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*NON-LEGALLY BINDING*

**PERFORMANCE CONTRACT**

between

**[GOVERNMENT]**

and

**[UTILITY]**

**[Date]**



## Performance Contract – Water and Sanitation

### Table of Contents

1. GENERAL PROVISIONS .....	3
2. GOVERNANCE PROVISIONS .....	4
3. INDUSTRY RESTRUCTURING .....	6
4. SUPPLY/CUSTOMER SERVICE OBJECTIVES .....	8
5. OPERATIONS MANAGEMENT OBJECTIVES .....	11
6. HUMAN RESOURCE MANAGEMENT OBJECTIVES .....	13
7. MANAGEMENT EFFECTIVENESS OBJECTIVES .....	14
8. SYSTEMS OBJECTIVES .....	15
9. FINANCIAL OBJECTIVES .....	16
10. TARIFF POLICY .....	18
11. PROVISION OF INFORMATION .....	18
12. APPROVAL PROCEDURES .....	19
13. PERFORMANCE CONTRACT MANAGEMENT .....	20
14. CORPORATE PLANNING PROCESS .....	21
Appendix I - Operational & Financial Targets .....	23
Appendix II - Loan Repayment Schedules .....	24

## Performance Contract – Water and Sanitation

### 1. GENERAL PROVISIONS

#### 1.1. Purpose of Performance Contract

1.1.1. The purpose of the Performance contract is to ensure the financial and commercial viability of [UTILITY].

#### 1.2. Period of the Performance Contract

1.2.1. The contract shall extend over a period of [3] years commencing from the start of the financial year [ ] to the end of the financial year [ ]. However the contract may be terminated before this date in the interest of Introducing private sector participation in the [Sector].

#### 1.3. Parties to the Contract

1.3.1. The parties to this Performance Contract are the Government (GOVERNMENT) and [UTILITY].

1.3.2. For the purposes of administering the Contract, GOVERNMENT will be represented by [ ]

1.3.3. [UTILITY] will be represented by [ ]

#### 1.4. Contract Monitoring and Review

1.4.1. The terms of this Performance Contract shall be subject to review and/or modification by the parties during the period of the Contract. The procedures for monitoring and review are set out in Section M.

#### 1.5. Limitation of the Contract

1.5.1. This Contract shall in no way supersede, amend or modify [LEGISLATION AND REGULATIONS]. In case of a conflict between the provisions of this Contract and those of the statutes (Water and [UTILITY]), the provisions of the statutes shall prevail.

## Performance Contract – Water and Sanitation

### 2. [UTILITY] GOVERNANCE PROVISIONS

- 2.1. It is recognized by both parties that following the freezing of the GOVERNMENT debt servicing in [ ], new governance procedures must be put in place governing the relationship between the [UTILITY] Board and GOVERNMENT as shareholder, lender and national water policy maker on the one hand, and between the [UTILITY] Board and the Top management of [UTILITY] on the other.
- 2.2. Appointments to the Board of [UTILITY] are made by [MINISTRY]. In making Board appointments GOVERNMENT undertakes to take into consideration:
  - 2.2.1. The needs of [UTILITY] for a strong and competent board of directors, with appropriate technical & commercial skills, which will oversee the development of policies, strategies and plans aimed at achieving the objectives and the commercialization of [UTILITY].
  - 2.2.2. The competencies and strengths of individual directors and mix of competencies and strengths needed by the Board as a whole.
  - 2.2.3. The importance of a strong independent Board in steering the company through to full commercialization.
- 2.3. GOVERNMENT undertakes to permit full commercial freedom to [UTILITY] in all areas of its operations (including capital expenditure, commercial borrowing to fund investment programs, staffing and salary levels, and tariffs), subject to the provisions of:
  - 2.3.1. Legislation
  - 2.3.1. [relevant regulations]
  - 2.3.3. The terms of this Performance Contract.
  - 2.3.4. Other Government Policy and directives in particular its policy on retrenchment of workers of privatized enterprises.
- 2.4. GOVERNMENT, as national policy maker for the Water supply sector, as a shareholder of [UTILITY] and as Regulator for the industry recognizes the need to enhance its technical and administrative capabilities to fulfill these functions effectively. It is recognized that technical assistance is needed by GOVERNMENT in order to fulfill its obligations in this

## Performance Contract – Water and Sanitation

regard.

