THE REPUBLIC OF UGANDA

MINISTRY OF ENERGY AND MINERAL DEVELOPMENT

CONSULTANCY SERVICES TO UNDERTAKE CAPACITY ASSESSMENT OF THE UGANDA ELECTRICITY TRANSMISSION COMPANY LIMITED (UETCL). PROC. REF. No. MEMD/CONS/2018-19/00832/GERP

FINAL REPORT

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ADSS	:	All Dielectric Self Supporting
AFD	:	Agence Française de Développement (French Development Agency)
AG	:	Administrator General
AM	:	Asset Management
B2B	:	Business to Business
BEL	:	Bujagaali Energy Limited
BIS	:	Budget Information System
bn	:	Billion
BOD	:	Board of Directors
BSC	:	Balanced Score Card
C/m	:	Chairman / Chairperson
CAAT	:	Computer Assisted Audit Tools
CAGR	:	Compounded Annual Growth Rate
Capex	:	Capital Expenditure
CBP	:	Corporate Business Plan
CBS	:	Capacity Building Solutions
CCTV	:	Closed Circuit Television
CEO	:	Chief Executive Officer
CGV	:	Chief Government Valuer
CMMI	:	Capability Maturity Model Integration
CRM	:	Customer Relationship Management
CRO	:	Chief Registrar's Office
CS	:	Corporate Services
DCEO	:	Deputy Chief Executive Officer
DLP	:	Defects Liability Period
DMS	:	Document Management System
DMZ	:	De-Militarized Zone
DR	:	Disaster Recovery
EAM	:	Enterprise Asset Management
EAT	:	Earnings After Tax
EBITDA	:	Earnings Before Interest Tax Depreciation and Amortization
EBT	:	Earnings Before Tax
EPC	:	Engineering Procurement Construction

ERA	:	Electricity Regulatory Authority
ERM	:	Enterprise Risk Management
ERP	:	Enterprise Resource Planning
ESDP	:	Electricity Sector Development Project
ESIA	:	Environmental Social Impact Assessment
ESMP	:	Environmental and Social Management Plan
EXCO	:	Executive Committee of Management
FASD	:	Finance Accounts and Sales Department
FAT	:	Factor Acceptance Testing
FGDs	:	Focus Group Discussions
FPPM	:	Finance Policies and Procedures Manual
GDevP	:	Grid Development Plan
GERP	:	Grid Expansion and Reinforcement Project
GIP	:	Grid Investment Plan
GIS	:	Geographic Information system
GOU	:	Government of Uganda
HCM	:	Human Capital Management
HIPC	:	Heavily Indebted Poor Countries
HoDs	:	Heads of Departments
HR&A	:	Human Resource and Administration
HV	:	High Voltage
ICT	:	Information and Communication Technology
ICT	:	Information Communication Technology
IDA	:	International Development Agency
IFRS	:	International Financial Reporting Standards
IIA	:	Institute of Internal Auditors
IPPs	:	Independent Power Producers
ISO	:	International Standards Organization
ITG	:	International Technology Governance
ITIL	:	Information Technology Infrastructure Library
ITSM	:	Information Technology Service Management
JDs	:	Job Descriptions
JICA	:	Japan International Cooperation Agency
KIIs	:	Key Informant Interviews
KfW	:	Kreditanstalt für Wiederaufbau

KPI	:	Key Performance Indicator
KPIs	:	Key Performance Indicators
L&D	:	Learning and Development
LIBOR	:	London Interbank Offer Rate
m	:	Million
MCS	:	Manager Corporate Services
MD	:	Managing Director
MDAs	:	Ministries Department and Agencies
MEMD	:	Ministry of Energy and Mineral Development
MFAS	:	Manager Finance Accounts and Sales
MIA	:	Manager Internal Audit
MICT	:	Manager Information and Communication Technology
MLHUD	:	Ministry of Lands Housing and Urban Development
MO&M	:	Manager Operations and Maintenance
MoFPED	:	Ministry of Finance, Planning and Economic Development
MoJCA	:	Ministry of Justice and Constitutional Affairs
MP&I	:	Manager Planning and Investment
MPDU	:	Manager Procurement and Disposal Unit
MPI	:	Manager Project Implementation
NCA	:	Non-Current Assets
NDA	:	Norwegian Agency for Development
NDP	:	National Development Plan
NELSAP	:	Nile Equatorial Lakes Subsidiary Action Program
NEMA	:	National Environmental Management Authority
NITA	:	National Information Technology Authority
NPV	:	Net Present Value
O&M	:	Operations and Maintenance
Opex	:	Operating Expenditure
OPGW	:	Optical Ground Wire
PAP	:	Project Affected Person
PDU	:	Procurement and Disposal Unit
PLC	:	Power Line Carriers
PMBOK	:	Project Management Body of Knowledge
PMI	:	Project Management Institute
PMS	:	Performance Management System

PPA	:	Power Purchase Agreement
PPDA	:	Public Procurement and Disposal Authority
PRINCE2 ©	:	Projects in Controlled Environments
PSA	:	Power Sales Agreement
RAP	:	Resettlement Action Plan
ROI	:	Return on Investment
RPO	:	Recovery Point Objective
R&R	:	Rewards and Recognition
RTO	:	Recovery Time Objective
SaaS	:	Software as a Service
SCADA	:	Supervisory Control and Data acquisition
SCM	:	Supply Chain Management
SCOT	:	Strength Challenge Opportunity Threat
SG	:	Solicitor General
SIDA	:	Swedish International Development Association
SLA	:	Service Level Agreement
SQL	:	Structured Query Language
SWOT	:	Strengths Weaknesses Opportunities Threats
TMS	:	Talent Management Strategy
tn	:	Trillion
TNA	:	Training Needs Assessments
ToR	:	Terms of Reference
TSO	:	Transmission Systems Operator
UEB	:	Uganda Electricity Board
UEGCL	:	Uganda Electricity Distribution Company
UETCL	:	Uganda Electricity Transmission Company Limited
UGX	:	Uganda Shillings
UNCTAD	:	United Nations Conference on Trade and Development
UNRA	:	Uganda National Roads Authority
WIS	:	Way leaves information system

EXECUTIVE SUMMARY

Ministry of Energy and Mineral Development (hereinafter called "the Client", "the Ministry", "MEMD") commissioned Empower Consult (hereinafter called "the Consultant") to undertake Capacity Assessment of Uganda Electricity Transmission Company Limited (UETCL) under contract REF. No. MEMD/CONS/2018-19/00832/GERP.

