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**MINISTRY OF WATER AND ENVIRONMENT**

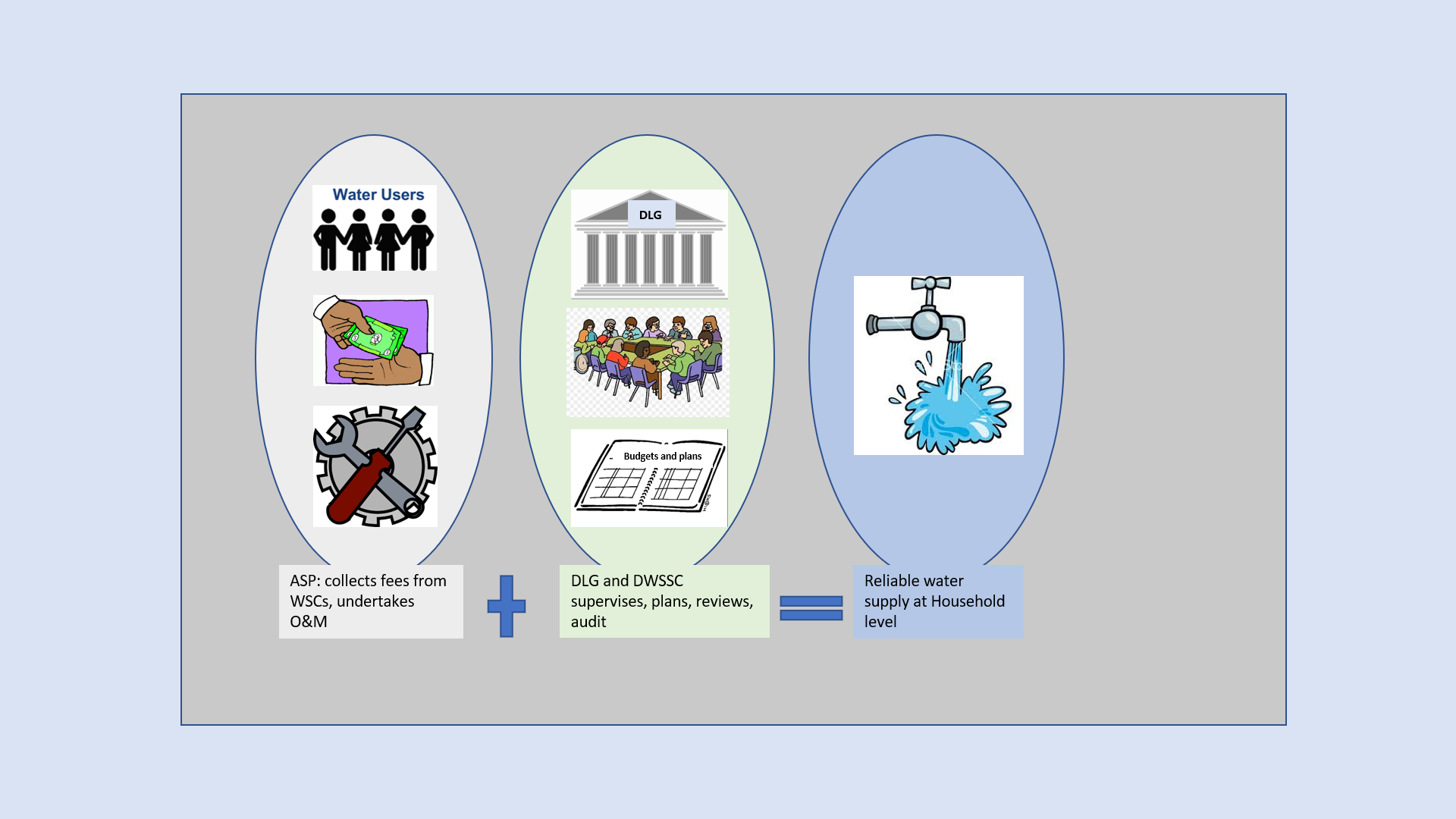
**DIRECTORATE OF WATER DEVELOPMENT**

**DEPARTMENT OF RURAL WATER SUPPLY AND SANITATION**

**OPERATIONAL MANUAL**

**FOR THE**

**AREA SERVICE PROVIDER (ASP)**



**April 2021**

***Reliable water supply services***



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# **Foreword**

The Water and Sanitation is constantly evolving and hence the need to develop and /or update the strategies and the attendant manuals to operationalize the changes. In December 2019, the Rural Water and Sanitation Department of the Ministry of Water and Environment developed a National Operation and Maintenance Framework for Rural Water Supply Infrastructure.

In order to operationalise the National framework, two manuals have been developed – the Area Service Provider (ASP) and the Water Supply Services Board (WSSB). This Area Service Provider (ASP) has been developed to guide both the establishment and functioning of ASP. It will also be used as an important resource for reference to all stakeholders involved in rural water supply services.

The ASP Manual is a living document, it should be amended when there is need. However the amendments shall be approved and promulgated by the Directorate of Water Development and disseminated by the Rural Water and Sanitation Department (RWSD) of MWE. Each amended page shall be identified by an amendment number and date in its header.

Finally the development of this manual has only been possible through the financial support from UNICEF, technical input spearheaded by the RWSD. Finally l appreciate the input from the respondents consulted during its preparation; they ranged from Development Partners (DPs), Civil Society Organisations (CSOs), Non- Government Organisations (NGOs), RWSD management & staff, Lower Local Governments, users represented by the members of the WSSBs. My sincere thanks to all of them.

For God and my country



# Acronyms

ASP Area Service Provider

BMT Borehole Maintenance Technicians

BoQs Bills of Quantities

CAO Chief Administrative Officer

CbIWRM Catchment based Integrated Water Resources Management

CBMS Community Based Maintenance System

CBMS+ Community Based Maintenance System Plus

CBO Community Based Organisation

CCCC Community Contribution to Capital Costs

CSO Civil Society Organisation

DDEG District Discretionary Equalisation Grant

DLG District Local Governments

DP Development Partner

DWSCC District Water and Sanitation Coordination Committee

DWSSB District Water Supply Services Board

EA Engineering Assistant

HPM(A) Hand Pump Mechanic Association

GoU Government of Uganda

IDPs Internally Displaced Persons

IOM Infrastructure Operation and Maintenance

LA Local Authorities

LC Local Council

MFPED Ministry of Finance Planning and Economic Development

MIS Management Information System

MoU Memorandum of Understanding

MWE Ministry of Water and Environment

NGO Non-Government Organisation

NWSC National Water and Sewerage Corporation

O&M Operation and Maintenance

PCRC Performance Contract Review Committee

PMA Professional Management Arrangements

PPDA Public procurement and Disposal Assets

PPP Public Private Partnership

PSO Private Sector Organisation

PWD People With Disabilities

RDC Resident District Commissioner

RGCs Rural Growth Centres

RWSD Rural Water and Sanitation Department

RWSRC Rural Water Supply Regional Centre

SAS Senior Assistant Secretary S/C Sub- County

SWSSB Sub/County Water Supply Services Board

SDG Sustainable Development Goals

SPR Sector Performance Report

SO Scheme Operator ToRs Term of Reference UA Umbrella Authority

UNBS Uganda National Bureau of Standards

UPMIS Utility Performance Management Information System

UNICEF United Nations Children’s Fund

WASH Water, Sanitation and Hygiene

WPC Water Policy Committee

WSSA Water Supply Services Authority

WSSB Water Supply Services Board

WUC Water User Committee

WURD Water Utility Regulation Department

# **Definition of terms**

|  |  |
| --- | --- |
| Accessibility | The proportion of the eligible users that are enabled to have and use the water when it is needed. |
| Area | This refers to an area or town that has been gazetted as a Water Supply Area under the Section 45 of the Water Act, Cap 152. |
| ASP | Local expert entity (utility, company, NGO/CBO/HPMA) that service rural water systems commercially, under performance contract with the Water Supply and Services Board (WSSB) |
| CapManEx | Capital Maintenance Expenditure. Capital maintenance (major repairs and rehabilitation) expenditure. Expenditure on asset renewal, replacement and rehabilitation costs, based upon serviceability and risk criteria. |
| Collection Account | An account to which the funds for O&M from the DWSCG, minor & major repairs, subsidies, MWE through RWSRC, DPs & NGOs (except user fees) |
| Corrective maintenance | Activities carried out to rectify a fault on a non-functional water facility. |
| Coverage | The ASP expected to reach all eligible sources in the service area, for example a district or cluster of neighbouring districts. Data on eligible sources is provided by DLGs under MWE regulation. |
| Dependability | Dependability data is collected using a variety of methods that are cross-checked against each other, for example sensors, survey questions by monitors, and phone calls to community members, WSC members, and technicians. |
| District Water and Sanitation Coordination Committee (DWSCC) | The District Water and Sanitation Coordination Committee (DWSCC) is the main coordination forum. It is chaired by the CAO and the District Water Officer (DWO) is its secretary. Its membership includes the Departments like Water, Education, Natural resources or Environment, Water Sanitation and Hygiene (WASH) Civil Society Organisations (CSOs). It meets on a quarterly basis. |
| Follow up /back up support | The process where a government or development partner/NGO/ supports the stakeholders to reinforce practices. It also includes helping the management structures/committees to fulfil their respective roles and responsibilities. |
| Functionality | The water system’s ability to meet the needs of the intended users through reliable water supply of an average % Up-time > 97.5% (less than 10 days down per year per sub-county per quarter or not more than 10 days downtime per community per year. |
| Maintenance | Maintenance are actions required to ensure continued supply of the water such as preventive, corrective and crisis maintenance of the water facility (ies) in order to keep it in a good working condition. |
| Major servicing /repair / CapManEx, | CapManEx should be anything that is expected to have a larger service life (say, 4+ years) and surpasses a % of the cost of the original pump e.g. stainless steel pipe, fishing out of broken pipes, replacement pf the rising mains, etc. |
| Minister | Unless otherwise explicitly stated, this refers to the Minister as defined in Section 2 (t) of the Water Act Cap 152 |
| Minor repair | Activities done to a fix the water facility component that is not operating as it should or is broken down including repair of components such as leaking pipes of replacement of broken taps. |
| Operation | The daily/periodic activities of running the service such as supply and control of water collection points/ facilities and carrying out activities to ensure that facilities to deliver clean water according to design. |
| Operational Account | An account to which the user fees will be banked |
| Preventive maintenance | The activities that are carried out to keep the water facility in good working order including routine servicing of the component parts, for example the cleaning of solar panels or general cleanliness and upkeep of a pump station. |
| Professional Management Approach (PMA) | Is where sustainable O&M of rural water supply infrastructure is guaranteed through formal contract-based performance management arrangements in rural areas. |
| Rehabilitation | A complete overhaul or platform overhaul including: cleaning or re-development of the borehole due to incrustation of the screen, siltation or poor development at the initial construction phase; replacement of the platform or drain. |
| Spare parts Supply Chain | Is a system of procuring & supplying spare parts that guarantees a continuous availability of quality spares within close proximity to the water users. |
| Water Authority |  |
| Water User(s) | Community, school, health facility, market Etc. |

# **SECTION A OVERVIEW**

# Chapter 1 Introduction

## 1.1 Background and rationale

The Ministry of Water and Environment (MWE) with financial support from the Royal Danish Embassy and UNICEF supported the development of the National Framework for Operation and Maintenance (O&M) for Rural Infrastructure (2019) - referred to henceforth as the Framework document. The purpose of the framework is to provide **guidance, strengthen and streamline** rural water O&M at all levels in order to ensure long term sustainability of the rural water facilities and to ultimately guarantee safe water supply services to the end user.

The Framework document provides the full background to this manual. The manual does not summarize or duplicate the content of the Framework document, and therefore it is recommended that it is used in conjunction with the Framework document, available at:   
https://mwe.go.ug/library/national-framework-operation-and-maintenance-rural-water-infrastructure-uganda

To ensure that the stakeholders are guided appropriately in playing their respective roles in operationalising the framework, the following manuals have been developed; i) Volume I – Area Service Provider’s (ASP) Manual, ii) Volume II – The Water Supply Services Boards (WSSBs) Manual.

The ASP and the WSSBs manuals are intended to provide a guide for successful operationalisation of the Framework for O&M of rural water infrastructure in the country. The manuals will guide both the establishment and functioning of ASPs and WSSBs respectively, and also be used as an important resource for reference to all stakeholders involved in rural water supply services. The Manuals will address the varying uniqueness and technologies of rural water supply services ranging from; typical rural areas with point sources, piped water systems which are powered by gravity/ generators/solar/grid, transient communities within the Internally Displaced Persons (IDPs) camps, refugee settlements & host communities and the small trading centres/ Rural Growth Centres (RGCs) outside the jurisdiction of Umbrella Authority (UA) or National Water and Sewerage Corporation (NWSC) water supply area(s).

It provides in detail the tasks of the ASP, its functions and responsibilities, the coordination mechanisms, the regulations governing the activities of the ASP, Monitoring mechanisms, reporting requirements and the various reports which will be prepared by the ASP as well the cross cutting issues/ activities aimed at guaranteeing the sustainability of water supply services.

## 1.2 Purpose and Objectives of the ASP Manual

The ASP Manual is a stop document which will guide both the establishment and functioning of the ASP, and also be used as an important resource for all stakeholders involved in rural water supply services.

The Objectives of the ASP manual are:

i) To provide procedures and processes of identification and contracting the ASP;

ii) To facilitate the establishment and orientation of the ASP;

iii) To provide tools for monitoring the functions and operations of the ASP;

iv) To provide a basis for regulating the work of the ASP;

v) To provide a basis for capacity building of the ASP and stakeholders.

## 1.3 The intended users of the ASP Manual

The ASP manual primarily addresses the practitioners i.e. ASP responsible for the daily O&M of the rural water facilities outside the jurisdiction of the UA and the NWSC. In addition it is a reference document for the supervisors – the WSSBs, local Authorities, Rural Water Supply Regional Centres (formerly Technical Support Units (TSUs), Ministry of Water and Environment (MWE)/Infrastructure Operation and Maintenance (IOM) and the Water Utility Regulation Department (WURD) who will use it as a basis for monitoring compliance with the obligations resulting from the Management Contract signed between the ASP and the DWSSB and /or RWSSB.

## Synergies with other sector documents

The ASP manual should be read in conjunction with the National framework for O&M of rural infrastructure (2019), the WSSBs Manual for rural water infrastructure (2020). In addition the following sector strategic documents are useful; the Software steps, extension workers Handbooks, the Pro-poor strategy and the District Implementation Manual (2014).

## 1.5 Layout of the Manual

The ASP manual consists of three main Sections which are further sub-divided into seven chapters. Under each chapter the requisite accompanying templates are highlighted.

Section A: Overview

Chapter 1 provides information on the background & rationale, purpose & objectives of the ASP manual, the intended users, synergies with other sector documents and the lay out of the manual.

Section B: Detailed description

Chapter 2 describes the legal, policy & institutional framework, the coordination mechanisms, the procurement & selection process of the ASP, the regulation mechanism for the ASP operations.

Chapter 3 covers the implementation arrangements covering the description of the ASP model, the mandate of the ASP, its functions & responsibilities, required competences, core staff and the organogram.

Chapter 4 covers financial management & accountability mechanisms,

Chapter 5 covers the cross-cutting issues

Chapter 6 covers Monitoring & Evaluation and the reporting arrangements.

Section C: Appendices

Chapter 7 covers the appendices to the ASP manual, it sets out to provide detailed illustrations/ explanation of the concepts /aspects of some sections of the report. It also covers aspects which can be changed without necessitating changing the main report. The appendices include;

Appendix 1: ToRs for DWSSBs, SWSSBs & Regional WSSB,

Appendix 2: Excerpts of the GoU Public procurement system,

Appendix 3: Generic Performance contracts for O&M of rural infrastructure between the Minister and the DLG, DLG/DWSSB and the ASP,

Appendix 4: Guidelines & Procedures for gazetting water supply areas,

Appendix 5: Key Performance Indicators (KPIs) for the ASP,

Appendix 6: M& E indicators for the various stakeholders,

Appendix 7: Calculations of the user fees & funding gap,

Appendix 8: Asset analysis & management,

Appendix 9: Recommended trainings.

# SECTION B DETAILED DESCRIPTION

# Chapter 2 Legal, Policy and Institution Arrangements

## 2.1 Introduction

The O&M of rural water facilities is anchored in a number of international conventions, Government of Uganda laws, policies and strategies. Furthermore, the Water and Environment Sector has prepared a number of strategies, guidelines and frameworks to guide rural O&M.

National Development Plan III (2020 – 2026) is the third in a series of six-year plans aimed at achieving the Uganda Vision 2040. The Goal of the NDP III is “*To Increase Household Incomes and Improve Quality of Life of Ugandans*” which integrates innovative ways for pursuing a green pathway to development which is inclusive of both nationals and refugees.

Details are contained in chapter 2.0. of the National framework for O&M for rural water infrastructure in Uganda (2019).

## 2.2 Institutional Framework

The operationalization of the National framework for O&M and the attendant Manuals are anchored within the existing sector institutional framework; it falls directly under the Rural Water and Sanitation Department (RWSD). The day to day oversight and guidance will be spearheaded by the Infrastructure, Operation and Maintenance (IOM) Division of the RWSD. Details are contained in the National framework for rural infrastructure in chapter 2.2 on page 6.

## 2.3 Summary of stakeholder roles & responsibilities in rural O&M

The summary of the roles and responsibilities are presented in the figure below:



Figure 1: Stakeholder roles and responsibilities

## 2.4 Coordination mechanisms

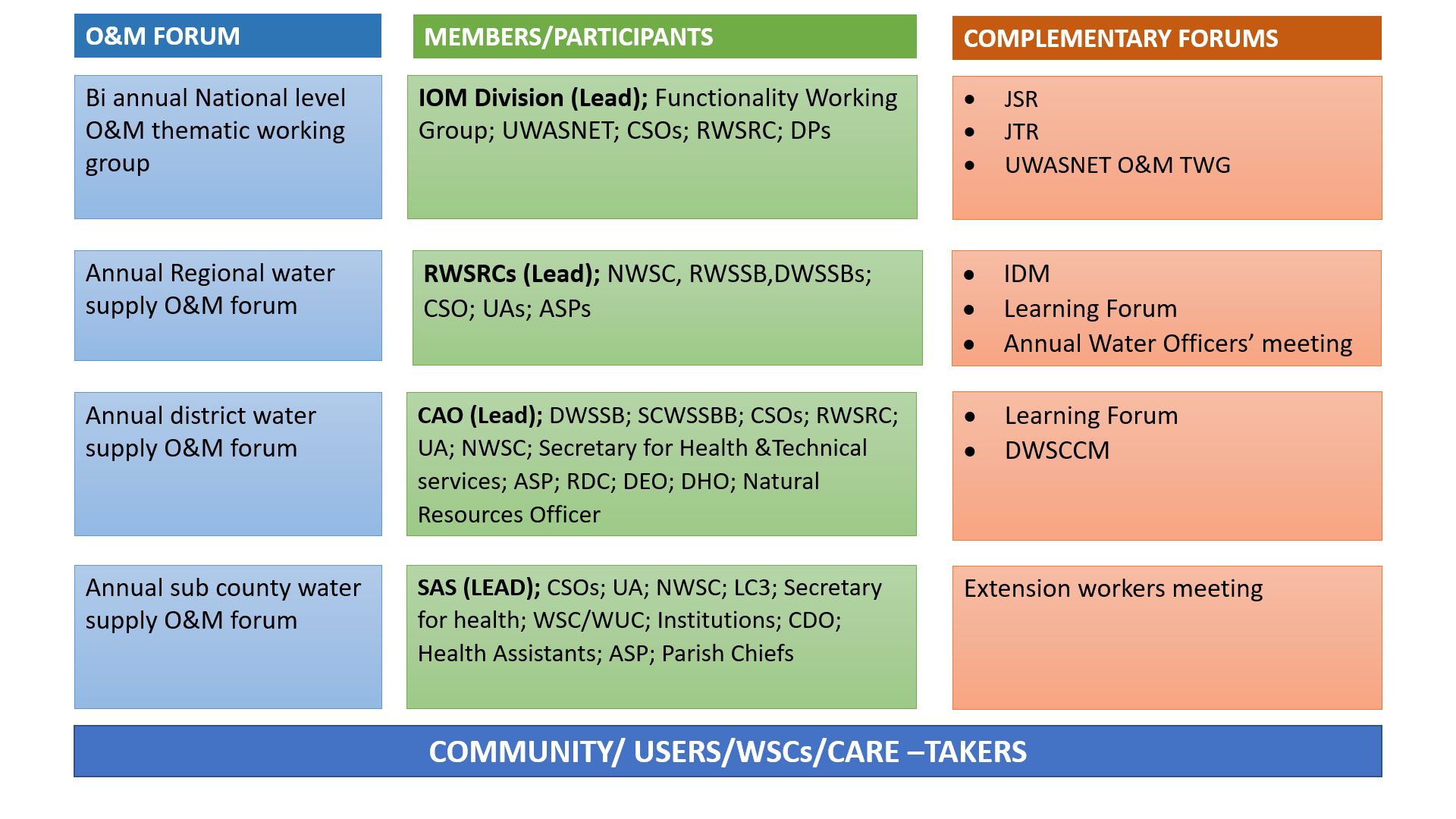


Figure 2 CBMS+ Coordination mechanism

**O&M forums at different levels**

Specific forums will be established to facilitate coordination and information sharing among the various stakeholders involved in the operationalization of the National framework for O&M of rural infrastructure in general and the multi- level involvement of the ASP operations.

