



PRESENTATION OF MRI PILOT PROJECT - KAMPALA WATER LAKE VICTORIA WATER AND SANITATION PROJECT – (KW-LVWATSAN PROJECT)

Presented by:

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Presentation outline

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Introduction

- ❖ NWSC is a parastatal corporation established in 1972 with the mandate of developing, operating and maintaining water supply and sewerage services in urban areas of Uganda.
- ❖ The Corporation currently operates in 23 towns of which Kampala accounts for approx. 60-70% of its business (Turnover of K'la ~US\$38m p.a)
- ❖ Kampala is the Capital City of Uganda; has a population of 2.5 million (growth rate of 5.6% p.a) & rapid urbanisation rate of 16 % p.a.
- ❖ The City of Kampala obtains its water supply from Ggaba peninsula located in the Murchison Bay of Lake Victoria with daily production throughput of 165,000m³/day serving 178,437 connections.
- ❖ The quality of the raw water in the inner Murchison Bay is influenced by the discharge of domestic and industrial sewage which runs through the Nakivubo Swamp (Natural filtration)

Project Background & Objectives



Background:

- ❖ Project Proposal presented at 2nd Meeting of the East African Community Ministers Responsible for Water organized by UN Habitat in 2009
- ❖ Proposal entailed investments to improve service delivery within Kampala
- ❖ Financiers (EIB, AfD and KfW) to fund the proposal brought together following proposal endorsement
- ❖ In 2009, developed TOR for 2003 feasibility study update with support of AfD
- ❖ Feasibility study update was financed by KfW and results formed a basis for mobilization of financial resources

Objective of KW-LV WATSAN

- ❖ Provide long-term solutions to the water supply and sanitation challenges of Kampala.
- ❖ To be done through systematic and phased approach (Components).

Justification for the Project (1)



- ❖ Old water and sewerage infrastructure (over 70 years)
- ❖ Rapid urbanization growth Vs limited WATSAN infrastructure >>> dry zones in parts of Kampala
- ❖ Very low sewerage coverage (5%) and 78% for water
- ❖ High non revenue water (NRW) of 39.3%
- ❖ Inadequate water & sanitation coverage for the urban poor
- ❖ Deteriorating raw water quality >>> increased cost of production





Justification for the Project (2)

Gaba offshore pipeline – 2010: Coping with deteriorating raw water quality



Project Components (1)



Component	Description
Component 1: Upgrading and rehabilitation of the Ggaba Water Treatment Complex	Restoration of the existing Ggaba treatment Works Complex to design capacity of 240million litres per day. Production currently up to 65% due to water quality deteriorating of the raw water source (approx estimate €26m)
Component 2: Network Restructuring & Rehabilitation	Restructuring and Upgrading of Water Distribution System and reorganization of the water distribution systems into distinct hydraulic zones to ensure proper pressure and demand management. This in tandem will address the problem of dry zones and high Non Revenue Water (NRW) in Kampala. (approx estimate €74m)
Component 3: Extension of Water Supply in Informal Settlements	Increase access to water supply and onsite sanitation(including fecal sludge management) to at least 50% of urban poor population(Approx estimate €20m)
Component 4: Construction of new Water Treatment Plant East of Kampala and associated Network	Design and Construction of new WTP to the East of Kampala of 240million litres per day to increase production and security of supply(approx estimate €60m)
Component 5: Accompanying Measures	<i>Approx estimate €16m</i>



Project Components (2)

