



NATIONAL WATER AND SEWERAGE CORPORATION

INTERNALLY DELEGATED AREA MANAGEMENT CONTRACT

(IDAMC)

**HEAD OFFICE KIIRA WATER
PARTNERSHIP**

JINJA WATER SUPPLY SERVICE AREA

December 2003

TABLE OF CONTENTS

1.	INTERPRETATIONS	4
2.	THE CONTRACT DOCUMENTS	5
3.	COMMENCEMENT OF CONTRACT	6
4.	DURATION OF THIS CONTRACT	6
5.	NOTICE UNDER THIS CONTRACT	6
6.	ASSIGNMENT OF THE CONTRACT	7
7.	APPOINTMENT AND RESPONSIBILITY OF THE OPERATOR	7
	DUTIES, OBLIGATIONS AND RIGHTS OF THE OPERATOR	7
8.	TO SAFEGUARD, USE, MAINTAIN AND CONTROL ASSETS	7
9.	TO PROVIDE OPERATIONS MANAGEMENT SERVICES	8
10.	TO CARRY OUT REHABILITATION AND EXTENSIONS TO THE SYSTEM	10
11.	COLLECT REVENUE FOR SERVICES PROVIDED	10
12.	TO RECEIVE AND SPEND A MANAGEMENT FEE	10
13.	TO MAINTAIN AND KEEP RECORDS	12
14.	TO PREPARE, MODIFY/AMEND AND SUBMIT BUSINESS PLANS	13
15.	TO REPORT TO THE HEAD OFFICE	14
16.	TO ALLOW INSPECTION	14
17.	TO BE INDEMNIFIED	15
18.	TO MANAGE PERSONNEL	15
	DUTIES, RIGHTS AND OBLIGATIONS OF THE HEAD OFFICE	16
19.	TO SET TARIFFS, FEES, RATES AND CHARGES	16
20.	TO PAY A MANAGEMENT FEE AND CERTAIN OTHER COSTS	16
21.	TO AUDIT ACCOUNTS AND OPERATIONS	17
22.	NOT TO INTERFERE WITH OPERATIONS	18
23.	TO PROVIDE LOGISTICS AND ASSETS MANAGEMENT	18
24.	MONITOR AND EVALUATE PERFORMANCE AND CARRY OUT PERFORMANCE IMPROVEMENT PROGRAMMES	19
25.	TO CARRY OUT MAJOR CAPITAL WORKS	20
26.	TO PROVIDE GENERAL STRATEGIC SUPPORT AND GUIDANCE	20
	MISCELLANEOUS PROVISIONS	20
27.	WAIVER	20
28.	AMENDMENT OR VARIATION	20
29.	TERMINATION	20
30.	LIMITATIONS OF THE CONTRACT	22
31.	RESOLUTION OF DISPUTES	22

APPENDICES

This **MANAGEMENT CONTRACT** is made this 17th Day of December, 2003

BETWEEN

1. The National Water and Sewerage Corporation Head Office (hereafter referred to as the "Head Office") of P.O. Box 7053, Plot 39, Jinja Road, Kampala; on one hand

AND

2. Kiira Water Partnership (hereafter referred to as the "Operator") of Jinja Water Supply Service Area, P.O. Box 301, Jinja on the other hand.

Hereinafter referred to as the "Parties"

WHEREAS:

- A. The Corporation entered into a Performance Contract with the Government of Uganda (GoU) pursuant to section 48 of the Water Statute, 1995;
- B. Clause 8.2.2 of the GoU Performance Contract urges the Corporation to continue to implement the current performance improvement programmes under the current arrangements and uphold the institutional reform initiatives by the current management to effect the transformation of Areas into autonomous units;
- C. Clause 6 (1) of NWSC Statute, 1995 allows the Corporation to do all things that are necessary for, or are in connection with, the achievement of its objectives and the performance of its functions;
- D. Clause 19 (1) & (2) of NWSC Statute, 1995 allows the Corporation to engage officers and employees that are necessary to perform its functions and to determine the terms and conditions of appointment for employees as need arises.
- E. Clause 36 (1)-f of NWSC Statute, 1995 allows the Corporation, subject to other provisions of the same Statute, to make bye-laws regulating the duties, remuneration and conditions of service of officers and employees of the Corporation.
- F. The approved NWSC Corporate Plan 2003-2006 provides for a new management arrangement wherein certain management responsibilities within NWSC's operational areas are delegated to an agent under delegated area management contracts.

AND WHEREAS

- G. The Operator understands and agrees to be bound, as an agent of the Head Office in Jinja Water Service Area, by the relevant provisions stated in the Performance Contract and any amendments and variations thereto, which relevant clauses of the GoU Performance Contract forms part of this Contract;

- H. The Head Office has requested the Operator to undertake the management of water supply and sewerage Services, where applicable, within the Jinja Water Supply Service Area (the “Area”);
- I. The Operator, having demonstrated to the Head Office that it has the required managerial, technical, scientific, engineering and operational skills and competencies in respect of water supply and sewerage services, has agreed to provide an effective and efficient management service (the “Service”);

NOW WHEREFORE:

- J. The purpose and objective of this contract and the arrangements it puts in place is to promote further improvements in the operational and financial performance of the Corporation.

THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATIONS

- 1.1 Unless the context otherwise requires the following terms shall whenever used in this contract have the following meanings:
 - (a) “Area” means the service area in which the Corporation provides the Services as defined in the First Schedule of this Management Contract.
 - (b) “Area Manager” means the Managing Partner of the Operator.
 - (c) “Business Plan” means a detailed account of how the Operator will provide the Services in the Area, showing expected incomes, detailed work plans and expenditures, and human resources management matters as provided for in Clause 14.
 - (d) “Collection Account” means the bank account in the name of the Corporation into which all revenues arising from the provision of the Services for the Area are deposited.
 - (e) “Commencement Date” means the date on which this Contract shall become effective, provided always that the commencement date shall:
 - (i) Where the contract is signed on the 1st day of the month, occur on the date on which the Contract is signed.
 - (ii) Where the Contract is signed after the 1st day of the month, occur on the first day of the calendar month following the month in which the Contract is signed.
 - (f) “Contract” means the present contract signed by the two parties.
 - (g) “Corporation” means National Water and Sewerage Corporation.
 - (h) “Fiscal Year” means the fiscal year starting on 1st of July and ending 30th of June.

- (i) “Law applicable” means the law and any other instruments applicable in the Republic of Uganda.
- (j) “Logistics” means any specialised operational inputs and services provided by the Head Office for the smooth operations of the Area.
- (k) “Operator” means the Area Manager in association with the approved selected management team as specified in the Deed of Partnership in the Seventh Schedule of this Contract.
- (l) “Parent targets” refer to Working Ratio (Operating Expenses, less depreciation to Billing ratio), Unaccounted for water, Connection Efficiency (Active connections to total connections ratio), Collection period and Cash Operating Margin (Collections less total Operating expenses, excluding depreciation) as defined in the Third Schedule.
- (m) “Plant” means the machinery used for the provision of the Services.
- (n) “Person” includes a firm, corporation, partnership, joint venture, unincorporated association and public authority;
- (o) “Service” means the operation, maintenance and management of the water supply, water distribution, sewerage and sewage treatment facilities, including all related customer, financial and human resources aspects as set out in Clause 9, so as to provide water supply and sewerage services to the Corporation’s customers in accordance with agreed standards.
- (p) “Top Management” means that management team at the Head Office comprised of the heads of the Corporation’s divisions and departments reporting to the Managing Director.

1.2 Headings are for convenience only and do not affect interpretation.

1.2.1 In interpreting this Contract, a construction of words that would promote the purpose or object underlying the Contract must be preferred to a construction that would not promote that purpose or object.

1.3 This Contract shall be interpreted in accordance with the laws of the Republic of Uganda.

2. THE CONTRACT DOCUMENTS

The Contract documents shall consist of:

- (a) This Management Contract
- (b) The Business Plan
- (c) First Schedule Area of Authority
- (d) Second Schedule Assets Handed Over

- (e) Third Schedule Performance Standards
- (f) Fourth Schedule PPM Programme and Guidelines for Corrective Maintenance
- (g) Fifth Schedule Government MOU on Payment of GoU Bills
- (h) Sixth schedule Computation of Management Fee and Incentive Payment & Management Fee Invoice Form
- (i) Seventh Schedule Deed of Partnership of the Operator
- (j) Eighth Schedule Procurement Guidelines
- (k) Ninth Schedule List of Required Reports
- (l) Tenth Schedule Terms of Secondment of Staff to the Operator
- (m) Eleventh Schedule Procedures for Disbursement of Funds
- (n) Twelfth Schedule Support Services Provided by the Head Office

3. COMMENCEMENT OF CONTRACT

This Contract shall come into effect on the Commencement Date as defined in Sub-clause 1.1 (d).

4. DURATION OF THIS CONTRACT

This Contract shall come into effect on the Commencement Date and shall continue in force for a period of 2 years ending on the second anniversary of the Commencement Date. Thereafter the Contract shall be re-negotiated and renewed unless either party has given to the other 90 days' previous written notice of intent to terminate the Contract. This Contract shall be subject to quarterly reviews beginning three months from the Commencement Date and every three months thereafter in accordance with the provisions of Clause 24.1 and the Ninth Schedule.

5. NOTICE UNDER THIS CONTRACT

- 5.1 Any notice, instruction, direction, request or permission to be given or made under this Contract shall be given or made by:

For the Head Office:

A member of Top Management authorized by and acting on its behalf;

For the Operator:

The Area Manager or any person authorised by and acting on behalf of the Area Manager with prior notice to the Head Office.

6. ASSIGNMENT OF THE CONTRACT

- 6.1 The Operator shall not assign the Contract or any part thereof, or any benefit or interest therein or thereunder
- 6.2 The Head Office shall, by notice to the Operator, given at least 90 days in advance, be entitled to assign its rights and obligations, in whole or in part, to any other person, as defined in sub-clause 1.1 (n), which may become responsible for provision of Services in the Area in accordance with the Water Statute, 1995. Any such assignment by the Head Office shall become effective on the ninetieth (90th) calendar day following the said notice or on such later date as may be specified in the notice.
- 6.3 Notwithstanding anything to the contrary as may be stated in or reasonably inferred from the Contract, the Operator shall not be entitled to any payments or compensation, either by the Head Office or by any assignee of the Head Office consequent either directly or indirectly on the exercise by the Head Office of its rights in accordance with Sub-clause 6.2

7. APPOINTMENT AND RESPONSIBILITY OF THE OPERATOR

- 7.1 The Head Office hereby appoints the Operator to be the sole and exclusive provider of the Services in the Area for the duration of this Contract.
- 7.2 The Operator shall, in such manner and at such times as they shall in their discretion see fit, use all their skills and knowledge to manage, administer, conduct, maintain and develop the Services in the Area efficiently, in the best interests of the Head Office, in a professional manner and, in particular but without prejudice to the generality of the foregoing, shall carry out the duties and obligations and have the rights set forth in this Contract.
- 7.3 The Operator shall also be responsible for the efficient implementation of any development plan, which has now or may hereafter be agreed between the Head Office and the Operator.

DUTIES, OBLIGATIONS AND RIGHTS OF THE OPERATOR

Without detracting from any duties, obligations and rights imposed on or conferred (whether expressly or by implication) upon the Operator by this Contract or implied by law or commercial custom on managers of a business similar to the Service, it shall be the duty and obligation of the Operator to meet the performance standards set out in the Third Schedule of this Contract and it shall be the duty, obligation or right of the Operator:

8. TO SAFEGUARD, USE, MAINTAIN AND CONTROL ASSETS

- 8.1 The Corporation reserves the rights of ownership in the assets related to the provision of the Services in the Area as set out in the Second Schedule to this Contract

- 8.2 The Operator shall have access to, the right to use, and the duty to safeguard, maintain and control the assets referred to in Sub-clause 8.1, without charge, for the purpose of discharging its duties and obligations or exercising its rights under this Contract, for the term of this Contract, in a way that is beneficial to the customers of the Corporation in the Area
- 8.3 The Operator shall maintain in good working condition, throughout the term of this Contract, the assets referred to in Sub-clause 8.1 and shall ensure that adequate control is maintained over assets in his/her custody.
- 8.4 The Operator shall not dispose of or create any interest in the assets referred to in Sub-clause 8.1, except on the express written instruction of the Corporation.
- 8.5 The Operator shall comply with any directions of the Head Office to use or dispose of any asset or any money or other consideration to which the Corporation becomes entitled as a result of disposing of any asset referred to in Sub-clause 8.1.
- 8.6 The Operator shall notify the Head Office, in writing, of any assets the Operator acquires on behalf of the Corporation for use in the provision of the Services.
- 8.7 The Operator shall be responsible for acquisition of land titles for the Corporation's properties in the Area in the name of the Corporation but shall request assistance from Head Office on issues which are beyond its control or where it is clearly more economical for the Head Office to intervene.

9. TO PROVIDE OPERATIONS MANAGEMENT SERVICES

- 9.1 The Operator shall discharge all the duties and obligations of a water supply and sewerage service provider within the Area for the term of this Contract. These shall include, but are not limited to:
 - (a) Water production
 - (b) Water distribution
 - (c) Customer connections growth
 - (d) Sewage collection, treatment and disposal, where applicable
 - (e) Customer care and marketing
 - (f) Billing and revenue collections
- 9.2 In discharging the duties and obligations referred to in Sub-clause 9.1, the Operator shall:
 - (a) exercise due diligence, efficiency and economy in accordance with generally accepted professional conduct and practice, and shall employ sound management practices and appropriate technology in the best interests of the Corporation;
 - (b) work with the staff agreed to with and seconded by the Head Office.

- (c) comply with:
 - (1) Any code of workmanship prescribed by the Minister under Section 70 of the Water Statute, 1995.
 - (2) The performance standards specified or referred to in the Third Schedule to this Contract.
 - (3) Every provision of all laws relating to the duties and obligations referred to in Sub-clause 9.1, to the occupational health safety of employees, to the environment, to the collection and payment of taxes and to any other matter whatsoever.
 - (4) The terms of any water or waste discharge permit granted to the Corporation.
 - (5) Any notice, instruction or direction issued in accordance with Clause 5.
 - (d) Raise, collect, remit and pay all taxes, rates, charges, fees, and penalties and provide all returns, files and documents as may be directed by the Head Office from time to time.
- 9.3 In discharging the duties and obligations referred to in Sub-clause 9.1, the Operator may sub-contract any part of such duties to an independent party with the express approval of the Head Office and in accordance with the Procurement Guidelines set out in the Eighth Schedule. The Operator shall provide the Head Office with such information about the proposed sub-contractors as the Head Office may require and shall execute a contract approved by the Head Office.
- 9.4 The Operator shall remain liable under the Contract for the discharge of any duties and obligations sub-contracted under Sub-clause 9.3.
- 9.5 The Operator shall ensure that the planned preventive maintenance (PPM) programme and guidelines for corrective maintenance are executed in a cost-effective and efficient manner in accordance with the Fourth Schedule.
- 9.6 The Operator shall ensure that all premises relating to the provision of the Services in the Area are maintained and kept clean in a way that promotes good hygiene and the corporate image.
- 9.7 Failure by the Operator to comply with the provisions of Sub-clauses 9.5 and 9.6 resulting in asset stripping, poor housekeeping conditions or undue damage to the corporate image shall constitute a breach of this Contract in accordance with Clause 29.2.
- 9.8 The Area Manager shall endeavour to be in his/her duty station and shall notify the Head Office of any intended absence. Where the Area Manager plans to be absent from the duty station for a period exceeding 48 hours the Area Manager shall seek clearance from Head Office, in writing, including the person whom the Area Manager shall have appointed to act as Area Manager during his/her absence.

10. TO CARRY OUT REHABILITATION AND EXTENSIONS TO THE SYSTEM

- 10.1 The Operator shall be responsible for the implementation of any rehabilitation and/or extensions to the system agreed with the Head Office in the Business Plans as the responsibility of the Operator.
- 10.2 The Operator shall co-operate with the Head Office in the execution of any rehabilitation works and/or extensions to the system that the Head Office deems to be major, which are therefore the responsibility of the Head Office, as well as any other works which are not the responsibility of the Operator under Sub-clause 10.1.
- 10.3 In executing the duties and obligations under Sub-clause 10.1 the Operator shall follow the Procurement Guidelines set out in the Eighth Schedule to this Contract.

11. COLLECT REVENUE FOR SERVICES PROVIDED

- 11.1 The Operator shall charge tariffs and collect fees, rates and charges or any other income for the provision of the Services in accordance with the Corporation's approved tariff structure and other financial policies/instruments.
- 11.2 Sub-clause 11.1 notwithstanding, the Operator shall work closely with the Head Office in ensuring that centralised government ministry debts (defence, prisons, police and president's office) are cost-effectively collected. Specifically, the Operator shall ensure that the ministries in question are timely billed, bills certified by responsible officers and monies collected in accordance with the Memorandum of Understanding (M.O.U) with Government in this respect as set out in the Fifth Schedule. The Operator shall promptly refer cases of laxity by Government to honour payments in accordance with the M.O.U, to the Head Office for redress.
- 11.3 The Operator shall deposit all monies collected under Sub-clauses 11.1 and 11.2 into the Collection Account by no later than the following working day. The Collection Account shall be solely in the name of and under the control of the Corporation.
- 11.4 Failure to deposit any revenue collected into this account as provided under Sub-clause 11.3 shall constitute a breach of this Contract in accordance with Clause 29.
- 11.5 Any monies not deposited as provided under Sub-clause 11.3, whether by omission or commission of the Operator or otherwise, shall be recoverable from the Operator and shall be remitted to the Head Office within 15 days of receiving written notice of the amount due.

12. TO RECEIVE AND SPEND A MANAGEMENT FEE

- 12.1 In consideration for discharging the duties and obligations set forth in this contract, the Operator shall be entitled to receive a Management Fee from the Head Office on the basis set out in the Sixth Schedule and in the manner set out in this Clause.
- 12.2 Where the Operator fails to achieve the minimum performance standards set forth in the Third Schedule of this Management Contract, for reasons other than those outside its own control, the Operator shall forfeit a portion of the Management Fee according

to the computation detailed in the Sixth Schedule, provided always that the portion of the Management Fee to be forfeited may be reduced by the Head Office upon review of the reasons leading to the failure.

- 12.3 Where the Operator fails to provide the Head Office with a modified Business Plan in accordance with Clause 14 or to report to the Head Office in accordance with Clause 15, the Head Office shall, at its discretion, withhold 30% of the Performance and Incentive Fees earned by, and payable to, the Operator as set out in the Sixth Schedule, until such provisions are met
- 12.4 The Operator shall compute the monthly Management Fee due under Sub-clause 12.1 and shall submit an invoice for the appropriate Management Fee to the Head Office by the 12th day of every month in respect of the Management Fee for the previous calendar month. The invoice shall show the detailed computation of the Management Fee and shall be in a format and have content acceptable to the Head Office, as shown in the Sixth Schedule of this Contract.
- 12.5 The Operator shall have a right to settlement of the invoice referred to in Sub-clause 12.4 by the Head Office within 15 days from the receipt of such invoice by the Head Office provided that:
 - (a) the Operator shall have provided all explanations, corrections and information requested by the Head Office regarding the invoice within 2 working days of receiving them; and
 - (b) Any requests by the Head Office for explanations, corrections and information shall have been made at least 2 working days prior to the expiry of the period under this Sub-clause.
- 12.6 Sub-clauses 12.5 notwithstanding, the Head Office shall pay the Base Fee component of the Management Fee, as specified in the Sixth Schedule of this Contract, by the 26th day of the month in which the invoice referred to in Sub-clause 12.4 is presented.
- 12.7 Where the Head Office fails to settle the amount due to the Operator in accordance with Sub-clause 12.5, the Operator shall be entitled to interest earned on the invoice balance from the first day after the expiry of the period under Sub-clause 12.5 to the date the Operator receives payment. Such interest shall be due and payable together with the outstanding invoice balance.
- 12.8 The provisions of Sub-clause 12.7 shall apply for a maximum of 30 days following which continued non-settlement of the Operator's invoice by the Head Office shall amount to a breach of this Contract in accordance with Clause 29.
- 12.9 Any interest due under Sub-clause 12.7 shall be at a rate equivalent to the prevailing rate charged to preferred customers (also known as the prime rate) of the bank where the Collection Account of the Corporation in that Area is located.
- 12.10 Once the Management Fee has been received as prescribed in this Clause, the Operator shall ensure that funds are disbursed in accordance with the procedures set forth in the Eleventh Schedule to this Contract.

- 12.11 To enable the Operator fund innovations aimed at increasing revenues and/or operating margin, the Operator may apply savings on any non-controllable expenditure item of the Base Fee towards other non-controllable expenditure items of the Base Fee.
- 12.12 Sub-clause 12.11 notwithstanding, savings on a non-controllable expenditure item of the Base Fee shall not be directly applied to pay any employee salaries but may be used to increase the Operating Margin so as to increase the amount available for sharing as an Incentive Fee.
- 12.13 The Operator may apply savings on any controllable expenditure item of the Performance Fee towards any other expenditure item, at their discretion, provided the use of such savings is appropriately disclosed to the Head Office as provided for in the Eleventh Schedule.
- 12.14 In applying the savings under Sub-clauses 12.12 and 12.13 first priorities shall be given to clearing any liabilities outstanding at the time and the Operator shall not apply savings under those Sub-clauses unless all such liabilities are cleared.
- 12.15 Manipulation or concealment of expenditure liabilities so as to report and apply savings in contravention of Sub-clause 12.14 shall amount to a breach of this Contract in accordance with Clause 29.
- 12.16 The remuneration/payment criteria to the Operator (Area Manager and approved selected key staff) shall, for purposes of harmony, be set out in the Deed of Partnership in the Seventh Schedule to this Contract. Thereafter, the Operator shall not deviate from the criteria without notice and approval by the Head Office in accordance with Clause 28.1.
- 12.17 The remuneration/payment criteria to the Operator's seconded staff shall, for purposes of harmony, be suggested by the Operator and approved by the Head Office in the Human Resource Management Plan to be submitted according to Clause 14.6. Thereafter, the Operator shall not deviate from the criteria without notice and approval by the Head Office.
- 12.18 The Operator shall pay all other seconded staff, apart from the staff specified in the Deed of Partnership set out in the Seventh Schedule, a minimum of what they were receiving from the Head Office prior to the Commencement Date.

13. TO MAINTAIN AND KEEP RECORDS

- 13.1 The Operator shall keep proper and adequate accounts and records related to the provision of the Services consistent with the financial regulations and the reporting requirements of the Head Office as set out in the Ninth Schedule of this Contract.
- 13.2 The accounting period of the Operator shall be consistent with the requirements of the financial regulations of the Corporation.
- 13.3 The Operator shall follow the budgeting and accounting system of the Corporation.

- 13.4 The Operator shall use the existing internal accounting control system of the Corporation.
- 13.5 Except as provided in Sub-clauses 13.7 and Clause 16, all records are confidential to the Operator and the Head Office.
- 13.6 Any customer or former customer of the Operator may apply to the Operator for a copy of all records held by the Operator concerning that customer, in such a form as may be prescribed by the Head Office.
- 13.7 The Operator shall provide a customer or former customer under Sub-clause 13.6 with a copy of the relevant records, but may impose a reasonable charge to cover the costs to the Operator of making the copy available in accordance with Clause 11.

14. TO PREPARE, MODIFY/AMEND AND SUBMIT BUSINESS PLANS

- 14.1 The Operator shall prepare and submit for Head Office approval, a two-year rolling Business Plan before the Commencement Date. The Business Plans shall address/follow the Corporation's running strategic/corporate-planning tenets and shall be in the format determined by the Head Office.
- 14.2 The Operator shall modify any Business Plan submitted under Sub-clause 14.1 in such manner and such format as determined by the Head Office as may be requested by the Head Office from time to time in order to enhance the provision of Services in the Area.
- 14.3 Without detracting from Sub-clause 14.1, the Business Plan under the same Sub-clause shall be reviewed, updated and submitted to the Head Office on an annual basis or at any other time as may be directed by the Head Office to incorporate new performance improvement aspects beneficial for the provision of the Services in the Area.
- 14.4 Failure to submit a modified Business Plan in accordance with the provisions of this Clause shall result in withholding of the Management Fee in accordance with Sub-clause 12.3.
- 14.5 Preparation and submission of a Business Plan to the Head Office under this Clause shall in no way detract from the Operator's duties, obligations and rights under this Contract.
- 14.6 If the Operator is of the opinion that matters have arisen that may prevent, or significantly affect the achievement of Business Plan objectives and targets, the Operator shall immediately notify the Head Office of its opinion and the reasons thereof. The Operator shall suggest remedies, interventions and an alternative action programme that shall become a basis for the Head Office to consent to amendment of the Business Plan.
- 14.7 The Business Plan is for the Operator to plan operations and achieve the performance standards agreed in this contract. The qualitative strategies and attendant re-statement of performance standards in the business plans serve the purpose of

guiding the Operator. Nothing in this respect, other than the performance standards in the third schedule shall be binding during the performance evaluation and/or payment of management fee.

15. TO REPORT TO THE HEAD OFFICE

- 15.1 The Operator shall prepare and submit regular reports to the Head Office in accordance with the Ninth Schedule of this Contract.
- 15.2 Sub-clause 15.1 notwithstanding, the Operator shall prepare and submit such reports about its obligations under this contract, in a manner and format, as required by the Head Office.
- 15.3 The Operator, upon notice given by the Head Office, is obliged to appear in meetings convened by Head Office to discuss the affairs of the Corporation. The Head Office may, with reasonable prior notice, request the Operator to make such presentations, reports, demonstrations or take such actions in these meetings as the Head Office may deem necessary.
- 15.4 Failure of the Operator to comply with the provisions of this Clause may result in withholding of the Management Fee in accordance with Sub-clause 12.3 .
- 15.5 The Operator shall ensure Area data safety on the Custima database and shall, in particular, take daily data back-ups. The Operator shall submit to the Head Office monthly back-up tapes of the Custima data for the Area in accordance with the provisions of the Ninth Schedule.

