TURNING AROUND THE NWSC: IMPROVING EFFICIENCY, INCREASING ACCESS AND CREATING FINANCIAL SUSTAINABILITY

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Who Are We?

- 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.)
What is our Vision and Mission?

Corporate Vision

- The Vision of National Water and Sewerage Corporation is to be the Pride of the Water in Africa

Corporate Mission

- The Mission of the Corporation is to be a Customer Oriented Organization, providing Excellent Water and Sewerage Services in a cost effective manner.
Reform Drivers (as at 1998): 

Due to poor performance:

In summary, World Bank (1998) quote:

“Over the last 10 years, the GOU in partnership with the World Bank and Other Donors have made significant investments (over US $ 100 million) in the Urban Water and Sewerage sector. These investments have contributed immensely in rehabilitating the existing infrastructure under the NWSC management. Unfortunately, these investments have not been matched with the necessary efficient commercial and financial management capacity that can ensure the delivery of sustainable services in the medium to long-term”.
Reform Drivers (Cont’d)

- Low operational efficiency with high NRW of 50-60%
- Low collection efficiency of about 60%
- Overstaffing levels of about 36 staff/1000c with alarming corruption tendencies
- High number of unviable towns (only 3 out of 12)
- A running monthly deficit of about Ushs 348M (~US$ 300,000) despite a high average tariff of Ush 1100/m3 (US$ 1.00/m3)
Strategic Correction Action

- New Board Appointed in 1998
- New MD in turn appointed
- Performance Contract with Government of Uganda, detailing roles and obligations
Key Tactical Strategies Implemented Since 1998

100 Days
- Focused on reversing the operational & financial inefficiencies

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
Key Tactical Strategies Implemented 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

Regional Networking through “External Services”
- Aimed at sharing experiences with outside companies, on a cost-covering basis.
Other Strategies

For increasing access, improving managerial efficiency and productivity

- New Connection Policy aimed at giving free access for pipe lengths up to 50m (with a nominal fee of about US$ 30).
- MIS improvements (billing, financial, procurement, payroll, voice over IP, lotus notes, customer complaints tracking, call centre etc).
Key Achievements: 1998-2005
(According Audited Accounts)

- Staff productivity has improved from 36 staff/100c to 7 staff/1000c
- Coverage increased from 48% to 68%
- Water network coverage increased by 45% (850 Km of water mains extensions; 710 Km from internally generated funds and 140 Km from external funding)
- New connections per year have increased from 3,317 No to 22,218 No per year: Hence, total number of connections are up from 50,826 to 125,000.
- Unaccounted for water has reduced from 51% to 34% (Kampala is 40% while other Areas: 16%)
- Annual Turnover has improved from about US$ 11M to US$30M
- Operating Profit after Depreciation has improved from loss of US$ 0.4M to a surplus of US$ 2.2M
- Creation of External Services
Lessons Learned

- A hardworking and committed Board of Directors with a good mix of skills is necessary
- A dynamic utility management and staff team motivated by clear vision, mission and objectives is key
- It is necessary to secure government and donor commitment to support key initiatives like the debt freeze, payment of government debts etc
- More autonomy through decentralisation, strong M&E, comparative competition and financial incentive applications are key
- Metrics and process benchmarking with utilities in comparable environments helps in strengthening innovation
- Organisational behaviour change to strong customer and commercial orientation has helped improve financial viability of NWSC
In Conclusion

- Public organisations can deliver adequate performance if well managed.
- Management and staff of NWSC have embraced change as a constant factor and this approach has helped to ensure continuous innovation and hence increased access, efficiency gains and financial sustainability.

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