal settlements and peri-urban areas.
10. **Water Quality:** Strengthen process control and water quality monitoring systems to ensure that the customer receives water that complies with National Standards for Portable Water, 1994.
11. **Sewerage Effluent:** Operate the existing sewerage collection; treatment and disposal plants to ensure that effluent quality conform to the National Standards for Effluent Discharge, 1999.
12. **Network Growth:** Increase Water and Sewerage services network in the NWSC Areas by at least 45% and 9% respectively.
13. **Water Service Coverage:** Increase Water Service coverage from 63% to 70% of the population.
14. **Debt Age:** Reduce the average debt age from 8 months (Shs 24.6 billion) to 5 months (shs 17.9 billion).
15. **Total Quality Management:** Develop and apply a Certified Quality Management

System (QMS) in reference to ISO 9001:2000.

16. **MIS:** Implement a Corporate Wide Management Information system

## 2.3 Strategies Adopted To Achieve Corporate Goals 2003 – 2006

In order to fulfil the aspirations of the 2003 – 2006 Corporate Plan, a series of ever challenging performance enhancement strategies were adopted. These included the following;

### 2.3.1 Internally Delegated Area Management Contracts (IDAMCs):

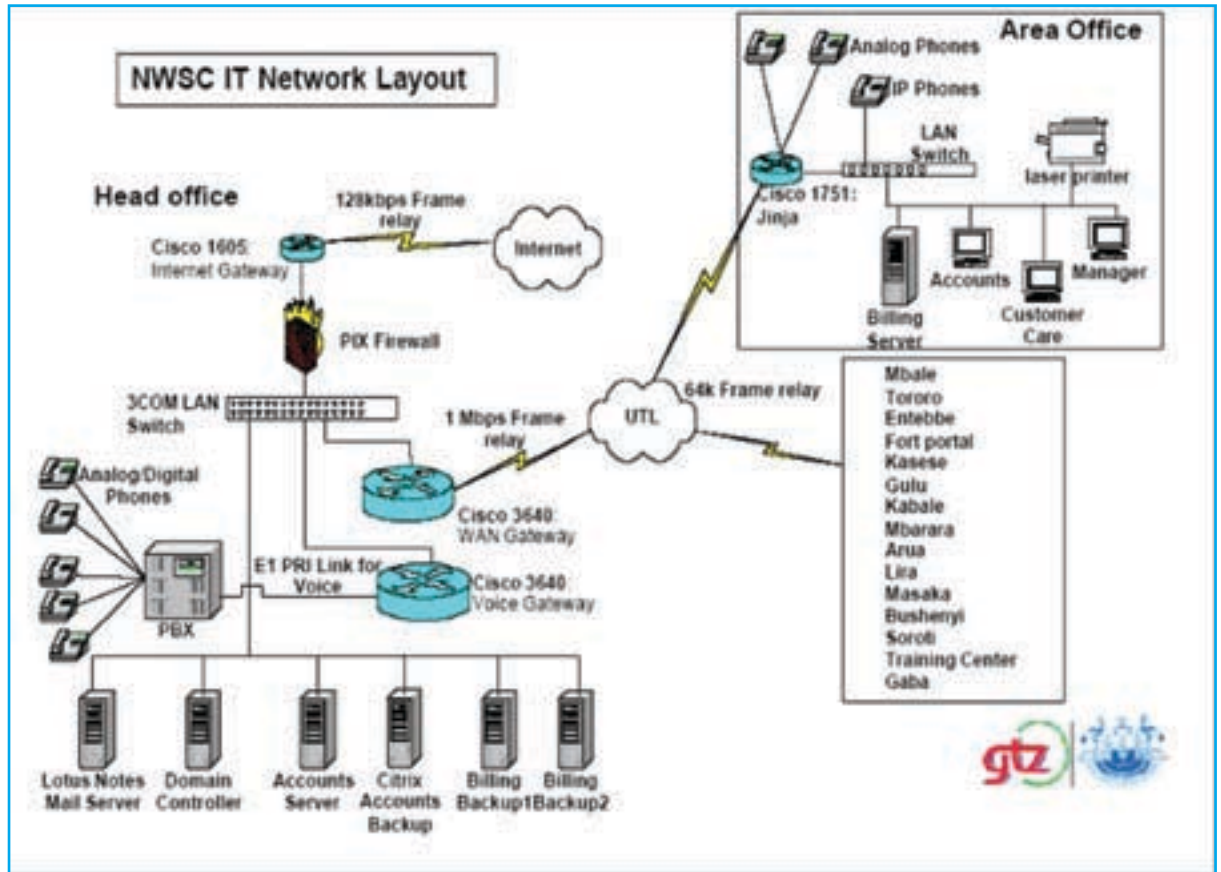
In the FY 2003/04, the Corporation embarked on transformation of Area Performance Contracts into Internally Delegated Area Management Contracts. This concept, which promotes autonomy and empowerment, is based on the principle of separation of the function of asset management from that of operations. This concept is also consistent with the wider sector reform policy, which aims at increased private sector participation in the delivery of services in the water and sewerage industry. The IDAMC framework was later consolidated by the use of competitive bidding as a basis for awarding contracts to the operating units. This approach ensured that the best teams was selected to operate specific NWSC service areas. In FY 2005/06 an off spin of the concept was introduced in Kampala through the implementation of the Zonal Performance Contracts (ZPCs). As a result of these initiatives, we continued to realize remarkable results in our financial and operational performance.

### 2.3.2 Computerisation

In the first year of the Corporate Planning cycle 2003 – 2006, the Corporation realised one of its prime objectives i.e., “the implementation of an effective computerisation system”. In this respect, the following were established;

- A Wide Area Network (WAN) and Local Area Networks (LANs) in all Area offices
- Establishment of a modern Computing server room at Head office.
- Efficient inter-office and external Corporate email communication system using Lotus Notes
- Substantial increase in computer workstations and accessories for Headquarters and Area office staff.
- Establishment of autonomous billing centres, and online cash receipting in all Area offices.
- Improvements in the financial and billing systems, including SCALA and CUSTIMA.
- Computerisation of the central procurement process.
- Implementation of modern integrated telephone exchange facilities.

These developments resulted into improvements in collections, fast information processing, timely distribution and effective use of information within the Corporation



**2.3.3 New Water Connection Policy:**

Customer growth remains the key strategy by which the Corporation can achieve comprehensive service coverage. During the year 2004/05, the Corporation developed an affordable and simplified water connection policy to spur service demand. This policy, which was gazetted by the Minister of Water, Lands and Environment in July 2005, addresses among other issues, reduction in water losses, accelerated service coverage and service to the urban poor.



Area Manager Masaka Inspects mains extension pipes with visitors from Tanzania

### 2.3.4 Zonal Performance Contracts in Kampala

During the year 2004/05, the increasing demand in Kampala necessitated full decentralization and devolution of functions from the centre in Kampala to the Zones. With the introduction of this policy, all the 13 zones in Kampala assumed responsibility for the operational functions, which were formerly centralized under the administrative unit at our 6th Street premises. The decentralized functions have turned our zonal offices into one-stop centres for all services including new connections, mains extensions, leak control and billings.

### 2.3.5 External Services- Partnering is Key

Our strategic intent is to be the pride of the water sector in Africa. Naturally, collaboration and partnering with other utilities in the continent came to the fore during the year 2004/05. Because of our successful experience in the various strategic initiatives, our expertise was sought by many utilities in the region and outside Africa. We have used this opportunity to create a new business unit, the External Services Unit, whose sole role is to market NWSC expertise and to benchmark the Corporation's performance with other utilities. The External Services Unit is already proving instrumental in helping the Corporation build strong business relations with a number of water utilities in Uganda, within the African region and outside Africa. So far the unit has provided IT and Commercial Services to Nairobi Water as well as management advisory services to Dar-es-salaam Water and Sewerage Corporation (DAWASCO) among others.



NWSC Board Chairman signs a Memorandum of Understanding with DAWASA Chief Executive



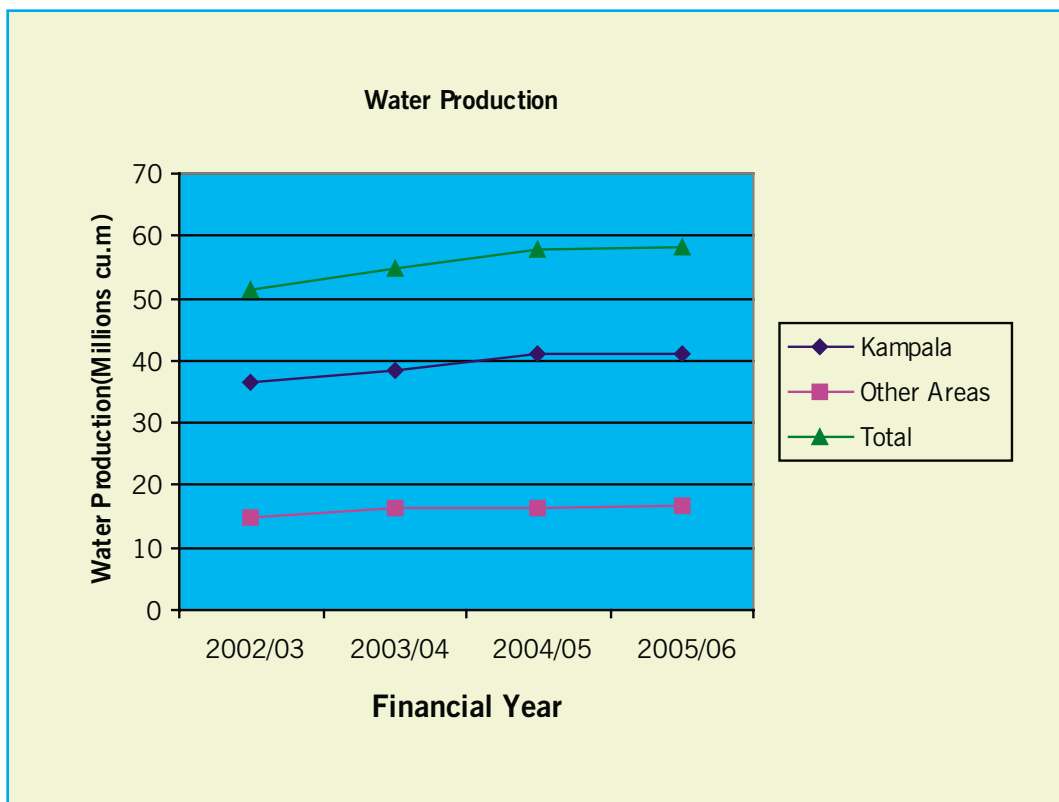
## 2.4 Operational Performance 2003-2006

### 2.4.1 Water Production

Over the three year period 2003 – 2006, the NWSC continued to increase water production to correspond to the demand of the growing customer base. Total water production increased by 6.7 million cubic meters from 51.4 million cubic meters in the financial year 2002/2003 to 58.1 cubic meters in the financial year 2005/2006. The increased water production was due to major refurbishment to treatment plants and increased efficiency in production. The table below shows the trend of growth in water production in the last three years. Of significance in the trend is the fact that the rate of increase in water production has been decreasing solely because of the fact that the level of non-revenue water has also been commensurately decreasing thereby not warranting excessive increase in production.

Table 1: Water Production: Millions Cubic Meters

Year	2002/2003	2003/2004	2004/2005	2005/06
Kampala	36.5	38.6	41.2	41.2
Other Areas	14.9	16.3	16.5	16.9
Total	51.4	54.9	57.7	58.1
Growth %	10%	7%	5%	1%



In regard to the capacity utilisation, use of the existing plants increased from 65% as at June 2003 to 73% as at June 2006 as shown in table 2. This is indicative of increased usage of the plant capacities. Areas of Kampala, Entebbe and Gulu indicate capacity utilisation above 80%. Production in these Areas is being expanded through the ongoing projects: Gaba III for Kampala, Entebbe Water Supply and Sewerage Expansion Project for Entebbe Area and Rehabilitation of Water and Sewerage System for Gulu Area.

Table 2: Capacity Utilization as at June 2006

AREA	Practical capacity m3/day	Average Production m3/day	Capacity Utilisation (%)
Kampala	117,000	112,794	96%
Jinja/Njeru	24,000	10,934	46%
Entebbe	8,855	7,080	80%
Tororo	5,914	2,668	45%
Mbale	14,408	4,312	30%
Mbarara	10,197	4,962	49%
Masaka	6,382	2,756	43%
Lira	8,586	2,447	28%
Gulu	2,880	2,402	83%
Kasese	2,368	1,574	66%
Fort Portal	2,171	1,554	72%
Kabale	3,600	1,393	39%
Arua	5,400	1,600	30%
Bushenyi/Ishaka	960	661	69%
Soroti	5,529	2,002	36%
Total NWSC	218,250	159,140	73%
Total Other Areas	117,000	112,794	96%

#### 2.4.2 Water Distribution

In line with the NWSC objective of bringing services closer to the consumers, the Corporation continued with its policy to extend its distribution network in all its areas of jurisdiction. As a result a total 686 kilometres were extended bringing the total pipe network length to 2,857 kilometres. All extensions were financed from the NWSC own resources.

Table 3: Water Mains Extensions 2003 -2006

Year	2003/04	2004/05	2005/06
Extensions Kms	268.0	294.6	104.0
Total Length Network	2,438	2,733	2,837
% Increase	12%	12%	4%

#### 2.4.3 Sales Volume

During the three-year period 2003 to 2006, the volume of water sold increased by 31% from 31.2 million cubic metres to 40.8 million cubic metres, representing an increase of 9.6 million cubic meters. The increase in sales was due to the rise in the number of water connections, which were a result of the new water connection policy that was introduced at the beginning of the financial year 2004/2005. Of significance is the fact that the increase in sales was greater than the increase in water production which portrays a reduction in the level of non revenue water.

Table 4: Water Sales Volumes (Millions Cubic Metres)

Year	2002/2003	2003/2004	2004/2005	2005/06
Kampala	20.3	21.3	24.4	26.5
Other Areas	10.9	12.9	13.7	14.3
Total	31.2	34.2	38.2	40.8
% Increase	11%	10%	12%	7%

#### 2.4.4 Water Market Segments

In terms of the water consumption, domestic customers comprise the largest segment and account for 47.9% of the NWSC's total water consumption, followed by Institutions/ Government (25.5%) and the Industrial/ Commercial sector (21.9%). The table below summarises the status of NWSC market. In terms of connections, the domestic customers still constitute the largest customer base accounting for 82.5% of the total accounts followed by Industrial/Commercial 10.6%. Institutions/Government account for 3.4% and Public stand posts constitute 3.2%. The lower percentages are to be improved through the Urban Poor Project and the simplified connection policy, especially the category of public stand posts.

Table 5: Water Market Segments 2006

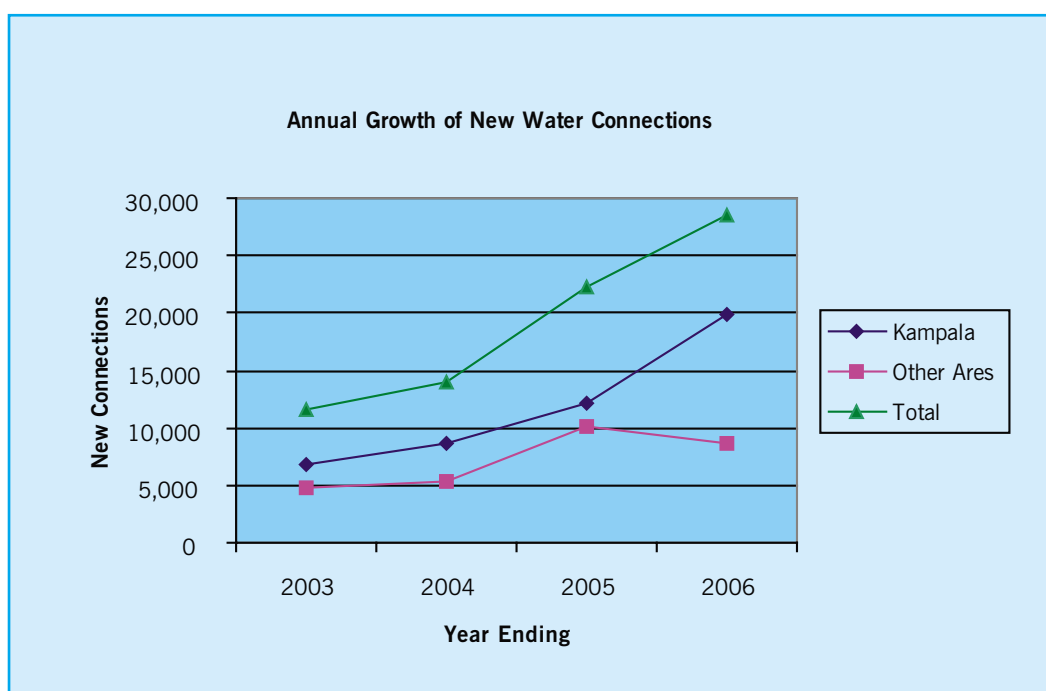
Consumer Category	No. of Connections	As % of Total Connections	Volume of Water billed (cubic meters)	As % of Total billed	Revenue Billings Shs. m	As % of Total Revenue
Public standpipes	4,868	3.2%	1,918,985	4.7%	11,360	2.1%
Domestic	125,970	82.8%	9,557,310	47.9%	19,853	36.7%
Institution/ Government	5,173	3.4%	10,411,512	25.5%	15,796	29.2%
Industrial/ Commercial	16,127	10.6%	8,941,651	21.9%	17,311	32%
Total	152,138	100%	40,829,458	100%	54,096	100%

#### 2.4.5 Water Subscriptions

During the period 2003 to 2006, a total of 65,236 new connections were made, an average of about 21,745 per annum and growth of 75%. This brings the total number of new connections to about 152,138 connections. The accelerated growth is largely attributed to the implementation of the simplified connection policy, which took effect in July 2004. The increase in new connections depicts the Corporations' effort in trying to reach out to as many customers as possible.

Table 6: Annual Growth of New Water Connections

Year	2002/2003	2003/2004	2004/2005	2005/06
Kampala	6,821	8,720	12,174	19,908
Other Areas	4,727	5,325	10,044	8,613
Total	11,548	14,045	22,218	28,521
% Increase	15.4%	16.1%	22.1%	23.2%



#### 2.4.6 Installation of Kiosks/Public Stand Posts

Installation of public standposts and kiosks is a deliberate corporate strategy aimed at addressing the needs of the urban poor. During the period 2003 to 2006, a total of 1,926 public stand posts were installed, bringing the total number of public standposts to 4,888. The large growth of kiosks in the financial year 2005/06 was as a result of a concerted effort to increase the water supply to the poor communities in Kampala under a Presidential pledge. As a result, a total of 1,086 water kiosks were installed in Kampala alone. This has ensured the direct delivery of water services in the poorer sections of Kampala.

Table 7: Trend of Stand posts/kiosks Installed

Year	2002/2003	2003/2004	2004/2005	2005/06
New Kiosks	277	382	269	1,275
Total Kiosks	2,962	3,344	3,613	4,888
% Growth	10%	13%	8%	35%

##### 2.4.6.1 Supply of Water to Internally Displaced Peoples Camps (IDPs)

In addition to the social support services offered through the erection of standposts, the NWSC continued to provide services to the Internally Displaced Peoples' camps in Lira and Soroti towns. 21 camps with a population of about 31,175 persons have been served by the Corporation.