2.5. [UTILITY] recognizes the need to develop and implement as a priority, new monitoring procedures between the Board of [UTILITY] and its Top management on one hand and between the Ministry Of Finance Planning and Economic Development, Ministry of Water, Lands and Environment and the Board of [UTILITY] on the other hand. In order to enhance and streamline the monitoring procedures [UTILITY] and URU undertake to review following:

2.5.1. Existing reporting procedures and assess their adequacy to support the achievement of [UTILITY]'s mission and objectives, and in particular to achieve the commercialization and financial viability of [UTILITY].

2.5.2. Set out clearly the role of the Board vis-à-vis the role of the Managing Director in the areas of policy making, strategy development, authority levels and approval procedures.

2.5.3. Make recommendations on reporting procedures and the frequency and conduct of Board meetings, aimed at enhancing the effectiveness of [UTILITY] as a whole.

2.6. The above review should be complete by end November 2000.

## Performance Contract – Water and Sanitation

### 3. INDUSTRY RESTRUCTURING

3.1. Both GOVERNMENT and [UTILITY] recognize the potential benefits for Uganda by restructuring the Water Service industry. In the light of this, the [POLICY] of GOVERNMENT developed with the participation of [UTILITY], has adopted industry restructuring and reform as a key policy measure.

3.2. GOVERNMENT is currently undertaking a study of reform and restructuring options for [COUNTRY], through reputable consultants. The study will address the following:

3.2.1. Review national and industry policy objectives with each of the major stakeholders (GOVERNMENT, [UTILITY] etc.) and determine the criteria to be used in evaluating restructuring and reform options.

3.2.2. Review the existing structure of the industry against these criteria and identify strengths/weaknesses.

3.2.3. Identify a range of feasible options for [CONTRY], taking into account the characteristics of the industry particular to [COUNTRY] and identify the strengths and weaknesses of each option.

3.2.4. Recommend a preferred option and the time frame for the restructuring and reform of the industry in [COUNTRY].

3.2.5. Identify the major tasks to be undertaken in order to implement the preferred option, and develop a project program, which sets out accountabilities and time-scales.

3.2.6. Recommend the necessary steering group structure to bring the restructuring and reform project to a successful conclusion.

## Performance Contract – Water and Sanitation

- 3.3. This study will be completed by [DATE] and GOVERNMENT undertakes to take into consideration recommendations of the study.
- 3.4. It is the intention of GOVERNMENT to have a new industry structure in place as soon as possible. The exact target date must await the completion of the study referred to in paragraph 12.
- 3.5. [UTILITY] undertakes to fully cooperate with GOVERNMENT in bringing about the successful completion of the industry restructuring.
- 3.6. GOVERNMENT recognizes the major role, which [UTILITY] plays in the Water sector, given their technical and administrative expertise, and undertakes to give due consideration to the views of [UTILITY] in formulating plans for restructuring.
- 3.7. While it is recognized that restructuring the Industry carries substantial costs, these costs have not been provided for in the financial projections. This is recognized by GOVERNMENT and it is accepted that in general no cost burdens will be imposed on [UTILITY] but in cases where the activities are prudent in the normal course of [UTILITY] business, it will be at the discretion of GOVERNMENT to transfer the cost burdens to [UTILITY]. In all cases the imposition of such restructuring costs will be done in consultation with [UTILITY] and the financial projections in this Contract will be so modified in order to meet the financial performance objectives as set out in **Appendix I**. No extra-ordinary restructuring cost burdens will be imposed on [UTILITY].
- 3.10. A summary of efficiency performance targets (extracted from Appendix I) as agreed and developed between GOVERNMENT and [UTILITY] is as presented in Table 1.