The Corporate Business Plan (CBP) 2014 - 2018 states that, in delivering its core mandate, UETCL is faced with the important responsibility of executing a large project portfolio within the next five years. However, the many cross-cutting strategic challenges *(wayleaves acquisition, financial sustainability, low staff morale, high turnover of critically skilled staff, inadequate organization structure, inefficient business processes, low technology adoption, and weak external stakeholder relations)* have made this task daunting.

The purpose of this assignment, therefore, is to support the Ministry to carry out an assessment of the institutional capacity of UETCL to deliver its mandate. The assessment draws from the experiences and lessons learnt during implementation of similar projects.

Methodology

To achieve a comprehensive assessment of UETCL, the Consultant deployed a multi-levelled approach and methodology, including document review, stakeholder engagements and detailed review procedures. Qualitative and quantitative techniques of data collection were employed, involving Focus Group Discussions (FDGs) and Key Informant Interviews (KIIs) with 17 institutions and 84 individuals. In terms of framework of assessment, the Consultant adapted the UNDP Capacity Assessment Framework basing on three dimensions across six functional capacity areas. The dimensions considered were i) Points of Entry, ii) Critical Issues, and iii) Functional and Technical Capacities.

Key Findings

Organisational Governance

i) MEMD is not a shareholder and thus has no final say on the appointment of members of the Board. This also means that MEMD as a policy holder cannot set targets, assess, and influence the performance of the Board and management of the Company.

ii) UETCL Board and Management currently perceive limitations in the exercise of their mandate arising from regulatory actions by ERA which has led to a failure by UETCL to implement strategic actions.

iii) The Board Charter requires that (i) each Board member executes self-evaluation and (ii) each Board member's skills and competencies are assessed annually. There was however no evidence of self-evaluation and assessment of Board performance prior to the Financial Year 2018/2019. Additionally, the level of evaluation reviewed focused principally on Board member commitment as opposed to the prescribed areas of evaluation as contained in the Board Charter.

iv) The current UETCL Board membership composition witnessed changes only occasioned by natural attrition between 2013 and 2019. This defeats the requirement to have the composition and membership rotated as required by Company Act 2012 (Section 14, Clause 2 (e)).

v) No Annual General Meetings were convened for UETCL shareholders in the years 2017, 2018 and 2019. Subsequently, an Annual General meeting was held on the 29th October 2020 covering Financial Years 2016/17, 2017/2018 and 2018/2019.

vi) The Board Charter requires the Board to approve procurement above UGX 300m. Given the size of the Company's procurement budget, the current requirement makes the bulk of Board business undertaken effectively less strategic and more operational.

Performance of the Corporate Business Plan, 2014-18

i) Performance of the CBP 2014 - 2018 is measured against 18 KPIs. The assessment found out that 78% of the KPIs well aligned to the mandate, while 22% were moderately aligned. Some critical KPIs are missing, creating 'blind-spots' on the scorecard. Some of the missing KPIs include Unserved Energy, Transformation Capacity and Safety, whilst the moderately aligned KPIs include HCI, Staff Turnover and Wayleaves.

ii) 56% of the set KPIs were attained over the review period, 17% of the KPIs moderately attained and 28% of the KPIs not met.

iii) The formulation of CBP 2019 - 2023 was started in June 2017 and signed off by the BOD in September 2020, a process spanning over 3 years. The key issues presented by this delay are a delay to provide strategic direction, making the Plan prone to being superseded by events.

Capital Projects Management

i) UETCL has considerable experience in executing its grid infrastructure development from financing to completion. The project portfolio is growing in numbers and organization environmental factors are rapidly changing. The organization itself has not evolved in form or practices from the date of its establishment. The capacity of UETCL to deliver capital projects was found to be limited by its organizational governance, business processes, human resource capacity, information systems, facilities, and financial resources.

ii) UETCL has an established wayleaves acquisition process but the current legal regime does not permit quick and effective wayleaves acquisition. The Land Acquisition Act has been declared unconstitutional and lacks a robust dispute resolution framework, yet land disputes are a major cause of delay in the wayleaves acquisition process.

iii) The wayleaves and RAP processes are hampered by challenges within and outside the Company, such as lack of an established department to deal with land acquisition, inadequate funding, minimal external stakeholder engagement, lack of coordination and understaffing within the government departments where different approvals must be obtained. Additionally, there is poor delivery of targets by the outsourced consultants for services like survey and land title processing. The methodology utilised in the provision of funds for RAP/ESIA by the government after financial closure for EPC phase of projects effectively delays project delivery as these activities have been observed to take prolonged time.

iv) The organizational structure of UETCL needs to be scalable in form and capacity to cope with a growing project portfolio, with particular focus on the PMU and Planning and Investments. The current matrix structure is centralised under 3 Principal Officers and that needs to be scalable by creating subunits to cope with the number of projects. Activities of the PMU are constrained by resource availability in other departments that are charged with other competing responsibilities. These resources include but are not limited to personnel, transport, office space and furniture tools and equipment in O&M, Corporate Services, Procurement, Finance, Sales and Accounts Departments. Of particular concern is the structure and function of social aspects and land acquisition.