#### 2.4.7 Sewerage Services

Over the three-year period 2003 to 2006, the Corporation continued with its quest to ensure that within the limits sewerage services are provided in an efficient and cost effective manner. To this effect, a total of 37.2 kms of sewer mains were extended, and a total of 679 new sewer connections were installed.

Table 8: Trend of Sewerage Connections

Year	2002/2003	2003/2004	2004/2005	2005/06
New Sewerage Connections	104	153	262	229
Total Sewerage connections	13,209	13,362	13,624	13,805
% Growth	1%	1%	2%	2%
Sewer extensions (kms)		20	7.2	10.0

The sewerage extensions and connections are constrained by a number of factors, which include:

- High installation costs of new sewer systems which cost about Shs 3,441 per cubic meter of sewage compared to shs 586 per cubic meter of water produced (i.e. 6 times)
- Poor urban Planning.
- Existence of alternative sanitation facilities such as septic tanks, and VIP latrines. These have made the growth in sewer extensions slow due to the low demand.

However, with the completion of the Sanitation Master Plans for both Kampala and the other towns, specific locations within each town have been identified for sewerage expansion. In Kampala, it is recommended that four sewerage sub-zones be established in Bwaise, Nalukolongo, Kinawataka, and Bugolobi. The estimated expansion costs are US \$ 97.4 million for Kampala, and an average of US \$ 2 million for each of the other towns. The Corporation is currently sourcing funds to implement the recommendations of the master plans.

In regard to sewerage services, the NWSC has of today managed to respond timely to spillages and overflows, and has improved the quality of sewerage effluent. Further more, most properties which use private on-site sanitation facilities are serviced indirectly by the Corporation through the use of private cesspool emptiers which empty at our various treatment plants through out the country.

#### 2.4.8 Water Service Coverage

During the period 2003 to 2006, the service coverage increased from 63% to 70% for water, and stagnated at about 8% for sewerage services. The table below indicates the comparative situation of water coverage as at June 2003 and June 2006.

Table 9: Water Supply Service Coverage 2003 – 2006

Area	Status June 2003		Status June 2006	
	Population Served (water)	Population served as % of Total population	Population Served (water)	Population served as % of Total population
Kampala	749,297	62%	946,133	76%
Jinja	104,276	75%	120,658	80%
Entebbe	34,511	60%	44,597	72%
Tororo	26,333	62%	32,966	69%
Mbale	43,671	62%	52,787	70%
Masaka	44,136	72%	51,736	80%
Mbarara	53,982	78%	63,972	81%
Lira	50,328	56%	77,964	65%
Gulu	78,069	69%	110,803	75%
F/Portal	27,205	67%	32,128	75%
Kasese	40,619	76%	54,887	79%
Kabale	22,879	50%	29,681	58%
Arua	18,353	40%	29,676	54%
Bushenyi/Ishaka	7,186	31%	10,866	42%
Soroti	13,270	32%	16,638	40%
<b>Total</b>	<b>1,314,115</b>	<b>63%</b>	<b>1,675,492</b>	<b>70%</b>

Population figures are derived from 2002 Population and Housing Census Main Report (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.....	25 households (each 6 persons)
Institutions: Small towns.....	100 persons/Institution per connection
Medium towns.....	500 persons/Institution
Large towns.....	1,000 persons/Institution

During the Corporate Plan period 2003 – 2006, the four new towns namely; Lugazi, Malaba, Mukono and Iganga were gazetted as NWSC operational towns, bringing the total number of towns operated by the Corporation to nineteen. Table 10 below shows the areas in which the Corporation operates.

Table 10: Towns Operated by NWSC 2003 - 2006

Areas Under NWSC before June 2003		New Areas 2003 - 2006
Entebbe	Kasese	Mukono
Fort Portal	Lira	Lugazi
Gulu	Masaka	Malaba
Jinja/Njeru	Mbale	Iganga
Kampala	Mbarara	
Kabale	Tororo	
Arua	Soroti	
Bushenyi/Ishaka	Mukono	

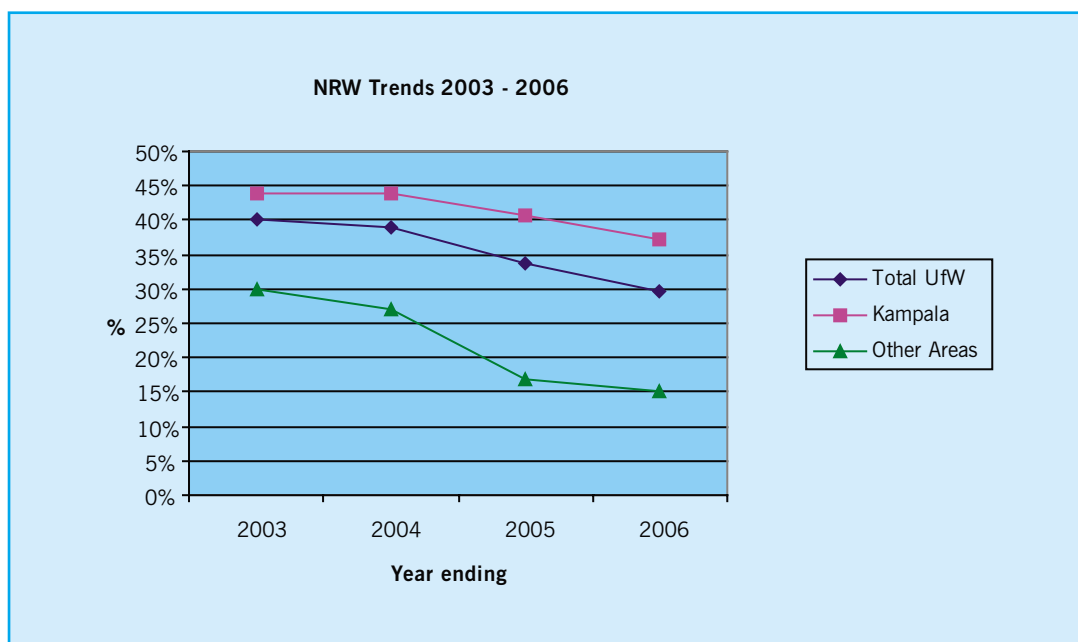
### 2.4.9 Non Revenue Water (NRW)

The term non-revenue water (NRW) refers to the difference between the volume of water supplied and billed authorised consumption. In the past, the term non-revenue water and unaccounted for water (UfW) were used interchangeably. However, the International Water Association (IWA) now recommends the use of the term NRW instead of UfW in the water supply industry. Non-revenue water consists of unbilled authorised consumption, for example water consumed at fire hydrants (usually a very small percentage) and water losses through leakage and illegal activities.

Over the planning cycle 2003 – 2006, the NRW reduced from a high of 39.4% to the current level of 31.7<sup>3</sup>%, a reduction of 7.7%. The remarkable achievement was realised as a result of combined efforts in all the areas under the framework of the IDAMC's. In Kampala, the NRW reduced from 44.5% to 37.6% a reduction of 6.9%, while in other areas the NRW reduced from 26.7% to 17.4 %.

Table 11: Non- Revenue Water Trends

Year	2002/03	2003/04	2004/2005	2005/06
Total NRW	39.4%	37.6%	33.8%	31.7%
Kampala	44.5%	44.7%	40.6%	37.6%
Other Areas	26.7%	20.8%	16.8%	17.4%



### 2.4.10 Meter Coverage

As at June 2006, a total of 149,963 accounts were metered out of 152,138. This represents 99% meter coverage. The trend of meter coverage for the last five years is shown in the table below.

<sup>3</sup>Adjusted from 29.7% to 31.7% due to change in measurement methodology from estimation to bulk metering.

Table 12: Metered Accounts

Year	2002/2003	2003/2004	2004/2005	2005/06
Kampala	48,952	59,022	72,231	93,305
Other Areas	33,746	38,004	47,823	56,658
Total metered	82,698	97,026	120,054	149,963
Total Accounts	87,172	100,475	123,046	152,138
% Metered Accounts	95%	97%	98%	99%

#### 2.4.11 Staff Rationalisation

The Corporation had 949 employees as at June 2003. As at 30th June 2006, staff numbers were 1,067 (target 1,040). The staff as at June 2006 included on permanent terms and on contract terms, signifying a gradual shift from permanent to contract terms for all staff. In particular, all management staff in scales one and two were placed on a two year contract with effect from July 2005. The staff increase during the period was mainly due to the expansion of NWSC's business activities, which included the fast growth in the customer base. However, the Corporation was cognisant of the need to maintain and achieve the productivity co-efficient, which improved from 11 to 7. (target 8) staff per thousand connections.

Table 13: Staff Productivity Trends

Year	2002/03	2003/04	2004/05	2005/06
Staff Numbers	949	990	1,093	1,067
Staff/1000 water connections	11	10	9	7

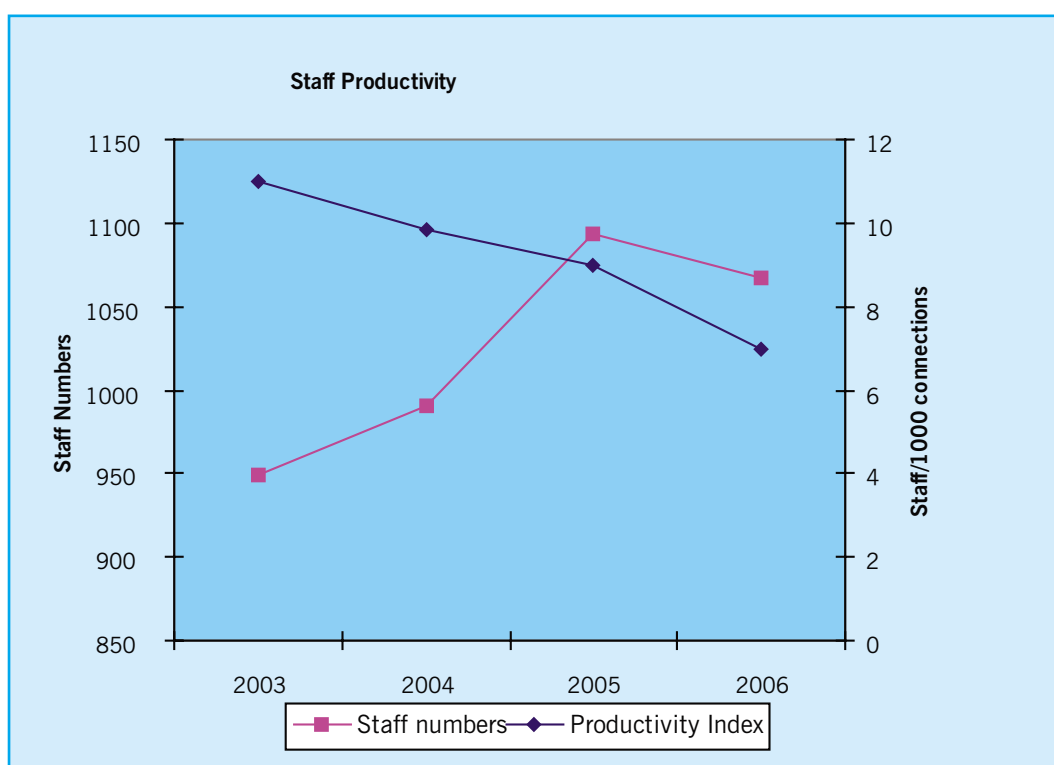




Table 14: Detailed Staff Levels as at 30th June 2006

Area	Permanent Staff	Contract Staff	Male	Female	Female/ Total Staff Ratio	Total
Headquarters	98	88	127	59	32%	186
Kampala Water	206	234	346	94	21%	440
Jinja/Njeru	58	21	65	14	18%	79
Entebbe	33	13	36	10	22%	46
Tororo	20	1	18	3	14%	21
Mbale	40	7	41	6	13%	47
Masaka	25	14	35	4	10%	39
Mbarara	32	5	34	3	8%	37
Lira	15	10	22	3	12%	25
Gulu	12	14	20	6	4%	26
Kasese	12	3	13	2	20%	15
Fort Portal	12	8	14	6	30%	20
Kabale	2	19	17	4	19%	21
Arua	2	21	17	6	26%	23
Bushenyi/Ishaka	3	16	16	3	16%	19
Soroti	2	21	18	5	22%	23
Total	572	495	840	227	21%	1,067

## 2.5 Financial Performance 2003 - 2006

This section highlights the key financial performance of National Water and sewerage Corporation in the past three years.

### 2.5.1 Revenue Improvement

During the last plan period, the annual turnover increased from approximately Ushs 37.1 billion in the financial year 2002/2003 to Ushs 58.5 billion in the FY 2005/2006, a growth of 58%.

Table 15: Turnover in Shs. Millions

Year ending	2003	2004	2005	2006
Turnover	37,140	42,618	53,778	58,540
% Growth	9%	15%	25%	9%

### 2.5.2 Operating Profit

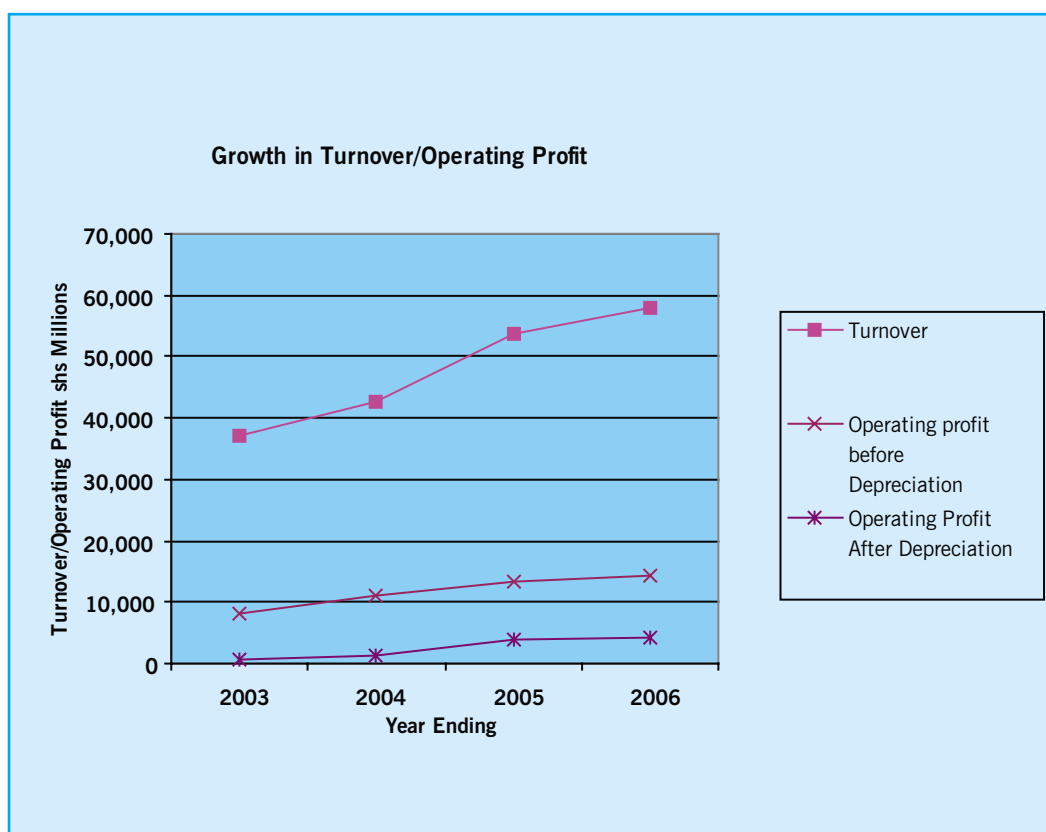
Operating profit before depreciation increased from Shs 8,103 million in the year ending June 2003 to Shs 14,017 million in financial year ending June 2006. See table 16 below and annex 5 for details of financial performance.

Operating profit after depreciation moved from a paltry Shs 778 million in the financial year ending June 2003 to Shs 4,237 million in the financial year ending June 2006. 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 2003 to 2006.

Operating expenditure as a percentage of Revenue decreased from 78% in financial year ending June 2003 to 76% in the financial year ending June 2006.

Table 16: Operating Profit 2003 – 2006

	2002/2003 Shs m	2003/2004 Shsm	2004/2005 Shsm	2005/2006 Shs m
Operating Revenue	37,140	42,618	53,778	58,540
Operating Costs	29,037	31,599	40,477	44,523
Operating Profit before depreciation	8,103	11,019	13,301	14,017
Depreciation	7,315	9,723	9,545	9,780
Operating Profit after depreciation	788	1,296	3,757	4,237
Operating costs as % of Revenue	78%	74%	75%	76%



### 2.5.3 The Working Ratio

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 a business 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 four financial years including the FY 2005/06.

Table 17: Working Ratio 2003 – 2006

	2002/2003 Shs m	2003/2004 Shs m	2004/2005 Shs m	2005/2006 Shs m
Operating costs	29,037	31,599	40,334	44,523
Operating core revenue	33,604	39,095	50,934	57,348
Working ratio	0.86	0.81	0.79	0.78

The above ratio shows that the NWSC is in a position to cover its operational costs excluding depreciation and interest. It also indicates that the NWSC has made improvements in its financial performance as shown by the decreasing ratio from 0.86 in the financial year 2002/03 to 0.78 in the financial year 2005/06.

#### 2.5.4 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, and the performance for the FY 2005/06. The declining ratio shows the increasing ability of the Corporation to finance part of its debt obligations to Government.

Table 18: Operating Ratio 2003 – 2006

	2002/2003 Shs m	2003/2004 Shs m	2004/2005 Shs m	2005/2006 Shs m
Operating costs (Including Depreciation & Interest costs) (excluding exceptional items)	48,162	48,327	59,331	63,549
Operating revenue	33,604	39,095	50,934	57,348
Operating ratio	1.43	1.23	1.16	1.11

#### 2.5.5 Current Ratio

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

The table below shows that the current ratio for the last three financial years has been less than one and thus illustrates that the NWSC short-run capacity to pay its debt is still low.

Table 19: Current Ratio 2003 – 2006

	2002/2003 Shs m	2003/2004 Shs m	2004/2005 Shs m	2005/2006 Shs m
Current Assets	24,090	28,803	37,436	37,357
Current Liabilities	54,402	67,734	88,340	121,206
Current ratio	0.44	0.43	0.42	0.31

### 2.5.6 Staff Costs as a Percentage of Revenue

The staff costs as a percentage of revenue increased from 21% in the financial year ending 2003 to 31% in the financial year ending June 2006 as shown in the table 20 below:

Table 20: Staff Costs as a Percentage of Revenue

	2002/2003 Shs m	2003/2004 Shs m	2004/2005 Shs m	2005/2006 Shs m
Staff Costs	7,975	10,723	14,768	16,322
Revenue	37,140	42,618	53,778	58,540
Staff/Revenue ratio	21%	25%	27.1%	28%

### 2.5.7 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 closed at 90% during the financial year 2005/06. This trend points to the fact that arrears continued growing during the period since not all the bills were collected. The low collection ratio was in part affected by Governments failure to honour its bills on time, however cognisance is also being made of the fact that non government arrears also continues to accumulate. Table 21 below summarises the collection Ratio trends of the last Corporate Planning cycle.

