



TAPPING THE LOCAL PRIVATE SECTOR : A VIEW FROM THE UGANDAN ASSOCIATION OF PRIVATE WATER OPERATORS

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OUTLINE

1. The Private Operators
2. Current Performance and Trends
3. Issues & Challenges
4. APWO & Its Roles
5. Future Expectations & Conclusion



THE PRIVATE OPERATORS

- ✓ 15 Local Private Operators (10 firms & 5 individuals). 4 years experience since 2001.
- ✓ Managing 56 towns out of 67 gazetted WSA. 2-3 years management contract.
- ✓ Approx. population in the towns is 750,000 people (2002 Census Data). About 800 people are employed in the towns.
- ✓ Population served about 50% - (400,000)
- ✓ Total Water Connections = 14,525 (81% active connections = 11,765) as at December 2004.

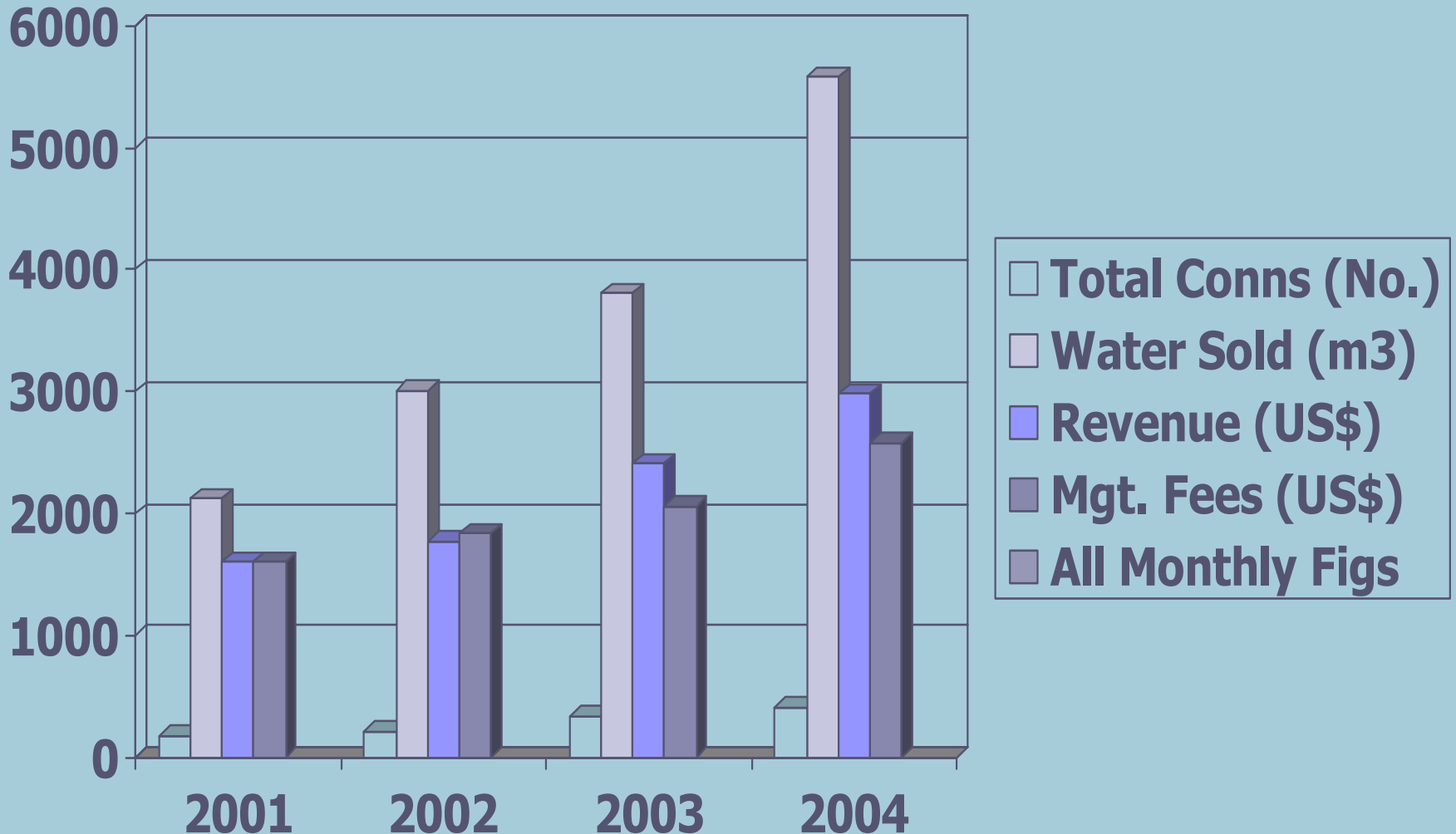


CURRENT PERFORMANCE

- ✓ Annual Turnover (Billing) of about Ushs. 2 billion (US\$ 1.2 million). Small Market to attract IWO.
- ✓ 16 towns (29%) meet their own O & M costs from local revenue. Enhanced cost recovery.
- ✓ Operating Efficiency (NRW = 0 - 53% , average 20%). Good asset management practices.
- ✓ Quality of Service has greatly improved (24 hr water supply) unless when there is no power.
- ✓ Staff Productivity is 47 staff per 1000 water connections. No economies of scale.
- ✓ New connections growth is an average of 2,000/yr.



