



National water  
& Sewerage Corporation

# our plan for the next **1,095** days...



Corporate Plan 2009-2012:

“maximizing the cash operating margin”

water is life, sanitation is health



## **VISION**

To be One of The Leading Water  
Utilities In The World

## **MISSION**

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

## **QUALITY POLICY**

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



# Core Purposes

## SATISFIED CUSTOMERS

Delighted Customers paying their bills promptly

## ADEQUATE NETWORK COVERAGE

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

## CONSERVATION OF THE ENVIRONMENT

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

## EFFICIENT WORKFORCE

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

## DECENTRALIZATION/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 services 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 that of operations.

## INNOVATION

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

# **Core Values**

**Reliability**

**Integrity**

**Honesty**

**Team Work**

**Loyalty**

**Commitment**

**Professionalism**

**Innovation**

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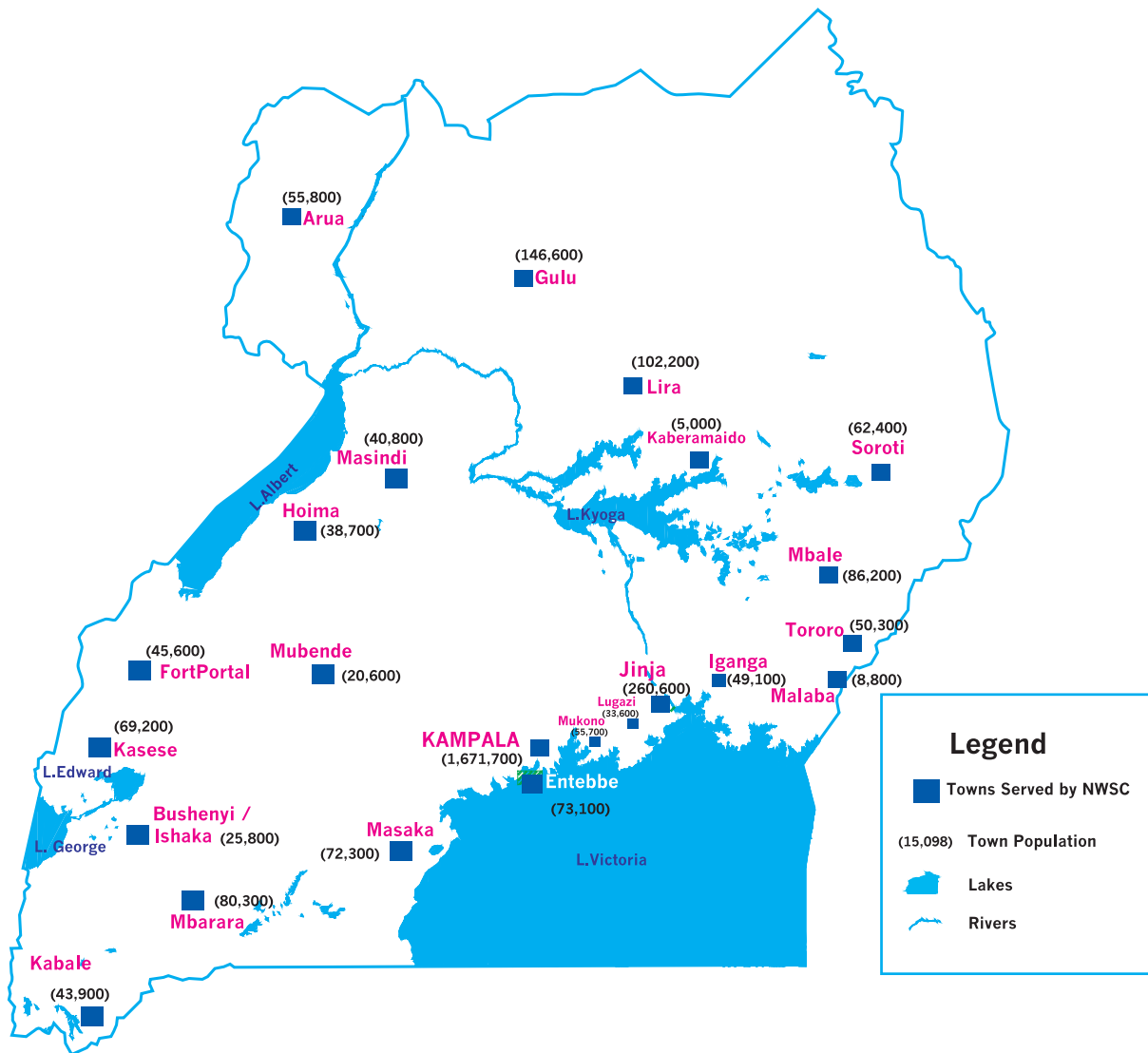
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## ABBREVIATIONS AND ACRONYMS

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

# AREAS SERVED BY NATIONAL WATER AND SEWERAGE CORPORATION (NWSC)





**Christine Nandyose**

Chairperson, Board of Directors

## FOREWORD

In conformity with the NWSC Act Cap 317 of 2000 which requires that the Board shall from time to time prepare and submit to the Minister three- year corporate plans, I am pleased to present the National Water and Sewerage Corporation Corporate Plan for the period 2009 to 2012. This marks the fifth Corporate Plan following the last four successive plans since 1997.

The last three years have manifested both growth and challenges within the Corporation. Where as the Corporation continued to exhibit increased service coverage, customer base and financial growth, a number of challenges were met during the period, notable among which were the increases in the Non Revenue Water, debtors, suppressed accounts and incidence of dry zones. However, through regular reviews and evaluations, appropriate strategies have been designed to address these challenges.

The achievements realised during the planning period 2006-2009 were attained through the implementation of both long term and short term strategies among which were the Stretch Out Programme, the One Minute Manager Concept, the IDAMCs, the Checkers system, the Simplified Water and Sewerage Connection Policies, and the Raving Fans Concept. The strategies adopted by the Corporation were directly linked to the goals under the following themes

- Operational efficiency
- Financial sustainability
- Service Coverage
- Internal Reforms and Restructuring
- External services

As a result of the successful implementation of these strategies, the Corporation increased water production by 19% from 58.1 million cubic meters to 69.2 million cubic meters, while water sales increased by 9% from 40.8 million cubic meters to 44.4 million cubic meters. Our water service coverage, representing the percentage of the population served within our areas of operation throughout the country rose from 70% to 73%. 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 (2006), 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.

In terms of infrastructure developments, the three year period 2006 – 2009 witnessed the completion of key projects

which included; the Gaba III New Treatment Plant and the Transmission mains, the Entebbe Water Supply and Sewerage Project, the Iganga Water Supply and Sewerage project (implemented by DWD), the Soroti Water Supply and Sewerage Project (also implemented by DWD). All these have significantly added to the sustainability of water supply in the Corporation.

In regard to the financial performance, the Corporation has in the last three years been able to cover all its operating costs, including depreciation, and to post a surplus that has been ploughed back for investment purposes.

In formulating the Fifth Corporate Plan, the Board and Management of the Corporation adopted the Theme, “**Maximising the Cash Operating Margin**”. By adopting this theme, it is envisaged that the Corporation will generate sufficient resources for purposes of ploughing the funds back into the continued expansion of the water supply and sewerage systems. This will culminate into reliable water supply and sewerage services delivery in an efficient and cost effective manner.

In coming up with the futuristic aspirations of the Corporation, it was agreed to maintain the Vision for the period 2006-2009 which was deemed still relevant since the Corporation still strives to be among the leading water utilities in the World. Therefore, the Vision for the period 2009 – 2012 is

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

This vision takes cognisance of the plausible achievements registered by the Corporation for the last three years in regard to service delivery in the utility industry, and has been ranked among the best performing Water Utilities in Africa. This is a very big milestone in line with our Vision, and in the spirit of continued innovation. Our strategic focus is 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 2009-2012 is;

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

The above mission adds a new dimension of “Delight” in line with the Raving Fans Concept that is being propagated within the Corporation as the vanguard for improving customer relations and service delivery.

The targets and milestones within the Corporate Plan were harmonised with the Government of Uganda Performance Contract for the period 2009-2012 in order to ensure consistency in performance monitoring and evaluation.

It is therefore with great pleasure that we sign off the plan for the period 2009- 2012, and look forward to the continued improvement in service delivery for the good and prosperity of the people of Uganda.



.....  
**Christine Nandyose**  
Chairperson, Board of Directors  
July 2009

# Executive Summary

## 1.0 Background

In accordance with the NWSC Act, the Corporation is to prepare and present periodic three year Corporate Plans as the guiding policy documents for the Corporation. The Corporate plan for the period 2009 – 2012 is prepared in fulfillment of the obligation of the NWSC towards this legal framework.



## 1.1 Strategic Goals 2006 - 2009

In developing the goals for the last Corporate Plan, the Corporation adopted strategic themes encompassing the desired goals. The themes spanned multiple businesses and aligned strategy development with decision making and investment. The themes and the strategic goals were as follows;

- **Operational Efficiency covering** NRW, Staff productivity, Customer care etc.
- **Financial Sustainability**, covering revenues, collection ratio, Debt age etc.
- **Water and Sewerage coverage**, covering performance in regard to accessibility.
- **Capital works Projects** covering the performance of Capital Projects.
- **Reform and Restructuring** covering internal reforms as a means of fostering improved performance.
- **External Services** including the expansion of south to south cooperation through the external services wing.

## 2.0 Implementation of the 2006-2009 Corporate Plan

In order to achieve the strategic goals set out for the planning period 2006-2009, a number of strategies were carried out which are outlined in the detailed plan. These were grouped under the themes mentioned above.

## 3.0 NWSC Performance 2006 – 2009 Corporate Plan.

The table below summarizes the NWSC Performance during the planning period 2006 to 2009.

Table 1: NWSC Performance 2006 – 2009 Corporate Plan

Indicator	Units	June 2006	Target June 2009	Achieved June 2009	%of Target achieved
Service coverage	%	70	75	73	97%
Water Prodn	cu.mill/yr	58.1	64.6	69.2	107%
Water Sold	cu.mill/yr	40.8	46.1	44.4	96%
Billing Efficiency	%	68.3	71.3	64.2	90%
NRW	%	29.7	28.7	35.8	80%
NRW Kamp.	%	35.7	34.4	42.9	80%
NRW Other	%	15.2	14.8	16.7	89%
Total Water Conn.	No.s	152,138	244,303	225,932	93%
Active Water Conn.	No.s	132,444	223,190	198,210	89%
Inactive Water Conn.	No.s	19,694	21,113	27,722	76%
New connections per annum	Nos	28,521	25,000	23,305	93%
Turn Over	mill shs/yr	58,540	82,382	100,631	122%
OP Profit	mill shs/yr	14,017	26,469	25,424	96%
Staff No.	No.s	1,067	1,353	1,517	89%
Debt Age	Nos	5.5	4.0	4.8	83%
Staff/1000 Conn.	No.s	7	6	7	86%
Staff Costs % of OP Costs	%	37	43	42	102%

## 4.0 Challenges Faced During 2006 –2009 Corporate Plan Period.

Challenges faced by the Corporation during the planning period 2006 – 2009 were identified by management, notable of which were the following;



- **Low Growth in the volume of Water Sales**, despite the increase in connections and volume of water produced. Sales increased by 9% compared to 19% growth in production.
- **Increased Non-Revenue Water**, attributed to increased bursts and leaks resulting from the old network system, faulty meters and illegal connections especially in Kampala. NRW increased from 29.7% in 2006 to 35.8% in 2009.
- **Increased accumulation of Arrears**. Arrears have grown overtime from Shs 30.5 billion in 2006 to Shs 41 billion in 2009. As at June 2009, Government arrears constituted 45%, Commercial 18% and domestic 31%. During the period, arrears increased by 34% due to Government under budgeting, insufficient water supply in some areas and the poor payment culture of some customers.
- **The unfavourable Working Ratio** (the ratio of operating costs to operating revenue); which remained at about 75% during the period due to the increase in staff costs and other related production costs. This was mainly due to the increase in the business activities of the Corporation.
- The **Takeover of New Towns coupled with expansion beyond the Municipal Boundaries** has inflicted a financial burden to the Corporation, albeit within limited resource envelope. On top of the 23 towns under NWSC area of jurisdiction, the Corporation operates 30 other small towns in the periphery.
- **Limited availability of finance to fund** the increasing demand for water and sewerage services, since with the current tariff, the Corporation is only able to finance minor investments.
- **The unfavourable financial Market Conditions**. This forestalled the issue of the bond due to liquidity and interest rate concerns.
- **Dry Zones**. The increased incidence of dry zones is due to the limited, aged and poor network in some of the areas served by the Corporation, hence poor and intermittent water supply.
- The **slowdown in growth of New Connections** due to slow network growth in some areas and the incidence of dry zones
- **Low Sewerage network Coverage** which impairs the ability of the Corporation to provide sewerage services. This is as a result of the lack of funding to carry out comprehensive extension of the sewerage network which is highly capital intensive and requires high sums of funds for investment.
- **Increased Suppressed Accounts**. The level of suppressed accounts has increased by 7,828, from 19,894 in 2006 to 27,722 in 2009 as a result of non- payment of water bills, incidence of dry zones in some areas and the management objective of reducing arrears.
- **VAT Policy**, which as an indirect tax increases the cost of water hence limiting accessibility especially by the poor consumers; and its payment being based on billings as opposed to actual collections, impairs the cash flow of the Corporation especially where there are high levels of arrears.

## 5.0 Way Forward: The 2009 –2012 Corporate Plan

In the spirit of continued innovation and the need for increased productive and allocative efficiency, the Corporation has come up with a theme for the three year planning period (2009 -2012) codenamed “**Maximizing the Cash Operating Margin**”. The theme is the guiding principle for which the goals and strategies are premised. Simply translated, the theme aims at maximising revenues while at the same time rationalising costs in order to achieve a wide spread between revenues and costs.



## 5.1 Corporate Vision and Mission 2009 - 2012.

### Vision

In reviewing the Corporation's Vision, it was agreed that the NWSC Vision for the period 2006 -2009 be maintained as it was still relevant and pertinent. Therefore, the Vision of the National Water and Sewerage Corporation, to be achieved in a twenty-year planning horizon is:

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

### Mission

In reviewing the mission statement, management agreed the need to place emphasis on the customer service in line with the Raving Fans Concept being inculcated within the working norms of the Corporation. The Mission statement developed by management for the NWSC Corporate Plan period 2009-2012 is:

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

The above mission adds a new dimension of "Delight" in line with the Raving Fans concept that is being propagated within the Corporation as the vanguard for improving customer relations and service delivery.

## 5.2 Corporate Strategic Goals for the Plan Period 2009 -2012

In developing the Strategic goals for the Planning period 2009 – 2012, the Corporation adopted strategies in line with the theme of “Maximizing the Cash Operating Margin”. The strategic goals are detailed below:

### 5.2.1 Revenue Maximisation

Turnover: Increase Annual Turnover from Shs. 101 billion to Shs.138 billion.

Goals under this theme include:

- **Water Service Coverage:** Increase water service coverage from 73% to 76%.
- **Sewerage Service Coverage:** Implement the Kampala Sanitation Master Plan Project and thereby achieve a growth in sewerage coverage of at least 1% per annum.
- **Service to the poor:** Increase service coverage to informal settlements and Peri-Urban areas through the implementation of projects including the OBA project.
- **Water Supply:** Ensure 24 hour water supply per day in all NWSC Areas.
- **Water Losses:** Reduce the level of NRW from 35.8% to not more than 31.8% of water produced.
- **New Water Connections:** Install 72,407 new water connections
- **Collection/Billing Ratio:** Ensure a Collection/Billing ratio (including arrears) of not less than 100% by 2012.
- **Profitability:** Ensure growth in net operating profit before depreciation from 25. 4 billion to 37.8 billion.
- **Debt Age:** Reduce Debt age from 4.8 months to 3.8 months of billings.
- **Customer Care:** Strengthen customer services in all Service Areas so as to ensure prompt and effective response to all customer needs and resolution of customer complaints to satisfaction of our customers
- **Water and Sewerage quality:** Ensure that potable water and sewerage effluent meet National Standards
- **Suppressed Accounts:** Reduce suppressed accounts as a percentage of total accounts from 12% to 10%.
- **Complete on-going projects** such as the Gulu water supply and sewerage Project, Mukono, Arua Water supply and Sewerage project, Bushenyi Water Supply project, Jinja Walukuba, Gaba offshore Intake Projects and Kampala Sanitation Master Plan project
- **Prioritise projects** in order to improve investment efficiency.
- Carry out **Annual Tariff Reviews**
- Sourcing for **appropriate and cost effective investment Finance**

### 5.2.2 Cost Rationalisation

Goals under this theme include:

- **Staff Productivity:** Improve staff productivity and limit manpower levels to not more than 6 employees per 1000 water connections and ensure staff costs as a ratio of operating costs is reduced from 42% to 41% on average.
- **Energy Optimisation** (electricity and fuel) cost rationalization through energy audits, and adoption of more efficient technical operating option.
- **Optimization of Administrative costs.**
- **Optimization of Fleet** management costs and Transport and Mobile costs
- **Optimization of Static** Plant and Pipe Network costs, out sourcing of non-core activities.
- **Optimization** of other costs including chemical costs.

### 5.2.3 Cross Cutting Reforms and Activities

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

## 5.2.4 External Services, Research and Development

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

## 5.3 Strategies

The key strategies identified for the implementation of the 2009 – 2012 Corporate plan are in line with the theme of: “Maximizing the Operating Margin” and are categorized under Revenue Maximization and Cost Rationalization. Below are the strategic options under each Goal

### 5.3.1 Revenue Maximization Strategies

- **Reduction of Non Revenue Water:** The strategies in this area will cover, ensuring 100% meter coverage and the development of a meter replacement policy, the reduction of commercial losses, reduction of leakages through effective pressure management, the carrying out of NRW mapping through improvement of the GIS system and establishment of NRW reduction squads to handle illegal use and the strategic meter investigation of large customers e.g. schools, hospitals, institutions, the replacement of the aged network, comprehensive training in NRW management.
- **Reduction of suppressed accounts** by effectively studying their status and take initiatives to woo the customer back to supply.
- **Increase Customer Care:** through the continued implementation of the Raving Water Fans culture through benchmarking practices.
- **Ensure 24/7 water supply:** through implementation of various Capital projects especially in Kampala.
- **Increase in the customer base** (more new connections), through the implementation of viable capital investments, and the reduction of suppressed accounts.
- **External Services, Research, Monitoring and Evaluation:** Improve External Services revenue generation by improving the external services working ratio from 0.5 to 0.45. This will improve the External services revenue from Shs 1 billion to Shs 1.5 billion per annum.
- **Arrears Reduction:** through the implementation of a disconnection policy, (disconnection of any non-government account that has not been credited for three consecutive months or whose outstanding bill has accumulated to UGX 100,000), and through database clean-up. Other strategies will include intensification of lobbying to the Government to increase its budget allocation and pay the outstanding arrears, effective use of debt collectors, and effective use of instalment payment agreements, introduction of prepaid metres, and bad debt write off.

### 5.3.2 Cost Rationalization Strategies

- **Staff Productivity:** Through the rationalized staff recruitment, manpower audits in all areas to establish the true staffing status and resolve any identified anomalies, focus training on multi-skilling and further skills enhancement, and enhanced performance based pay.
- **Optimize Operation Costs:** Through implementation of:
  - Energy Management plans and Strategies,
  - Review the motor vehicle leasing policy to establish the best and most beneficial option for the Corporation,
  - Implement the fleet disposal policy on all the identified old and dilapidated motor cycles and vehicles
  - Optimization of chemical use

- Optimization administrative costs.

### **5.3.3 Internal Reforms and Restructuring**

Carry out Internal Reforms and Restructuring aimed at achieving the enhanced mandate, increased accountability and transparency of the Corporation. Strategies under this will include

- Carry out innovations in our management systems such as strengthening IDAMC, MIS Commercial and Financial services and capital expenditure programmes so as to achieve the maximum benefits and synergies from the interplay of various factor inputs of production
- Enhance stakeholder's participation and collaboration through establishment of Local Water Committees in areas.
- Strengthen monitoring and evaluation systems
- Ensure formulation of management committees on audit
- Follow up of Audit Recommendations during checkers activities
- Ensure quarterly reviews of Audit issues in Top Management
- Ensure that Resolution/implementation of Audit recommendations is part of each division's annual targets

### **5.3.4 External Services, Research and Development**

Strengthen the External services, Research and Development functions to ensure effectiveness and efficiency in implementation the Corporation programmes. Key strategies to be implemented will include:

- The Production of a Research and Development Policy and Plan and conduct research in priority areas
- The development of a web based benchmarking business product for the region.
- The development of a Research and Development policy and a Strategic Research Plan (SRP) by June 2010 to guide the Corporation strategic research initiatives.
- The Conducting of research in priority areas identified in the SRP commencing 2010.
- Put in place knowledge management systems to identify, create, represent, distribute and enable adoption of knowledge, insights and experiences from research activities
- The establishment of national and international research and knowledge networks beneficial to the Corporation
- The establishment and management of a database of knowledge products and learning modules by Nov 2009.



# Chapter 1

## Introduction

### 1.0 The Water and Environment Sector in Uganda

Within the auspices of the Water and Environment Ministry, there are two distinct sub-sectors namely the: i) Water and Sanitation sub sector and ii) the Environment and Natural Resources sub sector. Within the Water and Sanitation sub sector are three main institutional actors which are: the Directorate of Water Development (DWD), the Directorate of Water Resources Management (DWRM), and the National Water and Sewerage Corporation (NWSC). In summary, the DWD and the DWRM are responsible for policy and strategy development, regulation, overall national planning and monitoring of sector performance and capacity development of stakeholders especially at local government level, while on the other hand the NWSC is responsible for the provision of Water and Sewerage Services in the Large Urban Centres.



## 1.1 Policy Framework

Within the overall framework of the Constitution of Uganda (1995), the policy framework for the management and development of water resources in Uganda is anchored on two very important documents: The Uganda Water Action Plan (1995) and National Water Policy (1999) which sets out the overall policy framework.

The National Water Policy promotes an integrated approach to the management of the water resources in ways that are sustainable and most beneficial to the country. The approach is based on the continuing recognition of the social value of water, while at the same time giving much more attention to its economic value.

## 1.2 Legal Framework

The key legal frameworks that guide the management of the Water and Sanitation Sector are:

- Constitution of the Republic of Uganda (1995);
- The Water Act, Cap 152;
- The Environment Act Cap 153;
- The National Water and Sewerage Corporation Act, Cap 317;
- The Public Enterprises Reform and Divestiture Act, Cap 98
- The Local Governments Act Cap 243;
- Land Act Cap 227.
- The Public Health Act (1964)
- The Children Statute (1996)

## 1.3 Regulations and Standards

Furthermore, the Regulations and Standards that are in place to guide users include:

- The Water Resources Regulations (1998);
- The Water Supply Regulations (1998);
- The Water (Waste discharge) Regulations (1998);
- The Sewerage Regulations (1999);
- The Waste Management Regulations (1999);
- Environmental Impact Assessment Regulations (1998);
- National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations (1999); and
- National Environment (Waste Management) Regulations (1999).

The water sector priorities are currently focussed on ensuring improved sustainability of the water sector investments, improved functionality of the existing infrastructure, improved impact on poverty and living conditions of the people of Uganda, and cost recovery and cost sharing with users. The combined efforts of these priorities are envisaged to result into an enhanced water sector with services being delivered efficiently across the various subsectors. The sector policy has set the framework for the goals and aspirations of the Corporation.

## 1.4 The National Water and Sewerage Corporation

The National Water and Sewerage Corporation was initially established by Decree No. 34 of 1972, following



an earlier study on the need for improvement of water and sanitation services in the large urban centres of Uganda.

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

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

The National Water and Sewerage Corporation currently operates in 23 towns namely: Kampala, Jinja/ Njeru, Entebbe, Tororo, Mbale, Masaka, Mbarara, Gulu, Lira, Fort Portal, Kasese, Kabale, Arua, Bushenyi/ Ishaka, Soroti, Lugazi, Malaba, Mukono, and the new towns of Hoima, Masindi, Mubende and Kaberamaido. The NWSC towns have a population of 2.9 million people which account for 75% of the population in the large urban centers of Uganda.

## 1.5 The Corporate Planning Process

The NWSC Corporate Plan for the period 2009-2012 marks the fifth plan, following four successfully implemented plans since 1997. The plans have witnessed a continuous evolution in their preparation and implementation with greater stakeholder involvement and improvement in their preparation. Underlying the Corporate Planning Framework, the Corporation has also undertaken a plethora of short term enhancement programmes which have included the;

- Stretch out programme,
- One Minute Manager Concept,
- IDAMCs, the Checkers system,
- simplified water and sewerage connection policies, and
- Raving Fans concept.

## 1.6 Justification for NWSC Corporate plan

The NWSC Corporate Plan is justified for the following reasons;

- i. Statutory: The NWSC act provides for preparation of a periodic three year Corporate Plan
- ii. Strategic reasons and these include:
  - Need for Long Term Planning (Broad Framework)
  - Justification for short term tactical programmes
  - Reference Document for the Corporation's long term objectives.
  - Need to align and adopt Corporate objectives and strategies with changes in the business environment

## 1.7 The Business Environment

The development of strategic plans is preceded by a detailed audit of the business environment. There are 5 main components of the business environment that continually impact upon and shape the Corporations performance namely; political, economic, social, technological and environmental factors. A successful plan is that which produces a strategic fit between the Corporation and the business environment.



### 1.7.1 Political

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

### 1.7.2 Economic

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

### 1.7.3 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.

### 1.7.4 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.

### 1.7.5 Environmental

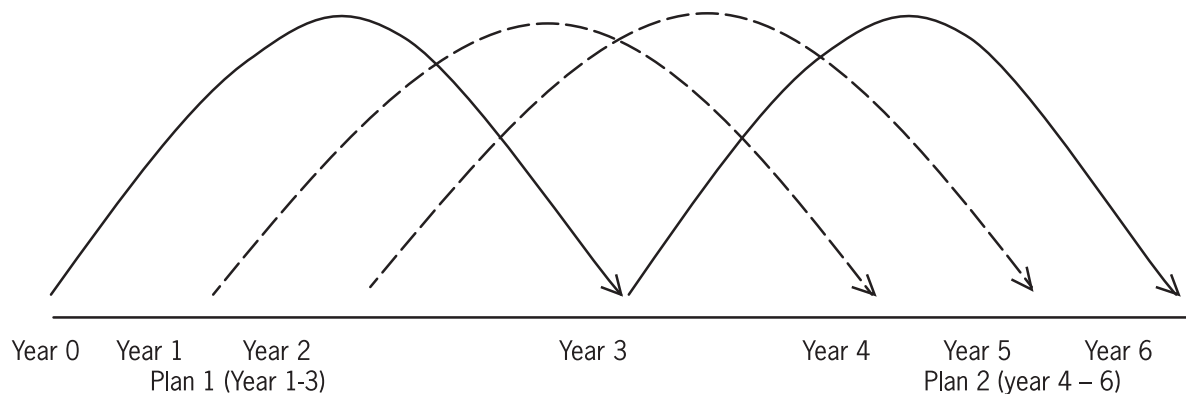
Climatic changes as a result of the Global warming impact on the water resources quantity and quality. Erratic climatic changes also affect the cyclical formation of water resources.

## 1.8 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 2009 – 2012 plan was 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.

### 1.9 Structure of Document

The Corporate Plan 2009 – 2012 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 2006 – 2009 and outlines the operational, financial, and Capital projects performance, and the major challenges faced in the same period.

*Chapter 3* reviews the situational analysis of the Corporation that would affect strategy implementation over the plan period 2009 – 2012

*Chapter 4* covers the way forward and highlights the Corporate Vision, Mission, Strategic goals for the Planning Period 2009 – 2012 and the annual targets for FY 2009/10.

*Chapter 5* details the Strategies the Corporation intends to adopt to achieve the goals for the period 2009 to 2012.

# Part 1

## Performance of the 2006-2009 corporate plan

# Chapter 2

## Review Of The 2006 – 2009 Corporate Plan Performance

### 2.0 Introduction

The last three years have manifested both growth and challenges within the Corporation. Whereas the Corporation continued to exhibit increased service coverage, customer base and financial growth, a number of challenges were met during the period, notable among which were the increases in NRW, debtors, suppressed accounts and incidences of dry zones. This chapter provides a detailed performance analysis for the Corporate Plan 2006-2009.



## 2.1 Strategic Goals for the 2006 – 2009 Corporate Plan.

In developing the goals for the last Corporate Plan, the Corporation adopted strategic themes encompassing the desired goals. The themes spanned multiple businesses and aligned strategy development with decision making and investment. The themes and the strategic goals were as follows;

### 2.1.1 Operational Efficiency

Goals under this theme included:

- 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 potable 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)

### 2.1.2 Financial Sustainability

Goals under this theme included:

- 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.

### 2.1.3 Water and Sewerage Coverage

Goals under this theme included:

- 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.

### 2.1.4 Capital works Projects

Goals under this theme included:

- i) New Capital Works Projects: Undertake the refurbishment and rehabilitation of the water and sewerage systems in Gulu, Kasese, Arua and Bushenyi. The NWSC was to ensure preparation and submission of detailed feasibility studies 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.

### 2.1.5 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

### 2.1.6 External Services

Establishment of a fully fledged External services unit, 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 were to operate in a commercially viable manner

## 2.2 Strategies adopted in 2006-2009 Corporate Planning period

In order to achieve the strategic goals set out for the planning period 2006-2009, the following major strategies, grouped under the themes were undertaken.

### 2.2.1 Operational Efficiency

The details of the operation strategies that were implemented during the planning period 2006-2009 were:

#### i) NRW Performance

In recognition of the increasing challenges of the NRW, (35.8% as at June 2009) compared to 29.7% as at June 2006, the following were strategies implemented;

- Development of the Kampala Non Revenue Action Plan with the aim of significantly reducing.
- Management came up with short term strategies and actions like; meter replacement, meter reading audits and large consumer investigations among others, and all these were enshrined within the Soroti Declaration of November 2008 and Fort Portal Declaration of April 2009.
- All active accounts were metered.
- Strengthened surveillance of the distribution network in all areas.
- Sensitization campaigns were carried out over the media and through interactions with customers.

#### ii) Staff Productivity

The Corporation maintained a staff productivity of 7staff/1000 connections, albeit the recruitment as a result of increased activity level within the Corporation. The following were some of the key strategies undertaken during the previous planning period;

- Rationalisation of staff deployments for effective management at all levels
- Increased level of staff emoluments pegged to performance in order to foster and improve staff productivity. This was implemented through the enhanced IDAMC framework.

#### iii) Customer Care

As one of the Cardinal ethos of the Corporation, Customer care was emphasised through the implementation of the following strategies;

- Extension of call centres to all areas. This has helped in the resolution of customer complaints. The system assists in recording and keeping track of the customer complaint until they are resolved. Furthermore, Customer Surveys were undertaken, front desks were improved, the customer care policy was reviewed, the NWSC Website was updated and the Direct Debit System was updated.
- The Introduction of Toll Free Line 0800100977. This has improved customer service whereby by customers make calls free of charge. This has worked so well with the call centre system where a received complaint is usually channelled and assigned to the responsible Area/Branch immediately for quick action.
- Hi-Affinity. This is an improved billing system of Custima whose introduction has also improved on quick response to customer complaints. It is user friendly, saves a lot of time and provides any required customer information at ease which enables the staff to handle a big number of customers in short time
- Customer Care Training in all areas which resulted into complete change in attitude by all the staff and currently they are the point of reference by the public.
- All Areas and branches are well furnished and equipped, with well manned front desks.
- The introduction of the Raving Fan Concept. A Raving Fans programme was designed and rolled out in all areas as a way of ensuring that our customers are served beyond expectation.