Table 21: Collection Ratio

Year ending 30 June	2003	2004	2005	2006
Collection Efficiency	92%	98%	89%	90%

## 2.5.8 Financial Ratio Analysis

An overall analysis of the financial ratios for the last three years is shown below in Table 22.

Table 22: Trend Of Key Financial Ratios 2003 – 2006

	Formula	2002/2003	2003/2004	2004/2005	2005/2006
i) Current Ratio	Current Assets / Current Liabilities	0.44	0.43	0.42	0.52
ii) Average receivables collection days	Average receivables / sales x 365	141	119	121	137
iii) Average inventory usage days	Average inventory / sales x 365	30	29	38	47
iv) Average creditor payment periods	Average creditors / sales x 365	404	418	409	445
v) Total Assets Turnover	Sales / Average Assets	0.16	0.19	0.22	0.21
vi) Total Fixed Assets Turnover:	Sales / Average fixed Assets	0.18	0.21	0.25	0.25

### Notes

- (i) The Current Ratio is less than one implying low liquidity. This is due to the high level of GoU on-lent debts, which makes up the largest portion of current liabilities. The ratio has tended to decline as payable loan obligations accrue. However in the financial year 2005/06, there was a slight improvement due to reduced accrued obligations. The current ratio measures the short-run paying ability of the Corporation.
- (ii) The Average Receivables Collection Days reduced from 141 to 121 in 2004/05 and then rose to 137 days in the financial year 2005/06. The increase in the year 2005/06 shows a growth in receivables, which implies a reduced management of debtors, which in turn impaired the cash flow of the Corporation. This implies the need to increase the Corporation's capacity to collect all its bills promptly.
- (iii) The Average Inventory Usage Days ratio declined slightly in the earlier years from 30 to 29, and then increased steadily upto 47 days in the financial year 2005/06. This shows a decline in inventory management. This can partly be explained by the long-term procurement contracts, which also have compensating advantages. However this does not negate the fact that the management of inventory has to be improved through reduction in stockholding.

- (iv) The average Creditor Payment Days increased in the last year 2005/06 to 445 days due to the build up of accrued long-term debt service obligations. This shows a declining ability of the Corporation to pay its creditors in the short run.
- (v) The Total Assets Turnover ratio of less than one shows that the return to assets is still very low
- (vi) The Fixed Assets Turnover ratio of below one depicts a low return to fixed assets.

## 2.6 Performance Of Capital Development Projects 2003-2006

### 2.6.1 Flagship Investments

During the FY 2004/05, the NWSC continued to take responsibility for the funding of major investments from its internally generated resources. The most notable of these investments is the Mukono Water and Sanitation Project. Work on this project, which is estimated to cost about Shs 6.4 billion, commenced in June 2004. The first phase of the project was completed in December 2004 and this phase included the laying of the distribution mains, service connections and the transmission main to Mukono. The second phase of the project will entail laying of a main from Mutungo to Namanve along the Kampala – Jinja highway.

The second major project to be funded wholly by the NWSC is the rehabilitation of the Gulu Water and Sewerage Systems. The Corporation is currently financing the detailed feasibility study at a total cost of shs 2 billion. The detailed design for the project commenced in June 2004. The draft and final design report and tender documents were submitted in July 2005. A workshop to review the design report has been scheduled for 3rd August 2005. Once the design phase is completed, funds will be sourced for the downstream activities. The total cost of the second phase is estimated at about Shs 7 billion.

### 2.6.2 Gaba 1 Rehabilitation Project

Gaba 1 water works was refurbished with funding from the EU at a cost of 4.5 million Euros (U Shs 9.9 billion). The project was implemented in two phases. Phase I works were commissioned in May 2002 and included the refurbishment of the plant, resulting in the increase of water production from 30,000 cu.m to 40,000 per day. Phase II construction works involved the modification and upgrading of the processing units. Project works were completed in June 2004. Phase II increased water production from 40,000 to 50,000 cubic metres per day. With some minor modifications on the clarification process carried out during the financial year 2004/05, production has increased to 65,000 cubic meters.

### 2.6.3 Entebbe Water Supply and Sewerage Expansion Project

The Entebbe project, which is being funded by the German Government at a cost of Shs 40.5 billion, is aimed at rehabilitating and expanding both the Water and Sewerage systems. The Project works commenced in January 2005 and civil works were carried out at the water treatment plant, reservoir sites and sewerage treatment plants. The project will result in the expansion of water and sewerage systems, which will be able to serve the target population up to 2015. Water production capacity is slated to increase from the current level of 8,800 cubic meters per day to 18,000 cubic meters per day.

#### **2.6.4 Kampala Sanitation Master Plan**

The Kampala Sanitation Master Plan is aimed at providing a framework and strategy for the efficient and cost effective provision of either on-site or water borne sewerage services in Kampala. The study was funded by the German Government at a cost of about Shs 1.6 billion. The Draft Master Plan was submitted in June 2004. The study for the project provides the framework for improvement and increase in coverage of sanitation services to the population. Findings were presented at the Joint Sector Review for GoU/Donor Conference held on 21st –23rd of September 2004. The recommendations of the study were adopted and down stream funding for the project is currently being sought. However in the interim, the Corporation in collaboration with the Kampala City Council are implementing some aspects of the study covering the on-site sanitation facilities.

#### **2.6.5 Kampala Water Supply Network Rehabilitation Project**

The Kampala Network Rehabilitation Project is being funded by the German Government. The project is aimed at the rehabilitation of the network and other related investments, which would reduce on systems losses in Kampala. Funds amounting to 3.3 million Euro were earmarked for the project which commenced in the year 2002. By end of June 2005, the Contractor had completed installation of most of the major fittings along the Kitante Road trunk main. The trunk main was first pressurised and the process of identifying and rectification of defects were undertaken. Under the illegal use reduction program, the contract was expected to expire on 15th July 2005. The contract was however extended to February 2005 so as to provide the necessary back-up to the Branches in the fight against illegal use of water.

#### **2.6.6 Gaba III Project**

The Gaba III project is being implemented with funding from the German Government (through KfW) under a turnkey arrangement. The project cost is estimated at US \$13.8 million (Ushs. 31.2 billion). The project will result into an additional production of 80,000 cu.m of water per day and will be able to meet the needs in Kampala up to the year 2014. The project will also re-enforce the supply of water to Mukono town. The Contract for construction of new water works was awarded to Dywadag International in October 2004. Detailed designs for the project were completed in February 2005. Residences, 4 semi-detached units (8 No.) were completed during the year and the ground breaking ceremony was held in March 2005. By year end, the site was fully mobilised, and construction of new pump lines, new sedimentation, flocculators and filters and earthworks for the construction of the new water works commenced. It is envisaged that the project will be completed by September 2006.

#### **2.6.7 Mukono- Seeta Water Supply and Sanitation Project**

The Mukono Water Supply Project works commenced in June 2004 and is being wholly financed by the Corporation with use of own resources. The project is being implemented in phases. Phase I of the project was completed during the financial year 2004/05 at a cost of shs 6.4 billion. The phase included the laying of the transmission main from Namanve to Mukono, distribution mains, and service connections. As a result, a total of 400 new connections were installed. The first phase of the project was commissioned by

H.E. the President in November 2004. Phase II of the project will include construction of reservoirs, booster pump stations at Seeta & Mukono and laying of a reinforcing main from Mutungo to Namanve which will commence in the FY 2006/07. Preliminary surveys and designs for phase II have been completed.

### **2.6.8 Kampala Urban Poor Project**

The project objective is, to improve the living conditions of the urban residing in informal settlements in and around Kampala and to develop effective delivery systems and sustainable management systems for the public stand posts for the urban poor. Both the Government of Uganda and the German Government are funding the project.

During the year, under the German Government component, firms were pre-qualified for detailed design and supervision of works. Under the Ugandan component with a provision of Shs 400m, pipes were purchased in May 2005, and they are being installed by labour hired by NWSC. Construction of infrastructure under the urban poor project was undertaken in Kiseenyi and Ndeeba I & II suburbs.

### **2.6.9 Kampala Peri-Urban Project**

The project is aimed at improving the living conditions of the people living in the peri-urban areas in and around Kampala. The project is being wholly funded by the Corporation using internally generated resources. During the financial year 2004/05, a total of about Shs 4 billion was spent on mains extensions. Water mains extensions have been made in the areas of Kyengera- Wakimese, Kisinyi, Buziga, Bukasa, Buziga-Upper Konge, Buziga-Katuso, Lukuli-Kiwempe, Biina, Kironbe and Butabiika among others

### **2.6.10 Kabale Additional Works Project**

The additional works project is an addendum to the main Kabale civil works project which was completed in 2003. The project aims at extending water services to the areas of Rushoroza, Bubare and Kagarama which lie in the outskirts of Kabale town. The works involve the construction of reservoirs and mains extensions. During the year, the site was handed over to the Contractor M/S Sogea-Satom-Spencon Joint Venture in March 2005. The Contractor was fully mobilized in May. The project cost is 879,000 euro funded by KfW and it will take a period of 7.5 months.

## **2.7 MAJOR CHALLENGES IN 2003-2006**

### **2.7.1 Accumulation of Arrears**

Accumulation of arrears undermines the Corporation's ability to expand and improve services. The level of arrears over the three year period increased from Shs. 24.6 billion as at June 2003 to Shs 30.6 billion as at June 2006, an increase of shs 6.0 billion. The absolute level of Shs 30.6 billion is high. It is noted that arrears in the Government and domestic category continue to increase significantly. Both the Government arrears and the domestic arrears accounted for 36% of the total arrears as at June 2006. A break down of the arrears is shown in Table 23.



Table 23: Arrears by Category at June 2006.

Consumer Category	At June 2003 (Sh'000)	At June 2006 (Sh'000)	Arrears as % of Total
Ministries	7,150,234	11,103,491	36.2%
Parastatals	1,293,853	621,201	2.0%
Institutions	1,108 028	1,209,398	4.0%
Commercial	6,226,946	6,125,728	20.0%
Local Authorities	353,492	418,715	1.4%
Domestic	8,400,945	11,067,878	36.2%
Embassies	71,508	53,030	0.2%
Total	24,605,005	30,599,442	100%

### 2.7.2 Low Sewerage Coverage

The low sewerage network coverage impairs the ability of the Corporation to adequately provide sewerage services. The coverage for sewerage is currently estimated at about 8%, the low coverage is a result of the 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. However, a Sanitation Master Plan for Kampala, and sanitation strategies for the 14 other towns were completed as at the end of the reporting period. The investment requirements as established by the studies amount to about Euro. 190m. for which funding is being sought.

### 2.7.3 Take over of New Towns

During FY 2004/05, four new towns were gazetted as NWSC Areas of operation. The new towns include Mukono, Iganga, Malaba and Lugazi. Towns with underdeveloped infrastructure create a financial burden to the Corporation since they cannot raise sufficient funds to finance their operations.

In the future, once new towns are gazetted to NWSC, management plans to conduct comprehensive investment analysis as a basis for Government subsidies to meet shortfalls in funding in those towns.

### 2.7.4 Receding Water Level in Lake Victoria

Variation in the level of Lake Victoria and the problem of poor water quality at the intakes has affected the supply of water especially in the areas of Entebbe, Jinja and Kampala. The receding lake level has exposed the intakes thus affecting both extraction capacity and water quality. This phenomenon calls for immediate intervention in terms of redesigning the intakes. Similarly the deteriorating raw water quality has resulted into increased chemical usage in order to treat the water to acceptable standards.

### 2.7.5 VAT Policy

The current VAT policy has two problems: 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. Secondly, 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. For example out of the current arrears of Shs.30.9 billion, the Corporation has prepaid VAT amounting to Shs.4.3 billion. It is therefore managements request to the Ministry of Finance that VAT on water be zero rated as opposed to abolishing it so that the Corpration can still reclaim its input VAT.

### **2.7.6 Power Outage**

Frequent power failure is experienced in many of our areas as a result of which the Corporation incurs high-energy costs in terms of generator fuel to supplement power supplied from the national grid.

# Chapter 3

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## The Strengths Weaknesses Opportunities and Threats (SWOT) Analysis

The situation/SWOT analysis is a tool used for getting a quick overview of a company's strategic position. The analysis consists of an evaluation of relevant factors in the organisation environment (internal and external) in order to determine its external strengths and weaknesses on the one hand, and the availability of external opportunities and threats on the other hand. In doing this, the objective of the organisation is to achieve a strategic fit between the organisations internal skills, capabilities and resources with the external opportunities so as to minimize the threats to the organization.





### 3.1 Strengths

The strengths of the Corporation as of 30th June 2006 were identified as follows;

#### **i) Technical Skills and Experience**

NWSC has a number of skilled technical and experienced staff that give the organisation a firm stand for the future. Many of the staff are pursuing further studies and the Corporation has attained a proficient skill mix including engineering, management, legal and planning expertise. Most of the middle and top management staff have a minimum of a Masters Degree, while one staff recently attained a PhD, and several others are pursuing PhDs. In addition, many of the staff have professional qualifications.

#### **ii) Committed and Motivated Staff**

The National Water and Sewerage Corporation has a committed and motivated staff who carry out their duties diligently and in a spirit of teamwork.

#### **iii) Improved Customer Service**

The NWSC has over the years made remarkable improvements in the area of customer service. This has been done through the setting up of a customer call centre in Kampala, the simplification of bill payments through Banks, the use of ATM cards to pay bills and MTN messaging systems for customers to check their bills, the introduction of the Direct Debit system, the refurbishment and modernization of front desk offices which interface with customers, and the implementation of the simplified connection policy. All these have led to an improved image of the Corporation and hence built trust in our customers.

#### **iv) Experience in Managing the Private Sector**

The NWSC, has over the years gained experience in working hand in hand with the Private Sector. This has been through managing the two management Contracts in Kampala, (KRIP 1998- 2001, and ONDEO Services 2002 to 2004) and the Area and Support Service Contracts under the umbrella of the Performance Contract signed with the Government in 2000. This wealth of experience is crucial in light of the reforms in the Water Sector. The Corporation has also privatised most of its non-core activities like security, compound cleaning and maintenance of its premises.

#### **v) Management Willingness to Change**

The NWSC management has demonstrated its willingness and ability to change with the adoption of a number of change management programmes. The programmes entail changes in the corporate culture and management methods. The programmes implemented by the Corporation in the last three years have included the “Stretch-Out” Programme, the “One Minute Manager Concept”, the transformation of Area Management Contracts into Internally Delegated Area Management Contracts (IDAMCs), and the decentralization of services in Kampala under the Zonal Performance Contracts. Management and staff have easily adapted to the changing operational framework in order to efficiently provide services.

#### **vi) Continuous Improvements in Performance**

Since 1999, the Corporation has established a track record of improved performance. Improvements have been realised in both the operational and financial aspects exemplified by the increase in production capacity, reduction in water losses the increased network distribution and the increased customer base, which were matched with improved operating profits. To achieve these improvements, the Corporation adopted short-term performance enhancement programmes which included: the 100 days programme, the Service Revenue Improvement Programme (SEREP), Area Performance Contracts and Support Service Contracts (APCs and SSCs), the “Stretch-Out”, One Minute Manager concept and the IDAMCs.

#### **vii) Good Infrastructure**

NWSC has fairly good infrastructure in terms of its Production, Storage, distribution and tertiary network, Premises, Water treatment Plants and Sewerage Treatment Plant facilities. Most of the systems were rehabilitated in the later parts of the 80's and early 90's. A number of projects have also newly been finalised such as the refurbishment and expansion of the Jinja/Njeru and Kabale Water and Sewerage system, the refurbishment of Gaba 1 water works, and the minor works in the different areas which have improved production capacities.

#### **viii) Economies of Scale**

The growing size of the Corporation's business has resulted into increased economies of scale and the reduction of overhead costs. Synergies realised include the bulk procurement of inputs such as water meters, pipes of all sizes, chemicals and fittings. The overheads have also reduced in regard to the provision of centralized services such as Water quality monitoring, block mapping, and IT services.

#### **ix) Efficient Management**

Over the years, the NWSC has taken advantage of experiences and benchmarked its operations to international accepted standards. The Corporation now operates in a commercial manner and is able to exploit business opportunities at its disposal. This includes diversification of the NWSC products.

#### **x) Good Public Image**

NWSC has built a good public image through efficient and effective delivery of services. This has in turn built trust in our customers and this is reflected payment of water bills on time, reporting leaks, writing letters of appreciation and encouraging the other Government companies to use NWSC as their model of performance.

#### **xi) Ability to Offer Consulting 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), Nkana Water company and Lusaka Water of Zambia. This benchmarking with other water utilities has created opportunity for NWSC to market its skills to other water utilities in the world.

## **xii) Developed Management Information System (MIS) and Information Technology (IT)**

NWSC has a well-developed Information Technology (IT) and Management Information System (MIS). This has reduced on customer complaints like erroneous bills. 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 and messaging system (lotus notes) has reduced on the stationary costs and use of paper.

### **3.2 Weaknesses**

The internal weaknesses of the Corporation were identified as follows:

#### **i) High overall Non Revenue Water (NRW)**

The overall NRW of about 29% as at June 2006 is still high in terms of water losses. This is especially true in Kampala with an average NRW of 35%. However the other Areas exhibit a lesser loss of about 15% of the water produced.

#### **ii) High Level of Inactive Accounts**

The number of inactive accounts continues to grow as the customer base of the Corporation increases. The number of inactive accounts increased from 17,999 as at June 2003, to 19,694 as at June 2006. However, the inactive accounts as a percentage of total accounts reduced from 21% to 13% over the three years under review.

#### **iii) High Level of Accounts Receivable**

The NWSC Arrears over the last three years have increased from Shs.24.6 billion (equivalent to 8 months billings) at June 2003 to shs 30.6 billion (equivalent to about 6 months billings) as at June 2006. This growth in arrears impairs the ability to effectively carry out its activities due to the reduced cash flow. It has been noted that domestic arrears are increasingly becoming prominent in the arrears portfolio.

#### **iv) Inadequate Internal Finance for Long Term Investment**

Over the last Corporate Plan period, the Corporation undertook to finance flagship projects using its internally generated resources. Indeed positive developments have been realised in regard to the financing of Mukono and Gulu water and sewerage projects. However, the Corporation is still constrained and is not able to generate enough funds to finance all its long-term investment needs. This is partly due to the limitations of the tariff. This thus calls for Government and donor support for longer term investment.

#### **v) Inadequate Infrastructure in Some Areas**

As mentioned in the strengths, despite the developed infrastructure, the NWSC still faces a problem of the growing urban populations and thus the need to expand and improve on the water supply and sewerage systems. Areas such as Kampala, Gulu, Arua, Bushenyi, Soroti and Mbarara, but to mention a few need further investments to expand and improve service delivery.

#### **vi) Inability to Address the Backlog of New Connections**

The demand for piped water has increased in all NWSC Areas as a result of the instituted simplified water connection policy. The Corporation is faced with the challenge of installing the new connections at the rate at which they are demanded.

#### **vii) Inability to meet Demand in Some Areas; Entebbe, Gulu, Kampala and Bushenyi:**

NWSC is faced with a challenge of providing sufficient water to customers in some certain areas, especially in Kampala. The inadequate water supply is as a result of the low pressure in certain areas which has in part been due to the reduction on the water levels, and the excess demand which has surpassed the plant capacities in some areas for example in Gulu, and the over expansion of the network to afar places.

