

NATIONAL WATER AND SANITATION COMPANY, UGANDA

1. LEGAL STRUCTURE & OWNERSHIP

The National Water and Sewerage Corporation (NWSC) is an autonomous parastatal entity established in 1972 and responsible for the delivery of water supply and sewerage services in 15 large urban centers. In 1995, the Government of Uganda reestablished the corporation under the **National Water and Sewerage Corporation Statute**. The objectives, powers, and structure of NWSC were revised with the sole objective of making the NWSC operate on a commercial and viable basis. It is fully owned by the Government of Uganda and operates as an autonomous water board with a distinct legal status.

2. CORPORATE GOVERNANCE

NWSC is governed by a **Board of Directors** which reports to the Minister of Water, Lands and Environment. The Managing Director, who sits on the board, is responsible for the day-to-day operations of the corporation. The Board of Directors consists of the chairman, the Managing Director and seven other directors—one of which must be the director of the Ministry's Directorate of Water Development. The Board of Directors determines the strategies and policies of the company consistent with the laws and regulations applicable to NWSC.

The Board of Directors is appointed by the Minister of Water, Lands and Environment. Member terms are three years with an option for a second term. Members can be from the public or private sectors. The minister appoints board members according to qualifications in:

- Relevant business experience;
- Public finance, banking, or economics;
- Water supply or sewerage engineering;
- Business management;
- Commerce or industry;
- Environmental management; and
- Public health.

The Managing Director is appointed based on competitive selection from suitably qualified Ugandans. The Managing Director serves for a contract term of five years, subject to renewal.

3. DOCUMENTED OBLIGATIONS AND RIGHTS

NWSC has to meet specified performance targets set by and agreed upon with the government which are set out in a [2003 Performance Agreement](#) signed between the Government of Uganda and the NWSC.

The performance indicators include service coverage, water that is unaccounted for, staff productivity, water production, capacity utilization of plants, water network extension, metering efficiency, number of connections, billing (turnover), collection efficiency, and connection efficiency (active/inactive connections).

The NWSC tracks and achieves its goals through a rolling three-year **Corporate Plan**.

NWSC has implemented internal performance contracts called [Area Delegated Management Contracts](#) which decentralize responsibilities within the utilities service area. These contracts include the local service obligations and targets and the compensation of the key local managers is linked to achievement of these minimum obligations and targets.

NWSC has **customer charters** which set out the obligations and commitments to customers.

Since October 2002, NWSC has been implementing the “Stretch-Out Programme” aimed at raising the bar for all performance indicators within the corporation and ensuring accelerated achievement of the performance objectives.

4. ACCOUNTING AND FINANCIAL MANAGEMENT

Tariffs are set by the Minister for Water, Lands and Environment based on proposals made by NWSC.

NWSC’s Internal Audit promotes the effective and efficient use of resources and ensures application of the corporation’s system of internal controls.

The **National Water and Sewerage Corporation Act** requires the board to prepare financial statements for each financial year using suitable accounting policies. The board must state the accounting standards that have been followed and must maintain proper accounting records.

NWSC accounts are audited by an [external auditor](#) appointed by the Auditor General according to international auditing standards. The annual report, audited accounts and auditor’s report are forwarded to the minister and Parliament for review and further action if necessary.

5. CUSTOMER ORIENTATION

NWSC has a rolling training program for all employees with direct interface with customers including cashiers and field staff, such as plumbers and meter readers. Bills are paid mainly at NWSC cash offices, although it is now possible to pay at other locations. NWSC actively informs customers about changes related to service provision through flyers, newspaper advertisement, radios, and strategic alliance meetings.

NWSC proactively seeks the opinions of the customers through annual customer surveys, suggestion boxes, and strategic alliance meetings. The strategic alliance meetings involve a dialogue between NWSC area management teams and the full range of stakeholders in an area of operation—including water vendors, water kiosk and public stand pipe operators, urban authorities, large government consumers, urban poor communities, restaurant operators, industries, education/academic institutions, etc.

The percentage of resolved customer complaints ranges from about 95% to 100%.

6. TRANSPARENCY AND USE OF DATA

NWSC produces an annual report which is available on the utility’s [Web site](#) and is distributed mainly within the government. It also develops an annual Corporate Plan (a one year projection within the rolling three-year Corporate Plan).

The [Performance Agreement with Government](#) and the internal service improvement strategies of NWSC set out clear and measurable performance targets. Performance against the targets is reported in the [annual report](#), [website](#) and in the [Water Herald](#), the NWSC newsletter. The performance of the local service areas against their own performance contracts with NWSC are likewise reported and compared.

The performance of employees is evaluated annually using standardized performance appraisal forms. Individual employees have specific performance goals.

The Managing Director and other members of management at the central and local levels are eligible for rewards and penalties based on corporate performance at local and central levels. Through the [Internal Delegated Area Management Contracts](#), achievement of performance targets can lead to incentive payments as high as 50% of the base pay of each employee in the area. Failure to achieve the minimum performance standards can lead to a forfeit of up to 25% of managers' base pay. Lower-level employees also benefit from incentive pay.

7. PERFORMANCE RESULTS

The 2004/2005 NWSC Annual Report shows:

- 26% increase in turnover;
- Operating profit before depreciation and interest increasing 22%;
- Operating profit after depreciation increased by 201%;
- Water production increasing by 5%;
- 22% increase in new connections;
- Implementation of the new connection policy as a strategy to increase service coverage and service to the urban poor;
- Several new major water supply and sanitation schemes;
- NWSC won the Federation of Uganda Employees 2004 Productivity and Performance Management Award; and
- ISO 9001:2000 certification for two service areas was renewed after the annual surveillance audit, confirming product and service quality.