The main focus of the discussions will be reviewing the ASP work-plans (before submission to the council for approval), achievements, performance reports, challenges, grievances from users, lessons and areas of improvements in line with the ASP performance contract provisions. The forums will also be expected to provide recommendations for improvements/overcoming the challenges.

At the **national level**, the Functionality Thematic Working Group will be the forum for coordination. It will be spearheaded by RWSD/IOM Division. The main agenda will be to share lessons, bench mark and share strategic direction on O&M issues. The forum will meet twice (2) a in a year. The participants for the national forum will be; MWE/DWD, Regulation department, DPs supporting rural WASH, UWASNET secretariat.

In addition the Joint Sector Review /Joint Technical Reviews, UWASNET O&M Thematic Working Group will be utilised for information sharing with the stakeholders at present.

At the **regional level,** the RWSRC will spearhead the establishment of the regional O&M forum in their respective areas. The main agenda will be to share lessons, grievances from users, bench mark and share strategic direction on O&M issues,

The forum will meet once (1) a year initially and twice from year 3. The participants of the regional O&M forum will be the chair persons of the WSSBs, the ASPs, representatives of regionally based WASH NGOs.

In addition the Inter District Meeting (IDM), Annual Water Officers’ meeting and the regional learning forums will be utilised to share information about the O&M issues.

At the **District level,** the office of CAO will spearhead District Water and Sanitation Coordination Committee (DWSCC) is the main coordination forum. The forum will be meeting once (1) a year[[1]](#footnote-1). The participants will be comprised of the DWSSB, the heads of department for Education, Health, Engineering, Natural Resources, ASPs, UA, NWSC representative, large volume water consuming institutions and RDC.

The DWSCCC and the Learning forums will be utilised for information sharing on O&M issues.

At the **Sub-county level** the establishment of the O&M forum will be spearheaded by the SAS. It will be held once a year. The participants are the SWSSB, the CDO, Health Assistant, the multi –purpose committee, Parish chiefs and chair persons of the WSCs.

At the **community level** the establishment of the O&M forum will be spearheaded by the LC1 leadership. It will be comprised of all the WSCs caretakers (representative of the ASAPs. The caret and the water users. The main agenda for discussion is receiving feedback on the functioning of the ASAP, in terms of fulfilling their mandate in ensuring reliable water supply and their work method and grievances from users.

## 2.5 Procurement and selection

Procurement of the ASP will follow a rigorous, transparent and competitive process in accordance with the Public Procurement and Disposal of Public Assets (PPDA) Act 2003 and PPDA Regulations - 2006 to ensure selection of ASPs with requisite capacity and competences. ASPs will be procured at either District Local Government (DLG) level for the ASPs covering one Sub-county or a group of Sub counties within a district or an entire DLG and at the region for ASPs covering more than one district.

The ASP operating at the DLG or S/C shall be contracted by the DLG (Authority) in accordance with Part IX of the Local Governments Financial and Accounting Regulations, 2007 and the Public Procurement and Disposal of Public Assets Regulations, 2006 and any other laws at the time being in force –see Appendix 2 for excerpts of the PPDA Regulations 2006. The Authority and the ASP will enter into a framework management contract for a period of five (5) years, reviewed at mid- term and subject to renewal depending on performance of the ASP - see appendix 3.1 for a generic Performance Contract between the Minister of Water and Environment and the Water Authority and Appendix 3.2 for a generic Performance Management contract between the DLG and the ASP.

In-case the ASP is covering a cluster of districts then the concerned districts will agree amongst themselves to delegate one of them to procure the ASP on their behalf or use the MWE Regional procurement entities, with technical assistance from the RWSRC for the respective regions. See appendix 4.3 for the generic Performance Management contract between the Regional WSSB and the ASP operating in more than one DLG.

## 2.6 Regulation

Regulation of the rural O&M infrastructure management services will be spearheaded by the Water Utility Regulation Department (WURD). WURD has allocated staff to support the respective regions covering a number of DLGs. i.e. operate at multi-district level to take account of the need for DLGs to learn from each other.

The Regulator will take responsibility for coordinating the gazettement process of the service area to facilitate the ASP operate in their designated service area (see Appendix 4 for Guidelines & Procedures for gazetting water supply areas).

The Minister appoints DLG as the Authority for a given area and thus takes responsibility for managing all government assets in the gazetted area regardless of the technology (ies) – piped water systems, point sources, windmill technologies etc.

The Regulator will spearhead the development and enforcing a maintenance fee system to be approved by the Director -DWD. It will develop thresholds for user fees within the respective regions to avoid arbitrary setting of fees by the ASP and ensures that the fees structure is applied in a harmonious way.

The Regulator guides all actors toward financially self-sustaining functionality of rural water infrastructure. However, the fees for any particular service area will be negotiated between the ASP and WSSB/Water Authority. At the minimum, the agreed-upon fees structure should ensure that the full operational expenditure of the ASP is covered, including costs of fee collection and the non- revenue water.

The Regulator will also intervene and streamline line the operation of different water service management players (NWSC, ASP, UA) operating in the same administrative unit e.g. a sub-county.

The Regulator will attend quarterly performance reviews, provide guidance and validate data.

# Chapter 3 Implementation arrangements

## 3.1 Description and elements of the ASP model

The Area Service Provider (ASP) model is an approach where the community through the WSSB formally outsources the O&M function to a Local expert entity (utility, company, NGO/CBO); with the requisite training, skills and experience to service rural water facilities/systems commercially, under a performance contract with the WSSB.

Professionalization of the O&M will ensure and facilitate all communities and institutions with reliable water there by guaranteeing long term functionality and sustainability of rural water supply systems.

For reference, generic Performance Contracts signed between the Minister of Water and Environment (MWE) and the Water Authority (WA) is attached as Appendix 3.1 and the generic Management Contract signed between WA/WSSB and the ASP is attached as Appendix 3.2.

## 3.2 Mandate

The ASP is responsible for operating and maintaining all piped water systems and point water sources within their designated areas of operation as stipulated in the gazettement instrument. The area can be a sub county, a cluster of sub- counties or a district or a cluster of districts.

The ASP is engaged on a Management Contract arrangement with clear targets for a period of up to 5 years with a possibility for renewal every 5 years based on satisfactory performance. At mid- term – 2 ½ years, a performance review will be conducted[[2]](#footnote-2).

The scope of work will exclusively focus on the O&M of water supply for rural water infrastructure outside the jurisdiction of UA and NWSC water supply area (s).

## 3.3 Functions and responsibilities of the ASP

Table 1: Functions, responsibilities and performance indicators of the ASP

| **SN** | **Function** | **Responsibilities & duties** | **Outputs** |
| --- | --- | --- | --- |
| 1 | Registration of all the water users within their areas of jurisdiction. | -Develop and update customer register (including institutions, markets) water for multiple use such as small cottage industries etc. | No. of updated water user registers |
| 2 | Operations of all the water facilities. | -Start and stop pump according to regular start and stop procedure;  Operate and maintain all valves  -Inspection of the water facility components;  -Solar: check inverter for energy output, check batteries, clean surface of panels, check for damage, check electrical installations including batteries, implement tests,  -Check back up power supply if available, switch it on once a month,  -Guide orderly fetching of water | O&M schedule complied with to ensure operation of water facilities. |
| 3 | Maintenance | - Cleaning of the water facility,  - Clean tank, pipe work via wash out valves,  - Clearing around the water facility |
| 4 | Collecting money for water use either per fetch or monthly basis and bank it on the operations account | -Mobilise the water uses/consumers  -Establish transparent and sustainable financial management systems  - Take readings of metres (bulk, customers especially institutions & multi-purpose water users)  - Bill & collect revenue on a daily/per fetch/monthly basis  - Deposit all monies collected on the operation account  - Supervise prices charged by the caretaker to customers/users per fetch to ensure compliance with the prices sanctioned by the Water Board(s)  -Keep the water users updated on the water issues  -Install new connections for users upon request  - Disconnect users that consistently fail to pay their water bills/ deny water to none paying customers at water points,  - Carry out Book keeping. | - Amount of revenue collected per month |
| 5 | Carry out preventive maintenance | - Grease system parts  - Patrol the transmission line to check for leakages,  -Inspect valves and fittings & ensure that they are in working order,  - Flush pipes at wash-outs,  -Service water facility components | -Number of breakdowns per water facility reported in a quarter  -Number of breakdowns per water facility repaired in a quarter |
| 6 | Carry out minor and major repairs | - Check the structural integrity of the infrastructure/facilities i.e. cracks, leakages or corrosion  - For tanks check for cracks (inside & outside)  -Check for evidence of overflow (e.g. wet ground or/and erosion)  -Inform water users/customers in advance in case the system is going to be shut down in order to store water /use it sparingly,  -Rehabilitation of water points in their service area, | No. of water facility(ies) that underwent minor and major repairs |
| 7 | Use, control and safe guard system installations (asset management), | - Carry out asset analysis- Physical state, age, functionality  -Update asset register regularly  -Ensure safe use and management of assets  -Carryout maintenance of the assets. | Updated asset register(s) |
| 8 | Carry out water quality and quantity monitoring, | -Maintain water quality sampling points,  -Obtain & record water quality analysis results,  -Check turbidity, presence of algae, smell, particles at the taps/ and floating matter in the water tank, check for sediments at the bottom of the tank,  In-case of contamination report to the DWO for corrective action,  -Record flow of water. | -No of water samples tested in a quarter,  -Number of water quality reports delivered per water facility. |
| 9 | Maintain technical records | -Keep/store as built designs of the water system,  -Water safety plan(s), for solar pump (manufacturer’s manual), | Number of facilities with technical records in place i.e. number of pipes.  GPS coordinates of installations |
| 10 | Coordinate and liaise with stakeholders ranging from users, any organisation planning to construct, upgrade or rehabilitate any rural water supply infrastructure within ASP’s area of jurisdiction. | -Hold regular meetings with the users/customers,  -Hold regular meetings with Water Boards  -Keep in contact with any new organisations planning to construct new water facilities to ensure compliance/ harmony with the ASP activities. | -Number of meetings held with users;  -Number of meetings held with the WSSB  - |
| 11 | Support multiple use of water | - Identify and support the multiple water users e.g. small scale irrigation, cottage industries etc. | - No & types of water users identified and categorised |
| 12 | Ensure adherence to the Key Performance Indicators (KPIs)[[3]](#footnote-3) as set out in the management contract & the performance contract (see Appendix 4 for details), | -Orient and train all the ASP staff  -Carry out period reviews,  -Set performance targets for each staff | -Number of staff trained,  -No of staff with performance targets |
| 13 | Submit reports to the SWSSB/DWSSB/RWSSB | -Prepare the mandatory reports are submitted within the agreed time frames as stipulated in the Contracts following agreed formats/templates,  -Follow up to ensure the reports are reviewed by the WSSBs  -Implement recommendations following the reviews  - Carry out financial reporting. | -No of reports submitted per quarter. |

**Key Performance Indicators and targets for the ASP**

Table 2 Key performance indicators and targets of the ASP

| **Indicator** | **Definition** | **Calculation** | **Initial target (2021)** | **Target by (2025)** |
| --- | --- | --- | --- | --- |
| Eligible water sources registered by the ASP | Rehabilitated & functional water sources within the area of jurisdiction for the ASP for O&M | No of registered water sources/ No of eligible sources X100 | 60% | 100% |
| New connections registered by the ASP | Newly constructed /rehabilitated water sources after ASP commences implementation | No of new connections registered /Total number of newly cons X 100 | 5% | 100% |
| Functionality | %age of registered point sources that are functional at time of quarterly spot check.  (continuity of water supply) | No of registered point sources functional at time of spot check/ Total no of registered sources X 100. | 90% | 100% |
| Reliability | %age of registered point water sources <1 consecutive days (24 hours) of down time quarterly. | No of registered point sources with < 1 consecutive days of downtime/No of ASP registered sources. | 90% | 100% |
| %age of registered piped water facilities with ASP <5 consecutive days quarterly. | No of registered piped facilities with <5 consecutive days of downtime/No of ASP registered sources. | 95% | 100% |
| Water quality compliance | %age of water points/facilities tested for compliance with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter  . | # of water sources tested/ # of water sources registered X 100% | 75% | 100% |
| % of water sources that comply with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter | # of tests complying with the Ugandan water quality standard /No of samples tested X 100 | 50% | 50% |
| Sanitation around the water source | %age of water sources complying with sanitary[[4]](#footnote-4) requirements | %age increment of number of sources complying with sanitary requirements | 60% | 100% |
| Source protection | %age of water sources with source protection measures[[5]](#footnote-5) | No of water sources with source protection measures implemented/No of registered water sources X 100 | 50% | 100% |
| Collection efficiency | %age of revenue collected to total billed within a quarter | No of households that have paid for point water sources/total no of households registered | 50% | 100% |
| Total revenue collected /total billed X 100 | 60% | 100% |
| Cost of water to end user | Affordable water at both levels - households and institutions | No of households paying for water /total number of households registered. | 50% | 100% |
| No of active connections /total number of connections | 75% | 100% |
| Water sales | Total volume of the water sold in a quarter[[6]](#footnote-6) | Volume of water sold on metered facilities | 70% | 100% |
| Pro- poor connections growth/service levels | %age of households benefiting from pro poor tariff within the service area at the PSP[[7]](#footnote-7) | No of vulnerable people accessing subsidised water. | 0% | 5% |
| Functional grievance redress mechanism[[8]](#footnote-8) | Number of complaints registered | % of complaints addressed /no of complaints registered | 0% | 100% |

## 3.4 Required competences

The ASP team should possess the following mix of skills and competences in order to work effectively and efficiently;

* Planning,
* Administrative skills
* Management (financial, human),
* Field operational skills,
* Community mobilizations & public speaking & advocacy,
* Basic technical/engineering/plumbing,
* Record keeping & information management i.e. data on users, water quality and quantity, developing unit costs for repairs, etc.
* Good governance, accountability & transparency

## 3.5 Core staffing

ASPs will have operational independence regarding how they run their O&M mandate, however at the minimum they should have a Manager/Finance/Commercial officer, a plumber or water technician) and a caretaker for every water source/facility.

## 3.6 ASP Staff Structure

Figure 3 Organogram for the ASP staff

# Chapter 4 Financing mechanisms and accountability

## 4.1 Introduction

The financial operations will follow the Public Finance and Management Act. Support to ASP in the establishment of the financial management systems will be provided by the MWE/RWSRC and DLG upon signing a performance management contract. Details on the procedures for collection, access, utilization and accountability of the O&M funds are provided in the sections below.

## 4.2 Sources of funding

There are a number of sources of funding to operationalise the national framework for Rural O&M infrastructure.

**Seed funding**:

Initially GoU /MWE will set aside a seed fund sent directly from the centre through the RWSRCs to kick start the process. It will cover establishment costs ranging from in-kind support for office furniture, equipment, computers,work-books (records, finance books etc) and transport means e.g. motorcycles and tool kit for repairs. The respective DLGs will provide office space to the ASPs covering the entire district and for the ASP covering a Sub-county, the respective Sub county Local Governments (SLGs) will allocate them office space. The seed fund will be channelled to a Collection Account in each DLG.

**15% of the DWSSCG**:

The second source of funding will be from the District Water and Sanitation Conditional Grant (DWSCG) earmarked for borehole rehabilitation. These funds will be channelled to the Collection Account in the respective districts on a need basis. The DLG could provide hardware purchased by conditional grants earmarked for rehabilitation, so that the ASP can do the investment work in an accountable way.

**Tariff/user fees**:

The third source will the collection of tariff/ user fees from beneficiaries/users. The users include, individual households, institutions as well as water for production activities such as small scale irrigation, small cottage industries etc.

Based on the negotiated tariff, the ASP through the Caretakers will collect the user fees. These funds will be deposited in an operational account opened in a commercial bank. Based on the thresholds established by the Regulator, the ASPs are responsible for recommending with appropriate justification, sustainable service prices (viable fees). The fees for any particular service area is negotiated between the ASP and WSSB. At the minimum, the agreed-upon fees structure ensures that the full operational expenditure of the ASP is covered, including costs of fee collection and non-revenue water.

**DP/International NGOs /Aid programs**:

The fourth source of funding will be provided by DPs/International NGOs /Aid programs in particular geographical areas of operation/interest. The DPs /NGOs will also channel their contribution to a Collection Account. Alternatively a basket fund arrangement can be established at the DLG/S/C to which DPs, NGOs supporting rural O&M issues can contribute, in this basket including other grants like the District Discretionary Equalisation Grant (DDEG) or in kind contribution. This basket can be co- managed with GoU/DLG/DPs as this may increase DP/NGO confidence and have the effect of raising additional funds.

**Subsidy:**

The fifth source of funding will be a subsidy to assist in meeting the funding gap between the user fees and the money needed by the ASP to break even. The subsidy will be planned and budgeted for by every region, managed by the respective RWSRCs. Then subsidy will be channelled to a Collection Account at the respective DLGs. It will be made available to the respective ASPs on a case by case basis; the recipient ASPs will be determined on a case by case basis. A formulae for calculating the reduction of subsidy over time has been developed and attached as **Appendix 7.1**

## 4.3 Setting user fees/tariffs

The National framework for O&M and GoU government policy stipulates the following: “Access to water is a human right as stipulated in the Constitution of Uganda (1995). Water is also an economic and social good, and to operate and maintain the service requires finances. Water users (households, institutions, and businesses) are required to pay for the maintenance service of water in addition to the Community Contribution to Capital Costs (CCCC), which is contributed at the time of construction or rehabilitation. The operations and capital maintenance expenses to be covered by the users should consider affordability with appropriate use of tariff structures.

The regulator (WURD) is responsible for establishing thresholds for tariffs/user fees per region. Based on the thresholds, the ASPs are responsible for recommending with appropriate justification, sustainable service prices (viable fees). The fees for any particular service area is negotiated between the ASP and WSSB. At the minimum, the agreed-upon fees structure ensures that the full operational expenditure of the ASP is covered, including costs of fee collection and non-revenue water.

A schematic presentation of the inputs to determining the tariff/user fees;

A picture containing clock, table

Description automatically generated

Figure 4 Costs and fees calculation

The Regulator will provide basic training on the parameters and key considerations for setting user fees/tariffs to all pre-qualified entities for the position of ASPs. This will ensure that the user fees are both sufficient and enforceable. Details for how to calculate the fees, See **Appendix 7.2** for the template for the fees/ tariffs.[[9]](#footnote-9)

## 4.4 Fund flow and financial management

The ASP is responsible for collecting funds for O&M through the Caretakers and the funds are banked in an Operational Account (escrow account to ensure transparency) opened exclusively for O&M in order to avoid comingling the O&M funds with other sources of funding for the ASP work streams.

The Operational Account will also be exclusively controlled and maintained by the ASP, however the accounts will be audited on a quarterly basis by the DLG internal auditor for the ASP operating at district/sub-county level and the ASP operating in more than one district the MWE/Regional structure will carry out the internal audit function. An external audit will be carried out annually within the GoU Auditor General’s schedule.

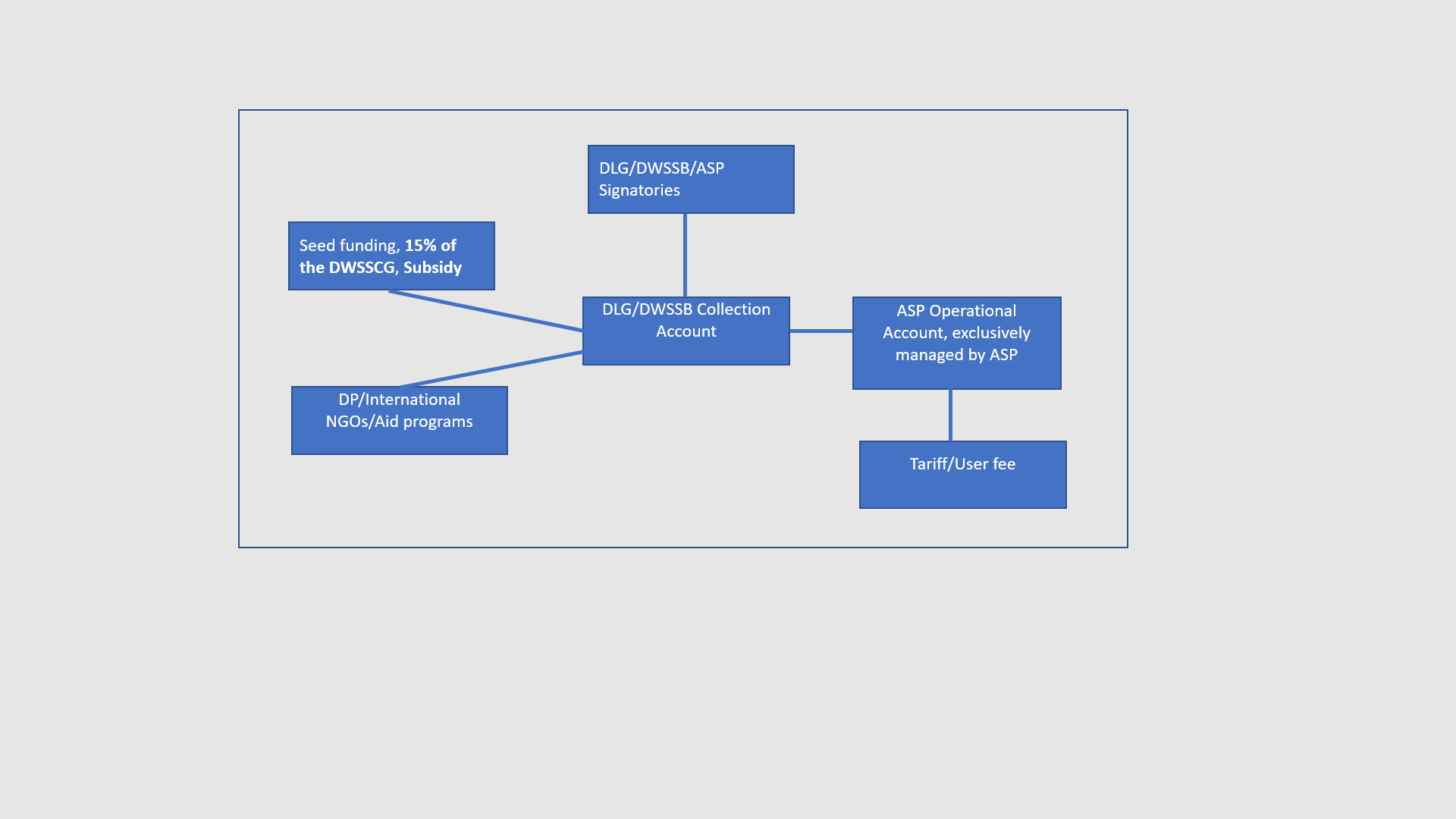


Figure 5 Proposed O&M funds flow from the various sources

## 4.5 Budgeting and accountability mechanism

Based on the business plan presented as part of the proposal during the procurement process and eventual contract signing, the ASPs will prepare their annual work-plans and budgets with clear performance targets to guide them. The budget will have standardised percentage allocation of the user fees between operational funds and capital expenditure i.e. the ASPs need to be able to charge services fees that cover operational costs.

