



REPUBLIC OF UGANDA

**MINISTRY OF WATER AND ENVIRONMENT
DIRECTORATE OF WATER DEVELOPMENT**

**PERFORMANCE CONTRACT FOR WATER
SUPPLY SYSTEM MANAGEMENT BETWEEN THE
MINISTER OF WATER AND ENVIRONMENT
AND **XXXXX** TOWN WATER SUPPLY AND
SEWERAGE AUTHORITY**

AUGUST 2007

THIS PERFORMANCE CONTRACT (hereinafter called “the Contract”) is made thisday of August, 2007 (the “Commencement Date”) between the Minister of Water and Environment (the “Minister”); of P.O. Box 20026 Kampala on the one part and the **XXXXXX** Town Water Supply and Sewerage Authority (the “Authority”) on the other.

WHEREAS

- A. In pursuance of the Local Governments Act 1997’s 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 Act, the Minister has hereby declared the Area (specified in the First Schedule) a Water Supply and Sewerage Area. In furtherance of this declaration and in accordance with Sections 46 and 47 of the Act, the Minister has appointed the **XXXXXX** Town Council to be a Water Supply and Sewerage Authority for the area to which the Minister now transfers responsibility for custodial care of the assets and management of the water supply and sanitation system.
- B. Section 48 of the 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.
- C. Upon signing this Performance Contract the **XXXXXX** Town Council acknowledges and confirms the establishment of the Water Supply and Sewerage Authority for purposes of management of the assets and water and sewerage services in the Area, until further notice.
- D. This Performance Contract and the management arrangement are a result of the broader Urban Water Sector Reform being undertaken by The Government of Uganda.

THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATIONS

- 1.1 In this Contract, unless the context otherwise requires:
 - (a) “**Area**” means the area specified in the First Schedule;
 - (b) “**National Environment Management Authority**” means the National Environment Management Authority established by section 5 of the **National Environment Management Act, 1995**;
 - (c) “**Pollution licence**” means a pollution licence granted under section 59 of the **National Environment Management Act, 1995**;
 - (d) “**Regulations**” means
 - (i) in the case of a water authority, the **Water Supply Regulations, 1999**;
 - (ii) in the case of a sewerage authority, the **Sewerage Regulations, 1995**; and
 - (iii) in the case of a water and sewerage authority, both of the above Regulations.

- (e) **“Act”** means the **Water Act, Cap 152, 1995**;
- (f) **“Council”** means Council within the meaning of the Local Governments Act 1997.
- (g) **“Town Clerk”** means the administrative head of a Town Council within the meaning of the Local Governments Act 1997.

1.2 In this Contract, unless the context otherwise requires:

- (a) words and phrases bear the same meaning as in Parts I and III of the Act.
- (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. VALIDITY OF THE CONTRACT

2.1 This Contract shall commence on August, 2007 (the “Commencement Date”).

2.2 This Contract shall remain valid for a duration of 5 years starting from August, 2007 (the “Commencement Date”) and ending on August, 2012.

2.3 This Contract shall be renewable at the discretion of the Minister.

AUTHORITY'S RIGHTS AND OBLIGATIONS

3. TO OWN ASSETS

- 3.1 It has been established at the commencement of this Contract that the Authority does not own any assets.
- 3.2 If the Authority acquires any assets during the contractual period, the Minister shall be notified and an addendum shall be added to this Contract indicating the assets acquired.
- 3.3 The Authority shall not dispose of any assets acquired without the consent of the Minister.

4. TO MANAGE AND CONTROL ASSETS

- 4.1 The Authority has the sole right to use and the duty to manage and control the assets set out in the Third 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 The Authority shall not dispose of any asset referred to in sub-clause 4.1 without the prior written approval of the Minister.
- 4.3 The Minister may direct the Authority how to use or dispose of any money or other consideration to which the Authority may become entitled as a result of disposing of any asset referred to in sub-clause 4.2.