**Table I.** Targets are as at end June.

<i>Target</i>	<b>Year</b>	<b>Year</b>	<b>Year</b>	<b>Year</b>
Leakage	%	%	%	%
Billing Efficiency	%	%	%	%
Collection Efficiency	%	%	%	%

## Performance Contract – Water and Sanitation

3.11. [UTILITY] undertakes to achieve the above targets during the contract period.

### 4. SUPPLY/CUSTOMER SERVICE OBJECTIVES

4.1. An original principal objective of GOVERNMENT was to extend coverage 100% of the urban population by the year [ ]. However it is generally expected that it will take about 10-15 years to achieve this aim from the present situation of about 50% coverage.

4.2. Over the duration of this contract [UTILITY] will undertake a major program of network extension aimed at connecting a minimum of [ ] new customers by [DATE]. The target connections are shown in Table 2.

**Table 2.** Number of connections by end June.

[ ]

4.3. [UTILITY] has taken the initial steps to organize itself to undertake this network expansion program. To develop further its technical and managerial capability to deliver on these targets, [UTILITY] will undertake the following:

4.3.1. Develop credible targets (in line with funding capability) as part of the next Corporate Planning cycle – [DATE]

4.3.2. Identify a 3- year network expansion program as a major project and negotiate funding – [DATE]

4.3.3. Establish a project management team with appropriate skills and authority to complete the 3-year project – [DATE]

4.3.4. Establish a marketing/customer liaison group to work with towns to ensure project success – [DATE]

4.3.5. Develop and implement appropriate works management, materials management and project management systems to complete the project – [DATE]

4.3.6. Complete the 3- year extension program – [DATE]



## Performance Contract – Water and Sanitation

4.4. In the period prior to the commencement of the project identified above, [UTILITY] will undertake network extension in line with existing targets, plans and procedures. It is the understanding of GOVERNMENT that the network extension project as targeted in this contract will be financed partly by the cash savings arising from the debt service freeze and funds generated by [UTILITY] for the duration of the contract. Expected outcomes of the above actions are shown in the Table 3.

**Table 3;** Extension Implementation Indicators for [UTILITY].

Indicator	Target Date.
1. Corporate Plan with credible extension plan.	
2. 3-year network expansion plan.	
3. Extension project Management team established.	
4. Market/Customer liaison group established.	
5. Detailed Work plan to implement extension.	
6. A minimum of [ ] new customers connected.	

4.5. [UTILITY] recognizes that a key objective in reaching its goal of commercialization is to enhance the level of customer service and supply quality to its customers. The initial steps in promoting a “customer service” culture have been taken through the adoption of a Mission Statement, which highlights quality customer services as a goal. Over the duration of this Performance Contract, [UTILITY] will undertake a number of initiatives aimed at developing a customer awareness/service culture at all levels in the organization. [UTILITY] will also put in place the necessary integrated information systems to deliver this convincing customer service. While it is recognized that the achievement of a quality customer service culture may take a number of years, these initiatives will start the organization down that path and will deliver measurable results by the end of the contract period.

4.6. Specifically [UTILITY] will undertake the following:

4.6.1. Develop a “Customer Policy” and promote awareness – [DATE]

4.6.2. Develop a “Customer Charter” by – [DATE]

## Performance Contract – Water and Sanitation

- 4.6.3. Prepare a Master Plan for the development of an integrated information system focused on delivering quality customer service – [DATE]
  - 4.6.4. Review existing fault reporting and data collection systems and recommend improvements – [DATE]
  - 4.6.5. Develop an appropriate set of customer service metrics and associated performance targets, for monitoring during [DATE] and thereafter – [DATE]
  - 4.6.6. Develop a set of guidelines for staff at the customer interface, empowering them, within limits, to deal effectively with customer problems – [DATE]
  - 4.6.7. Complete a focused training program in quality customer service delivery for staff at the customer interface – [DATE]
- 4.7. Expected outcomes from the above actions are shown in Table 4.

**Table 4:** Customer service indicators.

Indicator	Target date
1. Official “Customer Policy” prepared and in operation.	
2. Official “Customer Charter” prepared and in operation.	
3. Integrated MIS focused on delivery of quality service.	
4. Response time to customer complaints	
5. Official guideline for Customer interface staff prepared	
6. Over 90% of all active accounts metered universally.	