#### **iv) 24 Hour Water Supply**

In order to improve the water supply situation, the following activities were undertaken.

- Completion of capital projects such as Gaba III, Entebbe, Iganga and Soroti water supply projects.
- Network expansion especially in Kampala, in areas such as Kyaliwajjara, Kirinnya, Kiwatule, Bunamwaya, etc was carried out
- Rationalization of the pumpage hour, i.e. where demand is low, pumpage is done in off peak hours.
- Expansion of Reservoir storage to increase water storage, e.g. in Mukono

#### **iv) Water Quality and Sewerage Effluent**

In order to ensure improved water quality and sewerage effluent, the following were the strategies implemented in the planning period 2006-2009

- Acquisition of a mobile laboratory for Kampala water quality monitoring
- Recruited 2 analysts and 6 laboratory technicians.
- Phased refurbishment of the central laboratory
- Reviewed and documented the water quality (WQ) analytical procedures
- Continued to carry out inter-laboratory proficiency testing

### **2.2.2 Financial Sustainability**

The interventions that were implemented under this theme included both infrastructural and commercial strategies aimed at improving the financial sustainability of the Corporation, the details of which are outlined below.

#### **i) Revenue Performance**

Increased revenue generation is one of the cardinal objectives of the Corporation, the purpose of which is to ensure adequate financing of the entire Corporation obligations including the financing of some critical projects. Strategies implemented in line with revenue improvement included the;

- Continued metering of all accounts.



- Annual tariff indexation and aggressive marketing
- Increased customer base through introduction of new connection policy and net work expansion which increased total connections from 152,138 connections in 2006 to 225,932 connections in 2009
- Increase in Sewer connections from 13,853 to 16,195 connections (17%),
- Sewerage coverage is 6.4%.
- Extended 1,836 km of Water mains, from 2,868 km in 2006 to 4,704 kms (increase of 64%).

#### ii) **Collection/Billing Ratio**

The following strategies were undertaken in order to improve the collection/billing ratio from 90% to 98% during the 2006-2009 planning period;

- Introduction of the direct debt payment option. They are now 11 banks operating Direct Debt payment system.
- Multiple payment options, i.e. (over the counter, via the mobile phones , cash offices, etc)
- Intensification of door to door visits
- Introduction of Instalment Payment Agreements (IPA)
- Effective disconnection
- Introduction of prepaid meters in areas like Kisenyi, Ndeeba
- Preparatory work was started by the vendors of the billing system and the Hand held system.

#### iii) **Arrears Position**

The strategies under this involved curtailing the Corporation's arrears position which reduced the debt age from 6 to 4.8 months. However, the absolute level of arrears increased from 30.6 billion shillings to 41 billion. In recognition of this, the following strategies were undertaken;

- Pursuing of Government to honour the MoU with NWSC on payment of bills
- Investigation and verification of non-Government arrears and write off debts deemed unrecoverable and vigorously pursue recoverable debts.
- Investigation and verification of debts is an on -going exercise.
- The use of debt collectors is also being applied to collect difficult debts.

### 2.2.3 **Service Coverage**

The SWOT analysis carried out at the beginning of the planning period 2006-2009 identified that although the coverage for water and sewerage services had over the years increased, there was still need to expand the coverage and mainly to the fringe and peri- urban areas. The following were the strategies that were implemented to alleviate the situation.

#### i) **Water Service Coverage**

In order to register water service coverage of 73% in the planning period 2006-2009, the following strategies were implemented.

- Implementation of the Simplified Water Connection Policy.
- Expansion to new towns, 4 towns (Hoima, Masindi, Mubende, Iganga and Kaberamaido) gazetted by NWSC.
- Expansion of NWSC services to cover 30 other towns beyond the municipal boundaries
- Completion of Gaba III, Mukono and Entebbe water projects

#### ii) **Sewerage Service Coverage**

Sewerage is still one of the over arching problems that need urgent attention. 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 an attempt to alleviate this problem, the following strategies were implemented;

- Started the implementation of the Kampala Sanitation Master Plan which aims at reducing the pollution of Lake Victoria in the vicinity of the Kampala urban areas.
- Introduced and implemented the Simplified Sewerage Connection Policy.
- Liaised with other stakeholders such as the City Councils and NEMA and developed an integrated approach towards sanitation improvement.

### iii) **New Capital Works Projects**

In regard to the capital projects, the following strategies were undertaken;

- Detailed feasibility study and appraisal of projects done prior to submission to the MWE for consideration in the MTEF
- Completion of ongoing projects such as Gaba III and Entebbe projects
- Projects implemented were prioritised in order to improve investment efficiency.

### iv) **Service to the Poor**

Key among the strategic activities that were implemented to improve services to the poor were:

- Establishment of 1,172 stand posts during the 3 year period. Some of these were implemented under the presidential programme.
- Established a Pro-Poor unit within the Kampala Area to oversee the activities related to service delivery to the less privileged.
- Development of Pro poor service indicators which were included within the IDAMC framework.
- The development of a data base on pro poor urban service indicators such as no. of yard tap connections, number of household toilets, community model toilets, Ecosan toilets and Sulabh toilets built.
- The streamlining of the simplified Water Connection Policy and the establishment of a new connection fund account.

## **2.2.4 Internal Reforms and Restructuring**

The following were the strategies undertaken;

- Performance enhancement programmes such as Stretch Out Programme, ISO Certification, Checkers System, One Minute Manager, Raving Fan Concept, etc were carried out
- 14 Towns under NWSC jurisdiction were ISO certified. By end of December 2009, all the 23 towns will be certified
- Two departments i.e. Institutional Development and External Services, and Projects and Capital Development were elevated to Division status.

## **2.2.5 External Services**

In line with enhancing partnership with other sister utilities, and benchmarking of utility activities, an External Services unit was established and mandated to promote inter-institutional training, benchmarking, and knowledge sharing and intellectual growth. Furthermore, memoranda of understanding were signed with a number of utilities. To culminate all these activities, the Corporation embarked on the construction of a Training Centre which is to offer skills and management training to various practitioners in the utility industry.

## 2.3 Detailed Performance Review of the Corporate Plan: 2006-2009

### 2.3.1 Water Produced and Sold

Over the three year period 2006 – 2009, the NWSC continued to increase water production to correspond to the demand of the growing customer base. Total water production increased by 12.6 million cubic meters from 58.1 million cubic meters in the financial year 2005/2006 to 70.7 million cubic meters in the financial year 2008/2009.

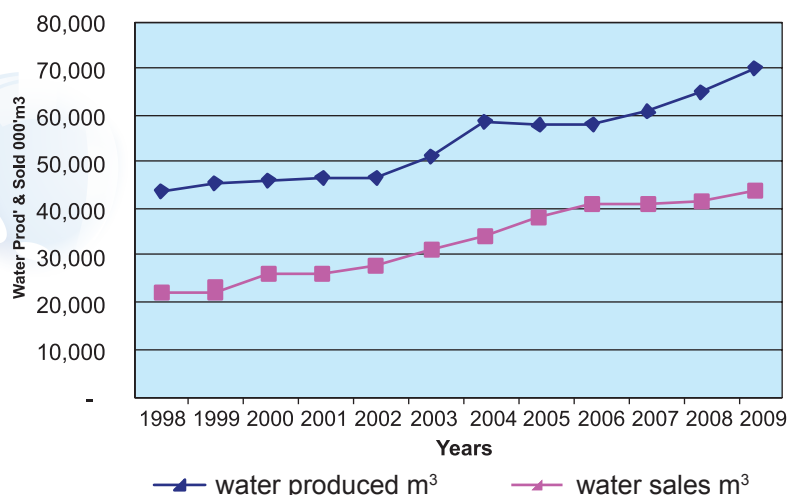
Table 2: Water Production/Sold for 2006-2009

Area	Water Supplied			Water Sold			NRW (%)		
	June 2006( m3)	June 2009(m3)	% change	June 2006 ( m3)	June 2009 (m3)	% change	Jun-06	Jun-09	Change
Kampala/ Mukono	41,169,798	50,444,455	22.5%	26,483,730	28,790,851	8.7%	35.7	42.9	7.2%
Jinja/Lugazi/ Iganga	3,991,000	4,458,433	11.7%	3,230,000	3,394,954	5.1%	19.1	23.9	4.8%
Entebbe/ Kajansi	2,584,144	2,507,564	-3.0%	2,019,775	2,112,380	4.6%	21.8	15.8	-6%
Tororo/ Malaba	974,000	747,880	-23.2%	879,812	672,789	-23.5%	9.7	10.0	0.3%
Mbale	1,574,000	1,303,000	-17.2%	1,434,000	1,163,991	-18.8%	8.9	10.7	1.8%
Mbarara	1,811,000	2,311,524	27.6%	1,643,112	1,993,001	21.3%	9.3	13.8	4.5%
Masaka	1,006,000	1,146,000	13.9%	910,800	893,828	-1.9%	9.5	22.0	12.5%
Lira	893,011	924,360	3.5%	811,578	834,457	2.8%	9.1	9.7	0.6%
Gulu	876,820	840,817	-4.1%	832,000	750,428	-9.8%	5.1	10.8	5.7%
Kasese	574,480	621,739	8.2%	446,851	487,858	9.2%	22.2	21.5	-0.7%
Fort Portal	567,100	675,322	19.1%	520,447	571,713	9.9%	8.2	15.3	7.1%
Kabale	508,560	508,189	-0.1%	396,833	460,900	16.1%	22	9.3	-12.7%
Arua	583,892	591,186	1.2%	515,752	525,056	1.8%	11.7	11.2	-0.5%
Bushenyi/ Ishaka	241,404	228,611	-5.3%	204,030	187,858	-7.9%	15.5	17.8	2.3%
Soroti	730,805	694,946	-4.9%	500,738	547,327	9.3%	31.5	21.2	-10.3%
Hoima	-	367,959		-	311,015	-	-	15.5	15.5%
Masindi	-	449,863		-	401,320	-	-	10.8	10.8%
Mubende	-	359,700		-	298,407	-	-	17.0	17.0%
Total	58,086,014	69,181,548	19.1%	40,829,458	44,398,133	8.7%	29.7	35.8	6.1%
Other areas	16,916,216	18,377,093	8.6%	14,345,728	15,607,282	8.8%	15.2	16.7	1.5%

Production increases were seen in Areas like Kampala, Entebbe, Jinja, Mbarara, Masaka and Fort portal. The increases were as a result of increased capacities in Gaba and Entebbe and also increasing demand in most areas. Notable reductions in water production were however realised in the towns of Tororo, Mbale, Soroti, and Bushenyi areas. The reductions in these areas were in part due to water source problems and reduced NRW.

On the other hand, there were notable increases in the volume of water sold in areas of Mbarara, Entebbe and Kabale, and reductions in Mbale, Tororo and Bushenyi. The reduction in the volume of water sold is partly attributed to increased NRW and number of suppressed accounts, particularly in Mbale, over the period under review.

**Trend of Water Production and Water sales m<sup>3</sup>: 1998-2009**



It should however be noted that while production increased by 19.1% during the planning period 2006-2009, water sales increased by only 8.8%. This explains the increase in NRW especially in Kampala. In Kampala water production increased by 22.5% and sales increased by only 8.7%. The increased NRW in Kampala can be attributed to the aged network which has resulted into increased leaks and bursts, and also the increased illegal usage and faulty meters among others.

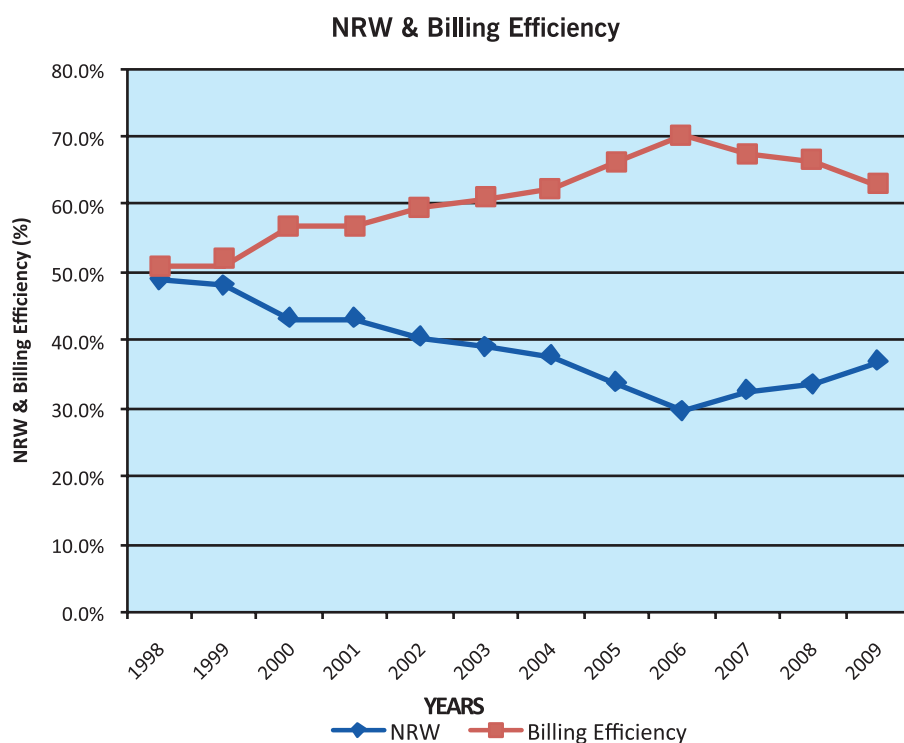
### 2.3.2 Non Revenue Water (NRW)

The level of NRW increased from 29.7% in 2006 to the current level of 35.8% as at June 2009, an increase of 20.5% as shown in the table below. In Kampala, the NRW increased from 35.7% in 2006 to 42.9% in 2009, an increase of 20.2%. Other areas, registered an increase of 9.9% from 15.2% to 16.7 % during the planning period. The major reason for the increase in the level of NRW was the aged network in Kampala, which resulted into increased leaks, and bursts, and the continued illegal consumption and faulty meters among others. The NRW status is one of the areas of major concern for which concrete strategies have already been developed and these will overlap into the next planning cycle.

Table 3: Non- Revenue Water Trends

Year	2005/06	2006/07	2007/2008	2008/09
Total NRW	29.7%	32.5%	33.5%	35.8%
Kampala	35.7%	38.5%	39.8%	42.9%
Other Areas	15.2%	18.2%	18.5%	16.7%

The figure below shows a notable downward trend in NRW and an upward trend in billing efficiency since 1998. In 2006 there was a reverse in the two trends, with NRW moving upwards as the billing efficiency moved down wards and this explains an inverse relationship between NRW and the billing efficiency. NRW continues to be a major problem within the Corporation and this will be one of the key areas of emphasis in the coming Corporate Plan period 2009- 2012.



### 2.3.3 Capacity Utilisation

In regard to the capacity utilisation, the average percentage capacity utilisation in all the towns increased from 73% in 2006 to 79% in 2009 as shown in table 4.

Table 4: Capacity Utilisation: 2006-2009

Area	Practical capacity m3/day (A)	Average Production m3/day (B)	Demand (C)	Deficit/ Surplus m3 (A-C)	Deficit/ Surplus (%)	Capacity Utilisation (%) (B/A)
Kampala/Mukono	165,000	150,000	190,000	(25,000)	-15%	91%
Jinja	22,000	15,000	18,000	4,000	18%	68%
Entebbe/Kajansi	20,000	12,000	14,000	6,000	30%	60%
Tororo/Malaba	5,000	2,500	3,000	2,000	40%	50%
Mbale	10,000	4,000	5,000	5,000	50%	40%
Mbarara	9,500	7,000	10,000	(500)	-5%	74%
Masaka	5,500	3,500	4,000	1,500	27%	64%
Lira	6,000	2,600	3,000	3,000	50%	43%
Gulu	2,700	2,500	7,500	(4,800)	-178%	93%
Kasese	2,000	1,800	1,900	100	5%	90%
Fort Portal	2,000	1,900	2,500	(500)	-25%	95%
Kabale	3,000	1,500	1,600	1,400	47%	50%
Arua	3,000	1,700	5,000	(2,000)	-67%	57%
Bushenyi/Ishaka	1,500	700	2,500	(1,000)	-67%	47%
Soroti	4,000	2,000	2,500	1,500	38%	50%
Hoima	2,500	1,000	1,500	1,000	40%	40%
Masindi	2,500	1,400	2,000	500	20%	56%
Mubende	2,500	1,000	1,500	1,000	40%	40%
Lugazi	860	600	1,000	(140)	-16%	70%
Iganga				-		
<b>Total</b>	<b>269,560</b>	<b>212,700</b>	<b>276,500</b>	<b>(6,940)</b>	<b>-3%</b>	<b>79%</b>

Capacity Utilization as at end of June 2009 was 79% compared to 73% in 2006. This implies that there is increased water demand and hence a need to invest in water production so as to meet the growing demand. The Areas that need urgent investments are highlighted in the table above and include Kampala, Mbarara, Gulu, FortPortal, Arua, Bushenyi and Lugazi. These areas are characterized by rising demand that outstrips their practical capacity, hence the deficit in supply. Overall, there is need to carry out new investments to address the shortfall in supply of about 3%.

However, it should be noted that areas such as Mbale are also in dire need of investment since the water source and production facilities require expansion and rehabilitation.

### 2.3.4 Water Subscribers

During the period 2006 to 2009, a total of 72,107 new connections were made, an average of about 24,036 per annum. This brings the total number of connections to about 225,932 connections against a target of 244,303 connections (performance of 92%).

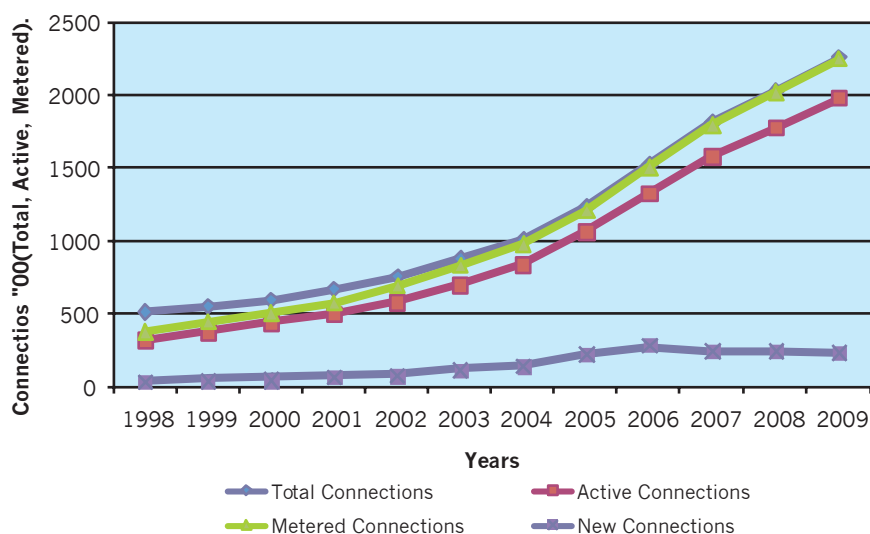
Table 5: Annual Growths of New Water Connections

Year	2005/2006	2006/2007	2007/2008	2008/09
Kampala	19,908	14,708	14,685	13,212
Other Areas	8,613	9,710	9,699	10,093
Total new connections	28,521	24,418	24,384	23,305
Total connections	152,138	180,697	202,559	225,932
% Increase in connections	23%	16%	14%	12%

The number of new water connections reduced towards the end of the planning period 2006- 2009, which could be attributed to

- Saturation of the network i.e. whereby in some locations and towns the existing network has already achieved the recommended density per kilometre of pipeline. These areas therefore require expansion of the network for additional connections to be realised.
- Slow growth in the network extension and increased incidences of the dry zones especially in Kampala.

### Status of Connections 1998- 2009



The above graph shows a general increase in the total number of connections from 50,826 in 1998 to 225,932

connections in 2009. The level of new connections peaked in 2006 (to 28,521 connections) due to introduction of the new connection policy, and tapered thereafter. Activities in 2009/2010 planning cycle will aim at the transmission and distribution network in a bid to foster increase in new connections.

### 2.3.5 Installation of Kiosks/Public Stand Posts

During the period 2006/07 to 2008/09, 819 public stand posts were targeted and a total of 942 public stand posts were installed, accounting for 115% performance. This brings the total number of public stand posts to 6,024.

Table 6: Trend of Stand posts/kiosks Installed

Year	2005/2006	2006/2007	2007/2008	2008/2009
New Kiosks	1,255	122	406	413
Total Kiosks	4,868	4,990	5,396	6,024
% Growth	35%	3%	8%	12%

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.

The accelerated increase in the number of public stand posts is also attributed to opening up of the Urban Poor Branch in Ndeeba-Kisenyi and implementation of the Urban Poor Projects; Ndeeba-Kisenyi Urban poor project and Kagugube Urban poor project which saw a monthly increase of Public Stand Posts of about 50-100 PSPs in Kampala.

### 2.3.6 Sewerage Services

Over the three-year period 2006 to 2009, the Corporation continued with its quest to provide Sewerage services in an efficient and cost effective manner. During the period, the Corporation implemented a new simplified Sewerage connection policy which entailed the provision of free connection within a radius of 60 meters from the NWSC sewerage main. To this effect, a total of 15.96 kms of sewer mains were extended, and 827 new sewer connections were installed against a target of 2500 connections (a performance of 33%).

Table 7: Trend of Sewerage Connections

Year	2005/2006	2006/2007	2007/2008	2008/09
New Sewerage Connections	229	333	232	267
Total Sewerage connections	13,853	14,186	14,418	14,685
% Growth	-	2%	2%	2%
Sewer extensions (kms)	5.7 kms	2.3 kms	9.0 kms	1.45kms

The service coverage for sewerage services as at end of period 2006-2009 was about 6.4%. Despite the introduction of a new simplified connection policy in the FY 2006/07, new sewer connections have averaged about 280 per annum.

The major reason for the low sewer connection rate is the limited sewerage network coverage, and the reluctance of customers to connect to the sewer system due to the fact that most of them already have on-site sanitation facilities. Furthermore, some of the NWSC Areas have no water borne or piped sewerage services. These include the Areas of Arua, Bushenyi/Ishaka, Kasese, Mubende, Hoima, Masindi, Malaba, Lugazi and Iganga. It is however envisaged that there will be an improvement in the sanitation activities with implementation of the Kampala Sanitation Master Plan, for which funds have been secured.

## 2.3.7 Water Service Coverage

During the period 2006 to 2009, the service coverage increased from 70% to 73%, against a target of 76% for water. The table below indicates the comparative situation of water coverage as at June 2006 and June 2009.

Table 8: Water Supply Service Coverage 2006 – 2009

Area	Status June 2006		Status June 2009	
	Population Served (water)	Population served as % of Total population	Population Served (water)	Population served as % of Total population
Kampala/Mukono	946,133	76%	1,215,273	73%
Jinja/Lugazi/Iganga	120,658	80%	199,883	77%
Entebbe/Kajansi	44,597	72%	49,651	68%
Tororo/Malaba	32,966	69%	37,775	75%
Mbale	52,787	70%	61,542	71%
Masaka	51,736	80%	57,500	80%
Mbarara	63,972	81%	64,922	81%
Lira	77,964	65%	81,229	79%
Gulu	110,803	75%	121,015	83%
F/Portal	32,128	75%	32,992	72%
Kasese	54,887	79%	56,296	81%
Kabale	29,681	58%	30,733	70%
Arua	29,676	54%	41,212	74%
Bushenyi/Ishaka	10,866	42%	13,440	52%
Soroti	16,638	40%	28,915	46%
Hoima*			17,529	45%
Masindi*			16,542	41%
Mubende*			10,385	50%
Total	1,675,492	70%	2,136,834	73%

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

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

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

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

The coverage table above shows that in Kampala, coverage reduced from 76% to 73% despite the increase in the number of connections. This could be attributed to the rapid increase in population which has resulted into increased backlog in terms of unconnected customers. The same situation appears in Fort portal and Bushenyi. A reduction in new connections as already discussed further explains this scenario.

However, during the planning period 2006-2009, it was established that the NWSC service coverage area extended beyond the municipal boundaries. This has in turn increased the Corporation area of jurisdiction. The table below shows the population within and outside the municipal boundaries as at June 2008. In effect, the Corporation serves about 30 other small towns



Table 9: Population in the Supply Area-SIM (i.e. within and outside the Municipal boundary)

Town	Total Population 2008	Popn 2008 Within the Municipal Boundary	Population 2008 Outside the Municipal Boundary	Percentage Within the Municipal Boundary	Percentage Outside the Municipal Boundary
Kampala/Mukono	2,312,123	1,554,,818	757, 305	67%	33%
Jinja/Lugazi	382,825	186,127	154,951	55%	45%
Entebbe/Kajjansi	147,693	65,090	82,603	44%	56%
Tororo/Malaba	93,372	39,776	53,596	43%	57%
Mbale	166,636	79,021	87,615	47%	53%
Masaka	130,450	72,613	57,837	56%	44%
Mbarara	137,101	78,636	58,465	57%	43%
Lira	142,286	93,761	48,525	66%	34%
Gulu	188,490	138,452	50,038	73%	27%
F/Portal	77,084	46,589	30,495	60%	40%
Kasese	84,433	62,493	21,940	74%	26%
Kabale	96,932	44,438	52,494	46%	54%
Arua	84,782	52,223	32,559	62%	38%
Bushenyi/Ishaka	68,770	26,198	42,572	38%	62%
Soroti	44,654	39,776	2,381	95%	5%
Hoima	45,520	33,986	11,534	75%	25%
Masindi	42,690	32,807	9,883	77%	23%
Mubende	50,268	18,544	31,724	37%	63%
Total	4,296,109	2,701,029	1,595,080	63%	37%

The table above points towards a need to redefine the Corporation's operational area of jurisdiction, which comes along with financial implications, if these areas are to be adequately served. These activities will be pursued during the next planning cycle.

During the period 2006 – 2009, four new towns namely; Hoima, Masindi, Mubende, and Kaberamaido were gazetted as NWSC operational towns; increasing the number of towns under NWSC jurisdiction to 23 as compared to 15 towns at the beginning of the Corporate Planning Period .Table 9 below shows the areas in which the Corporation currently operates.

Table 10: Operation Status 2006 – 2009

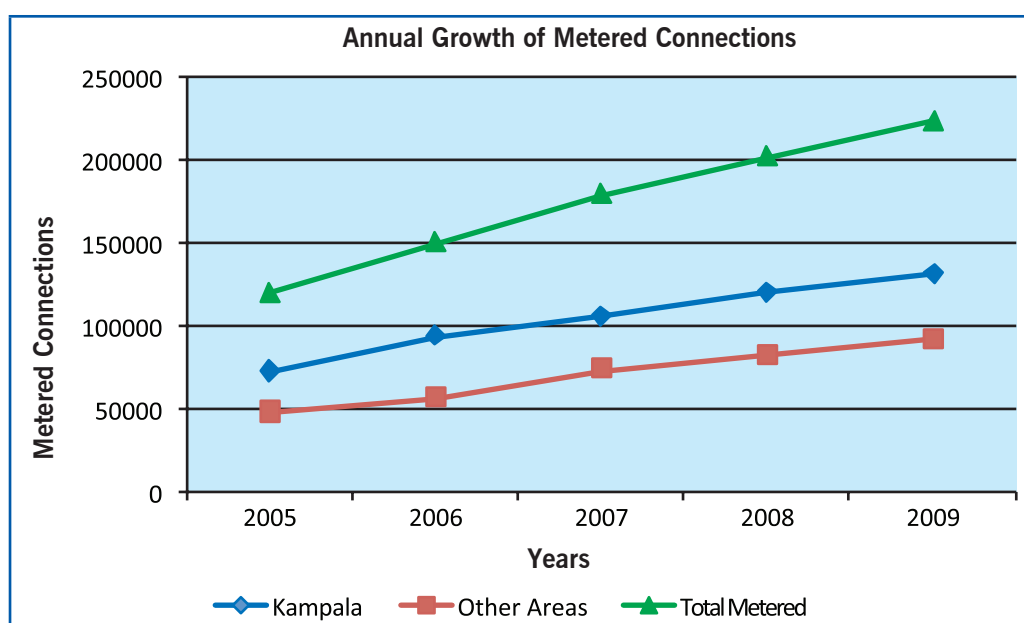
Areas Under NWSC -June 2006		New Areas- June 2009
1. Entebbe	11. Masaka	20. Hoima
2. Fort Portal	12. Mbale	21. Masindi
3. Gulu	13. Mbarara	22. Mubende
4. Jinja/Njeru	14. Tororo	23. Kaberamaido
5. Kampala	15. Soroti	
6. Kabale	16. Mukono	
7. Arua	17. Lugazi	
8. Bushenyi/Ishaka	18. Malaba	
9.Kasese	19. Iganga	
10. Lira		

### 2.3.8 Meter Coverage

As at June 2009, a total of 225,203 accounts were metered out of 225,932. This represents 99.7% meter coverage against a target of 100%. The trend of meter coverage for the last five years is shown in the table below.

Table 11: Metered Accounts

Year	2004/2005	2005/2006	2006/2007	2007/08	2008/09
Kampala	72,231	93,305	105,531	119,897	132,881
Other Areas	47,823	56,658	73,508	81,942	92,322
Total metered	120,054	149,963	179,039	201,839	225,203
Total Accounts	123,046	152,138	180,697	202,559	225,932
% Metered Accounts	97%	99%	99%	99%	99.7%



The graph shows a sudden shoot up of meter coverage for Kampala between 2007 and 2008. This was as a result of increased number of new connections which was brought about by the introduction of the new water connection policy and the management policy of metering every new connection made.

### 2.3.9 Staff Rationalization

The Corporation had 1,067 employees as at June 2006 and by June 2009, staff numbers had increased to 1,517 against a target of 1,353 staff. This increase was mainly due to the expansion of NWSC's business activities. This included the addition of new towns, decentralization of services which involved creation of Sub-branches and Zones in Kampala and growth in the customer base. However, cognizant of the need to maintain and achieve staff efficiency, staff productivity was maintained at 7.

Table 12: Staff Productivity Trends

Year	2005/06	2006/07	2007/08	2008/09
Staff Numbers	1,067	1,338	1,413	1,517
Staff/000 water connections	7	7	7	7

Table 13 below shows Kampala and Entebbe Areas maintained their staff productivity of 5 and 6 respectively during

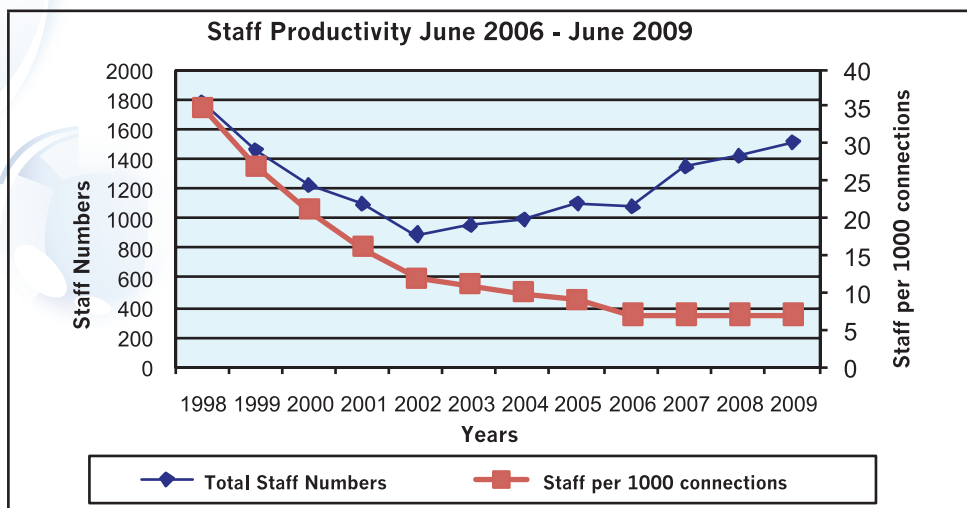
the period 2006-2009 despite the increased number of staff. This can be attributed to the increased number of total connections. Other Areas that maintained their staff productivity include Kasese and Fort Portal at 6 and 7 respectively.

