

MAXIMIZING THE BENEFITS FROM WATER AND ENVIRONMENTAL SANITATION

**Removing barriers of access to services  
- A Case of National Water and Sewerage Corporation (Uganda)**

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*Water is both an economic and a social good. A balance needs to be established between access and cost of service delivery. It is an established fact that the poor pay for water at a much higher rate than that levied by the utility at the Public Stand Pipes (PSPs) due to the middle man effect. NWSC developed a strategy to reduce reliance on PSPs and encourage individual connections by which the poor get water at the actual utility price. Under the policy, materials and labour costs for implementation of the new connection is met by the corporation. The Corporation also took over responsibility of repair of service pipes. The main objectives of the policy were to increase access and curb high level of UFW. As a result, the rate of new connections has increased from 14,000 in the FY2003/04 to about 20,240 in the FY2004/05. Similarly, Unaccounted for Water reduced from 37.6% to 33.9% respectively. Generally, the main objectives for implementing the policy have been achieved despite a number of challenges encountered.*

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## **Background**

Water is both an economic and social good. Hence a balance needs to be established between access and costs of service delivery. A study carried out by Maxwell and Stamp in 2002 established that the poor did not actually benefit from the subsidized rate at the public stand posts due to the middle man effect. It is also an established fact that the poor pay for water at a much higher rate than that levied by the utility at the Public Stand Pipes (PSPs). As a consequence National Water and Sewerage Corporation (NWSC) developed a strategy to reduce reliance on standpipes and encourage individual connections by which the poor will get water at the actual utility rates. Prior to the introduction of the new connection policy in National Water and Sewerage Corporation (NWSC), a new customer had to pay a connection fee and also be responsible for procurement and laying of the requisite materials at a cost that varied between US\$ 150 and US\$ 1,000 depending on the distance from the NWSC mains.

Replacement and repair costs of existing service connections was also a responsibility of the customers. There were concerns over quality of materials and workmanship in laying of service lines by customers.

In July 2004, National Water and Sewerage Corporation (NWSC), in an effort to further enhance service delivery to customers, introduced a new connection and consumer service maintenance policy. Under this policy, NWSC meets full costs of installation of consumer connections up to 50m of service line including material & labour costs, water meter, and road reinstatement costs. The consumers only pay connection fees and any cost in excess of 50m of service line. NWSC also took over responsibility of replacement or repair of service pipes.

The policy is in line with the Millennium Development Goal (MDG) of halving the number of persons without access to clean water by the year 2015, the National Goal of 100% access to clean water by the year 2015 and is in line with the principal of “some for all and not all for some”.

The principal objectives of the new policy for providing and maintaining services lines were to:

- Increase access of services to all consumer categories thereby making water accessible to the population especially the urban poor. The policy therefore aims at increasing the number of yard taps and domestic connections.
- Need to curb the high levels of unaccounted for water (UfW) of which a significant proportion has been attributed to poor materials and workmanship by customers when carrying out new connections.
- Need to standardize materials for connections.
- Need to adequately maintain service pipes and thus continually improve the distribution network system.

## **Implementation of the policy**

The policy of installation of new connections and maintenance of service lines was initiated by NWSC in July 2004. The introduction of the policy resulted in increased work load for the Corporation. To cope up with the situation, the Corporation developed a strategy of contracting out excavation and pipe laying works during implementation. Another strategy developed to increase the success of the new connection policy was network intensification to bring the services much nearer to the customers.

## **Financing of the policy**

The estimated annual cost of maintenance of service lines to

customers and provision of new connections excluding the cost of water meters was US\$2.7 million. In order to raise the above amount for the provision and maintenance of service lines, the tariff had to be increased by an average of about 10% hence making the policy self financing. It should be noted that the change in tariff was solely due to the transfer of responsibility of providing and servicing consumer lines from the user to the Corporation.

**Impact of the policy**

Since its inception, a number of performance improvements have been realized as highlighted below. To compare the performance attained since the initiation of the policy with the historical performance, trends have been shown from the FY1999/2000 to FY2004/05.

**Number of New Connections Installed**

The trend of new connection performance shown in Figure 1 depicts an increasing trend in the rate of new water connections installed from the FY 1999/2000 with a significant increase during the FY2004/05.