### **3.3 Opportunities**

The external opportunities were identified as follows:

#### **i) Increasing Urban Population**

The recently concluded census shows that the population in the urban areas has increased at about 4.2% per annum for the large Urban Centres between 1991 to 2002. 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.

#### **ii) Stable Macro-Economic Environment**

The Ugandan economy has over the last 10 years grown at a rate of about 6% per annum, containing inflation at about 5% per annum. 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.

#### **iii) Adequate Water Resources**

The abundant water resources gives the National Water and Sewerage Corporation the opportunity to increase its water production to meet the increasing demand for its services on the market. The water sources include lake Victoria, River Kwania, and River Manafa but to mention a few.

#### **iv) Advances in Information Technology**

The current advances in IT and communication in the world over has lead to opportunities to accurately and timely carry out various functions within the Corporation, for example billing of customers, and improvement in the database which acts as a basis for informed decision making.

#### **v) Political Stability**

The relative political stability has improved the environment in which services are

offered. It has promoted strategic planning, investment, and thus the growth of the Water sector. Political stability enhances long term strategic planning and investment, which has been seen within the water sector.

**vi) Continued Donor Support**

The Corporation continues to benefit from wide donor support. Donors include the German Government, World Bank, European Union, French Government, Belgian Government and the Austrian Government. Donor support has assisted in the rehabilitation and expansion of the Kabale water and sewerage works, Gaba I and II water works, the Entebbe Water and Sewerage system, and the Jinja/Njeru water supply system.

**vii) Improved Public Image**

Over the years, the public perception of the NWSC has improved based on its exemplary performance. This has been coupled with improvements in customer care, changes in the corporate culture including the wearing of nametags by all NWSC staff, and the structural improvements in all offices .

**viii) Enabling Legal Framework**

The legislative framework comprised of the Water Act and the NWSC Act 2000 provides flexibility in the operations and activities of the Corporation. It enables the Corporation enter into contracts with third parties, private sector, and was flexible in regard to sourcing of investment funds. This is strategic in light of the reforms going on within the water sector.

**ix) Government Support**

The Government has always supported the National Water and Sewerage Corporation through the provision of an enabling operating framework, and assistance through provision of finances. The Government continues providing 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 for example expansion of the intakes from Lake Victoria.

**x) Strategic Alliance**

NWSC has the opportunity to liaise with different institutions in order to expand and improve its services. Strategic alliances have been made with Banks, Local Governments, Donor Agencies and different Non Government organisations.

**xi) Customer Goodwill**

The NWSC customers have appreciated NWSC efficient and effective services, in terms of constant water supply, quick response to their problems and therefore this has wooed back the customers who had been disconnected and will therefore motivate them to pay their bills on time.

**xii) Opportunity to do business with other Utilities**

The Corporation through the external service unit has continued to benchmark from other



utilities and this has created an opportunity to share experience with other utilities on how NWSC has improved performance in service delivery.

**xiii) Autonomy**

NWSC has the autonomy through the Water Act and Statute of providing water and sewerage services to the big urban centres under its jurisdiction.

**xiv) Private Sector:**

NWSC has had experience in working with private sector; this creates opportunity to use their experience in attracting or sharing more experience with those in the water sector like NGO's and CBOs.

**xv) Gazetting of Towns to NWSC**

More new towns are being gazetted as NWSC towns. This is an opportunity for the NWSC to reach out to more people and do more business. New towns add to the portfolio of NWSC's business size.

### 3.4 Threats

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

**i) VAT Policy**

The VAT policy, which stipulates that the NWSC pays VAT on billings rather than collections, impairs the cash flow position of the Corporation. It also translates into an increase cost to the consumers and thus affects the affordability by customers

**ii) Competition from Alternative Sources**

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.

**iii) Dependence on Foreign Inputs**

Most materials like chemicals fittings and pipes are imported from outside countries. This is a threat as supply may be interrupted by any unforeseen problems, for example currency fluctuations, changes in price, inflation, changes in policies of other countries which result into a longer lead time, thus tying up resources.

**iv) Low levels of Income**

Due to unemployment and the low incomes earned by some sections of the population, some people cannot afford to pay for the water even at subsidized rates. This affects both the demand for the NWSC services and health conditions of the people.

**v) Unwillingness to Pay by Some Customers**

Some customers are not willing to pay their bills due to the mentality that water is a natural resource and therefore it should be free. Furthermore, customers usually have individual preferences which usually affect demand. Some customers would prefer to buy luxurious goods like airtime, than pay for water.

**vii) Dishonesty of Some Customers**

Some customers connect water illegally, and some tamper with the meters thus affecting billings and increasing the level of Non-Revenue-Water.

**viii) Insufficient and High Energy Costs**

The Corporation is faced with insufficient power supply as a result of the reduced power generated by Electricity company. The NWSC therefore has to rely on generators which consume a lot of diesel. Further more, despite the shortage of power, the costs of electricity are very high, and are a major cost component of the production costs. With the use of diesel the problem of costs is compounded.

**ix) Poor Urban Planning**

The poor urban planning has hindered the constructive 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.

**x) Changing Climatic Conditions which affect the Water Sources**

The recent prolonged dry climatic conditions have affected the water sources. This has reduced the water levels in Lake Victoria, and the water sources in Mbarara, Gulu, Bushenyi, and Arua. This creates a threat on supply, other available sources and the water quality.

**xi) Vandalism of Installations**

The NWSC is faced with an increasing incidence of theft of water meters from the customers premises. This has an impact on the efficient running of operations.

**xii) Restrictive Procurement Law**

The current procurement law has long procedures which delays implementations of some activities e.g. procurement of vehicles, motorcycles, treatment chemicals and pipes among others.

**xiii) Declining Donor and Direct Government Support**

The Government policy shift, which emphasises financing of the Rural Water Sub Sector as opposed to the Urban Water Sub Sector poses a threat to the NWSC taking into account the current tariff which is not a full cost recovery tariff. This will leave the Corporation devoid of sufficient capital to carry out critical capital investment programmes.

#### **xiv) Deteriorating Raw Water Quality**

The NWSC is faced with a deterioration of the raw water in various areas. This has in part been due to variations in the climatic conditions and the degradation of the climate. This has resulted into less water available at the intakes. For example the river Rwizi in Mbarara is highly turbid due to the reduced flow of water. The same goes for the intakes on the shores of Lake Victoria. The deterioration results into increased treatment costs.

### **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



# Chapter 4

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## The Vision, Mission, and Strategic Goals For The 2006 – 2009 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 Corporations future focus based on an evaluation of its situational analysis.





## 4.1 Vision

The Vision statement expresses the audacious desires of where an organization hopes to go in the intermediate future. Vision elements are descriptions of what organisations hope to achieve.

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 Values

The system of shared values and norms in an organization shapes the culture of that organization. The NWSC recognizes that having the right values will result in increased efficiency, higher productivity and better focus. The overriding principles guiding the Corporation's value definition including the following:

- **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/Private Sector Involvement:** The Corporation working in alliance with the private sector and a high level of devolved power to the individual areas.
- **Contributing to National Development:** As the key Utility providing adequate water and sewerage services to all sectors for increased economic development in Uganda.
- **Enhanced Management Autonomy:** Devolve more powers from the Centre to Areas of Operation.
- **Innovation:** Continuously develop and apply creative and innovative managerial solutions towards improved service delivery.

## 4.3 Mission

A mission statement articulates the basic purpose of an organization. The Mission Statement developed by management for the NWSC Corporate Plan period 2006-2009 is

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

The Mission Statement highlights four important facets namely the quest for efficiency, cost effectiveness, innovative managerial solutions and takes cognisance of the strategic importance of the customer.

### 4.4 Corporate Strategic Goals 2006 - 2009

In developing the goals for the Planning period 2006 – 2009, the Corporation adopted strategic themes encompassing the desired goals. The themes span multiple business and align strategy development with decision making and investment. The themes and the attendant goals are detailed as follows;

#### 4.4.1 Operational Efficiency

Goals under this theme include:

- i) **Water Losses:** Reduce the level of NRW from 31.7% to not more than 28.7% of water produced.
- ii) **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 45% to 39%.
- iii) **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
- iv) **Water Supply:** Ensure 24 hour water supply per day in all NWSC Areas.
- v) **Water and Sewerage quality:** Ensure that portable water and sewerage effluent meet National Standards
- vi) **Suppressed Accounts:** Reduce suppressed accounts as a percentage of total accounts from 13% (19,694) to 7% (17,240)

#### 4.4.2 Financial Sustainability

Goals under this theme include:

- i) **Revenues:** Increase Annual Revenue from Shs. 58.5 billion to Shs. 82.0 billion
- ii) **Collection/Billing Ratio:** Ensure a Collection/Billing ratio (including arrears) of not less than 100%.
- iii) **Profitability:** Ensure growth in net operating profit from Shs 4 billion to Shs 11 billion.
- iv) **Debt Age:** Reduce Debt age from 6 months to 4 months of billings.

#### 4.4.3 Water and Sewerage Coverage

Goals under this theme include:

- i) **Water Service Coverage:** Increase water service coverage from 70% to 75%.
- ii) **Sewerage Service Coverage:** Increase sewerage extensions by 60 kms.
- iii) **Service to the poor:** Increase service coverage to informal settlements and peri-urban areas

#### 4.4.4 Capital works Projects

Goals under this theme include:

- (i) **New Capital Works Projects:** Undertake the refurbishment and rehabilitation of the water and sewerage systems in Gulu, Kasese, Arua and Bushenyi the NWSC will ensure that detailed feasibility studies are prepared and submitted as priorities to the Sector working group and Ministry of Finance.
- (ii) Complete on-going projects such as the Gaba III and Entebbe projects
- (iii) Prioritise projects in order to improve investment efficiency.

#### 4.4.5 Reform and Restructuring

- (i) Carry out Internal Reforms and Restructuring aimed at achieving the enhanced mandate of the Corporation
- (ii) Cluster NWSC towns so as to create viable blocks
- (iii) Ensure evolution of IDAMC's to DAMC's
- (iv) Ensure the AHA structure evolves in line with NWSC Operational framework

#### 4.4.6 External Services

In the next three-year corporate cycle, the NWSC will establish a fully fledged External services unit which will be mandated to among other things promote inter-institutional training, benchmarking, and knowledge sharing and intellectual growth. Key among the objectives of the external services wing will be to operate in a commercially viable manner.



#### 4.5 Area Strategic Goals 2006- 2009:

The table below summarises the Area Strategic goals for the period 2006 – 2009. The cumulative goals make the Corporate Goals (details shown in Annex 2 (b)).

Table 24: Area Strategic Goals: 2006 – 2009

Area/Goals	NRW % Reduction	Water Production/day by June 2009	No of New Public Stand posts installed for Plan period	New conn. Installed for Plan period	% Level of Suppressed accounts by June 2009	Billings/ month by FY 2008/09 Inclusive VAT Shs Millions	Average collections/ month by FY 2008/09 inclusive VAT	Arrears by June 2009 Shs millions	New sewerage connections for Plan period
Kampala	37.6 –34.5	124,912	150	61,012	16%- 8%	4,643	4,733	22,090	877
Jinja	19.1-17.3	12,168	30	3,328	17%-10%	554	570	3,862	174
Entebbe	21.8-18.5	7,634	30	2,965	5%- 3%	313	318	1,307	117
Mbale	8.9-6.7	4,760	30	2,124	1%-1%	282	288	1,508	234
Mbarara	9.3-7.7	6,145	90	2,965	9%-4%	283	286	872	234
Tororo	9.7-8.2	2,968	30	953	3%-2%	128	131	660	117
Masaka	9.5-8.2	3,335	70	2,299	5%-2%	156	159	734	117
Kasese	22.2-18.8	1,699	36	1,213	3%-2%	60	61	166	0
Fort Portal	8.2-6.4	1,778	36	1,189	3%-2%	79	80	223	87
Lira	9.1-7.3	2,709	30	2,223	12%-5%	110	112	510	174
Gulu	5.1-4.4	2,699	30	1,773	6%-3%	128	131	794	226
Kabale	22.0-19.4	1,519	54	1,165	2%-1%	71	72	167	39
Arua	11.7-9.9	1,784	75	1,694	5%-2%	69	70	273	0
Bushenyi/Ishaka	15.5-13.7	731	30	753	2%-1%	32	32	55	0
Soroti	31.5-27.7	2,142	30	1,603	30%-10%	81	83	516	92
Lugazi	24-16.5	373	15	1,059	10%-3%	20	20	33	0
Mubende	20-13.5	438	15	908	1%-1%	23	23	18	0
Masindi	21- 12.5	1,621	24	726	32%-11%	57	58	205	0
Hoima	46-23.5	667	24	508	10%-5%	38	38	71	0
Total	31.7 – 28.7	176,908	829	90,709	13%-9%	7,126	7,266	34,083	2,488

#### 4.6 The Annual Targets For The FY 2006/2007

Within the framework of the Corporate Strategic goals stated above the key tactical objectives which management intends to achieve during the financial year 2006/2007 have been defined as follows:

1. Reduce overall non-revenue water (NRW) from 31.7% to 30.7%
2. Improve Staff Productivity from 7 to 6 staff per 1000 connections.
3. Ensure that total staff costs as percentage of operating costs are limited to not more than 41%.
4. Enhance customer care in all areas and ensure effective response to customer complaints within 16 hours.
5. Increase water production from 159,140 cubic meters to 166,024 cubic meters per day.
6. Raise turnover from Ushs.58 billion to Ushs.70 billion

7. Increase Collections (excluding arrears over one year) from Ushs.4.8 billion to Ushs.5.2 billion per month.
8. Increase the collection ratio from 90% to 101%
9. Achieve a Net Operating Profit (after depreciation) of Shs 6.3 billion
10. Achieve a Working Ratio (operating costs exclusive of depreciation to operating revenue) of 0.73.
11. Establish 273 public stand posts in all areas and strengthen the existing water vending management system for the urban poor.
12. 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).
13. Carry out mains extensions of 150 kms and sewer extensions of 12 kms.
14. Install 29,734 Nos. new water connections in all areas, i.e. 20,000 in Kampala, and 9,734 in other areas.
15. Install 833 new sewer connections
16. Increase Service coverage from 70% to 72%
17. Reduce average debt age for arrears from 6 months (Shs 30.874 billion) to 4 months (Shs.34,083 billion).

# Chapter 5

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## Corporate Strategies 2006 - 2009

### 5.0 Introduction

This chapter outlines the fundamental steps that the NWSC intends to take in order to achieve its goals for the period 2006 to 2009. 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 themes used in the formulation of the strategic goals as follows:

## 5.1 Operational Efficiency

The Corporation has achieved operational gains over the past years and all indications are that they are soon reaching optimal efficiency. However, there is still room for improvement in certain areas. The detail of the operational strategies are outlined below.

### 5.1.1 Reduction of NRW

The level of NRW though at a low of 31.7% still poses a major problem especially in Kampala (37.6%). The strategies to be carried out include;

- Increase monitoring of leaks and bursts in all areas
- Ensure 100% meter coverage
- Carry out effective Planned Preventive Maintenance activities.
- Carry out illegal use reduction programmes
- Develop a Policy of meter replacement.
- Out source leakage repair and detection where it is cost effective. One option will be the possibility of allowing the leakage repair department to form itself into an independent company and enter into contract with the Corporation for targeted leak detection.
- Implement District metering, where it is cost effective and technically feasible. District metering will allow for zoning of the distribution network which can then be isolated for purposes of measuring the water use management in each area.
- Create incentives for increased community/public involvement. This will involve rewarding mechanisms for information related to illegal use, meter adulteration and vandalism, and meter bypasses etc

### 5.1.2 Staff Productivity

The Corporation currently boasts of a staff productivity ratio of 7 staff per thousand connections. However there is need to improve productivity with improved skills to carry out multi functional duties. This will address not only the productivity ratio, but also the cost effectiveness of the existing staff. The following are some of the key strategies to be undertaken in this regard;

- Focus training on multi-skilling and further skills enhancement
- Rationalise staff deployments for effective management at all levels
- Increase the level of staff emoluments pegged to performance in order to foster and improve staff productivity. This will be implemented through the enhanced IDAMC framework.
- Enhance performance based pay

### 5.1.3. Customer Care

Customer care remains one of the Cardinal ethos of the Corporations activities. The Corporation is to ensure that customer care in all areas is enhanced through the following strategic activities.

- Ensure that at least 50% all customers pay through direct debt system where money is directly paid from ones account for the water bill.
- Extend the coverage of the call centre to all Service Centres
- Institute a system to enable customers' access accounts and transact business in any of NWSC Service Area.
- Enhance/streamline/standardise the NWSC brand
- Review and strengthen the Customer Care Policy/Charter
- Strengthen mechanisms of identifying customer needs assessment
- Introduce more customer interface/interaction through NWSC website to cover more functionalities
- Improve the infrastructure in all Service Areas.
- Improve the front desk offices.

#### **5.1.4 24 Hour Water Supply**

Without sufficient water production, the NWSC can not live upto its expectations of ensuring 24 hour water supply. It is in this context that the Corporation will carry out the following interventions to address the supply problem in some areas.

- Expand and Restructure the reticulation network in Kampala so as to ensure conveyance of water supply to all areas within the municipal boundaries and greater Kampala and Industrial Parks
- Ensure the completion of the capital projects currently in progress, which include Gaba III, Entebbe water and Sewerage Projects.
- Ensure that the pumpage hours are rationalised in order to circumvent the current power outages.
- Carry out upstream demand management through the adoption of water conservation technologies, reservoir expansion so as to reduce on water wastage.

#### **5.1.5 Water Quality and Sewerage Effluent**

- improve water quality monitoring Carry out Research in water quality
- improve discharge surveillance
- Strengthen process control and water quality monitoring systems

## **5.2 Financial Sustainability**

One of the major objectives of the Corporation in the next three years will be to raise the corporate sustainability profile in order to meet the increasing demands of the customers. The Corporation has identified strategies aimed at achieving this objective. The interventions include both infrastructural and commercial strategies aimed at improving the financial position of the Corporation.

### **5.2.1 Increase Revenue**

One of the cardinal objectives of the Corporation will be to raise its viability profile through harnessing of increased revenues for the purpose of ensuring adequate financing for all its obligations including ensuring adequate services to all its customers. Strategies in line with revenue improvement will include:

- Attain Universal metering for adequate recording of billings.
- Increase customer base through the increased connection of new customers
- Install 450 Kms of mains Extensions
- Implement Investments aimed at expanding service coverage
- Increase water and Sewerage services network in the NWSC Areas by at least 45% and 9% respectively
- Expand services to areas neighbouring the NWSC operational areas. This has in the past been carried out in the areas of Mbarara, where water was extended to Kaberebere and Bihaarwe, in Tororo where water was extended to Malaba, and in Jinja where water is being extended to Iganga.

### **5.2.2 Improve the Collection/Billing Ratio**

In regard to the cash flow, it is noted that non payment of bills by both the Government and non Government sectors impairs the ability of the Corporation to effectively deliver services. It is in this context that the Corporation will strive to curtail its arrears position through the following interventions and thus reduce the debt age from 6 to 4 months.

