

**DONOR FUND MANAGEMENT AND SERVICE DELIVERY IN AN
ORGANIZATION. A CASE STUDY OF NATIONAL WATER AND
SEWERAGE CORPORATION, NAKULABYE
BRANCH KAMPALA**

BY

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**A DISSERTATION SUBMITTED TO THE COLLEGE OF ECONOMICS AND
MANAGEMENT SCIENCES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF BACHELORS DEGREE
IN BUSINESS ADMINISTRATION OF KAMPALA
INTERNATIONAL
UNIVERSITY**

MAY 2013

DECLARATION

I NAKWANGA ESTHER do here by declare that this report is a result of my own independent investigation. It has not been submitted to any other institution for any award. Where it is indebted to the work of others, due acknowledgement has been done.

Signature: 

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APPROVAL

This dissertation titled “Donor fund management and service delivery in an organization – a case study: national water and sewerage corporation Nakulabye branch Kampala ” has been done under my supervision and submitted by NAKWANGA ESTHER for examination with my approval as the university supervisor.

Date: *Dr. Kinyatta* 25/5/2013

Signature: *Dr. Kinyatta*

DR. KINYATTA STANLEY (supervisor)

DEDICATION

This work is dedicated to my dear parents Miss Joy Nairuba, my brothers Hudson, Herbert, my sisters Julie, Phoebe, my sons Jesse, Josiah, Jerome, Jude and daughters Martha, Aine, and Jordanah and my friends Immy, Phiona, Patrick and Steve and National water clients and staff for the great contribution they rendered to me in order to come up with this research paper.

ACKNOWLEDGEMENTS

First and for most, I give honor and glory to the Almighty God who gave me good health, wisdom, knowledge and hope in this study.

During the preparation of this research paper, I was blessed by many people whose contribution, correction and encouragements made the task easier and up to its final completion.

A special note of thanks goes to my supervisor DR. KINYATTA STANLEY whose close supervision, guidance and thoughtful insights helped me get a clear view to write this report. May the Lord bless you. I also owe gratitude to my wonderful mother, brothers and sisters for their constant financial support. I would like to express my sincere appreciation to my course mates and closest friends Steve, Patrick, Julian, Deborah, Keziah and the rest with whom I interacted with most of the time during the course of my study for their contribution and guidance, the entire School of Economics and Management Science of Kampala International University and to all my respondents. May God bless you.

I am most grateful for the support and level of corporation I received from National Water and Sewerage Corporation staff and clients.

LIST OF ACRONYMS

BRAC	Bangladesh Rural Advancement Committee
CSO	Civil Society Organization
CWSA	Community Water and Sanitation Agency
DANIDA	Danish International Development Agency
DFID	Department for International Development
GNP	Gross National Product
MDTF'S	Multi Dona Trust Funds
IMF	International Monetary Fund
EU	European Union
NGO	Non- Government Organization
NWSC	National Water and Sewerage Corporation

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ABSTRACT

The purpose of the study was to find out whether there was a relationship between donor funding and service delivery in an organization in the deliverance of services at NWSC limited.

The study had three specific objectives:

- Establish the donor fund management policies employed in service provision.
- To analyze the threats/challenges encountered in service delivery by donor funding organizations. Taking NWSC as a case study.
- To establish the relationship between donor funding and service delivery in NWSC.

The study used both secondary and primary sources of data. Data from primary sources was the study employed as a correlation-cross sectional survey design. Data was analyzed using percentages and correlation analysis.

The findings of the study revealed that there is a strong relationship between donor funding and service delivery in an organization's performance. The study also revealed that the use of performance where the service provider around ranks how service provision was done complained about by the purchaser, by sample; they were provided by the service providers which was useful in relation to contacts. Among the major challenges facing NWSC Company on donor funding and the performance were lack of awareness, inflation and poor information flow.

The major conclusion of the study based on the above findings was that NWSC limited's continued success depends on the skills and talents in the business, the development of employees' welfare and introduction in new techniques in donor fund management.

Based on conclusions the major policy recommendations is that NWSC revealed that the performances were important to all corporation customers and suppliers specifically when attempting to make changes in their products that are on market? Therefore company needs to revise its performance over the years as to avoid constraints that may occur.

CHAPTER ONE

1.0 Introduction

This chapter highlights the background to the study, statement of the problem, objectives of the study, research questions, scope of the study, significance of the study and the conceptual frame work.

1.1 Background of the study

NWSC was established in 1970's with a mandate to provide water and sewerage services to major towns in Uganda on commercial viable basis but at the same time sensitive to community aspirations. Teddy (2002)

It should however be noted that NWSC has support from both donors and the government and donors that would enable it perform effectively and provide water services in both urban and rural areas. Teddy (2002) but in contrary the company continues to face problems of satisfying consumers demands delayed bill payment and disconnection of outstanding accounts it is therefore against this background that it is important to evaluate the donor fund management policy of some organizations, NWSC being the case study.

In promoting a new policy agenda, bilateral and multilateral donor agencies are keen to finance grass root organization (GROs) on the rounds of their efficiency and contribution.

We find that, much of the case for emphasizing .In addition, though the evidence is inconclusive, there are signs that greater dependence on donor funding may comprise grass root

Organizations' performances in key areas distort accounting and weaken legitimacy.

Robinson (1993), asserts that donor funding agencies have pursued a new policy which gives renewed prominence to the role of non-governmental and grass root organizations in poverty alleviation, social welfare, and development of civil society.

The details of this policy vary from one donor agency to another. According to Meyer (1992), donor funding agencies are seen by many official agencies and members as of the public as more efficient and cost effective service providers than governments giving better value for

money especially in reaching poor people, they have long provided services in health, and education, so in this policy agenda donor agencies are seen as preferred channel for social welfare.

It is from this back ground that the government of Uganda established most of these service organization like: national water and sewerage corporation NWSC and Uganda electricity and distribution company limited in Uganda, the common practice with most service organization is hat they provide services to customers on credit and how are expected to comply with the settlement later usually on receipts of bills or on monthly basis. Where customers do not comply, services may be disconnected with in a shorter period of time sometimes without further notice.

National Water and Sewerage Corporation (NWSC) was initially established under decree No. 34 of 1972 following an earlier study which recommended the corporatized national model as the most efficient option for the delivery of water and sewerage services in the large urban center of Uganda. At its inception in 1972, the Corporation operated the three major towns of kampala, Jinja and Entebbe. In 1995, the corporation was re-established under the National Water and sewerage Statute, 1995, with main objectives of converting the Corporation into commercialized venture. Over the last five years, the corporation has undergone tremendous structural, operational and financial improvements. The corporation is one of the most efficiently water utilities in East Africa producing approximately 51 million cubic meters of water per annum in 15 key town across the country and serving market of about 2 million people

1.2 Statements of the problem

Common practices with most service organization in Uganda are to provide services to consumers on a commercial viable basis while sensitive to community aspirations.

According to kasekende (1996), the intention of the government to nationalize Uganda economy (1960's-1970's) was to provide goods and services to all Ugandans at a more subsidized and affordable terms. NWSC has support from both donors and the government which would enable it , perform efficiently and provide water services in both urban and rural areas. Teddy (2002)

But despite the need, contributions and importance of these services organizations a number of reasons such as corruption, poor management and indebtedness among others have been

discovered to have affected their performance in delivering services to customers. It is therefore against background that it is important to evaluate the donor fund management policy in service organizations.

1.3 Purpose of the study

The major purpose of this study was to evaluate the effectiveness of donor fund management policy and its impact on the performance of parastatals using NWSC as a case study.

1.4 Specific objective

The research was guided by the following objectives

- i) Establish the donor fund management policies employed in service provision.
- ii) To analyze the threats/challenges encountered in service delivery by donor funding organizations. Taking NWSC as a case study.
- iii) To establish the relationship between donor funding and service delivery in NWSC.

1.5 Research questions

- i) What are the major donor fund management policies employed in service provision?
- ii) What are the threats/challenges encountered in service delivery by donor funding organization?
- iii) What is the relationship between donor funding and service delivery?

1.6 Scope of the study

1.6.1 Geographical scope

The study was conducted at National Water and Sewerage Corporation in Uganda at Nakulabye branch.

1.6.2 Subject scope

The study focused on donor funding and service delivery in service organizations using National Water and Sewerage Corporation.

1.6.3 Time scope

The research was carried out within a period of eight months focused on the years between October 2012 to May 2013.

1.7 Significance of the study

The study will be of great justification in that it will improve the researcher's skills and also lead to the fulfillment of a bachelor's degree in business administration.

The research findings will be used by donor funding agencies as basic information will be provided for decision making since it will present factual and accurate information.

Scholar's academicians will adopt the findings of the study to induce further studies in related areas.

The study will boost the literature resource of Kampala International University library.

1.8 Conceptual frame work

Donors fund management

- Private individuals
- EU
- IMF
- MDTFS
- NGO's
- Government

Service delivery

- Positive effects
- Increased awareness for global development
- Increased awareness for new threats
- Increased performance of partner government agencies
- Pooling funds
- Negative effects
- Bureaucracy
- Governance
- Accountability
- Compliance and efficiency in the fund life cycle.