Furthermore, the Areas of Kampala, Entebbe, Lira, Kasese, Arua, Soroti, Hoima and Mubende were able to meet the staff productivity target for the planning period (6/1000 connections). The same explanation applies to increase in productivity of Arua whose total number of accounts almost doubled from 2,775 to 4,358 accounts.

The least performing Area was Tororo, whose increase in the number of connections was not proportionate to the increase in the number of staff, hence decreasing the productivity level from 7 to 10 staff /1000 connections

Table 13: Detailed Staff Levels as at 30th June 2009

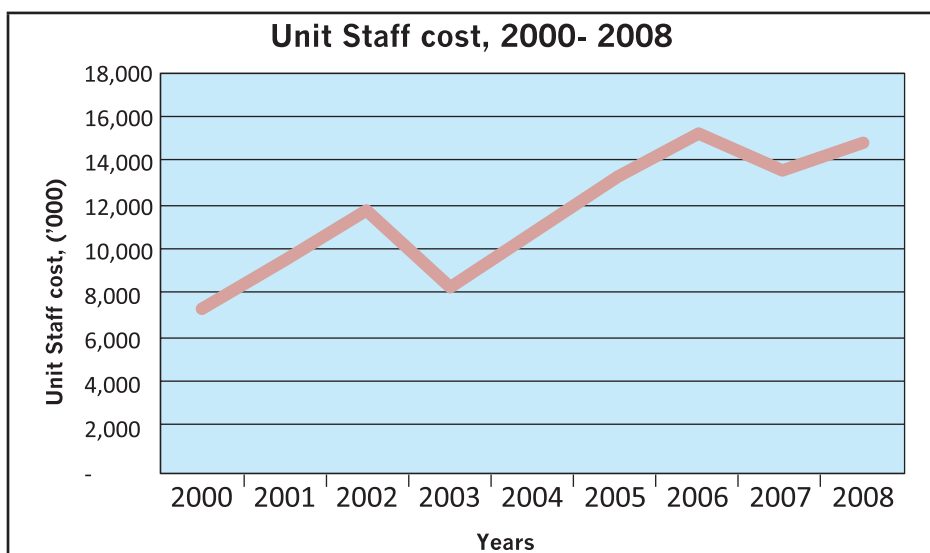
	June 2006			June 2009		
	Total Staff	Total Conn.	Staff/1000 Conn.	Total Staff	Total Conn.	Staff/1000 Conn.
Headquarters	186	-	-	247	-	-
Kampala /Mukono	440	95,191	5	660	133,198	5
Jinja/Iganga/Lugazi	79	10,007	8	114	15,727	7
Entebbe/Kajansi	46	7,283	6	82	14,574	6
Tororo/Malaba	21	2,841	7	31	3,354	9
Mbale	47	5,490	9	53	6,885	8
Masaka	39	4,353	9	38	8,885	4
Mbarara	37	6,228	6	59	5,836	10
Lira	25	3,608	7	32	5,337	6
Gulu	26	2,736	10	27	3,828	7
Kasese	15	2,509	6	22	3,652	6
Fort Portal	20	2,769	7	24	3,993	6
Kabale	21	2,415	9	21	3,523	6
Arua	23	2,775	8	23	4,358	5
Bushenyi/Ishaka	19	1,243	15	19	1,604	12
Soroti	23	2,690	9	18	3,962	5
Hoima	-	-	-	18	2,849	6
Masindi	-	-	-	16	2,542	6
Mubende	-	-	-	13	1,825	7
<b>Total</b>	<b>1,067</b>		<b>7</b>	<b>1,517</b>	<b>225,932</b>	<b>7</b>



According to the graph there has been a downward trend in Staff numbers from 1,784 in 1998 to 889 in 2002, thereafter an upward trend to 1,517 staff in 2009. Staff productivity index improved from 35 in 1998 to 7 in 2006 and thereafter levelled out at 7 staff/thousand connections.

### 2.3.10 Unit Staff Costs

During the period 2000-2008, unit staff costs exhibited an upward trend. The highest unit cost was registered in 2006.



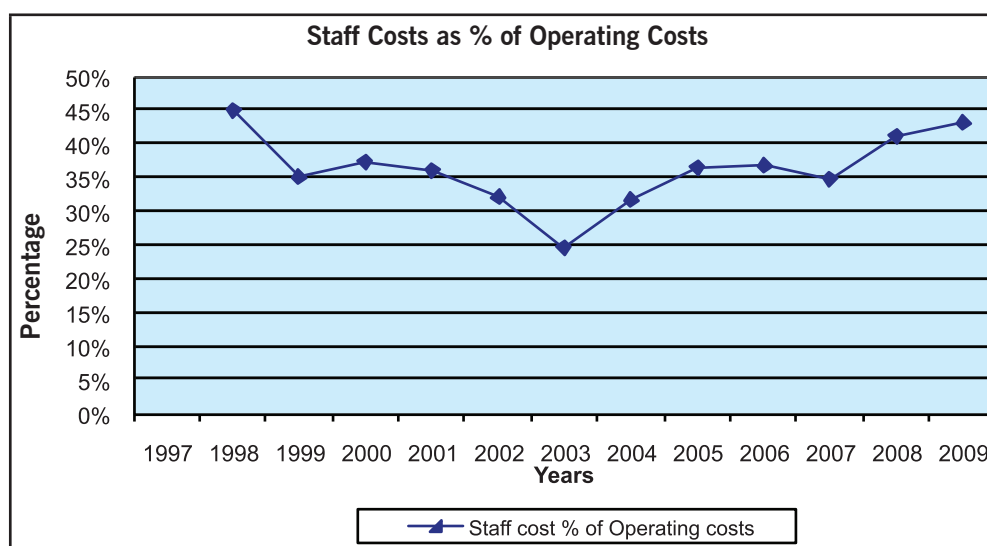
The staff costs have increased over time because the NWSC had to recruit more staff for the increased business activities both within the original service areas, beyond the service areas and also to cater for the new areas handed over to the Corporation. The NWSC service areas have grown from 12 in 1999 to 23 today. Some of the new service areas include; Mukono, Kaberamaido/Soroti, Entebbe-Kajjansi corridor, Malaba, Bushenyi/Ishaka, Iganga, Hoima, Masindi, Mubende and Matugga. Today, the Corporation employs about 1,517 staff from 890 in 2002. This shows that our employment portfolio has doubled, commensurate with the expansion of our services.

It should also be appreciated that the new areas in which the Corporation operates have low economies of scale, which implies that the staff productivity is lower in most of these new areas, and the Corporation has had to cross subsidise these areas from the centre. The table below summarizes the operation and maintenance and investment subsidy the

Corporation has spent since the financial year 2003/04. The areas subsidized include, Lira, Bushenyi/Ishaka, Kabale, Soroti, Masindi, Masaka, Hoima and Mubende.

### 2.3.11 Staff Costs as a percentage of Operating Costs

Staff productivity can also be measured in terms of staff costs as a percentage of operating costs. The ratio of operating costs declined from 45% in 1998 to about 25% in 2003 and thereafter increased to 42% in 2009. This could be attributed to the massive recruitment during this period and also the increase in the staff emoluments. As above, the same recommendation applies. Furthermore during the financial year 2006/07, all staff were converted from permanent to service contracts. This was in part carried out in light of the imminent restructuring of the Corporation as per the recommendations of sector reform process. This resulted into the Corporation accruing terminal benefits for all staff over the period 2006/07 to 2008/09. Currently, there is no further build up of terminal benefits as a result of the conversion. The recruitment of staff at all levels of management has had an impact on the staff costs. The table below summarises the staff costs and a comparison is made with the growth in income. The table shows that the Corporation has maintained and in the last year reduced the ratio of staff costs to income, which is a positive sign.



### 2.3.12 Financial Performance 2006- 2009

This section highlights the financial performance of the Corporation in the 2006-2009 planning period.

#### 2.3.12.1 Revenue Improvement

During the planning period 2006 - 2009, the annual turnover increased from Ushs 58.5 billion in the financial year 2005/2006 to Ushs 1001 billion in the FY 2008/2009, a growth of 73%.

Table 14: Turnover in Shs. millions

Year ending	2006	2007	2008	2009
Turnover	58,540	70,407	84,079	100,631
% Growth	9%	20%	19%	20%

#### 2.3.12.2 Operating Profit

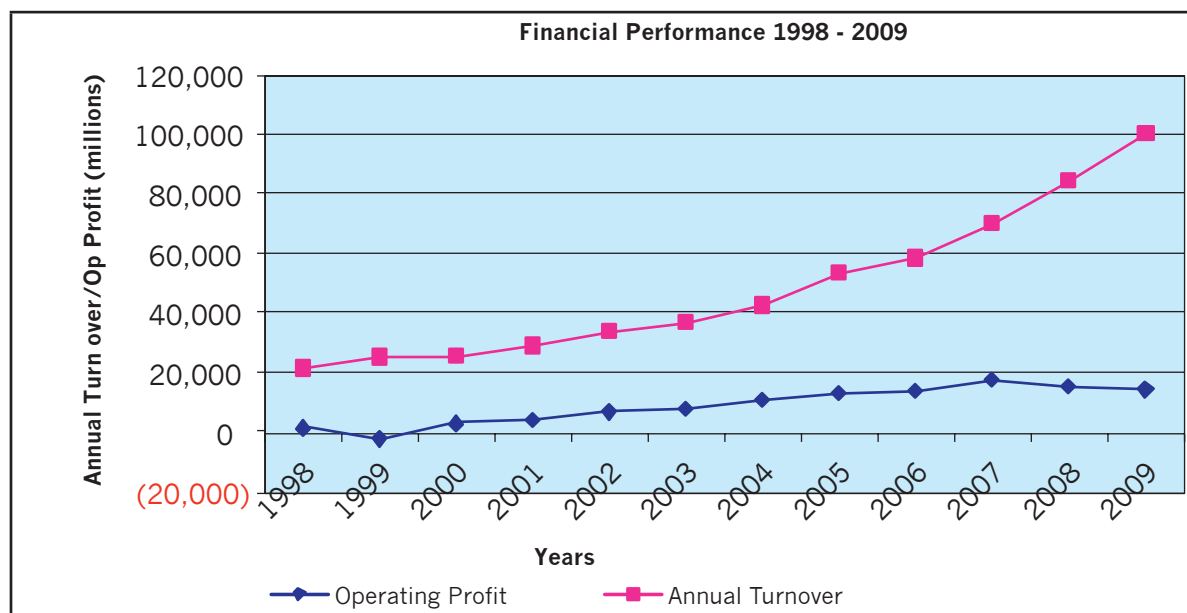
Operating profit before depreciation increased from Shs 14,017 million in the year ending June 2006 to Shs 25,424

million in financial year ending June 2009. See table 14 below for details of financial performance.

Operating profit after depreciation increased from Shs 4,237 million in the financial year ending June 2006 to Shs 15,118 million in the financial year ending June 2009. 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 2006 to 2009. Operating expenditure as a percentage of Revenue reduced to 75% by the end of the Corporate Planning period.

Table 15: Operating Profit 2006 - 2009

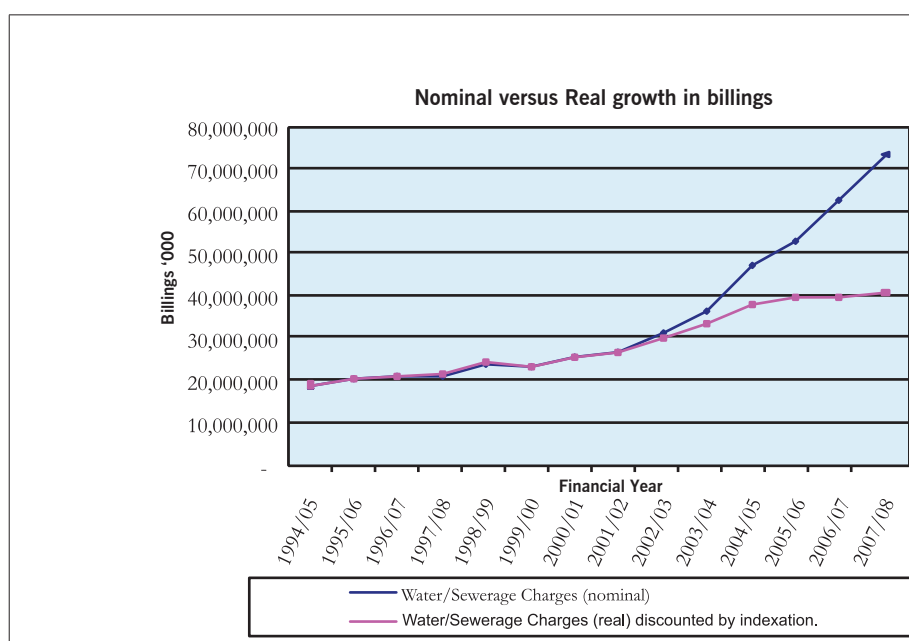
	2005/2006 Shs m	2006/2007 Shs m	2007/2008 Shs m	2008/2009 Shs m
Operating Revenue	58,540	70,407	84,079	100,632
Operating Costs	44,523	52,420	68,420	75,207
Operating Profit before depreciation	14,017	17,987	15,659	25,424
Depreciation	9,780	11,465	12,341	10,306
Operating Profit after depreciation	4,237	6,522	3,318	15,118
Operating costs as % of Revenue	76%	74%	81%	75%



According to the graph annual turnover increased from shs 58.5 billion in 2006 to Shs. 101 billion in 2009 and operating profit before depreciation increased from Shs 14 billion in 2006 to shs 25 billion in 2009

### 2.3.12.3 Nominal vs. Real Growth in Billings

A review of the growth in nominal and real billings showed an upward trend in both nominal and real level of billings. However, since 2002, the growth in nominal billings has steadily increased faster than the growth in real billings. This implies that whereas billings in monetary terms were increasing, sales in volumetric terms (cubic meters) were increasing at a lower rate. This therefore calls for a need to ensure growth in the business of the corporation through increased volumetric water sales.



### 2.3.12.4 The Working Ratio: 2006 - 2009

The working ratio is the ratio of operating costs (exclusive of depreciation and interest charges) to operating revenues (which include revenues from water and sewerage tariffs, service charges, connection fees and re-connection fees). The ratio shows the ability of the Corporation to cover its operating costs. Sound financial management requires the working ratio to be well below 1. The table below shows the trend of NWSC's working ratio over the last three financial years and the provisional figure for the FY 2008/09.

Table 16: Working Ratio 2005 - 2009

	2005/2006 Shs m	2006/2007 Shs m	2007/2008 Shs m	2008/2009 Shs m
Operating costs	44,523	52,420	68,420	75,207
Operating core revenue	58,540	70,407	84,079	100,632
Working ratio	0.76	0.74	0.81	0.75

The above ratio shows an increase in the working ratio from 0.74 in 2006/07 to 0.75 in 2008/09. However the fact that it is still below 1 shows that the Corporation is still able to cover its operational costs excluding depreciation and interest.

### 2.3.12.5 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 provisional figure for the FY 2008/09. The ratio for the last three years shows an improvement in the operating ratio, which was in part due to the debt restructuring in the FY 2007/08.

Table 17: Operating Ratio 2006 - 2009

	2005/2006 Shs m	2006/2007 Shs m	2007/2008 Shs m	2008/2009 Shs m
Operating costs (Including Depreciation & Interest costs) (excluding exceptional items)	68,320	63,885	80,761	85,513
Operating revenue	58,540	70,407	84,079	100,632
Operating ratio	1.17	0.91	0.96	0.85

### 2.3.12.6 Current Ratio

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

The current ratio was less than one only at the beginning of the planning period, FY 2005/06 and the other two financial years indicate a current ratio of greater than one. This was attributed to the debt write off by the Government of Uganda in February 2008 where Shs.154 billion was written off. The current ratio as at June 2009 was 2.92, which shows the improving ability of the Corporation to finance its current liabilities.

Table 18: Current Ratio 2006 - 2009

	2005/2006 Shs m	2006/2007 Shs m	2007/2008 Shs m	2008/2009 Shs m
Current Assets	37,358	49,940	52,323	66,545
Current Liabilities	121,206	12,989	18,273	24,115
Current ratio	0.31	3.84	2.86	2.8

### 2.3.12.7 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 ranged from 90% to 98% during the three-year period. The failure by the Corporation to meet the targeted collection ratio can partly be attributed to Government's failure to honour its bills on time, however cognisant of the fact that Government arrears continue to accumulate; the Corporation is taking steps to reverse this awful situation. Table 21 below summarises the collection Ratio trends of the last Corporate Planning cycle.

Table 19: Collection Ratio

Year ending 30 June	2006	2007	2008	2009
Collection Efficiency	90%	92%	92%	98%

Table 20: Financial Ratio Trends: (2006 – 2009)

	Formula	2005/2006 Shs m	2006/2007 Shs m	2007/2008 Shs m	2008/2009 Shs m
i) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.31	3.84	2.86	2.76
ii) Average receivables collection days	$\text{Average receivables/sales} \times 365$	137	136	136	131
iii) Average inventory usage days	$\text{Average inventory/sales} \times 365$	47	40	37	39
iv) Average creditor payment periods	$\text{Average creditors/sales} \times 365$	45	45	53	62
v) Total Assets Turnover: Assets	$\text{Sales/Average Assets}$	0.212	0.206	0.189	0.203
vi) Total Fixed Assets Turnover:	$\text{Sales/Average fixed Assets}$	0.245	0.236	0.214	0.231



**Notes:**

The Current Ratio is less than one only at the beginning of the planning period implying low liquidity. The other proceeding years show current ratio of above one implying the Corporation is able to meet all its short term debt obligations. This was due to GoU debt write off of Shs.154 into equity.

The decreasing Average Receivables Collection Days from 137 to 130 shows that the management of debtors has improved, however the absolute level of debtors remains high.

The decreasing Average Inventory Usage Days ratio from 47 to 39 shows improvement in the inventory management.

The average Creditor Payment Days increased in the last year 2008/09 to 62 days. This is a sign of increasing in house creditor's portfolio.

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

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

## **2.4 Performance Of Capital Development Projects 2006-2009**

### **2.4.1 Entebbe Water Supply and Sewerage Expansion Project**

The Entebbe Water Supply and Sewerage Project was implemented during the plan period 2006 – 2009, and was aimed at rehabilitating and expanding both the Water and Sewerage systems in Entebbe, and expansion of water supply along Entebbe road up to Kajjansi. The Total cost of the project was Euro 17.9 million (Ushs. 48.3 billion) and was funded by the German Government through KfW and the Uganda Government plus NWSC. The project implementation resulted into an increase in water production from 8,000m<sup>3</sup>/day to 20,000m<sup>3</sup>/day and more than 3,000 connections were added to the Entebbe Area through the Kajjansi extension. Supply was also effected to the areas of Garuga, Kajjansi and Akright Kakungulu.

### **2.4.2 Rehabilitation and Expansion of Gulu Water Supply and Sewerage System-Stage II**

The Gulu Water and Sanitation systems are in critical need of refurbishment and expansion as demand has outstripped the current supply. The total cost for this was established at about U shs 48 billion. During the period 2006-2009, as a stop gap measure, emergency works were carried out with funding from the GoU and NWSC. The emergency works amounted to U shs 6.2 billion. The works involved the laying of 5.8 km of DN 300 mm ductile iron pipe for the raw water transmission main, supply and installation of alum and chlorine dosers, supply and installation of bulk water meters at the sites of the existing tanks and supply and installation of ball float valves for the existing water storage tanks. As a way forward, funding is being sought for the major works and it is hoped that the project will kick off in full momentum.

### **2.4.3 Protection of Lake Victoria Project –Stage I**

The project under KfW / EU / GoU funding aimed to contribute to the reduction of anthropogenic pollution of the Lake Victoria in the vicinity of the Kampala urban areas, to contribute to the improvement of the living and sanitary conditions of the population living within the Nakivubo catchment in Kampala, at a cost of Euros 14 million (UShs. 37.8 billion).

By June 2009, the second draft of the inception report had been presented to both NWSC and KfW and discussed.

#### **2.4.4 Protection of Lake Victoria Project –Stage II**

The project is funded by KfW / AfDB / GoJ at a cost of Euros 50 million (US\$ 62.5 billion). Like stage 1, this project aimed to reduce anthropogenic pollution of the Lake Victoria, albeit on a larger scale. Consultant for stage I was engaged to carry out the Sewerage Management study as a prerequisite for financing.

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

The project aims at supporting Kampala Water Supply Service Area, with the key objectives of reducing unaccounted for water (UfW), increasing the customer base and strengthening the network in order to boost pressures in the remote areas and increase the viability of the Peri- Urban Extensions. The short term interventions under this project were funded by AFD and KfW and European Investment Bank will fund the Kampala long term investment study. KfW together with NWSC finalised the Terms of Reference (ToR) to aid the engagement of a Consultant to update the 2003 project feasibility report/study

#### **2.4.6 Lake Victoria Environmental Management Project (Industrial and Municipal Waste Water Management Component)**

The project was funded by the World Bank through (IDA) at a cost of US\$: 2.97million (US\$ 5.3 billion). The objectives of the project were to;

- Improve the management of industrial and municipal waste, assessing the contribution of urban runoff to lake pollution, and alleviating the overall environmental degradation.
- Investigate the viability of using constructed wetlands in the tertiary treatment of industrial wastes under a pilot scheme.
- Investigate the viability of using a well managed natural wetland in the tertiary treatment of Industrial wastes.
- Rehabilitate the Bugolobi Sewage Treatment Works.

Phase I of the project was completed during the planning period 2006-2009 and preparations for phase II commenced.

#### **2.4.7 Gaba III Water Treatment Plant**

The Project was funded by the German Government/ Uganda Government and NWSC at a cost of Euros 13.8 million (US\$ 37.3 billion). The project was substantially completed in January 2007.

#### **2.4.8 Mukono-Seeta Water Supply and Sanitation Project- Phase II**

The project was fully funded by NWSC at a cost of US\$ 12 billion, and was aimed at improving the health and socio-economic situation and thereby the productivity of the people of Mukono/Seeta through the provision of safe drinking water and promotion of sanitation.

Phase I was undertaken during the period 2006-2009 and involved laying of 10Km of 400mm/300mm diameter transmission main and 35km of distribution pipeline

Phase II that commenced in July 2007, involved construction of the Mutungo-Namanve transmission line, four reservoirs and the associated hydraulic connections, a booster station, and a preliminary distribution network. With the works so far completed, supply to Mukono, Seeta, Namanve, Bweyogerere, Kireka and the surrounding areas has vastly improved.

#### **2.4.9 Kampala Urban Poor Project – Ndeeba and Kisenyi Parishes**

The project was funded by KfW and NWSC and was aimed at addressing the water supply and sanitation needs/challenges of the urban poor residing in the informal settlements of Kisenyi I, Kisenyi II and Ndeeba Parishes in Kampala at a cost of Ushs. 6.6 billion. The works which commenced in August 2007 were substantially completed in December 2008 with establishment of 140 yard tap connections, 200 public stand posts, 13 public sulabh toilets, 33 private household toilets, 3 community model toilets and 3 Ecosan toilets. The Information, Education and Communication (IEC) component of the project was underway, to sensitise and mobilise members of the community about the newer convenient services offered by NWSC that are available for their use.

#### **2.4.10 Kampala Urban Poor Project – Kagugube Parish**

The project is being funded by the African Water Facility of the ADB at a cost of Euro 800,000 (Ushs.2.2 billion) and is aimed at addressing the water supply sanitation needs/challenges of the urban poor residing in the informal settlements of Kagugube Parish in Kampala. The construction works commenced in February 2009. Works to be undertaken will include the: installation and repair of water pipes, supply and installation of the pre-paid metering system, and all related civil works, and construction of public and private sanitation facilities as well as drainage civil works.

#### **2.4.11 Buloba Water Supply Project**

The project is being funded by MWE and NWSC at a cost of Ushs. 5.7 billion and is aimed at improving water supply to the peri-urban areas around Kampala. It involves extension of 10kms of distribution mains in Buloba on Kampala-Mityana highway. The detailed feasibility study and design for the water distribution mains, reservoir and booster pump were completed during the plan period 2006-2009. It is envisaged that the main civil works will be completed in the planning cycle 2009-2012.

#### **2.4.12 Kampala Transmission Mains Project**

The Kampala Water Transmission Mains project works commenced in November 2005 and were completed in December 2007. The total cost of the project was USD 11.6 million (Ushs 19.7 billion) and was funded by the Germany Government through KfW, Government of Uganda and the NWSC. The project aimed at improving the water supply in both the low and high level system in Kampala. The scope of works comprised of the laying of pipelines: DN 700 from Ggaba III Water Treatment plant to Gun hill reservoirs, DN 900 from Ggaba III WTP to Muyenga reservoirs, and DN 500 from Muyenga to Rubaga reservoir, about 20.8Kms capable of conveying 169,000 m3/day to Muyenga, Gunhill and Rubaga reservoirs.

#### **2.4.13 Jinja-Njeru Waste Water Project**

The project was aimed at building a new waste water treatment facility that will combine both municipal and industrial waste water for Jinja-Njeru under a Public Private Partnership. The United States Trade Development Agency (USTDA) provided funding for the consultancy services. In this regard, the NWSC was to partner with Nile Breweries who are to contribute about USD 2-3 Million on agreed terms. However, as at June 2009, NWSC was still sourcing for funds to the tune of USD10 million

#### **2.4.14 Bushenyi Water Supply Project-Immediate Measures**

The project is being implemented in two phases: the Emergency Works, aimed at addressing the immediate water needs of Bushenyi Town and the major works which will entail construction of a new Water Treatment Plant at Kitagata and Sewerage systems for Bushenyi and Ishaka. The emergency works were fully financed by the NWSC at a cost of Ushs.2.1 billion. The contract for emergency works was signed in October 2008 and the pumping main between the treatment

plant and the reservoir was completed, and connected to the existing pumps; Excavation works for the intake reservoir were complete, and a by-pass from the intake channel to the clarifiers was set up. Valve chambers were constructed, and the construction of the new 270 cubic metre steel reservoir is underway.

#### **2.4.15 Soroti Water Supply Project**

The Construction works for Soroti Water Supply project started in January 2006 and were completed in February 2008 at cost of Ushs 15 billion. The project was undertaken under the auspices of the Directorate of Water Development. The project was funded by the Arab Bank for International Development (BADEA) and involved rehabilitation and expansion of the Soroti water works, construction of a new reservoir on Opiyai rock, transmission and distribution lines in town, and a 65Km transmission line to Kaberamaido. The project was commissioned in March 2008.

#### **2.4.16 Iganga Water Supply and Sanitation Project**

The project was funded by African Development Bank (ADB) at a cost of Ushs 15.9 billion and was also undertaken under the auspices of the Directorate of Water Development. The project involved construction of a transmission main and a booster from the reservoir in Jinja to Iganga; demolition of the existing reservoirs and construction of new reservoirs; construction of distribution and intensification lines as well as house connections; rehabilitation and expansion of sewerage network and treatment plant, public sanitation facilities and solid waste management facilities. The Construction works which began in April 2006 were completed and commissioned in July 2008.

#### **2.4.17 Arua Treatment Plant Project**

The Arua Treatment Plant project works commenced in October 2007 .The project is wholly funded by NWSC at a cost Ushs 439 million. The project is aimed at improving the quality of final waters from the treatment plant. Interventions involve construction of filter units and minor rehabilitation works on treatment units in the plant. By June 2009, construction of the 25 m3 filter and the 91 m3 contact tank was substantially complete and testing of these structures, completing of all the necessary pipe work and fitting installations was on-going.

#### **2.4.18 Gaba Offshore Intake Project –Emergency Measures**

The project fully funded by NWSC through a concession loan of Euro 7 million from AfD, aimed at negating the effects of the high level of pollution in the Inner Murchison Bay, and the sudden fall in the Lake Victoria levels at the Ggaba water works. The project was launched on 30th March 2009.

#### **2.4.19 Jinja Walukuba Intake–Emergency Measures**

The project is funded by the NWSC with a concessionary loan of Euro 2.5 million from AfD. The project is aimed at negating the effects of the sudden fall in the Lake Victoria levels, which exposed the raw water pipelines at the Jinja water works. The construction contract was signed and the project was launched in March 2009 after the financing agreement with AFD was signed.

### **2.5 Major Challenges in 2006-2009**

#### **2.5.1 Low Growth in Water Sales**

During the planning period 2006-2009, there has been a marginal growth in the volume of water sales, despite the increase in number of new connections, and increased production. Volumetric sales increased by only 9% (40.8m3-44.4m3) compared to production which has increased by 19% (58.1m3-69.2m3). The low growth in water sales

compared to the increase in production is a sign of increasing water losses. This means that where as billings in monetary terms were increasing, sales in volumetric terms (cubic meters) were increasing at a lower rate. Management attributes the low growth in water sales to:

- Dry zones
- Inadequate network in some areas
- Some of the new connections are as a result of separation of accounts into different customers which does not increase actual consumption. It's as a result of the simplified water connection policy and some of the customers attracted are low income and consume very little per month.

## 2.5.2 Non-Revenue Water

During the Corporate Planning period 2006-2009, Non Revenue Water increased from 29.7 % to 35.8%. It was noted that the water losses increased most in Kampala Area (from 35.5% to 42.9%) due to increased leaks and bursts resulting from the old network system, faulty meters and illegal connections among others. This in effect implies that the Corporation is losing substantial revenues in form of water losses. However, as a management strategy, the Kampala Water Non-Revenue Action Plan was developed with an aim of reducing water losses to 30% for Kampala and in line with NRW-Action Plan, Management established a Department in Kampala Water Area headed by the Manager NRW in order to curb the problem of increasing water losses.

## 2.5.3 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. 30.5 billion as at June 2006 to Shs 41 billion as at June 2009, an increase of shs 10.9 billion. The absolute level of Shs 41 billion is high. It was noted that arrears in the Government category increased by 68%, commercial by 18% and domestic arrears category increased by 14% during the planning cycle. The Government arrears and the domestic arrears account for 76% of the total arrears as at June 2009. The growth in arrears is mainly attributed to business expansion, Government under budgeting, insufficient water supply and the poor payment culture of our customers more especially after consumption

A breakdown of the arrears is shown in Table below. There is therefore a need to formulate strategies to avert the situation

Table 21: Arrears by Category for the Period June 2006-June 2009

Consumer Category	At June 2006 (Sh'000)	At June 2009 (Sh'000)	Arrears as % of Total	% Increase/ Decrease as at June 2009
Ministries	10,855,787	18,277,712	45%	68%
Parastatals	636,054	498,820	1%	-22%
Institutions	1,227,037	1,946,462	5%	59%
Commercial	6,239,279	7,358,675	18%	18%
Local Authorities	391,573	257,020	1%	-34%
Domestic	11,113,781	12,647,544	31%	14%
Embassies	53,149	49,140	0%	-8%
<b>Total</b>	<b>30,516,658</b>	<b>41,035,373</b>	<b>100%</b>	<b>34%</b>

## 2.5.4 Working Ratio

As at June 2009, the working ratio was at 75% as a result of the increased operating costs vis-à-vis the operating revenues. One of the main cost drivers during the reporting period was the increased staff costs which increased from

Shs.16.3 billion in 2006 to Shs.31.3 billion as at June 2009, accounting for 42% of the total operating expenses. The Staff costs/operating expenses ratio increased from 37% in 2006 to 42% in 2009, an increase of 5%. The increase in staff costs may be attributed to the increased staff numbers brought about by growth in a number of business activities like taking up of new towns, and increased number of subscribers among others, which in turn required recruitment of more staff. However, there is need for Management to check on the staff productivity so as to increase on the income of the Corporation to cater for the increasing staff expenses

## 2.5.5 Takeover of New Towns/Expansion Beyond Municipal Boundaries

During the planning cycle 2006-2009, 7 new towns were gazetted as NWSC Areas of operation. The new towns include Mubende, Hoima, Masindi, Iganga, Malaba, Mukono and Kaberamaido. In addition, the Corporation services have expanded beyond the Municipal boundaries as shown in the table below. These two factors have resulted into a financial burden since the corporation has to cater for a larger service area, albeit within the limited resource envelope. There is therefore need to seek ways of bridging the demand that is currently not being met. The table below shows that the actual population the Corporation serves is 4.3 million people as opposed to 2.7 million people.