- Write off bad debts greater than five years.
- Follow up of debts
- Reduce the number of inactive accounts and therefore improve the connection efficiency
- Applying of appropriate technologies like hand held meter reading and use of prepaid meters.
- Implement the Direct Debt system
- Enforce the Memorandum of Understanding signed between the NWSC and the Government of Uganda.

### **5.2.3 Profitability**

In order to ensure sustained profitability and thus avail funds for the much sought after investments, the Corporation will implement the following strategies.

- Ensure the tariff is indexed to cater for macro-economic changes
- implement viable investments and cost effective operation management systems
- Ensure costs are rationalised in order to avoid wastages.
- Improve revenues through strategies as mentioned in 5.2.1above.

### **5.2.4 Arrears Reduction**

The reduction of arrears will be undertaken so as to improve the cash flow position of the Corporation. This will be carried out through the enforcement of the MoU with Government on payment of bills, and through the investigation and verification of non-Government arrears. Debts deemed unrecoverable will be written off, while recoverable debt will be vigorously pursued.

## **5.3 Service Coverage**

The SWOT analysis identified that although the coverage for water and sewerage services has over the years increased, there is still need to further expand service coverage and mainly to the fringe and peri-urban areas. The sewerage services pose a graver problem in this regard. The following are the strategies to be undertaken to address the coverage problem.

### 5.3.1 Water Service Coverage

The target is to increase water service coverage from the current level of 70% to 75%. The following are the envisaged strategies for the corporate period 2006 to 2009.

- Continue to rationalise and implement the new water connection policy.
- Expansion to new towns
- In the other towns of NWSC ensure that the network is expanded on a demand driven approach beyond the service area so as to improve capacity utilisation of the plants
- Ensure the completion of the capital projects currently in progress, which include Gaba III, Entebbe water and Sewerage Projects.

### 5.3.2 Sewerage Service Coverage

As noted, the sewerage services have still lagged behind the water service coverage. This is due to a number of factors including the limited network coverage, the poor urban planning, and the high cost of installation of the sewerage network. In order to overcome the low sewerage coverage, the following strategies are to be adopted;

- The Implementation of the Recommendations of the Sanitation Master plans.
- The Introduction and implementation of a simplified sewerage connection policy.
- The liaison with other stakeholders such as the City Councils and NEMA so as to develop an integrated approach towards sanitation improvement.

Among the attendant advantages of the simplified sewerage connection policy are:

- The improvement of piped sewerage coverage
- The improvement in the capacity utilisation of the sewage treatment ponds and plants, which were built with significant amounts of donor funds and have as yet proved redundant.
- The promotion of industrialisation through encouraging safe disposal of waste
- The reduction in the pollution of ground water resources, which are a mainstay of many urban dwellers.
- The conservation of the environment through environmentally safe disposal means.
- The use of waste in the production of energy (bio-gas)

### 5.3.3 New Capital Works Projects

In regard to the capital projects,

- the NWSC will ensure that detailed feasibility studies are prepared and submitted as priorities to the Sector working group and Ministry of Finance.
- Complete on-going projects such as the Gaba III and Entebbe projects
- Prioritise projects in order to improve investment efficiency.

### 5.3.4 Service to the Poor

As part of its social obligation, the NWSC recognises the need to serve the poor in line with the Poverty Eradication Action Plan (PEAP) and the Millennium Development Goals (MDGs). A number of consultative activities have been undertaken within the Corporation to address the plight of the poor. Key among the strategic activities that will be undertaken in the next three year planning cycle are:

- The improvement in infrastructure within the poorer communities. This will include the intensification of the network and the establish Stand posts and yard taps.
- The institutionalisation and the streamlining of the Urban poor activities within the Corporation with a focal desk to handle all issues related to the urban poor.
- Ensure stakeholder co-ordination and participation in formulating activities to serve the poor. Stakeholders to be included are the local councils, the communities, and the different Ministries.
- Ensure well documented and updated information in regard to the status of service to urban poor.
- Identify measurable indicators for service to the poor and incorporate them into the IDAMC framework
- Streamline new connection water policy.

It is envisaged that at least 587 standposts/yardtaps will be installed over the next three years.

#### 5.4 Internal Reforms and Restructuring

In the NWSC the only constant is change. It is in this regard that the Corporation is always ready to change given the social, economic and political environment. It is in line with this willingness to change that the Corporation will undertake internal reforms and restructuring to align itself with its enhanced functional key result areas. The envisaged strategies under this theme are;

- Cluster NWSC towns so as to create viable blocks
- Ensure evolution of IDAMC's to DAMC's
- Ensure the AHA structure evolves in line with NWSC Operational framework
- Continue carrying out Innovative performance enhancement programmes aimed at realising the NWSC dream of being One of the Leading Water Utilities in the World.
- Ensure that all towns are granted enhanced Autonomy
- Carry out Research on change management programmes.
- Ensure that at least  $\frac{3}{4}$  of all towns are ISO Certified.

#### 5.5 External Services

Partnering with other sister utilities is becoming increasingly prominent as the Corporation strives to achieve its vision of being one of the leading water utilities in the World. In the next three-year corporate cycle, the NWSC will establish a fully fledged External services unit which will be mandated to among other things promote inter-institutional training, benchmarking, and knowledge sharing and intellectual growth. Key among the objectives of the external services wing will be to operate in a commercially viable manner.



# appendix 1

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## NWSC Corporate Plan Implementation Matrix 2006 - 2009



Strategic Themes	Goals	Strategies
Operational efficiency	<p><b>Water Losses:</b> Reduce the level of NRW from 31.7% to not more than 28.7 of water produced.</p>	<p><b>Reduction of NRW</b></p> <p>The level of NRW, though at a low of 31.7%, still poses a major problem especially in Kampala (37.6%). The strategies to be carried out include:</p> <ul style="list-style-type: none"> <li>- Increase monitoring of leaks and bursts in all areas</li> <li>- Ensure 100% meter coverage</li> <li>- Carry out effective Planned Preventive Maintenance activities.</li> <li>- Carry out illegal use reduction programmes</li> <li>- Develop a Policy of meter replacement.</li> <li>- Out source leakage repair and detection where it is cost effective. One option will be the possibility of allowing the leakage repair department to form itself into an independent company and enter into contract with the Corporation for targeted leak detection.</li> <li>- Implement District metering, where it is cost effective and technically feasible. District metering will allow for zoning of the distribution network which can then be isolated for purposes of measuring the water use management in each area.</li> <li>- Create incentives for increased community/public involvement. This will involve rewarding mechanisms for information related to illegal use, meter adulteration and vandalism, and meter bypasses etc</li> </ul>
	<p><b>Staff Productivity:</b> 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 45% to 39%.</p>	<ul style="list-style-type: none"> <li>- Focus training on multi-skilling and further skills enhancement</li> <li>- Rationalise staff deployments for effective management at all levels</li> <li>- Increase the level of staff emoluments pegged to performance in order to foster and improve staff productivity. This will be implemented through the enhanced IDAMC framework.</li> <li>- Encourage staff to form their own companies that can cost effectively provide outsourced services for example leakage control, new connections etc.</li> <li>- Enhance performance based pay</li> </ul>
	<p><b>Customer Care:</b> 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</p>	<ul style="list-style-type: none"> <li>- Ensure that least 50% of all customers pay through direct debt system where money is directly paid from ones account for the water bill.</li> <li>- Extend the coverage of call centre to all Service Centres</li> <li>- Institute a system to enable customers' access accounts and transact business in any of NWSC Service Area.</li> <li>- Enhance/streamline/standardise the NWSC brand</li> <li>- Review and strengthen the Customer Care Policy/Charter</li> <li>- Strengthen mechanisms of identifying customer needs assessment</li> <li>- Introduce more customer interface/interaction through NWSC website to cover more functionalities</li> <li>- Improve the infrastructure in all Service Areas.</li> <li>- Improve the front desk offices.</li> </ul>
	<p><b>Water Supply:</b> Ensure 24 hour water supply per day in all NWSC Areas</p>	<ul style="list-style-type: none"> <li>- Expand and Restructure the reticulation network in Kampala so as to ensure conveyance of water supply to all areas within the municipal boundaries and greater Kampala and Industrial Parks</li> <li>- Ensure the completion of the capital projects currently in progress, which include Gaba III, Entebbe water and Sewerage Projects.</li> <li>- Ensure that the pumpage hours are rationalised in order to circumvent the current power outages.</li> <li>- Carry out upstream demand management through the adoption of water conservation technologies, reservoir expansion so as to reduce on water wastage.</li> </ul>
	<p><b>Water and Sewerage quality:</b> Ensure that portable water and sewerage effluent meet National Standards</p>	<ul style="list-style-type: none"> <li>- improve water quality monitoring Carry out Research in water quality</li> <li>- improve discharge surveillance</li> <li>- Strengthen process control and water quality monitoring systems</li> </ul>

Strategic Themes	Goals	Strategies
	<b>Suppressed Accounts:</b> Reduce suppressed accounts as a percentage of total accounts from 13% (19,694) to 9% (21,113)	<ul style="list-style-type: none"> <li>- Investigation of accounts</li> <li>- Updating block maps and status of accounts</li> <li>- Deregistration of dead accounts</li> <li>- Reconnection of suppressed accounts</li> </ul>
<b>Financial Sustainability</b>	<b>Revenues:</b> Increase Annual Revenue from Shs. 58.5 billion to Shs. 82.0 billion	<ul style="list-style-type: none"> <li>- Attain Universal metering for adequate recording of billings.</li> <li>- Increase customer base through the increased connection of new customers</li> <li>- Install 450 Kms of mains Extensions</li> <li>- Implement Investments aimed at expanding service coverage</li> <li>- Increase water and Sewerage services network in the NWSC Areas by at least 45% and 9% respectively</li> <li>- Expand services to areas neighbouring the NWSC operational areas. This has in the past been carried out in the areas of Mbarara, where water was extended to Kaberebere and Bihaarwe, in Tororo where water was extended to Malaba, and in Jinja where water is being extended to Iganga.</li> </ul>
	<b>Collection/Billing Ratio:</b> Ensure a Collection/Billing ratio (including arrears) of not less than 100%.	<ul style="list-style-type: none"> <li>- Write off bad debts greater than five years.</li> <li>- Follow up of debts</li> <li>- Reduce the number of inactive accounts and therefore improve the connection efficiency</li> <li>- Applying of appropriate technologies like hand held meter reading and use of prepaid meters.</li> <li>- Implement the Direct Debt system</li> <li>- Enforce the Memorandum of Understanding signed between the NWSC and the Government of Uganda.</li> </ul>
	<b>Profitability:</b> Ensure adequate net operating profit from Shs 4 billion to Shs 11 billion.	<ul style="list-style-type: none"> <li>- Ensure the tariff is indexed to cater for macro-economic changes</li> <li>- implement viable investments and cost effective operation management systems</li> <li>- Ensure costs are rationalised in order to avoid wastages.</li> <li>- Improve revenues through strategies as mentioned in 5.2.1above.</li> </ul>
	<b>Debt Age:</b> Reduce Debt age from 6 months to 4 months of billings.	<ul style="list-style-type: none"> <li>- Reduce the level of arrears so as to improve the cash flow position of the Corporation.</li> <li>- Enforce the MoU with Government on payment of bills, and</li> <li>- Investigation and verification of non-Government arrears.</li> <li>- Write off of unrecoverable Debts.</li> <li>- Vigorously pursue recoverable debts.</li> </ul>
<b>Water and Sewerage coverage</b>	<b>Water Service Coverage:</b> Increase water service coverage from 70% to 75%.	<ul style="list-style-type: none"> <li>- Continue to rationalise and implement the new water connection policy.</li> <li>- Expansion to new towns</li> <li>- In the other towns of NWSC ensure that the network is expanded on a demand driven approach beyond the service area so as to improve capacity utilisation of the plants</li> <li>- Ensure the completion of the capital projects currently in progress, which include Gaba III, Entebbe water and Sewerage Projects.</li> </ul>
	<b>Sewerage Service Coverage:</b> Increase sewerage extensions by 60 kms.	<ul style="list-style-type: none"> <li>- Implement the recommendations of the Sanitation Master plans.</li> <li>- Introduce and implement a simplified sewerage connection policy.</li> <li>- Liaise with other stakeholders such as the City Councils and NEMA so as to develop an integrated approach towards sanitation improvement.</li> </ul>

Strategic Themes	Goals	Strategies
	<p><b>Service to the poor:</b> Increase service coverage to informal settlements and peri-urban areas</p>	<ul style="list-style-type: none"> <li>- The improvement in infrastructure within the poorer communities. This will include the intensification of the network and the establishment of Stand posts and yard taps.</li> <li>- The institutionalisation and the streamlining of the urban poor activities within the Corporation with a focal desk to handle all issues related to the urban poor.</li> <li>- Ensure stakeholder co-ordination and participation in formulating activities to serve the poor. Stakeholders to be included are the local councils, the communities, and the different Ministries.</li> <li>- Ensure well documented and updated information in regard to the status of service to urban poor.</li> <li>- Identify measurable indicators for service to the poor and incorporate them into the IDAMC framework</li> <li>- Streamline new connection water policy.</li> </ul>
<p><b>Capital Works Projects</b></p>	<p><b>New Capital Works Projects:</b> Undertake the refurbishment and rehabilitation of the water and sewerage systems in Gulu, Kasese, Arua and Bushenyi</p>	<ul style="list-style-type: none"> <li>- the NWSC will ensure that detailed feasibility studies are prepared and submitted as priorities to the Sector working group and Ministry of Finance</li> <li>- Complete on-going projects such as the Gaba III and Entebbe projects</li> <li>- Prioritise projects in order to improve investment efficiency</li> </ul>
<p><b>Internal Reforms and restructuring</b></p>	<p>Carry out Internal Reforms and Restructuring aimed at achieving the enhanced mandate of the Corporation</p>	<ul style="list-style-type: none"> <li>- Cluster NWSC towns so as to create viable blocks</li> <li>- Ensure evolution of IDAMC's to DAMC's</li> <li>- Ensure the AHA structure evolves in line with NWSC Operational framework</li> <li>- Continue carrying out Innovative performance enhancement programmes aimed at realising the NWSC dream of being One of the Leading Water Utilities in the World.</li> <li>- Ensure that all towns are granted enhanced Autonomy</li> <li>- Carry out Research on change management programmes.</li> <li>- Ensure that at least ¼ of all towns are ISO Certified.</li> </ul>
<p><b>External Services</b></p>	<p>In the next three-year corporate cycle, the NWSC will establish a fully fledged External services unit which will be mandated to among other things promote inter-institutional training, benchmarking, knowledge sharing and intellectual growth. Key among the objectives of the external services wing will be to operate in a commercially viable manner.</p>	<ul style="list-style-type: none"> <li>- Establish a fully fledged External Services Unit able to make a profit and provide world-wide competitive services</li> <li>- Cluster NWSC towns so as to create viable blocks</li> <li>- Asset Holding: Ensure that the NWSC effectively carries out the functions of the Asset Holding Authority</li> </ul>

# appendix 2a

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## Financial and Operational Indicators 2006 - 2009



## Financial and Operational Indicators For Corporate Plan Period 2006 -2009

Total installed capacity of water production (million m3) = 78

Average Water + Sewerage Tariff (shs per m3 of water sold) = 1,245

All money values are shown at current prices.

	Ref to Goal No.	Year 0 2005/06	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09
Billing Efficiency (Accounted for water) %	1	68.3	69.3	70.2	71.3
Unaccounted for water (overall) (%)	1	31.7	30.7	29.8	28.7
UFW Kampala (%)	1	37.6	36.6	35.6	34.4
UFW Other Area (%)	1	17.4	16.6	15.9	14.8
Reliability of water Supply Hrs/day	4	20	24	24	24
Revenue: shs millions	7	57,348	68,301	75,074	80,890
Collection/Billing ratio (%)	8	92%	97%	99%	100%
Debt Age (months)	14	6	5	4.5	4
Debt Absolute shs millions	14	30,874	32,836	33,708	34,083
Total No. of Water connections	13, 14	152,138	184,902	214,490	244,303
No. water New connections	13, 14	28,521	29,734	30,286	30,437
No. of Sewerage connections	13	13,850	14,683	15,516	16,350
No New Sewerage connections	13	229	833	833	834
Suppressed accounts % of total accounts	1,13	13%	11%	10%	9%
Suppressed accounts	1,13	19,694	19,611	20,454	21,113
No of new Standposts/kiosks	10	1,175	273	273	273
Service coverage (%)	14	70%	72%	74%	76%
No. of employees in service at end of FY	2	1,093	1,067	1,325	1,353
Employees per 1000 connections	2	7	7	6	5
Staff costs as a % of total costs	2	41%	41%	40%	39%
Minimum monthly take home pay Shs	6	300,000	320,000	340,000	350,000
Response to Customer Complaints (hrs)	3	12	12	11	10
Operating Surplus before interests on Loans, deprec. and exceptional items. (Shs millions).	5	14,017	18,831	23,699	26,469
Depreciation Shs millions	5	9,780	12,541	15,121	15,121
Operating Profit After Dep.	5	4,237	6,290	8,578	11,348

# appendix 2b

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## Area Specific Targets 2006 - 2009



Table of Area Annual Targets for 2006/2007

AREA	Water Production M <sup>3</sup> /day	Water Sold M <sup>3</sup> /day	UFW %	Nos. of Public Stand posts	Nos. of New Water Conn.	New Sewerage connections	Collections UShs. /Month 000' +VAT	Nos. Accounts Reactivated
Kampala	115,590	73,284	36.6	50	20,000	292	4,020,793	1,987
Entebbe	7,087	5,589	21.1	10	980	39	269,582	51
Jinja	11,085	8,938	19.4	10	1,100	58	486,621	224
Tororo	2,683	2,435	9.3	10	315	39	111,342	13
Mbale	4,318	3,968	8.1	10	702	78	244,930	7
Masaka	3,018	2,520	16.5	20	760	39	134,676	26
Mbarara	5,611	4,547	19.0	30	980	78	242,358	78
Lira	2,463	2,246	8.8	10	735	58	95,191	58
Gulu	2,424	2,302	5.0	10	586	78	111,546	23
Kasese	1,569	1,236	21.2	12	401	0	51,478	11
Fort Portal	1,617	1,440	10.9	12	393	29	67,901	10
Kabale	1,393	1,098	21.2	18	385	13	60,879	5
Arua	1,623	1,427	12.1	25	560	0	59,270	18
Bushenyi/ Ishaka	666	565	15.2	10	249	0	27,336	3
Soroti	2,013	1,386	31.2	10	530	31	70,509	106
Lugazi	344	279	19.0	5	350	0	16,778	10
Mubende	405	312	23.0	5	300	0	19,483	2
Masindi	1,491	1,327	11.0	8	240	0	49,241	51
Hoima	625	456	27.0	8	168	0	32,246	15
<b>Subtotal (Kampala exclusive)</b>	<b>50,434</b>	<b>42,069</b>	<b>16.6%</b>	<b>223</b>	<b>9,734</b>	<b>541</b>	<b>2,151,366</b>	<b>710</b>
<b>Total</b>	<b>166,024</b>	<b>115,353</b>	<b>30.7%</b>	<b>273</b>	<b>29,734</b>	<b>833</b>	<b>6,172,159</b>	<b>2,697</b>