Intervening variables

- Government policies
- Political interference
- Corruption

Donor fund management is the donor by various systems which include governments, nongovernmental organization, Multi Dona Trust Funds (MDTFS), International Monetary Fund (IMF) and individual or private sectors. This agency affects service delivery either positively or negatively. Increased awareness for global development and new threats, increased performance of partner government agencies and also increased pool of funds for development programs. However in carry out fund management hazards and obstacles like bureaucracy, poor governance, lack of accountability, compliance and efficiency in fund life cycle emerges. Corruption, political interference and government regulation will tend to come in between donors fund management and service delivery in any given organization.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter gives a highlight of the related literature. It will entail the meaning of donor funding, threats to donor funding, and relationship of donor funding to service delivery, and it will give different sources from internet, text books, journals and other library details.

2.1 Definition of donor funding

According to Robinson (1993), it refers to the provision of aid both external and internal through governments and ministries, departments, by NGOs, and GROs, in form of services both civically and politically.

2.2 Donor funding policies

In promoting a new policy agenda, bilateral and multilateral donor agencies are keen to finance grass root organizations (GRO) on the grounds of their efficiency and contribution. To good governance, this shows programming, performance, legitimacy and accountability. We find that, much of the case for emphasizing the role of NGOs and GROs rests on ideological grounds rather than empirical verification. In addition, through the evidence is inconclusive, there are signs that greater dependence on donor funding may comprise grass root.

Organization's performance in key areas distorts accountability and weakens legitimacy.

Robinson (1993) asserts that donor funding agencies have pursued a new policy which gives renewed prominence to the role of Non Governmental and grass root organizations in poverty alleviation, social welfare, and development of civil society.

The details of this policy vary from one donor agency to another. According to Meyer. (1992), donor funding agencies are seen by many official agencies and members as of the public as more efficient and cost effective service providers than governments giving better value for money, especially in reaching poor people, they have long provided services in health, and education, so in this new policy agenda donor agencies are seen as preferred channel for social welfare.

2.3 Nature of polices

2.3.1 Aid of government sector

Funds are disbursed in the context of an agreement with administration, departments, agencies, those to receive revenues and undertake expenditures on behalf of the governments this includes semi-autonomous government agencies, such as parastatals, private companies, etc all disbursements should be done for the purposes of accountability, and aid to or through NGOs which is not deemed for the government sector should not be reported.

2.3.2 Aid policy or strategy

According to OECD, this is a document which sets out agreed approaches to the delivery of aid in the partner country, containing agreed principles, processes and targets designed to improve the effectiveness of aid, this may be in form of a stand-alone policy, or strategy document. The document is subject of consultation and agreement between governments and donors. The assessment is done on a regular basis towards the mentioned targets agreed by governments and donors using the following guidelines:

- Baseline data indicator.
- Broad based dialogue.
- Coordinated technical co-operation.
- Country analytic work.

2.4 Base – line data indicator

In this case data is available for at the start of the period covered by the national strategy relating directly to outputs and outcomes targeted by the strategy, which serves as a basis for comparison and finally the monitoring of progress with subsequently acquired data.

2.5 Broad based dialogue

In this case mutual assessments should engage in dialogue a broad range of government ministries and relevant departments, government and donors also should consider engaging with non-executive stake-holders including civil society organizations and more so assess capacity development which is more likely to be effective.

2.6 Co-coordinated technical work.

Where more than one donor is involved in supporting partner led capacity development donors coordinate their activities and contributions. Donors are invited to review all their development activities with the view to determine how much technical cooperation was disbursed through coordinated programmes that have relevant country authorities communicated clear capacity development objectives as part of boards national or sector strategies.

2.7 Country Analytical Work (CAW)

Country analytical work encompasses the analysis and advice necessary to strengthen policy dialogue, develop and implement country strategies in support of sound development assistance. Good analytical work is essential for well-focused development policy and programmes it should include major pieces of analytical work such as;

- Diagnostic reviews, country's financial accountability assessments.
- Country or sector studies and strategy.
- Country or sector evaluations.
- Cross-cutting analytical work such as gender assessments.

Policies in donor funding are political democratic governance, this is seen as essential for a healthy economy even though the evidence underlying this claim is mixed according to Moore (1993, Healey, and Robinson 1992). They are seen as an integral component of a thriving civil society opening up channels of communication and participation.

According to the above agendas it has given to the rise of NGOs where by official agencies have decided to channel increasing amounts of money to and through them.

NGO growth and official funding raise from questions concerning performance and accountability their state relations and the ability to act independently in pursuing their goals. (Hodson 1996) the official funding has encouraged grass root organizations to become providers of social and economic services on a much larger scale than before.

2.8 Challenges / threats of donor funding

Bills and Mc Keith (1992, says that the dangers of bureaucracy are very real and the acceptance of increasing amounts of donor funds which usually comes with complex and

often conflicting requirements for project appraisal, reporting, evaluation and accounting presents even large NGOs with problems.

According to Salamon (1993), when donors finance service delivery they expect contracted outputs to be achieved and may withdraw if targets are not met. Commenting on the experience of world vision in implementing health and welfare projects in Uganda with World Bank funding. Voorhees (1993) stresses the delays and damages done to implementation by banks' funding and procurement procedures an experience also reported by ACTIONAID in the same program me. A common complaint among them is that the need for flexibility on the ground and runs counter to limited, logically, framed, measurable outcomes favored by many donors.

Fowler (1993), contends with the above that in addition, there si evidence from Asia and Africa, that the time and space for reflection and innovation are reduced as NGOs become contractors to donors and governments. Ferrington and Lewis (1993), continue to say that there also conflicts as yet unperceived by official agencies this is between the economic and political dimensions of the new policy agenda. Cost-effective service provision rests on standardized delivery systems and internal structures able to manage large amounts of external funding.

The qualities required to promote success in democratization, are very different. independence from external interests, closeness to poor people, long time horizons for capacity building, and willingness to confront those in power. So it is difficult to combine both roles in the same organization successfully.

Grass root organizations and large NGOs in Africa and Latin America, who are dependant on short term funding from donors often perform weakly in the process because they lack the time and incentives required to nurture local organizations. Carroll, (1992) makes a similar point about the dangers of over funding NGOs and GROs in Africa predict an inverse relationship between dependence on official donor funding and the capacity to support and facilitate what he calls "development-as-empowerment" the theory here is that donors will be unable or un willing to support the long time horizons slow careful work, and often unqualifiedly results.

In conclusion however, a consistent criticism, of donor funding organizations and grass root organizations in the literature is their failure to develop participatory mechanisms for internal debate and decision making despite their stated values and principles it also reflects unresolved dilemma for these organizations in most societies, therefore a partnership approach which emphasizes participation, learning, reciprocity, and transparency may permit these organization's performance, legitimacy, and accountability need not be eroded.

Therefore donors must be encouraged to move towards funding arrangements which provide stability and predictability in the long-term and flexibility in the short-term (Van der Heijden, 1987).

2.9 The relationship between donor funding and service delivery

According to Voorhees, 1993 and Petra's 1994, the belief among donors that NGOs and GROs give for money has led to large amounts of official funds being channeled to these organizations for work in the health and education sectors, credit schemes, and small scale infrastructures sometimes under investment funds or social funds. Intended to mitigate the social consequences of economic and structural adjustment packages, the perception of NGOs and GROs as service providers is also common among governments in Philippines, Ghana, Zimbabwe, these governments are attracted to these organizations because they can be discarded when necessary (Smith and Lipsky, 1993).

Following from Teddler's (1982) work, recent studies of grass root organizations and non-governmental organizations performance in Africa, Latin and America, Asia, have questioned many of the accepted wisdoms about the levels of poverty out-reach, cost-effectiveness, popular participation, flexibility and innovation among these organizations e new and more critical view of the comparative advantages and performance of grass root organizations is emerging based on empirical evidence. There is evidence that some NGOs are able to provide some services more cost-effectively than governments.

According to United Nations in Brazil and AWARE in India, there is no necessary tradeoff between scale of service provision and quality of work and to (Howe's and Sattar, 1992) organizations are not however automatically cost-effective than other sectors as was shown by Teddler's research which contradicts the research concerning UNO. Riddles and Robinson (1992) study, there is no empirical study that demonstrates a general case that these organizations' provision is cheaper than public provision. In terms of their evidence that

GROs commonly perform better than commercial institutions but Babington (1993) claims that NGOs reach the poor of the poorest. However according to Riddel and Robinson (1992), finds that large NGOs in Africa and Bangladesh fail to reach the poorest in their efforts to achieve rapid expansion in terms of geographical coverage “the drive for Breadth rather than depth”.

The sustainability of large scale service provision by donor funding organizations has also been questioned virtually all service delivery organizations operate on subsidies from external donors resources which increasingly are denied to governments, among ministries it is argued then over time they too would be able to provide services as cost-effectively. Which is a self perpetuating reality?