Table 22: Population in the Supply Area-SIM (i.e. Within and Outside the Municipal boundary)

Town	Total Population Within & Outside Municipal boundaries	Population Within the Municipal Boundary	Population Outside the Municipal Boundary	Percentage Within the Municipal Boundary	Percentage Outside the Municipal Boundary
Kampala	2,312,123	1,554,818	757,305	67%	33%
Jinja	382,825	186,127	154,951	55%	45%
Entebbe	147,693	65,090	82,603	44%	56%
Tororo	93,372	39,776	53,596	43%	57%
Mbale	166,636	79,021	87,615	47%	53%
Masaka	130,450	72,613	57,837	56%	44%
Mbarara	137,101	78,636	58,465	57%	43%
Lira	142,286	93,761	48,525	66%	34%
Gulu	188,490	138,452	50,038	73%	27%
F/Portal	77,084	46,589	30,495	60%	40%
Kasese	84,433	62,493	21,940	74%	26%
Kabale	96,932	44,438	52,494	46%	54%
Arua	84,782	52,223	32,559	62%	38%
Bushenyi/ Ishaka	68,770	26,198	42,572	38%	62%
Soroti	44,654	39,776	2,381	95%	5%
Hoima	45,520	33,986	11,534	75%	25%
Masindi	42,690	32,807	9,883	77%	23%
Mubende	50,268	18,544	31,724	37%	63%
Total	4,296,109	2,701,029	1,595,080	63%	37%

## 2.5.6 Inadequate Financing

As a result of the rapidly expanding population in the urban areas and the expanding service area of jurisdiction, the Corporation is faced with the need to harness resources to cater for the increased demand for services. Within the limits of the current tariff the Corporation is only able to cater for minor investments. Secondly despite the debt restructuring, the Corporation balance sheet has a limit to which it can absorb debt finance. Therefore it is imperative that the Government assists the Corporation in searching for funding as the Corporation complements its investment through

internal sources of finance.

### **2.5.7 Dry Zones**

Due to the limited and poor network in some of the Areas served by the Corporation, there has been poor and intermittent supply which has resulted into dry zones. The Corporation has put in place both short-term, medium term to long-term interventions and actions in order to improve the water distribution system and to enable water reach the dry zones. The challenge ahead of us is to keep to our promise we made to the public.

### **2.5.8 Declining Level of New Connections**

During the planning period 2006-2009, the level of new connections exhibited a downward trend from 28,521 to 23,305. This may in part have been due to the slow network growth in some areas and the incidence of dry zones. There is therefore need to expand transmission, tertiary and distribution network. There is also need to evaluate the efficacy of the new water connection policy that was started in 2004/05, since there is a huge backlog of connections to be made.

### **2.5.9 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 6.4%, 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. The investment requirements as established by the studies amount to about Euro. 190 m. for which funding is being sought.

### **2.5.10 Increased Suppressed Accounts**

The number of suppressed accounts has been increasing with the increasing number of water connections. The number of suppressed accounts increased by 7,828 accounts, from 19,894 accounts in 2006 to 27,722 accounts as at June 2009. This was due to non-payment of water bills, the incidence of dry zones in some areas and the management objective of reducing arrears. Management is trying it's best to resolve the problem of dry zones as earlier explained and to woo back customers through signing contracts of partial payments to enable customers clear their bills.

### **2.5.11 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.41 billion, the Corporation has prepaid VAT amounting to Shs.1.3 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 Corporation can still reclaim its input VAT.



# Part 2

## The way forward: The 2009-2012 corporate plan



# Chapter 3

## The Strengths, Weaknesses, Opportunities And Threats (SWOT) Analysis

A company situation analysis is an evaluation of relevant factors in the organization in order to determine its internal strengths and weaknesses on one hand, and the availability of external opportunities and threats on the other hand. In doing this, the objective of the organization is to achieve a strategic fit between the organization's internal skills, capabilities and resources with the external opportunities so as to minimize the threats to the organization. Across-functional team comprising members of Top Management carried out the SWOT analysis in a workshop setting. This chapter analyses the situation of the NWSC and that of the external environment as of 30th June 2009, with the purpose of developing viable strategies for the next three years.



The SWOT was considered under the five themes which were adopted during the planning period 2006-2009.

- Management Capacity/ Human Resource
- Operational Performance
- Financial sustainability
- Internal Reforms and Restructuring
- External services

The strengths of the Corporation as at 30th June 2009 were identified as follows;

## **3.1 Strengths**

### **3.1.1: Management Capacity/Human Resource**

The strengths in regard to the Management/Human Resources function of the NWSC were identified as follows:

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

NWSC has a number of skilled technical and experienced staff that gives 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, IT, legal, commercial, financial and planning expertise. Most of the middle and top management staff have a minimum of a Masters Degree, some top management staff have PhDs, 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) 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.

#### **iv) 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 and establishment of an External Services Unit that offers benchmarking & consultancy services to other water utilities in the region.

#### **v) 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 in 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.

**vi) High Integrity.**

The Corporation is privileged to have an honest and sound work force, with minimal cases of fraud reported. To corroborate this, during the plan period 2006-2009, The NWSC was ranked the most honest Public Institution in terms of integrity in a survey carried out by the Inspector General of Governments office.

### **3.1.2 Operational Performance**

The strengths in regard to the Operational Performance of the NWSC were identified as follows:

**i) Improved Customer Service**

The introduction of the Water Raving Fans concept in 2008 is another customer management innovation established. Under this arrangement, the corporation seeks to meet, and exceed expectations of the customers and deliver plus 1% extra effectiveness in water service delivery. The NWSC has also over the years made remarkable improvements in offering excellent 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.

**ii) Continuous Improvements in Performance**

Over the years the Corporation has continued to improve its performance. Improvements have been realised in both the operational and financial aspects exemplified by the increase in production capacity, increased water sales, the increased network distribution, increasing number of towns served to 23 as our gazetted service areas and 30 other town centres within the peripheries of our areas of operation, and the increased customer base, which were matched with improved operating profits. Today the corporation is ploughing back about Ushs 20 billion of internally generated funds for capital development. 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, IDAMCs, Checkers System, the introduction of the Pro-Poor Policy, External Services, Debt Restructuring, ISO Certification and adoption of the Raving Water Fans culture.

**iii) Good Infrastructure**

NWSC has fairly good infrastructure in terms of its Production and Storage 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 been completed such as the Entebbe Water and Sewerage system, Gaba III Water treatment plant, Expansion & Rehabilitation of Bushenyi water supply system, the refurbishment of Gaba I water works, and the minor works in the different areas which have improved production capacities.

**iv) 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.

#### **v) Good 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. The introduction of Virtual Private Network (VPN) Infrastructure allows staff to access corporate IT systems remotely and working even when they are not physically in office.

### **3.13 Financial Sustainability**

The strengths in regard to the Financial Sustainability of the NWSC were identified as follows:

#### **i) Strong Financial Position (Clean Balance Sheet)**

The Conversion of the NWSC long term debt to Government into equity has opened doors for NWSC to access market finance to mitigate the impact of receding lake water levels. This will also enable the Corporation to source finance for some of its critical projects, build up a history of profitability and credit worthiness and enable NWSC to finance from its internal resources key investments aimed at expanding production and service coverage.

#### **ii) Good Credit Rating**

NWSC was accorded domestic currency national scale long and short term ratings of A (Single A) and A2 (Single A2) respectively. The ratings were supported by the Utility's implicit support from the Government of Uganda. In addition, the capitalisation of the principal debt of US\$ 84 billion and accrued interest of 69 billion by the Government also supported the rating.

### **3.1.4 Internal Reforms and Restructuring**

#### **i) 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 ISO Certification in 14 NWSC Areas, the Checkers System, 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.

### **3.1.5 External Services**

The strengths in regard to the External Services operations of the NWSC were identified as follows:

#### **i) Ability to Offer Consulting Services: (External Services Unit)**

NWSC has gained experience through its skilled man power to deliver services like change management, IT and commercial and customer care services to water utilities in Africa e.g. Nairobi Water Company, Dar-es-salaam Water and Sewerage Company (DAWASCO), Electrogaz of Rwanda, Zanzibar, Nigeria, Naivasha Water Supply,

Mozambique, Burundi and Nkana Water company and Lusaka Water of Zambia. This benchmarking with other water utilities has created opportunity for NWSC to market its skills to other water utilities in the world. Furthermore, in line with establishing a centre of knowledge and training, the NWSC embarked on the construction of a Training Centre which is to offer skills and management training to various practitioners in the Utility Industry.

## 3.2 Weaknesses

The internal weaknesses of the Corporation were identified as follows:

### 3.2.1 Management/Human Resource

The weaknesses in regard to the Management/Human Resources function of the NWSC were identified as follows:

#### i) Loss of Competent Staff

The Corporation has overtime lost some of its competent staff who have gone for greener pastures. This coupled with lack of a business continuity plan and a comprehensive human resource policy undermines the Corporations' smooth operation.

#### ii) Inadequate Office Space

The lack of office space, especially at the headquarters and Kampala Area undermines staff performance as the working environment is very congested.

### 3.2.2 Operational Performance

The weaknesses in regard to the Operational Performance of the NWSC were identified as follows:

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

The overall NRW of about 35.8% as at June 2009 is still high in terms of water losses. This is especially true in Kampala with an average NRW of 42.9% at June 2009. However the other Areas exhibit a less loss of about 16.7% of the water produced. Kampala Area being the major operational area and source of internal revenue for the Corporation needs to do a lot to curb the rising trend in NRW. The high NRW is attributed to increased bursts & leaks, illegal connections and inaccuracies in meter reading. However a policy needs to be set out to reduce NRW in Kampala.

#### 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 19,694 as at June 2006, to 27,722 as at June 2009. However, the inactive accounts as a percentage of total accounts stabilized at 12% over the three years under review.

#### iii) High Level of Accounts Receivable

The NWSC Arrears over the last three years have increased from Shs.30.5 billion at June 2006 to Shs 41.4 billion as at March 2009. 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 Large Scale Investment**

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

#### **v) Inadequate Water 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, Lira, Masaka, Kabale, Hoima, Mubende & Masindi but to mention a few need further investments to expand and improve service delivery.

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

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 and this has created new connections backlog in some areas. This has partly arisen out of the no water situation in some areas, while others require major network expansions.

#### **vii) Mismatch between Geographical and Hydraulic Zoning**

The mismatch between the Geographical and hydraulic zoning especially in Kampala results into the inability of the Corporation to adequately measure the water supplied to different areas, and the water losses per zone. Furthermore, the mismatch also creates problems related to pressure balancing in the different areas.

#### **viii) Inadequate Technical Performance Indicators**

Most of the indicators are more commercial oriented than technical, and this makes it hard to address performance gaps on the technical side such as NRW, suppressed accounts, faulty meters etc in a holistic manner. For instance, there is need to technically define both the commercial and technical indicators that are responsible for suppressed accounts or NRW.

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

NWSC is faced with a challenge of providing sufficient water to customers in some 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 in the water levels, and the excess demand which has surpassed the plant capacities in some areas for example in Bushenyi & Gulu, and the over expansion of the network to far places.

#### **x) Low Sewerage Coverage**

The corporation currently has piped sewerage coverage of about 6.4%. This is due to the low network coverage which has stagnated over the years due to lack of finance on one hand, but also due to the low demand and unfavourable terrain which does not enable the installation of piped sewerage. The expansion of the sewerage networks requires colossal sums of money according to the Feasibility studies carried out for Kampala and the other small towns. It is however envisaged that the major works will be implemented in Kampala following the signing

of a financing agreement between the Government of Uganda and the African Development Bank and the German Government through KfW.

**xi) “Dry Zones”**

The incidence of “dry zones” in Kampala and increased intermittent water supply in surrounding areas like Naalya, Najjera, Kisaasi, Kulambiro parts of Bwaise & Kawempe, Kireka, Gayaza etc needs special attention. This is mainly due to increased demand for connections on the lower parts of the network, leaving the raised areas in short water supply since pressures are low.

**xii) Inadequate Compliance with Environmental Effluent Standards**

It has been noted that the Corporation in some of its areas does not meet the environmental acceptable effluent standards. This is partly due to the inadequate treatment processes at some of the sewerage plants which need urgent upgrading. It should however be noted that the environmental standards for the effluent discharge are also very stringent and may need review.

**xiii) Lack of an Environmental Policy**

NWSC doesn't have any written statement, which outlines the business' aims and principles in relation to managing the environmental effects and aspects of its operations. This has compromised the implementation of environmental management standards.

### **3.2.3 Financial Sustainability**

The weaknesses in regard to the Financial Sustainability of the NWSC were identified as follows:

**i) Lack of a Business Continuity Plan**

NWSC lacks a logistical plan on how it will recover and restore partially or completely interrupted critical functions within a predetermined time in case of occurrence of any disaster or disruption, such as loss of critical human resource, fire, earth quake, etc, hence exposing the Corporation to operational risks.

**ii) Lack of a Risk Management Policy**

The Corporation lacks documented processes, methods and tools for risk management. This has exposed the Corporation to adhoc and inefficient means of managing risks in case of occurrence. Lack of a risk management policy does render the Corporation making uninformed decisions, plans and priorities, hence inefficient allocation of capital and other resources. Lack of risk management policy has normally led to fire fighting in case of risk occurrence and this has negatively affected the implementation of the Corporation business plans, budgets and achievement of targets.

**iii) Lack of a Comprehensive Asset Replacement Policy**

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

#### iv) **Stagnated Real Growth**

The growth in real billings (billings growth without indexation) in water and sewerage has exhibited a cyclic trend over the last 13 years, at a rate less than the nominal growth in billings (as a result of indexation). Whereas nominal growth in billings is 13.6% as at December 2008, the real growth is 3.9%. The growth in the volume of water produced is growing at a faster rate than the growth in the volume of water billed, implying increasing NRW. This negatively affects the level of productivity for the Corporation

### 3.3 **Opportunities**

The external opportunities were identified as follows:

#### 3.3.1 **Management/Human Resource**

The opportunities in regard to the Management and Human Resources operations of the NWSC were identified as follows:

##### i) **Good Public Image**

Over the years, the public perception of the NWSC has improved based on its exemplary performance. The Corporation was recently ranked the most Honest Public Institution in terms of integrity by the Inspector General of Government. This has been coupled with improvements in customer care, changes in the corporate culture including the wearing of company T-Shirts every Friday, nametags by all NWSC staff, and the structural improvements in all offices .

##### ii) **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.

##### iii) **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.

#### 3.3.2 **Operational Performance**

The opportunities in regard to the operational performance of the NWSC were identified as follows:

##### i) **Adequate Water Resources**

The abundant water resources give 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 Rwizi, River Kwania, and River Manafa but to mention a few.

##### ii) **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.

**iii) 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.

**iv) 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 , other regional water utilities and different Non Government Organizations.

**v) 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. Currently the NWSC has grown its operation areas to 23 towns with the most recent taken over town being Kaberamaido. The NWSC also serves 30 small town centers in the peripheries of our areas of operation.

### **3.3.3 Financial Sustainability**

The opportunities in regard to the Financial Sustainability of the NWSC were identified as follows:

**i) Increasing Urban Population**

The 2002 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 6-8% per annum, containing inflation at about 5-9% 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. (It should be noted that the current economic volatility has affected key macroeconomic variables, but is predicted to calm in the long run).

**iii) 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 Gaba I , Gaba II & Gaba III water works, the Entebbe Water and Sewerage system, and the Jinja/Njeru water supply system. This support has also gone to funding of the Urban Poor Projects, IT project, Kampala Network Rehabilitation, Kampala Sanitation Master Plan and others.

#### **iv) 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.

#### **v) Availability of Market Finance**

There are many financial institutions, both banking and non banking institutions that are willing to extend credit facilities to the Corporation, more so on a competitive rate.

#### **vi) 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.

### **3.3.4 Internal Reforms and Restructuring**

#### **i) Enabling Legal and Regulatory 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 is flexible in regard to sourcing of investment funds. This is strategic in light of the reforms going on within the water sector.

### **3.3.5 External Services**

The opportunities in regard to the External Services operations of the NWSC were identified as follows:

#### **i) 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.

## **3.4 Threats**

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

### **3.4.1 Operational Performance**

The threats to the operational performance of the NWSC were identified as follows:

#### **i) 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 the Political violence in Kenya in 2008, currency

fluctuations, changes in price, inflation, changes in policies of other countries which result into a longer lead time, thus tying up resources.

**ii) 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.

**iii) Unstable power supply and High Energy Costs**

The Corporation is faced with intermittent power supply as a result of the fluctuations in power generated by Electricity Company. The NWSC therefore has to rely on generators which consume a lot of diesel. Furthermore, 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.

**iv) 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.

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

The 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.

**vi) 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.

**vii) 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.

**viii) Deteriorating Raw Water Quality**

The NWSC is faced with a deterioration of the raw water in various areas and the discharge of effluent into the inner Murchison bay of Lake Victoria. 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 or deteriorating raw water quality. 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.

### **3.4.2 Financial Sustainability**

The threats to the financial Sustainability of the NWSC were identified as follows:

#### **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 in 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) 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.

#### **iv) 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. Delays in payment by Government Parastatals contribute to arrears of the corporation and hinder efficiency in executing critical projects.

#### **v) Declining Donor and Direct Government Support**

The Government policy shift, which emphasises financing of the Rural Water Sub Sector and sewerage management 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.

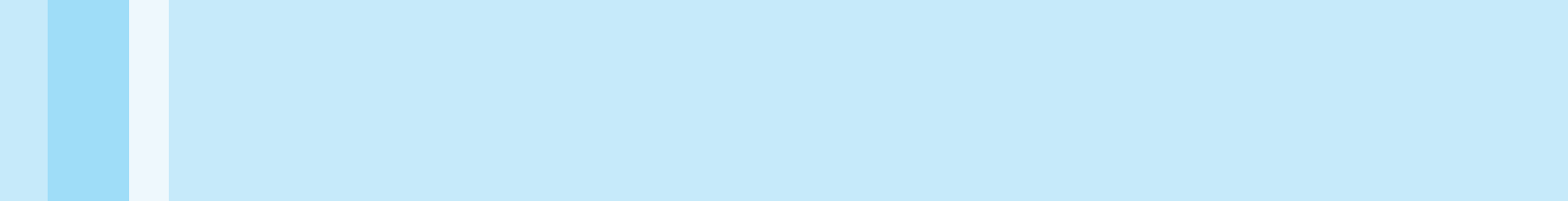
#### **vi) The World Financial Crisis**

The current financial crisis has spiralled changes in key macroeconomic variables like inflation and exchange rates. The crisis has impacted on Uganda's product & financial sector raising food prices, interest rates, pump fuel prices and overall general increase in input prices of chemicals, pipes and fittings. The increase in interest rates impedes NWSC from acquiring finance for capital projects or increasing the cost of finance. The economic volatility has had a direct impact on NWSC so far, whereby its initiative to float a Bond on the financial market, failed to secure approval and security from Ministry of Finance Planning & Economic Development.

### **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

## The Vision, Mission and Strategic Goals For The 2009 – 2012 Corporate Plan

### 4.0 Introduction

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



## 4.1 Vision

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.

In reviewing the Corporation's Vision, it was agreed that the NWSC Vision for the period 2006 -2009 would be maintained as it was still relevant and pertinent. Therefore the Vision of the National Water and Sewerage Corporation, to be achieved in a twenty-year planning horizon is:

TO BE ONE OF THE LEADING WATER UTILITIES IN THE WORLD

## 4.2 Mission

A mission statement articulates the basic purpose of an organization. In reviewing the mission statement, management agreed the need to place emphasis on the customer service in line with the Raving Fans concept being practiced within the Corporation. The Mission statement developed by management for the NWSC Corporate Plan period 2009-2012 is:

TO PROVIDE EFFICIENT AND COST EFFECTIVE WATER AND SEWERAGE SERVICES, APPLYING INNOVATIVE MANAGERIAL SOLUTIONS TO THE DELIGHT 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. The customer has been emphasised in the mission in light of the Raving Fans culture which is currently being propagated within the Corporation.

## 4.3 Core Purposes

In pursuing its major goal of providing efficient and cost effective Water and Sewerage services, management identified 8 core purposes which encompass the Corporation's mandate and operational activities. This section describes and explains each core purpose and some of the work that is undertaken to achieve them.

- **Satisfied Customers:** Happy and satisfied customers paying their bills promptly.
- **Adequate Network Coverage:** Adequate water and sewerage network-coverage in all the specified towns where the Corporation operates.
- **Conservation of the Environment:** The Corporation working in harmony with, and contributing to the conservation of the environment.
- **Efficient Work Force:** A Strong Secure and committed Workforce dedicated to the service of the Corporation
- **Decentralization/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 as a basis for the separation of the function of asset management from that of operations.
- **Innovation:** Continuously develop and apply creative and innovative managerial solutions towards improved service delivery.

## 4.4 Core Values

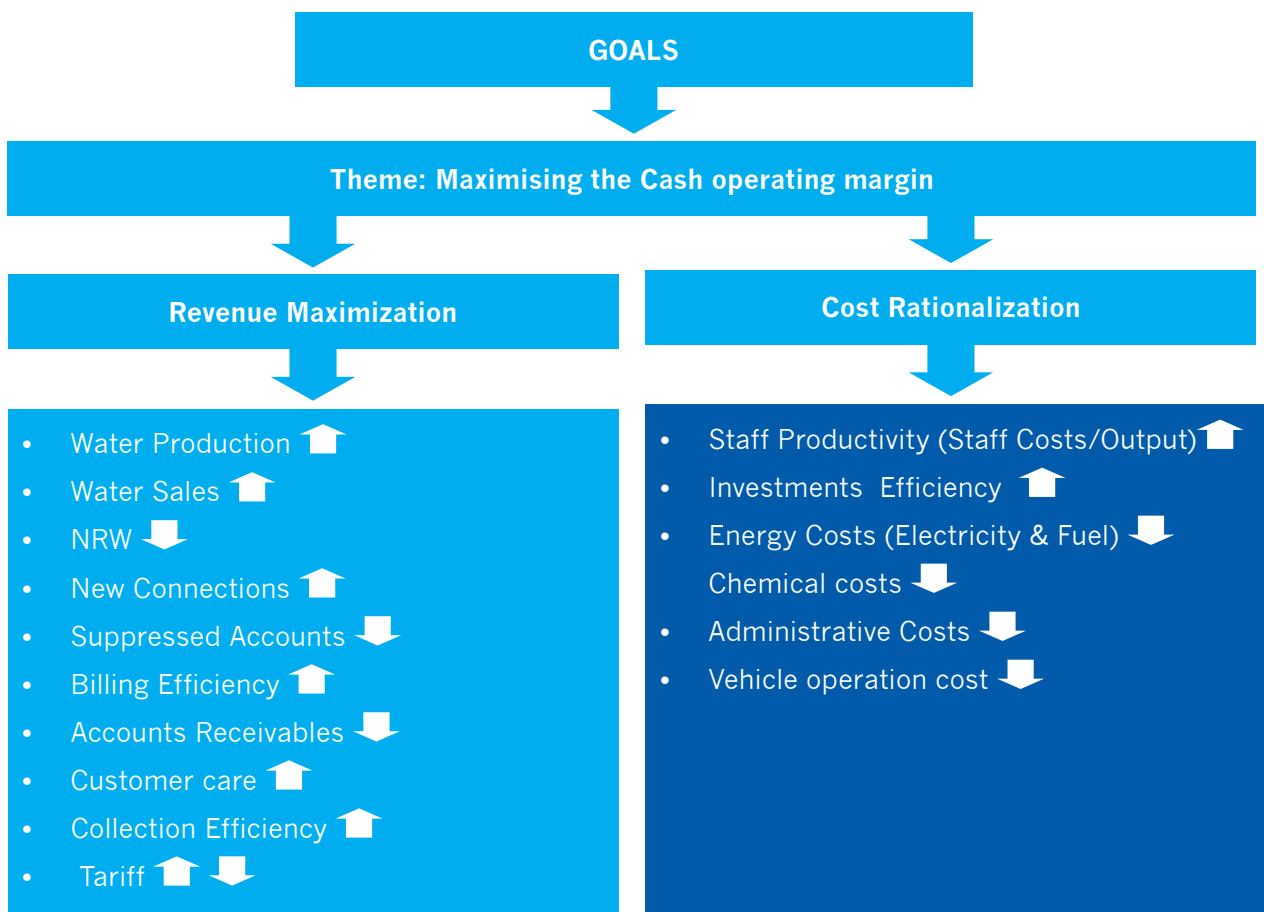
The system of shared values and norms in an organization shapes the culture of that organization. The Board and management recognize that having the right values will result in increased efficiency, higher productivity and better focus. The overriding principles guiding the Corporation's value definition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



- **Reliability:** Having reliable Water Supply
- **Integrity:** Having strong moral principles in our work.
- **Honesty:** Avoiding actions or activities that compromise our work
- **Team Work:** Working together in harmony as a team.
- **Loyalty:** Being supportive to the Management Structures in place.
- **Commitment:** Willing to work hard and give energy and time to the job.
- **Professionalism:** Exude skills and ability in the work environment.
- **Innovation:** Allowing for change in the way things are done

#### 4.5 Corporate Strategic Goals 2009 - 2012

NWSC has over the years made resounding achievements and is now at the point where sustainability is paramount. As a futuristic strategy, the NWSC is therefore to avoid being complacent with its achievements. In the spirit of continued innovation and the need for increased productive and allocative efficiency, the Corporation has come up with a theme for the three year planning period (2009 -2012) codenamed **“Maximizing the Cash Operating Margin”**. The theme will be the guiding principle for which the goals and strategies will be premised. Simply translated, the Theme aims at maximising revenue while at the same time optimising costs in order to achieve wide spreads between revenues and costs. Therefore, it is in line with this that the goals and strategies will be articulated under the following framework.



#### 4.5.1 Revenue Maximisation

Goals under this theme include:

- i. Revenues: Increase Annual Revenue from Shs. 101 billion to Shs. 138 billion
- ii. Water Service Coverage: Increase water service coverage from 73% to 76%.
- iii. Sewerage Service Coverage: Increase sewerage extensions by 9 kms
- iv. Service to the poor: Increase service coverage to informal settlements and peri-urban areas.
- v. Water Supply: Ensure 24 hour water supply per day in all NWSC Areas.
- vi. Water Losses: Reduce the level of NRW from 35.8% to not more than 31.8% of water produced.
- vii. New water Connections: Install 71,568 New water Connections over the three years.
- viii. Collection/Billing Ratio: Ensure a Collection/Billing ratio (including arrears) of not less than 100% by 2012
- ix. Profitability: Ensure growth in net operating profit from Shs 25.4 billion to Shs 37.8 billion.
- x. Debt Age: Reduce Debt age from 4.8 months to 3.8 months of billings.
- xi. 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.
- xii. Water and Sewerage quality: Ensure that potable water and sewerage effluent meet National Standards
- xiii. Suppressed Accounts: Reduce suppressed accounts as a percentage of total accounts from 12% (27,722) to 10% (29,699)
- xiv. Complete on-going projects such as the Gulu water supply and Sewerage Project, Mukono, Arua Water supply and Sewerage project, Bushenyi Water Supply project, Jinja Walukebe, Gaba offshore Intake Projects and Kampala Sanitation Master Plan project.
- xv. Prioritise projects in order to improve investment efficiency.
- xvi. Carry out Annual Tariff Reviews

#### 4.5.2 Cost Rationalisation

Goals under this theme include:

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

#### 4.5.3 Cross Cutting Reforms and Activities

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

#### 4.5.4 External Services, Research and Development

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

### 4.6 Area Strategic Goals 2009- 2012

The table below summarises the Area Strategic goals for the period 2009 – 2012. The cumulative goals make the Corporate Goals (details shown in Annex 2 (b)).

Table 23: Area Strategic Goals: 2009 – 2012

Area	Water produced/day-June 2012	Water sold/day-June 2012	NRW (%) June 2012	New water connections for the plan period	Total water connections As at June 2012	New sewerage connections for Plan period	Billings Ushs/ month '000+VAT June 2011/12	Collections Ushs/ month '000+VAT June 2011/12
Kampala	151,130	93,768	38.0	43,839	175,615	220	8,257	8,207
Entebbe	7,289	6,316	13.4	4,476	19,074	181	680	672
Jinja	12,639	9,787	21.5	3,618	18,144	148	977	980
Tororo	2,297	2,122	7.6	946	4,218	22	170	172
Mbale	4,887	4,532	7.3	2,127	9,068	101	351	351
Masaka	3,332	2,845	14.6	1,779	7,609	3	258	257
Mbarara	6,802	6,022	11.5	2,745	11,580	129	548	544
Lira	2,924	2,707	7.4	1,645	6,994	58	225	226
Gulu	2,671	2,434	8.9	1,094	4,677	132	217	218
Kasese	1,858	1,524	17.9	1,126	4,727	-	109	108
Fort portal	2,096	1,838	12.3	1,237	5,183	9	148	147
Kabale	1,488	1,399	6.0	1,101	4,581	14	131	129
Arua	1,782	1,640	8.0	1,366	5,730	-	120	120
Bushenyi/ Ishaka	688	587	14.7	488	2,027	-	42	41
Soroti	2,134	1,742	18.3	1,250	5,197	7	143	144
Lugazi	524	449	14.3	727	1,891	-	21	21
Mubende	1,104	941	14.7	641	2,633	-	73	73
Masindi	1,379	1,266	8.2	811	3,321	-	108	108
Hoima	1,118	981	12.3	907	3,697	-	74	73
Iganga	777	714	8.1	1,048	2,730	-	47	47
Total	208,921	143,613	31.8%	72,407	296,467	1,026	12,700	12,640

#### 4.7 The Annual Targets For The FY 2009/2010

Within the framework of the Corporate Strategic goals stated above the key tactical objectives which management intends to achieve during the financial year 2009/2010 have been defined as follows:

1. Reduce overall non-revenue water (NRW) from 35.8% to 34.6%, ie from 42.9% to 41.7% for Kampala and from 16.7% to 15.7% for other areas.
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, ensure effective response to customer complaints within 12 hours and achieve a customer satisfaction index of 60%.
5. Increase water production from 189,538 cubic meters to 197,231 cubic meters per day.
6. Raise turnover from Ushs.100.6 billion to Ushs.114.1billion
7. Increase Return on Capital Employed from 3.16% to 4.00%
8. Increase Collections including VAT from Ushs.8.34 billion to Ushs9.8 billion per month.