16. TO ALLOW INSPECTION

- 16.1 The Operator shall allow the Head Office, or any person authorised by or representing the Head Office, access at any time to:
 - (a) inspect any land owned or occupied by the Head Office;
 - (b) inspect any assets of the Head Office and any other assets renewed, acquired or constructed by the Head Office in accordance with the terms of this Contract, or any other assets used by the Operator in the provisions of the Services; inspect any land, works, buildings or any other assets;
 - (c) make any tests, take any measurements or take any samples;
 - (d) take any photographs or make any plans or drawings; and
 - (e) inspect and, if necessary, make any copies of any records or documents referred to in Clause 13 in order to ascertain whether the Operator is complying with this Contract, the GoU Performance Contract and the Statute and to satisfy audit requirements under Clause 21 of this Contract.
 - (f) ensure that good management practices including, but not limited to, time keeping, customer care, housekeeping, and smartness are being observed.

16.2 The Operator shall allow the Head Office, or any person authorised by or representing the Head Office, access at any time in order to audit the accounts as set out under Clause 21. The Operator shall allow access to any records, documents, reports, information, assets and systems and shall provide such explanations and take such actions as are required to satisfy the objectives of the audit.

17. TO BE INDEMNIFIED

17.1 Provided that the Operator, their servants and employees shall use diligence and care in carrying out their duties hereunder, neither they nor any of their servants and employees shall be liable for any damage to persons or property arising out of the Operator's provision of the Service or otherwise in the course of performing the duties set forth in this Contract. The Head Office shall indemnify the Operator and every such person against all claims, demands, losses, liabilities, actions, lawsuits, costs and expenses arising directly or indirectly out of or in consequence thereof or in the implementation of this Contract.

18. TO MANAGE PERSONNEL

18.1 The Operator shall manage personnel according to the approved Human Resource Plan submitted under Sub-clause 14.7 and according to the terms of staff secondment set forth in the Tenth Schedule of this Contract.

18.2 The Operator shall recruit, discipline, and promote staff up to salary scale 6, in accordance with the approved Human Resource Plan. The Operator shall, in writing, refer cases of recruitment and promotion for staff in salary scales 5 to 2 to the Head Office, with a clear rationale for the need, and shall receive feedback from the Head Office within 15 days. Where the Head Office fails to provide feedback within the period specified herein, the Operator shall implement the recruitment or promotion on an acting basis with written notice to, and subject to ratification by the Head Office.

18.3 The Operator shall not terminate the services of any seconded staff; such staff shall only be referred back to the Head Office, clearly detailing objective circumstances leading to the return of the staff.

18.4 Where the Operator refers seconded staff back to the Head Office for reasons which the Head Office deems to be improper, including but not limited to sectarian, pecuniary or other prejudicial interests of the Operator, the Head Office shall reject such referral.

18.5 Sub-clause 18.4 notwithstanding, the Operator shall have the right to refer seconded staff back to the Head Office where the Operator finds such staff to be misbehaving, undisciplined or under-performing due to patronage from the Head Office and other offices.

18.6 The Operator shall not be obliged to accept any staff transferred or recruited on his behalf but without his consent.

18.7 Addition, removal or replacement of staff of the Operator included in the Deed of Partnership in the Seventh Schedule shall be conducted in accordance with the Deed of Partnership.

DUTIES, RIGHTS AND OBLIGATIONS OF THE HEAD OFFICE

Without detracting from any duties, obligations and rights imposed on or conferred (whether expressly or by implication) upon the Head Office by this Contract or implied by law or commercial custom on a similar office, it shall be the duty, obligation or right of the Head Office:

19. TO SET TARIFFS, FEES, RATES AND CHARGES

19.1 The Head Office shall have the right to set the tariffs, fees, rates and charges to be levied and collected by the Operator under Clause 11, subject to the provisions of the Water Statute or other applicable laws and regulations.

19.2 In exercising its rights under Sub-clause 19.1, the Head Office shall give due consideration to any proposals submitted by the Operator in its Business Plans and seek any necessary explanations, advice and information from the Operator. Such proposals and explanation shall, however, not deter the Head Office from setting a corporate tariff that takes care of both social mission and commercial objectives.

19.3 In exercising its rights under Sub-clause 19.1, the Head Office shall, from time to time, publish a schedule of approved tariffs, fees, rates and charges and related instructions and shall furnish the Operator with such schedule.

20. TO PAY A MANAGEMENT FEE AND CERTAIN OTHER COSTS

20.1 The Head Office shall have the obligation to pay to the Operator a Management Fee duly computed and demanded by the Operator in accordance with Clause 12.

20.2 The Head Office shall have the right to inspect the operations of the Operator as set out in Clause 16 to obtain such information as it requires to ascertain the Management Fee payable under Sub-clause 20.1.

20.3 The Head Office shall remit to the Operator the amount demanded by the Operator and certified by the Corporation in accordance with Clause 12.

20.4 To enable start-off of the activities in the Operator's Business Plan the Head Office shall pay to the Operator a working capital advance as follows:

- a) Within 7 days of the commencement date, an amount shall be advanced to the Operator equal to one month of the non-employee related expenditure items of the Base Fee determined in accordance with the Sixth Schedule to this Contract;
- b) Within the last 7 days of the first month of the commencement date, an additional amount shall be advanced to the Operator equal to one month's Base Fee determined in accordance with the Sixth Schedule.

- 20.5 Upon termination of the Contract as provided under Clause 29 of this Contract, the Head Office shall recover any outstanding advance paid out under Sub-clause 20.4 by offsetting this amount against the last invoice payable to the Operator.
- 20.6 The Head Office undertakes to verify, in liaison with the Operator, and, within one month of the Commencement Date, make good all liabilities of the Area that will have properly and justifiably accumulated up to the commencement date.
- 20.7 Sub-clause 20.6 notwithstanding, any liabilities of the Area found to be improper, due to the negligence of or abuse of office by the Area's predecessor management team or other unjustified cause, shall not be accepted by the Head Office and shall be recovered by the Head Office from the individuals that were responsible for their occurrence without precluding additional disciplinary action in accordance with the Head Office terms and conditions of service.
- 20.8 The Head Office shall dispose of the Area's expenses of special nature such as VAT, rent, insurance, ground rates, water abstraction permits, employee medical expenses chargeable to the Area and any other charges, in any manner deemed appropriate by the Head Office.
- 20.9 The Head Office undertakes to provide funds for planned development activities in the Area as set out in the approved Business Plans provided that any funds remaining after completion of development activities or any funds transferred in excess of the actual cost of development activities shall revert back to the Head Office and shall be recoverable from the Operator.
- 20.10 The Head Office shall remit monies collected by the Operator to carry out rechargeable works within 7 working days of receiving a written request from the Operator, provided such request is accompanied by satisfactory proof that such monies are available on the Area's Collection Account.

21. TO AUDIT ACCOUNTS AND OPERATIONS

- 21.0 The Head Office, or any person authorised by or representing the Head Office, may audit the Operator's accounts, documents, operations, systems, assets, financial and technical information, financial statements, the contract records or any other aspect of the system, in respect of any matters including matters related to the Contract at any reasonable time and without notice to the Operator and shall have the rights of access to inspect as set out under Clause 16.
- 21.1 Sub-clause 21.1 shall expressly include the rights of The Auditor General of Government, as provided for under the NWSC Statute and other applicable laws and regulations, whether in connection with a Statutory Audit or any other audit, examination or investigation.
- 21.2 The Head Office or any person authorised by or representing the Head Office, shall have the right, for purposes of determining the standards of services or compliance with the terms of this Contract or the Operator's obligations under it, to inspect, audit or conduct a survey of the Services or any other aspect related to the Services

- 21.3 The Head Office at its discretion shall, for purposes of verifying or determining the correctness of the documents and statements submitted by the Operator pursuant to the provisions of Clauses 9 and 13 have the right to cause an inspection and audit to be made on the operational, transactional and financial documents and records of the Operator including without limitation invoices, receipts, and analogous supporting data and pertinent information and data set out or implied by the provisions of the Contract. The Operator shall be obliged to provide the relevant documents when demanded and as required by the Head Office.
- 21.4 In the event that the inspection and audit under this clause establishes that there are amounts recoverable from the Operator under Sub-clauses 11.5, 20.9 or otherwise, the Operator shall remit such amounts to the Head Office within 15 days of receiving written notice from the Head Office. In the event that the inspection and audit establishes that the Operator has overpaid the Head Office, then such overpayment shall be credited (by issuance of a credit note) to the Operator without the right to earn any interest thereon.

22. NOT TO INTERFERE WITH OPERATIONS

- 22.1 The provisions in this Contract notwithstanding, the Head Office shall not interfere with the day to day operations of the Operator. In particular, the Head Office shall not:
- (a) Issue instructions to the Operator regarding operational decisions or actions except by way of an amended Business Plan in accordance with the provisions of this Contract;
 - (b) Issue instructions to the Operator or attempt to influence the Operator's decision regarding the connection of a customer to the water supply or sewerage system;
 - (c) Issue instructions to the Operator or attempt to influence the Operator's decision regarding any lawful action taken by the Operator regarding non-payment by a customer;
 - (d) Withhold payments due to the Operator on account of the Operator refusing or failing to comply with instructions issued in contravention of this Clause;
- 22.2 Contravention of this Clause by the Head Office, to the extent that it jeopardises the Operator's achievement of the performance standards of the Third Schedule or to the extent that it constrains the Operator's ability to meet other obligations under this Contract, shall constitute a breach of this Contract in accordance with Clause 29.

23. TO PROVIDE LOGISTICS AND ASSETS MANAGEMENT

- 23.1 The Head Office shall:
- (a) Carry out bulk procurements of requisite materials and equipment that are agreed to be provided by the Head Office in the Operator's Business Plans and deliver the same to the Operator according to the schedule agreed in the Business Plans.

- (b) Carry out planned preventive maintenance of static plant and equipment as set out in the Fourth Schedule of this Contract.
- (c) Provide support services, advice and other services set out in the Twelve Schedule of this Contract to enable the smooth operations of the Area.
- (d) Expeditiously review any additional requirements that may arise under Sub-clause 14.9 and provide feedback to the Operator within 7 working days.
- (e) Maintain and regularly update a central geographical information system.
- (f) Ensure adequate budget provision for key logistical requirements.

23.2 Failure by the Head Office to provide logistics and asset management under Sub-clause 23.1 to the extent that it jeopardises the Operator's ability to meet, for three consecutive months, the minimum performance targets for billing, collections, or unaccounted for water as specified in the Third Schedule shall constitute a breach of this Contract in accordance with Clause 29.

23.3 The Head Office shall provide appropriate assistance to the Operator to acquire land titles for the Head Office's properties in the Area as requested under Sub-Clause 8.7.

24. MONITOR AND EVALUATE PERFORMANCE AND CARRY OUT PERFORMANCE IMPROVEMENT PROGRAMMES

24.1 The Head Office shall carry out the following:

- (a) Regular performance analysis in respect to reports submitted under Clause 15 in accordance with the requirements of the Ninth Schedule and provide feedback on compliance to agreed performance standards, by 25th of the following calendar month.
- (b) The Operator shall attend a quarterly review meeting to be called and chaired by the Head Office under the provisions of Clause 4 to review the contents of the Quarterly Report submitted in accordance with the Ninth Schedule.
- (c) Effective monitoring of water and sewage effluent quality in the Area to ensure compliance with National Standards.
- (d) Provide the Operator with monthly comparative benchmarking data from other Areas with the overall objective of encouraging competition among Operators.
- (e) Regular customer surveys with the overall objective of protecting customers and promoting customer care in the Area, in line with the service level expectations stipulated in this Contract.
- (f) Any other form of monitoring and evaluation implied by other clauses of this Contract and provide feedback to the Operator within two weeks of completion thereof.

- (g) Plan and initiate performance improvement programmes, of a corporate nature, in close consultation with the Operator. Incorporation of such programmes shall be treated as a modification of the Business Plans and shall be handled as stipulated in Clause 14 of this Contract.

25. TO CARRY OUT MAJOR CAPITAL WORKS

- 25.1 The Head Office shall have the responsibility of funding and implementing any major capital project in the Area.
- 25.2 Implementation of works under Sub-clause 25.1 by the Head Office, or any person authorised by or representing the Head Office, shall be done with prior notice to and in cooperation with the Operator to ensure the continued smooth operations of the Area.
- 25.3 Any changes to the Operator's Business Plan arising out of any works carried out under Sub-clause 25.1 shall result in amendment of the Operator's Business Plan in accordance with Sub-clause 14.9.

26. TO PROVIDE GENERAL STRATEGIC SUPPORT AND GUIDANCE

Without detracting from the other clauses under the obligations, power and rights of the Head Office in this Contract, the Head Office shall provide strategic support and guidance in matters of human resource management policies, procurement, finance and accounts, commercialization, public relations and customer care and security of assets.

MISCELLANEOUS PROVISIONS

27. WAIVER

- 27.1 A failure, delay or indulgence on the part of either party in exercising any power or right under this Contract does not waive that power or right.
- 27.2 Any single exercise of a power or right under this Contract does not preclude any other or further exercise of it or the exercise of any other power or right under this Contract.

28. AMENDMENT OR VARIATION

- 28.1 This Contract may be amended or supplemented, at any time, in writing when it is agreed to and signed by both parties.

29. TERMINATION

- 29.1 This Contract shall terminate at the expiration of the period and in the manner specified under Clause 4 unless it is renewed as specified in that clause.
- 29.2 Sub-clause 29.1 notwithstanding this Contract may be terminated by either party when the other party commits a fundamental breach of the contract, as specified in Sub-clauses 29.3 and 29.4.

29.3 In accordance with Sub-clause 29.2 the Head Office may terminate this contract:

- (a) by 30 days' prior notice given to the Operator, upon failure of the Operator to maintain assets, keep good housekeeping conditions or uphold the corporate image as specified under Sub-clause 9.7;
- (b) by 10 days' prior notice given to the Operator, upon failure of the Operator to deposit revenue collected as specified under Sub-clause 11.3;
- (c) by 30 days' prior notice given to the Operator, upon failure of the Operator, for three consecutive months and despite the provisions of sub-Clause 14.9, to achieve the minimum performance targets specified in the Third Schedule of this Contract for – billing, collections, unaccounted for water and suppressed accounts;
- (d) by 30 days' prior notice given to the Operator, upon failure by the Operator to comply with the requirements of a written notice from the Head Office concerning issues in respect to any of the provisions of this Contract.

29.4 In accordance with Sub-clause 29.2 the Operator may terminate this contract:

- (a) by 30 days' prior notice given to the Head Office, upon failure of the Head Office to pay an amount due to the Operator under Sub-clause 12.7;
- (b) by 30 days' prior notice given to the Head Office, upon failure of the Head Office to comply with its obligation not to interfere with operations under Sub-clause 22.2;
- (c) by 30 days' prior notice given to the Head Office, upon failure of the Head Office, for three consecutive months and despite the provisions of Sub-clause 14.9, to provide logistics and asset management under Sub-clause 23.2.

29.5 Sub-clauses 29.1 and 29.2 notwithstanding, the Head Office may, by reasonable notice given to the Operator, terminate the contract for purposes of implementing other performance improvement programs or reform initiatives.

29.6 Upon termination of the contract, the Head Office shall, within 30 days, pay to the Operator all outstanding amounts due to the Operator under Clause 12. No compensation, however defined, shall be payable to the Operator.

29.7 Any termination under this Clause shall, the effect of the notice period notwithstanding, be deemed to be effective on the last day of the month in which the termination is intended or should occur.

29.8 Upon termination of the Contract, the Operator and seconded staff in the Area shall revert to the Head Office and shall be subject to the Head Office terms and conditions then prevailing.

29.9 Upon termination of the Contract, the provision of the Service shall revert to the Head Office.

29.10 Upon termination of the Contract, the Operator shall transfer back to the Head Office all the assets of the Corporation whether transferred to the Operator at the commencement of the contract or subsequently acquired, including all undeposited collections, any unused advances and any other assets whatsoever or wherever rightly belonging to the corporation.

30.LIMITATIONS OF THE CONTRACT

30.1 This Contract is intended to act as a partnership between the Head Office and the Operator in respect of driving performance in Areas. It clearly spells out the roles of either party and explicitly demonstrates that each party needs the other to produce the required performance. Fairness will therefore prevail during the entire contract management.

31.RESOLUTION OF DISPUTES

31.1 The Head Office and the Operator shall endeavour to amicably and promptly resolve any disputes that may arise under this contract and are notified to each other as provided, in good faith and within 30 days of emergence of the dispute.

31.2 Upon expiry of the period in Sub-clause 31.1 and failure of the two parties to resolve a dispute as provided therein, the aggrieved party shall refer the matter to the NWSC Managing Director within 14 days. The NWSC Managing Director shall subsequently hear both parties, reach a decision on the matter and notify the parties within 14 days.

31.3 If, after receiving notification of the NWSC Managing Director's decision under Sub-clause 31.2, an aggrieved party is not satisfied, the party shall refer the matter to the NWSC Board of Directors within 14 days in accordance with the appropriate Board procedures. A decision of the NWSC Board of Directors on a matter brought to it under this Clause shall be final and binding on the parties.

IN WITNESS WHEREOF the Head Office and the Operator hereby cause their Signatures to be hereunto affixed on this 17th Day of December, 2003. The contract shall commence on 1st January 2004.

The Area

1. Signed by
Andrew Sekayizzi
AREA MANAGER

On behalf of Kiira Water Partnership

2. Witnessed by:
William Turyomurugyendo
PRINCIPAL ACCOUNTANT

On behalf of Kiira Water Partnership

3. Witnessed by:
Peter Werikhe
SECRETARY UPEU-NWSC

On behalf of the Staff

The Head Office

1. Signed by:
Charles Odonga
CHIEF MANAGER, ENGINEERING SERVICES

On behalf of the Head Office

2. Witnessed by:
David Mpango Kakuba, FCIS
CORPORATION SECRETARY

On behalf of the Head Office

Endorsement

1. Endorsed by:
Laro Wod Ofwono

CHAIRMAN UPEU

2. Endorsed by:
Dr. William Tsimwa Muhairwe

MANAGING DIRECTOR-NWSC

3. Endorsed by:
Eng. Yorokamu Katwiremu

CHAIRMAN, TECHNICAL
COMMITTEE OF THE BOARD

4. Endorsed by:
Mr. Samuel Labeja Okec

CHAIRMAN, NWSC BOARD

TABLE OF CONTENTS

List of Tables	25
List of Figures.....	25
Acronyms and abbreviations.....	26
1.0 DESCRIPTION OF THE CURRENT BUSINESS SITUATION	27
1.1 Introduction	27
1.2 Jinja Water and Sewerage service area	27
1.3 Product & services	28
1.3.1. Production.....	28
1.3.2. Distribution	28
1.3.3 Service delivery:	28
1.3.4 Sewage Collection and Treatment.....	29
1.4 Six Month Performance History	30
1.5 Key/Critical Goals and Objectives.....	31
1.6 SWOT Analysis.....	32
2.0 THE MARKETING PLAN.....	37
2.1 Marketing / Sales Targets.....	37
2.2 Marketing strategies and Resource Requirements	38
3.0 THE OPERATING PLAN.	42
3.1.1 Water Production	42
3.1.2 Water Distribution.....	42
3.2 Operating Targets	43
3.3 Operating Strategies and Resource Requirements	43
4.0 THE HUMAN RESOURCE PLAN.....	47
4.1 Current Personnel needs.....	47
4.2 Staff Hiring, Promotion and Discipline.....	47
4.2.1 Hiring policy.....	48
4.2.2 Staff welfare.....	48
4.2.3 Staff promotions.....	49
4.2.4 Disciplinary procedures.....	49
4.2.5 Staff Remuneration	49
4.2.6 Training and Human Resource Development plan.....	50
4.2.7 Staff Management.....	50
5.0 THE FINANCIAL MANAGEMENT PLAN	51
5.1 The Projected Fixed Costs (Fc) and Controllable Costs (Cc).....	53
5.2 KWP's Share of the Operating Margin Surplus.....	55
APPENDICES	56
INCOME AND EXPENDITURE PROJECTIONS 2004.....	56
INCOME AND EXPENDITURE PROJECTIONS 2005.....	60
CAPITAL BUDGET SCHEDULE FOR JINJA WATER SUPPLY AND SANITATION AREA 2004.....	64
CAPITAL BUDGET SCHEDULE FOR JINJA WATER SUPPLY AND SANITATION AREA 2005.....	68
MARKETING STRATEGIES.....	72
OPERATIONAL STRATEGIES.....	75
AREA ORGANOGRAM	77
CURRENT PERSONNEL NEEDS	78
TRAINING PROGRAMME 2004-2005.....	0

List of Tables

Table I Average Social-economic indicators for the servicearea	27
Table II Distribution system	28
Table III Differentiated service levels	29
Table IV Six month performance history	30
Table V key Targets	31
Table VI SWOT Analysis	32
Table VII Present average selling levels	37
Table VIII Marketing / Sales Targets	37
Table IX Summary of marketing strategies and resource requirements	39
Table X Operating Targets	43
Table XI Operating strategies and resource requirements	43
Table XII Key staff for KWP	49
Table XIII Projected fixed costs and controllable costs	53
Table XIV Share of the Operating Margin surplus	55
Table XV Income and Expenditure projections 2004	56
Table XVI Income and Expenditure projections 2005	60
Table XVII Capital Budget Schedule for JWSSA 2004 (Procurement to be done HQRTs)	64
Table XVIII Capital Budget Schedule for JWSSA 2004 (Requiring transfer of funds)	66
Table XIX Capital Budget Schedule for JWSSA 2004 (Procurement to be done HQRTs)	68
Table XX Capital Budget Schedule for JWSSA 2005 (Requiring transfer of funds)	69
Table XXI Marketing strategies	72
Table XXII Operational strategies	75
Table XXIII Personnel needs	78
Table XXIV Training programme	..0

List of Figures

Figure 1.Area Organogram	77
--------------------------	----

Acronyms and abbreviations

AA	Accountancy Assistants
A/Cs	Accounts
AE	Area Engineer
AM	Area Manager
AO	Accounts Officer
APC	Area Procurement Committee
CA	Commercial Assistant
Cc	Controllable costs
CO	Commercial Officer
Coll.	Collection
DAMC	Delegated Area Management Contracts
Fc	Fixed Costs
FDO	Front Desk Officer
HQs	Headquarters
HTH	Hypo chlorite Powder
Hrs	Hours
IT	Information Technology
ISO	International Standards Organization
JWSSA	Jinja Water Supply and Sanitation Area
Kms	Kilometres
KWP	Kiira Waters Partners
LAN	Local Area Network
l/c/d	Litres per capita per day
m	metres
M	Million
M3/day	Cubic metres per day.
NOTU	National Organisation of Trade Unions
NWSC	National Water and Sewerage Corporation
OM	Operating Margin
OME	Target Operating Margin
OMO	Base Operating Margin
PA	Principal Accountant
QMS	Quality Management System
SPO	Senior Personnel Officer
STWSP	Small Towns Water and Sanitation Project
UFW	Unaccounted For Water
ZM	Zonal manager
%	Percentage

1.0 DESCRIPTION OF THE CURRENT BUSINESS SITUATION

1.1 Introduction

National Water as a utility body has carried out a number of performance improvement programmes. In effect, these innovations have aimed at improving services in a humane but yet effective and efficient manner. As further step for continuous improvement in financial and operational performance, the Management of NWSC intends to devolve yet more authority and responsibility to its operational areas under the Delegated Area Management Contracts (DAMC's). DAMC is a deliberate move to systematically but steadily entrench private sector partnerships arrangement as a strategy for long term sustainable performance improvements in urban water supply and National Water in particular.

NWSC Headquarters signed Performance Contract with Government of Uganda. This Contract together with the Corporate Plan in mind and the desire to always Champion, embrace and steer positive changes, NWSC Jinja has agreed to form a partnership under the names of **Kiira Waters Partners (KWP)** to provide water supply and sewerage services in the **Jinja Water Supply and Sanitation Area (JWSSA)**. KWP is under obligation to prepare a business plan which will form a basis for a 2 year management Contract. This document therefore is a business plan for a period of 2 years effective Jan 2004 to Dec 2005.

1.2 Jinja Water and Sewerage service area

The Jinja Water Supply and Sanitation service Area has an expanse of 160km² including the Jinja & Njeru Municipal Councils and stretches further beyond up to Magamaga in Mayuge District and the Bugembe Area.

The combined population in the service Area is 250,000 persons. Historically Jinja /Njeru town developed as an industrial domain for Uganda due to the hydro- electric power Dam developed and opened in 1954. The industries included breweries, textile manufacture, and paper industries foundry, copper smelting, Tobacco processing and tea blending, grain milling, fish processing etc. Today, however, the industrial sector has declined and has been taken over by the tourist industries.

Table I Average Social-economic indicators for the service area

Indicators	Figures
Average family size	8 persons
Service coverage	85%
Un employment rate	4.5%
Urban poor (earning < 80,000/= per month)	80,000 persons
UFW	28%
Sanitation (Basic) coverage	60%

1.3 Product & services

1.3.1. Production

Jinja Area abstracts raw water from Lake Victoria in the Napoleon gulf and Water is treated at Masese Water Works. This conventional treatment process comprises of mainly clarification (using Aluminium Sulphate as a coagulant), filtration & disinfection (using either Gas/ HTH powder Chlorine). The treatment capacity and throughput of the waterworks is 30,160m³/day. The Area has a fully fledged laboratory for monitoring of treatment process and product quality control. Treated water is pumped through four rising mains each of 300mm diameter to Rubaga and Walukuba reservoirs. The high level reservoirs at Rubaga have storage capacity of 24,000m³, whereas the low level reservoir at Walukuba has storage capacity of 4,000m³. There is no appreciable seasonal variation of the raw water quality probably because of the self cleansing/flushing capacity of R. Nile.