Farrington and Lewis (1993) as a deeper level, there are worries about long term impact of donor funding organizations service provision on access to quality services for all. Robinson seems to assert with the above that influential and well funded organizations may be able to concentrate resources in regions and sectors that might not be most important for national development with” a patchwork quilt” of services of carrying quality emerging against a background of weak central oversight.

Edwards (1994) funding organizations substitution for the state in key areas of provisioning also raises questions of accountability between a government and its citizens. There are echoes of debates about public / private mix in social services in countries such as the United Kingdom and the United States the evidence from these debates are well founded, with unequal access and spiraling cost already a reality. As Meyer puts it.

The preference of external donors for working with non-profitable sectors in no way attests to evidence those public goods for the domestic economy will be better provided by the non-profit sector. There are arguments that NGOs service provision acts as a palliate, a barrier to the fundamental structural changes in ownership of land and capital assets which are essential if significant economic and political changes are to occur.

The problem here is that government may be un able to take over responsibility for such services when these organizations withdraws, Perera (1993) however says the evidence does not show that scaling up the provision of services using donor funds inevitably leads to

decline in quality or to the wider problems. But it does indicate that they careful management of expansion is necessary to stop face-off in quality and that most contemporary NGOs service-provision is not sustainable in its present forms.

According to Hulme and Mosley (1995), in terms of their capacity to innovate there is evidence that individual donor fund organizations have been effective in some fields of service delivery for example in financial services for the poor, and agricultural technology development.

According to Chambers (1993), as donor funding organizations become more involved in large-scale service provision they rely more on funding from official donor agencies, so it is certainly possible to manage their growth successfully, because there is bureaucracy.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter shows the methods that the researcher used in addressing in achieving the objective of the study. It shows how data will be controlled and analyzed focuses on the research design, research population of study, and scope of the study, the survey population, sample size and collection, and the data collection, and the data collection methods and analysis of findings. The context of the study was purposive extreme deviate case sampling where questionnaires were distributed amongst the personnel of ministry of health in Uganda, Kampala.

3.1 Research Design

The researcher used both descriptive and analytical research designs based on questionnaires and interviews across sectional survey. Descriptive design encompassed understanding of roles of donor funding in the public sector and the analytical observations used to evaluate facts that the researcher got from the field.

3.2 Research population

The study took place in NWSC since the research design is an extreme deviant sampling. It focused on employees, management and customers from various sections of the corporation and members of the executive committee irrespective of gender, ethnicity, and nationality. The population is 32.

3.3 Sampling design

The researcher carried out the study using purposive (having clear and definite) method of sampling in order to acquire the relevant representative sample regarding the subject of the study. The researcher focused on interviewing procurement departments, accounts department whom the researcher expected to answer questions that were administered to them by way of interviewing and through questionnaires that were given to them.

3.4 Sampling procedure

The research is a case study of National water and Sewerage Corporation took respondents in form of written questionnaires. Systematic sampling (random sampling) was to done by the

researcher to select the respondent who comprised of managing directors of funding agencies who I deemed vital in giving relevant information for the study.

3.5 Sample selection and size

The sample size constituted of 32 respondents in general, since the population is below 50 members. The selection procedure involved choice of employees from various sections, which constituted to the respondents and these 32 members as my sample size was selected from different sections entrusted with financial control function like internal control personnel, accountants, and human resource department.

3.6 Data collection instruments

3.6.1 Primary data

The researcher gathered the data upon which the conclusions and recommendations of the researcher made; the following research tools were used.

3.7 Interviews

This is one of the means of collecting data from the sample respondent of the study. With this respect, the researcher carried out the interview personally from the sample population to achieve the desired information from the staff which involves a fare interview discussion. It can be informal or informal.

3.7.1 Questionnaires

This is where primary data was collected by structured questions, which availed, to the respondents. It involved self administered questionnaires where the researcher set up questions in relation to the area of investigation that form a questionnaire which were distributed amongst destined respondents as data seeking methods. 20 respondents will be required and involving employees of various sections of the organization.

3.8 Secondary data

Where other forms of data collection failed to work out, an examination of existing documents likes secondary data source got or obtained from the review of the company reports, manuals and documents.

3.9 Data analysis

The research ensured that responses collected from the respondent are clear, logical and understanding. As a process it involved editing, coding, tabulation the research findings and compiling the research report. This helped the researcher arrive at objective judgment. Raw data was arranged, sorted and summarized using manual method.

3.10 Qualitative data analysis

Data collected by the researcher was analyzed by employing code categories. Related literature reviews used to discuss the findings and field notes during the study written down for clarity.

3.10.1 Quantitative data analysis

With this, collected data was organized to check for accuracy, consistency, and reliability, ensure the uniformity and completeness of the data. The analysis of the data was done manually with basis on the research objectives and further processed into frequency distribution tables for proper understanding of the research. Therefore presentations of the findings are done using the table.

3.11 The limitations during the study

The main anticipated problems that may limit the researcher in the study is limited cooperation by target respondents in the bank since they are a bit reserved with their functional information;

Shortage of funds to facilitate the research and the researcher.

Difficulty in accessing the organizations records for the research purpose since people have a negative attitude towards research and its instruments under the guise of over assuming to be busy on official duties, which are hard to trace.

General shortage of financial resources to cater for transport costs, stationery costs, and other related costs.

Deadlines put up by the university that exerts a lot of pressure on researcher.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND ANALYSIS OF DATA

4.0 Introduction

This chapter deals with presentation of study findings, analysis and interpretations. It presents the findings related to the variables in the study.

The presentation was done using frequency tables, percentages put in bar graphs and pie charts for clear interpretations. The following headings were used to aid presentation of findings.

4.1 Demographic characteristics of respondents

Gender respondents

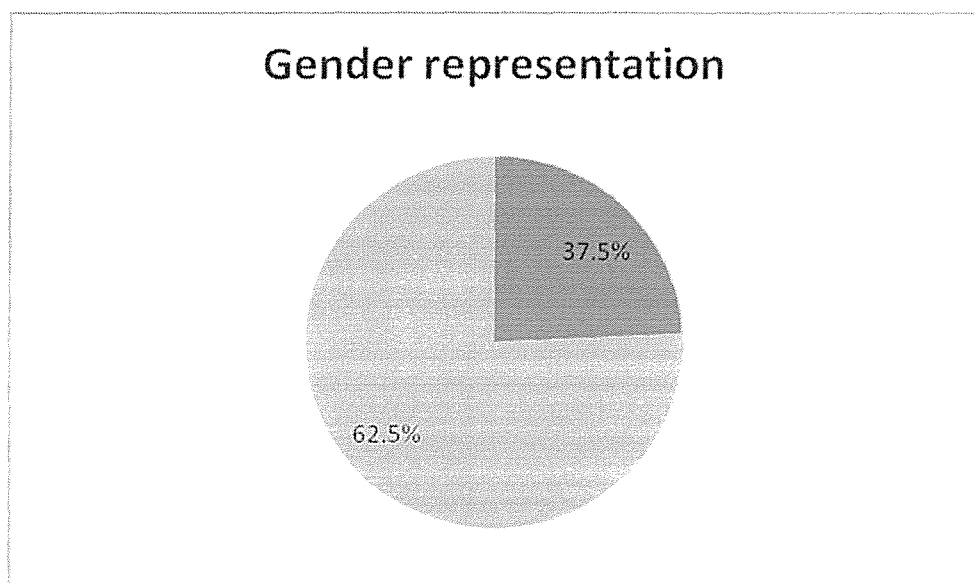
Table 1: Gender representation

Response	Number of employees	Percentage (%)
Male	20	62.5
Female	12	37.5
Total	32	100

Source: primary data

In the above table 62.5% of the respondents were male and female accounted for only 37.5% of the total response. This showed that there was equal gender representation in National Water and Sewerage Corporation.