The work-plans and budgets will be presented to the WSSBs for approval. Based on the annual work-plans, quarterly work-plans and budgets will be derived. The format for work-plan & budget will be provided to the ASP.

## 4.6 Auditing

Auditing of finance and operations of the ASP with follow the GoU system through use of the DLG internal Auditor as well as external auditing through the Office of the Auditor General following the Auditor General’s/DLG calendar. ASPs should be required to declare full accounts on a quarterly basis to the District internal Auditor and the RWSRC/TSU for oversight/audit purposes.

In case there are external funds contributed by a DP/NGO directly to a specific area of jurisdiction, the respective DP/NGO will be allowed to follow their Audit system and calendar.

## 4.7 Enforcement

In order to ensure compliance by the stakeholders, the formal government structures with the responsibility for enforcement will be engaged. At the user level, the WSCs will be supported by the Parish Chiefs[[10]](#footnote-10) in the respective areas. At the Sub-county level the WSSBs will work with the SAS/S-C Chief.

In addition, the WSSBs will be formally endorsement by their respective Local Councils (LCs) to ensure legitimacy and this provides a tool for them to enforce O&M activities; as well ensures that their mandate is accountable and recognizable at district and Sub counties.

The DWO with support from the RWSRCs will follow up the process of endorsement of the WSSBS with their respective LCs.

# Chapter 5 Cross cutting issues

**Introduction**

Issues of the social inclusion, equity, People with Disability, gender equality, youth involvement, good governance and citizen empowerment, HIV/AIDs, and environmental protection are critical in the sustainability of the benefits from WASH services. This section provides an elaboration of how these issues should be mainstreamed in the ASP’s activities.

***Mainstreaming HIV/AIDs:*** HIV/AIDs is not a water borne or sanitation, hygiene related diseases however, there are significant linkages between the disease and Water & Sanitation. People living with HIVAIDS my become part of the vulnerable low-income members of the community that will need special consideration to access safe water and sanitation facilities. Institutions offering support and care for people living with HIV/AIDs may be in need for more water and safe sanitation facilities. WSSB should indicate in terms of providing access and affordable prices to water to these facilities and individuals

Prevention of the spread of HIV/AIDs requires responsible behaviours among service providers like contractors, ASPs. WSSB should take deliberate awareness measures and preventive means accorded to its service providers.

***Gender Mainstreaming:***

In recognition of the role of women in WASH, the sector provides for gender mainstreaming at all levels right from the WSC. At least 1 in 3 members of the WSC should be a woman and preferably in a management position. The ASP should also have gender representation on its team in line with the sector guidelines.

**Mainstreaming *Environmental Protection:***

The ASP will ensure that issues of environment protection with a focus on water safety, sanitation and hygiene e.g. ensure that latrines are not constructed above the source, both human waste and solid waste around the water source and trading centres. The ASP will utilise Sector Water Source Protection Guidelines (2013) the source protection guidelines and ensure the ASP and caretakers address the steps indicated in it (Ref: MWE Source Protection Guidelines). In addition the ASP will implement activities in line with promotion of Catchment based Integrated Water Resources Management (CbIWRM) -water catchment protection and restoration of the wetland/water catchment areas where water points are located.

***Human Rights, social inclusion***

The ASP will adhere to issues of social inclusion, the People With Disabilities (PWDs) and the other vulnerable groups are considered. In addition the youth are the majority of the population are involved in the mobilisation/engagements and their opinions put into consideration.

The tariff setting needs to include a differentiated fee to ensure that these groups access adequate water and are not segregated.

***Mainstreaming Good Governance in WASH***

Water is a public good that the WSSB will manage in trust of the citizens. All those with a legitimate interest in the outcome of a decision-making process have a right to be involved without discrimination. Community participation should always be upheld. The WSSB should provide for transparent accountability, access to information to the public that keeps them informed and creates meaningful participation in the governance of WASH services.

In addition, at least once in a FY Community Score Card exercise will be conducted as a tool for good governance, accountability and participation between the ASP and consumers involving.

# Chapter 6 Monitoring, Evaluation and Reporting

## 6.1 Introduction

Monitoring is a critical function in the operationalization of the ASP Manual as well as the other related manuals; mainly because it will forms the basis for corrective actions as well as facilitate learning for all the stakeholders. The key areas for monitoring are defined as well as the checks and balances put in place to improve the quality of monitoring. Monitoring will be carried out at all levels – the ASP, national/MWE/IOM, RWSRCs, DLGs, S/C and community levels through the respective structures. Details of M&E indicators for the various stakeholders, are provided in Appendix 6. Ultimately, the results from the monitoring will inform the updating the ASP manual and its appendices (the various tools/ forms and instruments).

### 6.1.1 Monitoring, targets and reporting

This section sets out the main indicators, targets, for each of the six actors, and this will form the basis for the monthly progress reporting for the ASP and quarterly review meetings for all stakeholders respectively.

## 6.2 Levels of monitoring

### 6.2.1 Area Service Provider (ASP) level

The ASP will carry out regular routine monitoring through the respective staff, the parameters for monitoring and the frequency are indicated in Appendix 6.2. The ASP monitoring activities and indicators will be clearly defined in all contracts, and monitored at all stages during the tenure of contract. The ASP’s annual targets are provided in Appendix 6.1 for the 5 year contract period.

Table 4: The indicators and targets the ASP reports on during the quarterly review

| **Indicator** | **Definition** | **Calculation** | **Initial target (2021)** | **Target by (2025)** |
| --- | --- | --- | --- | --- |
| Eligible water sources registered by the ASP | Rehabilitated & functional water sources within the area of jurisdiction for the ASP for O&M | No of registered water sources/ No of eligible sources X100 | 60% | 100% |
| New connections registered by the ASP | Newly constructed /rehabilitated water sources after ASP commences implementation | No of new connections registered /Total number of newly cons X 100 | 5% | 100% |
| Functionality | %age of registered point sources that are functional at time of quarterly spot check.  (continuity of water supply) | No of registered point sources functional at time of spot check/ Total no of registered sources X 100. | 90% | 100% |
| Reliability | %age of registered point water sources <1 consecutive days (24 hours) of down time quarterly. | No of registered point sources with < 1 consecutive days of downtime/No of ASP registered sources. | 90% | 100% |
| %age of registered piped water facilities with ASP <5 consecutive days quarterly. | No of registered piped facilities with <5 consecutive days of downtime/No of ASP registered sources. | 95% | 100% |
| Water quality compliance | %age of water points/facilities tested for compliance with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter  . | # of water sources tested/ # of water sources registered X 100% | 75% | 100% |
| % of water sources that comply with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter | # of tests complying with the Ugandan water quality standard /No of samples tested X 100 | 50% | 50% |
| Sanitation around the water source | %age of water sources complying with sanitary[[11]](#footnote-11) requirements | %age increment of number of sources complying with sanitary requirements | 60% | 100% |
| Source protection | %age of water sources with source protection measures[[12]](#footnote-12) | No of water sources with source protection measures implemented/No of registered water sources X 100 | 50% | 100% |
| Collection efficiency | %age of user fees /revenue collected to total billed within a quarter | No of households that have paid for point water sources/total no of households registered | 50% | 100% |
| Total revenue collected /total billed X 100 | 60% | 100% |
| Cost of water to end user | Affordable water at both levels - households and institutions | No of households paying for water /total number of households registered. | 50% | 100% |
| No of active connections /total number of connections | 75% | 100% |
| Water sales | Total volume of the water sold in a quarter[[13]](#footnote-13) | Volume of water sold on metered facilities | 70% | 100% |
| Pro- poor connections growth/service levels | %age of households benefiting from pro poor tariff within the service area at the PSP[[14]](#footnote-14) | No of vulnerable people accessing subsidised water. | 0% | 5% |
| Functional grievance redress mechanism[[15]](#footnote-15) | Number of complaints registered | % of complaints addressed /no of complaints registered | 0% | 100% |

### 6.2.2 The SLG/SWSSBs

The Sub-county Local Government (LG) and the Sub-county Water Supply Services Board (SWSSB) will organise and host quarterly monitoring meetings which will bring together all the WSCs for experience sharing, shared learning. During this meeting the ASP will report progress of work in their respective areas of operation; namely: i) achievements, ii) challenges and the plan for the upcoming period.

In addition the respective WSCs will provide feedback from their respective sources, receive their allowances in order to link the reports to work at the community level. In addition the monitoring will focus on the following:

1. The performance of the ASP & adherence of the ASP to the management contract;
2. Review and reflect on the functioning of the WSCs
3. The functioning of the water facilities

### 6.2.3 DLGs, SLGs, WSSBs

The DLG operates as the Rural Water Authority regulated by MWE/WURD, the DLG issues a Performance Contract to an ASP, as described in the **chapter 2.5.** The DLGs will use the existing mechanism - District Water and Sanitation Coordination Committee (DWSCC) meeting as a monitoring forum. The membership of the forum includes all the relevant stakeholders (also highlighted under the coordination mechanism covered under **chapter 3.4)**. The District level monitoring will focus on the following:

1. Functioning of the DWSSB and SCWSSB
2. Compliance of the ASP activities to the management contract,
3. Lower local governments to ascertain functionality of water facilities.
4. The functioning of the WSCs.

### 6.2.4 Regional level

The regional level monitoring will be spearheaded by the respective RWSRC /TSUs; RWSRCs are responsible for facilitating the creation of an enabling environment for effective O&M of rural water facilities/systems. The focus of the regional level monitoring will be the following areas:

1. The establishment and functioning of the CBMS+ approach
2. Compliance of the ASP activities to the management contract (including achievement, challenges, plan for the subsequent quarter),
3. Compliance of districts and other stakeholders O&M activities to the National framework for O&M.
4. How O&M activities are budgeted for in the annual planning/work-plan development.
5. Adherence to DWSCG guidelines regarding O&M of rural facilities,
6. Process of data collection feeding in to Sector performance indicators on functionality and Management.
7. Adherence to water supply Sector Standards (water quality, water quantity, specifications for spare parts etc.)

### 6.2.5 National level

MWE/IOM division is the lead in carrying out monitoring at national level. It will bi-annually monitor and track progress at the RWSRCs/TSUs level to determine the extent to which the ASP manual objectives are being implemented, they will monitor the following;

i) Cross regional experiences and lessons learnt,

ii) Collation of Regional self-assessments,

iii) Report on progress of action plans from previous assessments,

iv) Reports on adherence to the governance issues, transparency and accountability issues,

v) Report on Asset analysis and management.

### 6.2.6 DP, NGO

DPs/NGOs supporting the O&M via two types of support either through system building and/or infrastructure. They facilitate this by deploying capital finance to build new water sources and undertake major rehabilitations of degraded sources to ready them for Service Agreements ensuring that the appropriate funding mechanisms which will facilitate O&M activities with the respective GoU structures are in place and functioning effectively e.g. DWSCGs through the MFPED, NGOs with the DLGs and or/ASP as demonstrated in the financial flows **chapter 4.4.**

The respective DP/NGO will participate in the quarterly review meetings;

i) GoU/DLG budget,

ii) Allocate,

iii) Disburse the O&M funds,

ii) Appropriate support is provided to ensure the O&M are utilised for O&M purpose/activities.

### 6.2.7 Regulator

The WURD oversees the structures and mechanisms for checks and balances are in place and that they are functional. The Regulator monitors adherence to:

i) Guidance on setting up thresholds for tariff/user fees for the respective regions,

ii) Ensure auditing of the ASP activities,

iii) Ensure review of performance of the ASP, mid-term review and final assessment as a basis for either contract renewal or termination.

### 6.2.8 Summary of stakeholder roles in monitoring

Table 5 Stakeholder roles in monitoring

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Roles and**  **Responsibilities** | **Actors** | | | | | | |
| **Community** | **ASP** | **Developer** | **DLG** | **RWSRC** | **MWE/IOM** | **WURD** |
| *O&M Service Provision & Rural Water Infrastructure* | | | | | | |  |
| Ensure communities and ASPs are introduced for O&M service agreement signatures, prior to investment |  |  | ✓ | ✓ |  |  |  |
| Perform O&M within designated service areas |  | ✓ |  |  |  |  |  |
| Finance and Perform new construction and rehabilitation services |  | ✓ | ✓ | ✓ |  |  |  |
| Perform replacement of major parts once a Service Agreement is signed |  | ✓ |  |  |  |  |  |
| Monitor and report quarterly aquifer yield and water quality among enrolled communities |  | ✓ |  |  |  |  |  |
| Resolve aquifer yield or water quality issues |  |  |  | ✓ |  |  |  |
| Monitor and report quarterly water point functionality |  | ✓ |  |  |  |  |  |
| Ensure security of infrastructural assets (e.g. from vandalism) | ✓ |  |  |  |  |  |  |
| Establish universal access and welfare conditions | ✓ |  |  | ✓ |  |  |  |
| *Financials* | | | | | | |  |
| Pay O&M service fees into Revenue Collection Account | ✓ |  |  |  |  |  |  |
| Collect O&M service fees into Revenue Collection Account |  | ✓ |  |  |  |  |  |
| Perform quarterly auditing of Revenue Collection Accounts |  |  |  |  | ✓ |  |  |
| Audit and approve fee structures |  |  |  |  | ✓ |  |  |
| *Governance & Dispute Resolution* | | | | | | |  |
| Manage relationships between ASPs and water users |  |  |  | ✓ |  |  |  |
| Oversee and enforce terms of service contracts |  |  |  | ✓ |  |  |  |
| Chair quarterly review meetings attended by all actors |  |  |  |  | ✓ |  |  |

## 6.3 Evaluation

A Mid Term Review of the ASP Manual will be carried out after 3 years, to coincide with the end of the performance contract and the management contract for the ASP and the WSSB respectively. The Mid- term Review will form the basis for either renewal or termination of the ASP contract.

A performance review of the ASP performance will be carried out by a Performance Contract Review Committee (PCRC) comprising of three members; one from the IOM Division, one from the WURD of the Directorate of Water Development (DWD), one relevant official from the Ministry of Local Government (MoLG). This will be done, two (2) months before the expiry of the current contract.

The Evaluation of the framework will take-place after 2030, along with the ASP manual these will inform the update of the National framework for O&M for the rural infrastructure (2019).

## 6.4 Reporting

### 6.4.1 Levels of reporting

This section sets out the reporting requirements for ASP and the frequency. A multi layered system of reporting is developed which feeds into the S/C, district, RWSRC/TSU in order to ensure that the information generated feeds into the various processes such as the Sector Performance Report (SPR) indicators’ reporting, quality assurance etc.

The ASPs annual work-plans/ reports will be integrated into the S/C plans/reports and passed through the S/C council as well as submissions of quarterly progress to the S/C. In case within that area, there is DP supporting rural O&M issues, these activities should be incorporated into the ASP’s work plan.

Regardless of whether the ASP is covering only parts of that particular sub-county, they will send reports to the S/C where the service area has an intersection with that particular sub-county e.g. if the ASP is covering more than one S/C, the ASP will send the activities related to the S/C concerned. The ASPs and WSSBs will participate in the quarterly S/C meetings and update on O&M issues and this will ensure that the S/Cs have a general understanding on O&M issues and thus are able to also plan and budget for their interventions.

In addition the ASP whose service area covers a district, they will submit their work-plans to the District/DWSSB and RWSRC/TSU where the service area goes beyond a district boundary.

### 6.4.2 Content and Format of Reports

This section provides the content and formats for the various reports. The ASP will prepare and submit monthly reports covering the following areas;

Table 6 Monthly progress report for the ASP

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Topic/Area | Indicator | Definition | Baseline | Progress | Comments |
| Technical functionality & reliability | Functionality is measured following the spot check approach per sub-county per quarter & reliability of water facilities is measured by uptime percentage | System repair downtime no greater than 24 hours |  |  |  |
| Compliance to water quality standard | Compliance with drinking water quality standards  Sanitation around the water point | 4 sets of passing samples at least once in each quarter | Uganda Drinking Water Standards- target is 95% every year |  |  |
| Collection efficiency | Progressive increase in user fees collection | %age of the funds collected vs the total eligible users |  |  |  |
| Cost of water to the end user | for both individual household and institutions | Agreed & uniform for the individual household & institution respectively at DLG |  |  |  |
| Sanitation around the water source | Mobilisation of water users to clean around the water source |  |  |  |  |

In addition the ASP will provide quarterly progress reports will cover the following areas; as shown in chapter 6.2.1 and table 4 and on an annual basis the report will provide an overview of the following; i) what was planned, ii) what was achieved, iii) Challenges faced, iv) Lessons learnt, v) Recommendations and vi) the plans for the upcoming period.

It is anticipated that the annual report outcomes will feed into the broader Sector performance indicators on functionality and Management at the national level.

**Quarterly review by the RWSRC will cover the following aspects**

* Review of ASP functioning in terms of O&M management structure,
* Services levels/quality,
* Financial processes for viability
* Technical back stopping needs/gaps,
* Coordination and collaboration with stakeholders at the S/C, District and Regional respectively
* Water quality surveillance /monitoring.

# SECTION 3 APPENDICES

# Chapter 7: APPENDICES

This section provides detailed illustrations/ explanation of the concepts /aspects of some sections of the report. It also covers aspects which can be changed without necessitating changing the main report. The appendices include; Appendix 1: ToRs for the WSSBs; Appendix 1.1: Tors for the DWSSBs, Appendix 1.2: ToRs for the SWSSBs & Appendix 1.3: ToRs for the Regional WSSB, Appendix 2: Excerpts of the GoU Public procurement system, Appendix 3: Generic Performance contracts; 3.1 Generic Performance Contract for O&M of rural infrastructure between the Minister and the DLG, Appendix 3.2: Generic Performance Management contract between the DLG/DWSSB and the ASP, Appendix 4: Guidelines & Procedures for gazetting water supply areas, Appendix 5: Key Performance Indicators (KPIs) for the ASP, Appendix 6: M&E indicators for the various stakeholders, Appendix 7: Calculation of the O&M costs; 7.1 Calculation of users fees, 7.2: Calculation of the subsidy, Appendix 8: Asset analysis & management and Appendix 9: Recommended trainings etc.

## Appendix 1: ToRs for the WSSBs

### Appendix 1.1: ToRs for the DWSSBs

The District Water Supply Services Board (DWSSB) is the supervisory body of each respective DLG (Authority) and its roles and responsibilities shall support the DLG (Authority) in fulfilling its mandate in fulfilling the objectives of the MWE.

***Roles and Responsibilities of the Authority:***

* Sign the Performance Contract (PC) with the Ministry of Water and Environment (MWE) and the Management Contract (MC) with the ASP.
* Establish the DWSSB.
* Manage assets and provide services. This includes undertaking repairs & maintenance for assets that are not the responsibility of the ASP under the Management Contract, extending facilities & services and developing assets as planned or directed by the Minister or the Director DWD.
* Develop annual work-plans & budget (annual update of the Business Plans) and obtain approval by the Council & the MWE for these.
* Approve progress against work-plans and budgets (annual Business Plans) & approve performance reports by the ASP.
* Operate all assets created by the DLG (Authority) and those provided by the MWE.
* Through the ASP, charge, collect and manage all revenues, based on the user fees approved by the Minister.
* In partnership with the ASP manage the finances for water and sanitation services for operation and maintenance as well as development of new assets in accordance with all applicable laws and regulations and maintain records of the Collection Account.
* Regularly inspect and allow for inspection of water supply systems by the MWE or its agents and other competent authorities / arms of government.
* Prepare and submit reports to the Council and the MWE.
* Comply with sector laws and regulations as well as Local Government Act and other applicable laws, such as the Public Health Act, and pass by-laws as needed.
* Create awareness and disseminate information on the water supply and sanitation services, train users in good sanitation and hygiene practices as well as efficient and beneficial use of water.