5. TO PROVIDE SERVICES

- 5.1 The Authority shall discharge all the obligations of a water supply and sewerage Authority within the area specified in the First Schedule, for the term of the Contract.
- 5.2 In discharging its functions and exercising its powers, the Authority shall comply with:
 - (a) any code of workmanship prescribed by the Minister under section 70 of the Act; and
 - (b) the service standards specified or referred to in the Fourth Schedule;
 - (c) any written directions given to the Authority from time to time by the Minister.
- 5.3 In discharging its functions and exercising its powers, the Authority shall be mandated by the Minister to constitute a five (5) member Water Supply and

Sewerage Authority Board of Directors (Water Supply and Sewerage Board (WSSB)) for the Authority to exercise management oversight for the operations of the Authority including any operations sub-contracted under sub-clause 5.5. This Board shall be appointed within 2 months of the commencement of this Performance Contract and shall comprise:

- (a) The Town Clerk or, for areas below town council status, the equivalent administrative head as prescribed by the Local Governments Act, 1997.
- (b) The chairman of the appropriate committee of the council responsible for water and sewerage services or, in the absence of such designation, any other councilor.
- (c) Three other members drawn from the various categories of water users (institutional, commercial, industrial and household) in the service area and of caliber and qualifications as prescribed by the Local Governments Act 1997, who shall each serve for a renewable term of three years. At least one member shall be female.

The composition of the WSSB shall give due consideration to gender balance amongst the membership.

5.4 In discharging its management oversight responsibilities, the WSSB shall:

- (a) At its first meeting elect a chairperson.
- (b) Determine its rules for conducting its business.
- (c) Convene quarterly to review the operations of the Authority and its sub-contractor.
- (d) Appropriate no more than 5% of the gross revenues of the Authority to the WSSB's operating account for the WSSB's expenses, providing that this sum of money would have been reflected in the approved business plan.
- (e) Comply with every provision of the Local Governments Act 1997 relating to its operations.

5.5 In discharging its functions and exercising its powers the Authority, through the WSSB, shall sub-contract the day-to-day operation and management of the water supply system and the assets referred to by Clauses 3.1 and 4.1 to an independent Professional Operator that shall be selected by the WSSB through a transparent and competitive process in accordance with Part IX of the Local Governments Financial and Accounting Regulations, 1998. The WSSB and the Operator will enter into a Management Contract not to exceed three years.

5.6 To attain economies of scale and obtain favorable terms from a sub-contractor retained under sub-clause 5.5, the Authority may associate with other Authorities,

provided that the Authority shall reach an understanding witnessed by a Memorandum of Understanding with the other Authority or Authorities with which it wishes to associate.

- 5.7 Where the Authority enters into a Memorandum of Understanding under sub-clause 5.6, it shall not withdraw from the arrangement without the consent of the Minister, which consent shall be sought through a written request specifying the reasons for the withdrawal and giving 90 days notice of the intention to withdraw. A request for withdrawal shall be subject to arbitration and resolution at the direction of the Minister.
- 5.8 The withdrawal of an Authority from an arrangement entered into under sub-clause 5.6, in a manner which contravenes sub-clause 5.7 shall amount to a breach of this contract and may constitute grounds for termination under clause 20.
- 5.9 Sub-clause 5.5 notwithstanding, the Authority shall not sub-contract the performance of any of the obligations referred to in sub-clause 5.1, without first informing the Minister in writing and providing such information about the proposed sub-contractor as the Minister may require.
- 5.10 The Authority remains liable under this Contract for the performance of any obligations sub-contracted by it under sub-clause 5.5.

6. TO CHARGE FOR SERVICES PROVIDED

The Authority shall have the right to charge and collect tariffs, fees, rates and charges for services provided under sub-clause 5.1 and in accordance with approved business plans under sub-clauses 12.3 (d) and 12.7(c).