## Performance Contract – Water and Sanitation

### 5. OPERATIONS MANAGEMENT OBJECTIVES

#### 5.1. PRODUCTION

5.1.1. In the production area, [UTILITY]'s key objectives are to rehabilitate the existing production assets, to maximize the efficient utilization of the assets, to effectively manage the resources vested in the production area (staff, transport, tools materials etc.) and to develop longer term production options within the context of sustainable development.

5.1.2. Specifically [UTILITY] will undertake the following:

5.1.2.1 .Carry out an update of the asset register of the existing production assets including the assessment of percentage utilization – [DATE]

5.1.2.2.Following from the sector reform recommendations derived from the study referred to in paragraph 12 identify production rehabilitation requirements and estimate the rehabilitation costs – [DATE]

5.1 .2.3.In accordance with the sector reform recommendations above, prioritize capital expenditure on rehabilitation using a strict cost/benefit approach – [DATE]

5.1.2.4.Develop a performance improvement plan focused on improving the efficiency and effectiveness of operations management in the production area – [DATE]

**Table 5.** Production Indicators.

<i>Indicator</i>	<i>Target Date</i>
1. Updated Asset register.	
2. Capital expenditure on rehabilitation plan in place	
3. Production Performance improvement action plan	

#### 5.2. DISTRIBUTION

5.2.1. In the Distribution operations area, [UTILITY]'s objectives are to develop/formalize the necessary planning criteria, standards and procedures, to develop and implement the materials management and works management systems required to carryout the refurbishment and extension of the distribution network, and to enhance the effectiveness of total resource utilisation. [UTILITY] undertakes to take measures to

## Performance Contract – Water and Sanitation

reduce leakage to [ ]% and [ ]% by the year [DATE] respectively.

5.2.2. Specifically, [UTILITY] will undertake the following initiatives:

5.2.2.1 .Complete a detailed study of existing materials management and works management systems and specify the new systems needed to achieve [UTILITY]’s objectives – [DATE]

5.2.2.2.Complete a Performance Improvement Plan focused on enhancing the effectiveness of total resource utilization in the distribution area of operations – [DATE]

5.2.2.3.Develop a formalized set of distribution planning criteria, standards and procedures, and communicate these to the relevant staff – [DATE]

5.2.2.4.Complete a detailed study of refurbishment/extension needs – [DATE]

**Table 6.** Distribution indicators.

<i>Indicator</i>	<b>Target Date</b>
1. Study works and materials management complete.	
2. Improvement plan ready and criteria developed	
3. Detailed Study of refurbishment/extension needs.	

### 5.3. CAPITAL EXPENDITURE

5.3.1. A Detailed Capital expenditure program will be developed on completion of the sector reform studies, but in general, [UTILITY] will apply a benefit/cost approach to prioritize capital expenditure plans and will only proceed with priority projects to the limit of available funding. In the interim (pending completion of the sector reform study) approval of CAPEX will be on a case by case basis.

5.3.2. Consideration will be given to the following when developing criteria for evaluating projects:

5.3.2.1 .Projects, which bring about a direct improvement to customer supply quality.

5.3.2.2.Projects which extend the life of existing assets.

## Performance Contract – Water and Sanitation

5.3.2.3 .Projects which clearly enhance the efficient utilization of existing resources.

5.3 .2.4. Projects which enhance security of supply.

5.3.3. Until such time as its financial viability has been established, [UTILITY] will not undertake any discretionary investments.

### 6. HUMAN RESOURCE MANAGEMENT OBJECTIVES

6.1. [UTILITY]’s objectives in the areas of human resource management are to identify and remove barriers to achieving improved productivity; to reduce overall staff numbers to levels which can be justified by business activity, to recruit and retain skilled staff thereby developing the capability of [UTILITY], and to rationalize the reward system.