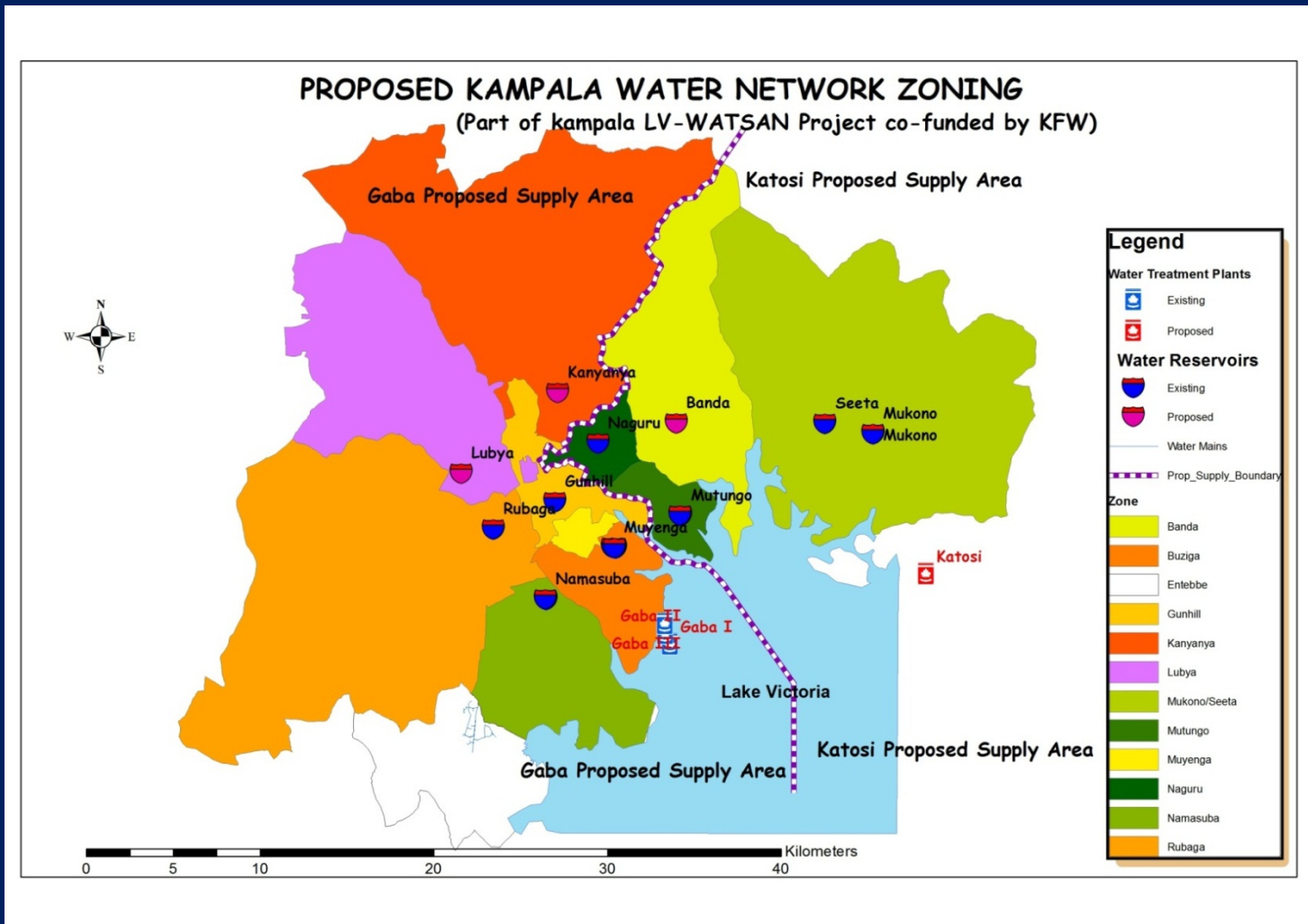


**Component 2 to
address aged and
unplanned Kampala
water Supply network**

Project Components (3)



Conceptual Approach for Water Distribution



Water Supply & Sewerage Services within Kampala



Project Components (4)