Human Resources and Administration

i) UETCL has an operational structure with relatively strong teams across the organisation to execute its mandate. The Company is compliant with employment policies and procedures.

ii) There are structural weaknesses specifically with regard to designs (based on autonomy of functions as opposed to mandate), vacant positions critical to the operations of the business, narrow and wide spans of control and poor utilization of the talent with most departments heavily loaded.

iii) There is no robust Human Resource Strategy as part of the wider Corporate Business Plan. There are two KPIs on HCI and Staff Turnover. Whereas the CBP review report indicates good performance on these metrics, they are not comprehensive enough to hold the HRA department accountable and to ably drive business support.

iv) KPIs set for organisation are not linked to performance management and reward systems. This reduces the impetus for exceptional performance.

Financial Management

i) UETCL has invested resources in improving its financial management capacity. This is evident in a documented Finance Policies and Procedure Manual (FPPM) which supports a robust internal control environment. Budget planning, implementation and monitoring is strong, and there is evidence of good financial and management reporting. The Company is in the green zone regarding financial regulatory compliance with compliance noted on all major financial regulations. Additionally, the Company has consistently maintained an unqualified external audit report.

ii) The financial performance of the Company is unstable with strong performance in one year being offset by shortfalls in another. This is being driven, mainly, by an inability to mitigate currency risk. Additionally, the increased investment in non-current assets is yet to yield positive financial results with revenue generation (sales /non-current assets) capacity declining from 94% in 2014 to 43% in 2018. This is in part driven by the significant deemed energy charges that the Company continues to incur.

iii) The Company continues to have two significant nonvalue adding costs (costs that do not contribute or erode shareholder value). These are bad debt provisions (18% of opex) and deemed energy charges (14% of opex).

iv) There are significant weaknesses in the procurement process. Delays and weaknesses have been reported in almost all stages of the procurement process, including but not limited to approval of procurements, evaluation of bids and receipt of no objections. This has had a ripple effect on the level of absorption of projects funds - where the Company continues to struggle.

v) Development Partners have now financed 48% of the transmission assets. The effective interest rate on some of the development partner financing is tethering on commercial interest rates.

Information Technology Systems

i) The mapped business processes are based on the current business model which is characterized by unintegrated systems and siloed operations. The Company has not taken sufficient effort to improve its business processes in line with its KPI on having efficient business processes.

ii) The Sun Accounting System and other business systems are not integrated, leading to business process and data silos that affect efficiency in decision making and enterprise reporting.

Key capacity needs and responsible actors

i) MEMD should be made a shareholder as provided under the proposed amendment of Electricity Act. This will enable it to steer the appointment and assessment of Board and Management and improve coordination of key energy stakeholders.

ii) The Government of Uganda should expedite ratification of the Land Acquisition Bill to cater for the legal process of land acquisition to address challenges such as valuation disputes, long timelines of court cases.

iii) A fully equipped and facilitated in-house land acquisition department should be established to deal with the survey, valuation, and titling process as well as compensation of PAPs and timely dispute resolution. The Company needs to enhance external stakeholder engagement and coordination to enable quick and easy acquisition of necessary approvals to improve the land acquisition, valuation, and RAP process.

iv) Management should take urgent steps to improve the performance management system clearly linking performance to rewards (both positive and negative).

v) The structure of UETCL needs to be streamlined to avoid duplication of roles, misplacement of functions, eliminate silos, create efficient processes and align to achieve effective delivery of the Company mandate.

vi) The shareholders should clarify Board member tenure, tenure extension/renewal and allowable number of terms.

vii) The Board should set a timeline and programme for documentation, approval, and review of the CBP.

viii) Management should implement the Project Governance Framework (policies, rules, and procedures), embark on aggressive training and building of human capacity, and provide a Company-wide project information system.

ix) The Company should position ICT as a business enabler with assigned corporate and business objectives as part of the ICT leadership team performance goals to ensure equal stake in business goal delivery.

x) Urgent steps should be taken to improve the aged ICT core infrastructure in the data centre before undertaking enterprise digitization projects.

xi) The shareholders should continue to explore long term hedging mechanisms. Part of this mechanism could be the transfer of foreign exchange risk to the Government of Uganda.

xii) If the BOD is to focus on strategic decisions, its procurement approval should only be for strategic or material procurements. A rule of thumb for measuring materiality is to consider 1% of revenue (UGX 11bn for 2019).

xiii) UETCL should continue with the external engagement in an effort to reduce the highlighted non-value adding costs. Bad debt provisions can be reduced by transferring liability for default by MDAs from UETCL to Umeme. Deemed energy charges could be transferred directly to MEMD and expunged through contractual exclusions.

xiv) The Company needs to expedite the ongoing development a Procurement Manual. In developing this manual, all procurement processes should be mapped and timed with clear escalation set to manage the delays. The Manual should focus on reducing the complexity and length of the procurement process.

xv) Planning section should be well equipped with engineering tools, human resources, information systems and established procedures such that a good proportion of the work is not outsourced. Engineering standards and specifications are developed and reviewed by Planning, are readily available to user departments but solely controlled by the owner of the documentation. This can be extended to documentation of processes and work procedures (method statements).

xvi) To ensure value for money in donor support, the role of financial evaluation should be put at the forefront and ongoing evaluation of borrowing decisions with consideration of such measures as NPV and payback period.