1.3.2. Distribution

The distribution system is estimated at 325km and detailed as below

Table II Distribution system

Material	Diameter			Total
	D <100	100M<D>150m	D>150	
AC	29	19	50	98
CI	27	46	Nil	73
Steel	Nil	09	05	14
PVC	29	12	04	45
GI	08	06	01	15
HDPE	80	Nil	Nil	80

60% of the network is generally old resulting in high maintenance costs. Although, under the Small Towns Water and Sanitation Project (STWSP), 20Kms of old mains were replaced with sufficient improvement in reduction of bursts and leakages, there still exist other pipe stretches which need significant maintenance, replacement and control especially in Bugembe Zone. Daily water supply at moment is over 16hrs in most supply areas; however, because of some hydraulic limitations and inadequate carrying capacity, the following areas still suffer from low supply pressure during some hours of the day.

- ✍ Along Naava Road
- ✍ Danida Jinja
- ✍ Budondo Road

Supply to Njeru areas has been boosted under the STWSP where a booster station was installed to boost water up to 1000m³ satellite Reservoir at Nakibizzi. The network lacks sufficient control appurtenances and air valves to minimize Airlocks, a phenomenon frequently occurring immediately during the aftermath of supply disruption in the network.

1.3.3 Service delivery:

Water supply is through differentiated service levels as per table below:

Table III Differentiated service levels

Scope	No	Consumption
Individual house connection	5564	56670
Yards taps	452	13519
Public Standpipe	475	14323
Government	73	78157
Industrial commercial	1348	82110

The commercial essence and need for viability notwithstanding, the area guided by its mission and quality policy, is implementing a deliberate policy to improve and ensure sustainability of service to the urban poor. A lot of work has been done towards this through institution of sound management practices and expansion of infrastructure to urban poor settlements. Areas which have already benefited are Idhogolo , Sakabusolo, Kikaramoja, Danida etc. The Area has a fully fledged Data Centre enabling customers to receive bills based on meter readings on monthly basis. Response to customers complaints is coordinated by Front Desk and implemented by field staff.

1.3.4 Sewage Collection and Treatment

The sewerage system is divided into two catchments, draining into Kirinya and Kimaka Stabilization ponds. The sewer mains range in diameter from 175mm to 525 mm. The Kirinya ponds are served by six trunk sewers conveying mainly domestic sewage from the centre of town and a mixture of domestic and industrial sewage from the south of Jinja Town. The Kimaka ponds is only for primary treatment and receives sewage from mainly the Barracks and other domestic sewage on the western drainage area of Jinja Municipality. The Sewerage system is small estimated at only 55km mainly in central Jinja Town.

Main problems are:-

1. Limited land areal space for expansion of Kimaka
2. Manholes normally buried as a result of cultivation and road works
3. Loss of manhole covers through vandalism
4. Un-controlled dumping of rubbish in manholes.
5. Decreased hydraulic carrying capacity of sewers due to corrosion
6. Old mains
7. Poor social habits from public
8. Drainage of flood waters into the ponds

As a result of mix up of domestic waste water and flood water, the hydraulic loading of the ponds is increased during the time of storms and thus affecting the performance of the ponds. Kirinya ponds can meet National Standards in terms BOD and TSS. Nutrient removal is still a big problem. KWP will go into partnerships with the LVEMP project o bio-manipulate the adjacent wetland.

1.4 Six Month Performance History

Table IV Six month performance history

Indicator	Units	Apr.03	May 03	Jun 03	July 03	Aug 03	Sept 03
Water Sold	M3	234,000	230,000	244,000	232,000	242,000	246,000
Billing	Ushs	301,768	297,053	312,818	292,220	327,676	321,431
Collections	Ushs	212,947	289,531	354,370	328,471	351,563	357,163
Operating margin	Ushs	74,423	148,107	202,230	185,852	196,795	196,795
Total arrears (000)	Ushs	3,356,050	3,396,670	3,364,345	3,369,120	3,350,325	3,323,430
UFW	%	36.9	30.9	26.1	31.4	29.5	24.1
%age Metering	%	100	100	100	100	100	100
%age Meters read	%	100	100	100	100	100	100
%age Of Reported pipe leaks /bursts repaired	%	100	100	100	100	100	100
Average response time to leaks/ Bursts	Hrs	<8	<8	<8	<8	<8	<8
Response time to sewage Blockages	Hrs	<8	<8	<8	<8	<8	<8
New Water connections	Nr.	45	38	37	51	59	39
Active water connections	Nr.	5,435	5,519	5,531	5,692	5,659	5,901
Suppressed/ Inactive water accounts	Nr.	2,286	2,265	2,306	2,181	2,169	1,980
New Sewer Connections	Nr.	1	0	0	1	2	1
Active sewer connections	Nr.	1,943	1,943	1,947	1,948	1,953	1,931
%age of Customer complaints Responded to / Resolved	%	98	98	98	98	100	100
Average response Time Of Technical Nature Complaints	Hrs	<8	<8	<8	<8	<8	<8
Average Response time of Commercial nature Complaints	Hrs	<8	<8	<8	<8	<8	<8
%age of samples Failing bacteriological water quality tests	%	0	0	0	0	0	0

Indicator	Units	Apr.03	May 03	Jun 03	July 03	Aug 03	Sept 03
%age of samples Failing Physico-Chemical water quality tests	%	1	1	1	1	1	1
%age of samples Meeting sewage Effluent Quality Standards	%	99	99	99	99	99	99

1.5 Key/Critical Goals and Objectives

The Main overall objective emphasized by this business plan is

- 1 Sustaining and consolidating achievements already attained in the previous programmes.
- 2 To foster continuous improvement in financial and operations performance in the Area.

The key targets are highlighted in the table below with identified keys to success.

Table V key Targets

	Indicator	Unit	Year 1 target	Year 2 target	Keys To success
1	Working Ratio	%	46	45	Optimize cost and increase revenue
2	UFW	%	25	23	Replace old mains and control administrative losses.
3	Connection efficiency	%	81	85	Reduce suppressed accounts and increase new connections
4	Collection Period	Mths	8.5	7	Improve revenue collection

1.6 SWOT Analysis

Table VI SWOT Analysis

Function/Business aspect	Strengths	Weaknesses	Opportunities	Threats
Marketing and sales	<ul style="list-style-type: none"> ✍ Good customer relations. ✍ Competent workforce. ✍ Committed management. ✍ Ability to handle customer complaints. ✍ Ability to bill and deliver bills on monthly basis. ✍ Existence of basic IMS in the area. ✍ Degree of autonomy to design marketing strategies. ✍ Subsidy of connection expenses to facilitate new connection. 	<ul style="list-style-type: none"> ✍ Poor internal communication. ✍ Inadequate public awareness of the product and services. 	<ul style="list-style-type: none"> ✍ Goodwill from the general public. ✍ Available virgin areas for expansion. ✍ Under-utilized production capacity. ✍ Monopoly of service. ✍ Availability of local radio stations for information transfer. 	<ul style="list-style-type: none"> ✍ Negative societal attitude to payment for services. ✍ Low purchasing power. ✍ Rigid policy in arrears management. ✍ Need for fulfillment of social obligations at the compromise of commercial viability.
Materials procurement	<ul style="list-style-type: none"> ✍ Committed management. ✍ Availability of alternative materials for use. ✍ Prompt local procurement. 	<ul style="list-style-type: none"> ✍ Piece-meal procurement of items, which increases the cost. ✍ Inadequate specifications. 	<ul style="list-style-type: none"> ✍ Availability of items in the local market. ✍ Bulk purchases by HQtrs helps maintain standardization and reduced unit costs. 	<ul style="list-style-type: none"> ✍ Delayed procurement of basic items e.g chemicals ✍ Bulk delivery of material not of desired quality.
Production and transmission	<ul style="list-style-type: none"> ✍ Reliable production plants. ✍ Available technical competence. ✍ Compliance to national quality standards. ✍ Well equipped laboratory and trained personnel. 	<ul style="list-style-type: none"> ✍ Under-utilized investment. ✍ Ability to enforce safety and health requirements. ✍ Unreliable water meters. ✍ Inadequate record keeping. ✍ In-comprehensive PPM. 	<ul style="list-style-type: none"> ✍ Abundant supply of raw water. ✍ Low contamination at the raw water intake. ✍ Regular supply of chemicals and materials. 	<ul style="list-style-type: none"> ✍ Power outage. ✍ High production cost especially due to power and chemicals. ✍ Water pollution at the intake. ✍ Vandalism of transmission pipe network. ✍ Biological terrorism.
Storage	<ul style="list-style-type: none"> ✍ Adequate storage capacity at the main reservoirs. ✍ Adequate security. ✍ Well coordinated monitoring. 	<ul style="list-style-type: none"> ✍ Weakened structural soundness of the reservoirs. ✍ Inadequate basic 	<ul style="list-style-type: none"> ✍ Acquisition of infrastructure for storage – JDA. ✍ Public goodwill. 	<ul style="list-style-type: none"> ✍ Inadequate storage capacity at Nakibizzi reservoir. ✍ Biological terrorism.

Function/Business aspect	Strengths	Weaknesses	Opportunities	Threats
		<p>sanitary services at the reservoirs.</p> <ul style="list-style-type: none"> ✍ Poorly maintained access roads. ✍ Potential contamination of some tanks. 		<ul style="list-style-type: none"> ✍ Vandalism of structure. ✍ Poor maintenance of access roads.
Distribution	<ul style="list-style-type: none"> ✍ Some old, weak mains have been replaced. ✍ Monopoly of services delivery. ✍ Comprehensive network coverage. ✍ Competent and well-equipped workforce. ✍ Available basic equipment and personnel. ✍ Basic record of network available. ✍ 100% metering. 	<ul style="list-style-type: none"> ✍ Old, weak mains prone to bursts. ✍ Inadequate auxiliary structures; i.e. washouts. ✍ Hydraulic constraints. ✍ Disparity between field and reports made. ✍ Poor meter management. 	<ul style="list-style-type: none"> ✍ Unsaturated distribution coverage. ✍ Monopoly of service delivery. ✍ Availability of cheaper local alternative materials. ✍ Communication facilities. ✍ Goodwill from the public for mains extensions. ✍ Flexible budget. ✍ Local participation in infrastructural development. ✍ Political will to support development. ✍ Protection by local communities. 	<ul style="list-style-type: none"> ✍ Vandalism of service network. ✍ Technical impersonation. ✍ High cost of repair materials.
Water losses	<ul style="list-style-type: none"> ✍ Good response time. ✍ Many old mains are replaced. ✍ Replacement of key old, weak mains is already planned. ✍ District metering already done in most places. 	<ul style="list-style-type: none"> ✍ Lack of intensive patrol of the network for leaks and bursts. ✍ Lack of accurate documentation of the network. ✍ Partial district metering. 	<ul style="list-style-type: none"> ✍ Commitment of top management. ✍ Public goodwill / concern. 	<ul style="list-style-type: none"> ✍ Vandalism of the infrastructure. ✍ Illegal water consumption.
Maintenance	<ul style="list-style-type: none"> ✍ Adequate stock of basic maintenance equipment. ✍ PPM is put in place and followed. ✍ Adequate transport for maintenance work. ✍ Ability to locate all services network. 	<ul style="list-style-type: none"> ✍ Lack of mechanical equipment. ✍ Inadequate skills in maintenance field work. ✍ Use of rudimentary repair methods. ✍ Archaic technology in mains maintenance 	<ul style="list-style-type: none"> ✍ Local labour readily available. ✍ Commitment of top management. ✍ Commitment of customers. 	<ul style="list-style-type: none"> ✍ Inadequate of coordination in infrastructural development.

Function/Business aspect	Strengths	Weaknesses	Opportunities	Threats
		/repairs.		
Billing	<ul style="list-style-type: none"> ✘ Availability of a standby generator. ✘ Maintenance of 100% metered consumption. ✘ Computerised billing system. ✘ Timely billing. ✘ Timely delivery of bills. ✘ Reliable meter readings. 	<ul style="list-style-type: none"> ✘ Inadequate computer training. ✘ Estimated meter readings. ✘ Erroneous billing. ✘ Suppressed A/Cs. 	<ul style="list-style-type: none"> ✘ Upcoming investments. ✘ Ability to expand network. 	<ul style="list-style-type: none"> ✘ Meter defilement. ✘ Collapsing industries. ✘ Low purchasing power. ✘ Alternative sources of water. ✘ Unreliable power supply. ✘ Local pressure for tariff reduction.
Collection	<ul style="list-style-type: none"> ✘ Opening up zonal offices. ✘ Adequate personnel for monitoring arrears. ✘ Staff commitment to revenue collection work. ✘ Suitable revenue collection strategies. ✘ A squad is put in place to monitor field malpractices. 	<ul style="list-style-type: none"> ✘ Inadequate responsive attitude towards revenue collection. ✘ Disconnections. ✘ Suppressed A/Cs. ✘ Weakness in application of existing legal action in recovery of debt. 	<ul style="list-style-type: none"> ✘ Electronic banking. ✘ Ability to expand to potential areas. ✘ Collectable arrears. ✘ Good will of the customers to pay water bills. ✘ Government commitment to pre-pay for services. ✘ Good relationship with local authorities. 	<ul style="list-style-type: none"> ✘ Bad Debts. ✘ Difficulty in collecting domestic arrears from government ministries. ✘ Poor economic status. ✘ Low willingness to pay in certain sections. ✘ Shift to alternative water sources. ✘ Customer hostility.
Human resources	<ul style="list-style-type: none"> ✘ Adequate staffing. ✘ A competent workforce. ✘ Good working relationship between area management and the Union. ✘ Planned capacity building. ✘ Job security. ✘ Adequate staff welfare. 	<ul style="list-style-type: none"> ✘ Integrity of staff. ✘ Inertia to change. ✘ Weak internal communication. 	<ul style="list-style-type: none"> ✘ Abundant local labour. ✘ Labour Organisation in place (NOTU). 	<ul style="list-style-type: none"> ✘ Impersonation. ✘ Staff migration due to better motivation in businesses elsewhere. ✘ Impending reforms in the urban water sector.
Cost Optimization	<ul style="list-style-type: none"> ✘ Budget compliance. ✘ Planned procurement. ✘ Use of alternative technology. ✘ Flexibility to outsource cheaper labour / other activities. ✘ Availability of area procurement committee. ✘ Well managed medical scheme. ✘ Sense of cost awareness amongst the staff. ✘ Energy audit carried out. ✘ Fully fledged laboratory for 	<ul style="list-style-type: none"> ✘ Inappropriate staff deployment. ✘ Uncoordinated transport utilization. ✘ Uncoordinated purchases. ✘ High maintenance costs of mains repairs. ✘ Misuse of telephone service. ✘ Uncoordinated 	<ul style="list-style-type: none"> ✘ Availability of local cheap labour. ✘ Availability of other alternative cheap technology. 	<ul style="list-style-type: none"> ✘ No control over tariff setting by other service providers. ✘ Stringent national procurement policy. ✘ Non-availability of some materials locally. ✘ Terrorism. ✘ Medical expenses of special nature. ✘ High local levies. ✘ Limited suitable premises

Function/Business aspect	Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> optimisation of the use of chemical. ✍ Availability of IT and communication network. ✍ Routine servicing of vehicular fleet. ✍ Availability of adequate transport in a relative sound mechanical condition. ✍ Flexible organogram. ✍ Friendly retirement scheme. 	<ul style="list-style-type: none"> maintenance of old equipment. ✍ Old inefficient equipment. ✍ 		<ul style="list-style-type: none"> for rent at the zones.
Suppressed accounts	<ul style="list-style-type: none"> ✍ Their number is known. ✍ Management commitment to resolve the issue of suppressed accounts. ✍ Availability of IT for analyzing suppressed accounts. ✍ Alternative approaches to revenue collection. 	<ul style="list-style-type: none"> ✍ Inadequate monitoring of suppressed accounts. ✍ Poor disconnection methods. ✍ Poor update of records. ✍ Poor arrears management policy. ✍ Inadequate information flow. ✍ Delay in field follow-up for reported cases. ✍ Ineffective legal machinery to resolve issues on suppressed accounts. ✍ Poor monitoring of PSP's. 	<ul style="list-style-type: none"> ✍ Positive internal policy reforms. ✍ Partnership with other stakeholders to enforce public health. ✍ Availability of local communication media. 	<ul style="list-style-type: none"> ✍ Bureaucratic debt management. ✍ Illegal use of water. ✍ Low awareness and complacency of the customers. ✍ Socio-economic inability to purchase services.
Administration/ General management	<ul style="list-style-type: none"> ✍ Well-developed infrastructure. ✍ Commitment of Mgt. ✍ Adequate facilitation. ✍ Adequate staff welfare. ✍ Competent and committed staff. 	<ul style="list-style-type: none"> ✍ Zonal offices need reorganization to reflect corporation image. ✍ Interpersonal communication requires improvement. 	<ul style="list-style-type: none"> ✍ Chance to furnish the zonal offices. ✍ Commitment of top Mgt. ✍ ISO certification. ✍ Flexibility and autonomy of management to strategise for improvement. 	<ul style="list-style-type: none"> ✍ Danger of losing Corporation property due to lack of evidence of ownership. ✍ Dependence on goodwill of the landlord for Zonal office spaces.

Function/Business aspect	Strengths	Weaknesses	Opportunities	Threats
Management Information System/IT	<ul style="list-style-type: none"> ✍ Facilitation with Computers. ✍ Prompt adequate protection from viruses. ✍ Regular backup of data. ✍ Standby power source available. 	<ul style="list-style-type: none"> ✍ In adequate training. ✍ In adequate furniture. ✍ Lack of maintenance schedules for the M/C. ✍ Poor trunking network and setup of office space. ✍ Stand by power source Mgt. requires streamlining. ✍ Excessive control of Administration. ✍ Inadequate facilitation with computers. 	<ul style="list-style-type: none"> ✍ LAN available. ✍ Support and commitment of top Mgt. ✍ Possibility of sharing software information. 	<ul style="list-style-type: none"> ✍ Possibility of “hackers” destroying the database. ✍ System failure. ✍ Rigidity in billing software (Custima) renders it difficult to utilize in contemporary reports.
Sewerage services	<ul style="list-style-type: none"> ✍ Well equipped service delivery. ✍ Ability to respond quickly to faults. 	<ul style="list-style-type: none"> ✍ Inability to comply with national standards. ✍ Inability to expand Kimaka treatment works. ✍ Poor monitoring of industrial/municipal discharge. ✍ Staff attitude to sewerage management. ✍ Inability to market and dispose sludge. ✍ Low sewerage coverage. ✍ Low /inadequate PPM. ✍ Old sewer network. 	<ul style="list-style-type: none"> ✍ Low cost of treatment and transport. ✍ Profitability of service delivery. ✍ Community awareness of environmental concerns. 	<ul style="list-style-type: none"> ✍ Stringent national standards to which to adhere. ✍ Encroachment on wetlands – Kirinya. ✍ High investment cost and longterm payback. ✍ Vandalism/abuse of sewerage network. ✍ Alternative on site sanitation.

2.0 THE MARKETING PLAN

Analysis of the present average selling levels reveals the following as shown in the table of consumption by category below.

Table VII Present average selling levels

Consumer Category	No. of connection	Volume billed (000)	Revenue Ushs (000)	% Sales
Commercial	1348	49	83389	20
Domestic	5546	63	73414	26
Institution	243	20	25518	8
Local Authority	594	26	16094	11
Ministries	73	79	111760	32
Parastatals	90	10	9672	04

Present social economic conditions point to the fact that sales can increase in terms of domestic connections in the peri – urban areas and reactivation of suppressed accounts. Although Jinja/Njeru Geographical area is slowly turning to a tourist centre, no appreciable increase in sales out of tourism is anticipated in the next two years. The municipalities have been gazetted as an export promotion zone which of course has a positive bearing on the social economic development of the area in the near future. However, the gains of this gazette are to be realized in the long term with no miraculous achievement in the next two years. Emphasis will be put on potential domestic consumers in the Area.

A broad approach to marketing will be by targeting active and potential customers zone by zone. The water supply area is divided into three distinct operational zones namely Njeru, Bugembe and Town Centre (see map attached) different zones have different consumption levels. Whereas Bugembe is predominantly domestic, the other two zones cut across industrial, commercial and domestic consumption.

Although the Corporation has a social obligation to supply to the public portable wholesome water, its worthwhile to note and emphasize that water is an economic good which has to be supplied in a business like environment if the service is to be sustained. This therefore calls for pertinent and aggressive marketing strategy for this good.

2.1 Marketing / Sales Targets

Table VIII Marketing / Sales Targets

	Indicator	Unit	Base Performance	Year 1 target	Year 2 target
1	Water sold (Avg Monthly)	M3	238,000	247,146	251,832
2	Billing (Avg Monthly)	'000	312,500	327,721	339,897

3	New Connections (Avg Monthly)	Nr.	40	55	65
4	Active accounts (Year end)	Nr.	6581	7100	8300
5	Suppressed accounts (Yr End)	Nr.	1780	1645	1488

2.2 Marketing strategies and Resource Requirements

As earlier highlighted above, the Jinja Area Customers as differentiated geographically have varying degrees of expectations and tolerance. Big consumers such as hotels, fish factories and other industries need reliable supply of water to boost the business. Service provision to all categories of consumers has to be reliable regardless of the geographical location. For examples, for peri urban consumers, there is a tendency to resort to alternative sources of water hence the marketing strategies should be appropriate. Social economic differences in the various customer categories and geographical settings need to be understood fully especially with regards to willingness and ability to pay. The marketing strategies proposed to be used will have the overall output of having delighted consumers in Jinja Area.

Table IX Summary of marketing strategies and resource requirements

No.	Strategy/Actions	Relevant Objectives	Resource requirements
Increase New Connections	<ul style="list-style-type: none"> ✍ Identify areas that are commercially viable to intensify supply network / extend water mains. ✍ Encourage co financing and cost sharing with beneficiary communities for mains extensions. ✍ Hold regular strategic alliance meetings with all relevant stakeholders#1 ✍ Increase awareness of staffs on the need to broaden customer base. ✍ Increase awareness of the public on the costs involved in making new connections by use of the public media. ✍ Accept payment for new connections in installments. ✍ Quicken connection period to less than 4 days. ✍ Send out teams to the field and woo potential customers. ✍ Identify and remove operational bottlenecks in the new connections process. ✍ Where applicable provide some basic new connection requirements/fittings#2. ✍ 	<ul style="list-style-type: none"> ✍ Increase customer base. 	<ul style="list-style-type: none"> ✍ #1Additional 600,000/= per month. ✍ # 2(800,000) per month.
Increase Billing	<ul style="list-style-type: none"> ✍ Extend mains to viable areas. ✍ Un-suppress Accounts. ✍ Apply appropriate tariff. ✍ Update new connections promptly. ✍ Replace all defective meters before the following billing date. ✍ Bill all active A/Cs. ✍ Read all meters monthly and accurately. ✍ Stock adequate supply of quality meters. ✍ Set up, equip squad to investigate, curtail illegal consumption and meter defilement. ✍ Enforce weekly monitoring of big Consumption meters. 	<ul style="list-style-type: none"> ✍ Increase billing. 	
Increase the Revenue Collected	<ul style="list-style-type: none"> ✍ Deliver accurate bills promptly. ✍ Attach appropriate reminder notices to bills. ✍ Utilize the Electronic payment for services. ✍ Sensitize customer about their obligation to pay for services rendered by use of public media. ✍ Make physical visits to all customers. ✍ Maintain records of all customer commitment and monitor to 	<ul style="list-style-type: none"> ✍ Increase the Revenue collected. 	<ul style="list-style-type: none"> ✍ Additional 400,000/= per month.

No.	Strategy/Actions	Relevant Objectives	Resource requirements
	<p>ensure compliance.</p> <ul style="list-style-type: none"> ✍ Develop customer loyalty by rewarding well-paying customers. ✍ Monitor active A/Cs in the neighborhood of disconnected A/Cs. ✍ Encourage payment by post-dated cheque. ✍ Encourage prepayment agreement. ✍ Reward staffs that woo back disconnected customers to supply. ✍ Execute legal action for serious non-payment. ✍ Consistently follow up debts from Government under the MoU. ✍ Acquire services of an empowered debt collector. ✍ Develop and strengthen an MIS to effectively capture, track and handle customer related issues. ✍ Use of marketing strategies like Fires, seasonal bonanzas. 		
Decrease Suppressed A/Cs	<ul style="list-style-type: none"> ✍ Institute a task force to comprehensively investigate Suppressed A/Cs and recommend appropriate action. ✍ Intensively utilize pre-payment system to worthy customers to boost reconnections and reduce suppressed A/Cs. ✍ Make agreements for installment payment of arrears to ease the burden of arrears on customers and ensure compliance. ✍ Analyze the data base to sort out and eliminate erroneous and grossly misleading data. ✍ Put in place monitoring mechanism to minimize on the accumulation of big bills. ✍ Refer to Headquarters bad debts and uncollectible arrears for write off. ✍ Hold seasonal marketing drives targeting suppressed accounts. ✍ Effectively disconnect and pursue rational payment modalities. ✍ Strengthen a system of strategic disconnection as opposed to massive disconnection. ✍ Sensitize the public of the economic and health benefits of use of piped water. ✍ Encourage and strengthen the prepayment for domestic and PSP. 	<ul style="list-style-type: none"> ✍ Increase Active A/Cs. ✍ Increase Billing. ✍ Increase Revenue collection. 	<ul style="list-style-type: none"> ✍ Bugembe: 1 Boda Motorcycle ✍ Njeru : 1 Boda Motorcycle @2,500,000=5,000,000 Taskforce = 300,000 <u>TOTAL =5,300,000/=</u>
Improve Customer Care	<ul style="list-style-type: none"> ✍ Implement Customer care policy. ✍ Take the services nearer to the Customers. ✍ Train staff to utilize the Available IT. ✍ Categorize and Analyze complaints to assess frequency of similar complaints. ✍ Identify and close out causes of recurrent complaints. 	<ul style="list-style-type: none"> ✍ Satisfy Customers. ✍ Improve Customer loyalty. ✍ Retain customers. ✍ Delight customers. 	<ul style="list-style-type: none"> ✍ Comm 7 desks ✍ Bugembe 3 desks ✍ Njeru 3 desks <u>@500,000 =6,500,000/=</u> ✍ Bugembe: 1 front desk ✍ Njeru : 1 front desk

No.	Strategy/Actions	Relevant Objectives	Resource requirements
	<ul style="list-style-type: none"> ☞ Reward well paying customers. ☞ Procure modern office furniture. ☞ Refurbish Zonal Offices to reflect corporation image. ☞ Strengthen and develop further the recently introduced QMS. 		<p><u>@2,000,000=4,000,000/=</u></p> <ul style="list-style-type: none"> ☞ Comm 10 chairs ☞ Bugembe 1 chair ☞ Njeru 1 chair <p><u>@250,000 =3,000,000/=</u></p> <p>Additional customer incentives per month = <u>400,000/=</u></p> <p>Bugembe : 1 radio Set Njeru : 1 radio set <u>@ 120,000= 240,000/=</u></p> <p>Bugembe :1 curtain set/yr Njeru :1 curtain set/yr <u>@ 200,000= 800,000/=</u></p> <p>Bugembe : 2 carpets Njeru : 2 Carpets <u>@ 500,000= 2,000,000/=</u></p> <p>Zonal Offices : 8 Times <u>8@400,000= 3,200,000/=</u></p> <p>Sign posts 2 zones <u>2@200,000 = 400,000/=</u></p> <p><u>TOTAL 20,420,000/=</u></p>
Market Research	☞ Carry out periodic market surveys.	<ul style="list-style-type: none"> ☞ Establish market rating. ☞ Gauge customer satisfaction. ☞ Determine opportunities and threats. 	