***Roles and Responsibilities of the DWSSB:***

* Oversee the DLG’s (Authority’s) implementation of its Performance Contract with the MWE with respect to maintenance of assets, records and supervision of the ASP.
* Ensure the provision of water supply and sanitation services in accordance with the terms under the Performance Contract.
* Negotiate the business Plan prepared by the ASP and submit these to the DLG (Authority) for endorsement and then to the MWE for final approval.
* Receive and address customer complaints referred to it by the DLG (Authority) or ASP.
* Monitor water quality and quantity and regulate service provision by the ASP.
* Ensure and arrange for annual audits and special audits as required.
* Monitor the Management Contract and if deemed necessary initiate it’s termination on account of poor performance and/or breach of management contract terms by the ASP.
* Appropriate no more than 5% of the gross revenues of the Collection Account to the DWSSBs Operation Account for the DWSSB’s expenses.
* Comply with every provision of the Local Governments Act, Cap. 243 relating to its operations.
* Contracts the ASP on a performance-based contract,
* Monitor and oversee activities of the ASP, including their operational and financial performance,
* Coordinates with the Liaison Officer,
* Convene and hold quarterly review meetings (forum),
* Disburses allowances for the DWSSBs and SCWSSBs on a quarterly basis,
* Resolve issues from the respective SCWSSBs

***DWSSB Membership:***

* The DWSSB shall comprise of the following 7-9 members, unless this number is amended in Annex (1) of this Performance Contract:
* The CAO or the equivalent Administrative Head as prescribed by the Local Governments Act, Cap 243, will be the Secretary to the WSSB.
* The Chairperson of the appropriate committee of the Council responsible for water and sanitation services or, in the absence of such designation, any other nominated Councilor.
* Three other members drawn from the various categories of water users (domestic users, private sector, urban poor, institutional users) in the service area and who are of high moral character, integrity and with senior management experience in the public or private sector management (with preference given for experience within the water and sanitation sector)
* Members shall each serve for a renewable term of three years, with the exception of the CAO who is a permanent member by virtue of his/her office.
* In the composition of the DWSSB, due consideration shall be given to gender balance amongst the membership and in accordance with the Water and Sanitation Sector Gender Strategy.

**Representation of the DWSSB**

District WSSB has between 7-9 members comprised of the following:

3 – 5 elected members of SCWSSBs

1 - Representative of DWD

1 – Secretary for Works

1 - Representative of Institutions (schools, health facilities, prisons)

1 NGO and 1 MP & the RDC will be ex officials to the DWSSB.

NB: The DWSSB is selected /nominated by the SCWSSBs, approved vetted /endorsed by the District Council and appointed by the Director DWD (by Law)

NB: *The Chair Person, Secretary & Treasurer shall be nominated by the nominees of the DWSSB.*

*The NGO ex official will be nominated by the DWSCC & the MP will be nominated by the District Executive Committee (DEC).*

***DWSSB Structure:***

The DWSSB shall comprise:

* At its first meeting elect a chairperson, Secretary and Treasurer (the Chair shall not be a member of the Local Government Administration.
* Determine rules for conducting its business that are in addition to what is stipulated in this schedule.
* Convene quarterly to review the operations of the DLG (Authority) and the ASP and convene other meetings if and when required / deemed necessary by the DWSSB.
* The secretary shall keep minutes of each meeting, documenting at least the members in attendance, the agenda for the meeting and all resolutions taken and/or actions points deferred to a later meeting.
* Be guided by the DWSSB Terms of Reference (ToR) developed by DWD and amended from time to time, as outlined in the Sixth Schedule of the Performance Contract.

### Appendix 1.2: ToRs for the Sub-County Water Supply Services Board (SCWSSB)

**Composition of the SCWSSB**

The SCWSSB which is a representation of the WSCs, is comprised of 5 members, elected by the users (represented by WSCs) and vetted by S/C council:

1 - Representative of Institutions

1 - Representative of S/C

1 - Secretary for Works

2 - Representatives of Community

**Roles & responsibilities**

* Monitor and oversee activities of the ASP and ASP staff i.e. HPMs/SO,
* Coordinate with the Liaison Officer,
* Attend quarterly review meetings /forum,
* Disburse allowances for the respective WSCs (on a quarterly basis)
* Oversee all Water and Sanitation Committees (WSCs),
* Provide for security of the assets,
* Facilitate conflict resolution & management as well as resolve issues which are not resolved at the WSC levels.

### Appendix 1.3: ToRs for the Regional WSSB

Regional WSSB will comprise seven to nine (7-9) members. The regional boards are especially relevant in situations where the ASP covers a cluster of districts. They will be anchored in the Regional Water Supply Centres (RWSC) and will take either of the two forms proposed below

1. One District representing all districts in the region:

All districts covered by the RWSC will be represented by one District WSSB

Representation will be rotational. The process will be guided by the RWSC

ii) Each District WSSB represented at the regional level

Each District local government covered by the RWSC will send a representative to the regional board.

**Roles and responsibilities**

1. Represent the interests of its members, the Water and Sanitation Boards/Committees.
2. Communication link between RWSC and the district local governments
3. Participate in Regional Board and RWSC meetings whenever required
4. Lobby for O&M support to district local governments
5. Participate in Regional Rural Water Coordination Committee meetings,
6. Provide feedback on performance of ASP
7. Carry out Monitoring and Evaluation of O&M,
8. Conduct regional level asset analysis
9. Receive and comment on Audit Reports and Action

## Appendix 2: Excerpts of the Public Procurement and Disposal of Public Assets Regulations -2003 made under Section 96 of the PPDA Act 2003, Act No 1 of 2003

**PPDA regulations (2003) Section 96 DIVISION III – Registration of Providers and Preference and Reservation**

Sectio 24 (1) Registered providers shall be classified by ,

(a) Physical and financial capacity,

(b) Core operational area (disciplines or codes)

(c) Performance track record (record)

(d) Certificate of compliance with applicable national , regional or international quality standard in relevant disciplines or codes/certification and

(e) Ownwership or control (ownership)

**PPDA regulations (2003) Section 96 DIVISION VI – Bidding**

139 (1) The method for selection of a bidder to be invited to be shall be either –

(i) Publication of a bid notice in accordance with regulation 140 or Sole bidding in selected circumtances.

186 (1) In order to participate in public procurement, a bidder shall be eligible and minmum eligiblity requirements are that,

(a) a bidder has the legal capacity to enter into a contract,

(e) a bidder has fulfilled his/her obligations to pay taxes and social security contributions,

(3) Documentary evidence required shall include-

(a) a copy of bidder’s trading license or its equivalent,

(b) a copy of bidder’s certificate of registration or equivalent,

(c) a copy of the bidder’s income tax clearance certificate or equivalent,

(d) a a copy of the bidder’s VAT registration or its equivalent

## Appendix 3: Generic contracts

### Appendix 3.1: Generic Performance contract between MWE and the DLG/DWSSB

**THE REPUBLIC OF UGANDA**

**MINISTRY OF WATER AND ENVIRONMENT**

***Performance Contract for Operation and Maintenance of Rural Water Supply infrastructure in District Local Governments***

**PERFORMANCE CONTRACT FOR OPERATION AND MAINTAINANCE OF RURAL WATER SUPPLY INFRASTRUCTURE MANAGEMENT BETWEEN THE MINISTER OF WATER AND ENVIRONMENT AND …………..……………….. DISTRICT LOCAL GOVERNMENT**

***………….. 20…………….***

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**Abbreviations**

CAPEX Capital Expenditure

DLG District Local Government

DWD Directorate of Water Development

DWSSB District Water Supply Services Board

GoU Government of Uganda

MWE Ministry of Water and Environment

OPEX Operational Expenditure

PC Performance Contract

PCRC Performance Contract Review Committee

PO Private Operator

PPDA Public Procurement and Disposal of Public Assets

WURD Water Utility Regulation Department

SCWSSB Sub-County Water Board

WSSA Water Supply and Services Authority

WSC Water and Sanitation Committee

THIS PERFROMANCE CONTRACT (hereinafter called “the Contract”) is made this ……..day of ………. 20.. (the “Commencement Date”) between the MINISTER OF WATER AND ENVIRONMENT (the “Minister”); of P.O. Box 20026 Kampala on the one part and the ……………………………………………… DISTRICT LOCAL GOVERNMENT (the “Authority”) of P.O. Box …….on the other.

WHEREAS

In pursuance of the Local Governments Act, Cap. 243 requirements for the transfer of water and sanitation provision responsibilities from the central government to the local governments, and in accordance with Sections 45 of the Water Act, Cap. 152, the Minister responsible for water has hereby declared the area given in the First Schedule as the Water Supply Services Authority (WSSA). In furtherance of this declaration and in accordance with Sections 46 and 47 of the Water Act, the Minister has appointed the …………….District Local Government in the First Schedule) to be a WSSA for the area given in the First Schedule, to which the Minister now transfers responsibility for custodial care of the assets and management of the rural areas outside the jurisdiction of Umbrella Authority (UA) and National Water and Sewerage Corporation (NWSC) water supply area(s).

Section 48 of the Water Act requires the Minister to enter into a Performance Contract with the Authority, which contract shall be construed as the governing rules for the relationship between the Minister and the Authority and which shall guide the operations of the Authority.

Upon signing this Performance Contract, the District Local Council, as named in the First Schedule, acknowledges and confirms the establishment of the Water Supply Services Authority (WSSA) for purposes of management of the assets and water services in all the rural areas outside the jurisdiction of UA and NWSC water supply area of ………………..DLG.

This Performance Contract and the agreed management arrangement should be construed within the context, timeframe and principles of the prevailing Policies and Strategies of the Government of Uganda.

THE PARTIES AGREE AS FOLLOWS:

1.0 INTERPRETATIONS

1.1 In this Contract, unless the context otherwise requires:

a) “Authority and Area” are those specified in the First Schedule;

b) “Director” means the Director, Directorate of Water Development, Ministry of Water and Environment;

c) “Regulations” means:

i) In the case of a District Local Government (Authority), the Water Supply Regulations, 1999;

d) “Council” means council within the meaning of the Local Governments Act, Cap. 243

e) “Chief Administrative Officer” means the administrative head of DLG within the meaning of the Local Governments Act, Cap. 243

f) “Sub county Chief” means the administrative head of a sub county within the meaning of the Local Governments Act, Cap. 243

1.2 In this Contract, unless the context otherwise requires:

a) Reference to the Act relate to the Water Act, Cap.152;

b) A reference to any legislation includes any subordinate legislation and its consolidations, amendments, re-enactments or replacements;

c) The singular includes the plural and vice versa;

d) The word “person” includes a firm, corporation, partnership, joint venture, unincorporated association and public authority;

e) A reference to a clause or Schedule is to a clause of, or Schedule to, this Contract;

f) A Schedule forms part of this Contract;

g) Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

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

1.4 In interpreting this Contract, a construction that would promote the purpose or object underlying the Contract shall be preferred to a construction that would not promote that purpose or object.

**2.0 VALIDITY OF THE CONTRACT**

2.1 This Contract shall commence on the “Commencement Date” given in Annex (1).

2.2 This Contract shall remain valid for 5 years starting from the “Commencement Date” or until it is terminated in accordance with the provisions of this Contract or any other governing laws in Uganda.

2.3 This Contract shall be renewable for another 5 years depending on the performance of the ASP.

**3.0 PURPOSE OF THE CONTRACT**

3.1 The purpose of this contract is to further set out the role, scope and performance targets of the District Local Government (Authority) in the areas in which it is granted jurisdiction by the Minister for Water and Environment (MWE) as indicated in the First Schedule.

3.2 To ensure that there is an agreed framework within which the overall National Water Sector goals are achieved within the anticipated time frames.

**4.0 DISTRICT LOCAL GOVERNMENT RIGHTS AND OBLIGATIONS**

The primary obligations of the District Local Government (Authority) is to achieve the Key Performance Indicators (KPIs) set out in this contract, listed under section **4.8.4 (d)** below.

**4.1 TO HOLD ASSETS IN TRUST**

4.1.1 It has been established at the commencement of this Contract that the District Local Government (Authority) does not own the water supply infrastructure assets (herein called “assets”) but holds in trust the assets listed in the Second Schedule.

4.1.2 If the DLG (Authority) acquires any additional and/or replaces any assets during the contractual period, the Minister shall be notified and the Second Schedule shall be updated indicating the additional assets acquired or replaced, which shall belong to the Ministry of Water and Environment.

4.1.3 The DLG (Authority) shall not dispose of any of the assets acquired, without the prior written consent of the Minister.

4.1.4 Where assets have been created and / or developed under any other arrangement as stated in Annex (1), they shall be deemed assets of the Ministry of Water and Environment and shall be added in the Second Schedule and shall be held in trust by the DLG (Authority) as such.

**4.2 TO MANAGE AND CONTROl ASSSETS**

4.2.1 The DLG (Authority) has the sole right and duty to manage and control the assets set out in the Second Schedule and any accompanying drawings, for the purpose of discharging its obligations or exercising its powers under the Act, for the term of this Contract.

4.2.2 The Minister may direct the DLG (Authority) on how to use or dispose of any money or other consideration to which the DLG (Authority) may become entitled as a result of disposing of any asset referred to in sub-clause 4.1.

4.2.3 The DLG (Authority) shall comply with any directions given by the Minister under this sub-clause to renew or to extend assets referred to in the Second Schedule, within such time or times as are specified in that direction, or such longer time as the Minister may allow.

**4.3 TO PROVIDE SERVICES**

4.3.1 The DLG (Authority) shall discharge all the obligations of a District Water Supply Services Authority (WSSA) within the area specified in the First Schedule, for the term of the Contract.

4.3.2 In discharging its functions and exercising its powers, the DLG or Authority shall comply with:

a) Any code of workmanship prescribed by the Minister under Section 70 of the Water Act;

b) The service standards specified or referred to in the Third Schedule;

c) The provisions of Section 47 of the Water Act;

d) Any written directions given to the DLG (Authority) from time to time by the Minister.

4.3.3 In discharging its functions and exercising its powers, the DLG (Authority) shall be mandated by the Minister to constitute a District Water Supply Services Board (DWSSB) of between seven (7) – nine (9) members (unless amended in Annex (1)) for the DLG (Authority) to exercise management oversight for the operations of the assets entrusted to the DLG (Authority) including any operations sub-contracted under sub-clause 4.3.5. The details of the formation and membership of the DWSSB shall be as given in the Sixth Schedule.

4.3.4 The DWSSB shall discharge its management oversight responsibilities as stipulated in the Sixth Schedule.

4.3.5 In discharging its functions and exercising its powers the DLG (Authority), through the DWSSB, shall sub-contract the day-to-day operation and management of the rural water facilities outside the jurisdiction of UA and NWSC of water supply area(s) and the assets referred to by sub-clauses 4.1 and 4.2 to an independent professional operator referred to as the Area Service Provider(ASP) that shall be contracted by the DLG (Authority) through a transparent and competitive process in accordance with Part IX of the Local Governments Financial and Accounting Regulations, 2007 and the Local Governments PPDA (Public Procurement and Disposal of Public Assets) Regulations, 2006 and any other laws at the time being in force. The Authority and the ASP will enter into a management contract for the period as stated in Annex (1).

4.3.6 The ASP may manage one Sub –County Local Government or a group of Sub-Counties or the entire (1) district or may manage a number of DLGs (Authorities) in order to attain economies of scale and obtain favorable terms. In the event that the ASP manages more than one district, then the ASP will sign a management contract by one of the DLGs/DWSSBs[[16]](#footnote-16) on behalf of the rest or sign a contract with the Regional structure.

4.3.7 The DLG (Authority) shall not sub-contract the performance of any of the obligations referred to in Clause 4, except that given in sub-clause 4.3.5, without first informing the Minister in writing and providing such additional information about the proposed sub-contractor as the Minister may require. Any new sub-contract, apart from that given under sub-clause 4.3.5, shall have prior written approval of the Minister, including operating through any other arrangements.

4.3.8 The DLG (Authority) remains liable under this Contract for the performance of any obligations sub-contracted by it under sub-clause 4.3.5.

**4.4 TO CHARGE FOR SERVICES PROVIDED**

The Authority through the ASP shall have the right to charge and collect tariffs, as determined by the Tariff Policy in force at the given time, any fees, rates and charges for services provided under sub-clause 4.3 and in accordance with the approved business plans under sub-clause 4.8.

**4.5 TO COMPLY WITH LAWS**

4.5.1 The DLG (Authority) shall comply with:

a) Provisions of the Water Act and regulations there under, the NEMA Act and regulations, Local Governments Act and regulations, Public Procurement and Disposal of Assets Act and regulations, the Occupational Health and Safety Act in relation to its employees and to the environment; the Public Finance Act; the Income Tax Act; and all other laws relating to its activities at the time being in force;

b) The terms of any water or waste discharge permit granted to the DLG (Authority).

The DLG (Authority) shall not take or use water from any source of water subject to Part II of the Water Act, except in accordance with a water permit granted under that Part.

**4.6 TO MAINTAIN ASSETS**

4.6.1 The DLG (Authority) shall maintain, in good condition and working order including preventive maintenance throughout the term of this Contract:

All assets referred to in the Second Schedule, while they remain in the trust and custody of the DLG (Authority);

All other assets renewed, acquired or constructed by the DLG (Authority) or its agents or sub-contractors, whether or not under a direction from the Minister given under clause 4.2.2.

4.6.2 The DLG (Authority) shall also maintain and regularly update an assets register which details all assets held by the DLG (Authority) and any additional investments made periodically.

**4.7 TO ALLOW INSPECTION**

4.7.1 The DLG (Authority) shall allow the Director, or any person representing the Director, access at any time to inspect:

a) Any land owned or occupied by the DLG (Authority);

b) Any assets referred to in the First and Second Schedules and any other assets renewed, acquired or constructed by the Authority;

c) Any land, works, buildings or any other assets;

d) And make any tests, take any measurements or take any samples;

e) Take any photographs or make any plans or drawings;

f) And, if necessary, to make any copies of any records or documents referred to in sub-clause 4.9 in order to ascertain whether the DLG (Authority) is complying in every respect with this Contract and the Water Act.

4.8.1 The DLG (Authority) through the ASP shall, prepare a three year business plan and this will be updated and submitted annually before the end of the financial year.

4.8.2 The first business plan shall come into effect on a date when the ASP is appointed.

4.8.3 The DLG (Authority) through the ASP shall annually update and submit to the Minister its revised Business Plan and any amendments, no later than three (3) months before the end of each GoU financial year.

4.8.4 A business plan shall include the following:

a) The objectives of the plan;

b) The overall strategies and policies that the DLG (Authority) is to follow to achieve those objectives;

c) The services that the DLG (Authority) expects to provide and the standards expected to be achieved in providing those services;

d) Performance indicators and targets (whether financial or operational) as agreed with the DLG (Authority). At a minimum these targets will be constituted of the following Key Performance Indicators (KPIs)

| **Indicator** | **Definition** | **Calculation** | **Initial target (2021)** | **Target by (2025)** |
| --- | --- | --- | --- | --- |
| Eligible water sources registered by the ASP | Rehabilitated & functional water sources within the area of jurisdiction for the ASP for O&M | No of registered water sources/ No of eligible sources X100 | 60% | 100% |
| New connections registered by the ASP | Newly constructed /rehabilitated water sources after ASP commences implementation | No of new connections registered /Total number of newly cons X 100 | 5% | 100% |
| Functionality | %age of registered point sources that are functional at time of quarterly spot check.  (continuity of water supply) | No of registered point sources functional at time of spot check/ Total no of registered sources X 100. | 90% | 100% |
| Reliability | %age of registered point water sources <1 consecutive days (24 hours) of down time quarterly. | No of registered point sources with < 1 consecutive days of downtime/No of ASP registered sources. | 90% | 100% |
| %age of registered piped water facilities with ASP <5 consecutive days quarterly. | No of registered piped facilities with <5 consecutive days of downtime/No of ASP registered sources. | 95% | 100% |
| Water quality compliance | %age of water points/facilities tested for compliance with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter  . | # of water sources tested/ # of water sources registered X 100% | 75% | 100% |
| % of water sources that comply with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter | # of tests complying with the Ugandan water quality standard /No of samples tested X 100 | 50% | 50% |
| Sanitation around the water source | %age of water sources complying with sanitary[[17]](#footnote-17) requirements | %age increment of number of sources complying with sanitary requirements | 60% | 100% |
| Source protection | %age of water sources with source protection measures[[18]](#footnote-18) | No of water sources with source protection measures implemented/No of registered water sources X 100 | 50% | 100% |
| Collection efficiency | %age of collections (revenue) collected to total billed within a quarter | No of households that have paid for point water sources/total no of households registered | 50% | 100% |
| Total revenue collected /total billed X 100 | 60% | 100% |
| Cost of water to end user | Affordable water at both levels - households and institutions | No of households paying for water /total number of households registered. | 50% | 100% |
| No of active connections /total number of connections | 75% | 100% |
| Water sales | Total volume of the water sold in a quarter[[19]](#footnote-19) | Volume of water sold on metered facilities | 70% | 100% |
| Pro- poor connections growth/service levels | %age of households benefiting from pro poor tariff within the service area at the PSP[[20]](#footnote-20) | No of vulnerable people accessing subsidised water. | 0% | 5% |
| Functional grievance redress mechanism[[21]](#footnote-21) | Number of complaints registered | % of complaints addressed /no of complaints registered | 0% | 100% |

e) Financial matters as set out in sub-clause 4.10;

f) Other information that the DLG (Authority) may consider appropriate.

4.8.5 Each business plan shall state, in relation to financial matters:

a) The financial target of the DLG (Authority);

b) The overall financial strategies including the setting of user fees, the making and levying of rates, borrowing, investment and purchasing and disposing of assets; The WURD provides guidance on the range for charging user fees per region and the actual per service area will be negotiated between the respective ASP & the DWSSB.

c) A forecast of the revenue and expenditure of the DLG (Authority), including a forecast of capital expenditure.

e) The Regulator provides the range for user fees per region and this forms the basis for the negotiations between the ASP and the DWSSB.

f) Details of the user fees, rates and charges expected to be raised by the DLG (Authority) and the basis on which those user fees, rates and charges are to be raised;

g) Other financial information as the DLG (Authority) may consider appropriate.