Capacity Building Solutions

The Capacity Building Solutions (CBS) follow from the Capacity Assessment of UETCL. The assessment was presented to the stakeholders' workshop on 6th November 2020 via Zoom (*in observance of the Government of Uganda COVID-19 Standard Operating Procedures).*

The main findings from the capacity assessment are summarised in Section 1.6 and point to improvements required in the Enabling environment, Organisational set up, Institutional set up, Leadership, Knowledge and Accountability. These capacity assessment finding have been summarised into 15 capacity building gaps below.

i) Government policy changes on the conditions precedent for project implementation
ii) Inefficient wayleaves process
iii) KPI are not linked to strategy
iv) Weak business wide accountability mechanisms
v) Lack of enabling laws for land acquisition
vi) Inadequate financial resources to implement strategy
vii) Low levels of technology enablement
viii) Negative organisation culture
ix) Overregulation
x) Poor human resource practices
xi) Sector ministry oversight
xii) TSO role not fully executed
xiii) Weak financial management practices
xiv) Weak leadership structures
xv) Weak procurement practices

The recommendations below form the key recommendations from the capacity assessment.

i) The UETCL Board Charter and Memorandum and Articles of Association need to be reviewed to among others, optimize Board meetings which need to be reduced[1] to allow Management time to implement the CBP and put UETCL in line with good corporate practice. Linked to this, there is a need to adjust the approval levels to engage the BOD on strategic procurement (above UGX 10bn – basing on the 1% of revenue rule of thumb) and instead focus the Board on approval of the annual operating budget.

ii) Wayleaves acquisition can be made timelier and more cost effective through enhancing in-house capacity for wayleaves acquisition and a specific department for RAP implementation.

iii) There is need for an improvement for the reward and recognition framework. This can be achieved by developing and linking departmental and individual KPIs with Company strategic goals. The company then needs to develop a Compensation and Rewards Policy for the business and link all Rewards and Recognition approaches (R&R) to staff performance management system.

iv) To address the low levels of technology enablement, there is an urgent need to automate business processes across the Company through the implementation of a modern ERP. Just as urgent is the need to improve UETCL grid infrastructure management through the upgrade of SCADA System and Integrating GIS with SCADA.

[1] Leading corporate organisations hold an average of six (6) Board meetings and five (5) Committee meetings per Committee, annually.

v) The Company continues to have two significant nonvalue adding costs. These are bad debt provisions (18% of opex) and deemed energy charges (14% of opex). As such, the Company needs to review options to remove liability for deemed energy charges and bad debts provisions related to MDAs from the Company.

The CBS have been designed in an implementation framework with clear and concise timelines (spanning a period of 4 years). The schedule of actions has been informed by the level of need, logical sequence on how urgent they are needed to ensure that the strategic gaps in UETCL are fixed.

CBS implementation and roll out will need to follow an accelerated financial plan and resource mobilization strategy that will be able to implement the solutions and ultimately improve mandate execution within UETCL. There is therefore need for engagement with Central Government Line Ministries, Development Partners and the Private Sector. The financial plan to support the CBS is guided by the business objectives of the Company. The specific costing was done on the actions. The purpose was to ensure that a given Ugandan shilling is tagged and attached to ensure an output is achieved from a proposed action. The total budget for 4 years to fund all the proposed actions totals to UGX 51.355 billion with the bulk of the funding for implementation of an ERP and SCADA upgrade.

The CBS also includes a monitoring and evaluation plan enlisting all the activities to be conducted under three core capacity areas and a costed budget. The impetus for inclusion of Monitoring and Evaluation (M&E) Framework for Capacity Building Solutions is based on several factors, with the aim of improving quality, performance, and learning across the electricity supply industry.

To ensure a common understanding of what best M&E results will look like throughout the CBS implementation, a thematic simple but robust M&E framework has been put in place with associated core and thematic indicator. This will only be operative if UETCL:

i) improves data collection and analysis to better understand and measure the results and quickly come up with actions on how this can be improved basing on the accepted goal targets;

ii) ensures M&E activities throughout the CBS are in line with the UETCL mandate; and

iii) becomes accountable to internal and external stakeholders through more effective and participatory M&E, and reporting.

1.0 INTRODUCTION

Ministry of Energy and Mineral Development (hereinafter called "the Client") commissioned Empower Consult (hereinafter called "the Consultant") to undertake Capacity Assessment of Uganda Electricity Transmission Company Limited (UETCL) under contract REF. No. MEMD/CONS/2018-19/00832/GERP.

This Capacity Assessment Report is one of the deliverables agreed upon in the contract and confirms our understanding of the assignment as detailed in the Terms of Reference (ToR). The report describes the context, objectives, scope, and limitations of assessment and highlights the methodology used. It further details the capacity assessment findings under the six thematic areas of the assessment.

The report gives the high-level Conclusion and Recommendations. These will be developed further in the Capacity Building Solutions Report.

1.1 Background and Context to the assignment

Uganda Electricity Transmission Company Limited (UETCL) was incorporated in 2001 as a Limited Liability Company under the Companies Act as amended and the Public Enterprise Reform and Divestiture Act as one of the successor companies established by the Electricity Act, 1999 that unbundled vertically integrated Uganda Electricity Board (UEB) into UEGCL, UETCL and UEDCL. It operates under the policy guidance of the Ministry of Energy and Mineral Development and the Regulatory oversight of the Electricity Regulatory Authority.

UETCL is wholly owned by the Government of Uganda with two equal shareholders the Minister of: (i) Finance, Planning and Economic Development and (ii) State for Finance in charge of Privatisation. Its operational mandate is derived from several laws majorly the Electricity Act Cap 145 and the Uganda Communications Act Cap 106.

UETCL's mandate is derived from the following annual licences:

- License for systems operator.
- License for operation of high voltage transmission grid.
- License for power export and import.
- License for bulk power supply.

The mandate is categorised into two business areas:

a) **Single Buyer**: UETCL is authorised to negotiate all agreements related to the sale, purchase, import and export of electricity. The Company has long running contracts with several electricity generator and distribution companies in the country. The Company also exports and imports power from the major electricity utility companies in the region with which it has signed power sales and power exchange agreements

b) **Transmission Systems Operator (TSO):** Involves the conducting of system operations including the dispatch and control of the operation of generation plants and other facilities necessary for system stability, security, reliability, safety, and efficient operations. The TSO business further involves the operation of the high voltage transmission grid above 33 kV.