6.2. Specifically, [UTILITY] will undertake the following initiatives:

6.2.1. To introduce in the next business planning cycle a specific focus on the “bottom up” ways to improve staff productivity – [DATE]

6.2.2. To rationalize the existing salary/allowance structure and institute a performance appraisal scheme for the management group – [DATE]

6.2.3. To institute a phased review of staffing levels, based on benchmarking key activities and giving due consideration to outsourcing as alternative to direct hire – [DATE]

6.2.4. To complete a company-wide training and development program focused on enhancing managerial/supervisory effectiveness – [DATE]

6.2.5. To incorporate and adopt the recommendations where appropriate of the on-going restructuring study – [DATE]

## Performance Contract – Water and Sanitation

6.3. For the purposes of developing a Reference Financial Projection for this Performance Contract a target staffing level of [ ] (a ratio of [ ] per [ ] connections) to be achieved by the year [DATE] and [ ] (a ratio of [ ] per [ ] connections) by the year [DATE], was adopted. However, it is estimated that with outsourcing from external suppliers and the achievement of the correct mix of skills and age profile within [UTILITY], the optimum staffing level could be considerably reduced. In undertaking the top-down review of staffing levels referred to in paragraph 25 item (iii), [UTILITY] will take into account this optimum staffing level and will address how this can be achieved. The revised staffing projections derived from this review will then be used by the Performance Contract Review Committee to update the financial projections and the performance indicators as given in **Appendix I**. Table 7 is a summary of the staff level indicators.

**Table 7** Staff level indicators.

<i>Year Ending [MONTH]</i>	[DATE]	[DATE]	[DATE]	[DATE]
Staff Employed				
Staff /[ ] connections				
Staff reduction				

## 7. MANAGEMENT EFFECTIVENESS OBJECTIVES

7.1. [UTILITY] recognizes that one of the key success factors in realizing full commercialization is the enhancement of organization and management effectiveness. [UTILITY]'s objectives in this area are to implement effective governance procedures, to define accountability, to delegate appropriate authority, to institute clear goal-setting procedures and performance appraisal, and to enhance managerial effectiveness through appropriate training and development.

7.2. Specifically, [UTILITY] will undertake the following initiatives:

## **Performance Contract – Water and Sanitation**

- 7.2.1. Review the [UTILITY] organization structure. Identify and implement any necessary organizational restructuring to clarify accountabilities and to enhance management and organizational effectiveness – [DATE]
- 7.2.2. Implement a performance appraisal scheme for the management group – [DATE]
- 7.2.3. Identify/fast-track promising functional managers to head-up key strategy development or change management teams – [DATE]
- 7.2.4. Put in place the necessary management information systems to improve organizational and managerial effectiveness (of. Section h below)– [DATE]

## **8. SYSTEMS OBJECTIVES**

- 8.1. [UTILITY]'s objective in the systems area is to implement an integrated Management Information system, which supports business needs.
- 8.2. Specifically, [UTILITY] will undertake the following:
  - 8.2.1. Prepare a Master Plan for the development of an Information Technology (IT) strategy, focusing on applications, data, technology and organization – [DATE]
  - 8.2.2. Review the adequacy of existing financial, cost accounting, budgeting and treasury management systems, and specify improvements – [DATE]
  - 8.2.3. Review the adequacy of existing customer accounting, budgeting and customer information systems and specify improvements – [DATE]
  - 8.2.4. Review the adequacy of existing work management and materials management systems and specify improvements – [DATE]
  - 8.2.5. Design, select/develop and implement new systems to support the achievement of business objectives – [DATE]

### 9. FINANCIAL OBJECTIVES

9.1. It is accepted by both parties to this contract that the achievement of a financially viable and credit-worthy [UTILITY] is the over-riding objective. Progress in achieving this objective will be measured against sound financial criteria as detailed in **Appendix I**

9.1.1. Both parties to this Performance Contract accept that the tariff for water is on the high side. It is therefore agreed that all efforts will be made by [UTILITY] to undertake a review of its internal cost structure, to identify appropriate cost reduction measures and to radically improve the efficient utilization of allocated resources

9.1.2. For the purposes of the Reference Financial Projections, a cost reduction mechanism has been incorporated.

### 9.2. Financing the [UTILITY] Investment Program

In the Reference Financial Projections, financing of investments is via a mix of internal cash generation and external long-term funding. Other assumptions relating to the Balance Sheet and Profit and Loss Account are detailed in **Appendix I**.