4.8.6 In preparing a financial target, the DLG (Authority) shall have regard to:

a) Maintaining the DLG (Authority’s) financial viability;

b) Maintaining a reasonable level of reserves, so as to make provision for:

i) Estimated future demand for the services of the DLG (Authority);

ii) Any capital contributions which the Authority is obliged to make;

iii) Improved accessibility of and performance standards for, the services provided by the DLG (Authority);

**4.9 TO KEEP AND MAINTAIN RECORDS**

4.9.1 The DLG (Authority) shall keep proper accounts and records of the transactions and affairs of the DLG (Authority) and shall keep records that are necessary to explain the financial operations and financial position of the DLG (Authority).

4.9.2 Without detracting in any way from sub-clause 4.9.1, the DLG (Authority) shall keep the records referred to in the Seventh Schedule and shall retain those records for the period specified in the Schedule, after each record is made.

4.9.3 Except as provided in sub-clauses 4.11 and 4.12, all records are confidential to the DLG (Authority).

4.9.4 Any customer or former customer of the DLG (Authority) may apply to the DLG (Authority) for a copy of all records held by the DLG (Authority) concerning that customer, in such a form as may be prescribed by the DLG (Authority).

4.9.5 The DLG (Authority) shall provide a customer or former customer with a copy of the relevant records referred to in sub-clause 4.9.1, but may impose a reasonable charge to cover the costs to the DLG (Authority) of making the copy of the records available.

**4.10 TO MEET FINANCIAL OBLIGATIONS**

4.10.1 The DLG (Authority) through the ASP shall pay all sums, including taxes, it is required to pay in order to comply with every condition of this Contract or any laws, out of monies collected by it from the user fees, rates, charges, penalties and interest paid to it under the Water Act and the Regulations, and any interest paid to it upon those monies.

4.10.2 The DLG (Authority) shall pay to the Government of Uganda such contributions towards the capital cost of the assets referred to in the Second Schedule and at such times as are prescribed in the Fourth Schedule, as revised from time to time by the Minister.

a) The DLG (Authority) through the DWSSB shall open a Collection Account in the names of the DWSSB with a local bank;

b) The Collection Account shall be controlled by the Chairman of the DWSSB (community representative), the Chief Administrative Officer (CAO) and the ASP[[22]](#footnote-22), all three of whom shall be its joint signatories.

c) The Collection Account shall be one into which all the contributions towards O&M by the various stakeholders and the government agencies shall be deposited; except the user fees/tariffs which will be paid directly to the Operation Account in the names of the ASP. The Collection Account will receive 15% of the DWSCG conditional Grants, GoU/MWE/RWSRC subsidy towards O&M, any contributions from an NGO/DP and the CAPEX sums (minimum 10% unless amended) – see **Chapter 4.4 and figure xx** on fund flow for details. Then the money will be transferred to the ASP or various ASP(s) within a given district.

d) The Ministry and the DLG shall be kept fully informed of the income/expenses of the Collection Account on a quarterly basis;

e) Withdrawals from the Collection Account shall be only for eligible payments which shall be limited to:

i) The ASP towards the fulfilling the approved annual workplan activities,

ii) Payments for the DWSSB’s expenses (maximum 5% unless amended in Annex (1)) payable into the DWSSB’s operating account established under sub-clause 4.10.3;

iii) Payments of all taxes, licenses, levies and other such charges due from the DLG (Authority) for the operation of the water supply facilities;

iv) Approved major repairs and investments; which shall be computed as 5% or more of the expected monthly revenue collection. Other payments as directed by the Minister under sub-clause 4.2.2.

4.10.3 The DLG (Authority) shall:

a) Ensure that all money payable to the DLG (Authority) is properly collected and paid into the Collection Account established under sub-clause 4.10.2;

b) Ensure that all money expended by the DLG (Authority) is properly expended and only for purposes authorized by or under this Contract and that such expenditure is properly authorized;

c) Ensure that adequate control is maintained over assets owned by, or in the custody of, the DLG (Authority);

d) Ensure that all liabilities incurred by the DLG (Authority) are properly authorized;

e) Ensure efficiency and economy of operations and avoidance of waste and extravagance;

f) Develop and maintain an adequate budgeting and accounting system;

h) Develop and maintain an adequate financial control system;

i) Ensure that any allowances paid to board members and other expenses of the WSSBs (DWSSB & SCWSSB) are in conformity with sub-clauses 4.3 and 4.10;

j) Ensure that the 15% of the DWSCG and CAPEX funds are channelled to the Collection Account and that it is properly planned for, managed, expended and accounted for in a timely manner and in accordance with the guidelines.

**4.11 TO REPORT TO THE MINISTER**

4.11.1 The DLG (Authority) shall, in respect of each quarter of financial year and at the end of the financial year, prepare quarterly and annual reports containing:

a) Its operations during the reporting period;

b) Financial statements for the reporting period;

and submit the reports to the Minister not later than thirty (30) days after the end of the quarter and two (2) months following the end of the GoU financial year.

4.11.2 The report of operations referred to in sub-clause 4.11.1 shall:

a) Be prepared in a form determined by the DLG (Authority) and DWD to be appropriate;

b) Contain the information specified in the Third Schedule and any other information determined by DWD to be appropriate;

c) Contain a copy of any direction given by the Minister under clause 5.2 during the financial year;

d) Contain any other information required by the Minister.

4.11.3 The financial statements referred to in sub-clause 4.9 and 4.10 shall:

a) Contain information determined by the Minister to be appropriate;

b) Include an assessment of:

i) The cost of carrying out the DLG (Authority’s) community service obligations;

ii) The cost of implementing any directions given by the Minister under sub-clause 4.2;

iii) The cost of carrying out any other obligation that is imposed on the DLG (Authority) under this Contract or the Act and that requires it to act otherwise than in accordance with normal commercial practice.

c) Be prepared in a manner and form approved by the Minister;

**4.12 TO AUDIT ACCOUNTS**

4.12.1 The financial statements referred to in clause 4.11.3 shall be audited by 31 October in any year by a duly qualified external auditor who shall be a member of the Institute of Certified Public Accountants of Uganda (ICPAU). The external auditor shall be appointed by the DLG (Authority) after prior written approval from the Office of the Auditor General (OAG) as provided for in the Local Governments Financial and Accounting Regulations, 2007.

4.12.2 The Auditor’s report shall state whether the statements are correct and shall set out all matters falling within the normal duties of an auditor which, in his opinion, should be brought to the attention of the DLG (Authority) or the Minister. The auditor shall review the income and expenditure from the Collection Account and compare these against the OPEX / CAPEX given in the approved Business Plans.

4.12.3 The DLG (Authority) shall pay the costs of any auditor engaged under these clauses.

4.12.4 Nothing in the foregoing sub-clauses shall detract from the DLG (Authority’s) responsibility and reporting obligations under the Local Governments Act, Cap. 243 and Local Governments Financial and Accounting Regulations, 2007.

**5.0 MINISTER‘S RIGHTS AND OBLIGATIONS**

**5.1 PERFORMANCE CONTRACT MANAGEMENT**

5.1.1 The review of the DLG’s (Authority’s) performance under this Contract will be carried out by a Performance Contract Review Committee (PCRC) comprising of three members. One from the IOM, WURD of the Directorate of Water Development (DWD), one relevant official from the Ministry of Local Government (MLG), two (2) months before the expiry of the current contract.

5.1.2 The Committee will specifically address the following:

a) DLGs (Authorities’) performance against specific indicators, which will be reviewed quarterly by the respective DWSSBs, RWSRCs of MWE and annually by the PCRC. However the IOM division can call for a special meeting of the PCRC;

b) Provide for the resetting of targets/projections, should it prove necessary;

c) Consider proposals for the re-assessment of targets if there is a significant change in the environment or significant new factors;

d) Any other issues that may from time to time be raised by the parties.

5.1.3 The PCRC may decide to appoint Consultants to assist in the review process.

5.1.4 The report and recommendations of the PCRC following the annual reviews will be submitted to both MWE and the DWSSB within a period of 30 days after the review.

5.1.5 The review methodology used by the PCRC or its Consultants is specified in the Fifth Schedule.

**5.2 TO AMMEND STANDARDS OF SERVICE & RECORDS KEEPING REQUIREMENTS**

5.2.1 The Minister may, from time to time, revise or add to the standards & records specified or referred to in the Seventh Schedule.

5.2.2 The DLG (Authority) shall comply with the standards & records specified in the Seventh Schedule, as revised or added to under this clause, from such date as may be specified by the Minister in writing.

**5.3 TO AMMED CAPITAL CONTRIBUTIONS**

5.3.1 The Minister through the PCRC and IOM will monitor and evaluate the expenses under the Conditional Grant and the CAPEX as given in the business plan. The Minister may, from time to time, amend these capital contributions as given in the Fourth Schedule, after consulting with the DLG (Authority).

**5.4 TO ARRANGE COMPENSATION**

5.4.1 On the completion or earlier termination of this Contract or in line with the sector reform recommendations, the Minister shall have the right to appoint a successor to the DLG (Authority) and enter into a Performance Contract with the successor under section 48 of the Water Act.

5.4.2 The Minister may recommend to the Government the compensation to the DLG (Authority) for any additional assets acquired by the DLG (Authority) under this Contract where the assets are to be transferred to another private body.

5.4.3 Any additional assets acquired by the DLG (Authority) under this Contract shall not be subject to compensation from the Minister in so far as they remain vested in a public body.

**5.5 TO TERMINATE AGREEMENT**

5.5.1 The Minister may also terminate this Contract if the DLG (Authority) has not complied with any provision of this Contract, the Water Act or the prevailing Policies and Strategies. The Minister may serve a notice on the DLG (Authority) setting out:

a) The provision which the Minister considers has not been complied with;

b) Why the Minister considers that the provision has not been complied with;

c) The date by which the DLG (Authority) shall comply with the provision.

5.5.2 The DLG (Authority) shall comply with any provision mentioned in a notice under sub-clause 5.5.1 by the date specified in that notice, to the satisfaction of the Minister.

5.5.3 If the DLG (Authority) does not comply with the requirements of sub-clause 5.5.1 by the date specified in a notice served under this sub-clause, the Minister may terminate this Contract by giving the DLG (Authority) at least 90 days’ notice in writing.

5.5.4 From the date on which DLG (Authority) receives notice given under sub-clauses 5.5.1 and 5.5.3 until the date on which the period of these notices expire, the Authority:

a) Shall not dispose of or create any interest in any of its assets, except as directed by the Minister;

b) Shall observe any written directions given to it by the Minister.

**6.0 DISPUTE RESOLUTION PROCEDURE**

Any dispute arising out of or in connection with this Agreement shall be resolved in accordance with the procedure set out below.

6.1.1 Initially any dispute will be communicated to the Director, DWD for resolution by the Minister who may forward the matter to a sub-committee of no more than three members of the Water Policy Committee (WPC) for technical advice.

6.1.2 Where the Minister guided by the WPC is unable to resolve such dispute within 14 days of being advised by the WPC, he/she shall notify the DLG (Authority) whereupon the procedures set out for mediation, conciliation and arbitration under the Arbitration and Conciliation Act of Uganda shall be applied.

**7.0 WAIVER**

A failure, delay, relaxation or indulgency on the part of either party in exercising any power or right under this Contract does not waive that power or right, nor does any single exercise of the power or right preclude any other or further exercise of it, or the exercise of any other power or right under this Contract.

**8.0 AMENDMENT OR VARIATION**

This Contract may only be amended or supplemented in writing signed by both parties.

**9.0 GOVERNING LAW AND JURISDICTION**

This Agreement shall be considered as a contract made in the Republic of Uganda and shall be subject to the laws of Uganda.

**IN WITNESS WHEREOF** the parties have executed this Contract by their duly authorized representatives on the date mentioned herein above.

**FOR AND ON BEHALF OF THE MINISTRY OF WATER AND ENVIRONMENT:**

**……………………………………………………………………**

**MINISTER OF WATER AND ENVIRONMENT**

**IN THE WITNESS OF:**

**…………………………………………………………………….**

**DIRECTOR, DIRECTORATE OF WATER DEVELOPMENT**

**FOR AND ON BEHALF OF** ……………………. **WATER SUPPLY SERVICES AUTHORITY**

……………………………………………..

**CHAIRPERSON OF THE DLG (LOCAL AUTHORITY)**

**IN THE WITNESS OF**

…………………………………………………………

**CHIEF ADMINISTRATION OFFICE**

**ANNEX 1**

Amendments to the main clauses in the performance contract:

|  |  |
| --- | --- |
| Clause | Amendment |
| 2.1 | The Commence date for this performance contract shall be …. 20.. and it shall be valid for five (5) years. |
| 4.1.4 | Specify any special conditions as required by the Donor e.g. GPOBA, etc.  DBO-OBA contracts may exceed 5 years |
| 4.3.3 | The number of the DWSSB members shall be 7 (seven)- 9(nine) and the formation shall be as given in the Sixth Schedule. |
| 4.3.5 | The duration of the Management Contract shall be 5 (five) years. |
| 4.6.2 | The format of the Asset Registry and Management shall be as described in the *Second Schedule.* |
| 4.10.2 | The business plan shall allow a minimum CAPEX of 10% for deposit into the Collection Account on a monthly basis. |
| 4.10.2.b(ii) | The payment to the DWSSB and the SWSSB shall be 5% and 3% respectively of monthly collections. |

FIRST SCHEDULE

[Recital A, sub-clause 1.1 (a)]

DLG (AUTHORITY) AND AREA OF OPERATION

The DLG (Authority) shall be the ………………………… DWSSB (WSSA), represented by the DWSSB Chairperson of P. O. Box ……………….

The Terms of Reference, Roles and Responsibility of the DWSSB, SWSSB and the ASP are given in the Sixth Schedule.

The area of operation shall be all the area within the boundary of …………………………… DLG/Sub County as depicted by the attached map. DLG (Authority), whose water supply extends beyond the boundary, should co-opt members of such areas on its DWSSB.

**SECOND SCHEDULE**

**ASSETS MANAGED AND CONTROLLED BY DLG/AUTHORITY**

INCLUDE THE LAYOUT PLAN OF THE EXISTING RURAL WATER SUPPLY FACILITIES/ SYSTEMS HE JURISDICTION OF UA AND NWSC WATER SUPPLY AREAS.

INCLUDE SIMPLE DESCRIPTION OF ALL THE MAIN FACILITIES E.G. Intakes, Pumps, Treatment Plants, Transmission and Distribution Mains, Storage Tanks, all additional fittings, plant, tools and equipment, Buildings and Furniture, the point sources and their technologies etc.

THE ASSET REGISTRY AND ITS MANAGEMENT PLAN (WHEN READY) SHALL FORM PART OF THIS SECOND SCHEDULE.

THIRD SCHEDULE

**KEY PERFORMANCE INDICATORS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indicator** | **Definition** | **Calculation** | **Initial target (2021)** | **Target by (2025)** |
| Eligible water sources registered by the ASP | Rehabilitated & functional water sources within the area of jurisdiction for the ASP for O&M | No of registered water sources/ No of eligible sources X100 | 60% | 100% |
| New connections registered by the ASP | Newly constructed /rehabilitated water sources after ASP commences implementation | No of new connections registered /Total number of newly cons X 100 | 5% | 100% |
| Functionality | %age of registered point sources that are functional at time of quarterly spot check.  (continuity of water supply) | No of registered point sources functional at time of spot check/ Total no of registered sources X 100. | 90% | 100% |
| Reliability | %age of registered point water sources <1 consecutive days (24 hours) of down time quarterly. | No of registered point sources with < 1 consecutive days of downtime/No of ASP registered sources. | 90% | 100% |
| %age of registered piped water facilities with ASP <5 consecutive days quarterly. | No of registered piped facilities with <5 consecutive days of downtime/No of ASP registered sources. | 95% | 100% |
| Water quality compliance | %age of water points/facilities tested for compliance with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter  . | # of water sources tested/ # of water sources registered X 100% | 75% | 100% |
| % of water sources that comply with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter | # of tests complying with the Ugandan water quality standard /No of samples tested X 100 | 50% | 50% |
| Sanitation around the water source | %age of water sources complying with sanitary[[23]](#footnote-23) requirements | %age increment of number of sources complying with sanitary requirements | 60% | 100% |
| Source protection | %age of water sources with source protection measures[[24]](#footnote-24) | No of water sources with source protection measures implemented/No of registered water sources X 100 | 50% | 100% |
| Collection efficiency | %age of collections (revenue) collected to total billed within a quarter | No of households that have paid for point water sources/total no of households registered | 50% | 100% |
| Total revenue collected /total billed X 100 | 60% | 100% |
| Cost of water to end user | Affordable water at both levels - households and institutions | No of households paying for water /total number of households registered. | 50% | 100% |
| No of active connections /total number of connections | 75% | 100% |
| Water sales | Total volume of the water sold in a quarter[[25]](#footnote-25) | Volume of water sold on metered facilities | 70% | 100% |
| Pro- poor connections growth/service levels | %age of households benefiting from pro poor tariff within the service area at the PSP[[26]](#footnote-26) | No of vulnerable people accessing subsidised water. | 0% | 5% |
| Functional grievance redress mechanism[[27]](#footnote-27) | Number of complaints registered | % of complaints addressed /no of complaints registered | 0% | 100% |

**FOURTH SCHEDULE**

Capital Cost

The capital cost (CAPEX) contributions into Collection Account required of the DLG (Authority) by this Performance Contract are indicated in the respective DLG’s (Authority’s) O&M Plan developed with support from the RWSRCs.

The approved CAPEX shall also be deposited in the same Collection Account.

**FIFTH SCHEDULE**

**PERFORMANCE REVIEW METHODOLOGY**

A performance review of the ASP performance will be carried out by a Performance Contract Review Committee (PCRC) comprising of three members; one from the IOM Division, one from the WURD of the Directorate of Water Development (DWD), one relevant official from the Ministry of Local Government (MoLG). This will be done, two (2) months before the expiry of the current contract.

The areas covered under the review will include the KPIs and the general performance covering the following areas;

Asset maintenance (inspection of maintenance schedules, general condition of assets, etc);

Customer Service (length of time to address customer complaints, perceived price of services, pending applications etc.);

Finance and Accounting (audit of collection account, accuracy of invoices, maintenance of billing and other accounting records, bulk meter reconciliations, value for money audits);

Water Quality (compliance with effluent discharge standards, water source / environment protection).

|  |  |  |
| --- | --- | --- |
| 1 | Bi-annual high level performance review | To be concluded within 60 days of half year end i.e. no later than 28th Feb every year. WA’s to submit results within 30 days and the MWE/IOM/RWSRC to conclude the review within 30 days. |
| 2 | Interim full year performance review. Comprised of technical audit and field visits. | To be concluded within 60 days of financial year end i.e. no later than 30th August every year. This is ‘Interim’ because the results of this review will only be signed off once confirmation is obtained from the audited financial statements, which audit should take no more than 120 days to be completed or the inspectors’ feedback. |
| 3 | Full scope performance review. Confirmatory assessment based on audited financial statements | To be concluded within 30 working days of submission of audited financial statements or receipt of the independent assessors’ feedback, i.e. no later than 30th November every year the findings in step 2 should be validated and signed off. |
| 4 | Set annual performance targets based on the previous years’ performance. | The proposed targets have been designed in such a way as not to require frequent revision. Recommendations for revision will be made only if peculiar circumstances pertaining to the DLG’s (Authority’s) operations require this e.g. if a significant part of the DLG’s (Authority’s)customers are government officials who pay on a quarterly basis which makes the 90% attainment target impossible to achieve. |

**SEVENTH SCHEDULE**

**STANDARDS OF SERVICE AND RECORD KEEPING REQUIREMENTS**

**STANDARDS OF SERVICE**

*Quality of Treated Water:*

The DLG (Authority) shall endeavour to obtain the water abstraction permit and keep it updated.

The DLG (Authority) through the ASP shall treat all water supplied to consumers to the relevant standards as specified by the Uganda Drinking Water Quality Standards and shall ensure that the quality of water throughout the water supply system does not vary significantly from these standards.

*Customer Service:*

Except as provided in paragraph (b), the Authority through the ASP shall ensure that water is always (at least 14 hours per day) available at:

Every standpipe and or point source;

The first cold water tap on all lands or premises connected to the water supply.

The DLG (Authority) through the ASP may temporarily interrupt supplies referred to in paragraph (a) whenever:

The DLG (Authority) through the ASP reasonably wishes to examine, alter, repair, maintain or construct works, and has advised consumers likely to be affected in advance of the date upon which, and times between which, the supply will be interrupted; or

There is, or is reasonably likely to be, a risk that would endanger human life or any part of the environment, or compromise the health or safety of any person, or the safety of any works of the Authority, or would prevent or disrupt the operation of a sewerage treatment plant.

The DLG (Authority) through the ASP does not fail to comply with paragraph (a) whenever an interruption to supply occurs, except for cases of:

The action of a third party;

Failure of the electricity supply at any of the DLG’s (Authority’s) head works, treatment works or pumping stations, where no stand-by generator is installed;

An act of God.

*Maintenance and Repairs:*

The DLG (Authority) through the ASP shall:

Maintain (preventive and regular) and keep in good repair and working condition all assets owned by it, or under its management or control;

Ensure that the water supply system operates effectively at all times;

Take appropriate action within 24 hours of any failure in any part of the water supply system being discovered by it, or brought to its attention.

