Institutional Change for Effective Delivery of WATSAN Services
The case of NWSC, Uganda

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Scope of presentation

- Overview of National Water & Sewerage Corporation (NWSC)
- Key triggers for institutional change
- Action at policy/national level
- Action at utility level
- Perceived key drivers of institutional change
- Conclusion
Overview of National Water & Sewerage Corporation (NWSC)

- Public owned utility set up in 1972 to provide water & sewerage services to 3 largest towns
- Required to expand & cover all larger towns
  - 7 towns by 1990; 12 by 2000; 23 by 2008
- Current catchment pop of ~ 2.7m; 1,400 staff
- 203,000 water connections, 14,400 sewerage connections => demand for on-plot sanitation
- Estimated water service coverage of 72%
Key Triggers of Institutional Change

- Engineering-led, welfare-based management
  - Could not be sustained with geographical expansion
  - Low operational efficiency – UFW ~ 50 - 60%; Collection Efficiency ~ 60%; poor service levels
  - Monthly running deficit of ~ US$300,000
- International Aid on-lent to NWSC for expansion
- Repayment holiday was to end in 1998; Obligation to service the debts thereafter
Main Actions at Policy/National Level

- New Board appointed, its composition changed
- Engineering skills de-emphasized in recruitment process of MD => MBA/PhD holder appointed
- Engaged International Water Operator to manage water-based operations in Kampala
- NWSC put under supervision of Ministry of Finance’s Public Utility Monitoring Unit
- From 2000, NWSC/Govt 3-year performance contracts (PC), as a condition for extending loan repayment holiday
Main Actions at Utility Level -1

- Management initiated Short Term Performance Improvement Programmes
  - 100 Days’ Programme
  - Service and Revenue Enhancement Programme
- 3-year corporate plans in tandem with PC
  - Private-sector like commercialisation approaches
  - Increased managerial autonomy to service areas
  - Increased benchmarking
  - Increased research and development
Main Actions at Utility Level -2

- Medium term performance-oriented programmes:
  - Area Performance Contracts & Support Services Contracts
  - Internally delegated area management contracts
  - Stretch-Out Programme
- Strengthened M&E for processes & outputs
- Performance-based incentives & disincentives
  - Individual and group accountability
  - Financial incentives
  - Non-financial incentives e.g. praise, trophies
Main Actions at Utility Level -3

- Tariff review
  - Indexation to inflation rates
  - Reduced connection charges
- Research-informed changes to connection policy
  - Increased access for the urban poor
- Strengthened Management Information Systems
- Improved corporate image
  - Modernisation of offices
  - More public visibility
### Comparison of Service Coverage PI's 1998 & 2008

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Performance levels</th>
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<tbody>
<tr>
<td></td>
<td>1998</td>
</tr>
<tr>
<td>Number of towns served</td>
<td>11</td>
</tr>
<tr>
<td>Target population</td>
<td>1.79 M</td>
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<tr>
<td>Non-revenue water</td>
<td>49%</td>
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<td>Length of water reticulation network (km)</td>
<td>1,633</td>
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<td>Customer connections – water (No)</td>
<td>50,826</td>
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<tr>
<td>Water supply service coverage</td>
<td>48%</td>
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<tr>
<td>Length of sewer mains (km)</td>
<td>n/a</td>
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<tr>
<td>No of sewerage connections</td>
<td>5030</td>
</tr>
<tr>
<td>Sewerage service coverage</td>
<td>9%</td>
</tr>
</tbody>
</table>
Perceived Key Drivers of Change

- The enabling macro-environment, e.g.
  - Threat of impending privatisation & loan repayment
  - Performance Contract with Government
  - Shift towards NPM, nationally & internationally
- Dynamic leadership
  - “Positive action; breaking out of limiting beliefs; thinking differently; & ability to manage stress”
- A highly skilled workforce
  - By 2000, over 70% of senior and middle management had post graduate qualifications
- Performance-based incentives/disincentives
Conclusion

- Institutional change in NWSC was triggered by mainly external factors
- The internal environment was fertile for change, mainly enabled by high staff skills & fear of the unknown
- The institutional change in NWSC has benefitted water services more than sewerage services; the latter influenced by wider factors
- Institutional change for effective sanitation services would have to be deeper, with multiplier effects on communities & households
Thank you for listening