DEVELOPING WATER OPERATORS PARTNERSHIPS (WOPs): A CASE OF NWSC-UGANDA

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What is NWSC-Uganda?

- NWSC is a Public Corporation wholly owned by the Government of Uganda, established in 1972 by decree No. 34.
- Its legal position was strengthened by the enactment of NWSC Statute No. 7 of 1995 and NWSC Act of 2000.
- Under the new legal framework, the powers and structure of NWSC were revised to enable the Corporation operate on a commercial and financially viable basis.
- The Corporation is mandated to manage water and sewerage services in Urban Areas under its jurisdiction (19 No.).
- NWSC has been undergoing significant internal reforms since 1998.
Reform Drivers (as at 1998):

1998 NWSC performance:

- High number of unviable towns (only 3 out of 12)
- Very expensive labour force (1800No => 36 staff/1000c)
- Low operational efficiency with high NRW of 50-60%
- Poor organizational public sector behavior e.g. late coming, corruption etc
- Lack of performance incentives for Area Managers and Staff
- Low collection efficiency of 60%
- A running monthly deficit of about Ushs 348M (~US$ 300,000) despite a high average tariff of Ush 1100/m3 (US$ 1.00/m3)
What has been Done Since 1998

To correct the situation, there was management change in 1998 and a number of internal reform programmes have been undertaken:

**100 Days**
- Focused on reversing the operational & financial inefficiencies

**Service and Revenue Enhancement Programme (SEREP)**
- Aimed at restoring customer confidence and thus service enhancement

**Area & Service Performance Contracts**
- Aimed at break-even of areas by empowering managers and giving them autonomy to take decisions.

**Stretch Programme**
- Aimed at improving operating margins (profits) by reducing bureaucracy, increasing speed, simplicity, worker involvement, and instilling self confidence
What has been Done Since 1998 (Cont’d)

One-Minute Management
- Focused on individual performance accountability, within a team

Internal Delegated Area Management Contracts (IDAMCs)
- Aimed at giving more autonomy to Operating Teams, clear role definition, better incentive plans and apportioning more operating risks to Operating Teams

“Checkers” System
- Focused on strengthening M&E for IDAMCs, emphasizing both processes and outputs

Public-Public Partnerships (PUPs) through “External Services”
- Aimed at sharing experiences with outside companies, on a not-for-profit basis.
Recipes for Water Operators Partnerships (WOPs) in NWSC

Through implementation of internal reforms, NWSC has made significant achievements:

- NRW has come down from 51% to about 31% (with other towns other Kampala at 15%), Annual Turnover has improved from about US$ 11M to US$30M

**During the process, NWSC has developed staff talent to:**

- Use a participatory approach to significantly enhance performance of local public water utilities
- Align public staff organizational behaviour to meet institutional objectives
- Develop tailor-made incentive contracts with equitable gain sharing plans, in public-public partnership settings
- Achieve win-win outputs with trade unions
**NWSC range of WOP Services**

**Advisory Services**
- Organizational behaviour change
- Contract design and incentive systems
- Operations and maintenance management
- Project management
- Finance management and systems development

**Core Utility Services**
- Commercial & Customer Care/IT Services
- Static Plant Maintenance
- Water Quality Monitoring
- Block mapping
Twinning & Partnership Arrangements

- DAWASA/DAWASCO, Tanzania
- Lilongwe Water Board, Malawi
- Nairobi City Water Company, Kenya
- Nzoia Cluster, Kenya
- Tanga Water, Tanzania
- Nkana Water, Zambia (Copper Belt)
- Lusaka Water, Zambia
- Umgeni Water, SA
- Rand Water, SA
- Vitens International of Netherlands
- PURC-University of Florida, USA
Key Lessons from WOPs

- Working in partnership with Public Water Operators rather than conventional consultancy approach promotes ownership and effectiveness
- WOPs encourage mutual benchmarking, enhancing performance of Water Operating companies involved
- WOPs work best with significant staff involvement and tailor-made incentive plans, combining both financial and non-financial schemes
- WOPs need to be coordinated through lean external services units in the Water Companies, drawing professional input from all departments on demand basis.
- Budgets for WOPs need to be adequately ring-fenced for proper accountability so that the Water Company’s core finances are not impacted
In Conclusion

WOPs can significantly enhance public water company performances: they have worked in case of NWSC and there is no reason for them not to work if they are well managed and meaningfully intentioned.