Additionally, UETCL also holds a license as a public infrastructure provider for its optic fibre business.

UETCL has been at the forefront of development of infrastructure projects to ensure the Transmission Grid is robust to evacuate power from existing, new, and planned generation plants and between interconnected neighbouring countries. The development is being informed by the National Development Plan and the institution's Corporate Business Plan with the bulk of funding from development agencies and partners. In addition, UETCL has also been fulfilling its mandate with respect to Transmission and System Operations as the Single Buyer. This includes coordination of power imports/exports as part of the national and regional energy management responsibilities.

UETCL is the sole transmission Company in Uganda. The context in which UETCL is operating has shifted significantly from its inception in 2000 and commencement of operations in 2001 to date. Key parameters in these areas of oversight have shifted materially affecting the scope, breadth, and complexity of the task it is mandated to deliver. A select sample of these critical parameters were analysed to expose the shift in UETCL's context over the last 20 years. These include (ref: www.era.go.ug):

(i) Electricity Customer Base

At its inception there were a total of 185,000 (UEB archives) electricity consuming customers connected to the electricity Grid. In the first 10-year period this parameter shifted by 135,000 to 320,398 (a rise of 72%). In the following 10-year period the customer base rose to 1.552m (a rise of 385%). In tandem the global electrification rate has shifted from 7.8% in 2000 to 19% in 2017 (https://www.usaid.gov/powerafrica/uganda). The figure is dampened by corresponding high rate in population growth. The Customer figures (2009 - 2019) are enumerated in Figure 1.1 (a).

(ii) Generation growth

The installed generation capacity remained stagnant over the period 2000 - 2007. Subsequently it has grown steadily from a base of 3 generating entities in 2000 with a capacity of 395MW (mainly the Kiira-Nalubaale complex) to 34 Grid connected generator with a capacity to produce 1,246MW in 2019. Of the current installed capacity 700MW (www.uetcl.com) is available at a given time and with system peak demand at 650MW (www.uetcl.com) there is a current surplus of 50MW capacity at peak. ALL the electrical energy produced by these concerns is purchased by UETCL. By extension UETCL has shifted from dealing with management of energy purchases, PPAs and System Stability for 3 generators to 34 generators over the period, as illustrated in Figure 1.1 (b):

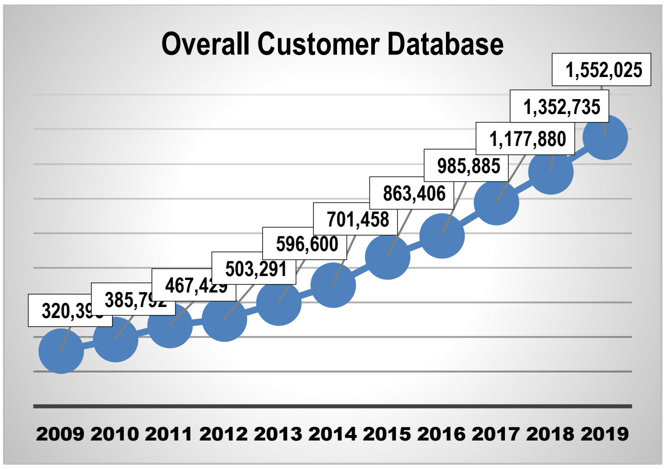


Fig. 1.1 (a): Customers Electricity Grid Connected

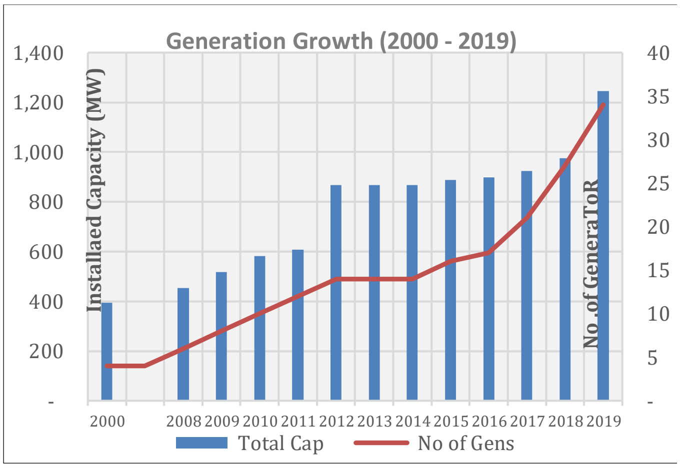


Fig. 1.1 (b): Generation Growth

(iii) Sales versus Purchases

Energy Purchases and Sales grew at an average rate of 8.1% and 8.0% over the period 2007 -2019. This is a combination of growth in number of customers connected to the grid, regional exports, and installed generation capacity. The trajectory for sales versus purchases is highlighted in the graph below. It should be noted that the disparity between Purchase and Sales is the energy loss attributable to the Transmission network which was an average of 3.5% over the period.

(iv) Transmission Route Length

The transmission grid remained static at 1,178kms of mainly 132kV transmission lines. Between the period 2012 – 2019, 1,720kms of 132, 220 and 400kV transmission lines were added. Broadening voltage ranges, increasing geographical coverage and complexity of technology. This has a direct impact on its Operations and Maintenance capability and workload requirement.