*Prevention of Pollution:*

The DLG (Authority) through the ASP shall not discharge or dispose of any matter for which a waste discharge permit is required under the Water Act or a pollution license under the National Environment Management Act except in accordance with such a permit or license.

Other standards of service will form the subject of the questionnaires to be completed by the authorized inspectors.

RECORD KEEPING REQUIREMENTS

The DLG (Authority) through the ASP shall maintain certain technical, administrative and financial records and make them available for inspection as set out below. The checklist / questionnaire to be completed, the results of which will determine the qualitative performance grade of the Authority, must, at a minimum, constitute of the following:

*Finance and Accounting records:*

The DLG (Authority) through the ASP shall ensure that:

Proper records (including books of accounts) are kept at all times, that at a minimum, record water sales, network distribution map, water pressure, a maintenance schedule, a list of pending applications, a customer complaints register, a record of when complaints are reported and fully addressed, a complete asset register, a list of customers including dates of commencement, escrow account(s) bank statements, bulk meter reconciliations, operating expenses, and any other record deemed relevant for the smooth running of the water supply operation.

Detailed records shall be kept indefinitely of all incoming and outgoing funds. The records shall be arranged to indicate the cost of individual activities including:

*Technical Records:*

The DLG (Authority) through the ASP shall maintain a full set of constructed (as-built) drawings of all water source works, treatment works, pumping stations, pipelines, chambers, fittings and other buildings. The drawings shall include general arrangement drawings, hydraulic sections, process control and instrumentation diagrams and mass balance diagrams as appropriate. The record (as-built) drawings shall be kept up to date. Such records are for the benefit of the Authority in the event of maintenance, refurbishment and extensions and may be kept confidential as the Authority considers necessary.

The DLG (Authority) shall maintain a set of plans and Schedules showing all works situated in land not owned by the DLG (Authority) for public inspection.

The DLG (Authority) shall also maintain an Asset Registry and its Management Plan when this is ready; in the meantime the information on the following appurtenances shall be maintained:

Water Pipes: Location, diameter, class, type, invert and ground level, age;

Chambers: Location, type, size, cover level, age;

Sewers: Location, diameter, class, type, upstream and downstream manhole references and invert levels, age;

Manholes: Unique reference number, location, incoming sewer diameter and invert levels, outgoing sewer diameter and invert level, cover level, age;

and details of all other appurtenances that are located outside the Authority’s own land

*Maintenance of records:*

The DLG (Authority) through the ASP shall maintain administrative records for a minimum period as stated which shall include as a minimum:

Indefinitely:

The quantity of water extracted, treated, supplied and sold by calendar month;

The quantity of all effluent quality data by month;

Details and cost of all capital works carried out either in house or contracted out;

Personnel including the salary and position of each employee;

Details of connections to premises;

Details of all disconnections and reconnections.

### Appendix 3.2: Generic performance Management contract between the WSSB and the ASP

REPUBLIC OF UGANDA

MINISTRY OF WATER AND ENVIRONMENT

……………………………… REGIONAL/DISTRICT / SUB-COUNTY WATER SUPPLY SERVICES BOARD

***PERFORMANCE MANAGEMENT CONTRACT FOR RURAL WATER INFRASTRUCTURE OUTSIDE THE JURISDICTION OF UA AND NWSC WATER SUPPLY AREAS IN……………………….. REGION/DISTRICT/SUB-COUNTY (IES)***

**…………………….20……**

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THIS PERFORMANCE MANAGEMENT CONTRACT (hereafter called “the Contract”) is made this……….day of …….…………., 20…….. between …………………….. REGION/DISTRICT/SUB-COUNTY WATER SUPPLY AND SERVICES BOARD (the “Authority”) of P.O. Box ……………………….on one part and………………………………….the AREA SERVICE PROVIDER (the “Operator”) of P.O. Box ………………. on the other.

**WHEREAS:**

The Minister of Water and Environment (the “Minister”) has appointed the Region/District/Sub-County Water Supply Services Board (“the Authority”) for the area specified in Annex 2 to this Contract;

The Minister has entered into a Performance Contract with Authority pursuant to section 48 of the Water Act (Cap 152);

Clause 4.3.5 of the Performance Contract set out in Annex 2 to this Contract requires the Authority to sub-contract the services stipulated in the said Performance Contract to, and enter into a Management Contract with, an independent Area Service Provider (ASP);

Clause 4.3.10 of the said Performance Contract holds the Authority liable for performance of any obligations sub-contracted by it and, therefore, the Authority is bound to ensure that the ASP complies with the standards set therein;

The ASP understands and agrees to be bound, as an agent of the Authority, by the provisions stated in the said Performance Contract and any amendments and variations thereto, which Performance Contract forms part of this Contract;

The Authority has through a competitive bidding process awarded a contract to the ASP to undertake the management of rural water supply infrastructure services outside the jurisdiction of UA and NWASC water supply areas as set out in the First and Second Schedules of Annex 2 to this Contract; and

The ASP, having presented to the Authority that it has the required managerial, technical, engineering and operational skills and competencies in respect of Operation and Maintenance (O&M) of rural water supply infrastructure outside the jurisdiction of UA and NWSC water supply areas, has agreed to provide an effective and efficient management service (the “Service”).

THE PARTIES AGREE AS FOLLOWS:

**1.0 INTERPRETATIONS**

1.1 In this Contract, unless the context otherwise requires:

**“Act”** means the Water Act (Cap 152);

**“Area”** means the area of operation of the DLG specified in the First Schedule of Annex 2 to this Contract;

**“Authority”** means the Region/District/Sub-county Local Government (DLG) named in the First Schedule of Annex 2 to this Contract, its Region/District/Su-county Water Supply Services Board (WSSB) duly constituted under the terms of the said Annex 2, or any of its authorized representatives;

**“Commencement Date”** means the date set out in Annex 1 to this Contract;

**“Collection Account”** meansany account established by the Authority pursuant to Clause 4.10.2 of Annex 2 to this Contract;

**“Generally Accepted Accounting Principles”** means the Generally Accepted Accounting Principles prescribed by the Institute of Certified Public Accountants of Uganda;

**“Letter of Acceptance”** means the written communication by the Authority to the Operator recording the acceptance by the Authority of the Operator’s Proposal;

**“National Environment Management Authority”** means the National Environment Management Authority established by section 4 of the National Environment Management Act (Cap153);

**“Operator”** means the ASP - bidding entity (PSO, NGO/CBO, and HPMA) that submitted the Proposal or its authorized representative, and the person or persons that signed the Commitment Letter in the Proposal;

**“Pollution License”** means a pollution license granted under section 58 of the National Environment Management Act (Cap 153);

**“Proposal”** means the proposal submitted by the Operator in response to the Request for Proposal that resulted in this Contract;

**“Regulations”** means (i) in the case of a Water Authority, the Water Supply Regulations, (ii) in the case of a Sewerage Authority the Sewerage Regulations, and (iii) in the case of a Water and Sewerage Authority, both of the said Regulations;

**“Standard Conditions”** means the following:

This Contract document except Clause 4.2 and Annex 1 to this Contract;

Letter of Acceptance;

Minutes of Negotiation Meetings;

Business plan;

The Act;

The Proposal and its qualification data; and

Notices, schedules and other correspondence issued as Standard Conditions.

“**Special Conditions**” means:

Clause 4.2 of this Contract;

Annex 1 to this Contract; and

Notices, schedules and other correspondences issued as Special Conditions.

**“Region/District/Sub-county Water Supply Services Board”** means the Water Supply Services Board (R/D/S/WSSB) constituted under Clause 4.3.3 and Sixth Schedule of Annex 2 to this Contract.

1.2In this Contract, unless the context otherwise requires:

(a) Words and phrases bear the same meanings as in the Water Act and Performance Contract;

A reference to any legislation includes any subordinate legislation and its consolidations, amendments, re-enactments or replacements;

The singular includes the plural and vice versa;

The word “person” includes a firm, corporation, partnership, joint venture, unincorporated association and public authority;

A reference to a clause or schedule is to a clause of, or schedule to, this Contract unless otherwise stated;

A schedule forms part of this Contract;

Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

Headings are for convenience only and do not affect interpretation.

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.

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

**2.0 THE CONTRACT DOCUMENTS**

Contract documents shall consist of:

Standard Conditions; and

Special Conditions (if any).

**3.0 COMMENCEMENT OF CONTRACT**

This Contract shall come into effect on the Commencement Date set out in Annex 1 to this Contract.

**4.0 DURATION OF CONTRACT**

**4.1. Standard Conditions**

This Contract shall come into effect on the Commencement Date set out in Annex 1 to this Contract and shall continue in force five years. This Contract shall be governed by the Standard Conditions and be subject to twelve (12) monthly reviews from the Commencement Date against the standards set out in the Seventh Schedule of Annex 2 to this Contract.

**4.2 Special Conditions**

The parties also agree to be bound by the Special Conditions (if any) stipulated in Annex 1 to this Contract. Special Conditions stipulated in Annex 1 to this Contract shall override the relevant Standard Conditions.

**5.0 NOTICES UNDER THIS CONTRACT**

5.1 Any notice, instruction, direction, request or permission to be given or made under this Contract shall be in writing and signed by:

**For the Authority:**

The Chairperson of the WSSB or his representative on behalf of the Water Supply Services Board (WSSB).

**For the Operator:**

The ASP or any person authorized by and acting on behalf of the ASP.

5.2 Such notice, instruction, request or permission under sub-clause 5.1 shall be deemed to be duly given or made when it shall have been delivered by hand or mail at the address of the party concerned as specified below:

**For the Authority**

………………………. Water Supply Services Board

P.O. Box ……………………

**For the Area Service Provider**

………………………………

P.O. Box ……………………

**6.0 ASSIGNMENT OF THE CONTRACT**

6.1 The ASP shall not assign the Contract or any part thereof, or any benefit or interest therein or there-under, without the written consent of the DWSSB, which consent shall not be unreasonably withheld.

The DWSSB shall, by notice to the ASP given at least thirty (30) days in advance, be entitled to assign its rights and obligations, in whole or part, to any other person, as defined in sub-clause 1.2 (d), which may become responsible for provision of water supply services in the Area in accordance with the Act and Annex 2 to this Contract. Any such assignment by the Authority shall become effective on the thirtieth (30th) calendar day following the said notice or on such later date as may be specified in the notice.

No such assignment by the WSSB in accordance with sub-clause 6.2 shall in any way invalidate this Contract in whole or in part, nor relieve the WSSB or its assignee of any of its obligations hereunder.

Notwithstanding anything to the contrary as may be stated in or reasonably inferred from the Contract, the ASP shall not be entitled to any payments or compensation, either by the DWSSB or by any assignee of the WSSB consequent either directly or indirectly on the exercise by the WSSB of its rights in accordance with sub-clause 6.2.

**7.0 APPOINTMENT AND RESPONSIBILITY OF THE AREA SERVICE PROVIDER**

7.1 The WSSB hereby appoints the ASP to be the sole and exclusive manager of the water supply infrastructure facilities listed in the Fourth Schedule to this Contract in the area of operation set out in the First Schedule of Annex 2 to this Contract for the duration of this Contract.

7.2 The ASP shall, in such manner and at such times as it shall in its discretion see fit, use all their skills and knowledge to manage, administer, conduct, maintain and repair the rural water supply infrastructure services in the Area efficiently, in the best interests of the Authority, 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 ASP shall also be responsible for the efficient implementation of any business/development plan, which has now been or may hereafter be agreed between the DWSSB and the ASP.

**8.0DUTIES, OBLIGATIONS AND RIGHTS OF THE AREA SERVICE PROVIDER**

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

**8.1 TO SAFEGUARD, USE, MANAGE, MAINTAIN AND CONTROL ASSETS**

8.1.1 The WSSB reserves the rights in the assets set out in the Second Schedule of Annex 2 to this Contract.

8.1.2 The ASP shall have access to, the right to use, and the duty to safeguard, manage and control the assets referred to in sub-clause 8.1.1, for the purpose of discharging its duties and obligations or exercising its rights under this Contract, for the term of this Contract.

8.1.3 The ASP shall maintain in good working condition, throughout the term of this Contract, the assets referred to in sub-clause 8.1.1 and shall ensure that adequate control is maintained over assets owned by, or in the custody of the ASP and that the required preventive and regular maintenance under this Contract is undertaken.

8.1.4 The ASP shall not dispose of or create any interest in the assets referred to in sub-clause 8.1.1 except on the express written instruction of the DWSSB, which shall secure the relevant approvals prior to issuing its own instruction.

8.1.5 The ASP shall comply with any directions of the WSSB to use or dispose of any asset or any money or other consideration to which the WSSB becomes entitled as a result of disposing of any asset referred to in sub-clause 8.1.1.

8.1.6 The Chairperson of the WSSB, the ASP shall jointly with the Chief Administrative Officer (CAO) or the equivalent administrative head control the Collection Account of the WSSB as set out in sub-clause 4.10.2 (b) of Annex 2 to this Contract.

8.1.7 The ASP shall remit /deposit monies collected under Clause 8.7 into the Operational Account as set out in sub-clause 4.10.2(b) of Annex 2 to this Contract.

8.1.8 All other assets renewed, acquired or constructed by the ASP under this Contract shall vest in the WSSB and be held in trust and maintained by the ASP in good condition and working order throughout the term of this Contract.

8.1.9 The ASP shall also maintain and regularly update an assets register which details all assets held in trust by the ASP under this Contract including additional assets and investments acquired or made by the ASP during the term of this Contract.

**8.2 PROVIDE OPERATIONS AND MANAGEMENT SERVICES**

8.2.1 The ASP shall discharge all the duties and obligations of a water supply service provider within the Area for the term of this Contract.

8.2.2 In discharging the duties and obligations referred to in sub-clause 8.2.1, the ASP shall:

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 WSSB;

Employ key personnel as identified in the Proposal, or personnel of at least the same skills and qualifications. Any change in the designated key personnel must be approved by the Authority. The WSSB reserves the right to require the ASP to withdraw or replace any staff member who fails to meet the requirements;

Acquire, provide, manage and utilize, resources, facilities, staff and technologies necessary to the provision of the Service in the Area; and

Comply with:

* Any code of workmanship prescribed by the Minister under section 70 of the Act;
* The service standards, performance targets and reporting format specified or referred to in the Second Schedule to this Contract;
* Every provision of all laws relating to the duties and obligations referred to in sub-clause 8.2.1, to occupational health safety of employees, to the environment, to the collection and payment of taxes and to any other matter whatsoever;
* The terms of any water or waste discharge permits granted to the WSSB;
* Any notice, instruction or direction issued in accordance with Clause 5 and Clause 9.4;
* Comply with any community service obligations or pro-poor programmes required to be undertaken by the WSSB in the Area including without limitation provision of water supply services at subsidized rates or no cost to selected customers within the Area **PROVIDED THAT** the ASP shall be entitled to recover the actual cost of providing such services in addition to the Management Fee stipulated under this Contract.
* Failure by the ASP to comply with any of the foregoing provisions shall amount to a breach of this Contract subject to Clause 12 at the discretion of the ASP.

8.2.3 In discharging the duties and obligations referred to in sub-clause 8.2.1, the ASP will not sub-contract any work to a third party.

8.2.4 The ASP shall remain liable under the Contract for the discharge of any duties and obligations sub-contracted under sub-clause 8.2.3.

**8.3 PAYMENT OF TAXES, RATES, UTILITY EXPENSES E.T.C**

8.3.1 The ASP shall pay utility expenses relating to the provision of the Service under this Contract including without limitation payment of electricity, telephone and other utility expenses as and when due and shall provide to the WSSB copies of payment receipts, invoices and other supporting documentation in respect of payments made by the ASP under this Clause with the invoice for the management fee payable to the ASP by the WSSB under Clause 8.8 of this Contract.

8.3.2 The ASP shall raise, collect, remit and pay all taxes, rates, charges, fees and penalties and provide all returns, files and documents required for it under applicable tax laws or other laws and discharge all obligations imposed on it by such laws. Copies of payment receipts, invoices and other supporting documentation in respect of payments made by the ASP under this Clause shall be provided to the WSSB on a quarterly basis as stipulated under Clause 8.8 of this Contract.

**8.4. TO UNDERTAKE MINOR/ROUTINE REPAIRS**

8.4.1 The ASP shall be responsible for undertaking all minor and/or routine repairs to all the rural water supply facilities set out in the Fourth Schedule to this Contract including damage to the said system and facilities from any cause whatsoever.

8.4.2 For purposes of this Contract, “minor and/or routine repairs” means repairs other than major repairs and extensions referred to in Clause 8.5 of this Contract.

8.4.3 For the avoidance of doubt the ASP is not entitled to payment of any additional fee or reimbursement of any expenses incurred by it under sub-clause 8.4.1 and without limiting the generality of any of the foregoing, the agreed in the business plan under this Contract.

**8.5 TO UNDERTAKE MAJOR REPAIRS**

8.5.1 The ASP shall also be responsible for initiating and undertaking major repairs to the water supply facilities set out in the Fourth Schedule to this Contract.

8.5.2 For purposes of this Contract, the terms “Major Repairs” shall refer to the repairs set out in the Third Schedule to this Contract.

8.5.3 In the event of major repairs under sub-clause 8.5.1 the ASP shall notify the DWSSB immediately in writing explaining the circumstances or events that have arisen, the recommended major repairs, the cost estimates and the necessary financing for materials, parts and labor.

8.5.4 Upon receiving satisfactory information as set out in sub-clauses 8.5.3 or 8.5.4, the WSSB shall notify the ASP of its approval and then make an advance payment to the ASP for materials and parts and the ASP shall carry out the approved major repairs.

8.5.5 Any additional labour related payments due to the ASP under sub-clause 8.5.4 shall be shown as a separate and itemized expense in the ASP’s invoice for the management fee rendered in respect of the month in which the said major repairs were completed by the ASP to the satisfaction of the WSSB.

**8.6 EMERGENCIES**

The ASP shall, in consultation with the WSSB, develop emergency procedures for the efficient management of emergencies affecting the water supply facilities managed by the ASP under this Contract, notification of emergencies and execution of emergency repairs etc in order to avoid and minimize disruption to the Service and other adverse impacts on consumers within the Area.

**8.7 TO CHARGE AND COLLECT FOR SERVICES PROVIDED**

The ASP will collect the user fees from the water user fees through his agent the Care Taker. The rates and charges for services shall be negotiated with the WSSB. The ASP will subsequently bank /send it to the Operational Account solely managed by the ASP.

**8.8 TO BE PAID A MANAGEMENT FEE**

8.8.1 In consideration for providing the Service, the ASP shall be entitled to payment on performance based Management terms as stipulated in the business plan on the basis set out in the First Schedule to this Contract and in the manner set out in this Clause.

8.8.2 Where the ASP fails to fulfil the continuity of service standards set out in Annex 2 to this Contract, for reasons other than those outside its control, the ASP shall, at the discretion of the WSSB, forfeit a portion of the Fees/entitlement specified in the First Schedule to this Contract. The portion of the Management Fees forfeited under this sub-clause shall be calculated pro-rata on the basis of the total number of hours of discontinued service as a proportion of the total hours of service expected for that month.

8.8.3 The ASP shall be paid performance based Management Fee due based on the proposal submitted and the agreement as stipulated under sub-clause 8.8.1.

The ASP shall keep the reports transparently and accessible upon request by the WSSB regarding the; and

Any requests by the WSSB for explanations, corrections and information shall have been made as deemed appropriate within reasonable time.

**8.9 TO MAINTAIN AND KEEP RECORDS**

The ASP shall keep proper and adequate accounts and records of the transactions and affairs of the Service and shall keep records that are necessary to explain the financial operations and financial position of the Service.

8.9.2 The accounting period of the ASP shall coincide with the accounting period of the WSSB.

8.9.3 The ASP shall develop and maintain an adequate budgeting and accounting system.

8.9.4 The ASP shall develop and maintain an adequate internal accounting control system.

8.9.5 Without detracting from sub-clause 8.9.1, the ASP shall keep the records referred to in the Seventh Schedule of Annex 2 to this Contract and shall retain those records for the period prescribed in the said Schedule.

8.9.6 Except as provided in sub-clauses 8.9.8 and Clause 8.12 of this Contract and the Third Schedule of Annex 2 to this Contract, all records are confidential to the ASP and the WSSB.

8.9.7 Any customer or former customer of the ASP may apply to the ASP for a copy of all records held by the ASP concerning that customer, in such a form as may be prescribed by the WSSB.

8.9.8 The ASP shall provide a customer or former customer under sub-clause 8.9.7 with a copy of the relevant records, but may impose a reasonable charge to cover the costs to the ASP of making the copy available in accordance with clause.

**8.10 TO REVIEW THE BUSINESS PLAN**

8.10.1 The approved business Plan set out in the First Schedule to this Contract shall be reviewed, updated and submitted to the WSSB on an annual basis by the 15th April of each year.

8.10.3 The business Plan referred to under sub-clause 8.10.1 shall be in a form presented in the bid document and shall include:

The objectives of the plan;

The overall strategies and policies that the ASP is to follow to achieve the objectives in 8.10.3 (a);

The overall financial strategies including proposed user fees, rates, and charges, investment and borrowing as well as proposed disposal of assets;

A forecast of revenue and expenditure, including a forecast of borrowing; and

Details of the significant user fees rates and charges expected to be raised by the ASP and the basis on which these fees, rates and charges are to be raised.

Other financial information as the ASP may consider appropriate or as is specified by the WSSB.

The services that the ASP plans to provide and the standards that are planned to be maintained in providing those services;

Performance indicators and targets, both financial and operational;

Financial matters as set out in sub-clause 8.10.6;

Other information that the ASP may consider appropriate or that may be specified by the WSSB.