3.0 THE OPERATING PLAN.

The Operating Plan is broken down into elements or work schedules to address and ensure achievement of the marketing plan as follows:-

3.1.1 Water Production

Although KWP intends to increase billing by 13 % to Ushs 340m per month, the water production is not expected to be increased significantly since we are going to concentrate a great deal on reducing UFW to just above 20% and address under billing by applying appropriate and correct tariffs. The water production is expected to increase from average of 14,000 to 14,500 by end of contract.

We shall institute proper management measures to ensure optimum resource utilization, reducing plant down time to less than 20% and enforce proper and desirable house keeping. Brief outlines of the anticipated activities are:

- ? Refurbishment of clear contact Tank
- ? continuously improve on landscaping and keep well trimmed compound to grass height of not more than 100mm
- ? Implement and continuously improve on the already developed Quality Management System in the Area (ISO 901 2000)
- ? Carry out state of the Art repairs & renovation of all civil structures and premises at the W/Works to ensure good & conducive working environment.
- ? The area in liaison with Headquarters to systematically build capacity to timely and effectively handle PPM.
- ? Ensure that available plant in good working order at any moment does not go below 90% of installed capacity.

3.1.2 Water Distribution

KWP intends to reduce UFW to 20% and thus increase the billing efficiency. This will require a multi-technical approach of improving on the O & M of the existing network, Operation, training, sensitization, equipping and rational deployment of human resource. We also intend to critically look into some activities to the above effect which can easily be outsourced to enable the area staff concentrate on core activities where their presence is desirable. We intend to increase service coverage of the existing gazetted area to well over 95% by the end of the second year of the contract. The task of increasing coverage by 10%, small as it may appear will not be easy, however, this is not to say that the task ahead is insurmountable. In increasing this coverage, we shall be inspired by the mission of ensuring quality service on a commercially & socially acceptable basis.

We shall carry out but not limited to the following.

Effect an effective PPM for the entire distribution network, plant and tools.

- ✍ Equip staff to adequately handle maintenance and operation of the water & sewerage system.
- ✍ Increase network length by 30km

- ✘ Institute a rational procurement guideline and ensure availability required quality of stock items at all times.
- ✘ set up vigilant squad and an effective information network to investigate and follow up suppressed accounts, illegal and other malpractices in the field.
- ✘ Install District bulk meters in supply zones.
- ✘ Clear the database of obsolete data.
- ✘ Institute and implement field visits to reach customers at least once in two months.

3.2 Operating Targets

Table X Operating Targets

#	Indicator	Units	Base (Min.Standard)	Average Monthly Year 1 Targets	Average Monthly Year 2 Targets
1	UFW	%	28	25.2	24
2	Percentage of Metering	%			
3	Percentage of Meters Read	%	100	100	100
4	Percentage Leaks, Bursts Repaired	%	100	100	100
5	Response to Leaks, Bursts	Hrs	8	6	6
6	Response To Sewer Blockages	Hrs	12	12	8
7	New Sewer Connections	Nr.	2	3	3
8	Active sewer Connections-End	Nr.	1,955	1,991	2,027
9	Inactive Sewer Connections-End	Nr.			
10	Percentage of customer complaints Responded to / resolved	%	100	100	100
11	Average response time to Complaints of Technical Nature	Hrs..	8	6	6
12	Average response time to Complaints of Commercial Nature	%	8	6	6
13	Percentage Of Samples Failing Bacteriological Water Quality Tests	%	0	0	0
14	Percentage Of Samples Failing Physico- Chemical Water Quality Tests	%	1	1	1
15	Percentage of Samples Meeting Sewage Effluent Quality Standards.	%	99	99	99
16	Total Collections	'000	328,125	360,493	373,887
17	Operating Margin	'000	176,667	209,035	222,429
18	Total Arrears-End	'000	3,135,930	2,742,665	2,334,788

3.3 Operating Strategies and Resource Requirements

Table XI Operating strategies and resource requirements

	Strategies/Action	Target Impacted	Resource requirements
Materials Procurement	<ul style="list-style-type: none"> ✍ Ensure timely procurement of budgeted items. ✍ Maintained re-order levels for fast-moving items should be. ✍ Improve stock control management. ✍ Provide adequate specification for procurement. 		
Water production	<ul style="list-style-type: none"> ✍ Expand the water network to utilize the excess capacity of the production plant. ✍ Calibrate the water meters to ensure accurate reading. ✍ Spot-weld detachable metallic anchor brackets on elevated pipework to prevent vandalism. ✍ Expand the water network to potential areas. ✍ Ensure proper use of expensive chemicals at the plant. 	<p>Reduce UFW. Cost-effective production. To accommodate the excess capacity of the plant.</p> <p>To reduce waste.</p>	
Maintenance	<ul style="list-style-type: none"> ✍ Stock and maintain the basic equipment used in repairs. ✍ Improve PPM schedule. ✍ Liaise with local authority to coordinate infrastructure development. ✍ Follow standards of operational practices. 		
Distribution	<ul style="list-style-type: none"> ✍ Identify and replace the remaining old, weak mains. ✍ Identify causes of vandalism of infrastructure. ✍ Identify and install auxiliary structures in the water system network. ✍ Intensify patrol of the network. ✍ Update periodically the network drawings and data. ✍ Equip and facilitate the squad for monitoring illegal water malpractices. 	<ul style="list-style-type: none"> ✍ To minimize interruption of supply because of bursts. ✍ To reduce UFW. ✍ To put in place measures to safeguard corporation property. ✍ To control water quality and expedience of maintenance. ✍ To maintain accurate information for field use. 	
Decrease Suppressed A/Cs	<ul style="list-style-type: none"> ✍ Form a Task force to investigate, monitor and recommend bad debts for write off monthly. ✍ Apply effective disconnection methods ✍ Ensure timely update of field returns ✍ Ensure accounts disconnected are visited 30 days after disconnection. 	<ul style="list-style-type: none"> ✍ Reduce suppressed a/cs, increase active a/cs & reduce arrears ✍ Reduce UFW ✍ Accurate database ✍ Control illegal consumption 	

	Strategies/Action	Target Impacted	Resource requirements
	<ul style="list-style-type: none"> ✍ All; accounts with zero balance should be resolved ✍ Arrears 5 yrs+ should automatically be recommended for write off ✍ Sensitize workers about the impact of failure to document and communicate field findings timely ✍ Ensure timely response to reported field findings ✍ Take advantage of the newly appointed commercial legal officer to execute legal action ✍ Ensure arrears on public stand pipes are brought to a halt ✍ Encourage installment payments, post dated cheques and prepayments ✍ Ensure constant reminders and door to door visits are carried out ✍ Incorporate the recent reforms in the debt management methods ✍ Encourage participation of civic leaders in resolving suppressed accounts ✍ Intensify public sensitization through local media 	<ul style="list-style-type: none"> ✍ Eliminate dormant accounts ✍ Reduce debt age, remove uncollectable arrears ✍ Reduce suppressed accounts & increase active accounts ✍ Reduce UFW ✍ Reduce arrears & increase revenue ✍ Arrears reduced ✍ Increased revenue ✍ Increased revenue, reduce arrears growth ✍ Reduce debt age and suppressed accounts ✍ Reduce suppressed accounts ✍ Creates public awareness 	
Improve Customer Care	<ul style="list-style-type: none"> ✍ Implement Customer care policy. ✍ Take the services nearer to the Customers. ✍ Train staff to utilize the available IT. ✍ Categorize and analyze complaints to assess frequency of similar complaints. ✍ Identify and close out causes of recurrent complaints. ✍ Reward well paying customer. ✍ Procure modern office furniture. ✍ Refurbish zonal offices to reflect corporation image. 	<ul style="list-style-type: none"> ✍ Satisfy Customers. ✍ Improve Customer loyalty. ✍ Retain customers. ✍ Delight customers. 	
Cost Optimization	<ul style="list-style-type: none"> ✍ Ensure budgetary compliance. ✍ Monitor and ensure proper staff deployment. ✍ Develop and implement timely PPM. ✍ Hold regular APC meetings. ✍ Adhere to the existing Transport management system under the care of a responsible officer. ✍ Source a list of local potential suppliers with a pricelist with a period of validity. 	<ul style="list-style-type: none"> ✍ Operating margin 	

	Strategies/Action	Target Impacted	Resource requirements
	<ul style="list-style-type: none"> ✍ Replace old mains ✍ Regulate phone use board and analyze the call register on monthly basis. ✍ Assign code numbers to phone lines. ✍ Develop minimum productivity requirements. ✍ Utilize the available e- business. ✍ Energy audit periodically and implement remedial measures ✍ Assess and study production processes to ensure optimal material and chemical usage. 		

4.0 THE HUMAN RESOURCE PLAN

Introduction

Aware of the Global business trends and the fact that business requires one to continuously focus and satisfy the ever changing customer needs and expectations, the need to have a strong human resource base cannot be underestimated. The major challenge of the Area management will be foster an enabling environment which will build a strong and effective team system capable of tapping, harnessing, recognizing and developing individual potentials.

Jinja Area is already abreast with the one minute goal concept where all employees together with their immediate supervisors have agreed on productivity goals and activities. Such goal setting is a basis for proper and prompt assessment and evaluation of performance. We intend to consolidate the above concept. The above notwithstanding, Jinja Area has of recent successfully undergone an Audit leading to ISO 9001:2000 accreditation. KWP therefore intends to strengthen further and consolidate the Quality Management System in Place.

4.1 Current Personnel needs

The current staff productivity is 11 employees per 1000 connections as compared to the targeted productivity of 9 employees per 1000 connections. To have smooth transition into DAMC the Strategy will not be focused on abrupt and unnecessary reduction of staff. We shall instead concentrate on effective deployment with the aim of improving general performance and thus improved productivity.

We intend to aggressively pursue the strategy of increased new connections and active accounts by eliminating all unnecessary bottlenecks hampering operations.

We shall therefore need to recruit an additional commercial Assistant and a meter reader.

We have already carried out performance appraisals and outcomes reflected on the proposed organogram and Salary scale structure have been drawn to fully take into account the new Area organization challenges and individual responsibilities to be given out in the new settings.

The proposed Organogram and staff remuneration schedules are attached in the Annexes.

To mitigate on the training requirements for new personnel, we intend to do in house interviews from the present trainees who are already well versed with the Area operations. Hiring and remuneration of casual labourers will be harmonized. Given the importance and emphasis on the need to monitor and optimize cost, we shall need an Accounts officer. In this regard we shall source internally since capacity and skills are available within the existing workforce.

4.2 Staff Hiring, Promotion and Discipline

Introduction

In the working spirit of partnerships between KWP and Hqs and for this contract to succeed, Headquarters is under obligation to honour the proposed organogram and staff remuneration under this contract.

4.2.1 Hiring policy

1. We will identify a vacant position and a possibility of filling it from within the workforce considered.
2. If Recruitment is to be Outsourced, we will advertise the vacant position on all Notice boards and where necessary, within the municipality.
3. We will ensure that for every post advertised, there must be not less than THREE applicants.
4. The Senior Personnel Officer will be Responsible for preparing the short lists which must be displayed one week before the Interview date.
5. The Recruitment Committee, which consists of SPO, AE, PAO, AA, CO and Union Representative, will be Responsible for interviewing the Applicants and the results determined on the same day by the committee. The SPO will chair the Interviews.
6. At any interview the Recruitment committee MUST be comprised of NOT LESS than THREE people.
7. The Recruitment committee will be as Objective as possible, fair but firm.
8. The Recruitment committee will give consideration to the best Candidate(s). One with the Highest Averaged mark.
9. All Staff shall be recruited on Short-term Contracts of Six (6) months Probation.
10. All Staffs hired from (for consecutive) 12 months and above will be entitled to Contract Gratuity.
11. The Contract Staff shall be paid 220,000/= per month.
12. Casual Labour will be HIRED/ENGAGED only when need arises.

4.2.2 Staff welfare

It's the strategy of the operator to have a dedicated, committed and motivated workforce. As such we intend to uphold the current National Water and Sewerage Corporation welfare status as per the terms and conditions of service. In this respect the operator undertakes to provide the following:

Medical welfare

The staffs and their registered bonafide dependents (as per terms and conditions of service) shall be treated at the cost of the Operator in designated clinics/hospitals. Contract staff shall be treated as per terms of engagement.

Medical cases of specialized nature shall be referred to the Headquarters for further management.

Protective wear and uniforms

The Operator shall provide the requisite protective wear and put in place measures to observe safety at work places. This shall be requested for periodically as a one off expenditure and as such it is not included in the cash flow. However provision has been made as shown in section 5.1; Table IX and Head Office will be obliged to transfer funds for the same at appropriate times.

Other entitlements to entitled staff such as milk, sugar, soap, tea break, sanitary material etc shall be duly provided on timely and regular basis.

Salary and related allowances will be paid according to the Salary structure by the end of every month.

NWSC Headquarters is obliged to transfer Salaries for the seconded staff by the 25th of each month to enable the operator to pay Salary by the end of month.

Leave

Leave and leave payments shall be as per the current NWSC conditions.

4.2.3 Staff promotions

- 1.0 The performance of staff will be measured against the Individual One Minute Goals, which will be reviewed after every three months.
- 2.0 Staff performance will be appraised through staff appraisal reports every six months accompanied by annual increment for deserving staff.
- 3.0 The Senior Personnel Officer will be responsible for Staff appraisal and in conjunction with Heads of Sections will ensure that all staff is appraised.
- 4.0 Promotion of Staff will strictly be on merit and performance.
- 5.0 Vacancies shall be filled as per the organogram
- 6.0 Staff on scales 2-5 Appraisal recommendation shall be forwarded to Headquarters for consideration.

4.2.4 Disciplinary procedures

The following will be applied should an Employee fail to meet the acceptable standards of performance and conduct.

1. ORAL WARNING.

When an employee fails to meet acceptable performance standard/ conduct, she/he will be given an oral warning before a Union official.

2. FIRST WRITTEN WARNING

When an employee continues to fail to meet acceptable performance standards/ conduct he/she will be served with a first written warning letter by management.

3. SECOND WRITTEN WARNING

In the event that the employee continues to fail to meet acceptable performance standard/ conduct after receiving the first warning and should the offence be not serious enough to warrant dismissal, then he/she will be given a second written warning.

4. Any other final disciplinary action after this stage will be inline with the terms and Conditions of Service.

As will be determined by the disciplinary committee, which comprises of, AE, PAO, AA, CO, (zonal managers) and Union Representative.

5. The employee will be accorded the right of appeal within TWO weeks of the disciplinary action.

4.2.5 Staff Remuneration

Under the DAMC, the following are deemed to be the Key staff for KWP

Table XII Key staff for KWP

1	Sekayizzi	Andrew	Area Manager
2	Turyomurugyendo	William	Principal Accountant
3	Wegoye	Edith	Senior Personnel Officer

4	Nabasirye	Lillian	Area Engineer
5	Komakech	Stephen	Zonal Manager
6	Muhinda	Geoffrey	Zonal Manager
7	Apollo	Mwavu	Commercial Officer
8	Mwesigwa	Patrick	Union Chairman

The rest of the staff appearing on the appended staff list are deemed to be seconded staff and the appropriate salary remuneration indicated thereof. In case of the Incentive earned by the partnership, it has been agreed that the key staff shall share the 30 % and seconded staff shall share 70 %. Under the agreed arrangement the seconded staffs are entitled to their base pay which is equivalent to the staffs' indicated salary scale plus an incentive fee (if earned) on pro rata scale basis. The key staff will have automatic salary payment equivalent to 75% of their basic salary and the rest will be performance based.

4.2.6 Training and Human Resource Development plan

The proposed training programmes and work plans are attached in the Appendices. It will be the obligation of NWSC HQTRs to finance and coordinate courses/training held at headquarter's training centre, workshops /conferences and external courses aimed at adding value.

4.2.7 Staff Management

- ✍ Timely Appraisal after 3 months.
- ✍ Monthly work outs to analyze Partnership Performance.
- ✍ Competitions among staff by zones- identify indicators and assess by % age achievement.
- ✍ Monthly management meeting to be held or as need may arise.
- ✍ Timely communication to staff both bottom up and Top down.
- ✍ Individual recognition for outstanding performance on monthly basis. 'BEST PERFORMER'
- ✍ Open door policy will be the practice in the day to day management.
- ✍ We shall conform to the NWSC conditions of service.

5.0 THE FINANCIAL MANAGEMENT PLAN

Under the DAMC arrangement, the KWP will receive a Management Fee comprised of three components – base fee, performance fee and the incentive fee.

(a). The Base Fee is computed as: $F_C + 0.75(C_C)$

Where,

F_C = Fixed costs and

C_C = Controllable costs

(b). The Performance Fee is computed as: $0.25(C_C) * [P/N]$

Where,

P = the weighted number of service standards that have been achieved for the given month, and

N = 100 = the total weighted number of service standards to be achieved

(c). The Incentive Fee is computed as:

$$X\% * [OM_E - OM_O] * [0.3WR_{pa} + 0.3UFW_{pa} + 0.2CE_{pa} + 0.2CP_{pa}]$$

Where,

OM_O = Minimum operating margin based on the average performance in the six months prior to the Commencement Date.

OM_E = The achieved operating margin during the month being evaluated

X% = The agreed %age of the improvement in OM to be retained by the Operator as bonus.

WR_{pa} = Percentage incremental achievement in the improvement of the Working Ratio

UFW_{pa} = Percentage incremental achievement in the reduction of Unaccounted for water

CE_{pa} = Percentage incremental achievement in the increase in Connection Efficiency

CP_{pa} = Percentage incremental achievement in the reduction in the Collection Period

The above formula has constants which are amounts or ratios that are to be set before commencement of the DAMC. The formula also have variables which are amounts or ratios resulting the Area's past or future actual performance. The task for business plan purposes is determine the constants because these have to be determined at the outset, while the variables will take on values based on the operator's performance.

Certain constants have been set by the Head Office. These include (constant highlighted in bold):

In the Base Fee: $F_C + \mathbf{0.75}(C_C)$, the proportion of controllable costs included in Base Fee

In the Performance Fee: $\mathbf{0.25}(C_C) * [P/N]$, the proportion of controllable costs included in the Performance Fee

In the Incentive Fee: $X\% * [OM_E - OM_O] * [\mathbf{0.3}WR_{pa} + \mathbf{0.3}UFW_{pa} + \mathbf{0.2}CE_{pa} + \mathbf{0.2}CP_{pa}]$

The above constants have been taken by KWP as given.

Certain constants have to be proposed by the KWP. These include (constant highlighted in bold):

In the Base Fee: $F_C + \mathbf{0.75}(C_C)$, the projected monthly fixed costs and controllable costs

In the Performance Fee: $0.25(\mathbf{C}_C) * [P/N]$, same as above

In the Incentive Fee: $X\% * [OM_E - OM_O] * [0.3WR_{pa} + 0.3UFW_{pa} + 0.2CE_{pa} + 0.2CP_{pa}]$, the share to be earned out of excess of the achieved operating margin over the minimum operating margin based on the average performance in the six months period (Apr – Sept 2003).

5.1 The Projected Fixed Costs (Fc) and Controllable Costs (Cc)

Table XIII Projected fixed costs and controllable costs

Cost Element	Apr-Sept. 2003(Avg)	Q3 03/04	Q4 03/04	Q1 04/05	Q2 04/05	Q3 04/05	Q4 04/05	Q1 05/06	Q2 05/06
Fixed Costs(FC)									
Seconded Staff Employee Costs	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399
Repair Of Premises	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050
Property Insurance									
Ground Rent & Rates									
Office Rent									
Static plant repairs & Mtce	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090
Electricity	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000
Motor Veh. Repairs	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Chemicals	6,556	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256
Uniforms & Prot.Wears	-	8,800			8,800				8,800
Security Guards	4,200	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455
Bank Charges	1,000	500	500	500	500	500	500	500	500
Total Fixed Costs	107,395	106,850	106,850	106,850	106,850	106,850	106,850	106,850	106,850
Controllable costs									
Key staff costs	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501
Water	400	400	400	400	400	400	400	400	400

Cost Element	Apr-Sept. 2003(Avg	Q3 03/04	Q4 03/04	Q1 04/05	Q2 04/05	Q3 04/05	Q4 04/05	Q1 05/06	Q2 05/06
Telephone	1,470	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Cleaning Materials	750	750	750	750	750	750	750	750	750
Fuel & Lubricants	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Tools & Light Plant	250	250	250	250	250	250	250	250	250
Equipment repairs	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580
Stationery	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Fax & Courier services	100	100	100	100	100	100	100	100	100
Office Supplies	2,970	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Meeting Expenses	850	850	850	850	850	850	850	850	850
Traveling Expenses	2,894	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594
Publicity	6,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Subsistence, Lunch & Transport	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810
Total Controllable Costs	31,054	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968

5.2 KWP's Share of the Operating Margin Surplus

Table XIV Share of the Operating Margin surplus

Element	Past 6 Month's Avg	Q3 03/04	Q4 03/04	Q1 04/05	Q2 04/05	Q3 04/05	Q4 04/05	Q1 05/06	Q2 05/06
Billings	308,828	315,070	318,960	322,898	326,886	330,350	333,511	336,723	339,966
Collections	315,674	333,595	341,980	350,560	359,340	364,550	367,800	371,150	374,450
Operating Costs	151,454	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779
Target Operating Margin(OME)	164,216	188,816	197,201	205,781	214,561	219,771	223,021	226,371	229,671
Base Operating Margin (OMO)	164,216	164,216	164,216	164,216	164,216	164,216	164,216	164,216	164,216
OME-OMO	-	21,002	29,387	37,967	46,747	51,957	55,207	58,557	61,857

KWP proposes a percentage share of 40% of the surplus Operating Margin.

Proposed X is 40%.