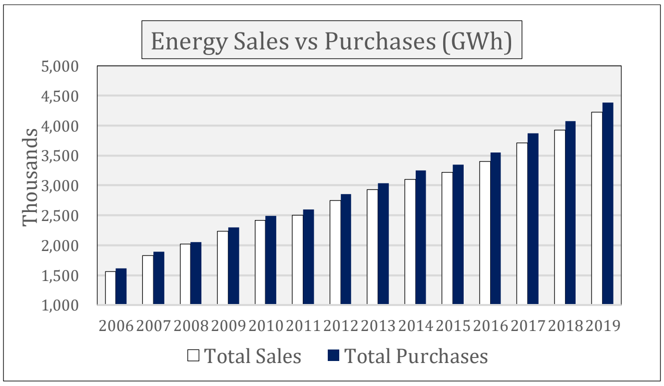


Fig. 1.1 (c): Energy Sales *versus* Purchases

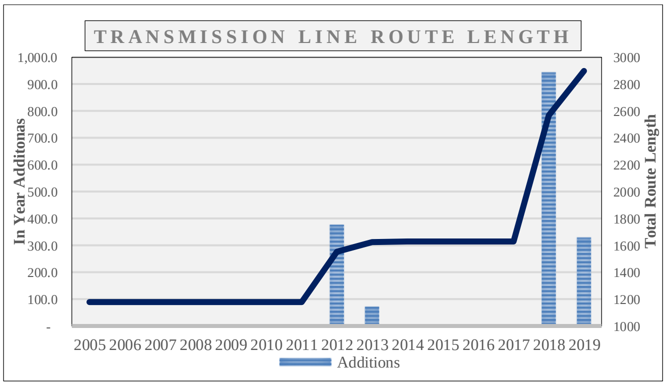


Fig. 1.1 (d): Transmission Line Route Length Growth

(v) Growth – Distribution Companies

As part of the government's move to create completion in the energy sector. A number of electricity distribution companies have commenced operations in the sector. This is commensurate with the growth in the number of customers, and generation highlighted above. Uganda currently operates the sector in a single buyer model, as such all the distribution companies are served by UETCL. The trend is illustrated in Fig 1.1 (e)

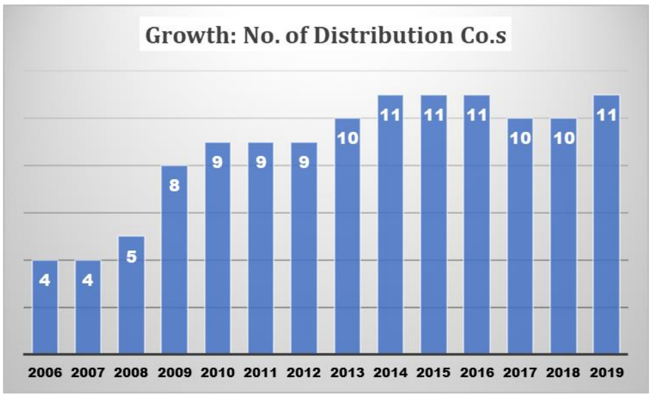
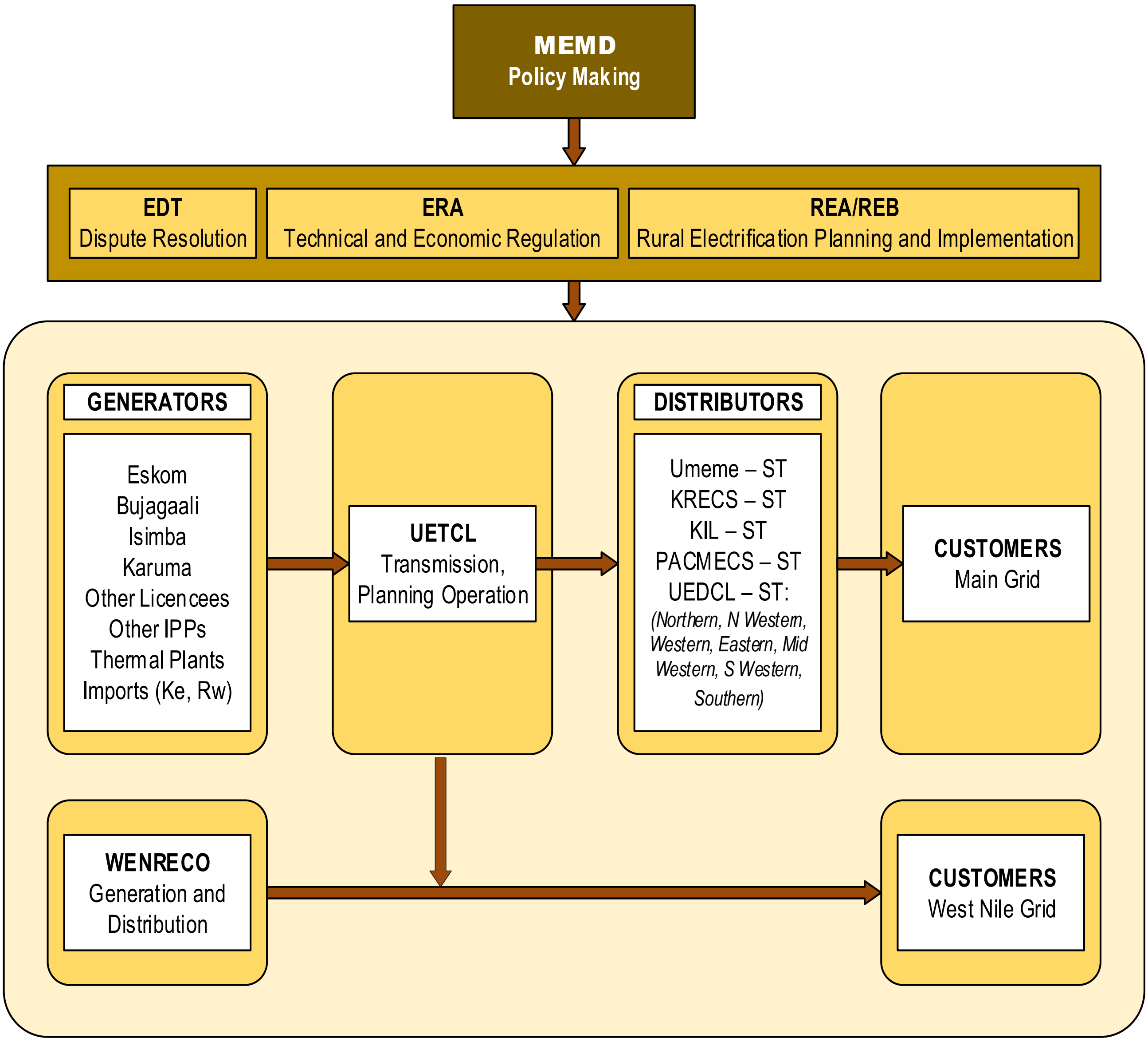