Table of Area Annual Targets for 2007/2008

AREA	Water Production M <sup>3</sup> /day	Water Sold M <sup>3</sup> /day	UFW %	Nos. of Public Stand posts	Nos. of New Water Conn.	New Sewerage connections	Collections UShs. /Month 000' +VAT	Nos. Accounts Reactivated
Kampala	118,915	76,582	35.6	50	20,455	292	4,439,627	1,857
Entebbe	7,268	5,840	19.6	10	990	39	297,880	45
Jinja	11,512	9,340	18.9	10	1,111	58	535,831	205
Tororo	2,789	2,544	8.8	10	318	39	122,880	12
Mbale	4,487	4,147	7.6	10	709	78	270,241	8
Masaka	3,135	2,634	16.0	20	768	39	148,713	24
Mbarara	5,828	4,751	18.5	30	990	78	268,176	66
Lira	2,560	2,347	8.3	10	742	58	105,123	49
Gulu	2,527	2,406	4.8	10	592	78	122,939	20
Kasese	1,628	1,292	20.6	12	405	0	56,985	10
Fort Portal	1,680	1,505	10.4	12	397	29	75,161	9
Kabale	1,437	1,147	20.2	18	389	13	67,429	5
Arua	1,686	1,491	11.6	25	566	0	65,510	16
Bushenyi/ Ishaka	692	590	14.7	10	251	0	30,301	3
Soroti	2,089	1,448	30.7	10	566	31	77,693	88
Lugazi	357	291	18.5	5	354	0	18,599	9
Mubende	420	326	22.5	5	303	0	21,623	2
Masindi	1,549	1,386	10.5	8	242	0	54,452	42
Hoima	648	477	26.5	8	170	0	35,736	13
<b>Subtotal (Kampala exclusive)</b>	<b>52,293</b>	<b>43,962</b>	<b>15.9%</b>	<b>223</b>	<b>9,831</b>	<b>541</b>	<b>2,375,273</b>	<b>626</b>
<b>Total</b>	<b>171,209</b>	<b>120,544</b>	<b>29.6%</b>	<b>273</b>	<b>30,286</b>	<b>833</b>	<b>6,814,900</b>	<b>2,483</b>

Table of Area Annual Targets for 2008/2009

AREA	Water Production M <sup>3</sup> /day	Water Sold M <sup>3</sup> /day	UFW %	Nos. of Public Stand posts	Nos. of New Water Conn.	New Sewerage connections	Collections UShs. /Month 000' +VAT	Nos. Accounts Reactivated
Kampala	124,836	81,942	34.36	50	20,557	293	4,733,313	1 793
Entebbe	7,634	6,249	18.1	10	995	39	317,744	40
Jinja	12,168	9,994	17.9	10	1,117	58	570,193	193
Tororo	2,968	2,722	8.3	10	320	39	130,964	11
Mbale	4,760	4,437	6.8	10	713	78	287,970	9
Masaka	3,335	2,818	15.5	20	771	39	158,556	22
Mbarara	6,145	5,084	17.3	30	995	78	286,335	58
Lira	2,709	2,511	7.3	10	746	58	112,089	42
Gulu	2,699	2,574	4.6	10	595	78	130,906	18
Kasese	1,699	1,383	18.6	12	407	0	60,861	10
Fort Portal	1,778	1,610	9.4	12	399	29	80,270	9
Kabale	1,519	1,228	19.2	18	391	13	72,041	6
Arua	1,784	1,596	10.6	25	568	0	69,891	15
Bushenyi/ Ishaka	731	631	13.7	10	253	0	32,393	3
Soroti	2,142	1,549	27.7	10	538	31	82,714	73
Lugazi	373	311	16.5	5	355	0	19,883	8
Mubende	438	348	20.5	5	305	0	23,135	2
Masindi	1,621	1,484	8.5	8	244	0	58,113	35
Hoima	667	510	23.5	8	171	0	38,197	11
Subtotal (Kampala exclusive)	52,072	44,387	14.8%	223	9,880	541	2,532,258	564
Total	176,908	126,329	28.6%	273	30,437	833	7,265,571	2,357

# appendix 3

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## Tariff Indexation Formula and NWSC Tariff Structure 2006 -2007



## Appendix 3 (a)

### NWSC Tariff Indexation Formula

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

$$T_1 = T_0 (A\Delta i + B\Delta f_i \Delta f_x + C\Delta k)$$

Where:

$T_0$  = 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 years audited financial Accounts.

$\Delta$  = 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.

$f_i$  = Foreign retail price index based on the US Bureau of Labour Statistics

$f_x$  = 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.

$T_1$  = 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 2006/2007

#### 1. Water Rates

Charges per cubic meter of water (shs)

Public standpipes	688
Residential/Domestic	1,064
Institutional/Government	1,310
Industrial/Commercial	
1. First 500m <sup>3</sup> per months	1,716
2. 501-1500m <sup>3</sup> per months	1,716
3. Over 1500m <sup>3</sup> per months	1,496

#### 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 50,000 to shs 1,500,000 depending on the size of connection.

Sewerage connection ranges from shs 100,000 to shs 167,000

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.



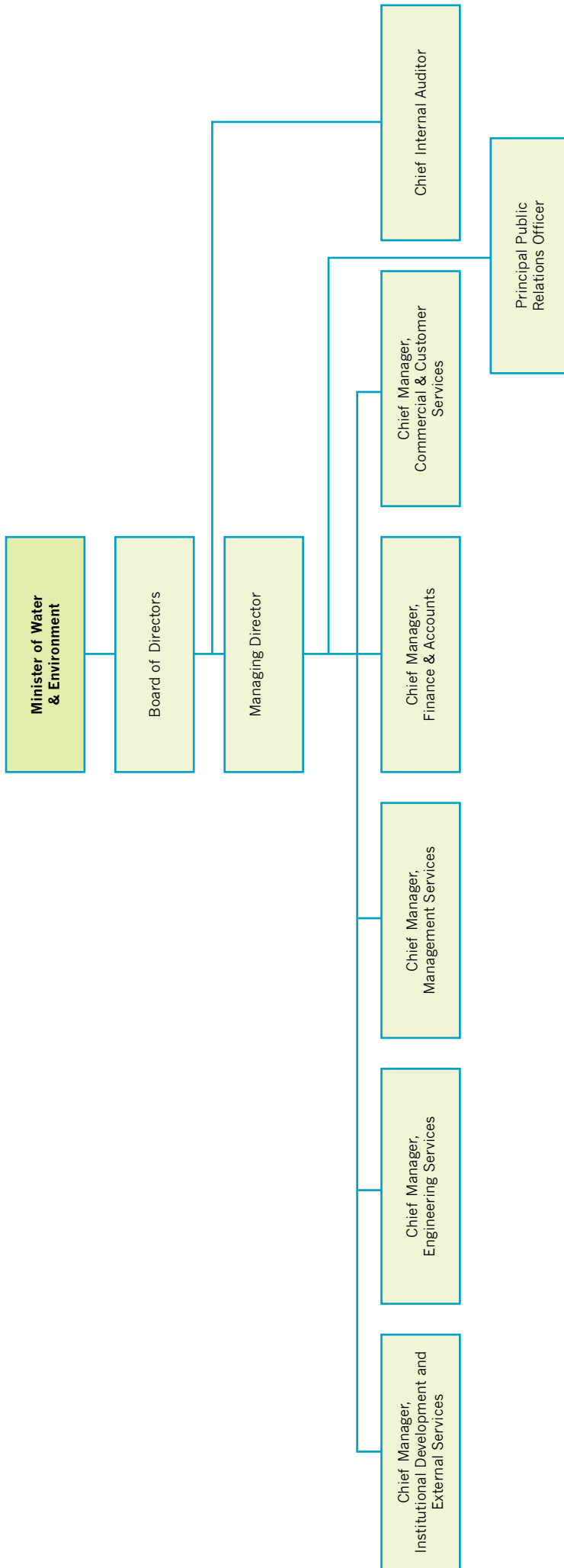
# appendix 4

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## National Water And Sewerage Corporation Corporate Plan 2006 - 2009 Organization Structure And Division Key Result Areas

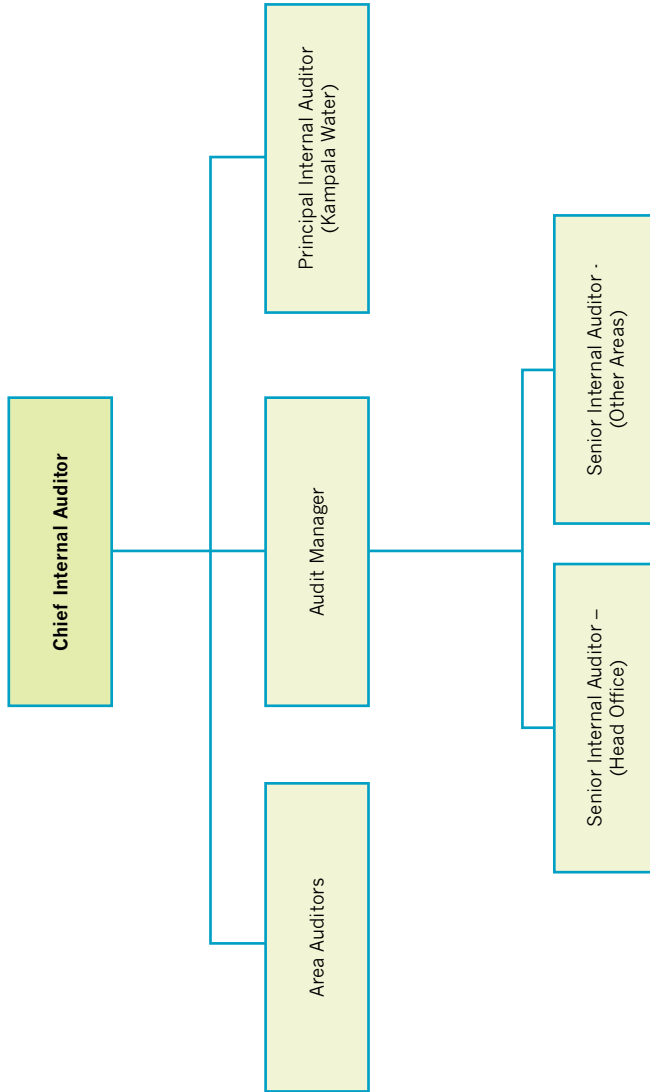


## NWSC Corporate Structure





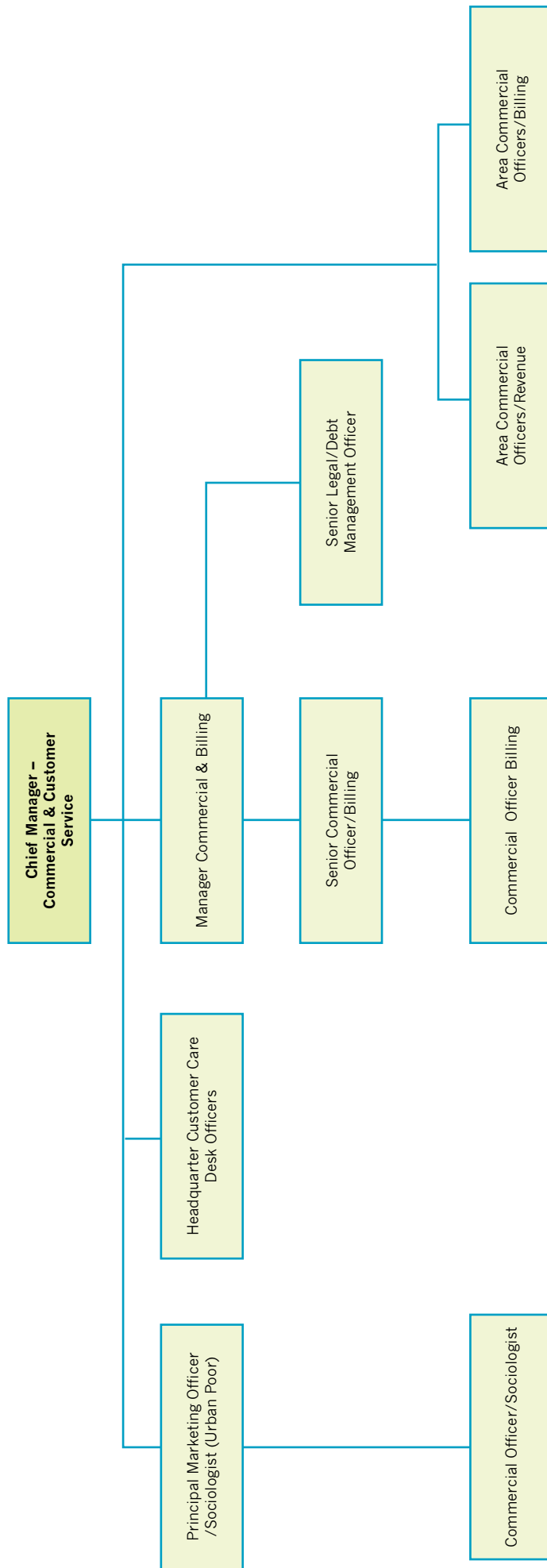
## Internal Audit Division Structure



## **Internal Audit Division Key Result Areas**

1. Review of the reliability and the integrity of the financial and other operating information and the bases used to derive such information.
2. Review the systems and procedures established by management to ensure compliance with the organization's policies and plans.
3. Establish the extent to which NWSC complies with relevant laws and regulations.
4. Verify the existence of NWSC assets and examine the means of safeguarding those assets.
5. Verify the efficiency and effectiveness with which NWSC resources are utilized.
6. Review the work programmes and ascertain whether or not they are being carried out as planned.
7. Establish whether or not NWSC agreed performance targets are being monitored and reported in an accurate manner.

## Commercial Services Division Structure

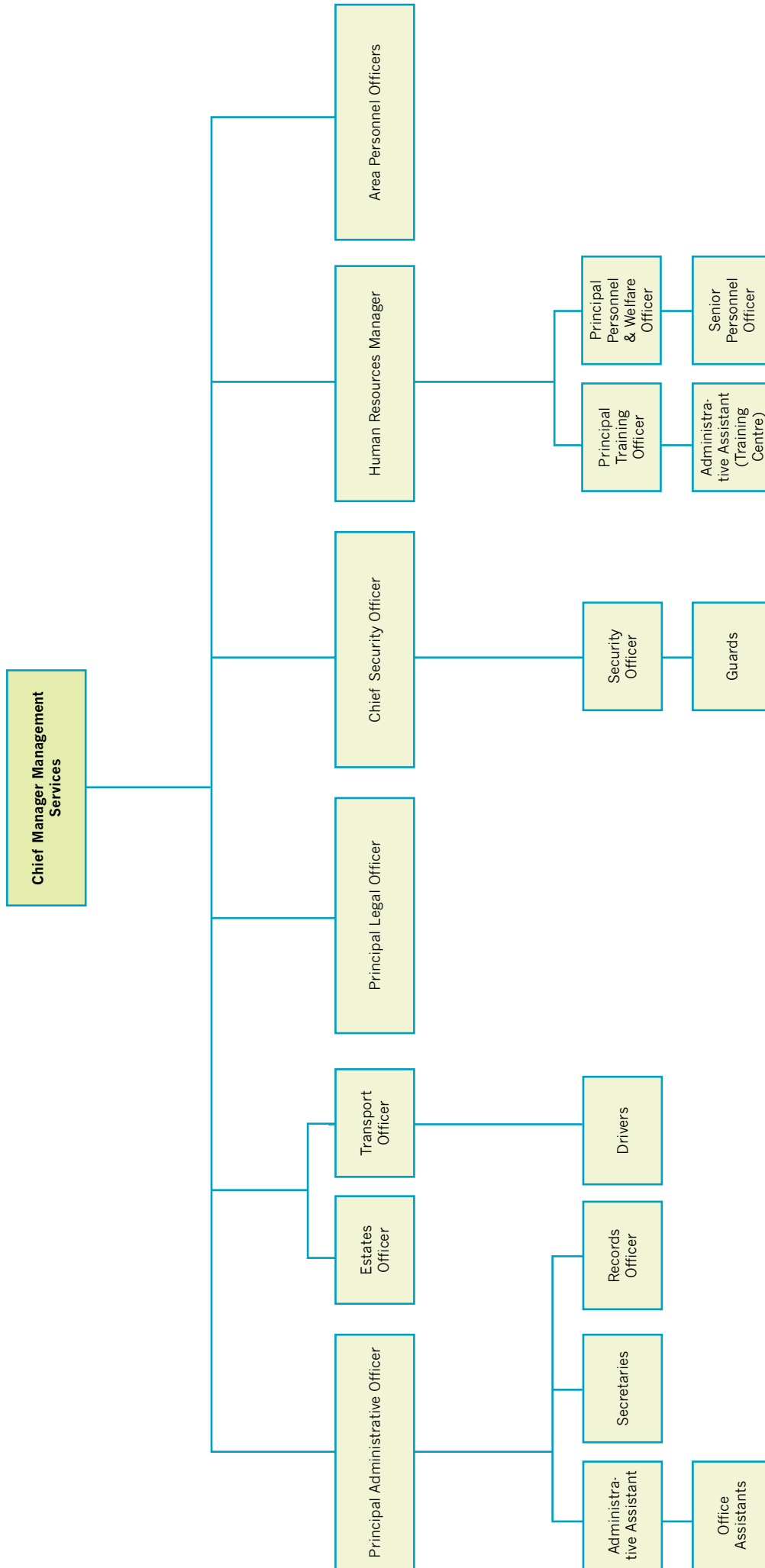


## **Commercial Divisional Key Result Areas**

Within the frame work of the corporate strategic goals and targets, NWSC- Commercial & Customer Care Division has come up with the following key Goals:

1. Increased annual revenue to Ushs70bn
2. Ensure efficient, reliable and prompt billing systems in all areas.
3. Reduce debt age of arrears to 4 months
4. Enhance the NWSC corporate image.
5. Assess demand, affordability, service coverage and customer satisfaction.
6. Enhance customers' willingness to pay for their bills.
7. Enhance the effectiveness of the customer complaints management system.
8. Enhance the effectiveness of the Revenue and Customer Care MIS.
9. Enhance staff skills in commercial and customer services.
10. Develop and implement the Urban Poor Water and Sanitation Policy