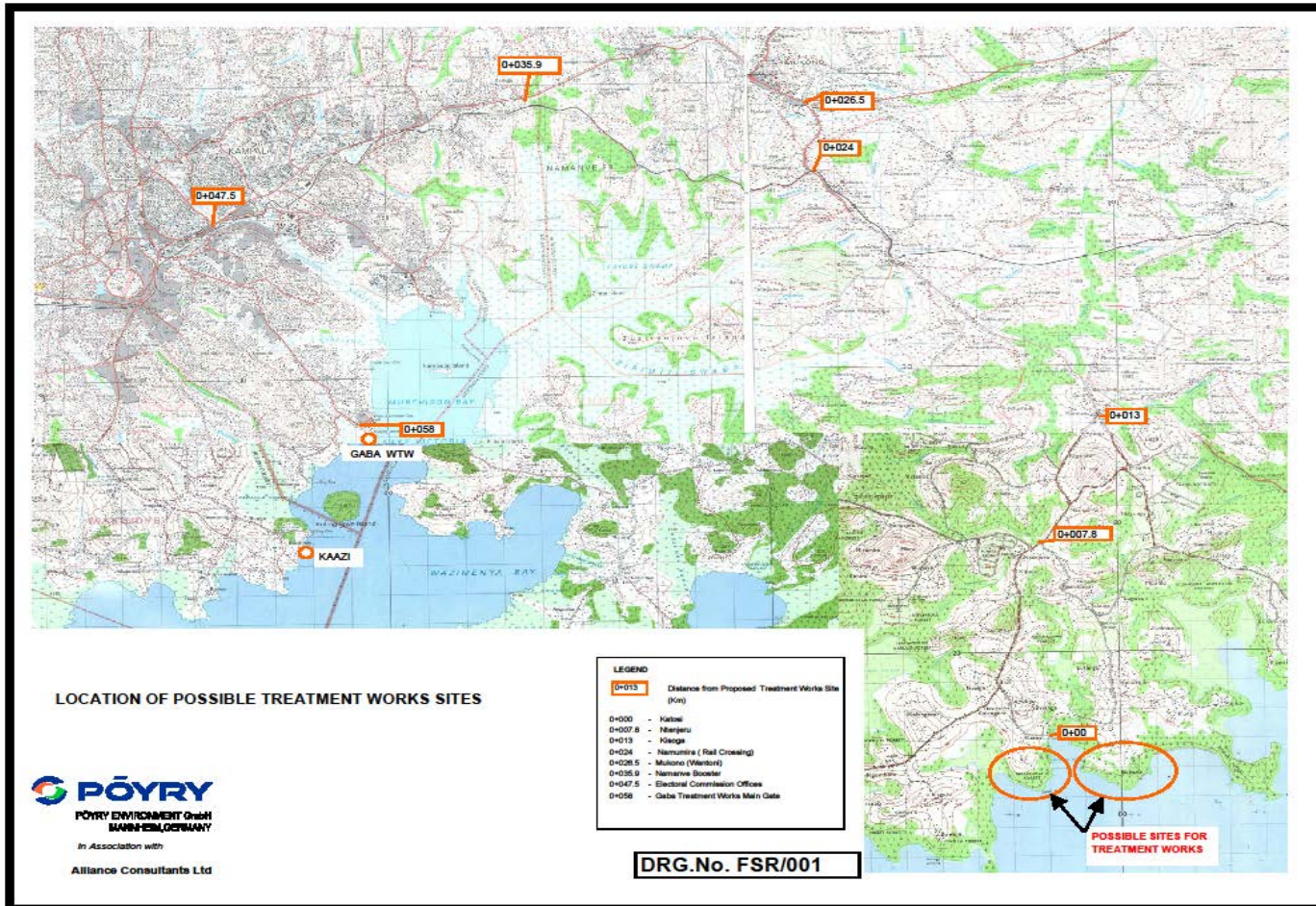
Component 4 New WTP to increase supply and security



Project Components (5)



Location Map showing potential sites for New Water WWK



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 IN ASSOCIATION WITH
 Alliance Consultants Ltd