9. Increase the collection ratio from 96% to 98%
10. Achieve a Net Operating Profit (before depreciation & interest charges) of Shs 31.4 billion
11. Achieve a Working Ratio (operating costs exclusive of depreciation to operating revenue) of 0.72.
12. Establish 425 new pro poor connections including public stand posts/kiosks, prepaid metres and yard taps in all areas and strengthen the existing water vending management system for the urban poor.
13. Ensure that water and effluent quality conform to National Standards (National Standards for Portable Water (1994), and National Standards for effluent discharge 1999), that is maintain National standard for portable water at 75% and increase Compliance with all 54 Effluent discharge parameters from less than 60% to 65%
14. Carry out mains extensions of 143.7 kms and sewer extensions of 3 kms.
15. Install 23,484 Nos. new water connections in all areas, i.e. 14,219 in Kampala, and 9,265 in other areas.
16. Install 312 new sewer connections
17. Increase Water Service coverage from 73% to 74%
18. Reduce average debt age for arrears from 4.8 months to 4.5 Months
19. Increase the Percentage of Internal and External Audit Recommendations Implemented during the year from 75% to 77.5%

# Chapter 5

## Corporate Strategies 2009 - 2012

### 5.0 Introduction

This chapter outlines the fundamental steps that the NWSC intends to take in order to achieve its goals for the period 2009 to 2012. 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 theme of Maximizing the Cash Operating Margin, which involves Revenue Maximization and Cost Rationalisation as follows:

## **5.1 Revenue Maximization**

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

### **5.1.1 Reduction of NRW**

The level of NRW at 35.8% poses a major problem especially in Kampala (42.9%). The strategies to be carried out include;

- Reduction in commercial losses by ensuring customer meter management, reliable selection, installation testing and rotation of customer meters, Police unauthorised usage and impose penalties, undertake data handling controls Procedures and auditing to minimise errors in data transfer and analysis functions and also carry out Water accounting Controls to ensure that all users are monitored and billed, and water usage data integrity is safe guarded.
- Reduction of leakages through effective pressure management, active leakage control, ensuring speed and quality of repair and ensure effective Pipeline and asset management through selection, installation, maintenance, renewal and replacement
- Kampala Water to strengthen its NRW reduction efforts and carryout NRW mapping of its system, to enable systematic assessment of NRW performance levels for the different zones and formulate appropriate measures for effective reduction of NRW.
- Strengthen the NRW reduction efforts by all areas and institute NRW reduction squads to handle illegal use and other NRW reduction initiatives
- Strengthening Water Sales Management by ensuring that the technical and commercial sections work as a team in as far as water sales management is concerned and reviewing the responsibilities of the respective sections to enhance accountability for NRW by the Technical section
- Meter Replacement Policy: Develop and implement a comprehensive meter replacement policy, taking into consideration the studies and experience from KW to ensure effective meter replacement in all Areas.
- Strategic Meter Investigation of Large Consumers: Develop a standardized checklist and conduct quarterly strategic meter investigations for large consumers, taking into consideration the experience from KW, with the aim of eliminating illegal use and ensuring right meter sizing.
- Carry out monthly meter status and consumption audits on random and purposive samples comprising at least 2% of the total number of accounts/connections in each Area and effectively disseminate the field findings and corrective actions on any anomalies.
- Standardizing the water audit process and water balance template.
- Production and implementation of Kampala NRW action plan. This will involve implementation of District Metering where it is cost effective and technically feasible, conducting comprehensive training in NRW management, ensure procurement of quality meters, monthly calibration of bulk water meters, standardization of customer meter specifications, testing of customer meters for accuracy in the field and on the test bench (Meter workshop), equipping the meter workshop with testing meters, flow meters and Pipe locators; timely servicing of defective meters, institution of a Pipe replacement policy and procurement of leak detection instrument

### 5.1.2 Reduction of Suppressed accounts

Reduction of Suppressed accounts from 12% to 10% of total number of accounts. This will be achieved by carrying out the following strategies.

- Monthly monitor the effectiveness of areas studying the status of suppressed accounts and initiatives to woo them back to supply.
- Ensure that areas enforce a stretched Debt age limit of 90 days to avoid accumulation of debts by customers and set appropriate credit limit for large consumers who pay regularly to avoid debt accumulation which may eventually lead to suppression of accounts.
- Encourage areas to develop and implement incentive mechanism to customers and staff that make efforts to bring back suppressed accounts on supply.
- Ensure that all disconnected accounts of over three years have been closed and investigated, and those eligible have been written off.
- Monitor effectiveness of areas in ensuring that bad debt write offs are translated into active accounts

### 5.1.3 Customer Care

Service beyond Customer satisfaction is 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.

- Raving Water Fans Culture: Benchmark the good Water Raving Fans practices going on in the different Areas and extend them to the other Areas. We shall ensure the Raving Fan concept is institutionalized in all NWSC Areas by December 2010.
- Direct Debt System and Payment over the Bank counter: Ensure that at least 60% of all customers pay through the direct debit system where money is directly paid from one's account for the water bill and review the performance of all the banks with the intension of streamlining irregularities. In addition, NWSC will institute a system to enable customers access accounts and transact business in any of NWSC Service Are
- Electronic Funds Transfers (EFT): Head Office to spearhead the process of harmonizing payments made through EFT and providing timely feedback to the respective Areas, on a monthly basis.
- Conduct Customer Perception and other related Surveys to analyse feedback and institute measures to resolve the customer issues
- Enhance customer interface/interaction through NWSC website to cover more functionalities, close monitoring of the effectiveness and adherence of staff in handling customer complaints, conduct refresher courses once a year in each area in customer handling, ensuring that NWSC services and improvement initiatives are aired out in the electronic and print media, conduct quarterly strategic alliance meetings with clients in areas especially on effectiveness of public sensitization and ensure that all areas take the issue of general ambiance as key in marketing and customer perception.

### 5.1.4 24 Hour Water Supply

Without sufficient water production, the NWSC cannot live up to 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.

- Creation and/or increase of water supply subsystems given the hilly terrain of Kampala. This will entail construction of pumping stations, pumping mains, satellite storage tanks (capacities ranging from 600m<sup>3</sup> to 2000m<sup>3</sup>) and reconfiguration of the sub-distribution systems on a number of hills in Kampala.
- Ensure completion of the capital projects currently in progress in the various areas
- Ensure that the pumpage hours are rationalised in order to circumvent the current power outages.

### 5.1.5 Water Quality and Sewerage Effluent

- Waste Water Discharge Standards: Liaise with NEMA to review the waste water effluent quality standards and disseminate the new standard to all Areas
- Standardization of Laboratory Equipment and Staff training: Ensure that all laboratory equipments in Areas are calibrated and staff training on good laboratory practices is carried out to enhance research in water quality, improve discharge monitoring and strengthen process control and water quality monitoring.

### 5.1.6 Increase Turnover

One of the cardinal strategic options of maximizing the operating margin is to increase the Corporation's annual turnover 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:

- Review the functionality of meters for adequate recording of billings, propose incentives for people who report stolen meters, ensure that there are programs in place in all Areas to check on faulty, blocked and faulty meters, meter readers are vigilant in checking functionality of meters when reading them, and also closely liaise with procurement and logistics to avoid meter stock outs.
- Billing System Upgrade : Ensure that the billing systems for all Areas are up graded to the latest version of Custima (Hi-affinity) to facilitate effective data clean-up exercises and also ensure effective meter utilization for production and customer service
- Implement capital Investments aimed at expanding water and sewerage service coverage
- Marketing Programmes: Vigorously initiate marketing programs to be adopted by Areas and closely monitor their implementation and successes.
- Increase customer base through effective monitoring of growth in new connections and main extensions, ensure adequate materials in place for mains extension and network intensification, timely connections of paid up applicants from all areas and billing within the month of connection, minimise disconnection, closely monitor the plans and works done to phase out dry zones, monitor growth in suppressed accounts and institute measures to reduce them and also closely monitor levels of un updated accounts in all areas and bring them to the attention of the technical department for block mapping.
- Increase meter reading and billing accuracy by ensuring monthly monitoring of billing targets achieved, and also support areas with additional billing strategies.
- Sensitize communities in new areas of extension about the safety and quality of our water and connection procedures, encourage areas to liaise with the local authorities to close some contaminated water points that detract people from piped water, liaise with the Areas to identify potentially viable areas for main extensions and monitor their inclusion in Annual budgets for implementation, update accounts and win back suppressed accounts

### 5.1.7. 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 4.8 to 3.8 months.

- **Debt Collectors' Policy:** Review the Debt Collectors' policy and the terms of engagement of the debt collectors, taking into consideration the experiences from the different Areas to ensure more effective utilization of debt collectors, set and enforce credit limits and also ensure that all areas hire debt collectors to strengthen the collection of accumulated arrears



- **Promote the use of the Direct Debit scheme** by employing the following strategies:
  - Design and implement a six months promotional program in partnership with participating banks and Bank of Uganda
  - Bring on board other non participating banks into the scheme
  - Introduce Direct Debit as a payment method to all new applicants and also those on payment agreements and those written off
  - Employ Deal to deal strategy.
  - Ensure that all staff of NWSC and participating banks are on Direct Debit.
  - Design and implement incentive mechanisms for well paying customers and well performing areas.
  - Avail banks with NWSC customer data base to ensure updating of customer payments on their accounts promptly
  - Implement an SMS system to remind customers to credit their accounts a week before the bills are distributed
  - Monitor that thorough verification of bills are done by Areas to ensure accuracy before submissions to the banks and customers.
  - Assign quarterly Direct Debit targets to areas and monitor their achievement
  - Introduce an incentive mechanism e.g. trophy for Areas and staff who bring more customers on Direct Debit.
  
- **Increase monitoring and achievement of collection targets** by areas through continued application of appropriate technologies like hand held meter reading and use of prepaid meter system, monthly production and delivery of bills by 10th of each month in all areas, monthly outreach of every account, lobby Government for payment of arrears, ensuring that all areas and Kampala water Zones have adequate revenue squads and weekly work programs for following up collections of current bills, recognition and appreciation of customers who pay promptly.

### 5.1.8 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 implementation of the following strategies.

- **Disconnection Policy:** All Areas to carryout effective disconnection of any non-government account that has not been credited for three consecutive months or whose outstanding bill has accumulated to UGX 100,000, whichever comes earlier on a monthly basis
- **System Entries and Adjustments:** All Areas to ensure that billing entries and adjustments for a given month are posted by close of the month and subsequent adjustments posted in the month of detection in order to harmonize the finance and commercial systems.
- **Distressing Policy:** Review and strengthen the distressing policy to facilitate effective reduction of Arrears
- **Non-Government Arrears:** All Areas to print and compile non-government arrears that are more than 3 months and put in place strategies to ensure that they are recovered e.g. use of debt collectors, effective use of instalment payment agreement, monitor and ensure that all payment agreements are utilised properly in collecting revenue in all areas, Strengthening the legal expertise in the Division to assist areas with legal issues relating collection of arrears
- **Intensifying lobbying the Government to increase its budget allocation** and pay the outstanding domestic arrears, review the MOU with Government to increase allocation of government money to ministries, enforce compliance and adherence to the MOU by all ministries and timely protest violation by all means available
- **Employment of other Strategies to reduce arrears** such as introduction of prepaid meters, on spot billing, utilization APAs, monitor sensitisation programs for customers on the importance of paying water bills by all areas, distress defaulters, and monitor closely the effective investigation of old debts before recommendation

- for write off
- **Separation of Accounts:** All separation of accounts to be executed if, and only if, arrears and outstanding bills on the existing accounts are cleared to zero
- **Database Clean-Up of duplicated accounts:** Carry out intensive field verifications to establish duplicated accounts followed by database clean-ups in which the older accounts are closed and the arrears thereof outrightly transferred to the new accounts. In addition, ensure that disciplinary action is taken on staff identified to be involved in creation of duplicate accounts

### 5.1.9 Water Service Coverage

The target is to increase water service coverage from the current level of 73% to 76%. The following are the envisaged strategies for the corporate period 2009 to 2012.

- Revisit the water connection policy.
- Expansion to viable new towns
- In the other towns of NWSC ensure that the network is expanded on a demand driven approach beyond the service area especially to the upcoming housing estates so as to improve capacity utilisation of the plants
- Ensure the completion of the capital projects currently in progress, which include Gulu project (phasII), Bushenyi Water Supply project, Jinja Walukebe and Gaba offshore Intake Projects. The detailed programme and costs for the capital works are shown in annex 6.

### 5.1.10 Sewerage Service Coverage

The sewerage service is still lagging behind the water service coverage despite the introduction of the new sewerage connection policy during the Corporate Planning period 2006-2009. The service sewerage coverage stands at 6.4% with an average new sewer connection of 250 per annum. This low sewer connection rate is attributed to limited sewerage network coverage which is very expensive to expand and the reluctance of customers to connect to the sewer system due to the fact that most of them have on-site sanitation facilities. In addition, some of the areas have no water borne or piped sewer services due to the high investment costs involved. However, with the acquisition of funding from ADB and KfW for the Kamapala Sanitation Master Plan Project (KSMP) implementation, it is envisaged that a number of activities will be undertaken during the Corporate Plan period 2009 – 2012. These will be aimed at:

- Decrease pollution and nutrient discharge into the inner Murchison Bay of Lake Victoria
- Improve the collection and treatment efficiency of the waterborne sewerage system,
- Improve disposal and treatment of septic tank sludge, and haulage & disposal of pit latrine sludge
- Resizing the tertiary and secondary mains to cope with increasing effluent being generated as a result of increased growth in development in Kampala
- Construction of a bio gas facility
- Construction of three faecal sludge/sewerage subsystems at Kinawataka, Nalukolongo and Rubirigi
- Construction of a new treatment plant on a lower ground (Nakivubo wetland) where all sewage reaches by gravity

### 5.1.11 Service to the Poor

The Corporation will continue to embrace and intensify its deliberate Corporate Strategy of addressing the needs of the rising urban poor across all its towns. Some of the strategic activities that will be taken in this respect include:

- Intensification of the network
- Establishing public stand posts and installing yard taps within these settlements. A total of 600 stand posts

- will be established during the planning period 2009-2012
- Streamline new connection water policy.

### **5.1.12 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 Gulu water supply and Sewerage Project, Mukono, Arua Water supply and Sewerage project, Bushenyi Water Supply project, Jinja Walukebe, Gaba offshore Intake Projects and Kampala Master Plan project.
- Prioritise projects in order to improve investment efficiency.
- Sourcing for appropriate and cost effective investment finance

## **5.2 Cost Rationalisation**

### **5.2.1 Staff Productivity**

The current Corporation staff productivity ratio is 7 staff per thousand connections. This calls for improved 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;

- Staff Recruitments: All Areas shall ensure that all staff recruitments are first duly cleared by Head Office.
- Daily Reporting Formats: All chief managers shall take full responsibility for effective implementation of the daily reporting on the key performance indicators using the agreed formats (including reprimands for any non-compliance).
- Carry out routine comprehensive and systematic Man Power Audits in all areas to establish the true staffing status and resolve any identified anomalies.
- Sensitize staff on the need to maintain discipline and good conduct at all times
- Focus training on multi-skilling and further skills enhancement
- Rationalise staff deployments for effective management at all levels
- Enhance performance based pay

### **5.2.2 Rationalisation of Operational Costs**

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

- Energy Management Study: Carryout an energy management study for all Areas, taking into consideration the experience from Kampala Water, and thereafter develop concrete strategies and action plans for the respective Areas
- Energy Management plans and Strategies: All Areas to carry out energy audits and come up with both short term and long term energy management plans outlining interventions such as reduction of unnecessary loads, power factor correction, refining pumpage configuration/schedules, streamlining transmission bottlenecks and other strategies to optimize energy consumption in their respective Areas.
- Motor Vehicle Leasing Policy: Review the motor vehicle leasing policy to establish the best and most beneficial option for the Corporation.
- Old Dilapidated Vehicles: Implement the fleet disposal policy on all the identified old and dilapidated motor cycles and vehicles
- Rationalise the use of chemical at the water treatment plants, particularly at Gaba treatment plant and review the chemical use. The Maximum production capacity of Gaba treatment plant is 210 million litres/ day. The current

situation requires that 60mg/litre of Aluminium Sulphate is used for water treatment. With the construction of the intake this will reduce to 20mg/litre resulting in a saving of 40mg/litre and this will translate into a monetary savings of 1,533,000 dollars or Euros1, 083,851.

- Procurement Audit. Ensure an efficient and effective supply chain management translated into value for money of procured goods and services.
  - Expenditure Review Committees: All Areas to institute Expenditure Review Committees to carryout monthly monitoring and regulation of Area expenditure based on clearly defined guidelines
  - Training of Area Accounts Officers: Undertake training of all Area Accounts Officers on the basics of NWSC chart of Accounts and Accounting Standards and provide clear guidelines to ensure proper coding of Areas' Expenditures
  - Expenditure tracking: All areas to ensure that monthly expenditure reports are prepared and submitted on accrual basis.
  - Up-to-Date Creditors' Portfolio: All Areas to update Creditors' portfolios every month to enable more effective budget control and cash planning

### 5.3 Internal Reforms and Restructuring

NWSC has always been positive to change and this has kept the Corporation buoyant amidst the dynamics in 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;

- Continue carrying out innovations in our management systems so as to achieve the maximum benefits and synergies from the interplay of various factor inputs of production. This will cover strengthening of our internal contracting mechanisms (IDAMCs), Management Information Systems, Commercial Services, Financial Services and Capital Expenditure programme”.
- Achieve ISO certification for all towns
- Expand the External Service exploits as a means of building synergies within the different water providers in the region and Uganda in particular.
- Establish a regional Training centre as a means of sharing best practices in the provision of water and sewerage services.
- Achieving an optimal debt equity mix that will support the sustainability of our operations
- Enhance stakeholder participation and collaboration through establishments of Local water committees in Areas
- Strengthen the Monitoring and Evaluation System through regionalised monitoring and evaluation of Areas and operationalization of the SIGMA performance indicator system to improve data reliability, accuracy and transparency.

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

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

### 5.4 External Services, Research and Development

#### External Services

Partnering with sister utilities has become increasingly prominent as the NWSC strives to achieve its vision of being one

of the leading water utilities in the world. The following are the strategies to be undertaken by the External Services Department

- In the next three years, the NWSC External services will have in place a Strategic Business Plan articulating the strategic path for enhancing skills and management training to various practitioners in the utility industry and also reflecting the financial self-sustainability of External services. External Services shall among other things;
- Increase annual turnover from U.Shs 1.0 bn to about U.Shs 1.5 Bn
- Improve the working ratio from 0.5 to 0.45
- Have accredited capacity building/training modules/packages for External Clients in place
- Have an operational bottled water plant by December 2010
- Have a Web-based Bench marking business product for the region developed

## **Research and Development**

In the next three years, the Corporation will aim at increasing the quantity and quality of relevant research activity and its dissemination (both internally and externally) and integration into practice in order to meet the rising expectations of customers. During this planning period, the Corporation shall;

- Develop a Research and Development policy and a Strategic Research Plan (SRP) by June 2010 to guide the Corporation strategic research initiatives
- Conduct research in priority areas identified in the SRP by July 2011
- Put in place knowledge management systems to identify, create, represent, distribute and enable adoption of knowledge, insights and experiences from research activities
- Establish national and international research and knowledge networks beneficial to the Corporation
- Develop knowledge products, learning modules and other related learning materials
- Establish and manage a database of knowledge products and learning modules by Nov 2009
- Facilitate the formation and functioning of thematic groups on different topics/themes relevant to NWSC operations by January 2010
- Conduct annual learning needs assessments, develop plans, implement and evaluate relevant formal and informal learning activities
- Develop a learning management system to track learning activities throughout the corporation by January 2010.



# Appendices

# Appendix 1

## NWSC Corporate Plan Implementation Matrix 2009 – 2012

Goals	Strategies
<b>Maximizing the Cash Operating Margin: Revenue Maximization</b>	
<p><b>Water Losses:</b> Reduce the level of NRW from 35.8% to not more than 31.8%</p>	<p>The level of NRW at 35.8% poses a major problem especially in Kampala (42.9%). The strategies to be carried out include;</p> <ul style="list-style-type: none"> <li>- Increase <b>monitoring of leaks and bursts</b> in all areas</li> <li>- Ensure <b>100% meter coverage</b></li> <li>- <b>Reduction in commercial losses</b> by ensuring customer meter management, reliable selection, installation testing and rotation of customer meters, Police unauthorised usage and impose penalties, undertake data handling controls Procedures and auditing to minimise errors in data transfer and analysis functions and also carry out Water accounting Controls to ensure that all users are monitored and billed, and water usage data integrity is safe guarded.</li> <li>- <b>Reduction of leakages</b> through effective pressure management, active leakage control, ensuring speed and quality of repair and ensure effective Pipeline and asset management through selection, installation, maintenance, renewal and replacement</li> <li>- <b>Kampala Water to strengthen its NRW reduction efforts and carryout NRW mapping of its system</b>, to enable systematic assessment of NRW performance levels for the different zones and formulate appropriate measures for effective reduction of NRW.</li> <li>- <b>Strengthen the NRW reduction efforts</b> by all areas and institute NRW reduction squads to handle illegal use and other NRW reduction initiatives</li> <li>- <b>Strengthening Water Sales Management</b> by ensuring that the technical and commercial sections work as a team in as far as water sales management is concerned and reviewing the responsibilities of the respective sections to enhance accountability for NRW by the Technical section</li> <li>- <b>Meter Replacement Policy:</b> Develop and implement a comprehensive meter replacement policy, taking into consideration the studies and experience from KW to ensure effective meter replacement in all Areas.</li> <li>- <b>Strategic Meter Investigation of Large Consumers:</b> Develop a standardized checklist and conduct quarterly strategic meter investigations for large consumers, taking into consideration the experience from KW, with the aim of eliminating illegal use and ensuring right meter sizing.</li> <li>- <b>Carry out monthly meter status and consumption audits</b> on random and purposive samples comprising at least 2% of the total number of accounts/connections in each Area and effectively disseminate the field findings and corrective actions on any anomalies.</li> <li>- Standardizing the water audit process and water balance template.</li> <li>- <b>Production and implementation of Kampala NRW action plan.</b> This will involve implementation of District Metering where it is cost effective and technically feasible, conducting comprehensive training in NRW management, ensure procurement of quality meters, monthly calibration of bulk water meters, standardization of customer meter specifications, testing of customer meters for accuracy in the field and on the test bench (Meter workshop), equipping the meter workshop with testing meters, flow meters and Pipe locators; timely servicing of defective meters, institution of a Pipe replacement policy and procurement of leak detection instrument</li> </ul>



Goals	Strategies
<b>Maximizing the Cash Operating Margin: Revenue Maximization</b>	
<p><b>Reduction of Suppressed Accounts from 12% to 10% of the total accounts</b></p>	<p><b>This will be achieved by carrying out the following strategies</b></p> <ul style="list-style-type: none"> <li>- Monthly monitor the effectiveness of areas studying the status of suppressed accounts and initiatives to woo them back to supply.</li> <li>- Ensure that areas enforce the Debt age limit of 90 days to avoid accumulation of debts by customers and set appropriate credit limit for large consumers who pay regularly to avoid debt accumulation which may lead to debt accumulation and eventually suppression of accounts.</li> <li>- Encourage areas to develop and implement incentive mechanism to customers and staff who make efforts to bring back suppressed accounts on supply.</li> <li>- Ensure that all disconnected accounts of over three years have been closed and investigated, and those eligible have been written off.</li> <li>- Monitor effectiveness of areas in ensuring that bad debt write offs are translated into active accounts</li> </ul>
<p><b>Enhance 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>	<p>This will be achieved through;</p> <ul style="list-style-type: none"> <li>- <b>Raving Water Fans Culture:</b> Benchmark the good Water Raving Fans practices going on in the different Areas and extend them to the other Areas. We shall ensure the Raving Fan concept is institutionalized in all NWSC Areas by December 2010.</li> <li>- <b>Direct Debt System and Payment over the Bank counter:</b> Ensure that at least 60% of all customers pay through the direct debit system where money is directly paid from one's account for the water bill and review the performance of all the banks with the intension of streamlining irregularities. In addition, NWSC will institute a system to enable customers access accounts and transact business in any of NWSC Service Are</li> <li>- <b>Electronic Funds Transfers (EFT):</b> Head Office to spearhead the process of harmonizing payments made through EFT and providing timely feedback to the respective Areas, on a monthly basis.</li> <li>- Conduct <b>Customer Perception and other related Surveys</b> to analyse feedback and institute measures to resolve the customer issues</li> <li>- <b>Enhance customer interface/interaction</b> through NWSC website to cover more functionalities, close monitoring of the effectiveness and adherence of staff in handling customer complaints, conduct refresher courses once a year in each area in customer handling, ensuring that NWSC services and improvement initiatives are aired out in the electronic and print media, conduct quarterly strategic alliance meetings with clients in areas especially on effectiveness of public sensitization and ensure that all areas take the issue of general ambiance as key in marketing and customer perception.</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>- <b>Creation and/or increase of water supply subsystems</b> given the hilly terrain of Kampala. This will entail construction of pumping stations, pumping mains, satellite storage tanks (capacities ranging from 600m<sup>3</sup> to 2000m<sup>3</sup>) and reconfiguration of the sub-distribution systems on a number of hills in Kampala.</li> <li>- Ensure <b>completion of the capital projects</b> currently in progress in the various areas</li> <li>- Ensure that the <b>pumpage hours are rationalised</b> in order to circumvent the current power outages.</li> </ul>

Goals	Strategies
<b>Maximizing the Cash Operating Margin: Revenue Maximization</b>	
<p><b>Ensure that water and effluent quality conform to National Standards:</b> (i.e. National Standards for Portable Water (1994), and National Standards for effluent discharge 1999).</p>	<ul style="list-style-type: none"> <li>- <b>Waste Water Discharge Standards:</b> Liaise with NEMA to review the waste water effluent quality standards and disseminate the new standard to all Areas</li> <li>- <b>Standardization of Laboratory Equipment and Staff training:</b> Ensure that all laboratory equipments in Areas are calibrated and staff training on good laboratory practices is carried out to enhance research in water quality, improve discharge monitoring and strengthen process control and water quality monitoring.</li> </ul>
<p><b>Increase Annual Turnover:</b> Increase Annual Revenue from Shs. 100.6 billion to Shs. 138.4 billion.</p>	<ul style="list-style-type: none"> <li>- Attain <b>Universal metering</b> for adequate recording of billings, propose incentives for people who report stolen meters, ensure that there are programs in place in all Areas to check on faulty, blocked and faulty meters, meter readers are vigilant in checking functionality of meters when reading them, and also closely liaise with procurement and logistics to avoid meter stock outs.</li> <li>- <b>Billing System Upgrade</b> : Ensure that the billing systems for all Areas are up graded to the latest version of Custima (Hi-affinity) to facilitate effective data clean-up exercises and also ensure effective meter utilization for production and customer service</li> <li>- <b>Implement capital Investments</b> aimed at expanding water and sewerage service coverage</li> <li>- <b>Marketing Programmes:</b> Vigorously initiate marketing programs to be adopted by Areas and closely monitor their implementation and successes.</li> <li>- <b>Increase customer base</b> through effective monitoring of growth in new connections and main extensions, ensure adequate materials in place for mains extension and network intensification, timely connections of paid up applicants from all areas and billing within the month of connection, minimise disconnection, closely monitor the plans and works done to phase out dry zones, monitor growth in suppressed accounts and institute measures to reduce them and also closely monitor levels of un updated accounts in all areas and bring them to the attention of the technical department for block mapping.</li> <li>- <b>Increase meter reading and billing accuracy</b> by ensuring monthly monitoring of billing targets achieved, and also support areas with additional billing strategies.</li> <li>- <b>Sensitize communities</b> in new areas of extension about the safety and quality of our water and connection procedures, encourage areas to liaise with the local authorities to close some contaminated water points that detract people from piped water, liaise with the Areas to identify potentially viable areas for main extensions and monitor their inclusion in Annual budgets for implementation, update accounts and win back suppressed accounts.</li> </ul>

Goals	Strategies
<b>Maximizing the Cash Operating Margin: Revenue Maximization</b>	
<p><b>Collection/Billing Ratio:</b> Ensure a Collection/Billing ratio (including arrears) of not less than 100% by 2012.</p>	<ul style="list-style-type: none"> <li>- <b>Debt Collectors' Policy:</b> Review the Debt Collectors' policy and the terms of engagement of the debt collectors, taking into consideration the experiences from the different Areas to ensure more effective utilization of debt collectors, set and enforce credit limits and also ensure that all areas hire debt collectors to strengthen the collection of accumulated arrears</li> <li>- <b>Promote the use of the Direct Debit scheme</b> by employing the following strategies: <ul style="list-style-type: none"> <li>- Design and implement a six months promotional program in partnership with participating banks and Bank of Uganda</li> <li>- Bring on board other non participating banks into the scheme</li> <li>- Introduce Direct Debit as a payment method to all new applicants and also those on payment agreements and those written off</li> <li>- Employ Deal to deal strategy.</li> <li>- Ensure that all staff of NWSC and participating banks are on Direct Debit.</li> <li>- Design and implement incentive mechanisms for well paying customers and well performing areas.</li> <li>- Avail banks with NWSC customer data base to ensure updating of customer payments on their accounts promptly</li> <li>- Implement an SMS system to remind customers to credit their accounts a week before the bills are distributed</li> <li>- Monitor that thorough verification of bills are done by Areas to ensure accuracy before submissions to the banks and customers.</li> <li>- Assign quarterly Direct Debit targets to areas and monitor their achievement</li> <li>- Introduce an incentive mechanism e.g. trophy for Areas and staff who bring more customers on Direct Debit.</li> </ul> </li> <li>- <b>Increase monitoring and achievement of collection targets</b> by areas through continued application of appropriate technologies like hand held meter reading and use of prepaid meter system, monthly production and delivery of bills by 10<sup>th</sup> of each month in all areas, monthly outreach of every account, lobby Government for payment of arrears, ensuring that all areas and Kampala water Zones have adequate revenue squads and weekly work programs for following up collections of current bills, recognition and appreciation of customers who pay promptly.</li> </ul>
<p><b>Profitability:</b> Ensure growth in net operating profit before depreciation from Shs 25.42 billion to Shs 37.86 billion.</p>	<ul style="list-style-type: none"> <li>- Ensure the <b>Tariff is reviewed</b> to cater for macro-economic changes.</li> <li>- <b>Expenditure Review Committees:</b> All Areas to institute Expenditure Review Committee to carryout monthly monitoring and regulation of Area expenditure based on clearly defined guidelines</li> <li>- <b>Training of Area Accounts Officers:</b> Undertake training of all Area Accounts Officers on the basics of NWSC chart of Accounts and Accounting Standards and provide clear guidelines to ensure proper coding of Areas' Expenditures</li> <li>- <b>Expenditure tracking:</b> All areas to ensure that monthly expenditure reports are prepared and submitted on accrual basis.</li> <li>- <b>Up-to-Date Creditors' Portfolio:</b> All Areas to update Creditors' portfolios every month to enable more effective budget control and cash planning</li> <li>- Ensure cost rationalisation at all levels</li> <li>- implement viable investments and cost effective operation management systems</li> </ul>

Goals	Strategies
<b>Maximizing the Cash Operating Margin: Revenue Maximization</b>	
<p><b>Arrears Reduction (and Reduction of Debt Age):</b> Reduce Debt age from 4.8 months to 3.8 months of billings.</p>	<ul style="list-style-type: none"> <li>- <b>Disconnection Policy:</b> All Areas to carryout effective disconnection of any non-government account that has not been credited for three consecutive months or whose outstanding bill has accumulated to UGX 100,000, whichever comes earlier on a monthly basis</li> <li>- <b>System Entries and Adjustments:</b> All Areas to ensure that billing entries and adjustments for a given month are posted by close of the month and subsequent adjustments posted in the month of detection in order to harmonize the finance and commercial systems.</li> <li>- <b>Distressing Policy:</b> Review and strengthen the distressing policy to facilitate effective reduction of Arrears</li> <li>- <b>Non-Government Arrears:</b> All Areas to print and compile non-government arrears that are more than 3 months and put in place strategies to ensure that they are recovered e.g. use of debt collectors, effective use of instalment payment agreement, monitor and ensure that all payment agreements are utilised properly in collecting revenue in all areas, Strengthening the legal expertise in the Division to assist areas with legal issues relating collection of arrears</li> <li>- Intensifying <b>lobbying the Government</b> to increase its budget allocation and pay the outstanding domestic arrears, review the MOU with Government to increase allocation of government money to ministries, enforce compliance and adherence to the MOU by all ministries and timely protest violation by all means available</li> <li>- <b>Employment of other Strategies to reduce arrears</b> such as introduction of prepaid meters, on spot billing, utilization APAs, monitor sensitisation programs for customers on the importance of paying water bills by all areas, distress defaulters, and monitor closely the effective investigation of old debts before recommendation for write off</li> <li>- <b>Separation of Accounts:</b> All separation of accounts to be executed if, and only if, arrears and outstanding bills on the existing accounts are cleared to zero</li> </ul> <p><b>Database Clean-Up of duplicated accounts:</b> Carry out intensive field verifications to establish duplicated accounts followed by database clean-ups in which the older accounts are closed and the arrears thereof out-rightly transferred to the new accounts. In addition, ensure that disciplinary action is taken on staff identified to be involved in creation of duplicate accounts</p>
<p><b>Water Service Coverage:</b> Increase water service coverage from 73% to 76%.</p>	<ul style="list-style-type: none"> <li>- Revisit the 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 Gulu project (phase II), Bushenyi Water Supply project, Jinja Walukebe and Gaba offshore Intake Projects</li> </ul>
<p><b>Sewerage Service Coverage:</b> Increase sewerage extensions by 9 kms.</p>	<ul style="list-style-type: none"> <li>- <b>Sanitation Master Plan:</b> Finalise the sourcing of funding and implement the Kampala Sanitation Master Plan in our areas of operation.</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>

Goals	Strategies
<b>Maximizing the Cash Operating Margin: Revenue Maximization</b>	
<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>- Intensification of the network</li> <li>- Establishing public stand posts and installing yard taps within these settlements. A total of 600 stand posts will be established during the planning period 2009-2012</li> <li>- Streamline new connection water policy.</li> </ul>
<p><b>Complete on-going projects and Increase Investment Efficiency:</b> such as the Gulu supply and Sewerage Project, Mukono, Arua Water supply and Sewerage project, Bushenyi Water Supply project, Jinja Walukuba and Gaba offshore Intake Projects</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 Gulu water supply and Sewerage Project, Mukono, Arua Water supply and Sewerage project, Bushenyi Water Supply project, Jinja Walukebe and Gaba offshore Intake Projects</li> <li>- Prioritise projects in order to improve investment efficiency.</li> </ul>

## Maximizing the Cash Operating Margin: Cost Rationalization

### Staff Productivity:

Improve staff productivity and limit manpower levels to not more than 6 employees per 1000 water connections and ensure staff costs as a ratio of operating costs is reduced from 42% to 41%.