Fig. 1.2 (a): Growth in No. of Distribution Companies

1.2 UETCL Stakeholder Map

UETCL's Key Stakeholders are highlighted in the chart below:



Source: *CBP 2019/20-2023/24*

Fig. 1.2 (b): UETCL Stakeholder Map

1.3 UETCL Enterprise Business Process Map

a) Enterprise High-Level Business Process Map

A high-level illustration of the business processes of UETCL are captured in the business process map below:

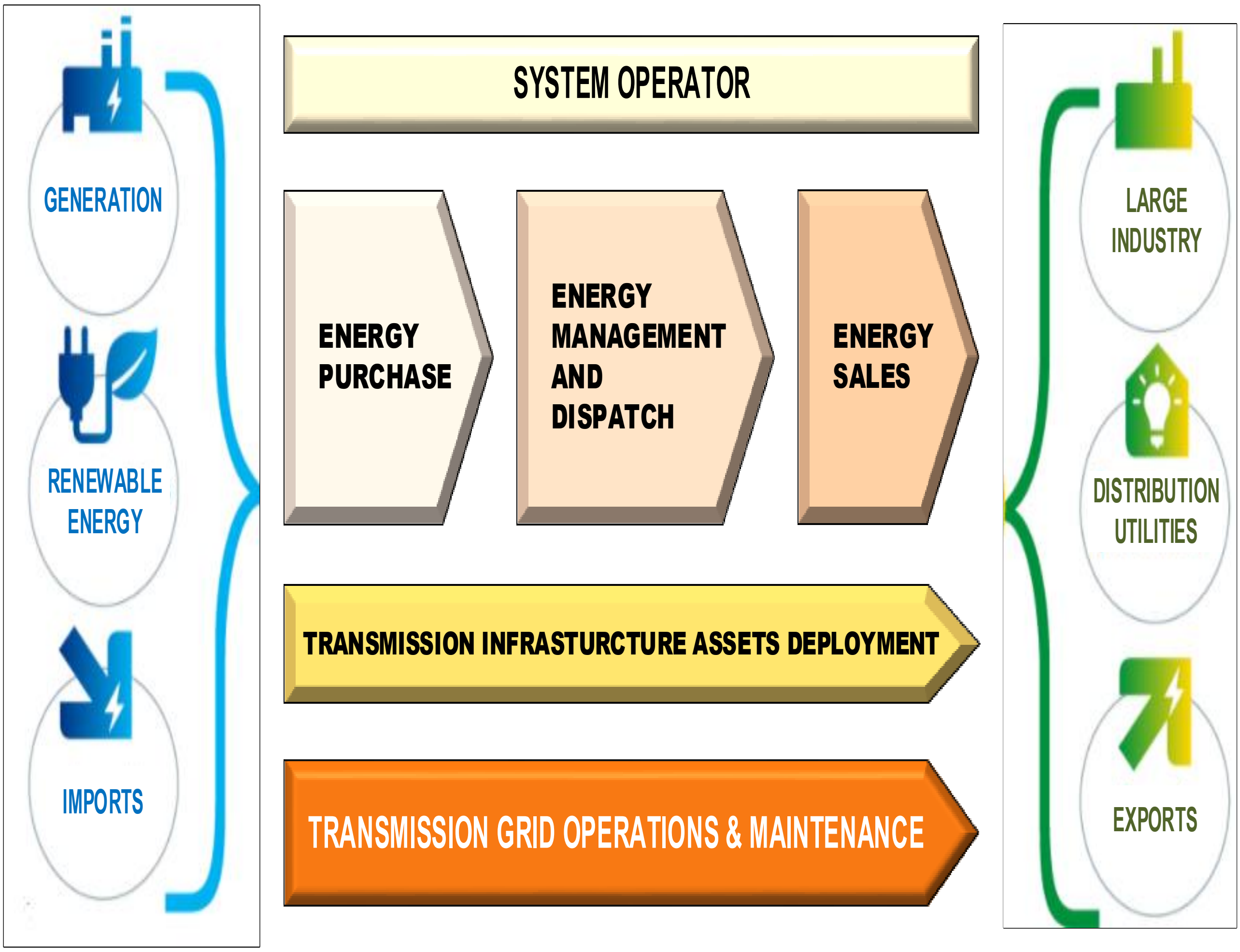


Fig. 1.3 (a): UETCL Enterprise High–Level Business Process Map

This portrays the critical role(s) UETCL plays at the very centre of the Ugandan electricity energy sector in its capacity as the sole Transmission Utility in the country.

c) Enterprise High-Level Business Function Map

The high-level business function map below indicates key interdepartmental and external stakeholder engagements.