Figure 1: A pie chart showing gender representation



Source: primary data

Years of service in the organization

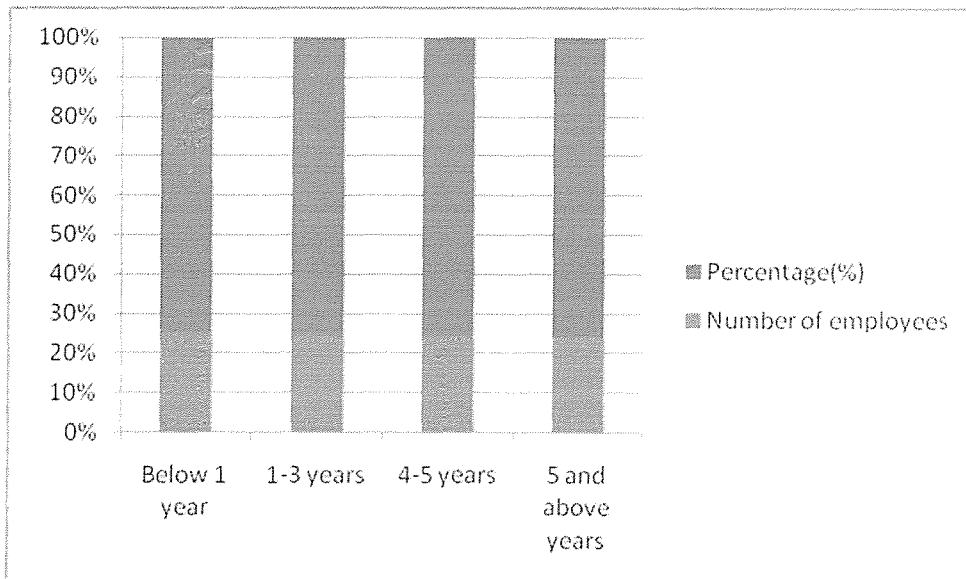
Table 2: Showing years of service in the organization

Year of service	Number of employees	Percentage(%)
Below 1 year	3	9
1-3 years	8	25
4-5 years	8	25
5 and above years	13	41
Total	32	100

Source: primary data

It is observed from the above data that 9% of the respondents had been working in National water for less than one year, 25% of the respondents had worked between 1-3 years, 25% again had worked between 4-5 years. While 41% had worked, between 5 and above years. Therefore, the responses given could be relied upon since the majority of the respondents had been in the organization for some years.

Figure 2: A bar graph showing years of service in the organization



Source: primary data

Functional structure of the respondents

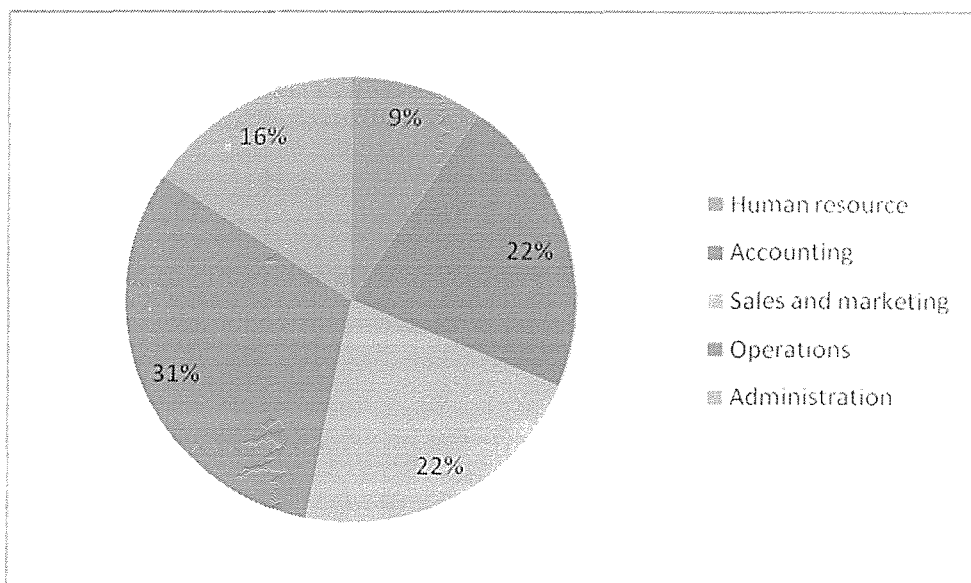
Table 3: Showing functional structure of the respondents

Year of service	Number of employees	Percentage (%)
Human resource	3	9
Accounting	7	22
Sales and marketing	7	22
Operations	10	31
Administration	5	16
Total	32	100

Source : primary data 2012

According to the above table 9% of the respondents were from Human Resource Department 22% of the respondents were form Accounting Department 22% of the respondents were from marketing department while 31% of the respondents were from operations department and 16% of the respondents were form administration. It was observed that the information obtained was from all the departments of National water and Sewerage Corporation.

Figure 3:A pie chart showing functional structure of the respondents



Source : primary data 2012

Education background

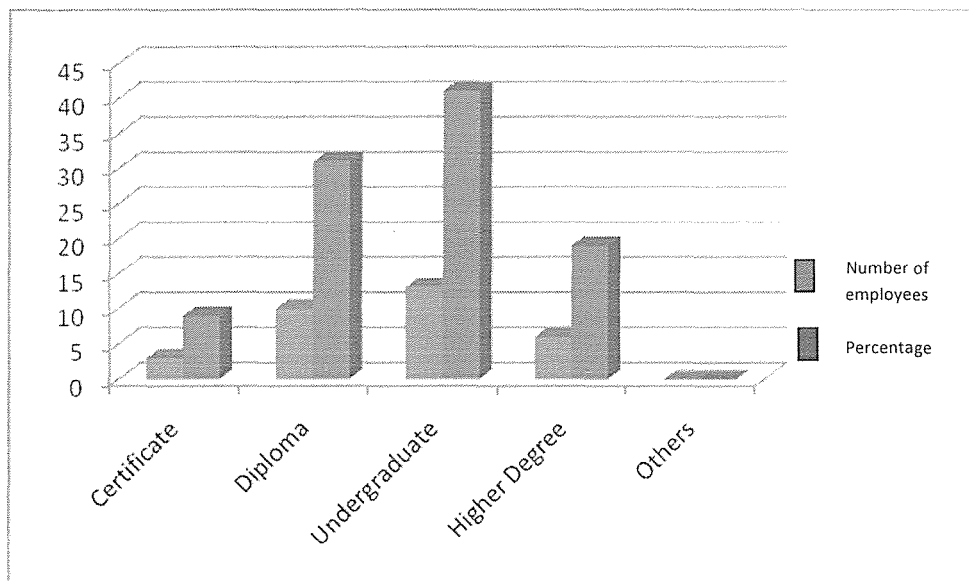
Table 5: showing education background of respondents

Response	Number of employees	Percentage
Certificate	3	9
Diploma	10	31
Undergraduate	13	41
Higher degree	6	19
Others	-	-
Total	32	100

Source: primary data

In the above table 9% of the respondents were certificate holders, 31% of the respondents were Diploma holders. While 41% were undergraduates and 19% had higher degree qualifications. This implies that most of the respondents were well educated and were able to give the required information that the researcher was looking for.

Figure 5: A bar graph showing education background of respondents



Source: primary data

Water production and sewerage services

During the financial year 2009/2010 total water production increased from 46.9 million cubic meters to 51.4 million cubic meters per annum or an increase of 4.5 million cubic meters.

Capacity utilization was maintained at 65% over the same period. However, areas such as Entebbe Kampala and Gulu had capacity utilization of over 80% and plans are already underway to expand production in these areas. The quality of water produced conformed to the Uganda National Standards (i.e National Standards for potable Water 1994), and were in line with World Health Organization guidelines. In regard to sewerage service the sewage effluent was remarkably improved. Although the number of sewer connections increased by about 104 during the year, there was a fourfold increase of sewer tankers emptying into the NWSC's Bugolobi Sewerage Treatment Plant. This signified that though many people rely on site sanitation facilities the treatment is still passed on and carried out by the NWSC. During the year, the NWSC also commenced the Sanitation Master Plan study for Kampala and it is envisaged that the recommendations of the study will provide the framework for improving sanitation services in all the NWSC operated towns.

Service coverage

Water distribution

The NWSC continued with its drive to expand its network primarily through the use of its internally generated funds. The total network length increased during the year from 1, 846km to 2,200km or an increase of 354kms. Apart from the 80kms carried out with the assistance from our development partners all mains extensions were financed from the internally generated funds. Significant extensions were made to the peri-urban areas in Kampala including areas such as Bunamwaya, Seguku, Lubowa and along Gayaza Road. During the year the volume of water sold increased from 28 million cubic meters to 31.1 million cubic meters or an increase of 11% this showed a significant increase in the water consumed and therefore an increase in populations served.