- Staff Recruitments: All Areas shall ensure that all staff recruitments are first duly cleared by Head Office.
- Daily Reporting Formats: All chief managers shall take full responsibility for effective implementation of the daily reporting on the key performance indicators using the agreed formats (including reprimands for any non-compliance).
- Carry out routine comprehensive and systematic Man Power Audits in all areas to establish the true staffing status and resolve any identified anomalies.
- Sensitize staff on the need to maintain discipline and good conduct at all times
- Focus training on multi-skilling and further skills enhancement
- Rationalise staff deployments for effective management at all levels
- Enhance performance based pay

### Optimization of operational costs:

Such as Energy (electricity and fuel), Administrative costs, Fleet management costs, Transport and Mobile costs, Chemical costs, Static Plant and Pipe Network costs

- Energy Management Study: Carryout energy study for all Areas, taking into consideration the experience from KW, and thereafter develop concrete strategies and action plans for the respective Areas
- Energy Management plans and Strategies: All Areas to carry out energy audits and come up with both short term and long term energy management plans outlining interventions such as reduction of unnecessary loads, power factor correction, refining pumpage configuration/schedules, streamlining transmission bottlenecks and other strategies to optimize energy consumption in the their respective Areas.
- Motor Vehicle Leasing Policy: Review the motor vehicle leasing policy to establish the best and most beneficial option for the Corporation
- Old Dilapidated Vehicles: Implement the fleet disposal policy on all the identified old and dilapidated motor cycles and vehicles
- Reduce the chemical costs at the water treatment plants, particularly at Gaba treatment plant. The Maximum production capacity of Gaba treatment plant is 210 million litres/ day. The current situation requires that 60mg/litre of Aluminium Sulphate is used for water treatment. With the construction of the intake this will reduce to 20mg/litre resulting in a saving of 40mg/litre and this will translate into a monetary savings of 1,533,000 dollars or Euros1, 083,851.
- Procurement Audit. Ensure an efficient and effective supply chain management translated into value for money of procured goods and services.

## Maximizing the Cash Operating Margin: Cost Rationalization

### Internal Reforms and Restructuring:

Carry out internal reforms aimed at enhanced performance, accountability and transparency of the Corporation

- Continue carrying out innovations in our management systems so as to achieve the maximum benefits and synergies from the interplay of various factor inputs of production. This will cover strengthening of our internal contracting mechanisms (IDAMCs), Management Information Systems, Commercial Services, Financial Services and Capital Expenditure programme”.
- Achieve ISO certification for all towns
- Expand the External Service exploits as a means of building synergies within the different water providers in the region and Uganda in particular.
- Establish a regional Training centre as a means of sharing best practices in the provision of water and sewerage services.
- Achieving an optimal debt equity mix that will support the sustainability of our operations
- Enhance stakeholder participation and collaboration through establishments of Local water committees in Areas
- Strengthen the Monitoring and Evaluation System through regionalised monitoring and evaluation of Areas and operationalization of the SIGMA performance indicator system to improve data reliability, accuracy and transparency.
- Ensure formulation of management committees on audit
- Follow up of Audit Recommendations during checkers activities
- Ensure quarterly reviews of Audit issues in Top Management
- Ensure that Resolution/implementation of Audit recommendations is part of each division's annual targets

### External Services

- Partnering with sister utilities has become increasingly prominent as the NWSC strives to achieve its vision of being one of the leading water utilities in the world. In the next three years, the NWSC External services will have in place a Strategic Business Plan articulating the strategic path for enhancing skills and management training to various practitioners in the utility industry and also reflecting the financial self-sustainability of External services. External Services shall among other things;
- Increase annual turnover from U.Shs 1.0 bn to about U.Shs 1.5 Bn
- Improve the working ratio from 0.5 to 0.45
- Have accredited capacity building/training modules/packages for External Clients in place
- Have an operational bottled water plant by December 2010
- Have a Web-based Bench marking business product for the region developed

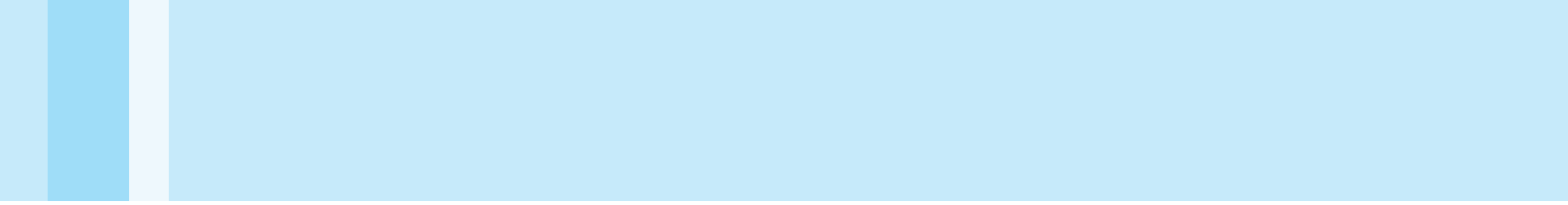
## Maximizing the Cash Operating Margin: Cost Rationalization

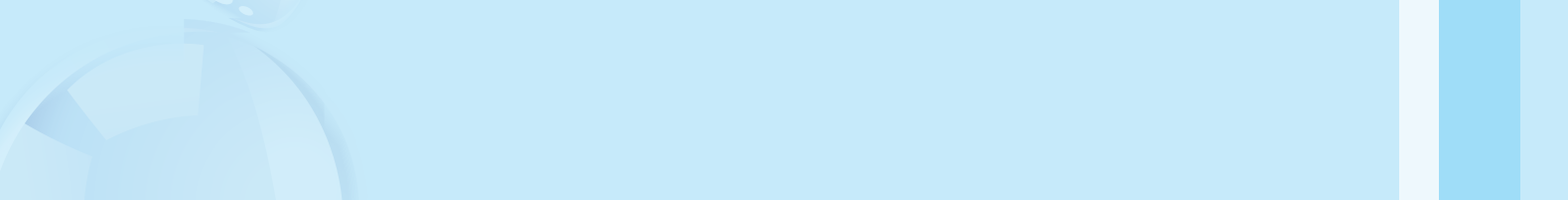
### Research and Development

In the next three years, the Corporation will aim at increasing the quantity and quality of relevant research activity and its dissemination (both internally and externally) and integration into practice in order to meet the rising expectations of customers. During this planning period, the Corporation shall;

- Develop a Research and Development policy and a Strategic Research Plan (SRP) by June 2010 to guide the Corporation strategic research initiatives
- Conduct research in priority areas identified in the SRP by July 2011
- Put in place knowledge management systems to identify, create, represent, distribute and enable adoption of knowledge, insights and experiences from research activities
- Establish national and international research and knowledge networks beneficial to the Corporation
- Develop knowledge products, learning modules and other related learning materials
- Establish and manage a database of knowledge products and learning modules by Nov 2009
- Facilitate the formation and functioning of thematic groups on different topics/themes relevant to NWSC operations by Jan 2010
- Conduct annual learning needs assessments, develop plans, implement and evaluate relevant formal and informal learning activities
- Develop a learning management system to track learning activities throughout the corporation by Jan 2011







# Appendix 2a

Financial and Operational Indicators:  
2009-2012

## FINANCIAL AND OPERATIONAL INDICATORS FOR CORPORATE PLAN PERIOD 2009-2012

**Total installed capacity of water production (million m3) = 116**  
**Average Water + Sewerage Tariff (shs per m3 of water sold) = 1,750**  
**All money values are shown at current prices.**

	Ref to Goal No.	Year 0 (2008/2009)	Year1 (2009/10)	Year 2 (2010/11)	Year 3 (2011/12)
Billing Efficiency (Accounted for water) %	vii,	64.2%	65.4%	66.2%	68.2%
Unaccounted for water (overall) (%)	vi	35.8%	34.6%	33.8%	31.8%
UFW Kampala (%)	vi	42.9%	41.7%	40.5%	38.0%
UFW Other Area (%)	vi	16.7%	15.7 %	14.6%	13.7%
Reliability of water Supply Hrs/day	iv	24	24	24	24
Revenue: shs millions	vii, xvi	100,631	114,112	127,060	138,217
Collection/Billing ratio (%)	vi	96%	98%	99%	100%
Debt Age (months)	viii	4.8	4.5	4.2	3.8
Debt Absolute shs millions	viii, i	38,604	39,142	39,347	38,493
Total No. of Water connections	xii,xiv,viii	225,932	248,792	272,160	296,467
No. water New connections	i,xii,xiv,vii	23,305	23,484	23,992	24,931
No. of Sewerage connections	ii,vii	20,952	21,264	21,605	21,978
No New Sewerage connections	ii,vii	267	312	341	373
Suppressed accounts % of total accounts	xi	12%	11%	10%	10%
Suppressed accounts	xi	27,722	28,381	29,040	29,699
No of new Stand posts/kiosks	i,vii,iii	413	425	442	465
Service coverage (%)	i	73%	74%	75%	76%
No. of employees in service at end of FY	xvii	1,517	1,547	1,587	1,637
Employees per 1000 connections	xvii	7	6	6	6
Staff costs as a % of total costs	xvii,vii	42%	41%	41%	41%
Average monthly take home pay (Shs mil)	ix,xvii	1.43	1.59	1.75	1.89
Response to Customer Complaints (hrs)	ix	18	18	18	18
Operating Surplus before interests on Loans, deprec. and exceptional items. (Shs millions).	vii	25,424	31,437	35,710	37,864
Depreciation Shs millions	xviii,vii	10,306	15,370	17,154	19,416
Operating Profit After Dep.	vii	15,118	16,067	18,555	18,448
Operating Profit After Dep & Interest Charges	vii	15,118	13,713	16,405	16,527

# Appendix 2b

Area Specific Targets  
2009-2012

**Table of Area Annual Targets for 2008/09**

Area	Water produced/ day	Water sold/ day	UFW June (%)	New water connections	New PSP/ Kiosks	Total water Connections	New sewer connections	Billings Ushs/month '000+VAT	Collections Ushs/month '000+VAT
Kampala	138,204	78,879	42.9	13,212	340	133,198	62	5,576	5,409
Entebbe	6,870	5,787	15.8	2,184	6	14,574	36	459	510
Jinja	12,215	9,301	23.9	1,787	29	15,727	49	660	646
Tororo	2,049	1,843	10.0	191	4	3,354	5	115	122
Mbale	3,570	3,189	10.7	557	2	6,885	27	237	239
Masaka	3,140	2,449	22.0	434	2	5,836	1	174	161
Mbarara	6,333	5,460	13.8	948	12	8,885	33	370	352
Lira	2,532	2,286	9.7	558	1	5,337	13	152	131
Gulu	2,304	2,056	10.8	308	1	3,828	30	147	153
Kasese	1,703	1,337	21.5	475	2	3,652	-	74	69
Fort portal	1,850	1,566	15.3	486	1	3,993	3	100	94
Kabale	1,392	1,263	9.3	326	0	3,523	5	88	80
Arua	1,620	1,439	11.2	382	2	4,358	-	81	73
Bushenyi/Ishaka	626	515	17.8	105	0	1,604	-	28	28
Soroti	1,904	1,500	21.2	471	6	3,962	2	97	88
Lugazi	-	-	-	-	-	-	-	14	14
Mubende	985	818	17.0	220	1	1,825	-	49	43
Masindi	1,233	1,100	10.8	266	2	2,542	1	73	57
Hoima	1,008	852	15.5	395	2	2,849	-	50	42
Iganga	-	-	-	-	-	-	-	32	31
Total	189,538	121,639	35.8	23,305	413	225,932	267	8,576	8,340

**Table of Area Annual Targets for 2009/10**

Area	Water produced/ day (m3)	Water sold/ day	UFW (%)	New water connections	New PSP/ Kiosks	Total water con- nections	New sewer connections	Billings Ushs/month '000+VAT	Collections Ushs/month '000+VAT
Kampala	143,209	83,454	41.7	14,219	348	146,943	60	6,524	6,365
Entebbe	7,146	6,077	15.0	1,450	6	16,018	50	537	515
Jinja	12,162	9,311	23.4	1,194	28	15,720	40	772	775
Tororo	2,069	1,880	9.1	306	4	3,548	7	135	137
Mbale	4,600	4,146	9.9	686	2	7,617	28	277	277
Masaka	2,970	2,498	15.9	573	2	6,403	1	204	201
Mbarara	6,352	5,515	13.2	893	12	9,728	39	433	421
Lira	2,560	2,332	8.9	533	1	5,872	18	178	178
Gulu	2,334	2,097	10.2	351	1	3,924	36	172	173
Kasese	1,701	1,363	19.8	355	2	3,966	0	86	84
Fort portal	1,870	1,598	14.5	401	1	4,378	3	117	113
Kabale	1,401	1,288	8.1	354	-	3,882	4	103	99
Arua	1,625	1,467	9.7	452	2	4,855	0	95	94
Bushenyi/Ishaka	629	525	16.5	164	-	1,755	0	33	32
Soroti	1,911	1,530	19.9	412	6	4,409	2	113	114
Lugazi	576	428	16.0	240	2	1,404	0	17	16
Mubende	997	834	16.3	211	1	2,262	0	57	57
Masindi	1,249	1,121	10.2	265	2	2,839	6	85	85
Hoima	1,019	869	14.7	294	2	3,151	6	58	57
Iganga	247,877	311,299	10.0	346	2	2,028	12	37	35
Total	197,231	129,011	34.6	23,484	425	248,792	312	10,034	9,827

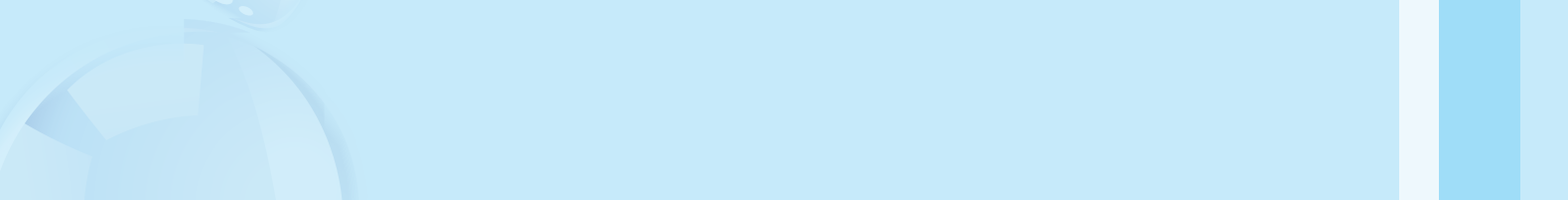
**Table of Area Annual Targets for 2010/11**

Area	water produced/ day	Water sold/ day	UFW (%)	New water connections	New PSP/ Kiosks	Total water con- nections	New sewer connections	Billings Ushs/month '000+VAT	Collections Ushs/month '000+VAT
Kampala	149,250	88,795	40.5	14,526	361	160,995	67	7,333	7,241
Entebbe	7,279	6,277	13.8	1,483	6	17,501	55	604	590
Jinja	12,754	9,786	22.2	1,206	29	16,926	44	868	872
Tororo	2,144	1,965	8.3	313	4	3,881	7	151	153
Mbale	4,577	4,208	8.1	701	2	8,318	30	311	312
Masaka	3,085	2,610	15.4	586	2	7,009	1	229	228
Mbarara	6,363	5,576	12.4	903	13	10,646	39	487	480
Lira	2,709	2,483	8.3	545	1	6,427	17	200	201
Gulu	2,472	2,233	9.7	369	1	4,303	40	193	194
Kasese	1,762	1,425	19.1	383	2	4,339	0	97	95
Fort portal	1,961	1,702	13.2	410	1	4,777	3	131	129
Kabale	1,418	1,320	6.9	371	-	4,210	5	116	114
Arua	1,667	1,519	8.9	443	2	5,271	0	107	106
Bushenyi/Ishaka	648	549	15.3	160	-	1,893	0	37	36
Soroti	1,977	1,598	19.1	411	6	4,790	2	127	128
Lugazi	527	449	14.8	242	3	1,646	0	19	18
Mubende	1,032	871	15.5	216	1	2,448	0	64	65
Masindi	1,288	1,172	9.0	271	2	3,089	8	96	96
Hoima	1,050	908	13.5	301	2	3,421	8	65	65
Iganga	783	714	8.8	349	2	2,377	15	42	41
Total	204,744	136,160	33.8%	23,992	442	272,160	341	11,279	11,165



**Table of Area Annual Targets for 2011/12**

Area	water produced/ day	water sold/ day	UFW (%)	New water connections	New PSP/ Kiosks	Total water con- nections	New sewer connections	Billings Ushs/month '000+VAT	Collections Ushs/month '000+VAT
Kampala	151,130	93,768	38.0	15,094	379	175,615	70	8,257	8,207
Entebbe	7,289	6,316	13.4	1,543	7	19,074	60	680	672
Jinja	12,639	9,787	21.5	1,218	31	18,144	46	977	980
Tororo	2,297	2,122	7.6	327	5	4,218	8	170	172
Mbale	4,887	4,532	7.3	740	2	9,068	31	351	351
Masaka	3,332	2,845	14.6	620	2	7,609	1	258	257
Mbarara	6,802	6,022	11.5	949	14	11,580	42	548	544
Lira	2,924	2,707	7.4	567	1	6,994	19	225	226
Gulu	2,671	2,434	8.9	374	1	4,677	43	217	218
Kasese	1,858	1,524	17.9	388	2	4,727	0	109	108
Fort portal	2,096	1,838	12.3	426	1	5,183	3	148	147
Kabale	1,488	1,399	6.0	376	-	4,581	5	131	129
Arua	1,782	1,640	8.0	471	2	5,730	0	120	120
Bushenyi/Ishaka	688	587	14.7	164	-	2,027	0	42	41
Soroti	2,134	1,742	18.3	427	7	5,197	3	143	144
Lugazi	524	449	14.3	245	4	1,891	0	21	21
Mubende	1,104	941	14.7	214	1	2,633	0	73	73
Masindi	1,379	1,266	8.2	275	2	3,321	12	108	108
Hoima	1,118	981	12.3	312	2	3,697	12	74	73
Iganga	777	714	8.1	353	2	2,730	18	47	47
Total	208,921	143,613	31.8%	24,931	465	296,467	373	12,700	12,640



# Appendix 3

## Tariff Indexation Formula and NWSC Tariff Structure 2009-2012

## Nwsc Tariff Indexation Formula

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

$$T1 = T0 (A\Delta i + B\Delta f i \Delta f x + C\Delta k)$$

Where:

To	=	Tariff level at end of year zero.
A	=	Proportion of tariff associated with local costs e.g. salaries, and locally Sourced goods based on the previous year's audited financial Accounts.
$\Delta$	=	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
FI	=	Foreign retail price index based on the US Bureau of Labour Statistics
FX	=	US Dollar to shilling exchange rate based on the Bank of Uganda mid exchange rate as at the 30th June of each financial year
C	=	Proportion of tariff associated with electrical power based on % of electricity cost to total cost as a proxy. (Audited financial Accounts)
K	=	Price of electrical power
T1	=	Indexed Tariff at beginning of year one

Source: Statutory Instrument 2002, No. 23

## National Water And Sewerage Corporation Water And Sewerage Tariff Rates For Year 2009/2010

### 2. Water Rates

	Charges per cubic meter of water shs
Public standpipes	982
Residential/Domestic	1,519
Institutional/Government	1,870
Industrial/Commercial	
1. First 500m <sup>3</sup> per months	2,294
2. 501-1500m <sup>3</sup> per months	2,294
3. Over 1500m <sup>3</sup> per months	1,833

### 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

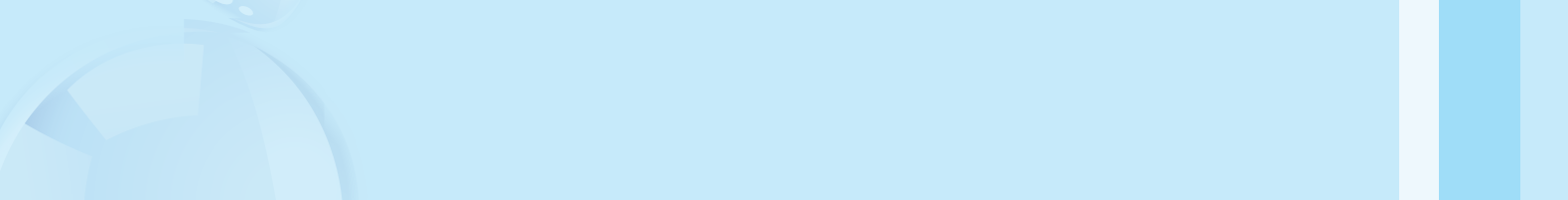
New water connection fee ranges from shs 89,000 to shs 2,670,000 depending on the size of connection.

Sewerage connection ranges from shs 178,000 to shs 297,260

Reconnection fee after disconnection for non payment of water charges ranges from shs 10,000 to shs 20,000.

### 4. Service Charge

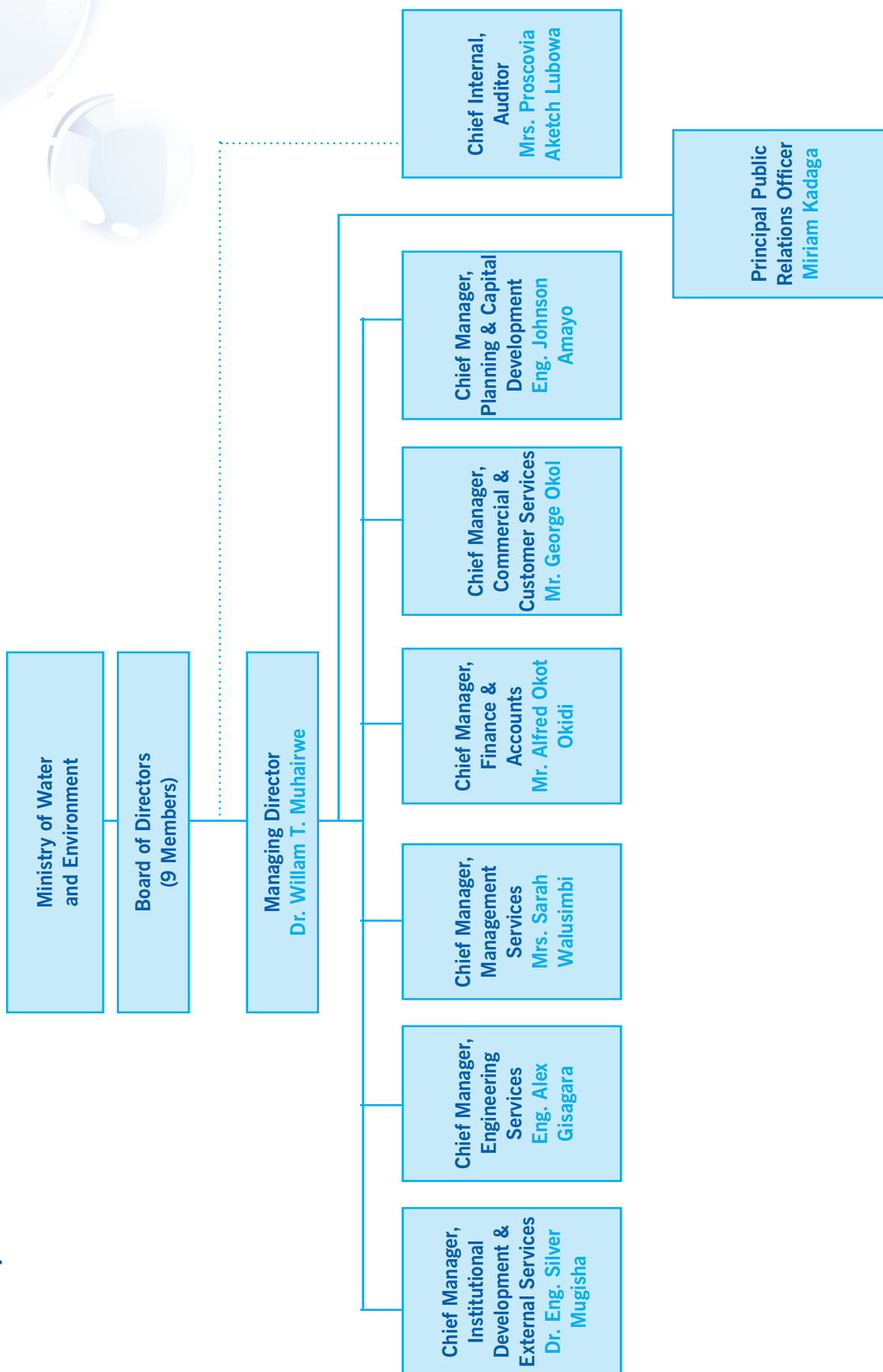
Ranges from Ushs.1,500 to Ushs 30,000 per month depending on the pipe connection size and consumer category.



# Appendix 4

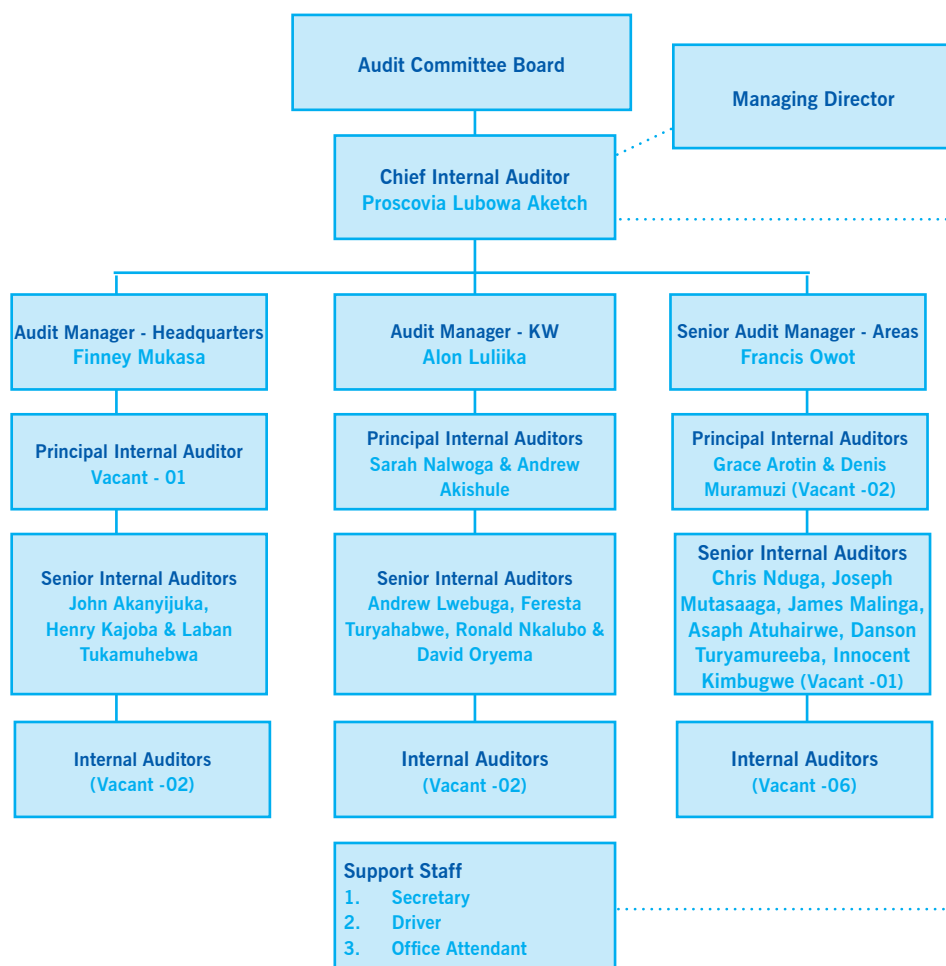
## National Water and Sewerage Corporation Corporate Plan 2009-2012 Organization Structure and Key Result Areas

## NWSC Corporate Structure





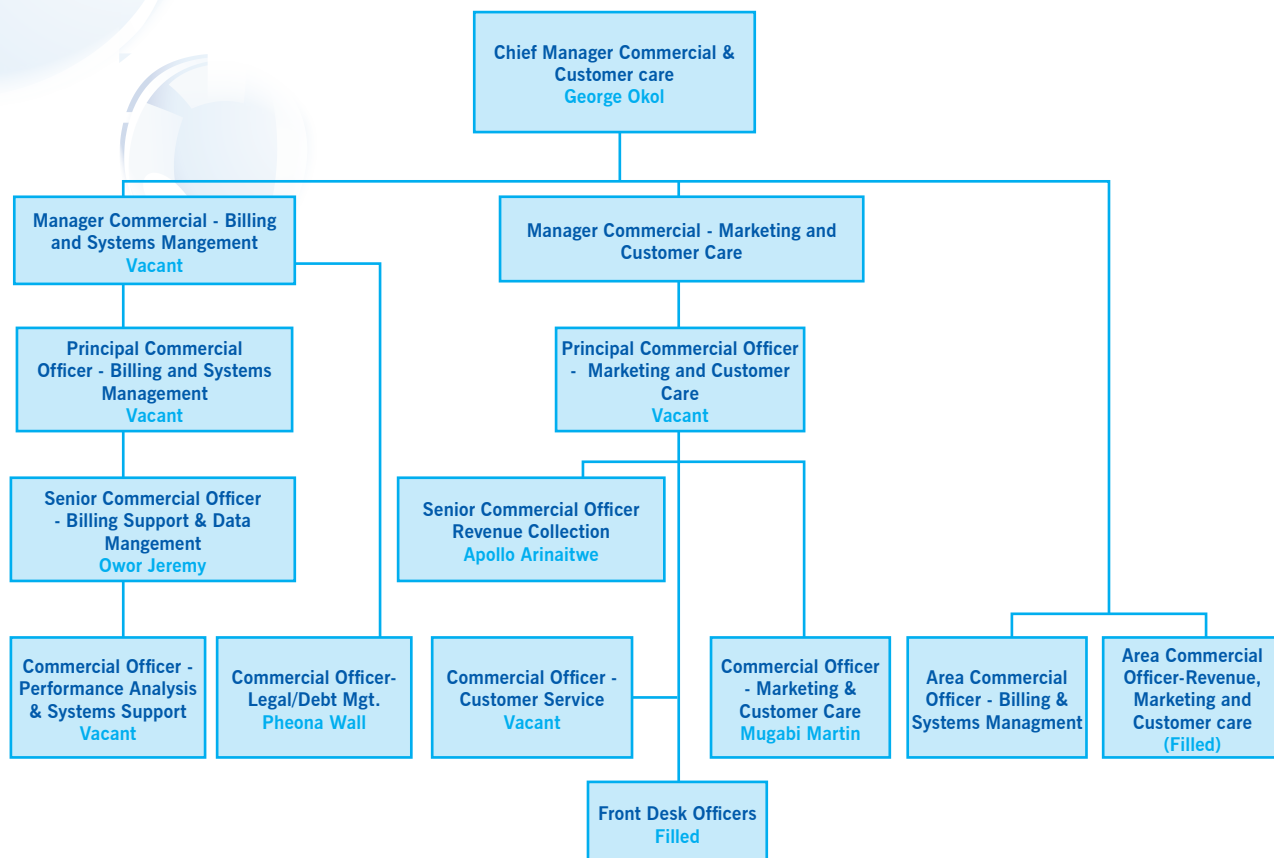
## Internal Audit Division Structure



### Internal Audit Division Key Result Areas

1. Internal Audit operates under policies established by the Board of Directors and is ultimately responsible to the Board for its activities. The Key Result Areas of Internal Audit include the following;
2. To give an objective assessment as to whether the internal control systems established by management are adequate, reliable and effective.
3. To review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.
4. To review the means of safe guarding the Corporation's assets and as appropriate verify the existence of these assets.
5. To assess whether the assets and property of the Corporation are utilized only in the furtherance of the proper aims and objectives of the Corporation.
6. To verify the extent to which the Corporation operates in compliance with relevant laws and regulations, policies and procedures.
7. To check and report on whether operations and programmes are being carried out as planned.
8. To determine the extent to which the corporation's agreed performance targets are accurately monitored and reported.