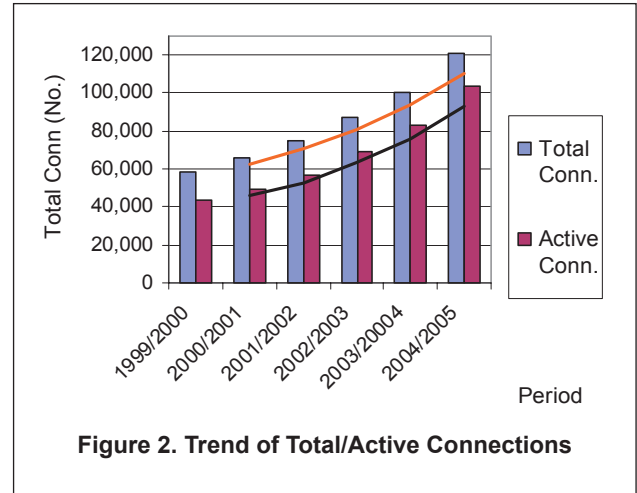
Since the implementation of the new connection policy in July 2004, the monthly connections have steadily grown. As a result, the total number of new connections implemented increased from 14,045 in the FY 2003/04 to 20,240 during the FY2004/05, an increase of 44%. This percentage growth has been the highest ever recorded in the history of NWSC and is largely attributed to the new connection policy. As a result of the policy, the customers had an incentive to have a private connection other than buying water from a Public Stand Pipe. The trend of performance in new connections from FY1999/2000 to FY2004/05 is shown in Figure 1.

**Total Connections**

Total number of accounts increased from 100,475 in the FY2003/2004 to 120,715 in the FY2004/05. This represents

an increase of 20% in the customer base and is greatly attributed to the new connection policy.

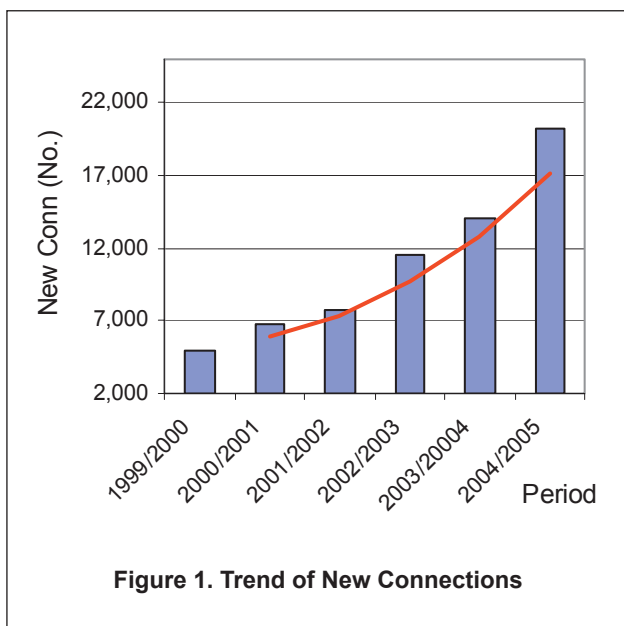
The number of active accounts increased from 83,020 in the FY2003/04 to 103,305 in the FY2004/05. As a result, the connection efficiency (ratio of active accounts to total accounts) increased from 83% to 86% respectively. The trend of performance in total connections and active accounts is depicted in Figure 2.



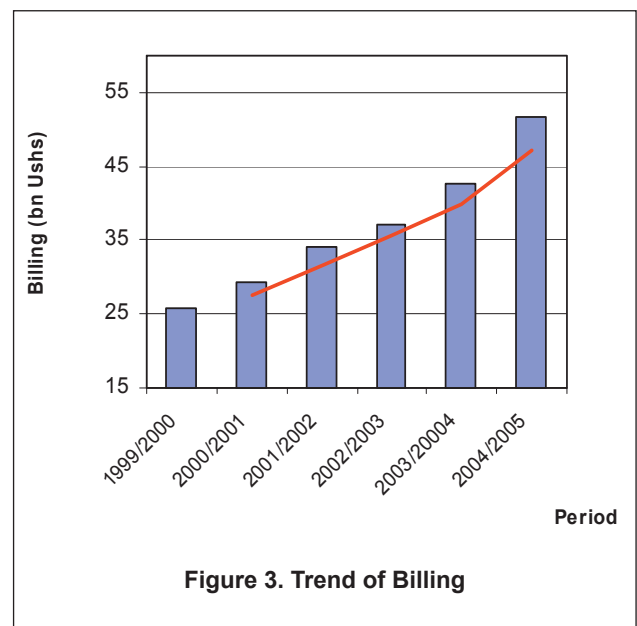
**Figure 2. Trend of Total/Active Connections**

**Billing Performance**

During the FY2003/04, the corporation registered a total billing of Ushs 42.6 billion representing an average monthly billing of Ushs 3.55 billion. The billing performance has increased to an average of Ushs 4.3 billion per month during the FY2004/05 (an increase of 21%). The trend in billing performance shown in Figure 3 depicts a drastic improvement during the FY2004/05 and is partly attributed to the increase in new connections installed as a result of the new connection policy.