## Management Services Division Structure

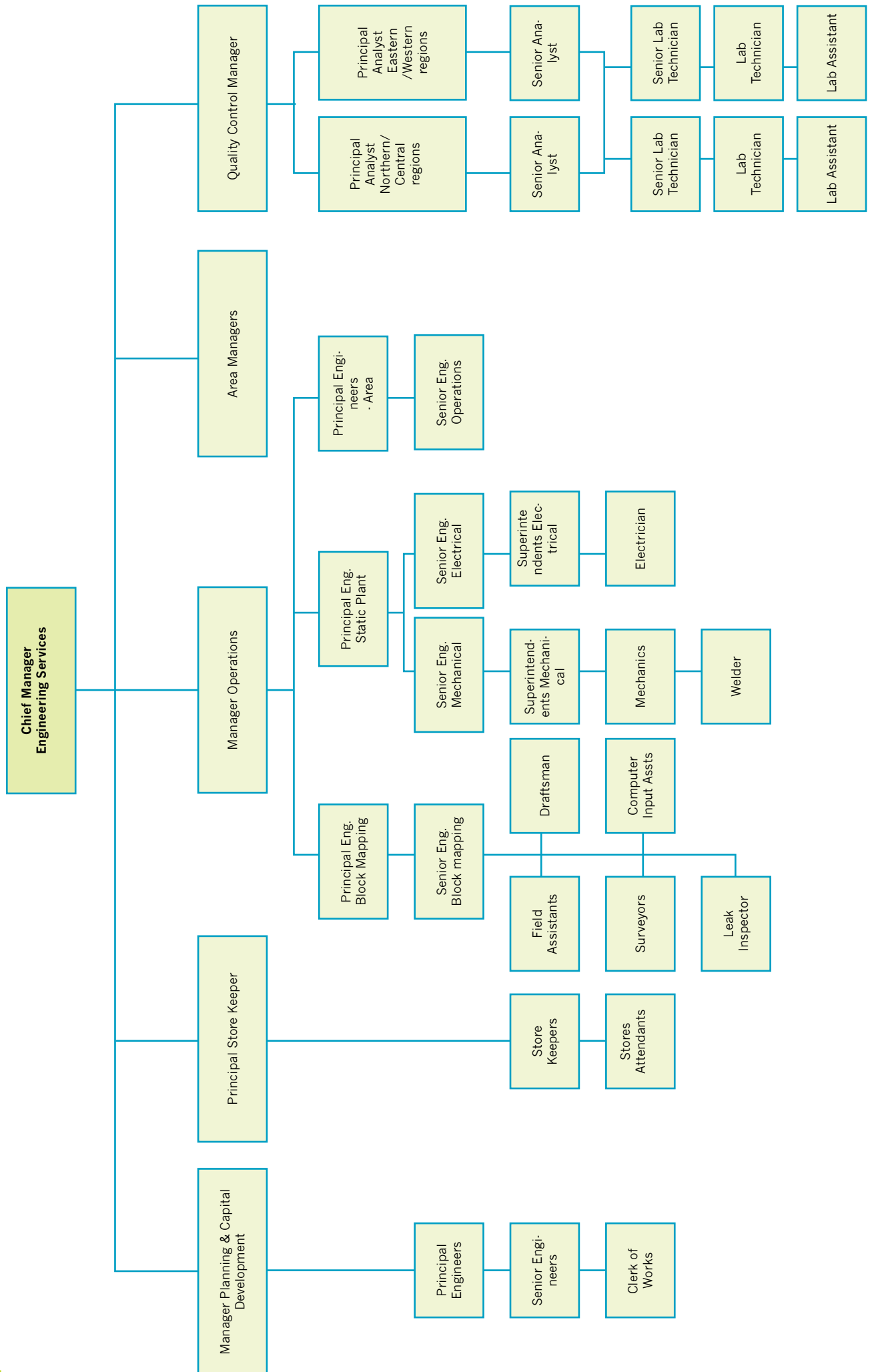


## Management Service Division Key Result Areas

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. In consultation with relevant divisions, establish a mechanism to obtain Board approvals, where required, for procurement of materials within 30 days of requisition.
2. Maintain an efficient and effective transportation system, which will 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.
3. Maintain an effective mechanism of investigating illegal water consumers, fining them within a maximum of one (1) week and/or prosecuting them within a maximum of three (3) months.
4. 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.
5. Establish a priority needs-based training programme, by 1st July 2007 in key NWSC operational fields/areas and ensure it is timely implemented to create value for money.
6. Ensure rationalized manpower levels are obtained by 30th June 2007, and monitor effective implementation of recommended adjustments in accordance with agreed organogram to ensure optimum staff utilization.
7. Ensure that NWSC debts aged above 3 months are recovered using among others legal means.
8. Ensure that 90% of Corporation land titles are obtained by June 2007.
9. Ensure that the new Housing Policy is implemented by December 2007.
10. Ensure that new Corporation Assets are regularly valued.
11. Continuously follow up Court cases and ensure that they are effectively handled.
12. Ensure that a staff welfare manual as approved by the Board is effectively adhered to.
13. 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.
14. Maintain that an effective and efficient mechanism is put in place for Office Administration that is aimed at reducing operational costs monthly.
15. Ensure that National Water and Sewerage Corporation Offices and Estates are refurbished and maintained in such a manner that reflects National Water and Sewerage Corporation's image.
16. Maintain an Insurance Port folio that covers all Corporation Assets including its Human Resources.
17. Implement the Checkers' system in the Areas/Branches to check that the Legal, Human Resources, Administration and Security issues are adequately handled.

# Engineering Services Division Structure

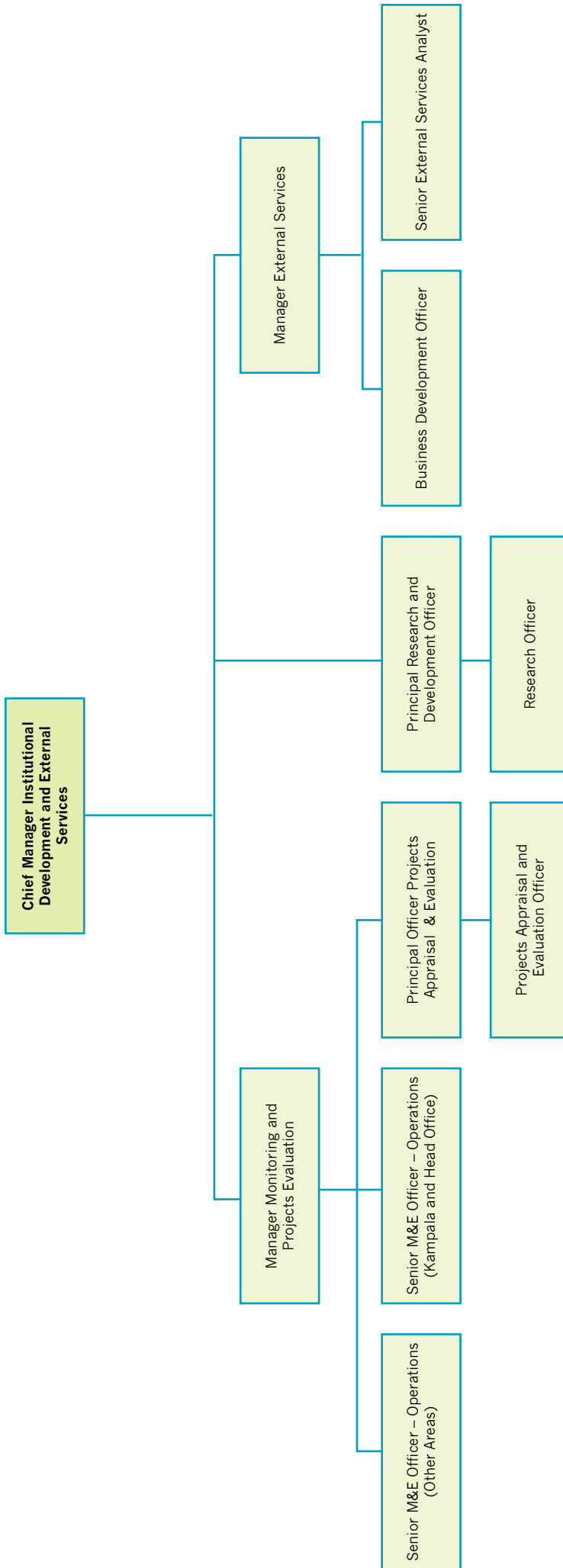


## **Engineering Division Key Result Areas**

1. Ensure Area operations are carried out effectively and efficiently to achieve the Corporations strategic goals.
2. Ensure that the quality of water produced/distributed and the WWTP effluents conform to the National Standards.
3. Ensure timely and cost effective planning and implementation of capital works project
4. Ensure that all procurements of goods and services brought to the Contracts Committee are acted upon on time in accordance with the NWSC/GoJ procurement regulations and procedures.
5. Ensure stores are adequately and cost effectively stocked with items required by end users.



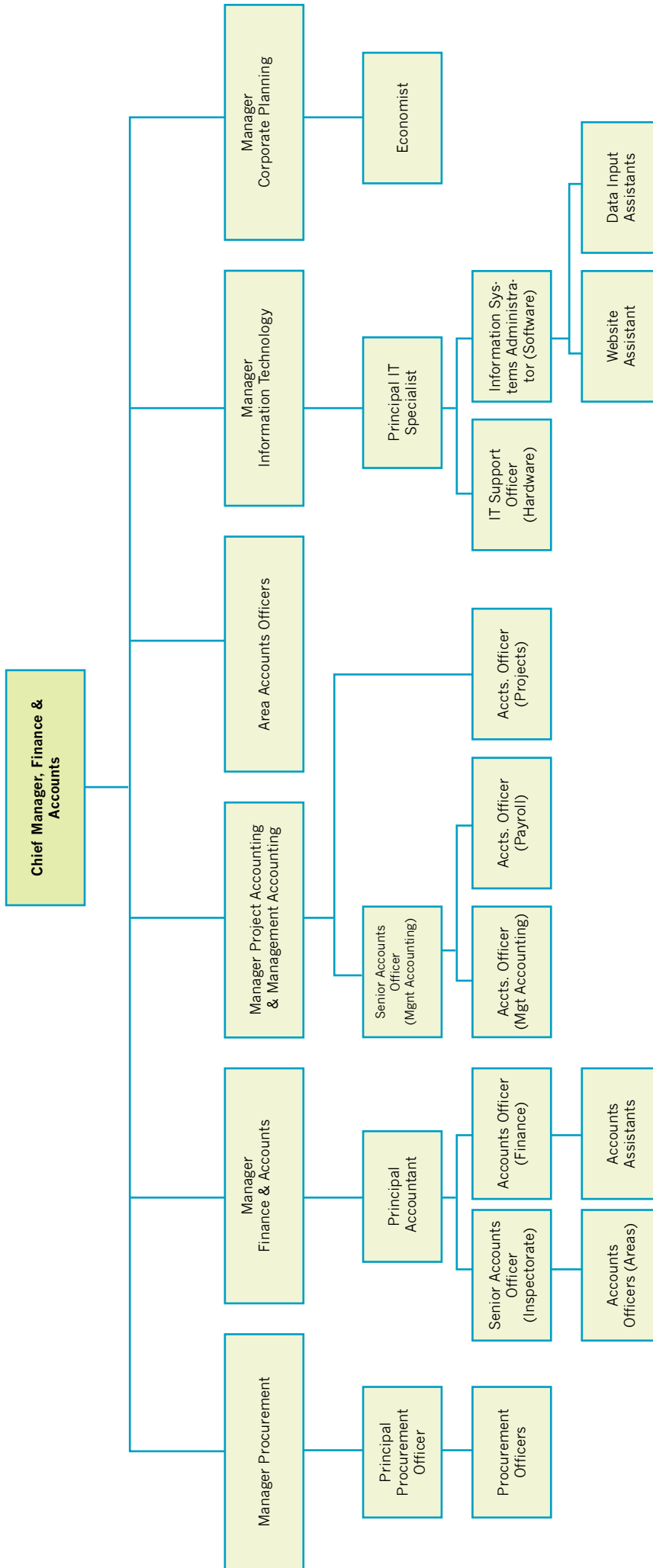
## Institutional Development and External Services Division Structure



## **Institutional Development and External Services Division Key Result Areas**

1. Carry out periodic performance evaluations of change management programmes/contracts and provide timely feedback
2. Carry out timely project appraisals prior to implementation of infrastructure expansion programmes and advise management on the expected viability
3. Carry out post evaluation of implemented expansion projects and advising management on value for money creation (construction/implementation credibility, functionality and impact)
4. Participate in periodic technical audit/checking activities (financial and technical processes)
5. Develop performance benchmarking systems (criteria, competition systems etc) comparable to good international standards
6. Maintain a credible and transparent data base on key operating indicators for computation of trends, performance history and programme/contract management
7. Coordinate external research activities/requests in NWSC
8. Identify problematic areas in NWSC operations and ensure that relevant researches are carried out to enhance the corporation's performance improvement initiatives.
9. Continuously assess NWSC change management programmes and play a leading role in strengthening/developing successor programmes
10. Ensure that external services are effectively marketed and sourced
11. Ensure that external services are effectively and efficiently carried out, timely paid for and in liaison with the Finance and Accounts Division, and maintain proper documentation.
12. Prepare documentation and presentations and represent the Corporation in national and international forums, as directed by Management.
13. Prepare and assist management to present, for approval, policies relating to institutional development (change management) programmes and external services.
14. Effectively coordinate change management and research projects, as directed by Management.
15. Carry out any other duties and responsibilities assigned by Management.

## Finance & Accounts Division Structure



## Finance and Accounts Division Key Result Areas

1. Ensure that the Corporation attains a net profit of at least Shs. 11 billion
2. Produce timely reports for strategic management and monitoring of the operational and financial performance of NWSC.
3. Develop an IT Policy and Manual by March 2007, ensure efficient and secure usage of IT resources.
4. Develop an updated Financial Policies and Procedures Manual by January 2007, so as to enhance efficient and consistent financial performance in all operations.
5. Develop a Procurement Manual by March 2007 to ensure consistent and efficient procurement performance in the Corporation.
6. Enhance implementation of the Management Information System, including Computerized Accounting and Billing systems to facilitate effective information management in the Corporation by June 2007.
7. Ensure that the Corporate Plan for the three year period, July 2006-June 2009, is produced by June 2007.
8. Ensure that the tariff is indexed annually thereby protecting the tariff from inflationary erosion
9. Ensure development of the 3rd GoU/NWSC Performance Contract by December 2006.
10. Ensure financial discipline in the Corporation so that revenue is maximized and costs are optimized on a day to day basis for a sustained financial viability of NWSC.





# appendix 5

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## Financial Forecast 2006 - 2009



SUMMARY		PLAN 2003 - 2006			PLAN 2006 - 2009		
Year Ending June,		2004	2005	2006	2007	2008	2009
Ushs in millions							
<b>OPERATIONS</b>							
UfW	(%)	38%	34%	32%	31%	30%	29%
Sales per active connection	(m3/day)	1.1	1.0	0.8	0.7	0.6	0.6
Billing efficiency		62%	66%	68%	69%	70%	71%
Active Connections	(nos.)	83,020	105,873	132,444	165,291	194,036	223,190
Inactive Connections	(nos.)	17,455	17,173	19,694	19,611	20,454	21,113
Total Water Connections	(nos.)	100,475	123,046	152,138	184,902	214,490	244,303
Overall collection Efficiency	%	102%	90%	92%	95%	95%	0%
Staff Employed	(nos.)	990	1,093	1,067	1,325	1,353	1,373
Staff / 1000 connections	(nos.)	10	9	7	8	7	6
Staff Reduction	(nos.)	(41)	(103)	26	(258)	(28)	(20)
<b>INCOME</b>							
Annual Turnover	(Ushs) mill	42,617	53,779	58,540	69,794	76,566	82,382
Net Income	(Ushs) mill	(5,711)	20,711	(5,010)	6,290	8,578	11,349
<b>CASH FLOW</b>							
Net Cash Flow	(Ushs) mill	3,439	(2,720)	(900)	(4,097)	(1,326)	2,796
Cash Balance	(Ushs) mill	9,787	7,067	6,167	2,070	744	3,540
<b>CREDITOR - GoU</b>							
Interests Outstanding b/f	(Ushs) mill	41,831	49,496	59,570	0	0	0
Interest Due	(Ushs) mill	7,665	10,074	9,027	0	0	0
GoU Debt Swap	(Ushs) mill	0	0	0	0	0	0
Total Interest Payment	(Ushs) mill	0	0	0	0	0	0
Interest Outstanding c/f	(Ushs) mill	49,496	59,570	68,597	0	0	0
Principal Outstanding b/f	(Ushs) mill	22,852	27,284	31,716	84,986	84,986	84,986
Principal Due	(Ushs) mill	4,432	4,432	4,432	0	0	0
GoU Debt Swap	(Ushs) mill	0	0	0	0	0	0
Total Principal Payment	(Ushs) mill	0	0	0	0	0	0
Principal Outstanding c/f	(Ushs) mill	27,284	31,716	36,148	84,986	84,986	84,986
<b>DEBTOR - GoU</b>							
Arrears Outstanding b/f	(Ushs) mill	14,062	21,613	22,327	22,476	21,180	19,170
Annual Increase	(Ushs) mill	401	513	528	616	648	0
GoU Settlement	(Ushs) mill	(5,732)	0	0	0	0	0
GoU Debt Swap	(Ushs) mill	0	0	0	0	0	0



Year Ending June,		PLAN 2003 - 2006			PLAN 2006 - 2009		
		2004	2005	2006	2007	2008	2009
<b>KAMPALA</b>							
<b>Production</b>							
Capacity	(mil m3/y)	53.9	53.9	53.9	62.6	77.2	77.2
Production	(mil m3/y)	38.6	41.2	42.4	42.90	44.4	45.7
Billed	(mil m3/y)	21.3	24.5	26.5	27.2	28.6	30.0
UfW	(%)	44.7%	40.6%	37.6%	36.6%	35.5%	34.4%
Billing Efficiency		55.3%	59.4%	62.4%	63.4%	64.5%	65.6%
Sales per Existing Connections	(m3 / day)	1.36	1.18	1.07	0.90	0.75	0.66
Sales per New/Newly Activated Connection	(m3 / day)	0.25	0.41	0.35	0.10	0.20	0.20
Average Sales per Connection	(m3 / day)	1.18	1.07	0.90	0.75	0.66	0.59
<b>Connections</b>							
Active Connections	(nos.)	49,595	62,356	80,248	99,885	118,867	138,217
Inactive Connections	(nos.)	12,482	12,421	14,943	14,759	15,734	16,467
Writeoffs	(nos.)	471	1,005	888	547	498	474
Re-activation Target	(% of inactive)	11%	4%	7%	9%	6%	7%
Re-activation	(nos.)	1,357	508	1,021	1,387	1,001	1,193
suppressed during year		1,209	1,451	1,378	1,750	2,474	2,400
Total Water Connections	(nos.)	62,077	74,777	95,191	114,644	134,601	154,684
Metered Connections	(nos.)	59,022	72,231	93,305	112,351	132,582	152,364
New Connections	(nos.)	8,720	12,174	19,908	20,000	20,455	20,557
% increase in connections	(%)	17%	20%	27%	21%	18%	15%
% metered connections	(%)	95%	97%	98%	98%	99%	99%
<b>OTHER AREAS</b>							
<b>Production</b>							
Capacity	(mil m3/y)	36.0	36.0	36.0	40.8	40.8	40.8
Production	(mil m3/y)	16.2	16.5	17.4	17.78	18.3	18.67
Billed	(mil m3/y)	12.8	13.8	14.35	14.83	15.37	15.90
UfW	(%)	20.8%	16.8%	17.4%	16.6%	15.9%	14.8%
Billing Efficiency		79.2%	83.2%	82.6%	83.4%	84.1%	85.2%
Sales per Existing Connections	(m3 / day)	1.05	1.05	0.87	0.75	0.62	0.56
Sales per New/Newly Activated Connection	(m3 / day)	1.05	0.25	0.19	0.10	0.15	0.15
Average Sales per Connection	(m3 / day)	1.05	0.87	0.75	0.62	0.56	0.51
<b>Connections</b>							
Active Connections	(nos.)	33,425	43,517	52,196	65,406	75,169	84,973
Inactive Connections	(nos.)	4,973	4,752	4,751	4,852	4,720	4,646
Writeoffs	(nos.)	421	381	468	267	200	150
Re-activation Target	(% of inactive)	15%	13%	13%	6%	6%	13%
Net re-activation	(nos.)	956	664	632	510	326	364
suppressed during year		604	282	268	369	394	440
Total Water Connections	(nos.)	38,398	48,269	56,947	70,258	79,889	89,619
Metered Connections	(nos.)	38,004	47,823	56,658	69,555	79,090	88,723
New Connections	(nos.)	5,325	10,044	8,613	9,734	9,831	9,880
% increase in connections	(%)	15%	26%	18%	17%	14%	12%
% metered connections	(%)	99%	99%	99%	99%	99%	99%
<b>All Areas</b>							
<b>Production</b>							
Capacity	(mil m3/y)	89.9	89.9	89.9	103.4	118.0	118.0
Production	(mil m3/y)	54.8	57.7	59.8	60.7	62.6	64.4
Billed	(mil m3/y)	34.2	38.2	40.8	42.0	44.0	45.9
UfW	(%)	37.6%	33.8%	31.7%	30.7%	29.8%	28.7%
Sales per active connection	(m3/day)	1.13	0.99	0.84	0.70	0.62	0.56
Billing Efficiency		62%	66%	68.3%	69.3%	70.2%	71.3%
<b>Connections</b>							
Active Connections	(nos.)	83,020	105,873	132,444	165,291	194,036	223,190
Inactive Connections	(nos.)	17,455	17,173	19,694	19,611	20,454	21,113
Total Water Connections	(nos.)	100,475	123,046	152,138	184,902	214,490	244,303
		17%	14%	13%	11%	10%	9%
Metered Connections	(nos.)	97,026	120,054	149,963	181,907	211,672	241,087
New Connections	(nos.)	14,045	22,218	28,521	29,734	30,286	30,437
% increase in connections	(%)	16%	22%	23%	20%	16%	14%
% metered connections	(%)	97%	98%	99%	98%	99%	99%