8.10.7 If the ASP is of the opinion that matters have arisen that may prevent, or significantly affect the achievement of Business Plan objectives and targets, the ASP shall immediately notify [within fourteen (14) days of the occurrence of the event] the WSSB of its opinion and the reasons thereof.

**8.11 TO REPORT TO THE WSSB**

8.11.1 The ASP shall, in respect of each quarter of a financial year and no later than thirty (30) days after the end of such quarter, prepare and submit a report to the WSSB containing:

Information about, and an analysis of, its operations for the quarter and cumulatively for the year to date; and

Financial statements in accordance with Generally Accepted Accounting Principles for the quarter and cumulatively for the year to date.

8.11.2 The report referred to under sub-clause 8.11.1 shall:

* Be prepared in a form acceptable to the WSSB;
* Contain the information specified in the Second Schedule to this Contract and any other information determined by the ASP to be appropriate;
* Contain the billings for the quarter showing distinctly the net billings, Value Added Tax, and gross billings;
* Contain collections for the quarter showing distinctly the net billings, Value Added Tax and gross billings collected;
* Contain the Value Added Tax due from and payable by the WSSB on account of the billings and collections for the quarter;
* Must be consistent with the data in the monthly reports to be submitted under sub-clause 8.11.4 (relevant for quarterly reports, in case of contradictions, are the cumulated figures from the respective monthly reports); and
* Contain any other information required by the WSSB.

The financial statements referred to under sub-clause 8.11.2 (b) shall:

Contain information determined by the WSSB to be appropriate;

Include an assessment of:

* The cost of carrying out the WSSB’s community service obligations e.g. free service to the vulnerable/elderly/ pro-poor subsidies as stipulated under the Act; and
* The cost of carrying out any other obligation that is imposed on the Operator under this Contract or the Water Act or Annex 2 to this Contract and that requires the Operator to act otherwise than in accordance with normal commercial practice;
* Be prepared in a manner and form approved by the WSSB; and
* Present fairly the results of the financial transactions of the ASP during the financial period to which they relate and the financial position of the ASP as at the end of that period.

8.11.4 The ASP shall, in respect of each quarter, and no later than five (5) days after the end of such quarter, prepare and submit a report to the WSSB with a copy to the Director (DWD) that:

* Is prepared in the actual standard format provided by the WSSB;
* Contains the information specified in the Second Schedule of this Contract and any other information determined by the ASP to be appropriate; and
* Is consistent with the quarterly report to be submitted under sub-clause 8.11.1.
* Monthly reports represent the break-down of the respective quarterly, cumulative quarterly and annual reports.

8.11.5 The WSSB may require and the ASP, when notified, is obliged to appear in meetings of the WSSB convened to discuss the affairs of the ASP. The WSSB may request the ASP to make such presentations, reports, demonstrations or take such actions as the Authority may deem necessary with reasonable prior notice.

8.11.6 Failure of the ASP to comply with the provisions of this Clause shall amount to a breach of this Contract.

**8.12 TO ALLOW INSPECTION**

8.12.1 The ASP shall allow the WSSB and the Director or any person representing the WSSB or the Director, access at any time to:

a) Any land owned or occupied by the WSSB;

b) Any assets referred to in the Fourth Schedule to this Contract and any other assets renewed, acquired or constructed by the WSSB;

c) Any assets owned by the WSSB;

d) Inspect any land, works, buildings or any other assets;

e) Make any tests, take any measurements or take any samples;

f) Take any photographs or make any plans or drawings; and

g) Inspect and, if necessary, make any copies of any records or documents referred to in Clause 8.9 in order to ascertain whether the ASP is complying in every respect with this Contract, and the Water Act.

**8.13 TO BE INDEMNIFIED**

Provided that the ASP, its servants and employees shall use diligence and care in carrying out their duties hereunder, neither it nor any of its servants and employees shall be liable for any damage to persons orproperty arising out of any information, advice or service supplied to the Authority or act performed for the WSSB or otherwise in the course of its duties hereunder. The WSSB shall indemnify the ASP 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. **PROVIDED THAT** the WSSB may require the ASP to take out public liability insurance in the joint names of the ASP and the WSSB in which event insurance premiums paid by the ASP under this Clause shall be treated and included as reimbursable expenses in the invoice of the ASP referred to in Clause 8.8.4 of the Contract.

**9.0 DUTIES, RIGHTS AND OBLIGATIONS OF THE DWSSB**

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

**9.1 TO SET USER FEES, RATES AND CHARGES**

9.1.1 The ASP shall charge user fees, rates and charges based on the negotiations under clause 8.7, subject to the provisions of Annex 2 to this Contract.

9.1.2 In exercising its rights under sub-clause 9.1.1, the WSSB shall give due consideration to any proposals submitted by the ASP in its proposal, with the accompanying annexes such as the business plan and seek any necessary explanations, advice and information from the ASP.

9.1.3 In exercising its rights under sub-clause 9.1.1, the WSSB shall, from time to time, publish a schedule of approved user fees, rates and charges and related instructions and shall furnish the ASP with such schedule.

**9.2 MANAGEMENT FEE**

9.2.1 The ASP has retain a portion of the user fees as agreed in the negotiations and stipulated in the contract.

9.2.2 The ASP shall remit to the collection account the balance of the collected user fees as stipulated in the contract.

**9.3 TO AUDIT ACCOUNTS**

9.3.1 The ASP accounts, books and records will be audited by the Account General in line with GoU guidelines; as part of the DLG annual auditing process. The DLG will carry out the internal Audit while the Auditor General carried out the external audit. The DPs/NGOs providing support to any particular region/DLGs /Sub counties will be free to carry out Auditing of the respective ASPs where the particular DP’s/NGO’s is operating. The ASP will take such other actions as are necessary to comply with Clause 4.12 of Annex 2 to this Contract.

9.3.2 In the event that there is need for an independent audit outside AG scheduled one, then the WSSB shall pay the costs of any auditor engaged under sub-clause 9.3.1

**9.4. NOT TO INTERFERE WITH OPERATIONS**

The provisions in this Contract notwithstanding, the WSSB shall not interfere with the day-to-day operations of the ASP. In particular, the WSSB shall not:

Issue instructions to the ASP regarding operational decisions or actions except by way of the WSSB’s approved Business Plan or amended Business Plan in accordance with Clause 8.10 or by way of a schedule issued under Clause 9.1.;

Issue instructions to an ASP or attempt to influence an ASP’s decision regarding the day to day management of the water supply area;

Withhold remittances due to the ASP for the O&M of the facilities on account of the ASP refusing or failing to comply with instructions issued in contravention of this clause; and

Contravention of this clause by the WSSB shall constitute a breach of this Contract subject to termination of the Contract under Clause 12.

**10.0 WAIVER**

10.1 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.

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.

**11. AMENDMENT OR VARIATION**

This Contract may be amended or supplemented, at any time, in writing signed by both parties.

**12. TERMINATION**

**12.1 This Contract shall be terminated by the WSSB:**

a) At the expiration of the period specified under clause 4;

b) Upon the termination of the Performance Contract by the Minister;

c) By notice given to the ASP in accordance with clause 5, given at least ninety (90) days before the date on which the Contract is intended to be terminated;

d) Forthwith and without notice, upon the ASP having an order made against it or passing a resolution for its winding-up or having a receiver appointed over all or a substantial part of its assets; or

e) After fourteen (14) days of continued failure of the ASP to comply with a written notice concerning any provisions of this Contract or to perform to the standards required under this Contract.

**12.2 This Contract shall be terminated by the ASP:**

At the expiration of the period specified under clause 4;

a) Upon the termination of the Performance Contract by the Minister;

b) By notice given to the WSSB in accordance with clause 5, given at least ninety (90) days) before the date on which the Contract is intended to be terminated;

c) Fourteen (14) days after failure of the WSSB to comply with a written notice concerning any provision of clause 9.4.

12.3 Upon termination of this Contract under sub-clause 12.1 (c) and 12.2 (c), the terminating party shall pay to the other party and the other party shall be entitled to receive compensation from the terminating party. **PROVIDED THAT** no compensation shall be paid to the ASP under this Clauseif termination of this Contract arises directly or indirectly from the failure by the ASP to perform any of its contractual duties and obligations regardless of whether or not a notice has for this purpose been given by the WSSB under sub-clause 12.1(e) of this Contract.

12.4 Any compensation due under sub-clause 12.3 shall be remitted to the party entitled to receive such compensation no later than 90 days after the date on which the Contract terminates.

**13. DISPUTE RESOLUTION**

Any dispute arising out of or in connection with this Contract which cannot be amicably resolved by the ASP and the DWSSB within a period of seven (7) days following notification of the dispute by either party shall be resolved in accordance with the procedure set out in this Clause.

13.1 Initially any such dispute shall be communicated to the Director, Directorate of Water Development, who may appoint a mediator or mediators to mediate and settle the dispute. If mediation is successful and agreed by the parties, the mediator(s) shall record the terms of the mediated settlement which shall be signed by representatives of both the ASP and the WSSB and a counterpart of the terms of the mediated settlement certified by the mediator(s) shall be sent to the Director. The terms of the mediated settlement shall be binding on both parties.

13.2. If the Director, Directorate of Water Development is unable to settle the dispute through mediation within a period of thirty (30) days from the date of such dispute being referred to the said Director and either party feels that mediation is unlikely to be successful, the dispute shall be referred to an arbitrator appointed by agreement between the parties or, failing such agreement, by the Director.

13.3 Mediation, arbitration and other alternative dispute resolution procedures and proceedings under this Clause shall be conducted in accordance with and subject to the provisions of the Arbitration and Conciliation Act (Cap 4).

**EXECUTED** as a Contract on the date mentioned herein above **IN WITNESS WHEREOF** the **WSSB** and the **ASP** have caused their Common Seals to be hereunto affixed.

**SEALED** with the Common Seal of the said **………………………… Water Supply Services Board**

In the Presence of:

**SEALED** with the Common Seal of the said **ASP……………………………………**

In the Presence of:

**ANNEX 1**

Special Conditions

|  |  |
| --- | --- |
| **Clause** | **Amendment** |
| 1.1 (d) and 4.1 | The Commencement date for this Contract shall be …………………..20………. and it shall be valid for \_\_\_\_ years. |
| 8.0 | In addition to the service set out in Clause 8 of this Contract, the ASP shall provide the following additional services: |
| 8.1.6 | Special Conditions regarding operation of bank accounts as per GoU/donor/development partner requirements. |
| 8.5.5 | ASP to finance cost of parts and spares out of own monies and seek reimbursement from the DWSSB. |

**FIRST SCHEDULE**

**(Clause 8.8)**

**MANAGEMENT FEE, REIMBURSABLE EXPENSES AND BUSINESS PLAN**

Principle

The performance Management Fee is an agreed amount agreed during the negotiations and stipulated in the contract. The Management Fee cannot exceed the amount thus calculated, and it is the sole responsibility of the ASP to make its own financial arrangements for the operation and maintenance of the water supply services in the Area of operation of the WSSB.

**Calculation**

The ASP shall compute the performance Management Fee based on the proposal submitted and negotiated with the WSSB at the time of contracting as stipulated under sub-clause 8.8.4.

**Documentation**

1. Particularly maintain a list of customers ledger showing individual balances due to and from customers,
2. general ledger control account for the customers’ ledger showing the consolidated customer transactions;
3. Certified list of collections during the period showing for each collection:
4. Receipt number and date.
5. Number of the bill to which the collection refers.
6. Net Amount and separately Amount of VAT collected.
7. Customer reference number.
8. Total of all receipts of the Period.
9. The WSSB shall have the right to inspect the operations of the ASP as set out in Clause 8.12 to obtain such information as it requires to ascertain fulfilment of the contract provisions.
10. The ASP shall remit to the Collection account the portion of the collected fees as stipulated in the contract.

**6. Business Plan**

The performance Management Fee shall be calculated and computed in accordance with the rate(s) indicated in the ASP’s approved business plan which forms part of this Schedule (see attached).

SECOND SCHEDULE

*(Clauses 8.2)*

PERFORMANCE INDICATORS, TARGETS AND REPORTING FORMAT

The following performance indicators and targets shall apply to the Area when assessing the performance of the ASP under this Contract.

2.1 Performance Indicators and Targets

| **Indicator** | **Definition** | **Calculation** | **Initial target (2021)** | **Target by (2025)** |
| --- | --- | --- | --- | --- |
| Eligible water sources registered by the ASP | Rehabilitated & functional water sources within the area of jurisdiction for the ASP for O&M | No of registered water sources/ No of eligible sources X100 | 60% | 100% |
| New connections registered by the ASP | Newly constructed /rehabilitated water sources after ASP commences implementation | No of new connections registered /Total number of newly cons X 100 | 5% | 100% |
| Functionality | %age of registered point sources that are functional at time of quarterly spot check.  (continuity of water supply) | No of registered point sources functional at time of spot check/ Total no of registered sources X 100. | 90% | 100% |
| Reliability | %age of registered point water sources <1 consecutive days (24 hours) of down time quarterly. | No of registered point sources with < 1 consecutive days of downtime/No of ASP registered sources. | 90% | 100% |
| %age of registered piped water facilities with ASP <5 consecutive days quarterly. | No of registered piped facilities with <5 consecutive days of downtime/No of ASP registered sources. | 95% | 100% |
| Water quality compliance | %age of water points/facilities tested for compliance with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter  . | # of water sources tested/ # of water sources registered X 100% | 75% | 100% |
| % of water sources that comply with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter | # of tests complying with the Ugandan water quality standard /No of samples tested X 100 | 50% | 50% |
| Sanitation around the water source | %age of water sources complying with sanitary[[28]](#footnote-28) requirements | %age increment of number of sources complying with sanitary requirements | 60% | 100% |
| Source protection | %age of water sources with source protection measures[[29]](#footnote-29) | No of water sources with source protection measures implemented/No of registered water sources X 100 | 50% | 100% |
| Collection efficiency | %age of collections (revenue) collected to total billed within a quarter | No of households that have paid for point water sources/total no of households registered | 50% | 100% |
| Total revenue collected /total billed X 100 | 60% | 100% |
| Cost of water to end user | Affordable water at both levels - households and institutions | No of households paying for water /total number of households registered. | 50% | 100% |
| No of active connections /total number of connections | 75% | 100% |
| Water sales | Total volume of the water sold in a quarter[[30]](#footnote-30) | Volume of water sold on metered facilities | 70% | 100% |
| Pro- poor connections growth/service levels | %age of households benefiting from pro poor tariff within the service area at the PSP[[31]](#footnote-31) | No of vulnerable people accessing subsidised water. | 0% | 5% |
| Functional grievance redress mechanism[[32]](#footnote-32) | Number of complaints registered | % of complaints addressed /no of complaints registered | 0% | 100% |

2.2. Reporting Format

The ASP shall prepare a report to the DWSSB and to be made available to the Director and the public summarizing the year’s activities. The report format is contained in the ASP Manual.

THIRD SCHEDULE (Clause 8.5)

MAJOR REPAIRS

3.1 Major Repairs

FOURTH SCHEDULE (CLAUSE 7.1)

ASSETS EXCLUSIVELY MANAGED AND CONTROLLED BY THE ASP

PUMPS

TREATMENT PLANT

COLLECTOR SUMPS

TRANSMISSION SYSTEM

STORAGE RESERVOIRS

DISTRIBUTION SYSTEM

METERS

TOOLS AND EQUIPMENT

BUILDINGS AND FURNITURE

## Appendix 4: Procedure and process of gazettment

### Appendix 4.1: Procedure for gazetting a water supply area

The Water Act Cap 152, Division 7 section 45. Declaration of water and sewerage areas.

(1) The Minister may, for purposes of this part, by notice published in the Gazett, declare any area to be-

(a) a water supply area; or

(b) a sewerage area.

(2) A notice made under subsection (1) shall declare the boundaries of an area by any means that is most descriptive of the area or by reference to either or both of –

(a) survey coordinates; or

(b) distances from one or more prominent physical features;

NB: The DLG has to generate a minute as a basis/input to facilitate the Minister to declare a place as a water supply area.

### Appendix 4.2: Appointment of Water and Sewerage Authorities

The Water Act Cap 152, Division 7 section 46. Appointment of Water and sewerage authorities.

(1) The Minister shall by notice published in the Gazette or other form of publication most appropriate for the area appoint any person or public body to be -

(a) a water authority for any water supply area declared under section 45,

(2) The Minister may appoint under subsection (1) a person or existing public authority together with any other person or persons named by the Minister.

### Appendix 4.3: Functions of the Water and Sewerage authorities

The Water Act Cap 152, Division 7 section 47.

(1) Functions of a water authority shall be-

(a) to provide water supply services for domestic, stock, horticultural, industrial, commercial, recreational , environmental and other beneficial uses as is required by the contract;

(b) to manage the water resources entrusted to it (regardless of technology) i.e piped and point sources;

(c) to give effect to any direction by the Minister relating to water or sewerage; and

(d) to do anything connected or incidental to the above.

(2) In the exercise of its functions, an authority shall endeavour to provide its services to the extent and standards determined by the Minister and provide those services –

(a) in a manner which is most beneficial to the people of Uganda;

(b) efficiently and economically;

(c) in a socially and environmentally responsible manner; and

(d) in consultation with appropriate public authorities and relevant community groups.

(3) In all its functions, an authority shall adhere to all relevant stipulations set out in divisions 3, 4, 5 and 6 of Part II of this Act.

## 

## Appendix 5: Financial calculations

### Appendix 5.1: Simplified format/ model for generating O&M cost prices

**Introduction/Background**

Communities need to be facilitated to understand the basis for charging the fees for O&M. The starting point for the discussions should be to explain the cost areas which culminate into how much is needed to sufficiently operate, maintain and replace worn out or damaged parts of the water supply system including life cycle costs/cost recovery capx capomx, in the tariff setting;

**Goal**

To facilitate communities to understand and plan for O&M costs for their respective water facilities.

**Objectives**

1. To facilitate community discussions and arrive at the community contributions,
2. To transparently demonstrate what constitute Operational and minor maintenance expenditure (OpEx) - recurrent

**Target Group**

* Community/water users
* WSCs
* SCWSSB,
* ASP,
* DLGs,
* SCWSSBs

**Process**

1. The Community members are facilitated to discuss the various cost areas for their respective water sources as shown in the table below;

|  |  |  |  |
| --- | --- | --- | --- |
| **Technology** | **Maintenance** | **Minor** | **Major** |
| Borehole  (with hand-pump) |  Clearing drains and  surroundings   Maintaining fence.   Periodical checking  and service of hand-pump.   Periodical replacement  of fast wearing  parts (buckets, valves,  etc). |  Repair of damaged  parts outside routine  service.   Replacement of damaged  slow wearing  parts (handle, chain,  few pipes and/or rods,  cylinder).   Repair of cracks to platform  or drain. |  Fishing of dropped  pipes and rods.   Desilting of borehole.   Repairs to borehole  casing and screens.   Replacement of platform  and drain.   Replacement of rising  mains. |
| Protected  Spring |  Clearing intake area,  drains and surroundings.   Maintaining fence. |  Repair of cracks to retaining  wall, platform or  drain. |  Re-protection (due to  diversion or major failure) |
| Gravity Flow  Scheme |  Clearing intake area,  drains and surroundings.   Maintaining fence(s).   Periodical checking of  components for  proper functioning.   Periodical replacement  of fast wearing  parts (taps, etc). |  Repair of minor leaks in  structures or components.   Repair of pipe bursts. |  Rebuilding of intake  works or other major  structures.   Replacement of long  pipeline sections damaged  by landslides, etc. |
| Pumped and  Piped  Scheme |  Clearing intake area,  drains, fence and surroundings.   Periodical checking  and service of pump. |  Repair of minor leaks in  structures or components.   Repair of pipe bursts. |  Rebuilding of intake  works or other major  structures.   Replacement of long  pipeline sections damaged  by landslides, etc. |

1. The calculation of the minimum costs to keep the water supply functioning basic fees, i.e. small repairs,

*Basic Fees = Operation costs + Administration costs + Maintenance costs*

*No. of users*

1. Once the cost is arrived at in calculations, the next step is to agree how often the members want to spay either per month or per volume.
2. Agree on the need for by-laws to ensure that all users contribute towards O&M cost.

### Appendix 5.2 Sustainable finance

A common fee calculation framework is useful for sustainable recovery of maintenance service costs, common to all actors across different districts, even while conditions vary greatly and while rate of progress to cost-recovery fee levels is different between the districts. The process described here provides uniformity and fairness to all.

In the annex, a set of seven calculation steps are listed. The first step is given here and is mandatory, while the remainder are optional. ASPs and DLGs may employ other methods of setting uniform and fair tariffs.

Step 1. Audited Annual Service Cost (AASC)

1a. Service provider submits annual service cost (ASC) accounts to Regulator.

Accounts are:

1. Hardware: parts replacements, including major parts (pipes)
2. Labor:
   1. technician costs and expenses
   2. tariff collection
3. Operations:
4. management (ASP salary costs: procurements, stock control, accounts, monitoring and supervision of technician performance),
5. Non-Revenue Water losses
6. Margin for Growth

1b. The Regulator checks and verifies the accounts, and issues a statement of Approved Annual Service Cost (AASC) and of unit AASC which is AASC divided number of point-sources serviced by the ASP

*Theoretical example*: The ASP start-point may be to service a small number, for example 100 hand-pumps (number of point-sources = 100). It may submit to the quarterly review a total annual maintenance cost of 490mill UGX. This figure is corrected during PAB audit and DG/ASP agree the audited annual maintenance cost AASC is 480mill UGX. The unit AASC is therefore 480 mill / 100 = 4.8 mill UGX / point-source.