APPENDICES

INCOME AND EXPENDITURE PROJECTIONS 2004

Table XV Income and Expenditure projections 2004

Description	Base Shs'000	Jan-04 Shs'000	Feb-04 Shs'000	Mar-04 Shs'000	Apr-04 Shs'000	May-04 Shs'000	June-04 Shs'000	Jul-04 Shs'000	Aug-04 Shs'000	Sep-04 Shs'000	Oct-04 Shs'000	Nov-04 Shs'000	Dec-04 Shs'000
Income													
Billings	312,500	313,781	315,068	316,360	317,657	318,959	320,267	321,580	322,898	324,222	325,551	326,886	328,226
Collections	328,125	330,848	333,594	336,363	339,155	341,970	344,808	347,670	350,556	353,466	356,399	359,358	362,340
Arrears	3,135,930	3,098,299	3,061,119	3,024,386	2,988,093	2,952,236	2,916,809	2,881,808	2,847,226	2,813,059	2,779,302	2,745,951	2,712,999
Operating Expenses													
Employee Related (FC)													
Basic salaries	18,322	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522
Work Bonus	190	190	190	190	190	190	190	190	190	190	190	190	190
Shift Allowance	300	300	300	300	300	300	300	300	300	300	300	300	300
Attendance/Perf. Bonus	1,832	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752
Car & Cycle Allowance	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073
Housing Allowance-	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Nssf	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821
Medical expenses	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Leave Transport	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Funeral expenses	400	400	400	400	400	400	400	400	400	400	400	400	400
Gratuities													
Lunch & Transport Allce	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841
Responsibility Allce													
Special emergency	200	200	200	200	200	200	200	200	200	200	200	200	200
Water Allce													

Description	Base Shs'000	Jan-04 Shs'000	Feb-04 Shs'000	Mar-04 Shs'000	Apr-04 Shs'000	May-04 Shs'000	June-04 Shs'000	Jul-04 Shs'000	Aug-04 Shs'000	Sep-04 Shs'000	Oct-04 Shs'000	Nov-04 Shs'000	Dec-04 Shs'000
Telephone Alice													
Electricity Alice													
Subtotal	40,279	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399
Premises(FC)													
Repair & Maintenance	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050
Fixtures & Fittings	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Water													
Electricity	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750
Telephone													
Cleaning Materials													
Property Insurance													
Ground rent & rates													
Office Rent													
Subtotal	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050
Static plant& pipe Network (FC)													
Fuel & Lubricants (Static)	260	260	260	260	260	260	260	260	260	260	260	260	260
Media (Sand)													
Repairs & Maintenance	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090
Electricity	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250
Insurance													
Subtotal	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600
Transport & Mobile plant (FC)													
Fuel & Lubricants													
Motor Veh. Insurance													
Repairs & Maintenance	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Licences, Road & Taxes													
Subtotal	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Supplies & Services (FC)													

Description	Base Shs'000	Jan-04 Shs'000	Feb-04 Shs'000	Mar-04 Shs'000	Apr-04 Shs'000	May-04 Shs'000	June-04 Shs'000	Jul-04 Shs'000	Aug-04 Shs'000	Sep-04 Shs'000	Oct-04 Shs'000	Nov-04 Shs'000	Dec-04 Shs'000
Chemicals	6,556	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256
Tools & Light plant													
Equipment Repairs													
Uniforms & Protectives													
Stationery													
Fax & Courier services													
Office supplies													
Subtotal	6,556	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256
Administrative expenses (FC)													
Meeting expenses													
Travelling Expenses													
Entertainment													
Training		950	950	950	950	950	950	950	950	950	950	950	950
Publicity													
Subsistence-Lunch & Trspt													
Security Guard expenses	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455
Subtotal	5,455	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405
Financial Costs (FC)													
Bank Charges	500	500	500	500	500	500	500	500	500	500	500	500	500
Subtotal	500	500	500	500	500	500	500	500	500	500	500	500	500
Key staff costs (shown above)	11,334	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501
Controllable Costs (shown below)	45,515	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968
Subtotal	56,849	39,469	39,469	39,469	39,469	39,469	39,469	39,469	39,469	39,469	39,469	39,469	39,469
Total operating costs	163,389	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779
Operating Margin	164,736	186,070	188,816	191,585	194,377	197,192	200,030	202,892	205,778	208,687	211,621	214,579	217,562

Description	Base Shs'000	Jan-04 Shs'000	Feb-04 Shs'000	Mar-04 Shs'000	Apr-04 Shs'000	May-04 Shs'000	June-04 Shs'000	Jul-04 Shs'000	Aug-04 Shs'000	Sep-04 Shs'000	Oct-04 Shs'000	Nov-04 Shs'000	Dec-04 Shs'000
Schedule For Controllable Costs													
key staff 25%		2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834
Water	400	400	400	400	400	400	400	400	400	400	400	400	400
Telephone	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Cleaning Materials	750	750	750	750	750	750	750	750	750	750	750	750	750
Fuel & Lubricants (Transport)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Tools & Light plant	250	250	250	250	250	250	250	250	250	250	250	250	250
Equipment Repairs	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580
Stationery	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Fax & Courier services	100	100	100	100	100	100	100	100	100	100	100	100	100
Office supplies	2,970	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Meeting expenses	850	850	850	850	850	850	850	850	850	850	850	850	850
Travelling Expenses	2,894	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594
Entertainment	-	-	-	-	-	-	-	-	-	-	-	-	-
Publicity & Squads	6,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Subsistence-Lunch & Trspt	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810
Subtotal	31,054	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968

INCOME AND EXPENDITURE PROJECTIONS 2005

Table XVI Income and Expenditure projections 2005

Description	Jan-05	Feb-05	Mar-05	Apr-05	May-05	June-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Income												
Billings	329,276	330,330	331,387	332,447	333,511	334,578	335,649	336,723	337,800	338,881	339,966	341,054
Collections	363,427	364,517	365,611	366,708	367,808	368,911	370,018	371,128	372,241	373,358	374,478	375,602
Arrears	2,658,739	2,605,564	2,553,453	2,502,384	2,452,336	2,403,289	2,355,224	2,308,119	2,261,957	2,216,718	2,172,383	2,128,936
Operating Expenses												
Employee Related (FC)												
Basic salaries	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522	17,522
Work Bonus	190	190	190	190	190	190	190	190	190	190	190	190
Shift Allowance	300	300	300	300	300	300	300	300	300	300	300	300
Attendance/Perf. Bonus	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752	1,752
Car & Cycle Allowance	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073	2,073
Housing Allowance-	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Nssf	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821
Medical expenses	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Leave Transport	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Funeral expenses	400	400	400	400	400	400	400	400	400	400	400	400
Gratuities												
Lunch & Transport Allce	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841	3,841
Responsibility Allce												
Special emergency	200	200	200	200	200	200	200	200	200	200	200	200
Water Allce												

Description	Jan-05	Feb-05	Mar-05	Apr-05	May-05	June-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Telephone Allce												
Electricity Allce												
Subtotal	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399	39,399
Premises(FC)												
Repair & Maintenance	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050	3,050
Fixtures & Fittings	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Water												
Electricity	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750
Telephone												
Cleaning Materials												
Property Insurance												
Ground rent & rates												
Office Rent												
Subtotal	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050	7,050
Static plant& pipe Network (FC)												
Fuel & Lubricants (Static)	260	260	260	260	260	260	260	260	260	260	260	260
Media (Sand)												
Repairs & Maintenance	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090	9,090
Electricity	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250	35,250
Insurance												
Subtotal	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600	44,600
Transport & Moble plant (FC)												
Fuel & Lubricants												
Motor Veh.Insurance												
Repairs & Maintenance	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Licences,Road Toll & Taxes												
Subtotal												

Description	Jan-05	Feb-05	Mar-05	Apr-05	May-05	June-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Supplies & Services (FC)												
Chemicals	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256
Tools & Light plant												
Equipment Repairs												
Uniforms & Protectives												
Stationery												
Fax & Courier services												
Office supplies												
Subtotal	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256	5,256
Administrative expenses (FC)												
Meeting expenses												
Travelling Expenses												
Entertainment												
Training	950	950	950	950	950	950	950	950	950	950	950	950
Publicity												
Subsistence-Lunch & Trspt												
Security Guard expenses	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455	5,455
Subtotal	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405	6,405
Financial Costs (FC)												
Bank Charges	500	500	500	500	500	500	500	500	500	500	500	500
Subtotal	500	500	500	500	500	500	500	500	500	500	500	500
Key staff costs (shown below)	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501	8,501
Controllable Costs (shown below)	31,588	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968
Subtotal	40,089	39,469	39,469	39,469	39,469	39,469	39,469	39,469	39,469	39,469	39,469	39,469

Description	Jan-05	Feb-05	Mar-05	Apr-05	May-05	June-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Total operating costs	145,399	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779	144,779
Operating Margin	218,029	219,739	220,832	221,929	223,029	224,133	225,239	226,349	227,463	228,580	229,700	230,823
Schedule For Controllable Costs												
Key staff 25%	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834	2,834
Water	400	400	400	400	400	400	400	400	400	400	400	400
Telephone	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Cleaning Materials	750	750	750	750	750	750	750	750	750	750	750	750
Fuel & Lubricants (Transport)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Tools & Light plant	250	250	250	250	250	250	250	250	250	250	250	250
Equipment Repairs	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580
Stationery	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Fax & Courier services	100	100	100	100	100	100	100	100	100	100	100	100
Office supplies	2,970	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Meeting expenses	850	850	850	850	850	850	850	850	850	850	850	850
Travelling Expenses	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594	2,594
Entertainment	-	-	-	-	-	-	-	-	-	-	-	-
Publicity	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Subsistence-Lunch & Trspt	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810
Subtotal	31,588	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968	30,968

CAPITAL BUDGET SCHEDULE FOR JINJA WATER SUPPLY AND SANITATION AREA 2004

CAPITAL BUDGET SCHEDULE FOR JINJA WATER SUPPLY AND SANITATION AREA 2004 (PROCUREMENT TO BE DONE BY HQRTs)

Table XVII Capital Budget Schedule for JWSSA 2004 (Procurement to be done HQRTs)

Description ('000)	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Procure 2 km DN 50 PN 10 HDPE pipe Kibuga Mbata	9,000											
Procure 2 km DN 50 PN 10 HDPE pipe Bukaya Nyenga	9,000											
Procure 2 km DN 50 PN 10 HDPE pipe Bugembe Tororo	9,000											
Procure 2 km DN 50 PN 10 HDPE pipe JDA	9,000											
Procure 2 km DN 50 PN 10 HDPE pipe Sakabusolo	9,000											
Procure 2 km DN 50 PN 10 HDPE pipe Mafubira	9,000											
Procure 2 km DN 50 PN 10 HDPE pipe Ivunamba	9,000											
Procure 2 km DN 50 PN 10 HDPE pipe Wairaka	9,000											
Procure 1 km DN 50 PN 10 HDPE pipe Walukuba	4,500											
Procure 2.5 km DN 50 PN 10 HDPE pipe Walukuba			13,000									
Procure 2 km DN 50 PN 10 HDPE pipe Wanyange			9,000									
Procure 3 km DN 80 PN 10 HDPE pipe Nakabango			30,000									
Procure 2 km DN 80 PN 10 HDPE pipe Budondo			20,000									
Procure 2.5 km DN 80 PN 16 HDPE pipe BIDCO site	27,500											
Procure 1 km DN 150 pvc Sewer pipes for Nalufenya	14,000											
Procure 3.5 km DN 150 uPVC Sewer pipes										50,000		
Procure 5km DN 80 HDPE pipes for Buyala Kabowa								60,000				
Procure 1km DN 80 HDPE pipes for Nyenga Bukaya								10,000				
Procure 4 km DN 80 HDPE pipes for Kitigoma									40,000			
Procure tapping machine	3,300											
Procure 01nr Air conditioner		3,000										
Procure Booster pump for JDA	7,500											
Refurbish Contact tank								50,000				

Description ('000)	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Procure 1000nr 1/2" water meters			50,000									
Procure 220 nr ¾" water meters			15,400									
Procure 10 nr 1" water meters			1,250									
Procure 10 nr 2" water meters			4,500									
Procure 10 nr 4" water meters			4,000							6,000		
Procure 10 nr 6" water meters										7,500		
Total	128,800	3,000	147,150	-		-	-	120,000	40,000	63,500	-	-

CAPITAL BUDGET SCHEDULE FOR JINJA WATER SUPPLY AND SANITATION AREA 2004 (REQUIRING TRANSFER OF FUNDS)

Table XVIII Capital Budget Schedule for JWSSA 2004 (Requiring transfer of funds)

Description ('000)	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Labour funds for laying 2.5 km DN 50 PN 10 HDPE pipe Walukuba			7,500									
Labour funds for laying 2 km DN 50 PN 10 HDPE pipe Wanyange			6,000									
Labour funds for laying 3 km DN 80 PN 10 HDPE pipe Nakabango			9,000									
Labour funds for laying 2 km DN 80 PN 10 HDPE pipe Budondo			6,000									
Labour funds for laying 2.5 km DN 80 PN 16 HDPE pipe BIDCO site		7,500										
Labour funds for laying 5km DN 80 HDPE pipes for Buyala Kabowa									15,000			
Labour funds for laying 1km DN 80 HDPE pipes for Nyenga Bukaya										3,000		
Procure 4 km DN 80 HDPE pipes for Kitigoma										12,000		
Fencing Boundary for Corporation Land								15,000				
Procure a computer for Data Mgt at the Plant							4,000					
Refurbish the Access Road									5,000			
Rehabilitation of Labour Quarters										10,000		
Repairs to Splash aprons							6,000					
Funds for Procuring 01nr Mobile lifting tackle									5,000			
Civil works for JDA Booster		2,500										
Funds for Die and Stock							8,000					
Funds for Kiosks 05nr											5,000	
Funds for Air Valves											5,000	
Funds for Rodding Sticks							4,000					
Funds for partial Fencing of Kirinya sewage works.								12,000				

Description ('000)	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
Funds for procurement of 03nr Computers											8,000	4,000
Funds for Computer chairs and tables												4,500
Funds for procurement of printers												2,000
Refurbishment of Office building											6,000	6,000
Funds for Repairs to Parking lot and Curbs							3,000					
Funds for Modernizing The Zonal Front desks							4,000					
Funds for procurement of 02 nr Photocopiers								4,000				
Total	-	10,000	28,500	-		-	29,000	31,000	25,000	25,000	24,000	16,500

CAPITAL BUDGET SCHEDULE FOR JINJA WATER SUPPLY AND SANITATION AREA 2005

CAPITAL BUDGET SCHEDULE FOR JINJA WATER SUPPLY AND SANITATION AREA 2005 (PROCUREMENT TO BE DONE BY HQRTs)

Table XIX Capital Budget Schedule for JWSSA 2005 (Procurement to be done HQRTs)

Description ('000)	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Procure 5 km DN 80 PN 10 HDPE pipe Musita		50,000										
Procure 2 km DN 80 PN 10 HDPE pipe Kadama		20,000										
Procure 2 km DN 150 PN 10 pvc pipe kimaka		40,000										
Procure 1 km DN 80 PN 10 HDPE pipe Wanyange lakesite		10,000										
Procure 1/2 km DN 80 PN 10 HDPE pipe Bridge lane		5,000										
Procure 4 km DN 80 PN 10 HDPE pipe Bujuta								40,000				
Procure 3 km DN 80 PN 10 HDPE pipe Bukaya								30,000				
Procure 4 km DN 80 PN 10 HDPE pipe Bugembe								40,000				
Procure 1 km DN 80 PN 10 HDPE pipe Budondo								10,000				
Procure 3 km DN 80 PN 10 HDPE pipe naava												30,000
Procure 1 km DN 80 PN 10 HDPE pipe Elgon close												10,000
Procure 1 km DN 80 PN 10 HDPE pipe Odaka											10,000	
Procure 1/2 km DN 80 PN 10 HDPE pipe vithaldas											5,000	
Procure 1/2 km DN 80 PN 10 HDPE pipe mpumudde av.											5,000	
Procure 1 km DN 150 pvc Sewer pipes for Nalufenya												
Procure 1.5 km DN 150 uPVC Sewer pipes										23,000		
Procure tapping machine								8,000				
Procure 02 nr pumps		40,000										
Procure 1000 nr 1/2" water meters			50,000									
Procure 220 nr 3/4" water meters			15,400									
Procure 10 nr 1" water meters			1,250									
Procure 10 nr 2" water meters			4,500									
Procure 10 nr 4" Bulk meters			4,000									
Procure 10 nr 6" Bulk meters												
Procure 01 nr 4WD single cabin							40,000					
Total	-	165,000	75,150	-		-	40,000	128,000	-	23,000	20,000	40,000

CAPITAL BUDGET SCHEDULE FOR JINJA WATER SUPPLY AND SANITATION AREA 2005 (REQUIRING TRANSFER OF FUNDS)

Table XX Capital Budget Schedule for JWSSA 2005 (Requiring transfer of funds)

Description ('000)	Jan '05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Funds for laying 5 km DN 80 PN 10 HDPE pipe Musita			15000									
Funds for laying 2 km DN 80 PN 10 HDPE pipe Kadama			6000									
Funds for laying 2 km DN 150 PN 10 pvc pipe kimaka				6000								
Funds for laying 1 km DN 80 PN 10 HDPE pipe Wanyange lakesite				3000								
Funds for laying 1/2 km DN 80 PN 10 HDPE pipe Bridge lane				1500								
Funds for laying 4 km DN 80 PN 10 HDPE pipe Bujuta									12000			
Funds for laying 3 km DN 80 PN 10 HDPE pipe Bukaya										9000		
Funds for laying 4 km DN 80 PN 10 HDPE pipe Bugembe											12,000	
Funds for laying 1 km DN 80 PN 10 HDPE pipe Budondo										3,000		
Funds for laying 3 km DN 80 PN 10 HDPE pipe naava											9,000	
Funds for laying 1 km DN 80 PN 10 HDPE pipe Elgon close											3,000	
Funds for laying 1 km DN 80 PN 10 HDPE pipe Odaka												3,000
Funds for laying 1/2 km DN 80 PN 10 HDPE pipe vithaldas												1,500
Funds for laying 1/2 km DN 80 PN 10 HDPE pipe mpumudde av.												1,500
Funds for sewer mains extension	12,500	12,500										
Funds for Checker plates		4,000										
HTH Dosing system										8,000		
Upwash Valves	6,000		6,000									

Description ('000)	Jan '05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Overhaul of Filter house no.2			8,000		8,000							
Funds for Die and Stock							8,000					
Funds for Kiosks 10nr								5,000				
Funds for Air Valves									5,000			
Funds for Rodding Sticks							4,000					
Funds for partial Fencing of Kirinya sewage works.								10,000				
Funds for procurement of 01nr Computers										8,000	4,000	
Refurbishment of Office building											6,000	6,000
Funds for Repairs to Parking lot and Curbs							3,000					
Funds for procurement of 01 nr Photocopiers				2,500								
Total	18,500	16,500	35,000	13,000		-	15,000	15,000	17,000	28,000	34,000	12,000

PUMPING AND TREATMENT

	Yr 1	Yr 2
1 Refurbish contact tank	50,000,000	
2 Fencing boundary	15,000,000	
3 Procure a computer	4,000,000	
4 Refurbish access road	5,000,000	
5 Rehabilitation of Labour Quarters	10,000,000	
6 Checker plates		4,000,000
7 HTH Dosing system		8,000,000
8 Upwash Valves		12,000,000
9 Repair Splash Aprons/Stairs	6,000,000	
10 Replace pumps 2 nr		40,000,000
11 Overhaul of Filter house No. 2		16,000,000
	90,000,000	80,000,000

DISTRIBUTION

1 Tapping Machine 01nr		8,000,000
2 Mobile lifting Tackle	5,000,000	
3 JDA booster	12,000,000	
4 Die and Stock	8,000,000	8,000,000
5 Water Extensions/ Replacements	349,100,000	356,000,000
6 Kiosks 10nr each year	5,000,000	5,000,000
7 Airvalves10nr	5,000,000	5,000,000
8 1000nr 1/2" consumer water meters	50,000,000	50,000,000
9 220 nr 3/4" consumer water meters	15,400,000	15,400,000
10 10 nr 1" Bulk meters	4,500,000	4,500,000
11 10 nr 4" Bulk meters	5,000,000	5,000,000
12 10 nr 6" Bulk meters	7,500,000	7,500,000
	466,500,000	464,400,000

SEWERAGE SERVICES

1 mains extension/replacement	50,000,000	48,000,000
2 set of Rodding sticks 4 nr	4,000,000	4,000,000
3 Fencing kirinya works	12,000,000	10,000,000
	66,000,000	62,000,000

COMMERCIAL

1 01 nr Air conditioner	3,000,000	
2 06 nr computers	12,000,000	12,000,000
3 06 nr computer chairs	1,500,000	
4 06 nr computer tables	3,000,000	
5 03 nr printers	2,000,000	
	21,500,000	12,000,000

ADMINISTRATION

1 Refurbishment of Office building	12,000,000	12,000,000
2 Repairs to the parking lot and curbs	3,000,000	3,000,000
3 Modernizing the front desks in the Zones	4,000,000	
4 2 nr photocopiers	4,000,000	2,500,000
5 01 nr 4WD single cabin		40,000,000
	23,000,000	57,500,000

CAPITAL BUDGET TOTAL

667,000,000	675,900,000
--------------------	--------------------

MARKETING STRATEGIES

Table XXI Marketing strategies

Strategy	By who	By when	Cost
Put in place monitoring mechanism to minimize on the accumulation of big bills.	CO	Jan 2004	
Refer to Headquarters bad debts and un-collectable arrears for write off.	CO	Feb 2004	
Effectively disconnect and pursue rational payment modalities.	CO	Routine	
Intensively utilize pre-payment system to worthy customers to boost reconnections and reduce suppressed A/Cs.	CO	Routine	
Make agreements for installment payment of arrears to ease the burden of arrears on customers and ensure compliance.	CO	Routine	
Analyze the data base to sort out and eliminate erroneous and grossly misleading data.	AM/CO	Feb 2004	
Hold seasonal marketing drives targeting suppressed accounts.	AM/CO	Quarterly	
Encourage and strengthen the prepayment for domestic and PSP.	CO	Routine	
Sensitize the public of the economic and health benefits of use of piped water.	AM/SPO	Quarterly	400,000/= per quarter
Strengthen a system of strategic disconnection as opposed to massive disconnection.	CO	Routine	
Implement Customer care policy.	ALL	Routine	
Strengthen Zonal Offices.	AM	Jan 2004	
Train staff to utilize the Available IT.			
Categorize and Analyze complaints to assess frequency of similar complaints.	CO	Monthly	
Identify and close out causes of recurrent complaints	ALL	Routine	
Reward well paying customers	AM/CO	Monthly	400,000/= per month
Procure modern office furniture	AM/SPO	April 2004	4,500,000
Refurbish Zonal Offices to reflect corporation image	AM	April 2004	2,400,000
Strengthen and develop further the recently introduced QMS.	ALL	Routine	
Carry out periodic market surveys.	CO	Quarterly	400,000 per Quarter
Identify areas that are commercially viable to intensify supply network / extend water mains.	CO/AE/ ZM	Routine	
Encourage co financing and cost sharing with beneficiary communities for mains extensions.	AM/ZM	Routine	300,000 per Quarter
Hold regular strategic alliance meetings with all relevant stakeholders	AM/ZM	Routine	450,000 per month
Increase awareness of staffs on the need to broaden customer	ALL	Routine	

Strategy	By who	By when	Cost
base.			
Increase awareness of the public on the costs involved in making new connections by use of the public media.	ALL	Routine	500,000 media fee per month
Accept payment for new connections in installments.	AE/ZM	Routine	
Quicken connection period to less than 4 days.	AE	Jan 2004	
Send out teams to the field and woo potential customers.	Key staff	immediate	1,320,000
Identify and remove operational bottlenecks in the new connections process.	AE/ZM	Immediate	
Where applicable provide some basic new connection requirements/fittings.	AM	Jan 2004	800,000/= per month
Extend mains to viable areas.	AM/HQs	June 2004	175,000,000
Un-suppress Accounts.	CO	March 2004	
Apply appropriate tariff.	CO	Immediate	
Update new connections promptly.	AE/CO	Immediate	
Replace all defective meters before the following billing date.	AE/CO	Immediate	
Bill all active A/Cs.	CO	Monthly	
Read all meters monthly and accurately.	CO/ZM	Monthly	
Stock adequate supply of quality meters.	AM/HQs	March 2004	
Set up, equip squad to investigate, curtail illegal consumption and meter defilement.	AM	Monthly	2,500,000
Enforce weekly monitoring of big Consumption meters.	CO	Weekly	
Deliver accurate bills promptly.	CO/ZM	Monthly	
Attach appropriate reminder notices to bills.	CO/ZM	Immediate	
Utilize the Electronic payment for service.	CO/AM	Feb 2004	
Sensitize customer about their obligation to pay for services rendered by use of public media. Make physical visits to all customers.	AM	Monthly	500,000
Maintain records of all customer commitment and monitor to ensure compliance.	CO/ZM	Routine	
Develop customer loyalty by rewarding well-paying customers.	AM/CO	Monthly	400,000 per month
Monitor active A/Cs in the neighborhood of disconnected A/Cs.	CO/ZM	Routine	
Encourage payment by post-dated cheque	CO/ZM	Routine	
Encourage prepayment agreement.	CO/ZM	Routine	
Execute legal action for serious non-payment.	AM/HQs	March 2004	
Consistently follow up debts from Government under the MoU.	AM/HQs	Monthly	
Acquire services of an empowered debt collector.	AM/HQs	Monthly	
Develop and strengthen an MIS to effectively capture, track and handle customer related issues.	AM/CO	Monthly	

Strategy	By who	By when	Cost
Use of marketing strategies like Fires, seasonal bonanzas.	CO	Monthly	450,000 per month
Institute a task force to comprehensively investigate Suppressed A/Cs and recommend appropriate action.	CO/AM	Monthly	2,500,000 monthly
Intensively utilize pre-payment system to worthy customers to boost reconnections and reduce suppressed A/Cs.	CO/ZM	Monthly	
Make agreements for installment payment of arrears to ease the burden of arrears on customers and ensure compliance.	CO/ZM	Monthly	
Analyze the data base to sort out and eliminate erroneous and grossly misleading data.	AM/CO	Feb 2004	
Put in place monitoring mechanism to minimize on the accumulation of big bills.	CO	Feb 2004	
Refer to Headquarters bad debts and uncollectible arrears for write off.	CO/AM	March 2004	
Hold seasonal marketing drives targeting suppressed accounts.	CO	Monthly	450,000 per month.
Effectively disconnect and pursue rational payment modalities.	CO/ZM	Routine	
Strengthen a system of strategic disconnection as opposed to massive disconnection.	CO/ZM	Routine	
Sensitize the public of the economic and health benefits of use of piped water.	CO/AM	Quarterly	450,000 per month
Encourage and strengthen the prepayment for domestic and PSP.	CO	Routine	