9.2.1. When evaluating investment projects, GOVERNMENT and [UTILITY] undertake to follow the following principles;

9.2.1.1 .In the case of external Long-term funding, donors may be required to confirm that they are prepared to finance investments in assets for which operating responsibility will be transferred to the private sector.



## Performance Contract – Water and Sanitation

- 9.2.1 .2.If investments are considered commercially viable, then funds should be on-lent to [UTILITY] on commercial terms.
- 9.2.1.3.If investments are a social mission imposed by GOVERNMENT on [UTILITY], then the internal rate of return of the investment must be determined in order to calculate the necessary GOVERNMENT subsidy to prevent the investments being a financial burden to [UTILITY].
- 9.2.1 .4.Investments imposed as a social mission above (iii) should be implemented as separate units preferably under service or management contracts in order not to impose financial burden on [UTILITY]. These contracts should be drawn with due regard to the sector reform recommendations.
- 9.3. It is recognized that the Corporation is not in position to service its long-term debt. It is also recognized that some of the debt incurred in the past was imposed by GOVERNMENT as a social mission. GOVERNMENT has now agreed to a rescheduling proposal submitted by the Corporation. GOVERNMENT will freeze the debt servicing until [DATE] when the Corporation will resume the repayment of its Debt. A detailed schedule of repayment up to [ ] is attached in **Appendix II**. [UTILITY] will adhere to the schedule.
- 9.4. It is recognized that GOVERNMENT as a consumer of the utility services in the past has not been settling its water bills as and when they fell due. GOVERNMENT now undertakes to settle all the bills incurred after [DATE] as and when they fall due.
- 9.5. [UTILITY] undertakes to review all accounting policies by [DATE] with a view to adopting generally accepted accounting standards/practices as recognized internationally.
- 9.6. Both GOVERNMENT and [UTILITY] recognize the key role of the donor community and of the World Bank in assisting [UTILITY] towards commercialization, in contributing to the financing of the investment program, and in assisting GOVERNMENT/[UTILITY] with its township water supply program.

## Performance Contract – Water and Sanitation

9.6.1. [UTILITY] undertakes to enhance its capability to service the information requirements of the Donor Community and the World Bank in a professional manner. [UTILITY] undertakes to provide to the donor community all necessary data, information and planning tools to enable the donors assist in the provision of these services.

### 10. TARIFF POLICY

10.1. The parties to this Performance Contract agree that the tariff policy must be reviewed based on the following principles:

10.1.1. The level of tariffs must cover the total costs of [UTILITY] and must provide a return on the assets employed in the business.

10.1.2. [UTILITY]'s costs must be limited to those which are necessary to deliver an acceptable level of service to its customers in an efficient and effective manner, and which provide for a adequate risk management costs.

10.1.3. In the long term the level of tariffs must be sufficient to provide for the rehabilitation, the on-going maintenance and eventual replacement of ageing assets, and to provide a self-financing component for future investments.

10.1.4. In the longer term tariffs should be based on Long Run Marginal Cost (LRMC) principles to ensure the economic allocation of resources.

10.1.5. Tariff policy should be based on minimizing the level of cross-subsidization between customer classes.

### 11. PROVISION OF INFORMATION

11.1. The following information will be supplied to GOVERNMENT:

11.1.1. Annual Revenue and CAPEX budget to be submitted to GOVERNMENT prior to commencement of financial year beginning with FY [DATE];

## Performance Contract – Water and Sanitation

- 11.1.2. Corporate plan to be presented annually, prior to commencement of financial year, which will include 3-year financial projections.
- 11.1.3. Audited Accounts to be submitted to GOVERNMENT not later than 3 months after year end;
- 11.1.4. Annual Report to be submitted to GOVERNMENT not later than 6 months after year end;
- 11.1.5. Quarterly management accounts to be submitted to GOVERNMENT not later than 4 weeks after quarter end.
- 11.1.6. Monthly returns on the Key summary indicators for all the [UTILITY] areas 3 weeks after month end. Key summary indicators include Sales, collections and arrears separated between GOVERNMENT and Private arrears.
- 11.1.7. Any other information that may be requested by GOVERNMENT in order to make an informed assessment of the performance of [UTILITY].