7. TO COMPLY WITH LAWS

- 7.1 The Authority shall comply with:
- (a) every provision of all laws relating to the obligations referred to in clause 5, to occupational health and safety of employees and to the environment; to taxes and to all other laws relating to its activities;
 - (b) the provisions of the Local Governments Act 1997; and
 - (c) the terms of any water or waste discharge permit granted to the Authority.
- 7.2 The Authority shall not take or use water from any source of water subject to Part II of the Act, except in accordance with a water permit granted under that Part.

8. **TO RENEW AND EXTEND ASSETS**

The Authority shall comply with any directions given by the Minister under sub-clause 5.2 (c) to renew or to extend assets referred to in the Second or Third Schedules, within such time or times as are specified in that direction, or such longer time as the Minister may allow.

9. **TO MAINTAIN ASSETS**

The Authority shall maintain, in good condition and working order throughout the term of this Contract:

- (a) all assets referred to in the Second Schedule, while they remain the property of the Authority;
- (b) all assets referred to in the Third Schedule;
- (c) all other assets renewed, acquired or constructed by the Authority, whether or not under a direction from the Minister given under clause 5.2 (c).

10. **NOT TO DISPOSE OF ASSETS**

The Authority shall not dispose of, or create any interest in, any asset:

- (a) referred to in the Third Schedule;
- (b) renewed, acquired or constructed under a direction given under clause 5.2

except with the written permission of the Minister.

11. **TO ALLOW INSPECTION**

The Authority shall allow the Director, or any person representing the Director, access at any time to-

- (a) any land owned or occupied by the Authority;
- (b) any assets referred to in the Second or Third Schedule and any other assets renewed, acquired or constructed by the Authority;
- (c) inspect any land, works, buildings or any other assets;
- (d) make any tests, take any measurements or take any samples;
- (e) take any photographs or make any plans or drawings; and

- (f) inspect and, if necessary, to make any copies of any records or documents referred to in clause 13 in order to ascertain whether the Authority is complying in every respect with this Contract and the Act.

12. **TO PREPARE BUSINESS PLANS**

- 12.1 (a) The Authority through the WSSB shall, from time to time, prepare a three year business plan.
 - (b) The first business plan shall come into effect on a date to be determined by the Minister;
 - (c) The Authority shall submit to the Minister its business plan and any amendments, as soon as is practicable after the business plan or amendment is made.
- 12.2 (a) A business plan shall be in a form approved by the Minister and include the following:
 - (i) the objectives of the plan;
 - (ii) the overall strategies and policies that the Authority is to follow to achieve those objectives;
 - (iii) the services that the Authority expects to provide and the standards expected to be achieved in providing those services;
 - (iv) performance indicators and targets (whether financial or operational) as the Authority considers appropriate;
 - (v) financial matters as set out in sub-clause 12.4; and
 - (vi) other information that the Authority may consider appropriate or that may be specified in writing by the Minister.
 - (b) A business plan shall be consistent with any Water Action Plan established under section 17 of the Act.
- 12.3 Each business plan shall state, in relation to financial matters:-
 - (a) the financial target of the Authority; and
 - (b) the overall financial strategies including the setting of tariffs and charges, the making and levying of rates, borrowing, investment and purchasing and disposing of assets;
 - (c) a forecast of the revenue and expenditure of the Authority, including a forecast of capita expenditure and borrowing; and

- (d) details of the significant tariffs, fees, rates and charges expected to be raised by the Authority and the basis on which those tariffs, rates and charges are to be raised; and
- (e) other financial information as the Authority may consider appropriate or as is specified in writing by the Minister.

12.4 In preparing a financial target, the Authority shall have regard to:-

- (a) maintaining the 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 Authority;
 - (ii) any capital contributions which the Authority is obliged to make under clause 14;
 - (iii) improved accessibility of and performance standards for, the services provided by the Authority; and
 - (iv) other matters that may be specified by the Minister in writing.