Step 2. Optimized average cost/source/month (PET)

2a. Divide the AASC by the number of point sources serviced to full functionality at this cost, which gives the current service cost per serviced point source

2b. Project a scaled operation with optimized staffing compared to number of point-sources serviced.

2c. The Regulator approves this Projected Economic Tariff (PET)

*Theoretical example*:

2a >> 480 mUGX/yr/100 point-sources= 4.8 mUGX/yr/point-source (400 kUGX/month/point-source)

2b >> Projection study finds that the ASP is most economic if working in a cluster of 3 districts, servicing 2000 point-sources.

2c >> The Regulator approves a projection of costs at 6.48 billion UGX which is an average of 3.24 mUGX/year/point-source or 270 kUGX/month/point-source. This is called the PET.

3. Pro-poor pricing for affordability: each ASP-DLG-Cluster agrees either volume or subscription payment modality

3a. For the Volume option, calculate total revenue by summing revenue from low-income water users and revenue from high-volume/commercial/institutional users. Set price for 20-litre jerry-can to balance this revenue against the PET.

3b. For the subscription option, same calculation as above, but using a subscription price paid by users.

3c. Regulator approves this Pro-Poor Price plan for the service area / cluster of districts

*Theoretical example*:

3a >> Volume Option: Average number of low-income-homes per point-source is 50, avg consumption 3 jerry-cans/day @ 50 UGX/jerry-can, avg number of commercial users (such as water vendors) is 5, averaging 3 additional jerry-cans/day @ 100 UGX/jerry-can, generates revenue of 225k/month plus 45k/month respectively, total 270k/month. PET is 270k UGX/month, so this pro-poor price plan balances the PET

3b >>Subscription Option. When community of 50 hh pays about 60% of PET, subscriptions are 3,000 UGX/month, contributing about 160k UGX of the monthly 270 kUGX, while commercial users are charged 40% of PET, contributing through volume payment or higher subscription rates, the remaining 110 kUGX, to make up to the 270k/month PET.

4. Publicizing the Pro-poor Price Plan

*Procedure*: 4a. The service area spans over a cluster of districts, so to avoid sustainable functionality finance being blocked by price comparison, people in one district must see that people in the next district are paying the same. This makes governance fair and feasible. The PET is an average, so pro-poor variations are possible, but the PET is nevertheless is used to publicize a price standard for everyone across district boundaries, preventing comparison-induced resistance.

4b. The PET is the tariff that all water users pay to ensure full functionality services are sustained without disruption by stop-start grants and subsidies. If all water users know this PET value plan, and it is clearly written into service agreements they sign with ASPs, all WASH actors have a single reference point and can move toward compliance.

*Theoretical example*:

4a >> Public awareness, sensitization of a PET, for example the Volume Payment modality publicized, following this example, is 50/= for registered domestic homes, and 100/=/jerry-can for vendors, visitors, and higher-volume consumers. Alternatively, the Subscription Payment modality could be 3000 UGX/month/domestic user and higher subscription rates or volume rates for commercial users to make up to the average PET.

4b >> The agreed Price Plan is printed in service agreements signed between the communities using a point-source, and the Area Service Provider.

5. Discount

*Procedure*: 5a and 5b. It may take in some areas, years to achieve financially sustainable tariff revenue at the level of the PET. In some areas, communities are willing to pay at this rate already and already do so, and in other areas it is not yet possible. The solution is for DLGs to agree with ASPs, varying Discount rates. The purpose of Discount rates is to retain one uniform Price Plan for everyone (based the PET being the average price), while making special temporary allowances as transition steps. The challenge is to find a secure funding source to meet the cost of the Discount, which the purple area in Figure 4.

*Theoretical example*:

5a >>. In the case of volume payment, the discount to a PET of 50 UGX/jerry-can domestic consumers, could be to 10 UGX/jerry-can for domestic users, who therefore for a temporary period, pay 40 UGX/jerry-can.

Now the question is, how much investment is needed to pay for this Discount? If might, for example, take 5 years to grow the number of point sources from 100 to 1,100, with point-sources increasing by 200 each year. At the end of this 5 years, it is possible that water users have become familiar with the system, so the discount of 10 UGX/jerry-can is removed. During these 5 years, the discount subsidy investment is each year the fraction 10UGX/50UGX or 20% of the amount of revenue that would be received if there was no discount. For example, the first-year undiscounted annual revenue is 100 PS x 50 UGX/20litres x 50 hh x 3 jerry-cans/day x 30 days x 12 months, and the next year, it is the same formula but with 300 PS, and so on through the 5 years. This totals to 1.57 billion UGX over the 5 years, as a Discount subsidy

5b >>. In the case of subscription payment, the discount could follow a pattern such as shown by the dashed brown line and the solid brown line, in Figure 4. taking this example, there are four years of a discounted fee of 2000 UGX/month/hh, followed by two years of a discounted fee of 3000 UGX/month/hh, so a subsidy is needed for four years of (PET-2000) and two years of (PET-3000). If the number of point sources is 100 in the first year, the discount subsidy that year is 100 x (4000-2000) x average number of homes x 12 months, which is 120 mUGX. If the number of serviced point sources increases by 200 each year, the total of al the annual discount investments over the six years will be 3.9 billion UGX.

6. Growth

*Procedure*: 6a. The fee calculation procedure started with the PAB approving current service cost in units of UGX/year/point-source and UGX/month/point-source on average. As the ASP customer base grows in size, the cost/month/PS reduces, until it reaches its optimum value, the PET. The growth subsidy is the difference between the PET and the actual cost multiplied by the number of point-sources serviced, as shown by the yellow area in Figure 4.

*Theoretical example*:

6a >> The fee calculation procedure started with the PAB approving an actual current cost of 4.8M /year/point-source or 400k UGX / month / point-source on average. This is the cost of service today.

We saw that the PET is 3.24 mUGX/year/point-source or 270 kUGX /month/point-source on average, which is the maintenance fee agreed in service agreements signed between the ASP and PET However cost in the first year we saw was 4.mmUGX/year/point-source, a financial shortfall of 4.8-3.24 = 1.56mUGX/year/point-source. This huge gap is due to the ASP servicing too small a number of point-sources. As it grows, the cost per source reduces, and each year the gap becomes smaller, for example an even decline over 5 years implies an annual improvement of (4-8m-3.24m)/5 = 0.312 mUGX/year. During this time the declining gap is financed by a growth subsidy. In the first year, if the ASP is servicing only100 sources, the growth subsidy is 100 x 1.56mUGX, and then if the ASP services 300 in the second year, the growth subsidy 300 x (4.8 – 0.3120 mUGX). if in these 5 years, the ASP services 200 new sources each year, the total growth subsidy over the five years is 1.7 billion UGX.

7. Identify Discount and Growth investment sources

The Discount and Growth subsidies are two investments, not permanent current service costs but temporary system-building costs. They are likely best sourced from different investors developing expertise on specific mechanisms appropriate the task. Reducing service cost is a business partnership task, requiring the the DLG to provide technical enabling services and the ASP to improve cost-efficient management. Reducing discount, is a social consensus building task, involving the DLG to provide mobilization and moderation enabling services within rural communities in support of ASP fee collection.

*Example*: The discount subsidy can be financed by the central government, while the growth subsidy can be financed by foreign aid. In both cases, the subsidy is best awarded on the basis of positive progress indicators showing scaling, reduction of service costs per water-point serviced, and fee revenue per source tending to the level of PET.

## Appendix 6.0: Key Performance Indicators (KPIs)

### Appendix 6.1: Key Performance Indicators for the ASP

| **Indicator** | **Definition** | **Calculation** | **Initial target (2021)** | **Target by (2025)** |
| --- | --- | --- | --- | --- |
| Eligible water sources registered by the ASP | Rehabilitated & functional water sources within the area of jurisdiction for the ASP for O&M | No of registered water sources/ No of eligible sources X100 | 60% | 100% |
| New connections registered by the ASP | Newly constructed /rehabilitated water sources after ASP commences implementation | No of new connections registered /Total number of newly cons X 100 | 5% | 100% |
| Functionality | %age of registered point sources that are functional at time of quarterly spot check.  (continuity of water supply) | No of registered point sources functional at time of spot check/ Total no of registered sources X 100. | 90% | 100% |
| Reliability | %age of registered point water sources <1 consecutive days (24 hours) of down time quarterly. | No of registered point sources with < 1 consecutive days of downtime/No of ASP registered sources. | 90% | 100% |
| %age of registered piped water facilities with ASP <5 consecutive days quarterly. | No of registered piped facilities with <5 consecutive days of downtime/No of ASP registered sources. | 95% | 100% |
| Water quality compliance | %age of water points/facilities tested for compliance with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter  . | # of water sources tested/ # of water sources registered X 100% | 75% | 100% |
| % of water sources that comply with the Ugandan drinking water quality standard for *E.coli* or fecal coliform per quarter | # of tests complying with the Ugandan water quality standard /No of samples tested X 100 | 50% | 50% |
| Sanitation around the water source | %age of water sources complying with sanitary[[33]](#footnote-33) requirements | %age increment of number of sources complying with sanitary requirements | 60% | 100% |
| Source protection | %age of water sources with source protection measures[[34]](#footnote-34) | No of water sources with source protection measures implemented/No of registered water sources X 100 | 50% | 100% |
| Collection efficiency | %age of collections (revenue) collected to total billed within a quarter | No of households that have paid for point water sources/total no of households registered | 50% | 100% |
| Total revenue collected /total billed X 100 | 60% | 100% |
| Cost of water to end user | Affordable water at both levels - households and institutions | No of households paying for water /total number of households registered. | 50% | 100% |
| No of active connections /total number of connections | 75% | 100% |
| Water sales | Total volume of the water sold in a quarter[[35]](#footnote-35) | Volume of water sold on metered facilities | 70% | 100% |
| Pro- poor connections growth/service levels | %age of households benefiting from pro poor tariff within the service area at the PSP[[36]](#footnote-36) | No of vulnerable people accessing subsidised water. | 0% | 5% |
| Functional grievance redress mechanism[[37]](#footnote-37) | Number of complaints registered | % of complaints addressed /no of complaints registered | 0% | 100% |

### Appendix 6.2: ASP routine monitoring activities

**Technical monitoring of the infrastructure and surroundings**

|  |  |  |  |
| --- | --- | --- | --- |
| **Maintenance** | **Frequency** | **Follow up activities** | **Remarks** |
| Clear around the water source and all facilities/installations & cut grass | Monthly |  |  |
| Check the structural integrity of the infrastructure/facilities i.e. cracks, leakages or corrosion | Quarterly | Repair |  |
| Check & repair fencing | Monthly | Repair damaged fencing |  |
| Clear storm water drainage | Monthly | Repair damages | Deposit materials safely |
| Cut roots around water source and all the infrastructure (water tanks, along the supply & distribution lines, the tap/point source i.e. borehole, shallow well etc. | Quarterly |  |  |
| Spring: check that water can flow freely from outlet. | Monthly | Clean outlet if necessary | Water may find other ways if outlet is blocked |
| Chambers: operate wash- out for cleaning, clean manually & disinfect if necessary | Quarterly | Report to the Board if sediments are increasing | Close main valve & check drainage before operating wash- out |
| Borehole: check cable, riser pipe | Quarterly | Remedy or report problems immediately |  |
| Water quality analysis | Quarterly | Obtain & record analysis results;  In-case of contamination report to the DWSSD for corrective action. |  |
| Inspect water source catchment to check for competing water use & hazards/sources of contamination | Quarterly | Clear sources of contamination if beyond the ASP capacity report to the Board. |  |
| Inspect valves and fittings & ensure that they are in working order. | Quarterly | Ensure that the valve boxes are free of debris, well drained & show no signs of leakage. |  |
| Patrol the transmission line to check for leakages |  |  |  |
| Monitor pressure in different supply areas | Monthly | Record measurements |  |
| Control leakages of pipes/valves & fittings | Monthly/as needed | Clear area of suspected leakage(s) |  |
| Check non return valves to prevent back-flow in-case of intermittent service | Yearly | Check corrosion, frequency of pipe bursts, pressure in different service areas  Request for rehabilitation if a part of the network shows signs of advanced deterioration | Discuss rehabilitation needs with the Water Board |
| Flush pipes at wash-outs | Yearly | Ensure safe drainage,  Inform affected customers | Minimise service interruptions |

**Revenue collection and customer care**

|  |  |  |  |
| --- | --- | --- | --- |
| **Operation** | **Frequency** | **Follow up activities** | **Remarks** |
| Up to date customer register | Monthly | Connections & disconnections to be registered without delay |  |
| Bills & collected revenue | Daily/per fetch/ monthly | Update customer register  Financial reporting  Book keeping | Supervise prices charged to customers/users charged per fetch |
| Money deposited on the operation account |  |  |  |
| New connections installed for users upon request | On demand |  | Details of connection fees to be determined by the WSSB |
| Readings of metres (bulk, customers especially institutions & multi-purpose water users) | Monthly |  |  |
| Disconnected users that consistently do not pay their water bills | Monthly |  |  |
| Notices issued to users/customers in advance in case the system is going to be shut down in order to store water /use it sparingly | On need |  | Conditions for disconnection to be clearly defined,  Pro poor safeguards may apply |

**Customer satisfaction**

It is recommended that a smart phone platform such as mWater is used by monitors that visit communities and carry out randomized interviews. The data is recoded here for each sub-county separately, then aggregated.

|  |  |  |
| --- | --- | --- |
| The **Quarterly Community Survey (QCS)**. | **Initial Target**  **end 2021** | **Final Target**  **2025** |
| **Example Questionnaire –**each DLG may tailor these questions for the best possible assessment, ensuring all topics are covered. | | |
| **Welfare.** What evidence can you provide of neighbourly sharing for universal access (e.g. families assist neighbours in cash-poor periods)? | Satisfactory | High |
| **Security.** What evidence can you provide that the source is secure from vandalism and theft because of rotation of responsibility between community members or equivalent local method which is proving effective? | Satisfactory | High |
| **Satisfaction with Service**. What percentage of homes are aware of, and appreciate, benefits of ASP Services, tariff payment, avoidance of unsafe water sources, improvement of gender/educational/health conditions? | Over 50% | Over 75% |
| **Example Observation Guide:** (these are reports made by the monitors directly from their own observation when visiting): | | |
| **Protection and Alerts.** What evidence can you provide that the community is using its own resources for  (a) source protection (fencing, rain run-off, sanitation)?  (b) prompt alerts / reporting of technical/imminent issues to ASP agents, technicians, caretakers? | Satisfactory | High |
| **Good WSC.** What evidence do you (the monitor) observe to indicate that the WSC is active in its roles of:  f) Having three active members, at least one senior member female  g) Assuring gender balance in community life  h) Assuring environmental protection to water sources  i) Assisting ASP and ASP local agents with fee collection,  j) Assisting community members to share their access to water with needful neighbours  l) Organize community security of water sources assets | 70% | 100% |
| **Accounting Data.** This information is submitted by the ASP to the DLG: | | |
| **Compliance.**  [Tariff revenue received by ASP / Tariff revenue due to ASP] X 100% | 70% | 100% |
| **Repeat above rows for each sub-county in the contracted service area** | | |

### Appendix 6.3: Reporting

**Overview of the aspects to be covered and the frequency**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of record** | **Frequency** | **Follow up activities** | **Remarks** |
| **Daily/Weekly record keeping** | | | |
|  |  |  |  |
| Maintenance, Repairs and spare parts | | | |
|  |  |  |  |
| **Commercial records** | | | |
| Customer register |  |  |  |
| Billing & collections |  |  |  |
| Book keeping records |  |  |  |
| Customers’ complaints |  |  |  |
| **Monthly performance reporting** | | | |
| Monthly performance report covering the following areas:  i) Water produced,  ii) Water consumed,  iii)Day without water  iv)Reason for breakdown/lack of water,  v) Total operating costs,  vi) Total collections from billing,  vii) Balance on account | Monthly |  |  |
| Non- revenue water |  |  |  |
| **Quarterly performance reporting** | | | |
| Water quality records | Quarterly |  |  |
| Water quantity measurements |  |  |  |
| Inspection report  i) Water source & protection area,  ii)Pumping installations,  iii) Valves & joints,  iv) Storage tanks,  v) Distribution networks,  vi) Tap stands & point sources, |  |  |  |
| **Documents to be kept at the office** | | | |
| **Annual performance reporting** | | | |
| a) Its operations during the reporting period;  b)Financial statements for the reporting period; |  |  |  |

## Appendix 8: Asset analysis and management

What is an Asset Registry? An Assets registry/inventory is a document which provides a detailed count, location, type and functional as well as physical state of the Water and Sanitation infrastructures in the area of WSSA i.e. within the ASP area of operation.

Objectives of an Asset Registry/inventory: i) To optimize water point life cycle costs through managing the assets effectively, ii) To improve operational efficiency and reduce hardware costs by tracking part life cycle and replacing component parts at appropriate intervals iii) To plan for Renovations and repairs as well as replacements and iv) To provide a basis for planning new investments for water and sanitation infrastructures.

Who is responsibility for carrying out Asset registry: The ASP to ensure knowledge and action of which system(s)/parts are due for replacement (asset analysis)

When should Asset analysis be carried out? A census on the water and sanitation infrastructures is needed at the start. This will be updated annually with new infrastructures using form 1, Form 2 and biannually using form 4 of MWE.

How? A digital tool with a large capacity database like the MWE Water atlas will be used for storage, retrieval analysis and sharing of data on Water and Sanitation infrastructures.

## Appendix 9: Recommended trainings

* Standards
* Monitoring mechanisms,
* Regulations clauses which the ASP needs to adhere to
* Asset analysis & management
* Records keeping,
* financial management,
* Board roles,
* Community mobilisation i.e. the importance of water, Environmental management, water resources management.
* Learning journeys to other sub counties,
* MWE provides all tools.

1. Under special circumstances an extra ordinary forum can be organised in close consultation with the IOM coordinator. [↑](#footnote-ref-1)
2. A three person committee comprised of a representative of the Director DWD, a representative from the WURD and a representative from Ministry of Local Government. [↑](#footnote-ref-2)
3. i) Technical functionality and reliability of the facilities (system repair downtime no greater than 24 hours), ii) Compliance to water quality standard, iii) Collection efficiency (progress from 70% in year 1, 80% year 2 and 90% year 3, 95% year 4 & 100% year 5) iv) Cost of water to the end user (for both individual household and institutions), v) Sanitation around the water source, and vi) Source protection. [↑](#footnote-ref-3)
4. Sanitary inspection form [↑](#footnote-ref-4)
5. The ASP should mobilise community to participate in the source protection activities [↑](#footnote-ref-5)
6. i) for piped water systems how much water has been sold, [↑](#footnote-ref-6)
7. %age of vulnerable households benefiting from the pro-poor tariff [↑](#footnote-ref-7)
8. Chairperson LC1, who reports the SWSSB [↑](#footnote-ref-8)
9. The tariff will include aspects on Social inclusiveness, how to ensure access to water of poor HH, elderly, PLWD, standardise breakdown of percentage allocation of the user fees between operational funds and capital expenditure, cost of maintenance etc. [↑](#footnote-ref-9)
10. Have powers to enforce guidelines and standards by virtue of their jobs. [↑](#footnote-ref-10)
11. Sanitary inspection form [↑](#footnote-ref-11)
12. The ASP should mobilise community to participate in the source protection activities [↑](#footnote-ref-12)
13. i) for piped water systems how much water has been sold, [↑](#footnote-ref-13)
14. %age of vulnerable households benefiting from the pro-poor tariff [↑](#footnote-ref-14)
15. Chairperson LC1, who reports the SWSSB [↑](#footnote-ref-15)
16. The concerned DLGs/DWSSBs will sign an MoU stipulating the terms of the agreement. [↑](#footnote-ref-16)
17. Sanitary inspection form [↑](#footnote-ref-17)
18. The ASP should mobilise community to participate in the source protection activities [↑](#footnote-ref-18)
19. i) for piped water systems how much water has been sold, [↑](#footnote-ref-19)
20. %age of vulnerable households benefiting from the pro-poor tariff [↑](#footnote-ref-20)
21. Chairperson LC1, who reports the SWSSB [↑](#footnote-ref-21)
22. In-case more than one ASP is operating in a District then one of them will be nominated to be a co signatory with the Chairperson and the CAO. [↑](#footnote-ref-22)
23. Sanitary inspection form [↑](#footnote-ref-23)
24. The ASP should mobilise community to participate in the source protection activities [↑](#footnote-ref-24)
25. i) for piped water systems how much water has been sold, [↑](#footnote-ref-25)
26. %age of vulnerable households benefiting from the pro-poor tariff [↑](#footnote-ref-26)
27. Chairperson LC1, who reports the SWSSB [↑](#footnote-ref-27)
28. Sanitary inspection form [↑](#footnote-ref-28)
29. The ASP should mobilise community to participate in the source protection activities [↑](#footnote-ref-29)
30. i) for piped water systems how much water has been sold, [↑](#footnote-ref-30)
31. %age of vulnerable households benefiting from the pro-poor tariff [↑](#footnote-ref-31)
32. Chairperson LC1, who reports the SWSSB [↑](#footnote-ref-32)
33. Sanitary inspection form [↑](#footnote-ref-33)
34. The ASP should mobilise community to participate in the source protection activities [↑](#footnote-ref-34)
35. i) for piped water systems how much water has been sold, [↑](#footnote-ref-35)
36. %age of vulnerable households benefiting from the pro-poor tariff [↑](#footnote-ref-36)
37. Chairperson LC1, who reports the SWSSB [↑](#footnote-ref-37)