Subject to the NWSC statute sec. 5(1) the mandate of the enterprise is to provide water and sewerage services in areas entrusted to it on a sound commercial and viable basis. From the study it was discovered that both rural and urban water and sewerage services continue to make progress 70-75% in 2008, 2009 (60%) and 2010 (79%)

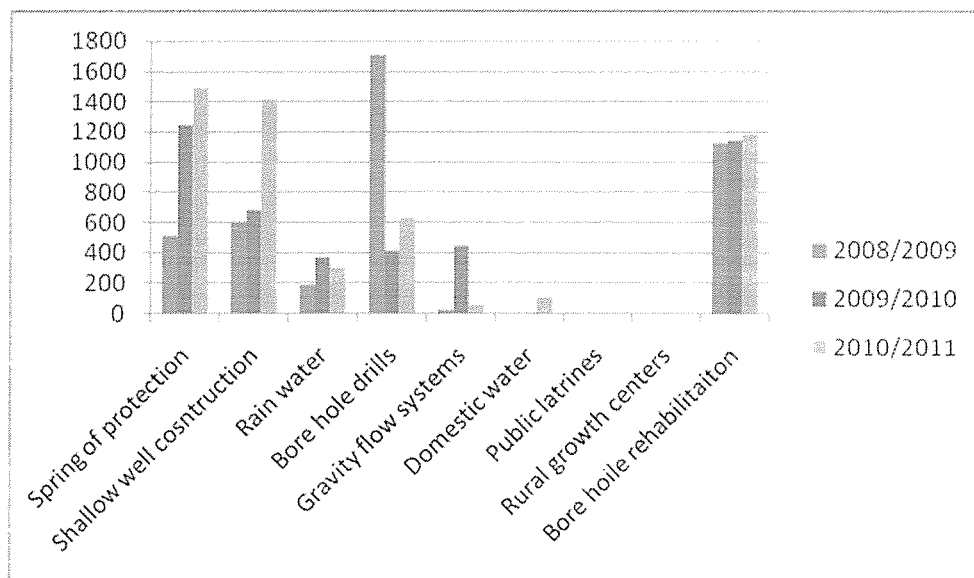
Table 6: Showing NWSC Coverage

Activities	2008/2009	2009/2010	2010/2011
Spring of protection	504	1240	1492
Shallow well construction	598	678	1415
Rain water	188	362	301
Bore hole drills	1708	411	625
Gravity flow systems	15	444	58
Domestic water	-	4	102
Public latrines	-	2	5
Rural growth centres	-	4	7
Bore hole rehabilitation	1123	1145	1189

Source: secondary data

It is discovered that, the increase as shown above is due to the main extension increase connections of consumers and creation of public stand posts in all towns of NWSC operations. Despite the progress in water coverage the majorities of our people still use unprotected water sources and travel long distances for both safe and unsafe water.

Figure 6: A bar graph Showing NWSC Coverage



Source: secondary data

Source Background to tile budget (2009/2010).

It is therefore, worth noting that its progress is being made due to the loans being granted by donors, meaning that should donors pullout of the game the reverse would be true and the findings do not point put some other sources of funds that the corporation would use in such situation. This calls for the corporation to manage its internal source to finance its activities which the finding does not clearly articulate.

Market Segments

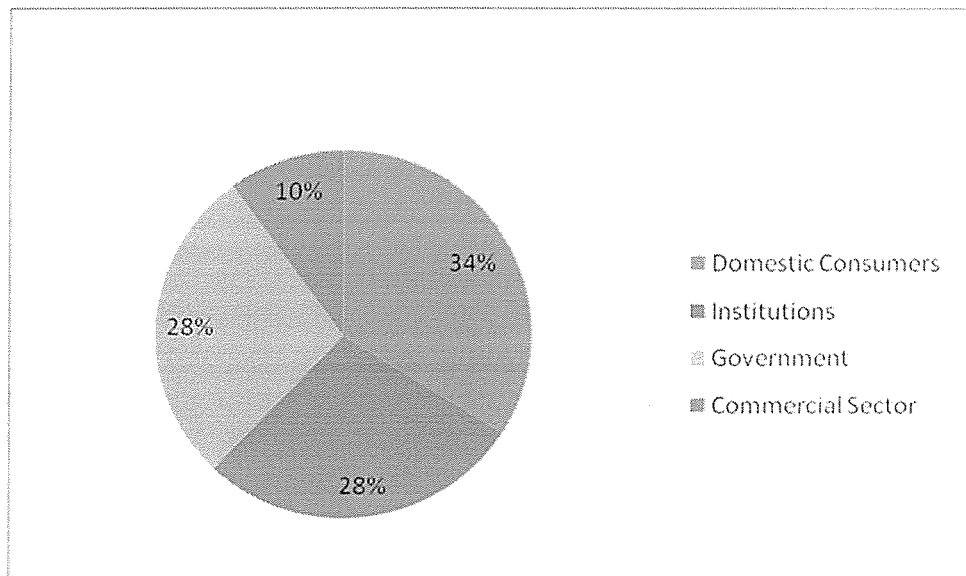
In terms of the volume of sales the domestic customers comprise the largest segment and account for 47.2% of the NWSCs total sales followed by Institutions / Government (28%) and the Industrial and Commercial sector (20%). The table and chart below summarize the status of the NWSC market. In terms of connections, the domestic customers still constitute the largest customer base accounting 83% of the total accounts followed by the Industrial and commercial customers 10%. The NWSC takes cognizance of its market and strives to expand its supply to the ever growing urban populations. Currently the drive is to improve services to the urban poor, and to the peri-urban settlements. This is to be achieved in part through a new connections policy.

Table 7: Showing customer segments in NWSC Connections

Segment	Percentage (%)
Domestic consumers	34
Institutions	28
Government	28
Commercial sector	10

Source: secondary data

Figure 7: A pie chart showing customer segments in NWSC Connections



Source: secondary data

Public stand posts

The NWSC provides other services like potable water for the less privileged members of society through the kiosk or public standpipe system. During the year, a total of 277 new water kiosks/public stand posts were erected representing a growth of 12%. However, based on the findings of a study I carried out to assess how services to the poor can be improved, it was established that the stand posts have clear disadvantages which include long distances people have to walk to the stand post and high unit prices that is to say shs 50 to shs 100 for a 20 litre jerrycan of water, which results into people resorting to other water sources such as wells and springs which may be contaminated. On the other hand, the study established that yard taps were emerging as a promising means of supplying water to low income areas based on the merit that a household which has a yard tap provides good opportunities for on-selling of water to the neighbours. By increasing the number of yard connections and on selling in an area, it was established that price of water to the end user could be reduced through competition. Management is studying the recommendations in a bid to establish the best way forward. However in the interim, the erection of stand posts will continue as the practical alternative to serving the poor. Poverty Impact Assessment or Privatization of the Urban Water Sector in Uganda - improving Water Services for the Urban Poor through Sector Reforms, Final Report, prepared for tile Utility Reform Unit and Department for International Development by Maxwell Stamp PLC.

4.2 Findings on whether donor funding took place in NWSC

Respondents were asked whether donor funding policies were being used in National Water and had an impact on service delivery below were the findings.

Table 8: Showing whether donor funding policies were being used in NWSC

Response	Frequency	Percentage (%)
Yes	12	37.5
No	20	62.5
Total	32	100

Source: primary data 2012

From the above table findings showed that 20(62.5%) admitted that donor funding had no impact on service delivery and 12(37.5%) admitted that donor funding had an impact on service delivery in National Water and Sewerage Corporation.

However lack of funding to carry put a comprehensive extension of sewerage net-work resulted into low sewerage coverage of about (28%), the study indicated that this is because sewerage expansion is highly capital intensive and thus requires large sum of funds for investment. This makes it difficult to maintain the existing bore holes and providing hygienic water sources for both animals and human improving the construction, use and maintenance of latrine facilities. This has forced the corporation to rely on loans to finance its services or project.

4.3 Performance of donor funded projects 2009/2010

Infrastructure Growth

The NWSC is a beneficiary of donor funds from both multi-lateral and bilateral sources. The sources include the IDA, EU, the Germany Government through KfW and GTZ, the French Government. During the period 2002 to 2003, the following projects were accomplished or were in progress.

Small Towns Water and Sanitation Project Part B: Jinja /Njeru

The rehabilitation and expansion of Jinja/ Njeru Water and Sewerage systems was completed during the financial year 2002/2003 with funding from IDA. The project resulted in the

laying of a total of 40km of water mains extensions, which covered the Njeru Area, and a total of 1300 connections were installed. The water supply is now sufficient to cover the population in the Jinja/Njeru area up to 2010.

Kabale Water Supply and Sewerage Project

In Kabale, the Water Supply and Sewerage systems were refurbished and expanded with funding from the German Government through KfW. Works were completed in October 2002. The works entailed the construction of a new intake, water works, sewerage treatment plant and the rehabilitation and expansion of the water and sewerage network. A total of 7.8 km transmission mains, 33km of distribution mains, and 22.5km of service pipes were extended by the project. The project was commissioned on January 23rd 2003 by H.E. the President. The new system is adequate for the present population of about 45,000 people and will also be adequate for the projected 2015 population of about 60,000 people.

Gaba I Rehabilitation Project

The Gaba I Water production plant was refurbished with funding from the EU under Phase I of the project. The project resulted into an increase of water production for Gaba I water works from 30,000 cu.m per day to 40,000 cu.m per day. The works were commissioned in May 2002.

Entebbe Water Supply and Sewerage Rehabilitation Project

During the year ended June 2003, the feasibility study for Entebbe Water Supply and Sewerage Expansion project was completed. The financing agreement for the project was signed between the Uganda and the Germany Government in the month of July 2002. Civil works are due to start in the first quarter of the year 2004.

Gaba I Rehabilitation: Phase II

As a follow up to phase I of the Gaba I rehabilitation project the EU agreed to fund the phase II to the tune of 2.5 million Euro. The project was launched in March 2003 and will increase the production capacity from 40,000-cu.m/per day to 55,000 cu.m/per day.

