during the ceremonies reflects an awareness that graft remains the single biggest threat to service delivery at the local level. Funds meant for health, education, and infrastructure disappear too often through inflated contracts, ghost projects, and outright theft.

Fighting graft demands active oversight by councils, peers accountable. [illegible] heels of a national renewal.

While taking the oath of office for a seventh term, President Yoweri Museveni outlined his priorities for the next five years. He placed wealth creation at the centre, with a focus on industrialisation, value addition to depend on ... execution. The pledges [illegible] a good

Urban water infrastructure good investment for NSSF

FELIX TWINOMUCUNGUZI (PHD)

For public infrastructure managers, the remarks by the President of Uganda encouraging the National Social Security Fund (NSSF) to invest in public infrastructure like roads, instead of focusing on government bonds, was sweet music to our ears. The immediate positive response by NSSF administration was equally welcome.

There is a significant infrastructure funding gap in Uganda as we strive to improve lives of Ugandans. As traditional financing options have dwindled, post COVID-19 and other economic crises, alternative financing options are critically needed to fuel Uganda's ambitious development aspirations.

Road infrastructure investment would certainly be a highly eventful venture, considering the success of the road toll system at Entebbe Expressway. Such road toll arrangements have become prevalent, even across Eastern Africa, and can merit debt financing. However, challenges in implementation of road infrastructure projects, such as the Busega-Mpigi Expressway, pause some investment decision challenges to contend with.

The main challenge remains right-of-way acquisition for such long distances, which requires considerable time to resolve. Such incidences may affect NSSF's appetite to invest in such projects.

As we find a viable solution to the right-of-way challenges, there are ready public infrastructure investments that could have quicker turn-around times — urban water infrastructure projects.

To date, approximately 75% of the population in urban areas has access to safe water (that is considering an access range of 200m proximity). Considering water connections to each household, the figure is less that half of the population. Interestingly, the Ministry of Water and Environment and the National Water and Sewerage Corporation (NWSC) are overwhelmed by the demand for this infrastructure. The urban population are generally willing and able to pay for the safe water services.

Compared to road tolls, payment for water services has been the norm over a long time now, thus, the repayment risk in water supply is equally minimal.

Overall, the investment requirements for water supply infrastructure is estimated at about sh7 trillion per year to achieve the universal target by the year 2030.

However, the current funding level is about sh2 trillion, leaving a deficit of about sh5 trillion per year. With an asset base of over sh20 trillion, the NSSF can make a significant contribution to the water infrastructure investment demand, especially in the urban areas.

Cognizant of the savers' concerns; we are certainly not advocating for grant financing from NSSF. The urban water investments have capacity to provide a reasonable return on investment.

The NWSC revenue performance has been improving over the recent years, averaging at about sh500b.

Furthermore, NWSC has been operating profitably, averaging at a gross profit margin ratio of about 23% over the last five years.

With a sufficiently high asset base (about sh4.4 trillion), NWSC is operating at a very low gearing ratio of 4%.

Compared to some water utilities in Europe and the UK, which have borrowed significantly to gearing ratios in the range of 60%, there is still substantial room for debt financing in NWSC. Although the extreme debt financing in Europe/UK has resulted in some corporate management challenges, the NWSC is still far below such threshold values.

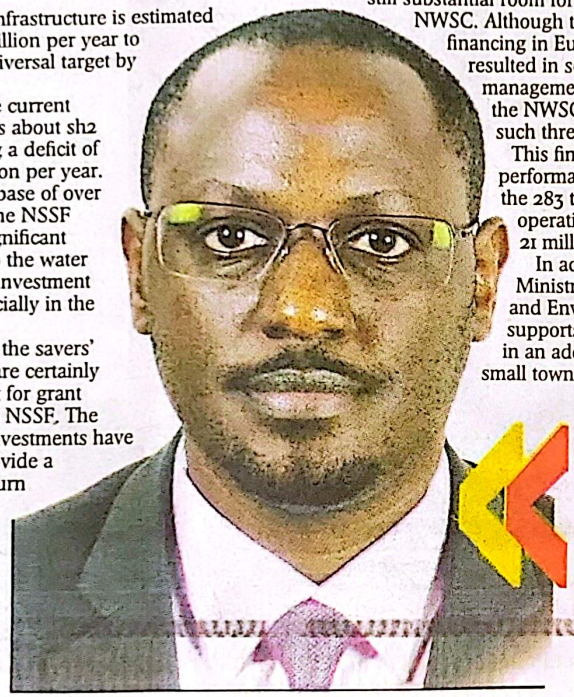
This financial performance pertains to the 283 towns of NWSC operation, serving about 21 million people.

In addition, the Ministry of Water and Environment supports operations in an additional 580 small towns, albeit at a much lower financial capacity than the NWSC. This reflects the significant size of market, projected to grow even further, w urbanisation rates of over 5.0%, according the Uganda Bureau of Statistics.

Investment in urban water infrastructure is not only justified on financial returns; th overall benefits to the economy of Uganda significant as well. Improvements in the h of the population to contribute to other s economic activities, industrial water dema water supply for tourism and provision fo Parish Development Model activities are of the qualitative gains to the economy.

Thus, as the NSSF further studies and prepares for investment in roads infrastruc investment in urban water supply infrastructure is good business too. Urban water infrastructure has good capacity for sufficient return on investment and a sign contribution to the national economy, as we steer towards attainment of Uganda Vision 2040.

The writer is the assist commissioner, urban water supply an sewerage services department, Ministry of Water and Environment



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