12.5 (a) The Minister may, within 60 days after receiving a copy of a business plan and within 30 days after receiving a copy of a revised plan and after consultation with the Authority, direct the Authority to vary any aspect of the plan, including the period to which it relates.

(b) In exercising his powers under sub-clause (a), the Minister shall have regard to:-

- (i) the effect of the variation on the business plan; and
- (ii) the effect of the variation on the services provided by the Authority; and
- (iii) any other matter that the Minister may consider appropriate.

(c) A direction under sub-clause (a) shall be in writing and shall set out the Minister's reason for the direction.

12.6 If the Authority is of the opinion that matters have arisen that may prevent, or significantly affect the achievements of:

- (a) the objectives of the Authority under the business plan.
- (b) the financial target under the plan the Authority shall immediately notify the Minister of its opinion and its reasons for the opinion.

- 12.7 (a) The Authority shall not make any major deviation from its business plan, unless it has first obtained the written approval of the Minister to do so.
- (b) The Minister may issue guidelines as to what are major deviations for the purpose of paragraph (a).
- (c) The Authority shall not set tariffs, fees, rates or charges otherwise than in accordance with its business plan.

13. **TO KEEP AND MAINTAIN RECORDS**

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

13.2 The Authority shall open an escrow account in the names of the Authority with a local bank into which all the revenues collected by the Operator shall be deposited. The account shall be jointly controlled by the Operator and the Town Clerk or, for areas below Town Council status, the equivalent administrative head, both of whom shall be its signatories. Withdrawals from the escrow account shall be only for eligible payments which shall be limited to:

- (a) payments due to the Operator and payable into the Operator's operating account under the terms of the management contract referred to under sub clause 5.5.
- (b) payments for the WSSB's expenses payable into the WSSB's operating account established under sub-clause 13.3.
- (c) payments to the Operator for financing of WSSB approved repairs, replacements and expansions of the system.
- (d) payments of taxes, licenses, levies and other such charges due from the Authority
- (e) Other payments as directed by the Minister under sub-clause 5.2 (c).

The first right of withdrawal shall be for monthly payments to the Operator under sub-clause 13.2 (a) upon presentation of approved invoices as provided for in the management contract.

13.3 The Authority shall open an operating account with a local bank into which payments for the WSSB's expenses under sub-clause 5.4 (d) will be deposited. Withdrawals from the operating account shall be for bonafide WSSB expenses in conformity with approved business plans.

- 13.4 The Authority shall:
- (a) ensure that all money payable to the Authority is properly collected and paid into the escrow account established under sub-clause 13.2
 - (b) ensure that all money expended by the Authority is properly expended and only for purposes authorised by or under the Act and that such expenditure is in conformity with approved business plans and is properly authorised;
 - (c) ensure that adequate control is maintained over assets owned by, or in the custody of, the Authority;
 - (d) ensure that all liabilities incurred by the Authority are properly authorised;
 - (e) ensure efficiency and economy of operations and avoidance of waste and extravagance;
 - (f) develop and maintain an adequate budgeting and accounting system;
 - (g) particularly maintain a customer subsidiary ledger showing individual balances due to and from customers, and a general ledger control account for the customer subsidiary ledger showing the consolidated customer transactions.
 - (h) develop and maintain an adequate financial control system.
 - (i) ensure that sitting allowances paid to board members and other expenses of the WSSB are in conformity with sub-clause 5.4 (d)
- 13.5 Without detracting in any way from sub-clause 13.1, the Authority shall keep the records referred to in the Sixth Schedule and shall retain those records for the period noted in the Schedule, after each record is made.
- 13.6 Except as provided in sub-clauses 11 (f) and 13.8, all records are confidential to the Authority.
- 13.7 Any customer or former customer of the Authority may apply to the Authority for a copy of all records held by the Authority concerning that customer, in such a form as may be prescribed by the Authority.
- 13.8 The Authority shall provide a customer or former customer with a copy of the relevant records referred to in sub-clause 13.7, but may impose a reasonable charge to cover the costs to the Authority of making the copy of the records available.
14. **TO MEET FINANCIAL OBLIGATIONS**
- 14.1 The Authority 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 tariffs, rates, charges, fees, penalties and interest paid to it under the Act and the Regulations, and any interest paid to it upon those monies.