## 12. APPROVAL PROCEDURES

- 12.1. Authority to incur expenditure which commits [UTILITY] contractually on any matter should derive only from approved plans and budgets.
  - 12.1.1. Approval to spend should be set not only against a framework of defined financial limits but should also take account of specific technical and other parameters issued by the Board of [UTILITY].
  - 12.1.2. [UTILITY] will therefore, as a matter of urgency, review all approval procedures, financial and otherwise, to ensure a control framework adequate to manage the utility.

## Performance Contract – Water and Sanitation

### 13. PERFORMANCE CONTRACT MANAGEMENT

13.1. A Performance Contract Review Committee (PCRC) will be established with the following representatives;

13.1.1. one representative of [Ministry]

13.1.2. one representative of [Ministry]

13.1.3. two external directors of the [UTILITY] Board

13.2. The [Ministry] will be responsible for coordinating the formation of the PCRC and for developing its precise terms of reference. The committee will be constituted at the time of signing the contract. Responsibilities of the PCRC will include;

13.2.1. Performance against specific indicators will be reviewed quarterly. The continued financial viability of [UTILITY] must, at all times, be mandatory;

13.2.2. Provide for the resetting of targets/projections, should it prove necessary.

13.2.3. Parties may, by agreement, meet at any time to review/update targets if there is a significant change in the environment or significant new factors;

13.2.4. The PCRC may agree to use Consultants to assist in the review process.

13.3. The report and recommendations of the PCRC following the quarterly and annual reviews will be submitted to both GOVERNMENT and the [UTILITY] Board within a period of 14 days after the reviews.

13.4. Overall Performance Targets are set out in **Appendix. T**

13.5. Senior Management reward structure:

13.5.1. The Top management team of [UTILITY] is accountable to the [UTILITY] Board for the achievement of the Corporate Plan Objectives and the financial performance objectives set out in this Performance Contract.

13.5.2. The reward structure for the Top management team will include a performance incentive

## Performance Contract – Water and Sanitation

element of [ ]% of annual basic salary. The Board, in deciding the appropriate bonus rate to apply in any year, will give due weight to the achievement of the targets set out in this Contract.

### 14. [UTILITY] CORPORATE PLANNING PROCESS.

14.1. Both parties recognize that the Corporate Plan objectives and the Reference Financial Projections incorporated in the Performance Contract are based on a very preliminary corporate planning process, and on preliminary or incomplete information. However, as information continues to be available and more performance reviews are carried out a more detailed corporate planning process will be undertaken. [UTILITY] therefore undertakes to complete the next corporate planning cycle by [DATE], adopting a methodology similar to the following;

14.1.1. Establish a multi-disciplinary corporate planning team with sufficient authority – [DATE]

14.1.2. Develop a corporate planning timetable with top management input at key stages:

14.1.2.1. Agreement on key assumptions – [DATE]

14.1.2.2. Environmental analysis and scenario development – [DATE]

14.1.2.3. Identification of strategic issues and development of appropriate responses – [DATE]

14.1.2.4. Signing off on final plan – [DATE]

14.1.3. Develop a credible Corporate/Business Plan for presentation to key stakeholders – [DATE]

14.2. It is envisaged that the Corporate Planning Process outlined above will be the primary vehicle for updating the Reference Financial Projections contained in this Performance Contract.

## Performance Contract – Water and Sanitation

IN WITNESS HEREOF the parties have executed this Agreement by their duly authorised representatives on the date mentioned herein above.

FOR AND ON BEHALF OF [GOVERNMENT]:

\_\_\_\_\_

FOR AND ON BEHALF OF [UTILITY]

\_\_\_\_\_

**Appendix I**

**Operational & Financial Targets**

**Appendix II**

**Loan Repayment Schedules**