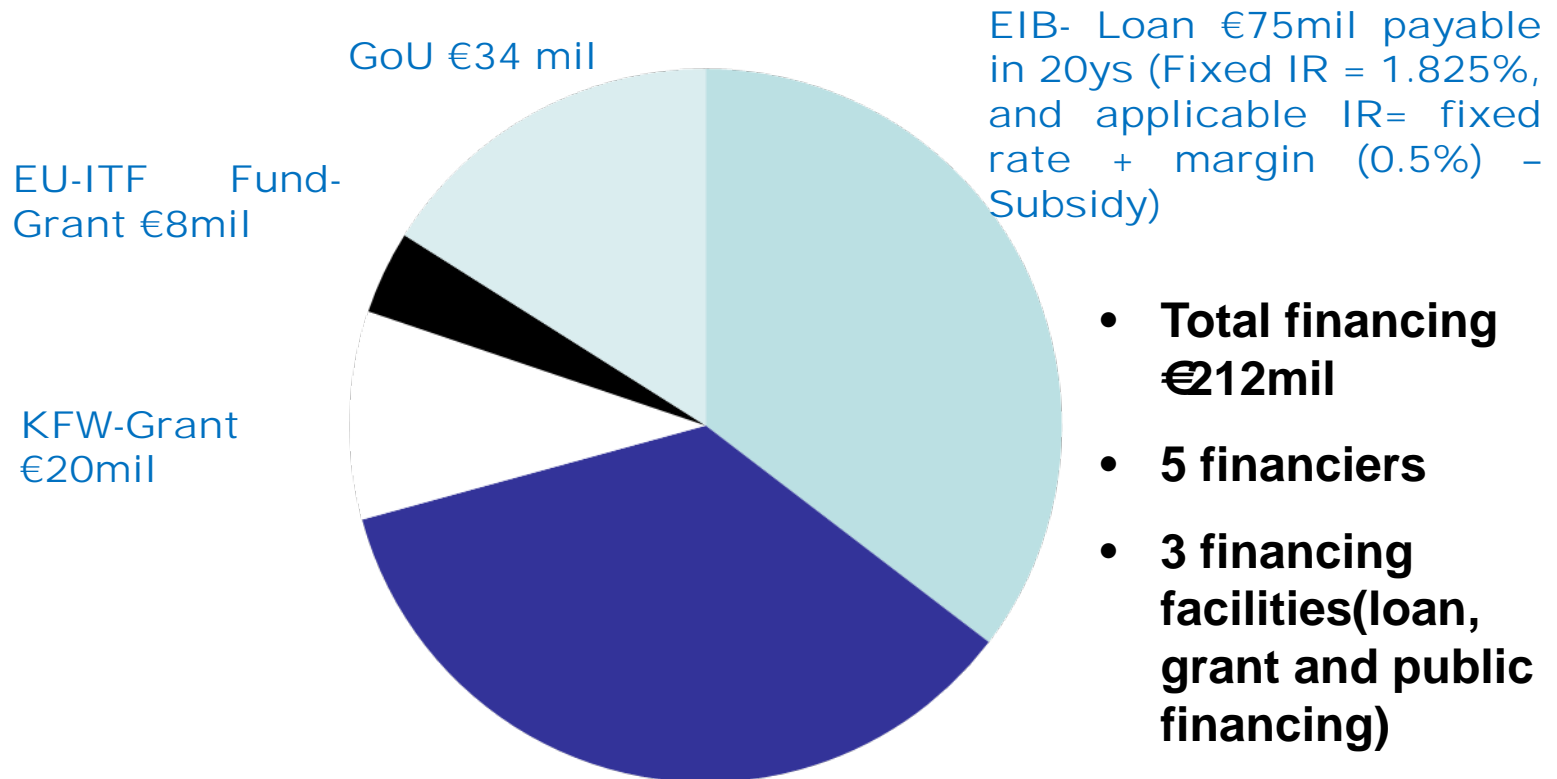
Project Components (6)