Peri Urban Extensions Project

During the year 2002/03, water mains extensions in Kampala were made to the peri-urban areas with funding from the NWSC" own internally generated resources, and in conjunction with the Kampala City Council. Extensions were made to the suburbs of Bunamwaya,

Seguku Kajjansi Lubowa and Gayaza.

Kampala Sanitation Master Plan Project

During the year under review, funds were obtained from the Germany Government through KfW to carry out a sewerage Master Plan for Kampala. The study commenced in February 2003 and will last for 18 months. The findings of the study will provide a framework for the implementation of downstream activities.

Kampala Network Rehabilitation Project

Under the Management Services Contract in Kampala. The Germany Government through KfW provided funding for the rehabilitation of the network and other related investments which will reduce on systems losses in Kampala. Funds amounting to 3.3 million Euro were ear marked for this purpose and implementation which started during the reporting period.

Gaba III Water Project

During the reporting period, ground work was started to construct a new water production plant at Gaba, i.e. Gaba III with funding from the Germany Government under a turn key arrangement. The project will result into additional 80,000 cu.m of water per day. The Contract for the consultancy services was signed in August 2002 and it is envisaged that construction works will commence in the first quarter of the year 2004.

Table 9: Showing projects funded by donors

Donors	Projects	Cost(\$)
EU	Gaba I	5.8m
German	Gaba III	3.2M
Government	Entebbe water supply and swereage services	6.2m
(KfW)	Kibaale water supply and sewerage	13.8m
	Kampala net-work rehabilitation	5.6m
	Kampala master plan 14 towns	

Source: secondary data

From the table it shows that much of the water and sewerage projects are being undermined using loans from donors.

Findings on threats to donor funding

Bills and Mc Keith (1992), says that the dangers of bureaucracy are very real and the acceptance or increasing amounts of donor funds which usually comes with complex and often conflicting requirements for project appraisal, reporting, evaluation and accounting presents even large NGOs with problems.

According to Salamon (1993) when donors finance service delivery they expect contracted outputs to be achieved and may withdraw if targets are not met. Commenting on the experience of world vision in implementing health and welfare projects in Uganda with World Bank funding, Voorhees (1993), stresses the delays and damages done to implementation by Bank's funding and procurement procedures an experience also reported by ACTIONAID in the same programme. A common complaint among them is that the need for flexibility on the ground and runs counter to limited, logically framed, measurable outcomes favored by many donors.

Fowler (1993), contends with the above that in addition, there is evidence from Asia and Africa, that the time and space for reflection and innovation are reduced as NGOs become contractors to donors and governments. Ferrington and Lewis (1993), continues to say that there also conflicts as yet unperceived by official agencies this is between the economic and political dimensions of the new policy agenda. Cost-effective service provision rest on standardized delivery systems and internal structures able to manage large amounts of external funding.

The qualities required to promote success in democratization are very different independence from external interests closeness to poor people, long time horizons for, capacity building and willingness to confront those in power. So it is difficult to combine both roles in the same organization successfully.

Grass root organizations and large NGOs in Africa and Latin America, who are dependant on short term funding from donors often perform weakly in the process because they lack the time and incentives required to nurture local organizations. Carroll (1992) makes a similar point about the dangers of over funding NGOs and GROs in Africa predict an inverse relationship between dependence on official donor funding and the capacity to support and facilitate what he calls "development-as-empowerment" the theory here is that donors will be

unable or unwilling to support the long time horizons slow careful work and often unqualifiedly results.

4.4 Findings on staff training

Staff Rationalization

The Corporation had 889 employees is at June 2002. By 30th June 2009 staff had increased to 949 staff (See appendix 3). The staff increases in the year were mainly due to take over of the new towns of Arua, Soroti and Bushenyi. However staff productivity improved from 12 to 11 Staff/1000 connections during the year.

The growth in staff numbers in the year 2002/2003 was largely due to the takeover of new towns and recruitments due to increase in the level of commercial activities.

During the year, the Corporation continued with its staff training policy considering that the staff is the single most important resource of the Corporation. Staff at all levels underwent training related to their job descriptions, and the training included: Masters programmes / Postgraduate Studies, Professional Programs e.g. ACCA ICSA. CPA. Conference/Workshops, In House Programs, Short-Term World Bank Programs in Washington IP3, Crown Agents (U.K) and Part time Evening Programs.

Emphasis was on short term training aimed at imparting specialized skills. The Top and senior management staff were trained in managing Private Sector Partnerships through regulation and contract management courses, while the middle level staff were trained in computer and accounting skills. Leadership and supervisory skills were also some of the courses to which both seniors and middle managers were exposed too.

4.5 Findings on donor fund management on performance

According to the manager NWSC *"I need to point out that I have enjoyed working with a Management Team that does not fear change"*. My management is always ready to face any challenge as long as it will ultimately result into significant benefits for the Corporation. They know that if the Corporation benefits they also benefit. I must say that this Management attitude of donor funds has been a key success factor for most of what we see in NWSC today. It was, therefore, not a surprise for me to see my entire Management Team and indeed all staff embracing the famous stretch out program that has greatly enhanced the APCs. As a result, revenue and funds from donors and other performance indicators have

dramatically improved. No wonder. Limiting the FY 2009/10 the Corporation for the first time in its entire history, met all operating costs including depreciation.

4.6 Findings on service delivery

In order to respond to the competitive economic environment and operate more efficiently, the Corporation has been restructured by creating leaner and more effective functional units. The total staffs complement now stands at 949 down from 1,737 in 1998 while staff productivity has improved from 36 to 111 staff per thousand water connections over the same period. Training has been carried out at, all levels of management resulting into a motivated and professional workforce which includes engineers, accountants and those with higher degree qualifications. Since 1998, the Kampala Water and Sewerage Service Area, which accounts for about 70% of the NWSCs activities has been contracted out to private operators. The first management contract with H.P. Gauff Engineers of Germany ended in June 2001. In February 2002, a new operator, ONDEO Services from France was engaged under the second management contract to run the water and sewerage services in Kampala.

Alongside the Private Sector Arrangement in Kampala the NWSC management signed a three year Performance Contract with the Government of Uganda in 2000. As a means of operationalising the Contract, the NWSC management signed Area Performance Contracts (APC's) with the management of each service Area. The implementation of these contracts have realized tremendous improvements in the operational status of the areas. The Private Sector Initiatives and Contract Management Framework has been backed by successive Short-term strategies which started in 1998 with the 100-Days Programs, followed by the Service Enhancement and Revenue Programmes (SEREPs) and later still in 2003, by the Stretch-out Programme. With these developments, NWSC has firmly established itself as the Pride of the Water Sector in Uganda and is looking forward to effective participation in the urban water and sanitation sector in the years to come.

During the year, the Corporation continued with the implementation of the management contract in the Kampala Water Supply and Sewerage Service Area (KWSSA). The indicators so far show that the contract is on course and is expected to yield valuable output by way of increasing efficiency of operations and revenue for Kampala area specifically and for the Corporation as a whole. The short term strategies started in the year 1998 remain the backbone of the Corporation's performance drive. This financial year, a new management improvement Concept known as the Stretch-out-programme was implemented through-out

the Corporation with remarkable beneficial results. Our rehabilitation and expansion projects which are being undertaken with assistance from the Government of Uganda and donors have continued during the year. The Jinjn/Njeru project funded with assistance from IDA was completed resulting into the laying of 40kms of mains and the connection of about 1.300 new customers in the two urban areas. In addition, the Kabale Water and Sanitation Project, funded by the German Government through KfW was commissioned. As a result, supply of water to the 45,000 inhabitants of Kabale was significantly improved and for the first time more people in Kabale were able to access clean piped water supply and better sewerage services on behalf of the Board thank the Ministry of Water, Lands and Environment and that of Finance Planning and Economic Development for their guidance and continued support in the development of the Corporation. For the achievements of the financial year 2010/11 we are indebted to our development partners the IDA the German Government, through KfW, and the EU for their continued support to the Corporation. Last but not least, a special word of gratitude goes to the employees of the Corporation who are the most important resource and have competently handled all the demands from increased activities within the NWSC. In this regard during the financial year 2010/2011 a program was drawn up and implemented by management to recognize and value every employee's contribution to the Corporation.

4.7 Findings on performance of NWSC

According to the managing Director NWSC Mr. Nyego Dornbo. The year ended June 2011, coincided with the conclusion or the second corporate planning cycle and the Performance Contract signed with the Government in 2008. Our evaluation of the performance of the Corporation showed a continued turnaround of the operational and financial performance of the NWSC coupled with increased expansion of services to customers. For the first time in the last 6 years, the NWSC was able to substantially cover all its operating costs including depreciation and to post a surplus. All indications are that the NWSC operations are beginning to reach best practice level" as demonstrated by the increase in new connections at a rate of about 13% per annum the staff per thousand connection ratio of 11 and the meter coverage of about 95%. The strategies that were undertaken in the financial year 2009/2010 included:

Performance Contracts. The Corporation continued with the implementation or activities stipulated within the Performance Contracts with the Areas and Support Service sections. The

periodic reviews of these contracts have realized great strides in the performance of the Corporation.