OPERATIONAL STRATEGIES

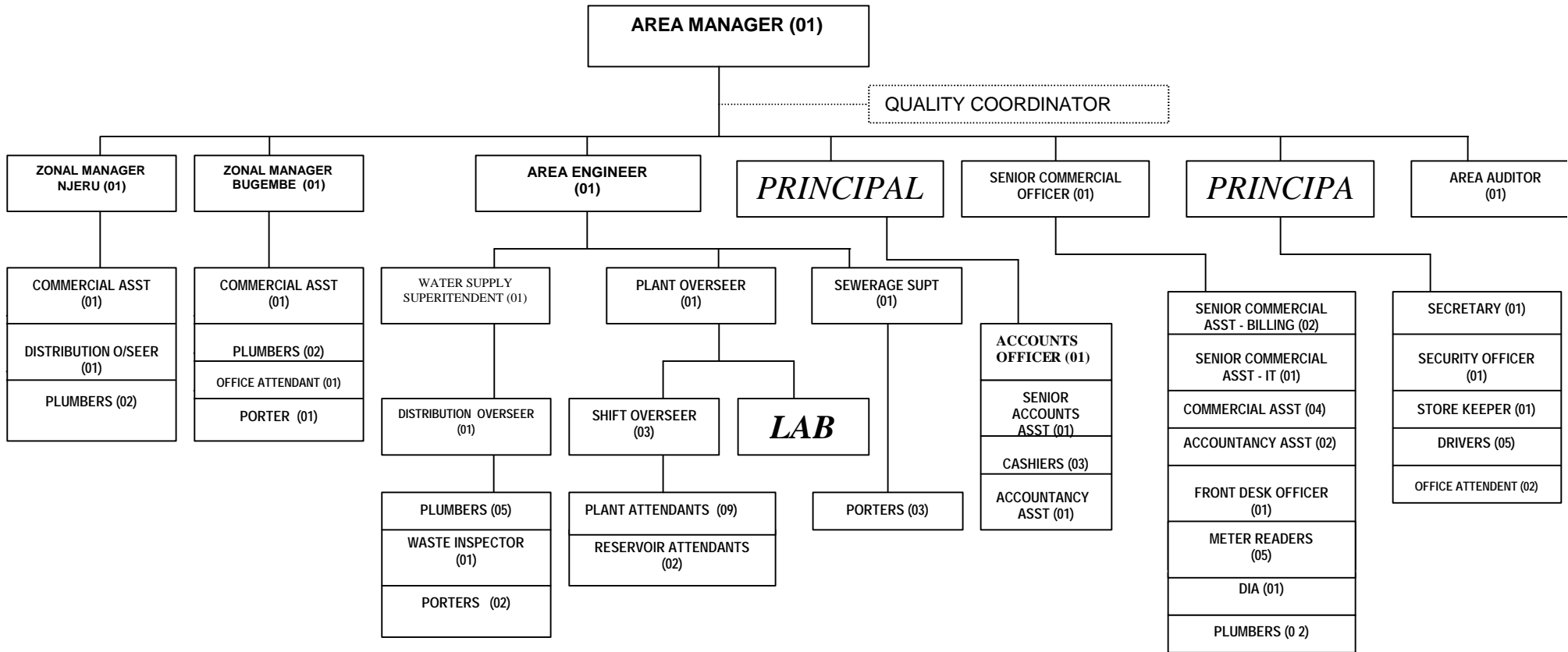
Table XXII Operational strategies

Strategy	By who	By when	Cost
Ensure timely procurement of budgeted items.	AM/Hqs	Jan 2004	
Maintained re-order levels for fast-moving items.	SK/AM	Immediate	
Improve stock control management.	AE/PA	Jan 2004	
Provide adequate specification for procurement.	AM/Hqs	Jan 2004	
Expand the water network to utilize the excess capacity of the production plant.	AM/Hqs	Jun 2004	418,000,000
Calibrate the water meters to ensure accurate reading.	AM/Hqs	March 2004	4,000,000
Spot-weld detachable metallic anchor brackets on elevated pipework to prevent vandalism.	AE/AM	Feb 2004	500,000
Ensure proper use of expensive chemicals at the plant	AE/AM	Immediate	
Stock and maintain the basic equipment used in repairs.	AM/PA	July 2004	8,000,000
Improve PPM schedul	AM/AE	Immediate	
Liaise with local authority to coordinate infrastructure development.	AM/Hqs	Immediate	
Follow standards of operational practices.	ALL	Immediate	
Identify and replace the remaining old, weak mains.	AM/Hqs	Jan 2004	281,000,000
Identify causes of vandalism of infrastructure.	ALL	Immediate	
Identify and install auxiliary structures in the water system network.	AE/ZM	Immediate	5,000,000
Intensify patrol of the network. Update periodically the network drawings and data	AE/ZM	Immediate	
Equip and facilitate the squad for monitoring illegal water malpractices.	AM/PA	Monthly	1,500,000
Form a Task force to investigate, monitor and recommend bad debts for write off monthly.	AM/CO	Immediate	
Apply effective disconnection methods	CO	Immediate	
Ensure timely update of field returns	AE/CO	Immediate	
Ensure accounts disconnected are visited 30 days after disconnection.	CO	Immediate	
All accounts with zero balance should be resolved	CO	Immediate	

Strategy	By who	By when	Cost
Arrears 5 yrs+ should automatically be recommended for write off	CO	Immediate	
Sensitize workers about the impact of failure to document and communicate field findings timely	AM/SPO	Immediate	
Ensure timely response to reported field findings	ALL	Immediate Immediate	
Take advantage of the newly appointed commercial legal officer to execute legal action	AM/CO	Immediate	
Ensure arrears on public stand pipes are brought to a halt	CO	Immediate	
Encourage installment payments, post dated cheques and prepayments	ALL	Immediate	
Ensure constant reminders and door to door visits are carried out	CO	Immediate	
Incorporate the recent reforms in the debt management methods	CO	Immediate	
Encourage participation of civic leaders in resolving suppressed accounts	AM/ZM/CO	Immediate	
Intensify public sensitization through local media	CO	Immediate	
Ensure budgetary compliance.	PA	Immediate	
Monitor and ensure proper staff deployment.	ALL	Immediate	
Develop and implement timely PPM.	AM/AE	Immediate	
Hold regular APC meetings.	PA	Immediate	
Adhere to the existing Transport management system under the care of a responsible officer.	ALL	Immediate	
Source a list of local potential suppliers with a pricelist with a period of validity.	PA	Immediate	
Regulate phone use board and analyze the call register on monthly basis.	SPO	Immediate	
Assign code numbers to phone lines.	SPO	Immediate	
Develop minimum productivity requirements.	ALL	Immediate	
Utilize the available e- business.	ALL	Immediate	
Energy audit periodically and implement remedial measures	AM/AE	Immediate	
Assess and study production processes to ensure optimal material and chemical usage.	AE	Immediate	

AREA ORGANOGRAM

Figure 1. Area Organogram



CURRENT PERSONNEL NEEDS

Table XXIII Personnel needs

Designation	Scale	Current staff no.	Names of Preferred staff.	
KEY STAFF				
Area Manager	2.8	1	SSEKAYIZZI	Andrew
Principal Personnel Officer	2.1	1	WEGOYE	Edith
Principal Accountant	2.5	1	TURYOMURUGYENDO	William
Zonal Manager Bugembe	3.1	1	KOMAKECH	Stephen
Zonal Manager Njeru	4.1	1	MUHINDA	Geoffrey
Senior Commercial Officer	3.1	1	MWAVU	Apollo
Union Chairman	8.4	1	MWESIGWA	Patrick
Area Engineer	4.5	1	NABASIRYE	Lillian
SECONDED STAFF				
Secretary	7.2	1	IBAALE KIGENYI	Rose
Driver	8.5	5	BIRUNGI	Wilson
Driver	8.6		ONEN	James
Driver	9.2		MWANJE	Fred
Driver	9.2		MUGISA	James
Office Attendant	10.2	2	NANKYA	Esther
Cleaner	10.2		MASIGA	Barnabas
Security Officer	6.5	1	ODONGO	Goerge W
Store Keeper	6.4	1	WOGOLI	Milton
Accounts Officer	4.1	1	NANKWALU	Rita
Senior Accountancy Assistant	6.5	1	ATWOOKI	Agnes Kim
Cashier Njeru Office	10.2	1	OLILA	Patrick
Cashier Main Office	7.2	1	MUKASA	Francis
Cashier Bugembe Office	8.4	1	NAMUSOBYA	Sarah
Accountancy Assistant	7.4	1	KANTENGWA	Consolata
Accountancy Assistant	7.4	3	BAGOOLE	Robert
Accountancy Assistant	7.5		ADAKU	Methodius
Accountancy Assistant	7.2		AGOLE	Assumpta
Meter reader	8.4	5	OCHIENG	Paul
Meter reader	8.2		OKIROR	Julius
Meter reader	8.4		KULE	Sylvester
Meter reader	8.4		AGABA	Dradid
Meter reader	9.2		KADAMA	Cesar

Designation	Scale	Current staff no.	Names of Preferred staff.	
Front Desk Officer	7.2	1	KYOMUGISHA	Peace
Senior Commercial Assistant	6.1	1	OPOLOT	John
Commercial Assistant	7.2		NAKISEKKA	Annet
Commercial Assistant	7.2		NJABE	Emmanuel
Senior Commercial Assistant	5.2	1	OKIROR	Peter Paul
Commercial Assistant	6.2	1	OLUPOT	Kenedy
Data Input Assistant	7.1	1	KAMIHANDA	Clovice
Internal Auditor	5.7	1	MUNYANDA	Patrick
Water Supply Superintendent	5.5	1	ETERDNAL	Fred
Ag. Distribution Overseer	6.3	1	KYALIBONA	Stephen
Plumber	7.2	2	OGULLO	Gerald
Plumber	9.2		BASYE	Reuben
Sewerage Superintendent	5.4	1	ODONGTOO	Opoka E
Porter	9.3	4	KISIRINYA	Sabiti
Porter	9.4		KUBANJA	Abdul
Porter	9.2		OKOT	Philip
Porter	9.2		ISABIRYE	Moses
Plant Overseer	6.6	1	OGWAL	Charles
Shift Overseer	6.4	2	KATASHAAYA	Alfred
Shift Overseer	6.4		KACHWENDU	Haruna
Ag. Shift Overseer	8.5	1	AMAYO	Eric
Laboratory Technician	6.4	1	OGIRE	John
Plant Attendant	8.2	9	AJOKO	Charles
Plant Attendant	8.2		KIRANDA	Richard
Plant Attendant	8.2		KYANA	M.D
Plant Attendant	8.4		ODONG	Richard
Plant Attendant	8.4		SSEBUNYA	Samuel
Plant Attendant	9.2		KAVUMA	Godfrey
Plant Attendant	9.2		SEMUKASA	John
Plant Attendant	9.2		ERIAKU	Emmanuel
Plant Attendant	9.2		OTHIENO	Godfrey
Booster Attendant	9.7	1	ABONG	Thomas
Reservoir Attendant	8.1	1	KULOBA	Rogers
Ag. Distribution Overseer	6.4	1	MAKISHO	Paul
Plumber	7.4	6	MUBIRU	Micheal K

Designation	Scale	Current staff no.	Names of Preferred staff.	
Plumber	7.4		KABONGE	James
Plumber	7.4		SSEBADUKA	Jjombwe Fred
Plumber	7.4		ABINDUA	Micheal
Plumber	7.4		OTEMA	Kenedy
Plumber	9.2		TENYWA	Moses
Waste Inspector	8.4	1	KABANDA	Patrick
Porter	9.3	2	ASIIMWE	Asaph
Porter	9.4		BAGURA	Peter
Commercial assistant	7.2	1	KISAKYE	Ronald
Plumber	7.4	2	SSALI	Micheal
Plumber	7.4		ADULLA	Edirisa
Porter	9.4	1	MITALA	Richard
Office Attendant	10.4	1	ANGOM	Norah

TRAINING PROGRAMME 2004-2005 - Table XXIV Training programme

	TOPIC	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	DEC
1	CUSTOMER CARE	■			■				■									■			■				
2	SUPERVISORY SKILL		■												■										
3	DEBT MANAGEMENT					■																			
4	MANAGEMENT DEVELOPMENT																								
5	BLOCK MAPPING			■				■		■															
6	CUSTIMA BILLING SYSTEM		■							■															
7	CUSTIMA & SCALE ADM										■														
8	WINDOWS 2000 SERVER																								
9	MAINS AND WASTE INSPECTION													■											
10	LEAK DETECTION AND CONTROL						■									■									
11	BASIC BOOK KEEPING (ACCOUNTS)							■																	
12	PLANT SAFETY			■																					
13	RECORDS MANAGEMENT																				■				
14	BASIC PLANT OPERATION								■																
15	SEWERAGE TREATMENT											■													
16	WATER TREATMENT												■												
17	STRATEGIC MARKETING						■																		

TRAINING COURSES

<u>Type of training</u>	<u>Beneficiary</u>	<u>Benefits/Competition</u>	<u>Costs of training</u>	<u>Internal/External</u>
Customer Care Centre (5 days per session) 6 sessions	Meter Readers Commercial Officer Commercial Assts Area Engineer Cashiers Distribution Overseers Plumbers Principal Accountant, Zonal Managers Front Desk Officer	<ul style="list-style-type: none"> - Ability to meet customer and special needs. - Ability to develop manage more effectively relations with both individuals and customers - Ability for forge working and viable relations with other organizations. 	9,000,000/=	External/Training
Supervisory Skills Training 5 Days “ 1 Session	Dist overseers Shift Overseers Plant Overseers Zonal Managers	<ul style="list-style-type: none"> - Enhanced ability to influence others, especially subordinates & get things done. - Increase ability to relate to one's supervisors and Colleagues. - Enlarged ability to deal with difficult situations - Ability to measure performance. 	H/Qs	Internal/
Debt Management Internal/Training Centre 5 days “ 1 session	Commercial Officer Principal Accountant, Zonal Managers	<ul style="list-style-type: none"> - Ability to improve revenue collection - Ability to reduce arrears & Suppressed Accounts. - Ability to scan the business environment to determine trend 	H/Qs	
Strategic Marketing	Commercial Officer	<ul style="list-style-type: none"> - Ability to develop Marketing 		

	Zonal Managers, /Training Centre Principal Accountant Commercial Assts	strategies & plans	2,000,000/=	Internal
Management Development 5 days per session 1 Session	Senior Personnel Officer	- Appreciation of the typical challenges in HRM.		External MTAC
		- Skills for influencing others - Becoming a more effective team player	437,200/=	
Block Mapping 5 Days per session done 3 sessions	Dist Overseers	- Ability to identify more		Internal/ Locally
	Plumbers Meter Readers Commercial Assts	easily connections sites - Easier identification of Distributions networks	4,000,000/=	
Custima Billing System 3 wks 2 sessions Training/Centre	A/Assts (Billing) Commercial Assts Cashiers	- Ability to handle Customer expeditiously. - Easy retrieval of Customer details.	H/Qs	Internal/
		- Faster on line receipting. - Timely bills production		
Customer & Scala Adm 3wks Training Centre One Session	DIS	- Ability to restructure reports faster.	H/Qs	Internal
		- Ability to manage the database better.		
Windows 2000 Server DIS /MUK/APTC 3 wks KLA		- Ability to set up small data base to ease staff access to information.	H/Qs	External

One Session			- Faster response to customer queries.		
Mains and waste Inspection done 5 Days per session	Overseer Plumbers Waste Inspector		- Better knowledge of the networks and regulations. - Quality compliance a. Customer satisfaction.	600,000/=	Internal Locally
Leak detection and Control 5 days 2 sessions done	Overseer Plumbers		- Ability to handle equipment, manage leaks and wastewater - Reduction of UFW	500,000/=	Internal/ Locally
Basic book keeping (Accts) 5 Days one session	Accountancy Assts Finance)		- Better grasp of financial accounting techniques. - Effective tools for book-keeping		Internal
Plant Safety 5 Days one session	Shift Overseers Plant Attendants WSS		personal and machine safety.	500,000/=	Internal
Records Management 5 Days	Office Attendant Secretary .		- Ability to Create harmonious relationship between records users & keepers in the work place. - Easy retrieval and effective management of records.	500,000/=	External
Basic Plant Operations	Plant Attendants Shift Overseers WSS		- Ability to understand better work procedures of plant operations. -Ability to perform efficiently	500,000/=	Internal

Sew Treatments & pipe laying	Sewerage Overseer	- Improved skills in pipe laying & treatment.	500,000/=	Internal
	Sewerage Mates	- safety of operatives - Improved machine handling - Reduced response time & customer satisfaction.		
Water Treatment	Lab technician	- Ability to understand and handle treatment processes.	H/Qs	Internal
	Shift Overseer	- Ability to monitor quality		
	Plant Overseer	- Safety of personnel & equipment		
	Area Engineer			
WSS				

External and International Courses

NWSC Hqs is under obligation to coordinate and sponsor these courses through the training manager according to the training Schedule. None the less a schedule of preferred and available international training opportunities which the operator feels will be of beneficial interest to its staff and consequently improve operator's performance will be submitted to Headquarters for consideration.

FIRST SCHEDULE

AREA OF AUTHORITY

Map and description of the area for which the Corporation is responsible

SECOND SCHEDULE

ASSETS HANDED OVER

THIRD SCHEDULE – JINJA AREA

PERFORMANCE STANDARDS

CATEGORY A: WATER BALANCE INDICATORS

No.	Indicator	Unit	Minimum Monthly Performance	Average Monthly Target (Year 1)	Average Monthly Target (Year 2)
1	Water sold	m ³	238,000		

CATEGORY C: OPERATIONAL INDICATORS

No.	Indicator	Unit	Minimum Monthly Performance	Average Monthly Target (Year 1)	Average Monthly Target (Year 2)
2	UFW	%	28.0	25.2	23.8
3	Percentage of meters read	%	100		
4	Percentage of reported Pipe leaks/bursts repaired	%	100		
5	Average response time to leaks/bursts	hrs	8		
6	Response time to sewage blockages and/or overflows	%	8		

CATEGORY D: LEVELS OF SERVICE INDICATORS

No.	Indicator	Unit	Minimum Monthly Performance	Average Monthly Target (Year 1)	Average Monthly Target (Year 2)
7	New connections	Nr	58		
8	Active water connections ** Baseline - 5901	Nr	6581	7100	8300
9	Inactive Water Connections ** Baseline - 1980	Nr	1780	1645	1488
10	New Sewer Connections	Nr	2		
11	Active Sewer Connections ** Baseline - 1931	Nr	1955		
12	Percentage of customer complaints responded to or resolved	%	100		
13	Average response time to complaints of technical nature	hrs	<12		
14	Average response time to complaints of commercial nature	hrs	<12		

15	Percentage of samples passing bacteriological water quality tests	%	100		
16	Percentage of samples passing physico-chemical water quality tests	%	100		

CATEGORY E: FINANCIAL INDICATORS

No.	Indicator	Unit	Minimum Monthly Performance	Average Monthly Target (Year 1)	Average Monthly Target (Year 2)
17	Billing - Total	Ushs '000	312,500	327,721	339,897
18	Collections - Total	Ushs '000	328,125	360,493	373,887
19	Cash Operating margin*	Ushs '000	183,525	215,693	229,087
20	Arrears – Total ** Baseline – 3,323,430	Ushs '000	3,135,930	2,742,665	2,334,788

*** Cash Operating Margin – is shall be defined as :**

Revenue receipts – Operating expenses

Where, for this purpose;

Revenue receipts shall be inclusive of VAT, and

Operating expenses shall exclude re-sanding and de-sludging costs as well as medical expenses of special nature chargeable to the Area but paid by Head Office.

**** Indicators with this sign are cumulative.** The figures shown are those to be achieved at the end of year. The monthly targets will be taken as the linear interpolation between the baseline and the end of year targets.

FOURTH SCHEDULE

PPM PROGRAMME AND GUIDELINES FOR CORRECTIVE MAINTENANCE

Planned Preventive and Corrective Maintenance Guidelines

Background

The Head Office Static Plant Maintenance Unit's mandate under the Delegated Area Management Contract as a maintenance support service provider to all NWSC service Areas shall entail Planned Preventive Maintenance, Corrective Maintenance and replacement of Electromechanical Plant. This guideline defines the scope of the PPM and Corrective Maintenance role, which the Static Plant unit will undertake.

Planned Preventive Maintenance –PPM and Planned Corrective Maintenance

- ? Static Plant Unit shall prepare and implement Annual Planned Preventive Maintenance Programmes in consultation with the Operator. The Unit may amend in consultation with the Operator the above maintenance programme as deemed fit.
- ? In order to ensure that the Corporation's Assets are in sound condition at all times, the Static Plant Unit shall undertake all Planned Preventive Maintenance activities classified as *Service B, C & D* as the case may be. This will be implemented in accordance with the Annual Maintenance Plan given in this Schedule.
- ? The Operator shall undertake all Planned Preventive Maintenance activities classified as Service A.
- ? Depending on local capacities and availability of skills within Operator's Team, the Operator may undertake part of PPM Service "B" and other minor repairs such as:
 - ✍ Tightening of loosened bolts of both motors, pumps and any other associated coupled load.
 - ✍ Replacement of blown fuses and pin type relays after verification (if due to power surge or age)
 - ✍ Adjustment of gland packing on pumps
 - ✍ Identification , repair and replacement of faulty valves within the pumps
 - ✍ Plumbing tasks e.g. fitting of Air Release Valve.
 - ✍ Identification and flushing of clogged chemical dosing lines
 - ✍ Cleaning of foot valves
 - ✍ Any other faults that may be identified by the Operator
- ? In pursuant of the above provision, the Operator shall discuss and agree with Principal Engineer Static Plant on the scope, nature and methodology of work.
- ? It is therefore in the interest of Operator that the PPM programme is fully adhered to. In this respect the Operator undertakes to notify and update the Static Plant Unit on any other faults that the Operator has identified that require to be addressed during the upcoming PPM programme.

- ? The Operator shall be responsible for payment of allowances to Headquarters Staff listed to undertake the PPM activity, minor maintenance costs¹ and fuel costs where applicable. It is therefore the duty of the Operator to ensure effective supervision of the maintenance team to promote cost efficiency.
- ? Headquarters shall fully finance all major planned corrective activities such as overhauling of Electromechanical equipment, replacement of parts, rewinding of flashed motors etc, whether out sourced or repaired by the Static Plant Maintenance Unit. Such costs shall not be included in the computation of the Operator's incentives
- ? In pursuant of the above provision, the Static Plant Unit shall inform the Operator two weeks in advance on the scope of works to be undertaken and list of staff that are to carry out the maintenance works indicating clearly the amounts to be paid. In addition to this, the maintenance Unit shall report to the operator to brief him on updated scope of works to be undertaken.
- ? The Operator has no right to divert funds allocated for Planned Preventive Maintenance work to finance other activities. In this regards the Operator shall not defer the PPM programme for reason of having no resources to finance the programme.
- ? The Static Plant Unit shall on commissioning or completion of maintenance works discuss with the Operator details of works carried out. The Operator shall endorse a copy of the maintenance report as a sign of acceptance of works carried out.

Emergency Corrective Maintenance (CM)

- ? The Operator shall log all emergencies and immediately communicate to Static Plant by telephone, fax, email and/or writing the details of emergency works to be undertaken. Where faults are reported by telephone communication, the Operator shall send a written communication/defect sheet to the Static Plant unit.
- ? On receipt of the defect report, Static Plant Unit shall assess the nature of fault and establish whether the remedial tasks can be handled by the Operator or the works have to be undertaken by Static Plant. Unit.
- ? In the event that the Operator can not handle the remedial tasks, Static Plant Unit shall immediately dispatch a team to handle the repairs.
- ? The Operator in consultation with the Static Plant Unit may carry out the agreed remedial service depending on the Operator's capacity and advise the Static Plant Unit accordingly.
- ? Static Plant Unit shall ensure expeditious handling of all emergency repairs and in case works can not be completed within the stipulated period, the Operator shall co-operate with the maintenance team to enable them complete works. The Operator undertakes to carry out close supervision of such works to ensure cost efficiency.
- ? The Operator shall be responsible for payment of allowances to Headquarters Staff listed to undertake the emergency and facilitate the team with minor maintenance costs, manpower, fuel costs/transport, and communication facilities where applicable.

¹ All costs referred to as minor costs, of any nature shall not exceed Ushs 70,000/= per visit, otherwise such costs shall be paid on reimbursable basis from Head Office

- ? The Static Plant Unit team shall on completion of emergency works discuss with the Operator details of works carried out. The Operator shall endorse a copy of the maintenance report as a sign of acceptance of works carried out.

Asset Replacement/Installation of New Assets

- ? In order to ensure that the Corporation assets are in sound condition at all times, the Static Plant Unit shall update the inventory of the Electro-Mechanical assets, review the operational status and efficiency.
- ? Static Plant Unit shall prepare, implement and /or amend in consultation with the Operator an Annual Plan for asset replacement and installation of new electromechanical plant.
- ? The Static Plant Unit shall provide technical specifications for electro-mechanical assets in liaison with the Operator and hence initiate procurement process.
- ? The Static Plant Unit shall participate in the tender documentation for a replacement and installation of new assets, carry out technical evaluation of bids, inspect goods and supervise installation and commissioning of the assets.
- ? Major asset Replacement costs shall be fully financed by the Head office and hence the Operators incentives shall not be affected.
- ? The Operator shall be responsible for payment of allowances to Head office Staff listed to undertake the replacement of asset/installation of new assets, finance minor modifications, if any, and effectively supervise the installation and commissioning process to ensure value for money.
- ? The Static Plant unit team shall on commissioning or completion of works prepare a report for discussion with the Operator. The Operator shall endorse a copy of the report as a sign of acceptance of works carried out.
- ? The Operator shall maintain records of key performance indicators on all Static Plants The following will constitute the key performance indicators
 - o Average flow rate per pump
 - o Nominal current flow of the pumps and blowers
 - o KVA maximum demand per month
 - o Hours run per pump per month
 - o Down time of faulty assets
 - o Generator oil top ups and hour runs per month
 - o Generator fuel consumption (*fuel used per hour*) per month
 - o Monthly - Average engine operating oil pressure and temperature
 - o Generator frequency
 - o Maintenance unit rating in the Area (response to calls, quality of service delivery e.t.c.)

PLANNED PREVENTIVE MAINTENANCE
CHECKS ON MECHANICAL PLANT (Pump, Motor Blower, Compressor, Generator e.t.c.)

SERVICE "A"

1	M	Check for - abnormal vibrations or excessive noise
2	M	Check for - visual mechanical damage
3	M	Check for - any missing or loose nuts, bolts studs or rivets
4	M	Check for - machine or bearing over temperature
5	M	Check for - bearing noise level
6	M	Check for – water, oil, grease and air leakage
7	M	Check for – gland over temperature
8	M	Check for - visual display failure on gauges - pressure, flow recorders e.t.c.
9	M	Check for – valve failure/leaks
10	M	Check for – chemical levels, concentrations and dosage
11	M	Check and clean – gland well water drainage
12	M	Check and ensure – protective guards (coupling and other machines) are secured in place
13	M	Check and ensure – water, fuel, oil sump levels correct before start
14	M	Check and ensure – battery terminals and acid water levels are normal
15	M	Check and ensure – all plant operational safety procedures are followed before and after starting the machine
16	M	Check and ensure – chemical levels, concentrations and dosage are right
17	M	Check and Ensure – machine running belts are properly tensioned

CHECKS ON ELECTRICAL PLANT (Pump, Motor, Blower, Compressor, Generator e.t.c.)