- 14.2 The Authority shall pay to the Government of Uganda such contributions towards the capital cost of the assets referred to in the Second or Third Schedules and at such times as are prescribed in the Fifth Schedule, as revised from time to time by the Minister.

15. **TO REPORT TO THE MINISTER**

- 15.1 The Authority shall, in respect of each financial year, prepare an annual report containing:-

- (a) a report of its operations during the financial year; and
- (b) financial statements for the financial year;

and submit the report to the Minister not later than 31 October next following the financial year.

- 15.2 The report of operations referred to in sub-clause 15.1 (a) shall:-

- (a) be prepared in a form determined by the Authority to be appropriate;
- (b) contain the information specified in the Sixth Schedule and any other information determined by the Authority to be appropriate;
- (c) contain a copy of any direction given by the Minister under clause 5.2 during the financial year; and
- (d) contain any other information required by the Minister.

- 15.3 The financial statements referred to in sub-clause 15.1 (b) shall:

- (a) contain information determined by the Minister to be appropriate;
- (b) include an assessment of:
 - (i) the cost of carrying out the Authority's community service obligations;
 - (ii) the cost of implementing any directions given by the Minister under sub-clause 5.2 (c);
 - (iii) the cost of carrying out any other obligation that is imposed on the 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; and

(d) present fairly the results of the financial transactions of the Authority during the financial year to which they relate and the financial position of the Authority as at the end of that year.

15.4 Nothing in the foregoing sub-clauses 15.1, 15.2, and 15.3 shall detract from the Authority's responsibility and reporting obligations under the Local Governments Act, 1997 and Local Governments Financial and Accounting Regulations, 1998.

16. TO AUDIT ACCOUNTS

16.1 The financial statements referred to in clause 15 (1) (b) shall be audited by 31 October in any year by a duly qualified external auditor appointed by the Authority and approved by Auditor General as provided for in the Local Governments Financial and Accounting Regulations, 1998.

16.2 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 Authority or the Minister.

16.3 The Authority shall pay the costs of any auditor engaged under sub-clause 16.1.

16.4 Nothing in the foregoing sub-clauses 16.1, 16.2, and 16.3 shall detract from the Authority's responsibility and reporting obligations under the Local Governments Act, 1997 and Local Governments Financial and Accounting Regulations, 1998.

MINISTER'S RIGHTS AND OBLIGATIONS

17. TO AMEND STANDARDS OF SERVICE

17.1 The Minister may, from time to time, revise or add to the standards specified or referred to in the Fourth Schedule.

17.2 The Minister shall not revise or add to any standard without first consulting the Water Policy Committee.

17.3 The Authority shall comply with the standards specified in the Fourth Schedule, as revised or added to under this clause, from such date as may be specified by the Minister in writing.

18. TO AMEND CAPITAL CONTRIBUTIONS

18.1 The Minister may, from time to time, amend the capital contributions or the times prescribed in the Fifth Schedule, after consulting with the Authority.

18.2 The Authority shall comply with the requirements of the Fifth Schedule as amended under this clause, from such date as may be specified by the Minister in writing.

19. TO ARRANGE COMPENSATION

19.1 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 Authority and enter into a Performance Contract with the successor under section 48 of the Act.

19.2 The Minister may arrange compensation to the Authority for any additional assets acquired by the Authority under this Contract where the assets are to be transferred to a private body.