Stretch-out Program. In order to consolidate and surpass the achievements made with the implementation of the Performance Contracts, the NWSC adopted a new tactical strategy referred to as the "Stretch-Out Programme". The programme is aimed at raising the bar for all performance indicators within the Corporation so as to ensure accelerated achievement of performance objectives. The programme aims at introducing a new approach to work in the Corporation and is based on the principles of reduced bureaucracy, Increased speed of work, Simplicity, Self-confidence, Worker involvement, Organizational Boundary lessens and Stretched targets which are far above SMART targets.

4.8 Evaluations challenges faced in service delivery

The objectives of this research among other included the establishment of problems faced by NWSC in delivery of services

Lack of funding

Lack of funding to carry out a comprehensive extension of the sewerage network resulted into very low sewerage coverage (12%) the study indicated that this is because sewerage expansion is highly capital intensive and thus requires large sums of funds for investment.

This makes it difficult to maintain the existing boreholes and providing hygienic water sources for both animals and human improving the construction use and maintenance of latrine facilities. This has forced the corporation to rely on loans to finance its services and projects.

Table 10: showing projects funded by donors

Donors	Projects	Cost
EU	Gaba I	5.8
German	Gaba 11	3.2
Government	Entebbe water supply and sewerage services	6.2
(KFW)	Kibaale water supply and sewerage	13.8
	Kampala network rehabilitation	5.6
	Kampala master plan 14 towns	

Source: secondary data 2012

From the table it shows that much of the water and sewerage projects are being undermined using loans from donors.

Consumer Demand

NWSC has faced a number of problems in satisfying consumer demands which include among other the following. Service provision to the urban poor who predominantly live in informal settlements have low water supply service coverage of about 10% while the planned areas like Kololo, Luzira, Naguru,. Ntinda have 100% coverage. Many of these settlements are unplanned, lack basic facilities and poor infrastructure, are commonly found in the low lying areas, the wetlands which according to NEMA statute, human habitation is not expected in those areas.

Findings also revealed that some kiosks have been seen and tried out in these settlements of which by Feb. 2000, out of 1300 that are available in Kampala, 500 were disconnected for nonpayment. While the remaining 800 also owe NWSC about 450m in arrears and if the disconnection policy was to be strictly followed, almost all kiosk would be off supply for nonpayment the reason serving the middle men who collect money from kiosks, do not remit it. It is also found that while the poor were in effect paying promptly as they draw water from water outlets, they suffer from actions of the third party and get deprived supply (disconnected), something against principles of natural justice.

High Rate of Default

Another problem discovered is the apparent high rate of default making investment risky.

It was discovered that with regard to affordability for the poor is such that the poor are expected to pay about 12f for a 20 liter jerry can and the commercial consumers that are connected to sewerage are paying Ug.shs 48f for the same amount of water. (Ug.shs 24 for water and Ug.shs 24 for sewerage). However in practice the poor have been paying between Ug.shs 50-100/= depending on location. The policy of the low tariff regime meant for the poor has in effect benefited the middlemen (stand post operations).

Water Management

The result of the study shown that poor management of water source is a hindrance to the corporation in a bid to deliver quality, water to the public. The findings further indicated that poor water management and shortage can lead to diseases, malnutrition, reduced economic growth, social instability and conflict Adiko (2009). However this problem has been identified as being amplified by deforestation, soil erosion, destruction of wetlands and development in disaster prone and otherwise in appropriate areas Adiko (2009). It has also been discovered that an estimated 2.5m people die each year from, water related diseases, primary children under five which dealt and diseases could be averted if water management, water supply and sanitation services were adequate Maria (2001). This presents a tough task to the corporation to try and avert the problem through providing water and sewerage services to the public.

Financial mismanagement

From the study, reliable documents indicated that financial mismanagement is a common phenomenon in most parastatals. Findings indicated that NWSC is being defrauded of financial discipline a case in point is Mr. Onok who was alleged to have caused the corporation a financial loss of \$800,000. However, the IGG report indicated that there is a general administrative weaknesses and government to some extent is responsible for the state of affairs which frustrates attempts by the corporation to deliver services to the public since money is being pocketed by individuals. According to National Integrity Survey, it was found that 57% of the public thought corruption has worsened. It is also discovered that corruption is pervasive in delivery of public services as brought out clearly in NIS and UPPAP. Consultations argue that this affect the poor directly where the poor are the most likely to receive services probably the least without a bribe, they have limited.

Accumulation of errors

Table 11: Showing accumulation of Arrears

Year	Shs	Percent owed by government	Other agencies	Total
2009/2010	25.2 billion	33%	67%	100%
2002/2003	24.277m	25%	75%	100%

Source: Secondary data

So, as shown or indicated in the table, the high percentage of money government owed the corporation presents funding problem of service delivery.

Insecurity

Findings indicated that the continued insecurity in most parts of the country like the Northern part does not allow water resource activities to be carried out in these regions.

Despite the financial mismanagement, the finding does not indicate any incidence where an individual has been prosecuted for financial indiscipline. The IGG reports seems to be a paper work (theoretical) than benchmark upon which practical solutions are provided to fight corruption with the involvement of some government officials as discovered. This problem may still be a hard nut to crack. Though lack of funds continues to pose a threat, in practice donors continue to pour money into the corporation to finance its project.

The insecurity in the northern part of the country seems to be slowly but surely getting better paving way for water and sewerage projects activities to be undertaken. The area is being served under the refurbishment of Gulu water and sewerage policy system.

Finally, though the findings indicated the above problems being encountered, it does not point out others like logistical problem, political influence, lack of qualified staff, poor management of personnel, poor motivation, poor control and monitoring of service and perceived level of customers satisfaction. All these affect serviced delivery. But the corporation continues to provide fair services to clients amidst these problems.

4.9 Establishment of relationship between donor fund management policy and service delivery

The evaluation of the company's donor fund management policy as per the objectives of the study was to examine the effectiveness of the variables in influencing or determining service delivery. According to the research carried out, the result indicated that most operators are not happy with the donor policy of the company.

Table 12: Showing the relationship between donor fund management and service delivery

Response	Frequency	Percentage (%)
Yes	22	69
No	10	31
Total	32	100

Source: primary data 2012

The report indicated that 69% of the respondents hold the view that the corporation should carry out an assessment of the ability and willingness of the company to use the services and therefore be able to pay for them. Therefore, for effective service delivery, there is need to assess the donor first.

On the service delivery performance most respondents hold the view that though there is some improvement in service delivery, most areas are still lacking clean water and proper sanitation and people are suffering of water and sanitation related diseases. The report further observed that there is a positive relationship of 0.6% between the two variables of donor fund policy and service delivery performance on NWSC. This therefore means that donor policy contributes 36% of the performance in relation to service delivery in NWSC.

It should therefore be noted that though there is unhappiness about the donor policy as discovered, the corporation has tried to assess the ability and willingness of customers through application form to get information about the client. So there is need to implement this further to have balance between donor funding and service delivery.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter highlights the conclusion, summary discussion of findings and recommendations of this research study. They have been discussed from the objectives, back ground and purpose of the study. It provides conclusions and recommendations on how donor funds are managed in NWSC.

5.1 Summary of the findings

The Corporation recorded an increase in operating profit in 2010 before depreciation of approximately Shs. 1.1 billion, an improvement of 15% over the last year 2011.

Operating Profit before Exceptional Item

The operating profit before exceptional item was approximately Shs. 778 million (Shs, 36 million in the previous year). This implies that for the first time in the last six years, the Corporation has been able to substantially cover all its operating costs.

Water Consumption and Sewerage Service Incomes

Water consumption and sewerage income increased by 18% from approximately shillings 28.4 billion to shillings 33.6 billion in 2003. This is attributed to the increase in customer numbers due to intensification of the network system. The continuation of Area Performance Contract (APCs), started in the previous year, played a key role in improving the financial performance of the Corporation. In addition to the APCs a new performance enhancement programme, the stretch-out programme was introduced during the financial year under review. The object of this programme was to promote participation of all employees in all areas of operation in order to achieve performance excellence.

In the previous year, Government grants for financing the retrenchment programme totaled approximately shs. 3.2 billion. In the current year, this contribution amounted to Shs. 1.9 billion; a decrease of approximately shs. 1.3 billion. No grant was realized in respect of Gaba 1 Refurbishment (shs. 0.8 billion in 2002). The total revenue from other incomes therefore decreased by approximately Shs. 2.3 billion. Staff numbers increased marginally from 889 employees to 049. The increase was due to additional staff taken over in the new towns of

Arua, Soroti and Bushenyi. Despite the marginal increase, however, staff productivity increased from 12 to 11 staff per 1000 connections. Staff costs decreased by Shs. 2.5 billion from Shs. 10.5 billion to approximately Shs.8.0 billion.