SERVICE "A"

1	E	Check and Ensure – motor and panel cleanliness
2	E	Check and Ensure – motor foundation bolts are secure
3	E	Check and Ensure – panel instruments/meters are functioning normally
4	E	Check and Ensure – power voltage is within the normal range.
5	E	Check for – any sign of physical damage on motor or panel parts
6	E	Check – power frequency is 50Hz.
7	E	Check and Ensure – necessary selector switches are set in right positions
8	E	Check and Ensure – electrical control systems are functioning properly
9	E	Check and Ensure – control indicator lamps are working & reset if tripped
10	E	Check and Ensure – emergency switch is in open position for running
11	E	Check and Ensure – motor starter operations are functioning properly
12	E	Check and record – motor 3 phase - voltage, current and freq (start/run).
13	E	Check and record – start/stopping time and machine hour run
14	E	Ensure – Starting and Stopping procedures are followed/displayed
15	E	Record – any machine defect noted and the exact time it occurred
16	E	Note and Ensure – power voltage is recorded (Time it occurred)

MECHANICAL PLANTS (Pump, Motor Blower, Compressor, Generator e.t.c.)

SERVICE "B"

		<i>While pump is in operation, carry out the following</i>
1	M	Check machine or bearing over temperature
2	M	Check for - water, oil, grease and air leakage
3	M	Check delivery gauge reading if indicating the right pressure
4	M	Check for – coupling buffers/bushes
5	M	Check for - bearing noise level
6	M	Check for – pump for visual mechanical damage
7	M	Stop the pump and carry out the following:-
8	M	Check pump/motor alignment

9	M	Open both end bearing covers, check, clean and grease the bearings
10	M	Check for – coupling buffers/bushes
11	M	Check pump gland for any leakages and add more rolls of gland packing or adjust the gland
12	M	Check and ensure – protective guards (coupling and other machines) are secured in place
13	M	Check and Ensure – machine running belts are properly tensioned
14	M	Clean the pump, carry out test and handover to Operator
15	M	Clean the pump; carry out test and handover to Operator after rectifying any defects identified above.

ELECTRICAL PLANT S (Pump, Motor, Blower, Compressor, Generator e.t.c.)

SERVICE “B”

1	E	Check tightness of bolts, fans, guards and terminal blocks
2	E	Visual inspection on motor, conduits brush gears holders, cables
3	E	Test insulation resistance of the motor and supply cable
4	E	Check panel heater, transformer, arc shields clean dirt cracks
5	E	Check bearing condition, temperature and noise
6	E	Test motor for vibration, overheating and noise
7	E	Check overload setting, fuse rating and all terminations for tightness
8	E	Check the operation of relays, interlocks and timers
9	E	Monitor operation of controls/switches, starting system
10	E	Check oil leaks, conditions, repair leakages and top up
11	E	Test and hand over to operator
12	E	Check operation of start/stop buttons
13	E	Check panel door hinges lubricate if necessary
14	E	Inspect pole pieces and shading rings
15	E	Blow, suck, clean dust from all airways and panel
16	E	Test and hand over to Operator after rectifying any defects identified above

MECHANICAL PLANTS (Pump, Motor Blower, Compressor, Generator e.t.c.)

SERVICE “C”

		While pump is in operation, carry out the following
1	M	Check bearing over temperature
2	M	Check for - abnormal vibrations or excessive noise
3	M	Check for - visual mechanical damage
4	M	Check for - any missing or loose nuts, bolts studs or rivets
5	M	Stop the pump and carry out the following:
6	M	Check the coupling buffers/bushes
7	M	Check pump/motor alignment
8	M	Check pump gland for any leakages and add more rolls of gland packing or adjust the gland
9	M	Check for - visual mechanical damage
10	M	Check for – valve failure/leaks and add gaskets
11	M	Open both end bearing covers, check, clean and grease the bearings
12	M	Check and ensure – protective guards (coupling and other machines) are secured in place
13	M	Check and ensure – battery terminals and acid water levels are normal
14	M	Check and ensure – all plant operational safety procedures are followed before and after starting the machine
15	M	Check and ensure – chemical levels, concentrations and dosage are right
16	M	Check and Ensure – Machine running belts are properly tensioned
17	M	Carry out test and hand over the pump to the Operator after rectifying any defects identified above

ELECTRICAL PLANTS (Pump, Motor, Blower, Compressor, Generator e.t.c.)

SERVICE “C”

1	E	Check tightness of bolts, fans, guards and terminal blocks
2	E	Visual inspection on motor, conduits brush gears holders, cables
3	E	Test insulation resistance of the motor and supply cable
4	E	Check panel heater, transformer, arc shields clean dirt cracks
5	E	Check bearing condition, temperature and noise
6	E	Test motor for vibration, overheating and noise
7	E	Check overload setting, fuse rating and all terminations for tightness
8	E	Check the operation of relays, interlocks and timers
9	E	Monitor operation of controls/switches, starting system
10	E	Check oil leaks, conditions, repair leakages and top up
11	E	Test and hand over to operator
12	E	Check operation of start/stop buttons
13	E	Check panel door hinges lubricate if necessary
14	E	Check auxiliary circuit operation
15	E	Inspect pole pieces and shading rings
16	E	Blow, suck, clean dust from all airways and panel
17	E	Test starter panel and run plant for at least one hour
18	E	Hand over tested plant to the operator after rectifying any defects identified above

MECHANICAL PLANTS (Pump, Motor Blower, Compressor, Generator e.t.c.)

SERVICE “D”

1	M	Isolate the pump by closing delivery and suction valves tightly
2	M	Disconnect the priming line and suction pipe from the pump
3	M	Pull out bearing housing + bearing of non drive end side
4	M	Extract gland packing
5	M	Untie the pump tie bolts and foundation bolts
6	M	Strip down the stages one after the other, while marking them
7	M	Disconnect motor from the pump, pull out coupling of pump, pull out bearing + housing of drive end, and withdraw shaft from housing
8	M	Cleaning of the pump casings
9	M	Cut gasket from manila paper
10	M	Re- assemble pump with new parts as required
11	M	Cut new packing and gland pack the pump, fit back bearing housing and new bearings and grease them
12	M	Connect back suction pipe and priming line
13	M	Fit pump coupling and re-align pump and motor
14	M	Clean the pump, open valves and prime pump
15	M	Carry out test on pump and hand over to operator after rectifying any defects identified above

ELECTRICAL PLANTS (Pump, Motor, Blower, Compressor, Generator e.t.c.)

SERVICE “D”

1	E	Check tightness of bolts, fans, guards and terminal blocks
2	E	Visual inspection on motor, conduits brush gears holders, cables
3	E	Test insulation resistance of the motor and supply cable
4	E	Check panel heater, transformer, arc shields clean dirt cracks
5	E	Check bearing condition, temperature and noise
6	E	Test motor for vibration, overheating and noise
7	E	Check overload setting, fuse rating and all terminations for tightness

8	E	Check the operation of relays, interlocks and timers
9	E	Monitor operation of controls/switches, starting system
10	E	Check oil leaks, repair leakages
11	E	Check oil levels top up or change if necessary
12	E	Check for condition and leakages in capacitor and repair or replace
13	E	Test and hand over to operator
14	E	Check operation of start/stop buttons
15	E	Check panel door hinges lubricate if necessary
16	E	Check auxiliary circuit operation
17	E	Inspect pole pieces and shading rings
18	E	Clean/replace contacts and arc shields
19	E	Blow, suck, clean dust from all airways and panel
20	E	Varnish motor windings and allow to dry for at least 48 hours if necessary
21	E	Test run starter panel and run plant for at least one hour
22	E	<i>Hand over tested plant to the operator after rectifying any defects identified above</i>

FIFTH SCHEDULE

GOVERNMENT MOU ON PAYMENT OF GoU BILLS

SIXTH SCHEDULE – JINJA AREA

COMPUTATION OF THE MANAGEMENT FEE AND INVOICE FORMAT

The monthly Management Fee payable to the Operator shall be the sum of the Base Fee, the Performance Fee and Incentive Fee due for a given month; and will be computed on the following basis:

Sno	Component	Computation Formula	Remarks
1	Base Fee ¹	$F_C + 0.75(C_C)$	Where: F_C = Non-controllable (fixed) costs C_C = Controllable costs
2	Performance Fee ²	$0.25(C_C) * [P/N]$	Where: P = The weighted number of service standards that have been achieved for the given month $N = 100$ = The total weighted number of service standards to be achieved
3	Incentive Fee ³	$X\% * [K + (OM_E - OM_O)] *$ $[0.3WR_{pa} + 0.3UFW_{pa} + 0.2CE_{pa} + 0.2CP_{pa}]$ The formula is applicable only if: $OM_E > OM_O$	Where: K = A constant representing the level of incentive equity/subsidy extended to non-break even and/or "small" Areas OM_O = Minimum cash operating margin based on the agreed OPEX (Base Fee + Performance Fee) and the set Minimum Standard for collections. OM_E = The achieved cash operating margin during the month being evaluated $X\%$ = The agreed %age of the improvement in OM to be retained by the Operator as bonus. WR_{pa} = Percentage incremental achievement in the improvement of the Working Ratio UFW_{pa} = Percentage incremental achievement in the reduction of Unaccounted for water CE_{pa} = Percentage incremental achievement in the increase in Connection Efficiency CP_{pa} = Percentage incremental achievement in the reduction in the Collection Period

Notes:

1. Base Fee

- a) The Operator shall be paid a constant monthly base fee.
- b) The base fee shall be based on the operating expenses agreed upon between the Head Office and the Operator and detailed in the Business Plan of the Operator.
- c) The base fee shall cover 100% of the non-controllable (fixed) component and 75% of the controllable component of the monthly operating expenses and details of the costs related to items under each component are laid out in the Business Plan.
- d) The uncontrollable (fixed) and controllable costs in the Business Plan shall be classified as in the Table below:

Expenditure Account Classification for Delegated Area Management Contracts

Account No.	Account Description	Classification
Employee Related Costs*		
4101	Basic Salary	Uncontrollable Cost
4103	Work Bonus	Uncontrollable Cost
4105	Shift Allowance	Uncontrollable Cost
4107	Attendance/Performance Bonus	Uncontrollable Cost
4108	Car & Cycle Allowance	Uncontrollable Cost
4109	Housing Allowance-Employees	Uncontrollable Cost
4112	SSF	Uncontrollable Cost
4113	Health/Medical Expenses	Uncontrollable Cost
4114	Leave Transport	Uncontrollable Cost
4115	Funeral Expenses	Uncontrollable Cost
4117	Gratuities	Uncontrollable Cost
4119	Lunch & Transport Allowance	Uncontrollable Cost
4122	Responsibility Allowance	Uncontrollable Cost
4124	Water Allowance	Uncontrollable Cost
4125	Telephone Allowance	Uncontrollable Cost
4126	Electricity Allowance	Uncontrollable Cost
Premises		
4201	Repair and Maintenance (premises)	Uncontrollable Cost
4202	Fixtures & Fittings	Uncontrollable Cost
4203	Water	Controllable Cost
4204	Electricity	Controllable Cost
4205	Telephone	Controllable Cost
4206	Cleaning Materials	Controllable Cost
4207	Property Insurance	Uncontrollable Cost
4208	Ground Rent & Rates	Uncontrollable Cost
4209	Office Rent	Uncontrollable Cost
Static Plant & Pipe Networks		
4301	Fuel & Lubricants (static)	Uncontrollable Cost
4302	Media (sand)	Uncontrollable Cost
4303	Repairs & Maintenance (static)	Uncontrollable Cost
4304	Electricity	Uncontrollable Cost
4305	Insurance	Uncontrollable Cost
Transport & Mobile Plant		
4401	Fuel & Lubricants (mobile)	Controllable Cost
4402	Motor Vehicle Insurance	Uncontrollable Cost
4403	Repairs & Maintenance (mobile)	Uncontrollable Cost
4405	Licences, Road Toll & Taxes	Uncontrollable Cost
Supplies & Services		
4501	Chemicals	Uncontrollable Cost
4502	Tools & Light Plant	Controllable Cost
4503	Repairs to Equipment	Controllable Cost

Account No.	Account Description	Classification
4504	Uniforms & Protective Clothing	Uncontrollable Cost
4506	Printing, Stationery & Publications	Controllable Cost
4507	Fax & Courier Services	Controllable Cost
4508	Office Supplies	Controllable Cost
Administrative Expenses		
4602	Meeting expenses	Controllable Cost
4603	Traveling expenses (local)	Controllable Cost
4604	Entertainment	Controllable Cost
4605	Publicity	Controllable Cost
4615	Subsistence –Lunch/Transport	Controllable Cost
4618	Security Guard Expenses	Controllable Cost
Financing Costs		
4714	Bank charges	Uncontrollable Cost

* Employee related costs for key staff of the Operator (Partners) – *take home packages* - will be taken as controllable costs and these shall be clearly spelt out by the Operator in the business plan or at any time from commencement of the Contract as may be required by the Head Office.

2. Performance Fee

- e) The performance fee shall be computed as the product of 25% of the controllable component of monthly base operating expenses; as described in d) above; and the weighted fraction of the achieved minimum performance standards.
- f) The notion of the performance fee is that the Operator's key staff should be able to earn at least their full salary once the minimum performance standards are achieved 100%.
- g) The minimum performance standards shall be those set by the Head Office and detailed in the Third Schedule.
- h) The minimum performance standards shall be based on the 20 indicators outlined in the tables below. The tables also include the weighting factors. The sum of the weights is equal to 100. Note that: the number of indicators shown in the tables below only form part of the whole range of indicators to be reported on by the Operator.

CATEGORY A: WATER BALANCE INDICATORS

No.	Indicator	Unit	Frequency of Measurement	Minimum Standard	Weight Factor
1	Water sold	m ³	Monthly	238,000	5

CATEGORY C: OPERATIONAL INDICATORS

No.	Indicator	Unit	Frequency of Measurement	Minimum Standard	Weight Factor
2	UFW	%	Monthly or quarterly	28.0	10
3	Percentage of meters read	%	Monthly	100	2
4	Percentage of reported Pipe leaks/bursts repaired	%	monthly	100	2
5	Average response time to leaks/bursts	hrs	monthly	8	2
6	Response time to sewage blockages and/or overflows	%	monthly	8	2

CATEGORY D: LEVELS OF SERVICE INDICATORS

No.	Indicator	Unit	Frequency of Measurement	Minimum Standard	Weight Factor
7	New connections	Nr	Monthly	58	4
8	Active water connections	Nr	Monthly	6581	8
9	Inactive Water Connections	Nr	Monthly	1780	5
10	New Sewer Connections	Nr	Monthly	2	3
11	Active Sewer Connections	Nr	Monthly	1955	3
12	Percentage of customer complaints responded to or resolved	%	monthly	100	5
13	Average response time to complaints of technical nature	hrs	Monthly	<12	2
14	Average response time to complaints of commercial nature	hrs	Monthly	<12	2
15	Percentage of samples passing bacteriological water quality tests	%	monthly	100	5
16	Percentage of samples passing physico-chemical water quality tests	%		100	4

CATEGORY E: FINANCIAL INDICATORS

No.	Indicator	Unit	Frequency of Measurement	Minimum Standard	Weight Factor
17	Billing	Ushs	Monthly	312,500	10
18	Total Collections	Ushs	Monthly	328,125	9
19	Cash Operating margin	Ushs	Monthly	183,525	12
20	Total Arrears ** (refer to Third Schedule)	Ushs	Monthly	3,135,930	5

3. Incentive Fee

- i) The Incentive Fee (IF) shall be paid to the Operator on a prorated and weighted basis once the Operator exceeds the minimum performance standards (MPS) for the parent indicators.
- j) The IF computation shall be prorated between the MPS and the desired target Performance Standards for parent indicators at the end of the Contract duration or the end of the respective months as the case may be.
- k) The improvements in a parent indicator that will contribute to the IF are capped and will be limited to the achievement of the desired target performance standard. If the improves performance beyond the desired target performance standards, that improvement beyond the desired performance standard, except for the cash Operating margin, will not contribute to the IF. .
- l) The desired target Performance Standards set by the Head Office and agreed upon with the Operator are presented in the Third Schedule.
- m) The IF is capped. The IF to be earned shall not exceed UGX 40.0 million/=.

- n) The IF shall be based on only five parent performance targets/indicators and these include:
 (i) the working ratio (WR), (ii) the UFW, (iii) the Connection Efficiency (CE), (iv) the Collection Period (CP) and (v) Cash Operating margin (OM).
- o) The maximum IF payable for a given month shall be X% of the difference between Minimum Operating Margin and the achieved Operating Margin provided that the Operator shall have achieved 100% of the other four parent desired target performance standards.
- p) The computation of the IF is based on the sum of the weighted percentage incremental achievement of the parent targets.

$$IF = X\% * [K + (OM_E - OM_O)] * [0.3WR_{pa} + 0.3UFW_{pa} + 0.2CE_{pa} + 0.2CP_{pa}]$$

Where:

X% = 40%

K = Zero

OM_O = UGX 183,325,000? =

OM_E = The achieved cash operating margin at the month end during the contract

WR_{pa} = Percentage incremental achievement in the reduction of the **Working Ratio**

UFW_{pa} = Percentage incremental achievement in the reduction of **Unaccounted for water**

CE_{pa} = Percentage incremental achievement in the increase in **Connection Efficiency**

CP_{pa} = Percentage incremental achievement in the reduction in the **Collection Period**

- q) The percentage incremental achievement (PIA) shall be computed as follows:

$$PIA = [(Ia - Im)/(It - Im)] * 100$$

Where:

Im = the minimum performance standard for a given indicator

It = the desired target performance standard for a given indicator for the month or quarter in question

Ia = the actual achieved performance level for a given indicator for the month in question.

- r) Operating Margin shall be defined as :

Revenue receipts – Operating expenses

Where, for this purpose;

Revenue receipts shall be inclusive of VAT, and

Operating expenses shall exclude re-sanding and de-sludging costs as well as medical expenses of special nature chargeable to the Area but paid by Head Office.

SEVENTH SCHEDULE - JINJA AREA

DEED OF PARTNERSHIP OF THE OPERATOR

THIS PARTNERSHIP AGREEMENT is made and entered into this 24th Day of **November** 2003, by and between the following, who shall be referred to in this Agreement as "Partners":

Name: Andrew Sekayizzi	Title: Area Manager
Name: William Turyomurugyendo	Title: Principal Accountant
Name: Apollo Mwavu	Title: Commercial Officer
Name: Lillian Nabasirye	Title: Area Engineer
Name: Edith Wegoye	Title: Senior Personnel Officer
Name: Stephen Komakech	Title: Zonal Manager – Bugembe
Name: Geoffrey Muhinda	Title: Zonal Manager – Njeru
Name: Patrick Mwesigwa	Title: Union Chairman

WHEREAS ALL partners have decided to carry on business in the name of **Kiira Water Partnership** with effect from 1st January 2004, at Plot 7 Bell Avenue, Jinja

NOW IT IS AGREED BY AND BETWEEN THE PARTNERS AS UNDER:-

1. The business of the partnership shall be carried out under the name of **Kiira Water Partnership**.
2. The business of the partnership shall be deemed to have commenced from the commencement date of the Internally Delegated Area Management Contract and it shall be continued until the date when the Internally Delegated Area Management Contract terminates.
3. The partners have agreed that the business of the partnership shall be solely to provide water supply and sewerage services in Jinja Water Supply Service Area as an Agent of the National Water and Sewerage Corporation – Head Office as provided for under the Internally Delegated Area Management Contract.
4. The principal place of business of the partnership shall be Plot 7, Bell Avenue, Jinja.
5. The partnership is at will. The partners have formed this partnership by virtue of the designations they individually hold in the National Water and Sewerage Corporation and by virtue of their desire and willingness to improve the performance of NWSC in the provision of water supply and sewerage services in Jinja Area. The partners agree to work jointly in conducting the business of the partnership. The eligible designations for this partnership are: *Area Manager, Principal Accountant, Area Engineer, Commercial Officer, Senior Personnel Officer, Zonal Manager – Bugembe, Zonal Manager – Njeru and Union Chairman*. A partner will cease to be a member of this partnership upon the partner ceasing to hold one of the designations eligible for this partnership and shall subsequently be subject to the Terms and Conditions of Service of the National Water and Sewerage Corporation.
6. Upon any partner ceasing to be a partner, the partnership shall not be dissolved.
 - a) Where a partner, by virtue of ceasing to hold a designation eligible for this partnership, leaves the partnership, that partner shall be replaced in the partnership by the individual

who assumes the vacant eligible designation. The new partner shall have the same rights and obligations in the partnership as the departing partner had in the partnership and the partnership shall continue in force as if no change of partners had occurred.

- b) In the event that a partner ceases to be a partner in the middle of the month, the earnings due to the departing partner up to the date of departure shall be ascertained and paid to the departing partner or an authorised agent of the partner.
7. The Partner with the Area Manager designation shall be the Accounting Officer (Managing Partner) of this partnership. The Managing Partner shall have authority to bind the Partnership in entering into the Internally Delegated Area Management Contract with National Water and Sewerage Corporation – Head Office and shall represent the Partnership in any matters relating to the Delegated Area Management Contract.
8. The Managing Partner undertakes to work diligently in the best interest of the Partnership and with the confidence of all the other partners in order to achieve the Object of the Delegated Area Management Contract.
9. The earnings of the partnerships shall be distributed in full and shall be shared as follows;
- a) Where the earnings are in respect of a surplus from the Performance Fee under the provisions of the Delegated Area Management Contract, the partners shall share the earnings in the following ratio:-
- | | | |
|-------|--------------------------------|-----|
| i. | Area Manager | 18% |
| ii. | Area Engineer | 12% |
| iii. | Principal Accountant ... | 12% |
| iv. | Commercial Officer | 12% |
| v. | Senior Personnel Officer | 12% |
| vi. | Zonal Manager – Bugembe | 12% |
| vii. | Zonal Manager – Njeru | 12% |
| viii. | Union Chairman | 10% |
- b) Where the earnings are in respect of the Incentive Fee under the provisions of the Delegated Area Management Contract, the partners shall pay **70%** of these earnings to the employees (seconded staff) in a manner laid out in the Partnership's Business Plan submitted under the Delegated Area Management Contract. The remaining **30%** of the earning in respect of the Incentive Fee shall be shared by the partners in the following ratio:
- | | | |
|-------|--------------------------------|-----|
| i. | Area Manager | 18% |
| ii. | Area Engineer | 12% |
| iii. | Principal Accountant ... | 12% |
| iv. | Commercial Officer | 12% |
| v. | Senior Personnel Officer | 12% |
| vi. | Zonal Manager – Bugembe | 12% |
| vii. | Zonal Manager – Njeru | 12% |
| viii. | Union Chairman | 10% |
10. No bank accounts or other accounts shall be opened in the name of the Partnership firm.
11. No partner shall raise any loan on the strength of the credit-worthiness of the Partnership firm except when the same is required for the purposes of the business of the Partnership firm.
12. The partners may by mutual consent appoint any person as employee, agent or sub-agent as may be deemed fit and proper for the purpose of carrying on the business of the partnership.
13. The partners shall in good faith develop the business of the partnership and shall be just and honest in transactions relating to the business of the partnership. Each partner shall at all times give to the other partners just and faithful account of the same without any concealment and shall also upon request furnish to the others full and correct explanations thereof.

14. Liabilities of the partners

- c) Each partner shall be responsible and liable for his personal debts and liabilities which shall be discharged by him personally and he shall keep the other partners and the partnership indemnified to that respect.
- d) Each partner shall indemnify the partnership as well as the other partners for loss caused to it or him as the case may be by his fraud or breach of authority in the conduct of the business of the partnership.

15. During the continuation of the partnership or at any time thereafter, any dispute or difference relating to the partnership or its business which may arise between the partners, and cannot be resolved by the managing partner, shall be referred to the Managing Director of the National Water and Sewerage Corporation for adjudication. A decision of the Managing Director shall be final and binding on the partners.

16. The partners may add, alter, amend provisions of this partnership deed in any manner they mutually agree to provided that the additions, alterations and amendments do neither adversely affect the object of the Delegated Area Management Contract nor unduly negatively affect the terms and conditions service of the employees (seconded staff). Such additions, alterations and amendments shall be recorded in writing and signed and accepted by all the partners in which occurrence they shall be operative as terms of this partnership deed.

IN WITNESS WHEREOF, the parties hereto under set and subscribe their hands this day, month and year mentioned hereinabove.

Name: **Andrew Sekayizzi**

Signature:

Name: **William Turyomurugyendo**

Signature:

Name: **Apollo Mwavu**

Signature:

Name: **Lillian Nabasirye**

Signature:

Name: **Edith Wegoye**

Signature:

Name: **Stephen Komakech**

Signature:

Name: **Geoffrey Muhinda**

Signature:

Name: **Patrick Mwesigwa**

Signature:

EIGHTH SCHEDULE

PROCUREMENT GUIDELINES

1.0 INTRODUCTION

- 1.1 These guidelines are for purposes of regulating the Area Procurement function under the Delegated Area Management Contracts (DAMC). They also apply to all the other NWSC Areas that are not under DAMC program.
- 1.2 These guidelines shall apply in harmony with the Procurement and Disposal of Public Assets Law, Regulations, Public Procurement and Disposal of Public Assets Authority (PPDPA). Guidelines and NWSC Accounting Instructions and Manual, copies of which are available with the Area Manager.
- 1.3 **Effective Date:** 01st January 2004.