Rukungiri Town Perf. Trends





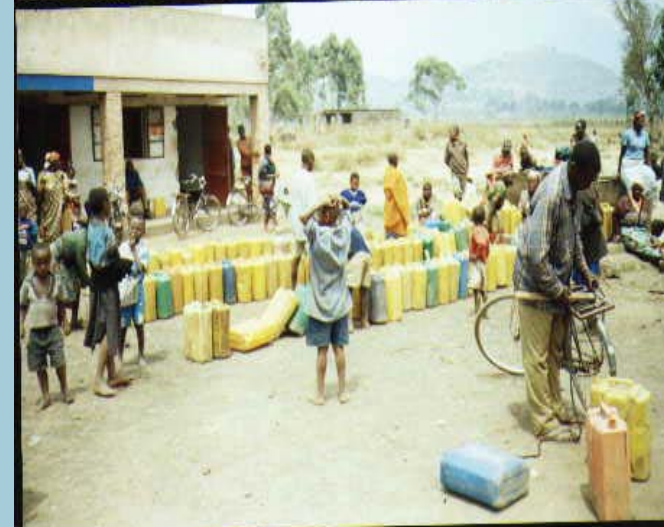
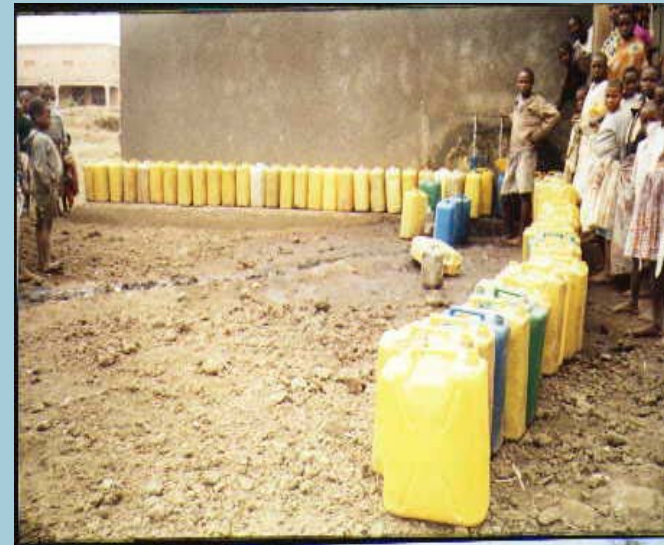
Issues & Challenges

- √ Accumulated un-paid management fees (Ushs. 300 million – US\$ 173,000).
- √ Insufficient regulation (monitoring & arbitration) – conflict of interest. Tariff setting is done illogically.
- √ Inherited electricity bills – US\$ 9,700 in Mubende town - from local council leading to frequent power disconnections.



Issues & Challenges

- ✓ Investment Inefficiencies (mismatch between water production, storage & distribution systems)
- ✓ Financing of infrastructure is insufficient. Bureaucratic disbursement delays funds.
- ✓ Poor Contract Design (silent on sanitation, incentives, penalties, targets, roles,)





Issues & Challenges

- ✓ Lack of adequate water meters and delays in responding to replacements of big CAPEX
- ✓ Most Operators have insufficient professional experience in water management operations
- ✓ Low HH incomes (poverty) & high connection costs (insufficient subsidy and incentives to supply the poor).
- ✓ No clear roadmap and guidelines on reforms in the water sector.





APWO and Its Roles

APWO is an Umbrella organization of POs in Uganda formed by 8 local private operators in December 2003 to:

- ✓ Unite, coordinate activities, advocate and lobby for members' interests in the water sector
- ✓ Promote capacity building of members
- ✓ Promote adherence to professional standards
- ✓ To act as a common voice of members and networking
- ✓ Coordinate Procurement/Services (water meters, water quality sampling & analysis etc.)



APWO and Its Roles

- ✓ Increase membership, collect annual and subscription fees
- ✓ Review water tariff structure for PO members operated towns
- ✓ To provide a platform for benchmarking, sharing experiences and knowledge
- ✓ Regulate members professional conduct





FUTURE EXPECTATIONS

- √ Cabinet recently approved reform proposals for enhanced PSP (Partnership with IWO in bigger towns likely option)
- √ Gov't will come out strongly with appropriate subsidy mechanisms for small towns to meet the MDGs.
- √ Professional and financial support from Stakeholders
- √ Effective regulation in the water sector
- √ Enhanced NWSC IDAMCs concept (involving PSP)
- √ ACP-EU Water Facility Grant proposal succeeds



Conclusion



- There is no monopoly in service delivery & closer partnership among all operators (public, private, local, international) is needed more than ever to meet MDGs.
- It is for the next generation that all our efforts are worthwhile.



THANK YOU