## Commercial Services Division Structure

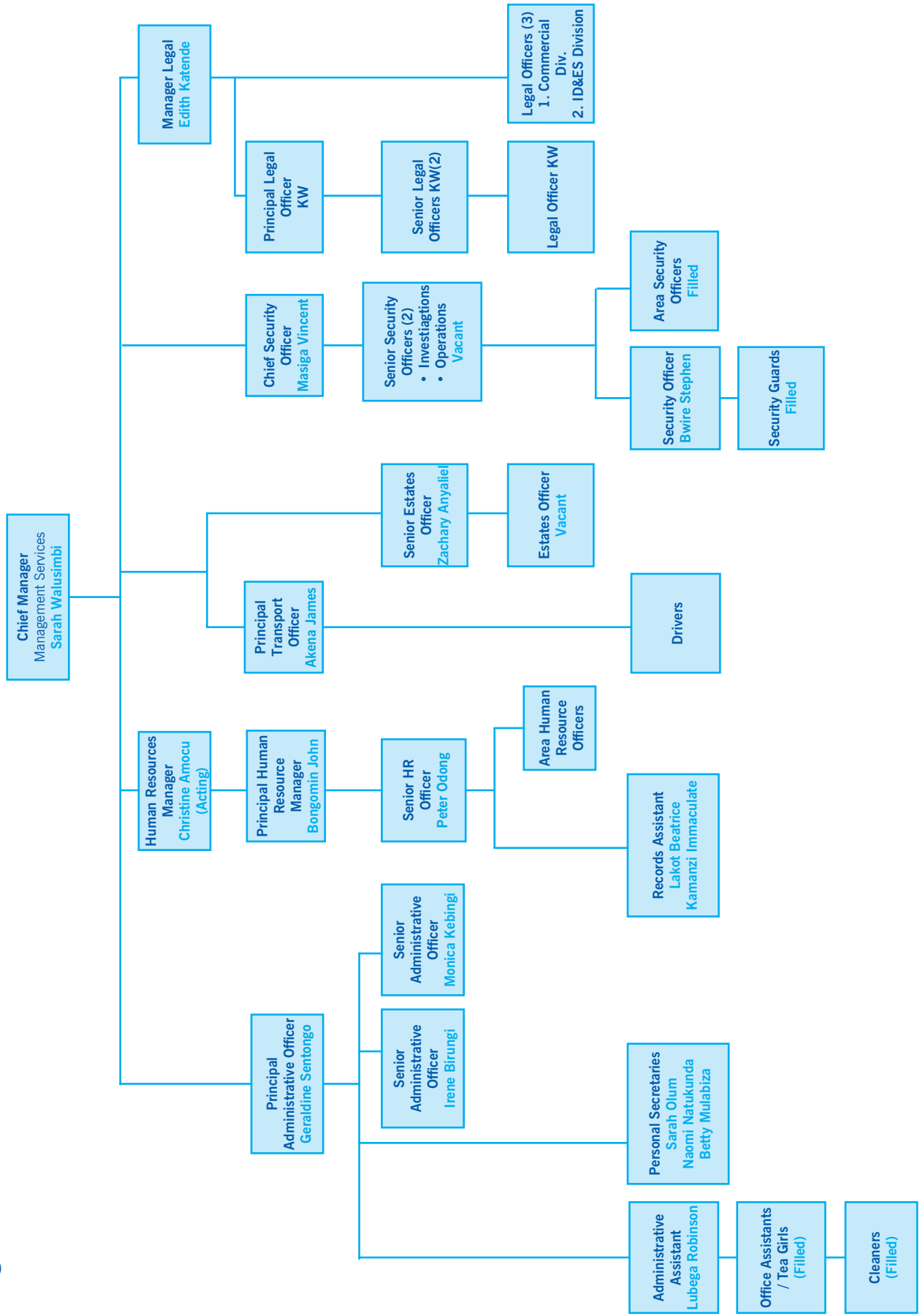


### Commercial Divisional Key Result Areas

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

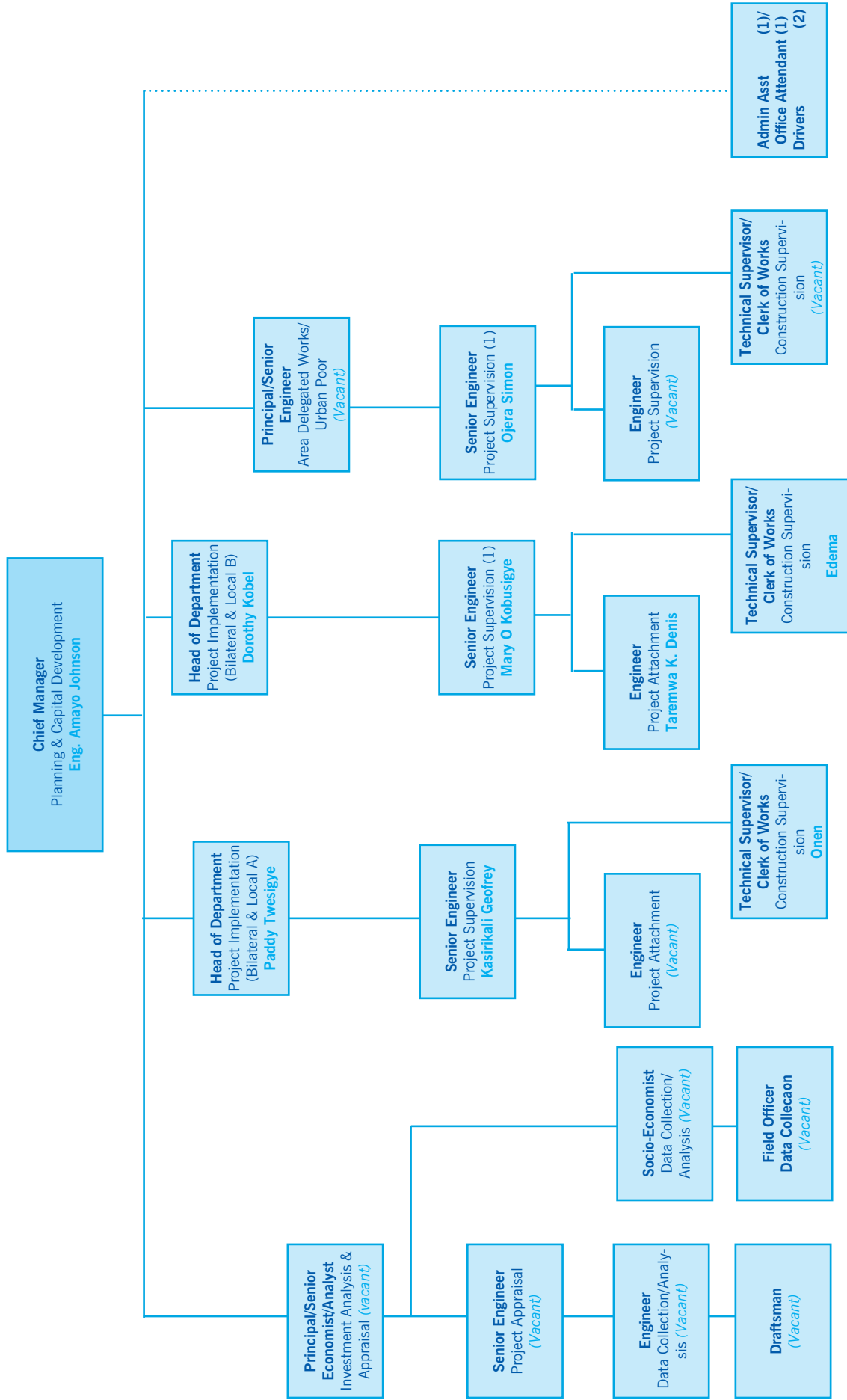


## Management Service Division Key Result Areas

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

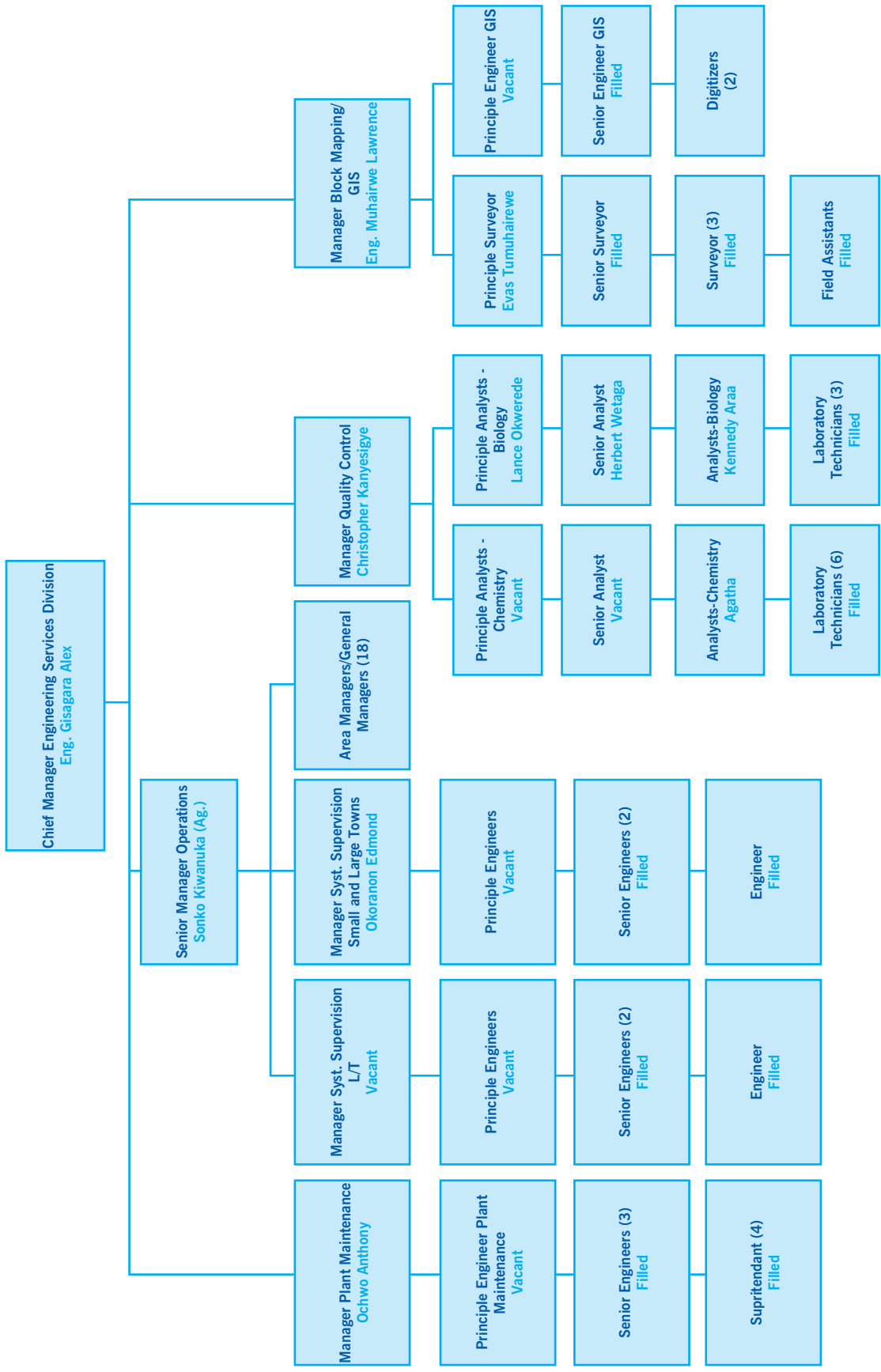
# Organization Structure For The Planning & Capital Development Division



## Planning and Capital Development Division Key Result Areas

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

# Engineering Services Division Structure

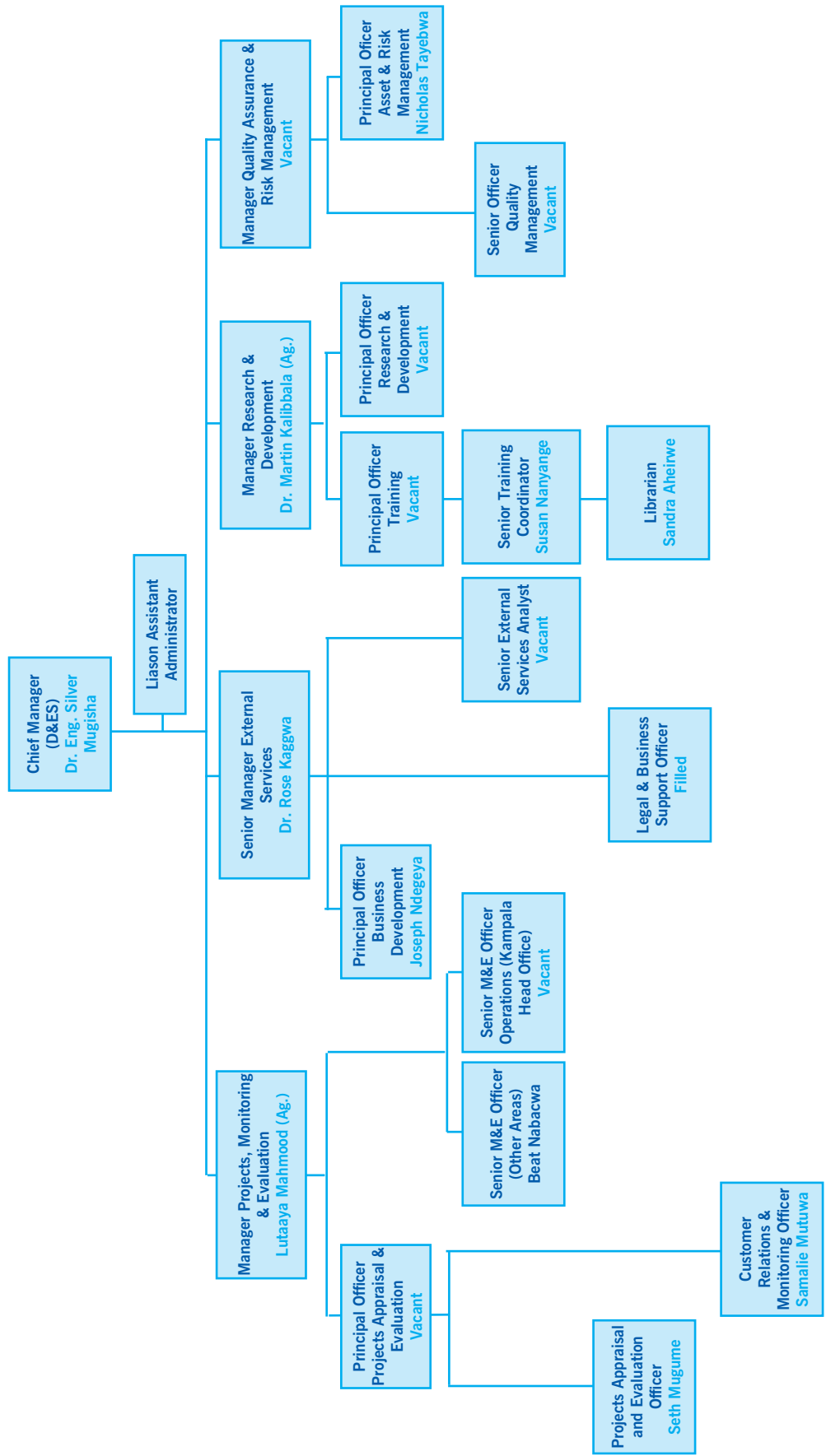


## Engineering Division Key Result Areas

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



# Institutional Development And External Services Division Structure

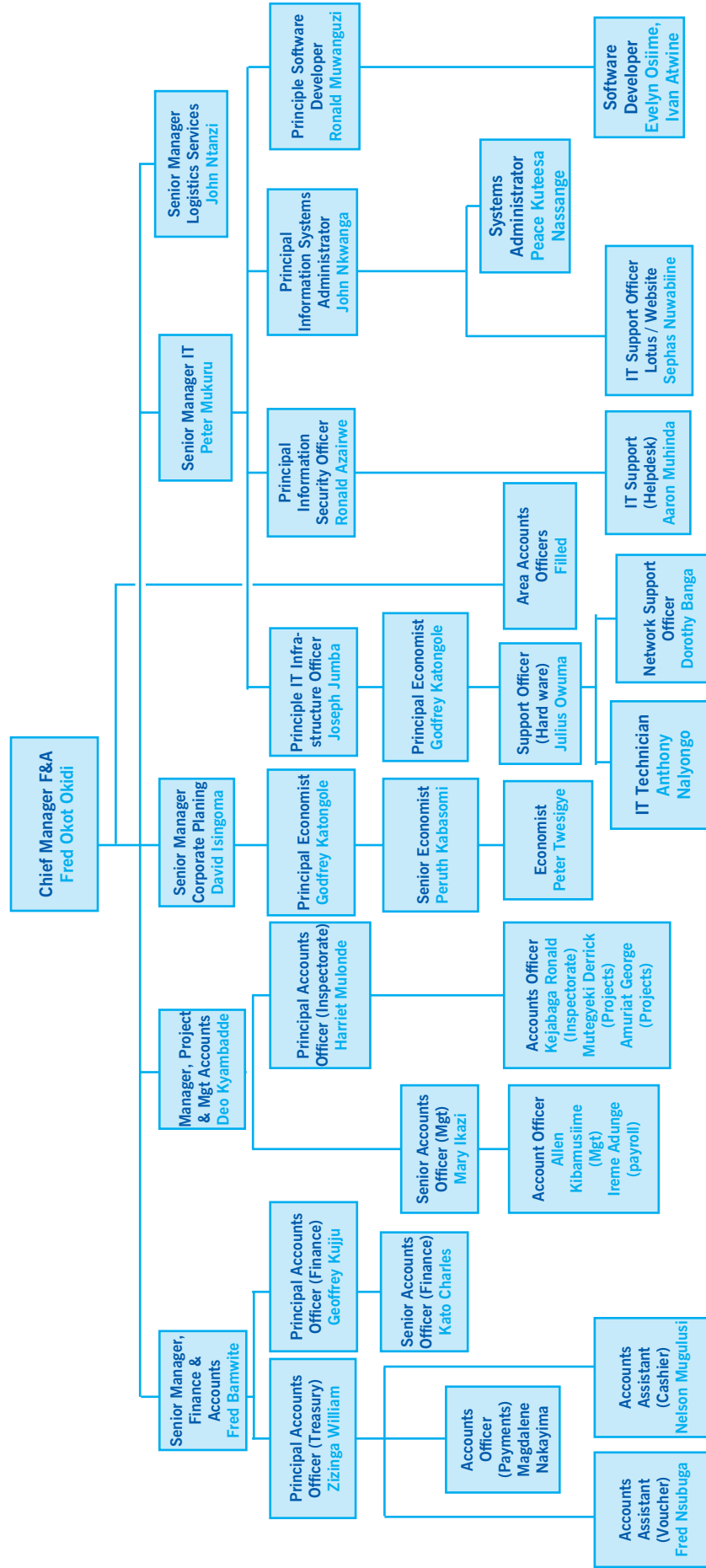


## Key Result Areas

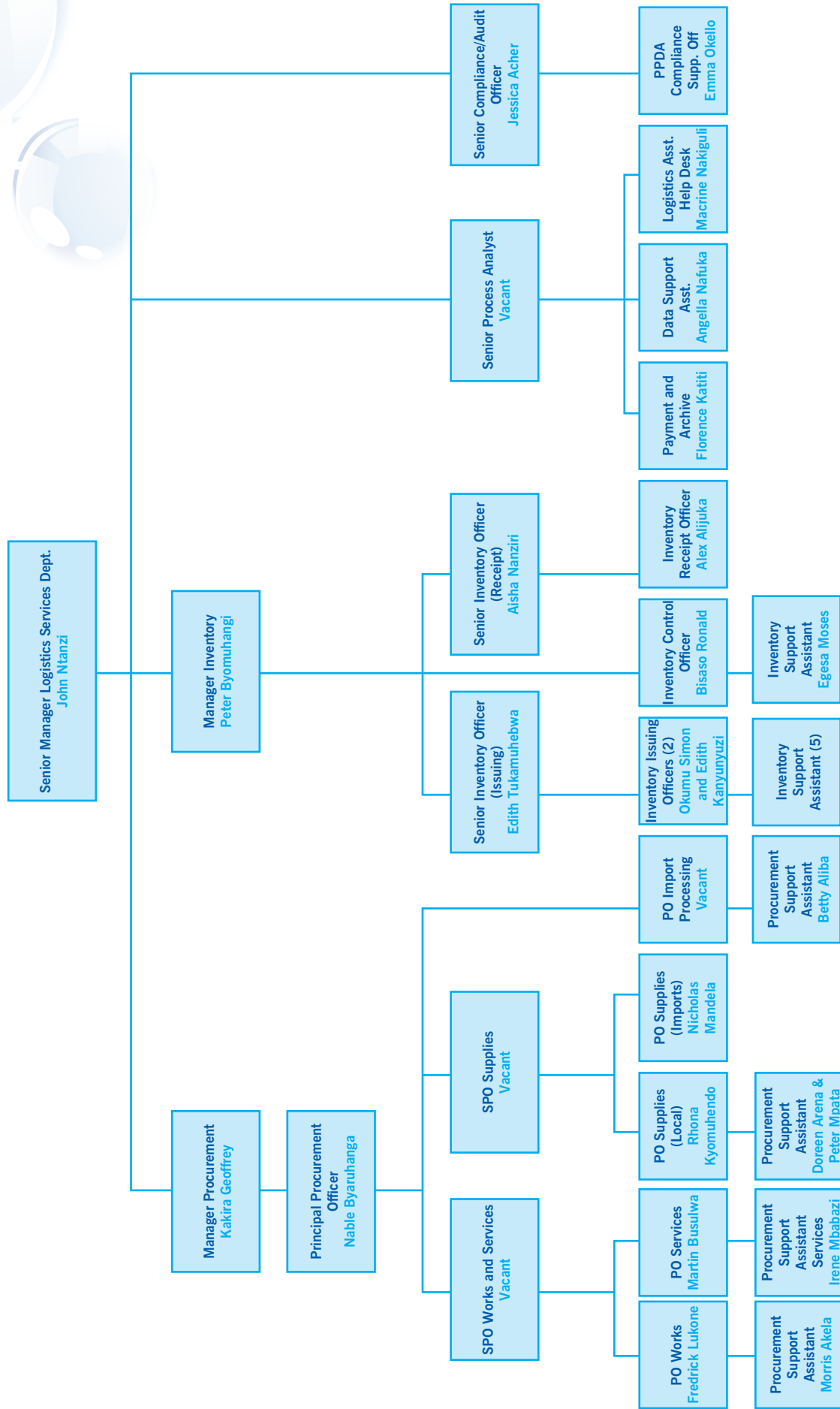
### Institutional Development And External Services Division

1. Periodic performance evaluations of change management programmes/contracts and providing timely feedback
2. Participate in periodic technical audits/checking activities (technical processes)
3. Development of performance benchmarking systems (criteria, competition systems etc) comparable to good international standards
4. Maintenance of a credible and transparent data base on key operating indicators for computation of trends, performance history and programme/contract management
5. Coordination of external/internal research activities/requests in NWSC
6. Identification of problematic areas in NWSC operations and ensure that relevant researches are carried out to enhance the corporation's performance improvement initiatives.
7. Continuous assessment of NWSC change management programmes and playing a leading role in strengthening/developing successor programmes
8. Timely project appraisals prior to implementation of infrastructure expansion programmes and advising management on expected viability
9. Post evaluation of implemented expansion projects and advising management on value for money creation (construction/implementation credibility, functionality and impact)
10. Ensuring that external services are effectively marketed and sourced
11. Ensuring that external services are effectively and efficiently carried out, timely paid for and in liaison with the Finance and Accounts Division, maintain proper documentation.
12. Identification of training needs in NWSC and ensure relevant training programmes are designed and implemented
13. Ensuring effective coordination and implementation of capacity building programmes in the corporation
14. Ensuring establishment and proper functioning of quality assurance system
15. Integrating risk management in all NWSC Operations
16. Ensuring the development and implementation of monitoring & evaluation framework for the Asset Management System
17. Preparation of documentation and presentations and represent the Corporation in national and international forums, as directed by Management.
18. Preparation and assisting management to present, for approval, policies relating to institutional development (change management) programmes and external services.
19. Effective coordination of change management and research projects, as directed by Management.
20. Any other duties and responsibilities assigned by Management.