2.0 AREA PROCUREMENT MANDATE

- 2.1 Delegated function.
The Managing Director may delegate to the Area, functions of the HQRS Contracts Committee and Procurement and Disposal Unit in line with the value Threshold in 2.2 below.
- 2.2 **Procurement Threshold:**
Areas may award contracts for Procurement of goods, services and Works up to the following value thresholds:

Requirement	Category I	Category II
- Goods	Shs 5.0 million.	Shs 5.0 million
- Services	Shs 8.0 million.	Shs 5.0 million
- Works	Shs 8.0 million.	Shs 5.0 million

N.B Category I: Entebbe, Jinja, Mbale and Mbarara Areas

Category II: All other Areas except OSUL

2.3 Procurements of higher values

- 2.3.1 Areas may source quotations, evaluate bids and recommend to HQRS Contract Contract Committee for approval of procurements above their thresholds Specified in paragraph 2.2 above but not exceeding Shs 30.0million.

- N.B:-
- Procurements in excess of Shs 18.0 million require Boards' approval.
 - Procurements in excess Ug shs 50.0 million require Solicitor Generals' Approval.

3.0 DELEGATED FUNCTIONS

3.1 Area Manager.

- 3.1.1 Certifying availability of funds prior to initiation of any procurement. 3.1.2 Committing funds prior to issuing Purchase Order/Contract
- 3.1.3 Signing of Purchase Order/Contract.
- 3.1.4 Ensuring implementation of contracts in accordance with Contract conditions.

- 3.1.5 Micro-procurement not exceeding Ushs 500,000/=.
- 3.1.6 Ensure timely submission to HQRS Contracts Committee of Area Procurement Reports

3.2 Area Contracts Committee (ACC)

- 3.2.1 Approve Request for Quotation documents.
- 3.2.2 Approve procurement methods.
- 3.2.3 Approve Evaluation Committee teams.
- 3.2.4 Approve Evaluation Methodology.
- 3.2.5 Approve Appropriateness of contract documents.
- 3.2.6 Review and approve evaluation reports.
- 3.2.7 Review and recommend to HQRS items for disposal.
- 3.2.8 Ensure compilation and reviews of Area procurement reports
- 3.2.9 Ratify all micro-procurements.
- 3.2.10 Review and recommend to HQRS items for disposal.

3.3 Area Procurement Units (APU)

- 3.3.1 Liaison with ACC in organizing Contract Committee meetings.
- 3.3.2 Manage pre-bid meetings.
- 3.3.3 Manage bid closing and bid openings.
- 3.3.4 Manage evaluation process..
- 3.3.5 Issuing of Request for Quotation/Proposal documents
- 3.3.6 Making recommendations for award of contract to the ACC.
- 3.3.7 Preparation of Area procurement reports.
- 3.3.8 Keep proper records of all procurements carried out in the Area.

4.0 AREA CONTRACTS COMMITTEE (ACC) AND AREA PROCUREMENT UNIT (APU)

4.1 Composition of Area Contracts Committee (ACC).

- 4.1.1 Minimum 3, maximum 5.
- 4.1.2 Area Manager and Storekeepers or Store Assistants not to be members of ACC.
- 4.1.3 Staff who evaluate procurements not to be members.
- 4.1.4 Area Manager to recommend to HQRS Contracts Committee names of ACC members for approval.
- 4.1.4 Quorum – 3 members.
- 4.1.5 The prime signatory to the Purchase Order/Contract shall not be a member of ACC.

4.2 Composition of Area Procurement Unit (APU).

- 3.3.1 Minimum 1.
- 3.3.2 A member of ACC shall not be in the APU.
- 3.3.3 The prime signatory to the Purchase Order/Contract shall not be a member of APU.
- 3.3.4 A Storekeeper or Stores Assistant shall not be a member of the APU.

5 PROCUREMENT METHODS.

Areas are to use the following procurement methods:

- 5.1 Micro procurement.
 - 5.1.1 For estimated values not exceeding Shs 2.0 million for goods, works and services.

- 5.1.2 At least one quotation from registered and eligible supplier or contractor.
- 5.1.3 Transactions carried out under micro-procurement are to be ratified by the ACC within the month of occurrence.
- 5.1.4 Monthly micro-procurement reports are to be submitted by the Area Manager to HQRS Contracts Committee by the 5th of every month.
- 5.1.5 Bidding and advertisement period is not applicable.
- 5.1.6 Public notice before award not applicable.
- 5.1.7 All micro-procurements to be published monthly on the Area Notice Board.
- 5.1.8 A formal signed Purchase Order may not be necessary under micro-procurement where cash payment transactions are involved.
- 5.1.9 An Invoice or Receipt for goods, works or services under micro-procurement shall show the name of the supplier/contractor and VAT Registration Number, where applicable.

5.2 Request for Quotations/Proposals (RFQ/P).

- 5.2.1 Quotations are used for works and supplies (goods) while Proposals are used for services.
- 5.2.2 For estimated value for the goods, works or services not exceeding Ushs 18.0 million.
- 5.2.3 At least 3 or more suppliers shall be invited to give quotations.
- 5.2.4 Where 3 bids are not obtained, the Evaluation Committee shall decide whether or not to proceed with the process.
- 5.2.5 Approvals for award of contracts to be obtained from the relevant authorities as specified in paragraph 2.2 and
- 5.2.6 Minimum bidding period five days, advertisement period not applicable.
- 5.2.7 Bids to be received by the APU staff in person and issue a receipt to the Bidder.
- 5.2.8 Verbal, fax or electronic quotations not allowed.
- 5.2.9 Publish best-evaluated bidder on Area Notice Board for a minimum of five days before issuing the Purchase Order/Contract.
- 5.2.10 Advertising period not required.
- 5.2.11 Requests for Contracts Committee approval is to be sought using the standard forms in the PPDA Regulations.

5.3 Direct Procurement (Single sourcing or mono-quotation)

- 5.3.1 Direct procurement method is to be approved by ACC in accordance with the PPDA Regulations for values within the ACC threshold

6 PROCUREMENT PROCESS.

6.1 Purchase Requisition (PR).

- 6.1.1 All purchases shall be initiated after confirmation of budget provisions by Area Manager.
- 6.1.2 Purchases to be initiated using format from PPDA of PR.
- 6.1.3 PR to contain detailed specifications (not brand names).

6.2 Procurement Reference Number.

- 6.2.1 Each Area procurement transaction to be assigned a reference number by one nominated person.
- 6.2.2 The Reference number is to be in accordance with PPDA Guidelines no. 2/2003.
- 6.2.3 All bidding documents and contracts are to have a reference number in accordance with PPDA Guidelines.

6.3 Procurement Planning.

- 6.3.1 Areas should prepare work plans for procurements.

- 6.3.2 Work plans should take into account time for processing of procurements up to delivery of goods, works or services.
- 6.3.3 Aggregating of requirements essential.
- 6.3.4 Splitting of requirements only permitted with justified technical and economic advantages.
- 6.3.5 The procurement methods which mainly depend on the value should be considered during the planning.
- 6.3.6 Emergency procurements permitted only under specific circumstances otherwise not allowed.
- 6.3.7 Multi-Annual procurement work plans should be based on approved budget.

6.4 Sourcing of Suppliers/Contractors

The following are the minimum eligibility requirements.

- 6.4.1 Only Bidders with legal capacity to enter into contracts are to be considered.
- 6.4.2 Bidders should not be;
 - Insolvent.
 - In receivership
 - Bankrupt
 - Being wound up
- 6.4.3 Bidders must have fulfilled obligations to pay Government taxes and social security contributions.
- 6.4.4 Bidders without a conflict of interest in relation to subject of procurement
- 6.4.5 Trading license.
- 6.4.6 Income tax clearance.
- 6.4.7 VAT registration.
- 6.4.8 Area to verify accuracy, validity and authenticity of eligibility documents.
- 6.4.9 All suppliers are to sign a declaration of compliance to codes of conduct issued by PPDA.

6.5 Evaluation of Quotations.

- 6.5.1 Evaluation of quotations or proposals shall be carried out by at least three persons (Evaluation Committee).
- 6.5.2 Evaluation to be recommended by APU and approved by ACC.
- 6.5.3 Evaluation Reports (PPDA FORMAT) to be presented to ACC for approval.

7 CONTRACT MANAGEMENT.

- 7.1 Each user department is to manage its contract once a Purchase Order/Contract is issued.
- 7.2 APU to monitor contract performance.
- 7.3 Contract variations to be issued only with the approval of the ACC.
- 7.4 Contract amendments to be issued only with approval of the ACC.
- 7.5 Termination of contract to be done with the approval of the ACC.

8 REPORTS.

8.1 Statutory reports

The following reports are statutory and must be forwarded monthly to HQRS by 5th of the following month:

- Monthly report on micro-procurements.
- Monthly report on the status of all procurements.

8.2 Other Reports

Monthly reports on procurements of value Shs.5.0 million and above for Board of Directors, to be submitted to HQRS by 5th of the following month.

8.3 Minutes of ACC Meetings

Minutes of every ACC meeting should be forwarded to HQRS Contracts Committee within 1 week after date of each meeting.

9 DISPOSAL OF ASSETS.

- Assets for disposal to be identified by users.
- List of items for disposal to be forwarded to HQRS relevant Head of Division for on ward presentation to the Contracts Committee at HQRS.

10 CODE OF ETHICS

All members of ACC, APU and others involved in procurement function are to sign a code of ethical conduct provided in Regulations PPDPA.

11 STANDARD DOCUMENTS

11.1 Areas are to use the standard documents contained in the PPDPA Regulations 2003.

11.2 No amendments to the standard documents are to be made without the approval of the PPDPA.

12 PENALTIES FOR NON-COMPLIANCE TO THE PPDPA LAW

12.1 No action shall lie against a member of staff for any act or omission done in good faith.

12.2 Offences include: failure or refusal to give reports and required information, connivance and collusion to commit a fraud or corrupt act.

12.3 Penalties includes;

-Withdrawal of delegated authority by HQRS.

-On conviction, a fine of Shs 5.0 million or imprisonment for 3 years or both.

13.0 INTERPRETATION/GUIDANCE ON THE PPDPA LAW.

Any interpretation, guidance or clarifications required on the PPDPA Law, Regulations and Guidelines should be addressed to any of the following:

Manager, Procurement, HQRS.

Principal, Legal Officer, HQRS.

Principal Procurement Officer, HQRS.

NINTH SCHEDULE

REPORTING REQUIREMENTS

The list of reports to be submitted by the Operator will include:

Category A:

Daily entries – collections, banking, water production, new connections, disconnections, customer complaints etc

Category B:

Weekly Reports (to be submitted before end of Tuesday of the following week) – mainly financial reports; collections, banking, expenditure (OPEX), highlights of contractual issues etc

Category C:

Monthly Report on Operations (to be submitted before 12th of the following calendar month) – Performance Standards (achievement against targets, where applicable), Technical (water production, distribution, quality, sewerage), Commercial (billing, collections, arrears, connections, marketing and customer care programmes), Finance (cash, banking, OPEX, CAPEX), Management Services (staffing levels, staff welfare and discipline, transport, security, legal, premises, public relations etc). The Reporting format shall be as agreed with the Head Office from time to time.

Category D:

Quarterly Report (To be submitted by 15th of the month following quarter end); the report shall cover all aspects related to achievement of Performance Standards (achievement against targets, where applicable), Technical (water production, distribution, quality, sewerage), Commercial (billing, collections, arrears, connections, marketing and customer care programmes), Finance (cash, banking, OPEX, CAPEX), Management Services (staffing levels, staff welfare and discipline, transport, security, legal, premises, public relations etc). The Reporting format shall be as agreed with the Head Office from time to time.

After the submission of the quarterly report, the Operator shall be required to attend a quarterly review meeting, in accordance with this contract. The scheduling of the quarterly review meeting shall be planned by the Head Office and agreed by both parties. The quarterly review meetings shall be chaired by the Chief Manager, Engineering Services or his assign and the resolution arising thereof shall form part of the contract. The venue for the quarterly review meeting shall be the Head Office, unless otherwise decided by the Head Office. Each party shall meet its own attendant meeting costs.

Category E:

Stand Alone Regular Reports (to be submitted as directed by the Head Office, from time to time). These will include:

- Out-put VAT on non-consumption charges
- Staff Loan Repayment Scheme
- Arrears List
- Procurement

Category F:

Event driven reports (to be submitted as directed by the Head Office, from time to time); these shall include but are not limited to:

- Reports on disciplinary cases
- Mains extensions

TENTH SCHEDULE

TERMS OF STAFF SECONDMENT TO THE OPERATOR

1. Staff selected by the Operator shall be transferred from the Corporation with effect from 1st January, 2004.
2. From the time they receive appointment letters from the Operator and they accept them they will be bound by terms and conditions of service of the Operator
3. They will be paid by the Operator according to its salary structure
4. They will be paid not less than what they were earning prior to the Commencement Date of the Delegated Area Management Contract
5. At the expiry of the Contract with the Operator the staff will be returned to the Corporation
6. In case of special or normal retirement at the end of the Contract with the Operator, the period served with the Operator shall be included in the computation of terminal benefits
7. Any employee whose service is not required by the Operator shall be returned to the Corporation.
8. Staff wishing to go for full time training for more than 30 days will be returned to the Corporation and thereafter will be subjected to Corporation's terms and conditions of service regarding training.
9. An employee who attains the mandatory retirement age of 55 years shall be paid retirement benefits by the Corporation and shall cease to be a Corporation transferred staff, but may continue to serve the Operator until the expiry of his/her contract with the Operator.
10. Employees on contract at the Commencement Date of the Contract will be paid their gratuity by Corporation at the expiry of their contract with the Corporation. The Operator shall be responsible for payment of their contract gratuity if any at the end of the remaining period of service to the Operator.

ELEVENTH SCHEDULE:

Procedures for use and disbursement of management fees

1. General

The procedures laid down in this schedule are intended to supplement existing NWSC financial policies and procedures and are, in particular, intended to provide specific guidance for the use and disbursement of the management fees earned by Operators under the IDAMC. The Operator's obligation to comply with the NWSC financial policies and procedures is by no means changed by the procedures in this schedule.

2. Use of the management fee to meet operating expenses

For purposes of the IDAMC, an Area's operating expenses have been classified as either Uncontrollable or Controllable. Under the IDAMC the Operator shall, in consideration for providing the required services in the Area, earn and receive a management fee in accordance with the terms set out in the Operator's approved business plan.

The management fees received by an Operator shall be applied, as first priority, to meet all the operating expenses of the Area to the extent of such expenses. No part of the management fee shall be distributed as surplus, profit or incentive payment to the Operator unless all liabilities relating to the operating expenses of the Area have been paid or sufficient funds have been set aside in the Area's operating bank account to cover such liabilities.

The Operator shall account for all operating expenses of the Area, including any surplus, profit or incentive payments to the Operator, in accordance with the NWSC financial policies and procedures as prescribed in the financial procedures manual.

3. Expenditure in respect of the Base Fee

The Operator shall, each month, receive a portion of the management fee known as the Base Fee in accordance with the Operator's approved business plan. The Base Fee is an agreed amount paid to the Operator to meet all the Area's monthly Uncontrollable expense or liability items and 75% of the Uncontrollable expense or liability items.

Once the Base Fee is transferred onto the Area operating account, the Operator shall proceed to use such funds to meet the Area's operating expenses or liabilities in accordance with existing financial policies and procedures. Where the amount spent on any Uncontrollable expense item in any month is less than the amount of funds provided for that item in that month, the Operator may apply the surplus towards any other Uncontrollable expense item at the Operator's discretion. Similarly, the Operator may apply more funds towards any Uncontrollable expense item than was provided for that item in that month provided there are equivalent surpluses available from other Uncontrollable expense items arising from either that month or from prior months.

If after meeting all Uncontrollable expense or liability items there is still a surplus of funds available for Uncontrollable expense items, such surplus shall be debited to account code 4622 "Surplus on Uncontrollable Costs" with the contra entry to account code 2040, these two accounts having been created for this specific purpose. As part of the quarterly reviews provided for under the Contract, surpluses accumulated under account 2040 shall be verified by the Head Office and when found to be bona fide savings shall be applied to the Operating Margin available for payment of the incentive fee. The entries in accounts 4622 and 2040 shall then be reversed to clear the verified amount.

4. Expenditure in respect of the Performance Fee

The Operator shall, each month, receive a portion of the management fee known as the Performance Fee in accordance with the Operator's approved business plan. The Performance Fee is an agreed amount paid to the Operator on the basis of 25% of the Uncontrollable expense items in the business

plan. The Performance Fee is earned by the Operator pro-rata on the basis of achievement of the minimum performance standards set out in the Third Schedule of this Contract.

Once the Performance Fee is transferred onto the Area operating account, the Operator shall proceed to use such funds to meet the Area's operating expenses or liabilities in accordance with existing financial policies and procedures. Where the amount spent on any Controllable expense item in any month is less than the amount of funds provided for that item in that month, the Operator may apply the surplus towards any other Uncontrollable or Controllable expense item at the Operator's discretion. Similarly, the Operator may apply more funds towards any Controllable expense item than was provided for that item in that month provided there are equivalent surpluses available from other Controllable expense items arising from that month.

If after meeting all Controllable expense or liability items there is still a surplus of funds available for Controllable expense items, such surplus shall be applied to the Operating Margin available for payment of the incentive fee.

5. Expenditure in respect of the Incentive Fee

The Operator may, in addition to the Base Fee and the Performance Fee, receive a portion of the management fee known as the Incentive Fee in accordance with the Operator's approved business plan. The Incentive Fee is an agreed amount paid to the Operator on the basis achieving an Operating Margin in excess of the agreed minimum Operating Margin and prorated on the basis of achievement of Parent Targets as set out in the business plan.

Each month the Operator shall, on the basis of that month's operating performance results and reports issued thereon, compute the appropriate Incentive Fee earned by the Operator. The Operator shall submit to the Head Office an invoice for monthly management fee including the properly computed incentive fee as set out in this Contract.

Once the Incentive Fee is transferred onto the Area's operating account, the Operator shall proceed to disburse the funds in accordance with the financial plan set out in the business plan.

6. Payments through Payroll

In accordance with NWSC policy, all eligible payments to NWSC staff arising under the IDAMC which are required by applicable laws or regulations to be reported as employee payments shall be expensed and paid through payroll in accordance with applicable procedures. In particular the following payments shall be effected through monthly payroll:

- Basic pay and allowances for seconded staff;
- Basic pay and allowances for key staff of the Operator;
- Any share of the Incentive fee paid to a seconded staff by the Operator;
- Any share of the Incentive fee paid to key staff of the Operator; and
- Any other payment to a seconded staff or key staff of the Operator which is required by NWSC policy to be effected through payroll.

7. Accountability for and Disclosure of Use of Funds

While the IDAMC's primary objective is to allow increased autonomy in decision-making to the Operator, it is also the objective of the IDAMC to ensure full compliance with the existing NWSC financial policies and procedures. In particular, the Operator is required to ensure maximum transparency and accountability in all transactions conducted for the Corporation. The Operator shall adhere to all existing NWSC requirements for proper authorization and documentation of transactions, as well as the requirements for recording, classifying and reporting of transactions. The Operator shall also comply with all directions issued by the Head Office related to the proper disclosure and accountability for funds under the IDAMC.

TWELFTH SCHEDULE

SUPPORT SERVICES PROVIDED BY THE HEAD OFFICE AND

AND PROCEDURES FOR PROVISION OF BLOCK MAPPING SERVICES TO AREAS

Background

Besides giving general strategic direction, Head Office shall provide the following Support Services to the Operator

Block-mapping Services

- ? Updating of Block Maps for new water and sewerage extensions and connections.
- ? Maintenance of Central GIS for all Areas.
- ? Production of Block maps for field use.
- ? Allocation of property references and maintenance of serial numbering system for water and sewer connections.

Technical Backstop Support

- ? ?? Carrying out design of water distribution systems above DN 80 mm in size and sewer lines above DN 150 mm in size.
- ? ?? Coordinating the budget preparation process and seeking budget reallocation/ supplementary budgets where applicable.
- ? ?? Assist in tender documentation for works contracts to be undertaken in the Areas and participate in solicitation and evaluation of bids for values beyond Area's thresholds
- ? ?? Coordinating the procurement of inputs beyond the Areas thresholds for the Areas
- ? ?? Coordinating the approval of inputs by NWSC Top management, Contracts committee and the Board where applicable
- ? ?? Prepare Board papers for all Area's inputs requiring Board Approval.
- ? ?? Carrying out Asset Condition Surveys, network analysis studies/modeling and demand analysis to enhance better network performance.
- ? ?? Providing technical support services on operation of water and sewerage systems.
- ? ?? Provide support in the implementation of performance improvement schemes.
- ? ?? Carry out arms-length supervision of water and sewerage extension and management of Corporation Assets.
- ? Follow up implementation of audit and quality management recommendations that are beyond the Area's direct control.

Information Technology Services

- ? ?? Specialized maintenance of the IT Hardware.
- ? ?? Licensing and maintenance of IT Software packages.
- ? ?? Upgrading of IT systems and equipment.
- ? ?? Design of IT Systems, infrastructure and networks
- ? ?? Preparation of specifications, tender documentation and evaluation, inspection of systems and supervision of installation of systems.
- ? ?? Provision of technical remote user support and troubleshooting.

The cost of maintenance (preventative and repair) of IT equipment within the Area offices will be borne by the area.

Quality Management Support

- ? ?? Overseeing the water quality monitoring program of the Area and assurance of compliance with standards.
- ? ?? Monitoring of the performance of sewage treatment plants and determination of pollution load into the receiving environment in reference to the National Standards.
- ? ?? Water quality data compilation, analysis, interpretation and information dissemination for water quality improvement.
- ? ?? Coordination of calibration and service of laboratory equipment.
- ? ?? Specification and initiation of bulk chemicals, laboratory equipment and reagents.
- ? ?? Tender documentation and evaluation, inspection of goods and services related to quality management.
- ? ?? Carrying out research to improve treatment processes and providing advisory services on improvement measures for effective operational performance.
- ? ?? Coordination of the development of a quality management system and specifically quality assurance in laboratory work.

Security Services

- ? ?? Overall monitoring of security of Area Assets.
- ? Undertake to put in place emergency security measures in the Areas.
- ? ?? Provide arms length guidance on general security of NWSC installations and assets
- ? ?? Maintaining a Data base of effective private security firms and advise the Operator where necessary in solicitation of security services.
- ? Provide strategic guidance in investigating and prosecuting offenders for cases prejudicial to NWSC interests.
- ? Provide guidance to the operator in matters related to protection of NWSC employees.
- ? Provide guidance and assistance to the operator in carrying surveillance on suspicious characters to deter them from committing offences against NWSC.

Central Store Services

- ? ?? Overall monitoring of NWSC Stores.
- ? Provision of advisory services to NWSC stores.
- ? ?? Stocking bulk stock items.
- ? ?? Coordinating optimum utilisation of stock items.
- ? ?? Stocking of accounting stationary.

Procurement Services

- ? ?? Procurement of bulk chemicals, pipes & fittings, fuel and chemicals to benefit from bulk discount.
- ? ?? Procurement of foreign goods and services.
- ? ?? Procurement of goods and services beyond the Operator's threshold.
- ? ?? Procurement of specialised items.

PROCEDURE FOR PROVISION OF BLOCK MAPPING SERVICES TO AREAS

1. Block mapping Schedule

- ? Headquarters shall prepare an annual plan for updating block maps in all Areas (see Annex 1 attached).
- ? Areas shall include appropriate information in their monthly reports to enable the Block-mapping Section plan for the mapping activities.

2. Water/Sewer Extensions

- ? The Operator shall report monthly on all water and sewer extensions carried out in their Areas clearly indicating the length, size and location of the extensions order to enable the Block mapping staff carry put proper planning before visiting the Areas. This information shall be incorporated in the monthly reports to headquarters.
- ? The Operator shall maintain in their Areas, a database of all mains extensions. The database shall be in form of maps/sketches showing the following:
 - a) Location of the extension(s) –street/ village name.
 - b) Length of main indicating the starting point and the end points.
 - c) Size of main
 - d) Pipe material
 - e) Location of fittings e.g. washouts, air valves, sluice valves, etc.
 - f) Location of tee-junctions if any.
 - g) Location of manholes (in case of sewers).

3. New Connections (both water and sewerage)

The operator shall:

- ? Allocate interim property reference numbers to the applicants and attach a copy of the block map extract to the new connection application before installing new connections.
- ? Keep all files for new customers that have not been mapped separately to be later passed over to the block mapping team when they visit the Area.
- ? Report number of new connections installed in their respective Areas a monthly basis to headquarters.

4. Allowances

- ? The Operator shall pay allowances to block-mapping staff. In case of Areas with a big backlog of work, or new Areas where new block maps are to be produced, staff will be transferred temporarily to the Areas and disturbance allowance will be paid as the staff shift to the Areas and as they return to Kampala. In areas where there is no backlog, staff will be paid night allowance depending on the days spent in the Areas but in any case not exceeding two weeks. The staff will then be able to get their own accommodation.

5. Transport

Headquarters shall:

- ? Provide a vehicle(s) to the block mapping team(s).
- ? Provide fuel for the journey from headquarters to the Areas.

The Operator shall:

- ? Provide fuel for internal operations and for return journey to headquarters.
- ? Provide a vehicle for the block mapping operation (in exceptional cases where headquarters cannot provide a vehicle) to enable the update of maps continue in line with the agreed schedule. In such cases, headquarters shall reimburse the costs incurred.

6. Manpower

- ? Headquarters shall provide key staff to carry out field surveys and update the block maps.
- ? The Operator shall provide some additional support staff when required e.g. when excavation is needed to expose pipes, buried meters, etc. or to guide the block mapping staff to consumers that have been connected to newly laid mains.

7. Replacement of Block-maps

- ? The Operator shall request in writing for replacement of block-maps, two weeks in advance to allow for copying and preparation of maps.

8. Digitisation of Block maps

- ? Headquarters shall digitise block maps for all Areas and have them updated periodically.