**Figure 1. Trend of New Connections**



**Figure 3. Trend of Billing**

### Staff Productivity

Staff productivity has improved from 10 staff per 1000 connections as at end of the FY2003/2004 to 9 staff per 1000 connections in FY2004/05. This increase is mainly due to the good performance registered in implementation of new connections in all the operational areas since the staff numbers have remained the same. The trend of staff productivity since the FY1999/2000 is shown in Figure 4.

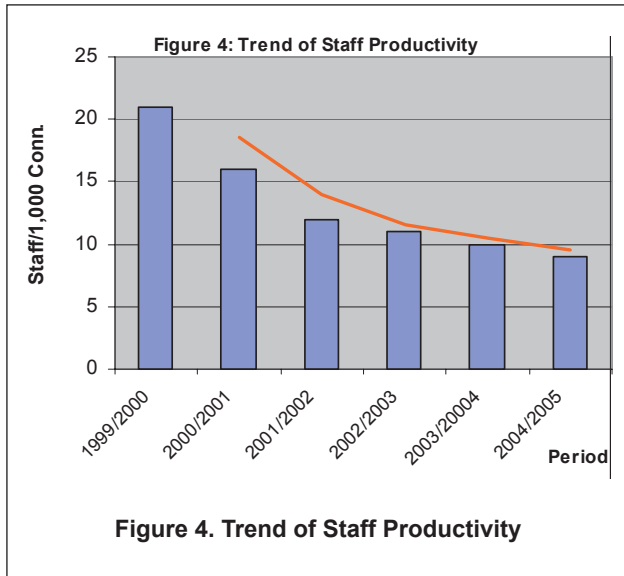


Figure 4. Trend of Staff Productivity

### Unaccounted For Water (UFW)

The performance in UFW has been depicting very slight improvement since the FY 1999/2000 to the FY2003/04. Since implementation of the policy of maintenance of customer service lines, the UFW has been reducing drastically to the current level of 33.9% for all areas with some Areas achieving UFW level of less than 10%. The trend of performance in UFW is illustrated in Figure 5.

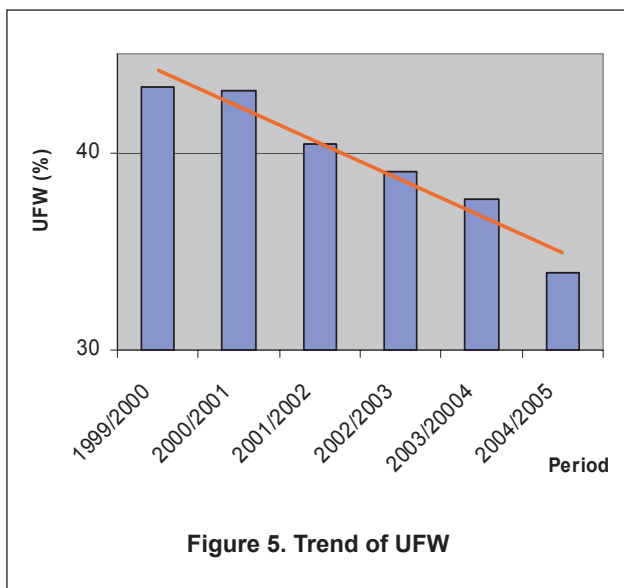


Figure 5. Trend of UFW

### Challenges of the policy

Although the policy on new connections and maintenance of service lines has so far registered positive results, the Corporation has faced a number of challenges. The main challenges are as highlighted below;

- Additional financial requirements arising from an overwhelming response than had been anticipated.
- Restrictive Government of Uganda (GoU) procurement regulations that impact negatively on timely procurement of materials.
- Price escalation of materials in the local market mainly attributed to global economic trends.
- Effective sensitization and communication of the policy in a diverse market segment and profile.
- Providing services to informal settlements with problems of Land tenure, property rights, access and mobility
- Staffs have to cope up with additional workload.

### Conclusion

The new connection and consumer service pipe maintenance policy introduced by NWSC is already showing positive signs of increased access. The number of new connections and hence total connections hooked on to the network has been increasing at a faster rate. As a result of the increased connectivity, the trend of revenues and staff productivity is showing consistent improvement. The Policy is therefore a step forward towards attainment of GoU water sector and Millennium Development Goals (MDG). In addition, the UFW performance is depicting a reducing trend as a result of the maintenance policy through which NWSC uses standard and good quality materials in repairing of customer service lines.

### References

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