# Finance And Accounts Division Structure

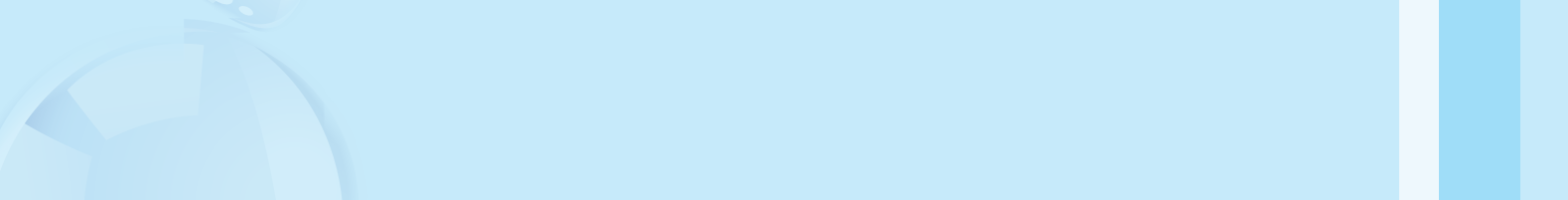


# Logistics Services Department



## Finance and Accounts Division Key Result Areas

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



# Appendix 5

**National Water and Sewerage Corporation  
Corporate Plan 2009-2012 Financial Forecast**

## Summary of Key Performance Indicators

Year Ending June,	PLAN 2006-2009			PLAN 2009 - 2012		
	2007	2008	2009	2010	2011	2012
<b>Ushs in millions</b>						
<b>OPERATIONS</b>						
UfW (%)	32.5%	33.6%	35.8%	34.7%	33.8%	31.8%
Sales per active connection (m3/day)	0.7	0.6	0.6	0.6	0.6	0.5
Billing efficiency	67.5%	66.4%	64.2%	65.3%	66.2%	68.2%
Active Connections (nos.)	157,595	177,045	198,210	220,411	243,120	266,768
Inactive Connections (nos.)	23,102	25,514	27,722	28,381	29,040	29,699
Total Water Connections (nos.)	180,697	202,559	225,932	248,792	272,160	296,467
Overall collection Efficiency %	95%	95%	0%	0%	0%	0%
Staff Employed (nos.)	1,338	1,424	1,517	1,547	1,587	1,637
Staff / 1000 connections (nos.)	7	7	7	6	6	6
Staff Reduction (nos.)	(271)	(86)	(93)	(30)	(40)	(50)
<b>INCOME</b>						
Annual Turnover (Ushs)	70,407	84,079	100,631	114,112	127,060	138,217
Net Income (Ushs)	6,916	3,614	15,118	13,713	16,405	16,527
<b>CASH FLOW</b>						
Net Cash Flow (Ushs)	4,520	(1,823)	4,999	(1,399)	(3,881)	2,956
<b>Cash Balance (Ushs)</b>	<b>10,687</b>	<b>8,864</b>	<b>13,863</b>	<b>12,465</b>	<b>8,583</b>	<b>11,539</b>
<b>CREDITOR - GoU</b>						
Interests Outstanding b/f (Ushs)	0	0	0	0	0	0
Interest Due (Ushs)	0	0	0	2,253	2,051	1,820
GoU Debt Swap (Ushs)	0	0	0	0	0	0
Total Interest Payment (Ushs)	0	0	0	2,253	2,051	1,820
Interest Outstanding c/f (Ushs)	0	0	0	0	0	0
Principal Outstanding b/f (Ushs)	0	0	0	0	0	0
Principal Due (Ushs)	0	0	0	1,511	1,714	1,944
GoU Debt Swap (Ushs)	0	0	0	0	0	0
Total Principal Payment (Ushs)	0	0	0	1,511	1,714	1,944
Principal Outstanding c/f (Ushs)	0	0	0	0	0	0
<b>DEBTOR - GoU</b>						
Arrears Outstanding b/f (Ushs)	29,964	32,916	38,604	39,112	39,314	38,460
Annual Increase (Ushs)	592	679	0	0	0	0
GoU Settlement (Ushs)	0	0	0	0	0	0
GoU Debt Swap (Ushs)	0	0	0	0	0	0



## Key Indicators: Production and Delivery

Year Ending June,	PLAN 2006-2009			PLAN 2009 - 2012		
	2007	2008	2009	2010	2011	2012
<b>KAMPALA</b>						
PRODUCTION						
Capacity (mil m3/y)	62.6	77.2	77.2	77.2	77.2	77.2
Production (mil m3/y)	42.8	43.9	50.45	52.3	55.3	58.0
Billed (mil m3/y)	26.3	26.4	28.8	30.5	32.9	35.9
UfW (%)	38.5%	39.8%	42.9%	41.7%	40.5%	38.0%
Billing Efficiency	61.5%	60.2%	57.1%	58.3%	59.5%	62.0%
Sales per Existing Connections (m3 / day)	0.90	0.80	0.71	0.70	0.66	0.65
Sales per New/Newly Activated Connection (m3 / day)	0.01	0.02	0.63	0.35	0.50	0.60
Average Sales per Connection (m3 / day)	0.80	0.71	0.70	0.66	0.65	0.64
CONNECTIONS						
Active Connections (nos.)	89,983	102,384	112,824	125,836	139,155	153,042
Inactive Connections (nos.)	16,539	18,009	20,374	21,107	21,840	22,573
Writeoffs (nos.)	547	498	474	474	474	474
Re-activation Target (% of inactive)	2%	6%	6%	6%	5%	5%
Re-activation suppressed during year (nos.)	387	1,001	1,193	1,193	1,193	1,193
Total Water Connections (nos.)	106,522	120,393	133,198	146,943	160,995	175,615
Metered Connections (nos.)	105,531	119,897	132,881	144,739	158,580	172,981
New Connections (nos.)	14,708	14,685	13,212	14,219	14,526	15,094
% increase in connections (%)	15%	14%	11%	11%	9%	9%
% metered connections (%)	98%	99%	99%	99%	99%	99%
<b>OTHER AREAS</b>						
PRODUCTION						
Capacity (mil m3/y)	40.8	40.8	40.8	40.8	40.8	40.8
Production (mil m3/y)	17.78	18.2	18.74	19.12	19.47	19.90
Billed (mil m3/y)	14.55	14.83	15.61	16.12	16.63	17.16
UfW (%)	18.2%	18.5%	16.7%	15.7%	14.6%	13.7%
Billing Efficiency	81.8%	81.5%	83.3%	84.3%	85.4%	86.3%
Sales per Existing Connections (m3 / day)	0.75	0.59	0.54	0.50	0.47	0.44
Sales per New/Newly Activated Connection (m3 / day)	0.04	0.11	0.20	0.15	0.15	0.15
Average Sales per Connection (m3 / day)	0.59	0.54	0.50	0.47	0.44	0.41
CONNECTIONS						
Active Connections (nos.)	67,612	74,661	85,386	94,575	103,965	113,726
Inactive Connections (nos.)	6,563	7,505	7,348	7,274	7,200	7,126
Writeoffs (nos.)	267	200	150	150	150	150
Re-activation Target (% of inactive)	6%	6%	13%	13%	13%	13%
Net re-activation suppressed during year (nos.)	510	326	364	364	364	364
Total Water Connections (nos.)	74,175	82,166	92,734	101,849	111,165	120,852
Metered Connections (nos.)	73,508	81,942	92,322	101,572	110,862	120,522
New Connections (nos.)	9710	9837	10,093	9,265	9,466	9,836
% increase in connections (%)	17%	13%	12%	10%	9%	9%
% metered connections (%)	99%	100%	100%	100%	100%	100%
<b>ALL AREAS</b>						
PRODUCTION						
Capacity (mil m3/y)	103.4	118.0	118.0	118.0	118.0	118.0
Production (mil m3/y)	60.6	62.1	69.2	71.4	74.8	77.9
Billed (mil m3/y)	40.9	41.2	44.4	46.6	49.5	53.1
UfW (%)	32.5%	33.6%	35.8%	34.7%	33.8%	31.8%
Sales per active connection (m3/day)	0.71	0.64	0.61	0.58	0.56	0.55
Billing Efficiency	67.5%	66.4%	64.2%	65.3%	66.2%	68.2%
CONNECTIONS						
Active Connections (nos.)	157,595	177,045	198,210	220,411	243,120	266,768
Inactive Connections (nos.)	23,102	25,514	27,722	28,381	29,040	29,699
Total Water Connections (nos.)	180,697	202,559	225,932	248,792	272,160	296,467
Metered Connections (nos.)	179,039	201,839	225,203	246,310	269,442	293,504
New Connections (nos.)	24,418	24,522	23,305	23,484	23,992	24,931
% increase in connections (%)	16%	14%	12%	10%	10%	9%
% metered connections (%)	99%	100%	100%	99%	99%	99%

## Key Indicators: Staff and Tariffs

			PLAN 2006-2009			PLAN 2009 - 2012		
TOTAL STAFF ANALYSIS			2007	2008	2009	2010	2011	2012
Staff Employed as of 1 July at start of financial year			1,067	1,338	1,424	1,517	1,547	1,587
Staff Employed year end			1,338	1,424	1,517	1,547	1,587	1,637
Staff / 1000 connections active			8	8	8	7	7	6
Staff / 1000 connections total			7	7	7	6	6	6
Staff Reduction/(Increase)			(271)	(86)	(93)	(30)	(40)	(50)
Wages	(mil Ushs/yr)		18,192	21,077	26,046	29,483	33,270	37,063
Average Wages per Staff	(mil Ushs/yr)		13.60	14.80	17.17	19.06	20.96	22.64
Staff costs per connections.								
Staff costs as a percentage of Operating costs.			44%	42%	42%	41%	41%	41%
TARIFFS			PLAN 2006-2009			PLAN 2009 - 2012		
Average Water Tariff								
	Kampala	(Ushs/m3)	1,598	1,826	1,990	2,169	2,256	2,346
	Other Areas	(Ushs/m3)	1,427	1,690	1,842	2,008	2,088	2,172
	All areas	(Ushs/m3)	1532	1777	1911	2113	2199	2290
Average Service fee								
	Kampala	Ush pm /conn	1,668	1,660	1,652	1,644	1,635	1,627
	Other Areas	Ush/conn	1,530	1,523	1,515	1,507	1,500	1,492
	All areas	Ush/conn	1,845	1,836	1,597	1,585	1,577	1,570

## Income Statement

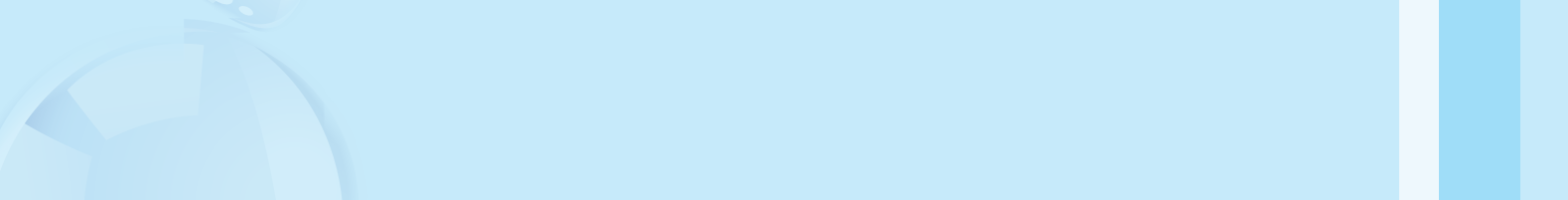
Year Ending June,			PLAN 2006-2009			PLAN 2009 - 2012		
			2007	2008	2009	2010	2011	2012
<b>WATER SALES</b>								
Kampala	Ushs		41,748	48,203	55,957	66,082	74,209	84,312
Other Areas	Ushs		20,864	25,060	28,941	32,356	34,723	37,273
<b>Total Sales</b>	<b>Ushs</b>		<b>62,612</b>	<b>73,263</b>	<b>84,898</b>	<b>98,438</b>	<b>108,932</b>	<b>121,585</b>
<b>Service fees</b>								
Kampala	Ushs		1,759	1,962	2,195	2,482	2,731	2,988
Other Areas	Ushs		1,731	1,938	1,603	1,711	1,871	2,037
<b>Total Sales</b>	<b>Ushs</b>		<b>3,489</b>	<b>3,900</b>	<b>3,798</b>	<b>4,192</b>	<b>4,602</b>	<b>5,025</b>
<b>CONNECTION CHARGES (for new connections)</b>								
No. of Conn. (assumption)								
Kampala	Nos.		14,708	14,685	13,212	14,219	14,526	15,094
Other Areas	Nos.		9,710	9,837	10,093	9,265	9,466	9,836
Average connection Fee								
Kampala	Ushs/per conn		0.087	0.087	0.087	0.087	0.087	0.087
Other areas	Ushs/per conn		0.043	0.043	0.043	0.043	0.043	0.043
Kampala	Ushs		1,278	1,069	1,220	1,235	1,262	1,311
Other Areas	Ushs		414	688	678	805	822	855
<b>Total connection fee</b>	<b>Ushs</b>		<b>1,692</b>	<b>1,757</b>	<b>1,898</b>	<b>2,040</b>	<b>2,084</b>	<b>2,166</b>
Other Water and Sewerage Revenues			<b>352</b>	<b>407</b>	<b>698</b>	<b>1,958</b>	<b>1,958</b>	<b>1,958</b>
<i>Sewerage income as a result of Project</i>								
<b>TOTAL REVENUE</b>								
Kampala	Shs m		44,785	51,234	59,372	69,799	78,201	88,611
Other Areas	Shs m		23,009	27,686	31,223	34,871	37,417	40,164
Other Revenue	Shs m		352	407	698	1,958	1,958	1,958
<b>CORE INCOMES</b>	<b>Shs m</b>		<b>68,146</b>	<b>79,327</b>	<b>91,293</b>	<b>106,629</b>	<b>117,576</b>	<b>130,733</b>
<b>OTHER INCOMES</b>								
Investment income	Shs m		0	0	637	100	100	100
Profit sale of assets	Shs m		0	0	3,042	0	0	0
Adjustments	Shs m		254	162	0	0	0	0
Recogn of deferred income	Shs m		1,244	3,291	3,190	4,585	6,585	4,585
Decrease in provision for bad debts			555	0	209	209	209	209
Other income			208	1,299	2,261	2,590	2,590	2,590
<b>sub total</b>	<b>Shs m</b>		<b>2,261</b>	<b>4,752</b>	<b>9,338</b>	<b>7,483</b>	<b>9,483</b>	<b>7,483</b>
<b>TOTAL INCOME</b>			<b>70,407</b>	<b>84,079</b>	<b>100,631</b>	<b>114,112</b>	<b>127,060</b>	<b>138,217</b>
<b>EXPENDITURE</b>								
Salaries & Wages	Ushs		18,192	21,077	26,973	29,483	33,270	37,063
Restructuring Costs/Gratutities	Ushs		4,827	7,519	4,315	4,315	4,315	4,315
Fixed Costs (Staff)	Ushs		23,018	28,596	31,288	33,798	37,585	41,378
Premises	Ush m		2,023	2,355	2,764	3,041	3,345	3,512
Static plant and pipe	Ush m		13,545	16,228	18,784	20,663	22,729	25,002
Transport and mobile plant	Ush m		2,435	3,128	3,465	3,812	4,193	4,612
Supplies and services	Ush m		4,729	6,955	8,819	9,701	10,671	11,739
Administrative expenses	Ush m		6,536	11,158	10,086	11,661	12,827	14,110
Provision for bad debts	Ush m		387	3,101	642	706	776	854
Provision for obsolete inventory	Ush m		0	0	0	0	0	0
Other admin expenses	Ush m		6,149	7,748	9,444	10,955	12,051	13,256
Financial expenses			134	309	0	0	0	0
Deferred charges written-off	Ush m		0	0	0	0	0	0
<b>TOTAL OPERATING EXPENSES</b>	<b>Ush m</b>		<b>52,420</b>	<b>68,420</b>	<b>75,207</b>	<b>82,676</b>	<b>91,350</b>	<b>100,353</b>
<b>EBITDA</b>	<b>Ush m</b>		<b>17,987</b>	<b>15,659</b>	<b>25,424</b>	<b>31,437</b>	<b>35,710</b>	<b>37,864</b>
<i>(earnings before interest, tax, depreciation, &amp; Exceptional item)</i>				-13%				
Depreciation	Ush m		11,465	12,341	10,306	15,370	17,154	19,416
Exceptional item - Asset Impairment			0	0	0	0	0	0
<b>EBIT</b>	<b>Ush m</b>		<b>6,521</b>	<b>3,318</b>	<b>15,118</b>	<b>16,067</b>	<b>18,555</b>	<b>18,448</b>
<i>(earnings before interest and tax)</i>								
Interest payable			0	0	0	2,253	2,051	1,820
Interest received			(396)	(396)	0	0	0	0
Bank charges			0	0	0	0	0	0
Exchange loss			1	100	0	100	100	100
Net financial	Ush m		(395)	(296)	0	2,353	2,151	1,920
<b>Net Income before tax (EBT)</b>	<i>Earnings Before Tax</i>		<b>6,916</b>	<b>3,614</b>	<b>15,118</b>	<b>13,713</b>	<b>16,405</b>	<b>16,527</b>
Impairment Adjustment			0	0	0	0	0	0
<b>Net Profit before tax</b>			<b>6,916</b>	<b>3,614</b>	<b>15,118</b>	<b>13,713</b>	<b>16,405</b>	<b>16,527</b>
<b>Tax credit charge/(Credit)</b>			<b>(5,782)</b>	<b>7,115</b>	<b>(2,767)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET INCOME</b>	<b>Ush m</b>		<b>1,134</b>	<b>10,729</b>	<b>12,351</b>	<b>13,713</b>	<b>16,405</b>	<b>16,527</b>

## Cash Flow Statement

Year Ending 30 June,	PLAN 2006-2009			PLAN 2009 - 2012		
	2007	2008	2009	2010	2011	2012
<b>CASHFLOW FROM OPERATIONS</b>						
Net Income (after interest)	6,916	3,614	15,118	13,713	16,405	16,527
Add: Depreciation & Amortization	11,465	12,341	10,306	15,370	17,154	19,416
Add: Interests	0	(296)	0	2,353	2,151	1,920
Investment Income Realised			(637)			
Interest income accrued	(396)	(396)	0	0	0	0
Add Asset Impairment	0	0	0	0	0	0
Add: Deferred Charges	(1,244)	(3,291)	(3,190)	(4,585)	(6,585)	(4,585)
Profits on disposal of assets			(3,042)			
Exchange rate loss	1	100	0	100	100	100
<b>Subtotal</b>	<b>35,523</b>	<b>12,073</b>	<b>18,555</b>	<b>26,952</b>	<b>29,225</b>	<b>33,379</b>
<b>Working Capital Items</b>						
GoU Debt Swap	0	0	0	0	0	0
Debtor - GoU	(2,289)	(3,221)	(1,280)	453	0	0
Other Debtors	(5,348)	270	(4,409)	(960)	(202)	854
Decrease/(Increase) in Debtors	(7,637)	(2,951)	(5,689)	(507)	(202)	854
Unpaid Loan Principal increase/(decrease)	0	0	0	0	0	0
Creditors - GoU	0	0	0	0	0	0
Creditors - Others	3,797	3,273	5,918	(500)	(500)	(500)
Increase/(Decrease) in Creditors	3,797	3,273	5,918	(500)	(500)	(500)
Increase in deferred income						
Increase/(Decrease) in Retirement benefits	2,376	3,328	(531)	3,000	(1,000)	(1,000)
Decrease/(Increase) in Stocks	(364)	(1,188)	(3,527)	(200)	(200)	(200)
Add: Net Decrease / (Increase) in Working Capital Items	(1,829)	2,462	(3,829)	1,793	(1,902)	(846)
Less: Taxation Paid	(65)	0	(91)	0	0	0
Interest Received	396	396	637	0	0	0
Proceeds from sale of assets			3,695			
<b>Subtotal</b>	<b>34,024</b>	<b>14,930</b>	<b>18,967</b>	<b>28,744</b>	<b>27,323</b>	<b>32,533</b>
Less: Loan principal and interests	0	0	0	0	0	0
	0	0	0	0	0	0
<b>Net Cash Flow from Operations</b>	<b>34,024</b>	<b>14,930</b>	<b>18,967</b>	<b>28,744</b>	<b>27,323</b>	<b>32,533</b>
<b>DEBT SERVICING</b>						
Cashflow from Interests Payment	0	0	0	(2,253)	(2,051)	(1,820)
Cashflow from Principal Payment	0	0	0	(1,511)	(1,714)	(1,944)
Net Cashflow from Debt Servicing	0	0	0	(3,765)	(3,765)	(3,765)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>						
GoU Grants (contribution to projects)	0	2,564	0	2,000	9,800	14,000
Other Donor Grants	0	3,500	1,644	3,440	33,000	68,000
AfD			0	17,596	7,826	0
<b>BOND</b>						
kFw/AfDB			0	16,500	41,500	48,560
<b>Net Cashflow from Financing</b>	<b>0</b>	<b>6,064</b>	<b>1,644</b>	<b>39,536</b>	<b>92,126</b>	<b>130,560</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>						
<b>Mukono</b>	3,135	4,895	3,138	800	500	500
<b>Bushenyi Water supply Project</b>	77	92	1,654	2,300	4,000	5,000
<b>Gulu water supply and sewerage project</b>	0	893	3,634	3,400	13,300	21,000
<b>Arua water supply and sewerage project</b>	0	0	236	2,500	4,000	4,000
<b>Kampala Network Restructuring and Expansion</b>	0	0	0	4,500	22,000	46,000
<b>Construction of Kampala Gaba intake inner Bay (AfD)</b>	0	0	0	14,702	10,126	2,500
<b>Kampala Sanitation Project (KfW/AfDB)</b>	0	0	0	17,500	45,000	59,060
Kampala Urban Poor Project	0	1,800	160	2,640	3,000	3,000
Buloba Water Supply	0	0	0	0	4,000	2,500
Jinja Intake Off shore pipeline	204		1,644	6,724	1,200	
Lugazi Water supply system			0	0	200	800
Kako Water Supply Extension				50	900	0
Pilot Plant for Mineral Water				700	300	0
Water Supply & Sewerage Improvements in other Towns				3,000	3,000	3,500
Mbale Rehabilitation and Expansion				0	600	700
Other Projects	3,049	3,620				
NWSC Minor Works+ purchase of Prop&equip	19,019	5,726	846	7,098	7,439	7,812
<b>Net Cashflow from Investing</b>	<b>(29,505)</b>	<b>(22,817)</b>	<b>(15,612)</b>	<b>(65,914)</b>	<b>(119,565)</b>	<b>(156,372)</b>
<b>NET CASHFLOW</b>	<b>4,520</b>	<b>(1,823)</b>	<b>4,999</b>	<b>(1,399)</b>	<b>(3,881)</b>	<b>2,956</b>
<b>Cash taken over from SWSP</b>						
<b>Cash Balance b/f, 1 July</b>	<b>6,167</b>	<b>10,687</b>	<b>8,864</b>	<b>13,863</b>	<b>12,465</b>	<b>8,583</b>
<b>Cash Balance c/f, 30 June</b>	<b>10,687</b>	<b>8,864</b>	<b>13,863</b>	<b>12,465</b>	<b>8,583</b>	<b>11,539</b>

## Balance Sheet

Year Ending 30 June, Operation Year	PLAN 2006-2009			PLAN 2009 - 2012		
	2007	2008	2009	2010	2011	2012
<b>ASSETS</b>						
<u>Non current Assets</u>						
Property, Plan & Equipment	356,042	430,947	435,411	485,955	588,366	725,322
Current Assets						
Stocks/Inventories	7,868	9,057	12,584	12,784	12,984	13,184
Assets held for sale	0	0	86	0	0	0
Trade and other receivables (Debtors)	29,964	32,916	38,604	39,112	39,314	38,460
Taxation Recoverable	1,419	1,486	1,577	1,577	1,577	1,577
Bank Deposits	5,957	3,938	4,423	0	4,423	0
Bank & Cash balances	4,730	4,926	9,270	12,465	4,160	11,539
	49,940	52,323	66,545	65,938	62,459	64,760
<b>Total Assets</b>	<b>405,982</b>	<b>483,270</b>	<b>501,956</b>	<b>551,893</b>	<b>650,825</b>	<b>790,082</b>
<b>EQUITY &amp; LIABILITIES</b>						
Equity Reserves						
GoU funding	238,363	238,363	238,363	260,303	344,603	475,163
Revaluation Reserve	4,043	45,620	38,523	38,023	37,523	37,023
Retained Earnings	9,419	20,299	36,697	13,713	16,405	16,527
	251,826	304,283	313,584	312,040	398,532	528,714
<b>Non-Current Liabilities</b>						
Borrowings	0	0	0	17,596	25,422	25,422
Deferred income taxes	14,314	25,081	26,901	52,305	49,834	57,825
Retirement obligations	10,672	14,037	13,482	16,482	15,482	14,482
Deferred Income	116,181	121,595	123,876	128,461	135,046	139,630
	141,167	160,714	164,258	214,843	225,783	237,359
<b>Current Liabilities</b>						
Trade and other payables	10,490	13,763	19,681	19,181	18,681	18,181
Interest Payable	0	0	0	0	0	0
Borrowings-loans due within 1 year	0	0	0	0	0	0
Bank overdraft - unsecured						
Deferred Income	1,244	3,290	3,190	4,585	6,585	4,585
Retirement benefit obligations	1,256	1,219	1,244	1,244	1,244	1,244
Taxation	0	0	0	0	0	0
	12,989	18,272	24,115	25,010	26,510	24,010
<b>Total Equity and Liabilities</b>	<b>405,982</b>	<b>483,269</b>	<b>501,956</b>	<b>551,893</b>	<b>650,824</b>	<b>790,082</b>



# Appendix 6

**National Water and Sewerage Corporation  
Corporate Plan 2009-2012 Investment Programme**

## Corporate Plan Projects Expenditure 2009-2012 (Shs. Mill.)

#	Project Name	Funding Source	2009/10 Expenditure	2010/11 Expenditure	2011/12 Expenditure
1	Mukono Water Supply Project	NWSC	800	500	500
		GoU	-	-	-
		Donor	-	-	6,000
			<b>800</b>	<b>500</b>	<b>6,500</b>
2	Kampala Sanitation Program (Lake Victoria Protection)	NWSC	1,000	1,000	1,000
		GoU	-	2,500	9,500
		Donor	16,500	41,500	48,560
			<b>17,500</b>	<b>45,000</b>	<b>59,060</b>
3	Arua Water Supply Project (Emergency Works)	NWSC	2,500	4,000	2,000
		GoU	-	-	2,000
		Donor	-	-	-
			<b>2,500</b>	<b>4,000</b>	<b>4,000</b>
4	Bushenyi Water Supply Project (Rehabilitation & Major Works)	NWSC	2,300	4,000	5,000
		GoU	-	-	-
		Donor	-	-	-
			<b>2,300</b>	<b>4,000</b>	<b>5,000</b>
5	Kampala Water Supply Network Restructuring	NWSC	4,000	4,000	6,000
		GoU	-	-	-
		Donor	1,500	20,000	40,000
			<b>5,500</b>	<b>24,000</b>	<b>46,000</b>
6	Gulu Water Supply Project (Emergency Works)	NWSC	1,400	1,000	1,000
		GoU	2,000	3,000	-
		Donor	-	10,000	20,000
			<b>3,400</b>	<b>14,000</b>	<b>21,000</b>
7	Urban Poor Project - Kagugube	NWSC	100	-	-
		GoU	-	-	-
		Donor	1,340	-	-
			<b>1,440</b>	-	-
8	Urban Poor Project - Kisenyi and Ndeeba	NWSC	100	-	-
		GoU	-	-	-
		Donor	600	-	-
			<b>700</b>	-	-
9	Urban Poor Project - Roll-out programme	NWSC	500	1,300	1,500
		GoU	-	500	500
		Donor	-	2,000	2,000
			<b>500</b>	<b>3,800</b>	<b>4,000</b>
10	Buloba Water Supply Extension	NWSC	-	1,000	500
		GoU	-	3,000	2,000
		Donor	-	-	-
			-	<b>4,000</b>	<b>2,500</b>
11	Kako Water Supply Extension	NWSC	50	100	-
		GoU	-	800	-
		Donor	-	-	-
			<b>50</b>	<b>900</b>	-
12	Mbale Water Supply & Sewerage system improvement	NWSC	-	600	700
		GoU	-	-	-
		Donor	-	-	-
			-	<b>600</b>	<b>700</b>
13	Jinja offshore Intake	NWSC	1,000	500	500
		GoU	-	-	-
		Donor	5,724	200	-
			<b>6,724</b>	<b>700</b>	<b>500</b>
14	Ggaba Offshore Intake	NWSC	2,830	2,500	1,000
		GoU	-	-	-
		Donor	11,872	7,626	-
			<b>14,702</b>	<b>10,126</b>	<b>1,000</b>
15	Lugazi Water Supply and Improvement in other NWSC towns	NWSC	-	200	800
		GoU	-	-	-
		Donor	-	-	-
			-	<b>200</b>	<b>800</b>
16	Water Supply and Sewerage Improvements in other NWSC towns	NWSC	3,000	3,000	3,500
		GoU	-	-	-
		Donor	-	-	-
			<b>3,000</b>	<b>3,000</b>	<b>3,500</b>
17	Pilot Plant for Mineral Water	NWSC	700	300	-
		GoU	-	-	-
		Donor	-	-	-
			<b>700</b>	<b>300</b>	-
18	<b>NWSC Internal Funds pipe network extensions, new connections, static plant, Lands and buildings</b>		<b>7,088</b>	<b>7,429</b>	<b>7,802</b>
		<b>Total</b>	<b>20,280</b>	<b>24,000</b>	<b>24,000</b>
		<b>NWSC Total</b>	<b>27,368</b>	<b>31,429</b>	<b>31,802</b>
		<b>GoU</b>	<b>2,000</b>	<b>9,800</b>	<b>14,000</b>
		<b>Donor</b>	<b>37,536</b>	<b>81,326</b>	<b>116,560</b>
		<b>87,184</b>	<b>146,555</b>	<b>186,362</b>	

Exchange rate: 1\$ = 3,000UGX

1USD = 2,000UGX



## The Head Office

Plot 39, Jinja Road  
P. O. Box 7053 Kampala, Uganda  
Tel. (+) 256 41 315100, 256 41 345299  
E-mail: info@nwsc.co.ug  
www.nwsc.co.ug

## Kampala Area-Kampala Water

### Kampala Area-Main Branch

18/29 Sixth Street  
P. O. Box 7053 Kampala  
Tel: (+) 256 312 264 870/1  
, (+) 256 41 315500/501  
Fax: (+) 256 712-226 633  
E-mail: gm@kampalawater.co.ug

## Kampala Area- Zonal Offices

### Branch 1-City Centre

Tel: (+) 256 41 315600  
Mob: (+) 256 772 588 555

### Branch 2- Kansanga-Nsambya

Tel: (+) 256 41 315610/315611/315612  
Mob: (+) 256 772 473 194

### Branch 3- Najjanankumbi

Tel: (+) 256 41 315630/1/2  
Mob: (+) 256 782 433 044

### Branch 4- Bwaise

Tel: (+) 256 41 315640/1/2  
Mob: (+) 256 772 486 350

### Branch 5- Ntinda

Tel: (+) 256 41 315650/1/2  
Mob: (+) 256 772 453 931

### Branch 6- Kitintale

Tel: (+) 256 41 315660/1/2  
Mob: (+) 256 772 466 473

### Zone 8- Nateete

Tel: (+) 256 41 315680/1/2  
Mob: (+) 256 772 442 820

## Kampala Areas Sub-Zones

### Mukono

Tel: (+) 256 41 315696  
Mob: (+) 256 712 928 274

### Bunga

Mob (+) 256 717 316 619

### Kajjansi

Tel: (+) 256 41 315 693  
Mob: (+) 256 772 498 158

### Gayaza

Mob (+) 256 717 316 661

### Nansana

Tel: (+) 256 41 315690  
Mob: (+) 256 772 409 007  
Mob (+) 256 717 316 690

### Kanyanya

Mob (+) 256 717 316 657

### Kireka

Mob: (+) 256 717 316 669

### Mattuga

Mob (+) 256 717 316645

### Kyengerera

Mob (+) 256 717 316 685

### Salaama

Mob (+) 256 717 316 846

### Kasangati

Mob (+) 256 717 316 661

### Kyaliwajjala

Mob (+) 256 717 315 852

## Other Areas

### **Jinja Area-Kiira Water Partnership**

Plot 7 Bell Avenue East  
P.O. Box 301 Jinja, Uganda  
Tel: (+) 256 43 121150, 122052  
(+) 256 772 442 946  
Fax: (+) 256 43 122053

### **Mbale Area-Elgon Water Partnership**

Plot 49, Republic Street  
P.O. Box 2548 Mbale  
Tel: (+) 256 45 33709, 33742  
(+) 256 772 492285  
Fax: (+) 256 45 33742

### **Masaka Area- Buddu Water Partnership**

Plot 11, Elgin Road  
P.O. Box 56 Masaka  
Tel: (+) 256 481 20561/20038  
(+) 256 772 412561  
Fax: (+) 256 481 20038

### **Fort Portal Area- Rwenzori Water Partnership**

Water Works- Fort Portal  
P.O. Box 203 Fort Portal  
Tel: (+)256 382 274423  
(+) 256 772 410043  
Fax: (+) 256 483 22606

### **Tororo Area- Tororo Rock Water Supply**

Plot 13, Bazaar Street  
P.O. Box 889 Tororo  
Tel: (+) 256 045 45105/45172  
(+) 256 772 564540  
Fax: 45105

### **Lira Area-Lira Urban Water Partnership**

Plot 10/12, Maruzi Road  
P.O.Box 243 Lira  
Tel: (+) 256 473 20111/20311  
(+) 256 772 458708

### **Gulu Area-Gulu Water Partnership**

Coronation Road  
P.O. Box 167 Gulu  
Tel: (+) 256 471 32381  
(+) 256 772 543346

### **Mubende Area**

Kwewalyanga Road  
P.O.Box 348 Mubende  
Tel: (+) 256 46 44986  
(+) 256 712 503566

### **Masindi Area**

Masindi Port Road,  
P.O.Box 545 Masindi  
Tel: (+) 256 465 20607  
(+) 256 772 494236

### **Entebbe Area- Greater Entebbe Water Partnership**

Plot 73, Kampala Road  
P.O. Box 79 Entebbe  
Tel: (+) 256 41 321692, 320706  
(+) 256 712 504 870  
Fax: (+) 256 41 320091, 321692

### **Mbarara Area- Rwizi Water Partnership**

Plot 3, Galt Road  
P.O. Box 1371 Mbarara  
Tel: (+) 256 485 20723  
(+) 256 772 468828  
Fax: (+) 256 485 21304

### **Kasese Area- Margherita Water Partnership**

Rukidi Street  
P.O. Box 353 Kasese  
Tel: (+) 256 39 548282  
(+) 256 772 299590  
Fax: (+) 256 483 44876

### **Soroti Area- Soroti Water Supply**

Plot No.1 , Station Road  
P.O. Box 377 Soroti  
Tel: (+) 256 45 61968/ 61306  
(+) 256 772 489607  
Fax: (+) 256 45 61968

### **Bushenyi Ishaka Area- Nyaruzinga Bushenyi Water**

Tank Hill- Bushenyi  
P.O. Box 339 Bushenyi  
Tel: (+) 256 485 42339/43245  
(+) 256 772 329680

### **Arua Area-Nile Water**

Plot 13/15, Pakwach Raod  
P.O. Box 980 Arua  
Tel: (+) 256 039 672979  
(+) 256 772 798501

### **Kabale Area-Bunyonyi Water Partnership**

Plot 89, Katuna Road  
P.O. Box 627 Kabale  
Tel: (+) 256 486 24217/9  
(+) 256 712 898376

### **Hoima Area**

Plot 12, Kampala Road  
P.O.Box 275, Hoima  
Tel: (+) 256 465 40686  
(+) 256 772 494 236