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

20. TO TERMINATE AGREEMENT

20.1 The Minister may terminate this Contract in line with the recommendations of the Urban Water Sector Reform Study.

20.2 The Minister may also terminate this Contract if the Authority has not complied with any provision of this Contract, the Act or the Regulations. The Minister may serve a notice on the Authority setting out:

- (a) the provision which the Minister considers has not been complied with; and
- (b) why the Minister considers that the provision has not been complied with; and
- (c) the date by which the Authority shall comply with the provision.

20.3 The Authority shall comply with any provision mentioned in a notice under sub-clause 20.2 by the date specified in that notice, to the satisfaction of the Minister.

20.4 If the Authority does not comply with the requirements of sub-clause 20.3 by the date specified in a notice served under sub-clause 20.2 or if the Minister wishes to effect the Urban Water Sector Reform Study recommendations under sub-clause 20.1, the Minister may terminate this Contract by giving the Authority at least 90 days' notice in writing.

20.5 From the date on which an Authority receives notice given under sub-clause 20.4 until the date on which the period of notice expires, the Authority:

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

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

MISCELLANEOUS

21. **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.

22. **AMENDMENT OR VARIATION**

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

23. **SPECIAL CONDITIONS**

None

EXECUTED as a Contract thisday of August 2007

.....
MINISTER OF WATER AND ENVIRONMENT

IN THE WITNESS OF

.....
DIRECTOR, DIRECTORATE OF WATER DEVELOPMENT

.....
CHAIRMAN LC III
XXXXXTOWN COUNCIL

For

XXXXXTOWN WATER SUPPLY AND SEWERAGE AUTHORITY

IN THE WITNESS OF

.....

TOWN CLERK XXXXX TOWN COUNCIL

FIRST SCHEDULE

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

AREA OF AUTHORITY

The area coinciding with the boundary of **XXXXX** Town Council as depicted by the town plan map.

SECOND SCHEDULE

[sub-clause 3.1]

ASSETS BELONGING TO THE AUTHORITY

NOT APPLICABLE.

THIRD SCHEDULE

[sub-clause 4.1]

ASSETS MANAGED AND CONTROLLED BY AUTHORITY

1. PUMPS

To be inserted e.g. (1 No. 1.1kw abstraction pump)
(1 No. 5.5kw high-lift pump)

2. TREATMENT PLANT

To be inserted e.g. (1No. chlorination tanks)
(2No. Sedimentation tanks)

3. TRANSMISSION SYSTEM

To be inserted

4. STORAGE RESERVOIRS

To be inserted e.g. (1No. reservoir tank of 120m³)

5. DISTRIBUTION SYSTEM

To be inserted

6. METERS

To be inserted

7. TOOLS AND EQUIPMENT

To be inserted

8. BUILDINGS AND FURNITURE

To be inserted where applicable

FOURTH SCHEDULE

[sub-clause 5.2 (b), 17.1, 17.2]

STANDARDS OF SERVICE

1. TECHNICAL REQUIREMENTS

1.1 Availability of Supply

The Authority shall ensure that:

- (a) compulsory water restrictions are not imposed on consumers more than once in every 2 years; and
- (b) major campaigns to achieve voluntary savings in consumption are not required more than once in every 5 years.

1.2 Service Coverage

- (a) Within 12 months of the date of this Contract, the Authority shall ensure that the number of people not connected to the Water Supply and living more than 250 metres from the nearest standpipe is reduced by 20% and by 20% for each successive year until the entire population in the Area lives no more than 250 metres from the nearest standpipe.

1.3 Quality of Treated Water

- (a) The Authority shall treat all water supplied to consumers to the relevant standards specified by Directorate of Water Development/National Environment Management Authority;
- (b) The Authority shall ensure that the quality of water throughout the water supply system does not vary significantly from the standard specified in paragraph (a).

1.4 Pressure of Water Supplies

The Authority shall ensure that:

- (a) the pressure in the water supply system is always sufficient to prevent back-siphoning or infiltration of water into the system;
- (b) there is never more than 10 m in head of pressure at the boundary stop-cock on the consumer's side of a meter;
- (c) there is never less than:

(i) 10 metres head of pressure;

(ii) a flow of 9 litres per minute

at the boundary stop-cock on the supplier's side of a meter.