Component 3 to increase access to safe portable water and improve sanitation to Urban poor



Project Financing (1)



EIB- Loan €75mil payable in 20ys (Fixed IR = 1.825%, and applicable IR= fixed rate + margin (0.5%) - Subsidy)

- **Total financing €12mil**
- **5 financiers**
- **3 financing facilities (loan, grant and public financing)**
- **Final disbursement by Dec 2016**

AfD-Loan €75mil payable within 20 yrs (IR including 7yr GP and repayment in 26 half yearly instalments) ($0.25\% < IR < 6.34\%$ Reference IR = 1.99% as at 28th April 2011,



Project Financing (2)



- ❖ Financing agreements signed by GoU & Lenders on 28th April 2011
- ❖ Funds channelled to NWSC as grant through subsidiary agreements
- ❖ The Borrower, PEA and the Lenders signed Common Project Terms Agreement (“CPTA”).
 - ❖ Obligations of each party are detailed under the CPTA
 - ❖ KfW is the lead financier for the purpose of the CPTA
- ❖ Disbursements are done on pro-rata basis (EIB 46.88%, AfD 46.88% and KfW 6.25%) through one disbursement account
- ❖ Tranches are disbursed subject to satisfactory fulfilment of disbursement conditions by Borrower & PEA,
- ❖ The borrower/ PEA provides quarterly statements of expenditure prior to a subsequent disbursement

Progress of Implementation



1. First Tranche by AFD, KfW have been disbursed to the Borrower/ PEA
 - ❖ €3.0mil from AfD and KfW €0.2 mil towards implementation of NRW reduction activities
 - ❖ €0.28 for Technical Assistance and consultancies
2. Procurement of goods and services and works are at various stages of tendering e.g:
 - ❖ Completed designs to improve existing water production plants and critical network systems and pre-qualified works contractors
 - ❖ Contract for network modelling and Master planning due for signing
 - ❖ Short listed consultancies for feasibility studies and water quality monitoring for new water treatment plant
 - ❖ Tenders for under studies for the development an appropriate sanitation concept and review of water supply aspects in informal settlements



Challenges & Way Forward

Challenges

- Disparity in the different disbursement conditions under the CPTA and interpretation of clauses
- Significant Workload for the lead donor in comparison to contribution
- Delays introduced into approval system due to large larger number of financiers
- Increase Project Management workloads which impact Engineering significantly



Way Forward

- Where possible donors have been flexible with standardization of documents and approvals
- NWSC has significantly increased PIU to manage the workloads involved.
- Procurement of PM support and Tender Agents have reduced significantly Lead Financier's workloads
- Delays are being mitigated though not completely eliminated



Lessons Learnt

- ❖ MRI has the potential to leverage significant financing for holistic WATSAN (Investments & capacity building, quantity & quality of water supply, targeting broad spectrum of consumers particularly the urban poor)
- ❖ Need for comprehensive harmonization of Terms of Agreement including standardization of procedures and documents.
- ❖ A harmonized “Implementation Team” to be constituted by financiers could reduce workloads and increase ownership, definition of responsibilities and tasks prior to project
- ❖ Timely preparation, review and approval of project dossier is a MUST
- ❖ Lengthy procedures and approvals need to be recognized and built into project Planning/Programming
- ❖ Flexibility and capacity to meet challenges by Implementing agencies is very necessary
- ❖ Staff turnover (PIT and Development Partners) has negative impacts
- ❖ Effective and efficient coordination/communication between the Development Partners and/or other key stakeholders involved in the implementation process is needed



Conclusion & Recommendations

- ❖ MRI provided an excellent framework for pooling resources
- ❖ Recognize the challenges as this is the 1st of its kind within the sector
- ❖ Continue to be innovative in approach towards delivering the objectives of the project
- ❖ Capture lessons learnt, develop capacity (within financiers and PIU) and ensure better project execution.

Thank you
Merci
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Asante Sana