This is partly because, of the total NWSC staff, some 213 were seconded to the private operator in Kampala Area and the corresponding costs were met from the management fees paid to the contractors. Management fees for the Kampala water & Sewerage Service Area (KWSSA) increased by approximately shs 2 billion from shs 2.1 billion to shs 4.1 billion due to the fact that in the previous year, the contract had operated for only four months: the contract having commenced in February 2010. The geographic spread of the Corporation's branches necessitates regular travels to and from the head office for supervision and management purposes. During the financial year in particular, additional travels were required for mobilizing staff in all areas in seminars and evaluation workshops under the stretch-out programme. Static plant and pipe network maintenance costs increased by approximately Shs 640 million in the previous year to approximately Shs 7.2 billion. The increase is mainly attributed to the rise in the cost of electricity in the treatment works - up from Shs 3.9 billion to shs 4.7 billion. The rise reflects the increase in the volume of operations and, partly, increased output associated with the operation of two new towns of Soroti and Arua acquired during the year under review. Supplies and services costs increased by approximately Shs 360 million. The increase was largely the result of increasing cost of chemicals which is associated with exchange fluctuation and increased output due to the two new towns taken over by NWSC during the year under review. Premises maintenance costs increased by approximately Shs 410 million. Most of the increase was due to the backlog of previous years repairs carried out on the Corporation's property, notably workers' quarters and other buildings in the treatment works during the year under review. Interest rates on the Government of Uganda IDA loans are pegged to the Treasury bill rate. Due to the rise in the Treasury bill rate during the year, interests payable on the loans increased by Shs 1.4 billion from Shs 9.6 to Shs 11.0 billion. In addition, exchange loss amounting Shs 0.9 billion was incurred on conversion of the French loan which is denominated in foreign currency. The repayment of the donor loan and interest was due from July 2002. The Corporation is however in the process of negotiating a new Performance Contract with the Government of Uganda whereby the loan servicing will be frozen for the next five years. The directors do not recommend the payment of a dividend in respect of the year as the retained earnings will be utilized to increase the water and sewerage network coverage in the National Water and

Sewerage Corporation Area offices and to supplement the government funding for donor funded projects.

5.2 Conclusion

The Corporation continued with strategies to address the issue of unaccounted for water (UfW), which, among others, included intensified leak detection, repairs and replacement of defective networks in addition to reactivating inactive accounts. As a result of these activities, the level of UfW has continued to decrease from 51(% in 1998 to 39% (40% previous year) in the current year. Unaccounted for water in all areas excluding Kampala averaged 26.7 (down from 30% in the previous year). In Kampala UfW averaged 44.5% (44.0% in the previous year). To reduce the level of unaccounted for water in Kampala, the Kampala Network Rehabilitation Project was launched in the later part of the previous financial year. The project took off effectively from the current financial year and the results are expected to be felt during the next financial year.

After the above achievements, NWSC still needs to carry out many more initiatives to sustain and further improve its viability and service delivery to its esteemed customers. There are a lot of outstanding challenges that are facing the Corporation if it is to fully meet its mandate embedded in the Water Statute. The Corporation must generate sufficient revenues and develop capacity to finance most of its investment needs and other long-term debt obligations. Myself, management and staff will never rest if the Corporation has not been positioned favorably to achieve the latter. By doing this, the outstanding problem of inadequate service coverage for both water and sewerage will surely be the outright target. I have no doubt that after significantly, solving the operating efficiency problem in the last 4 years; a firm ground has already been laid to enhance our internally funded investment portfolio. The recent introduction of the One-Minute Management concept is another useful ingredient. The concept will in reality enhance the stretch out programme. Accountability for task accomplishment will now penetrate down to the individual within an effective team. All Individual staff in the Corporation will have clear time-bound goals and activities with concrete deliverables and means of verification (MOV). My Management and staff have embraced this concept and I am confident that this professional management approach will improve NWSC performance further.

5.3 Recommendations

The continuation of the enhancement programmes aimed at harnessing increased productivity at all levels. These will include the One-Minute Manager Concept which emphasizes the three secrets of One-Minute Goal setting, One-Minute Praise and One-Minute reprimands. The renewal of the Performance Contract with Government for a further three years the strengthening of headquarter supervisory roles, and the transformation of the Area Performance Contract's into Area Management Contract's. This is aimed at harnessing efficiency, performance improvements and customer satisfaction. The review and strengthening of the Management Services Contract in the Kampala Water Supply and Sewerage Service Area. At the functional level, the NWSC will further enhance its performance by improving its commercial and customer care activities, with specific emphasis on reducing the number or suppressed accounts and implementing a pro-poor strategy. Technical objectives will include the reduction of UfW especially in Kampala and the replacement and expansion of its infrastructure using more of its internally generated funds and with donor assistance. As earlier on mentioned the staff of the Corporation remains the single most important resource. Hence the human resource factor will be a key consideration for the future of the NWSC operations. The NWSC will continue with its training policy in a bid to add value to its staff and will continue to motivate its staff through a humane welfare strategy.

5.4 Areas for further research

Relationship between donor funding and credit management in service organizations.
Credit policy management and service delivery in service organizations.

The effect of political influence towards donor fund management in service organizations.

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APPENDIX A: RESEARCH INSTRUMENTS

QUESTIONNAIRE FOR NATIONAL WATER AND SEWERAGE CORPORATION MANAGEMENT OFFICIALS

Dear respondent

I am **Nakwanga Esther** a student of Kampala International University pursuing a Bachelor in Business Administration. I hereby seek your assistance in answering the questions below on “*Donor funding and service delivery in organizations*” a case study of *National water and Sewerage Corporation*. Your response will strictly be used for academic purpose and will therefore remain confidential. Your positive response is greatly appreciated.

Thank you.

1.0 SECTION A BACKGROUND INFORMATION

1. Age bracket

- Below 18 years
- 18-25 years
- 26-36 years
- Over 36 years

2. Sex

- Male
- Female

3. Marital status

- Married
- Single
- Divorce

Specify if any

4. What is your qualification?

- Degree holder
- Master
- Diploma holder

Other (specify).....

5. For how long have you worked with the National water and sewerage corporation?

Less than 1 year

1-3 years

3-5 years

More than 5 years

6. What position do you hold with the National water and sewerage corporation?

.....

1.4 SECTION B DONOR FUND MANAGEMENT POLICIES

You are requested to tick the correct answer for questions asked

7. Do you have policies governing donor funds in your company?

Yes

No

8. If yes, what are some of these policies?

.....
.....
.....

9. Have you been using the above policies in National water and Sewerage Corporation?

Yes

No

10. If yes, explain how the policies have helped the company to achieve its future performances?

.....
.....

11. What major donor fund policies do you think are more applicable in National water and Sewerage Corporation?

.....
.....
.....

12. Explain how these policies are managed and followed in your organization?

.....
.....
.....

13. Do you think the management of donor funds affects the organization's performance?

Yes

No

14. If yes, you explain some of the reasons how?

.....
.....

15. Do you think National water has achieved its future performances?

Yes

No

16. List some of the ways how donor fund management policies have helped the company to achieve its performances?

- a)
- b)
- c)

17. Do you think the company has developed?

Yes

No

18. If yes, explain the different ways

.....
.....

1.5 SECTION C THREATS TO DONOR FUNDING

19. What problems do you associate with donor funding in your organization?

.....
.....

20. Have the threats affected the performance of National water and Sewerage Corporation?

Yes

No

21. If yes, explain how?

.....
.....

22. Does the company give accountability to donor funders?

Yes

No

23. In your view, how should donor funds be managed?

.....
.....

24. Does the company have an agreement of performance with donors?

Yes No

25. If No, provide how you think it should be done.

.....
.....

26. What are the disadvantages of using donor funds in your corporation?

- a)
- b)
- c)

27. What are the advantages of using donor funding to the corporation?

- a)
- b)

28. Mention some of the other funding methods used in National water and Sewerage Corporation?

- a)
- b)
- c)

29. Does National water have donor fund management agency?

Yes No

30. If yes, have they contributed to the performance of the organization?

- a)
- b)
- c)

31. Does the company have donor representatives?

Yes No

32. Do you think they have helped to achieve its performance?

Yes No

33. Do you provide guiding documents to the officials /employees about donor funding programmes?

Yes No

INTERVIEW GUIDE

1) When did you start working at National Water and Sewerage Corporation?
.....

2) Do you know any donor fund management policy employed in service provision?
.....

3) Is there any relationship between donor funding management and service delivery?
.....

4) Mention any threats encountered in service delivery by donor funding management?
.....

**APPENDIX B
ACTIVITY PLAN**

	October 2012	November 2012	December 2012	January 2012	February 2012	March 2012	April 2012	May 2012
Topic identification								
Preparation of proposal								
Data collection								
Proposal writing								
Data analysis and interpretation								
Dissertation writing								
Proposal presentation								
Report presentation								

APPENDIX C
RESEARCH BUDGET

PARTICULARS	TOTAL COST (UGSHS.)
Stationery	50,000
Transport	100,000
Types setting printing & binding	350,000
Miscellaneous	80,000
Total	580,000