1.5 **Continuity of Service**

(a) Except as provided in paragraph (b), the Authority shall ensure that water is always available at:

(i) every standpipe;

(ii) the first cold water tap on all lands or premises connected to the water supply.

24 hours per day for all 7 days of the week.

(b) The Authority may temporarily interrupt supplies referred to in paragraph (a) whenever -

(i) the Authority 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

(ii) 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.

(c) The Authority does not fail to comply with paragraph (a) whenever an interruption to supply occurs, because of:

(i) the action of a third party;

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

(iii) an act of God.

1.6 **Maintenance and Repairs**

The Authority shall:

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

(b) ensure that the water supply system operates effectively at all times; and

- (c) take appropriate action within five hours of any failure in any part of the water supply system being discovered by it, or brought to its attention.

1.7 **Prevention of Pollution**

- (a) The Authority shall not discharge or dispose of any matter for which a waste discharge permit is required under the Act, or a pollution license under the **National Environment Management Act 1995**, except in accordance with such a permit or license.

2. **CUSTOMER SERVICES**

- 2.1 The Authority shall comply with the performance standards set out in the following table:-

Indicator	Minimum Performance
Percentage of billing enquiries acknowledged within 7 working days	90%
Percentage of billing enquiries dealt with within 14 working days	90%
Percentage of complaints acknowledged within 7 days	90%
Percentage of complaints dealt within 14 days	90%

FIFTH SCHEDULE
Schedule of Capital Cost Contribution by the Authority

[sub-clause 18 (1)]

Capital Cost

There are no capital cost contributions required of the Authority by this Performance Contract

Repayment Schedule

There are no repayments required of the Authority by this Performance Contract

SIXTH SCHEDULE

[sub-clause 15.2 (b)]

REPORTING FORMAT

The Authority shall prepare a report for submission to the Minister and to be made available to the public summarizing the year's activities. The report will comprise the following sections and information:

I Service Coverage

The section will present

- (a) the percentage of the population in the Area with either a direct service connection or within 250 metres of a stand pipe.
- (b) the number of new water supply connections made during the period.
- (c) the number of disconnections and reconnections
- (d) the total number of water supply connections

II Water Consumption

This section will present

- (a) the total amount of water (in m³) extracted, treated, supplied and sold;
- (b) the average amount of water (in m³) sold per connection per month

III Unaccounted for Water

This section will present information on Unaccounted for Water computed

- (a) as the difference between water supplied and water sold expressed as a percentage of net water supplied;
- (b) as the volume of water lost per kilometer of water distribution network.

IV Metering

This section will present information on the proportion of connections that are metered computed as the total number of connections with a meter/total number of connections expressed as a percentage.

V Cost of Operations

This section will present information on the costs of operation showing:

(a) Unit Operational Cost computed in Shillings per m³ as total period operating costs divided by volume of water (in m³) for the period.

(b) Staff per 1000 connections computed as

$$\begin{array}{r} \text{Total Number of Staff} \qquad \qquad \qquad \times \qquad \qquad \qquad 1000 \\ \hline \text{Total Number of Connections} \end{array}$$

VI Quality of Service

This section will present information on continuity of service expressed as the Average Hours of water supply per day for the period.

VII Pricing and Revenue Collection

This section will present information on

(a) the average tariff in Shillings per m³

(b) the connection charge in Shillings per connection

(c) the collection period for accounts receivable expressed in months

VIII Investments

This section will present a summary of the capital works carried out and the investment involved for the period.

IX Financial Performance

This section will present

(a) a summary balance sheet prepared in accordance with Generally Accepted Accounting Principles.

(b) a summary income statement prepared in accordance with Generally Accepted Accounting Principles.