		PLAN 2003 - 2006			PLAN 2006 - 2009			
Total Staff Analysis		2004	2005	2006	2007	2008	2009	
Staff Employed as of 1 July at start of financial year		949	990	1,093	1,067	1,325	1,353	
Staff Employed year end		990	1,093	1,067	1,325	1,353	1,373	
Staff / 1000 connections active		12	10	8	8	7	6	
Staff / 1000 connections total		10	9	7	7	6	6	
Staff Reduction/(Increase)		(41)	(103)	26	(258)	(28)	(20)	
Wages		(mil Ushs/yr)	10,002	14,768	16,322	20,674	21,534	22,289
Average Wages per Staff		(mil Ushs/yr)	10.10	13.51	15.30	15.60	15.92	16.23
Staff costs per connections.								
Staff costs as a percentage of Operating costs.			37%	50%	41%	44%	44%	43%
<b>Tariffs</b>								
Average Water Tariff								
	Kampala	(Ushs/m3)	1,132	1,297	1,343	1,558	1,636	1,685
	Other Areas	(Ushs/m3)	955	1,121	1,199	1,391	1,461	1,505
	All areas	(Ushs/m3)	1066	1233	1293	1499	1575	1623
Average Service fee								
	Kampala	Ush pm /conn	1,694	1,685	1,677	1,668	1,660	1,652
	Other Areas	Ush/conn	1,553	1,546	1,538	1,530	1,523	1,515
	All areas	Ush/conn	1,607	1,536	1,557	1,614	1,607	1,600

Year Ending June,		PLAN 2003 - 2006			PLAN 2006 - 2009		
		2004	2005	2006	2007	2008	2009
<b>REVENUE</b>							
<b>Water Sales</b>							
Kampala	(Ushs) mill	24,157	31,722	35,571	42,379	46,764	50,547
Other Areas	(Ushs) mill	12,253	15,413	17,211	20,636	22,449	23,930
Total Sales	(Ushs) mill	36,410	47,135	52,782	63,015	69,213	74,477
Service fees							
Kampala	(Ushs) mill	965	1,163	1,493	2,000	2,368	2,740
Other Areas	(Ushs) mill	636	789	982	1,201	1,373	1,545
Total Sales	(Ushs) mill	1,601	1,952	2,475	3,201	3,741	4,284
<b>Connection Charges</b> (for new connections)							
No. of Conn. (assumption)							
Kampala	Nos.	8,720	12,174	19,908	20,000	20,455	20,557
Other Areas	Nos.	5,325	10,044	8,613	9,734	9,831	9,880
Average connection Fee							
Kampala	Ushs/per conn	0.065	0.074	0.057	0.057	0.057	0.057
Other areas	Ushs/per conn	0.058	0.063	0.063	0.063	0.063	0.063
Kampala	(Ushs) mill	568	902	1,141	1,201	1,229	1,235
Other Areas	(Ushs) mill	309	630	541	585	591	594
Total connection fee	(Ushs) mill	877	1,532	1,682	1,786	1,819	1,828
Other Water and Sewerage Revenues							
		207	316	408	300	300	300
<b>Total Revenue</b>							
Kampala	(Ushs) mill	25,690	33,787	38,205	45,580	50,361	54,522
Other Areas	(Ushs) mill	13,198	16,832	18,734	22,422	24,413	26,068
Other Revenue	(Ushs) mill	207	316	408	300	300	300
<b>Core Incomes</b>	<b>(Ushs) mill</b>	<b>39,094</b>	<b>50,935</b>	<b>57,348</b>	<b>68,302</b>	<b>75,074</b>	<b>80,890</b>
<b>Other Incomes</b>							
GoU Grants	(Ushs) mill	158	89	0	100	100	100
Other Grants	(Ushs) mill	0	0	0	0	0	0
Adjustments	(Ushs) mill	0	0	0	0	0	0
Recogn of deferred income	(Ushs) mill	1,188	1,254	560	760	760	760
Decrease in provision for bad debts		1,793	1,302		0	0	0
Other income		385	198	632	632	632	632
sub total	(Ushs) mill	3,523	2,844	1,192	1,492	1,492	1,492
<b>Total Income</b>		<b>42,617</b>	<b>53,779</b>	<b>58,540</b>	<b>69,794</b>	<b>76,566</b>	<b>82,382</b>
<b>Expenditure</b>							
Salaries & Wages	(Ushs) mill	10,002	14,768	16,322	20,674	21,534	22,289
Restructuring Costs/Gratutities	(Ushs) mill	1,585	5,571	1,723	1,763	1,600	1,700
Fixed Costs (Staff)	(Ushs) mill	11,587	20,339	18,045	22,437	23,134	23,989
Premises	(Ushs) mill	1,710	1,964	1,923	2,019	2,120	2,226
Static plant and pipe	(Ushs) mill	6,959	7,312	9,613	10,574	10,891	11,436
Transport and mobile plant	(Ushs) mill	1,111	1,542	1,886	2,263	2,376	2,495
Supplies and services	(Ushs) mill	2,634	3,620	4,814	5,537	5,813	6,395
Administrative expenses	(Ushs) mill	7,599	5,557	8,107	7,997	8,397	9,237
KRIP & KWSSA fee + incentives	(Ushs) mill	2570	0	0	0	0	0
Provision for bad debts	(Ushs) mill	374	196	2,714	2,065	2,168	2,385
Provision for obsolete inventory	(Ushs) mill	138	221	0	0	0	0
Other admin expenses	(Ushs) mill	4,517	5,140	5,393	5,932	6,229	6,852
Financial expenses	(Ushs) mill	0	0	136	136	136	136
Deferred charges written-off	(Ushs) mill	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>(Ushs) mill</b>	<b>31,600</b>	<b>40,334</b>	<b>44,523</b>	<b>50,963</b>	<b>52,867</b>	<b>55,913</b>
<b>EBITDA</b>	(Ushs) mill	11,017	13,445	14,017	18,831	23,699	26,470
<small>(earnings before interest, tax, depreciation, &amp; Exceptional item)</small>							
Depreciation	(Ushs) mill	9,723	9,545	9,780	12,541	15,121	15,121
<b>EBIT</b>	<b>(Ushs) mill</b>	<b>1,294</b>	<b>3,900</b>	<b>4,237</b>	<b>6,290</b>	<b>8,578</b>	<b>11,349</b>
<small>(earnings before interest and tax)</small>							
Interest payable	(Ushs) mill	7,665	10,074	9,027	0	0	0
Interest received	(Ushs) mill	(571)	(656)	(95)	0	0	0
Bank charges	(Ushs) mill	104	143	0	0	0	0
Exchange loss	(Ushs) mill	(194)	(109)	315	100	100	100
Net financial	(Ushs) mill	7,005	9,452	9,247	0	0	0
<b>Net Income before tax (EBT)</b>		<b>(5,711)</b>	<b>(5,552)</b>	<b>(5,010)</b>	<b>6,290</b>	<b>8,578</b>	<b>11,349</b>
<small>Earnings Before Tax</small>							
Impairment Adjustment			26,264		0	0	0
<b>Net Profit before tax</b>	<b>(Ushs) mill</b>	<b>(5,711)</b>	<b>20,711</b>	<b>(5,010)</b>	<b>6,290</b>	<b>8,578</b>	<b>11,349</b>
Tax credit charge/(Credit)	(Ushs) mill	0	3,658	(12,190)	(1,887)	(2,573)	(3,405)
<b>Net Income</b>	<b>(Ushs) mill</b>	<b>(5,711)</b>	<b>24,369</b>	<b>(17,200)</b>	<b>4,403</b>	<b>6,005</b>	<b>7,944</b>

Year Ending 30 June,		PLAN 2003 - 2006			PLAN 2006 - 2009		
		2004	2005	2006	2007	2008	2009
<b>CASHFLOW FROM OPERATIONS</b>							
Net Income (after interest)	(Ushs) mill	(5,711)	20,711	(5,010)	6,290	8,578	11,349
Add: Depreciation & Amortization	(Ushs) mill	9,651	9,450	9,780	12,541	15,121	15,121
Add: Interests	(Ushs) mill	7,665	10,074	9,027	0	0	0
Interest income accrued	(Ushs) mill	(571)	(656)	(95)	0	0	0
Add Asset Impairment	(Ushs) mill	0	(26,264)	0	0	0	0
Add: Deferred Charges	(Ushs) mill	(1,188)	(1,254)	(560)	(760)	(760)	(760)
Exceptional item	(Ushs) mill	2,113					
Exchange rate loss	(Ushs) mill	(194)	(109)	315	100	100	100
Assets received from GoU	(Ushs) mill			8,418			
Adjustment in fixed Assets	(Ushs) mill			145			
Prior year adjustment for bade debt error	(Ushs) mill			(3,453)			
Profit/losson property plant and equipment disposal	(Ushs) mill	(72)					
Billing software	(Ushs) mill	72	95				
Subtotal	(Ushs) mill	11,766	12,047	18,567	18,171	23,039	25,810
<b>Working Capital Items</b>							
Debtor - GoU	(Ushs) mill	2,339	(3,302)	(2,990)	178	320	275
Other Debtors	(Ushs) mill	(2,722)	(4,250)	2,276	(327)	976	1,735
Decrease/(Increase) in Debtors	(Ushs) mill	(383)	(7,552)	(714)	(149)	1,297	2,010
Creditors: GoU	(Ushs) mill						
Unpaid Loan Interest increase/(decrease)	(Ushs) mill	7,665	10,074	9,027	0	0	0
GoU Swap	(Ushs) mill						
Unpaid Loan Principal increase/(decrease)	(Ushs) mill	4,432	4,432	4,432	0	0	0
Creditors - GoU	(Ushs) mill	12,097	14,506	13,459	0	0	0
Creditors - Others	(Ushs) mill	708	4,528	(1,138)	(500)	(500)	(500)
Increase/(Decrease) in Creditors	(Ushs) mill	12,806	19,034	12,321	(500)	(500)	(500)
Increase in deferred income	(Ushs) mill						
Increase/(Decrease) in Retirement benefits	(Ushs) mill	844	4,721	940	(1,500)	(1,500)	(1,500)
Decrease/(Increase) in Stocks	(Ushs) mill	(783)	(3,645)	(76)	(100)	(200)	(300)
Add: Net Decrease / (Increase) in Working Capital Items	(Ushs) mill	12,484	12,558	12,471	(2,249)	(903)	(290)
Less: Taxation Paid	(Ushs) mill	(106)	(155)	(31)	0	0	0
Interest Received	(Ushs) mill	571	656	95	0	0	0
Subtotal	(Ushs) mill	24,715	25,105	31,101	15,922	22,136	25,520
Less: Loan principal and interests	(Ushs) mill	12,097	14,506	13,459	0	0	0
		0	0	0	0	0	0
Net Cash Flow from Operations	(Ushs) mill	12,618	10,600	17,643	15,922	22,136	25,520
<b>Debt Servicing</b>							
Cashflow from Interests Payment	(Ushs) mill	0	0	0	0	0	0
Cashflow from Principal Payment	(Ushs) mill	0	0	0	0	0	0
Net Cashflow from Debt Servicing	(Ushs) mill	0	0	0	0	0	0
<b>Cashflow From Financing Activities</b>							
GoU Grants (contribution to projects)	(Ushs) mill	773	573	711	7,331	3,400	600
Donor Grants	(Ushs) mill	841	4,839	0	31,908	18,140	14,600
Net Cashflow from Financing	(Ushs) mill	1,614	5,413	711	39,239	21,540	15,200
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>							
Small Towns Water Sanitation Project	(Ushs) mill	869	0	0	0	0	0
Mukono	(Ushs) mill	1,705	3,848	814	2,500	2,050	3,000
Bushenyi Water supply Project	(Ushs) mill				400	500	1,000
Gulu water supply and sewerage project	(Ushs) mill	346	393	408	800	2,000	3,000
Arua water supply and sewerage project	(Ushs) mill	0	0	0	300	500	500
Kampala Network rehabilitation Project	(Ushs) mill	426	305		4,810	2,150	2,150
Gaba Transmission mains	(Ushs) mill				9,420	1,500	0
Gaba 2 improvement project	(Ushs) mill				0	4,000	0
Gaba 111	(Ushs) mill		506	223	9,540	3,300	300
Entebbe WSS project	(Ushs) mill		66	24	10,191	4,650	0
Construction of intake inner Bay	(Ushs) mill				3,830	0	0
Kampala Sanitation Project	(Ushs) mill				20	2,340	5,000
Kampala Urban Poor Project	(Ushs) mill				2,100	4,500	4,500
Masaka Katigondo water project	(Ushs) mill				50		
Buloba Water Supply	(Ushs) mill				400		
Matugga water supply	(Ushs) mill				150		
IT Project	(Ushs) mill			52	792	300	0
Jinja Intake Off shore pipeline	(Ushs) mill				400		
Katanga Sewerage system	(Ushs) mill					600	
Lugazi Water supply system	(Ushs) mill					400	500
Malaba Water Supply Project	(Ushs) mill					200	200
Fort Portal W&S Expansion	(Ushs) mill					300	500
Kasese WSP	(Ushs) mill					500	500
Mbale Rehabilitation and Expansion	(Ushs) mill					500	500
Iganga Distribution	(Ushs) mill					200	500
Other Projects	(Ushs) mill	882	5,748	7,768			
NWSC Minor Works+ purchase of Prop&equip	(Ushs) mill	6,209	7,867	9,965	11,055	12,012	13,273
Net Cashflow from Investing	(Ushs) mill	(10,792)	(18,732)	(19,253)	(59,258)	(45,002)	(37,923)
Sale of Property, plant & Equipment	(Ushs) mill	0	0	0	0	0	0
<b>NET CASHFLOW</b>	<b>(Ushs) mill</b>	<b>3,439</b>	<b>(2,720)</b>	<b>(900)</b>	<b>(4,097)</b>	<b>(1,326)</b>	<b>2,796</b>
<b>Cash Balance b/f, 1 July</b>	<b>(Ushs) mill</b>	<b>6,348</b>	<b>9,787</b>	<b>7,067</b>	<b>6,167</b>	<b>2,070</b>	<b>744</b>
<b>Cash Balance c/f, 30 June</b>	<b>(Ushs) mill</b>	<b>9,787</b>	<b>7,067</b>	<b>6,167</b>	<b>2,070</b>	<b>744</b>	<b>3,540</b>

Year Ending 30 June, Operation Year		PLAN 2003 - 2006			PLAN 2006 - 2009		
		2004	2005	2006	2007	2008	2009
<b>ASSETS</b>							
Non current Assets	(Ushs) mill						
Property, Plant & Equipment	(Ushs) mill	196,945	236,054	241,725	288,442	318,323	341,125
	(Ushs) mill						
Current Assets	(Ushs) mill						
Stocks/Inventories	(Ushs) mill	3,783	7,428	7,504	7,604	7,804	8,104
Trade and other receivables (Debtors)	(Ushs) mill	14,062	21,613	22,327	22,476	21,180	19,170
Taxation Recoverable	(Ushs) mill	1,167	1,322	1,354	1,354	1,354	1,354
Bank Deposits	(Ushs) mill	5,189	3,238	1,741	1,741	1,200	1,741
Bank & Cash balances	(Ushs) mill	4,602	3,834	4,431	329	(456)	1,799
	(Ushs) mill	28,803	37,435	37,357	33,505	31,082	32,168
<b>Total Assets</b>	<b>(Ushs) mill</b>	<b>225,748</b>	<b>273,489</b>	<b>279,082</b>	<b>321,946</b>	<b>349,404</b>	<b>373,293</b>
<b>EQUITY &amp; LIABILITIES</b>							
Equity Reserves							
GoU funding	(Ushs) mill	57,301	57,301	65,719	173,555	195,095	210,295
Revaluation Reserve	(Ushs) mill	5,359	4,871	4,384	3,884	3,384	2,884
Retained Earnings	(Ushs) mill	3,253	28,109	4,632	7,616	8,585	6,860
	(Ushs) mill	65,913	90,282	74,735	185,055	207,063	220,039
<b>Non-Current Liabilities</b>							
Borrowings	(Ushs) mill	70,498	65,738	43,610	83,981	83,981	83,981
Deferred income taxes	(Ushs) mill	0	0	11,845	11,845	11,845	11,845
Retirement obligations	(Ushs) mill	3,798	7,167	5,573	6,336	8,181	9,381
Deferred Income	(Ushs) mill	17,805	21,964	22,114	22,114	24,994	33,993
	(Ushs) mill	92,102	94,868	83,141	124,276	129,001	139,200
<b>Current Liabilities</b>							
Trade and other payables	(Ushs) mill	3,303	7,831	6,693	6,894	7,100	7,313
Interest Payable	(Ushs) mill	49,496	59,570	68,597	0	0	0
Borrowings-loans due within 1 year	(Ushs) mill	14,281	18,933	41,376	0	0	0
Bank overdraft - unsecured	(Ushs) mill						
Deferred Income	(Ushs) mill	560	560	560	760	760	760
Retirement benefit obligations	(Ushs) mill	94	1,446	3,980	4,980	5,480	5,980
Taxation	(Ushs) mill	0	0	0	0	0	0
	(Ushs) mill	67,734	88,340	121,206	12,634	13,340	14,053
	(Ushs) mill						
<b>Total Equity and Liabilities</b>	<b>(Ushs) mill</b>	<b>225,748</b>	<b>273,490</b>	<b>279,082</b>	<b>321,964</b>	<b>349,404</b>	<b>373,292</b>