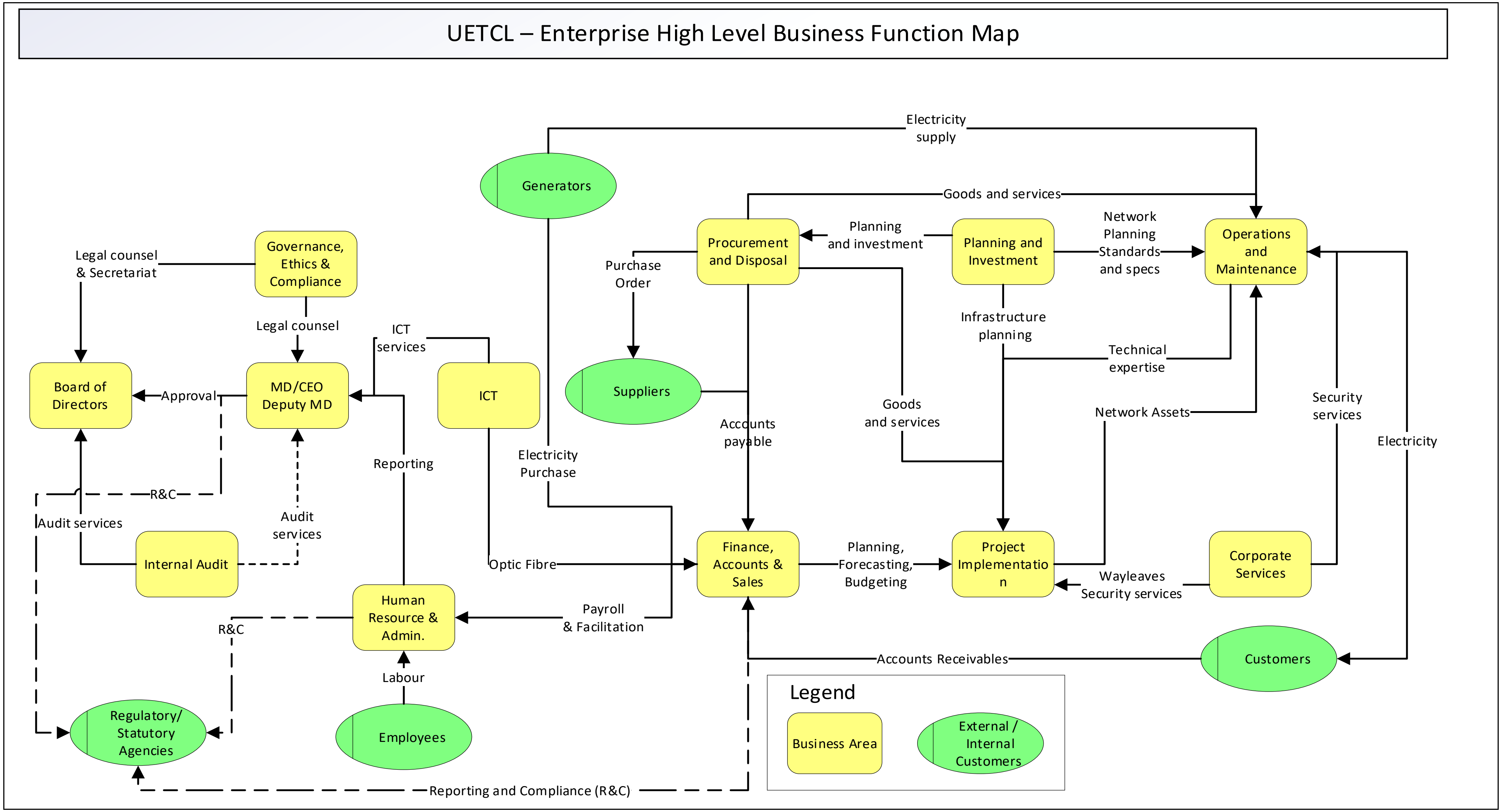


Fig. 1.3 (b): UETCL Enterprise High–Level Business Function Map

1.4 Justification for UETCL Capacity Assessment

The purpose of UETCL's existence is to deliver stakeholder expectations. These are enumerated in its mandate which has been articulated in Section 1.1. above. As indicated in the background, UETCL is currently experiencing challenges that impede effective mandate execution, some of which have been enumerated in Section 1.1. These challenges have necessitated MEMD to commission a consultancy for Institutional Capacity Assessment of UETCL, aimed at exploring the root causes, diverging capacity gaps and converging on priority capacity building solutions.

An analysis of the Load Growth versus Installed Generation Capacity shows a widening gap as additional generation assets are on-boarded (ref: Table-1 below). The data gleaned from the GDP and ERA website indicates over 300MW not utilised in 2017. In reality, System Maximum Demand should be less than Total Available Generation capacity for reasons of Reliability and Security of supply. The current installed generation capacity is 1,145MW compared to a maximum demand of 650MW [CBD 2019-2023, pg12, para 4].

This current gap however suggests unutilised generation capacity occasioned by suppressed demand due to inadequate Transmission infrastructure or slow growth in demand. Depending on the various PPA, such unutilized capacity may attract costs to the Utility as deemed energy charges from the private investor.

The planned grid expansion projects to serve regional integration, industrial parks and improve nationwide access to electricity are progressing slower than the set target dates. Other projects also identified in the Grid Development Plan for strengthening the transmission grid are progressing slowly, yet weaknesses in the grid impact continuity of supply and in turn energy sales.

Delays in delivery of Planned Transmission Infrastructure (ref: CBP 2014 – 2018) have further led to spots of stress at high load zones (e.g. Entebbe town and environs). A number of IPPs like Achwa Mini-Hydro Power station were completed before the necessary infrastructure for power evacuation was ready, exposing UETCL to risk of capacity charges or deemed energy.

These challenges have necessitated MEMD to commission a consultancy for Institutional Capacity Assessment of UETCL, aimed at exploring the root causes, diverging capacity gaps, and converging on priority capacity building solutions.

1.5 Assignment objectives

The overall objective of the assignment as stipulated in the Terms of Reference (ToR) was to assess the institutional capacity of UETCL in delivering its core mandate with focus of the Company's ability to undertake capital projects.

The specific objectives were to:

i) Undertake a review of the structure, human resource, business processes and systems of UETCL and determine their effectiveness in supporting UETCL in implementation of its mandate and strategic plans.

ii) Identify key bottlenecks to effective implementation of UETCL's mandate and strategic plans that include, among others, projects implementation and contract management practices.

iii) Prescribe practical and cost-effective strategies for enhancement of UETCL's capacity in delivering her mandate.

1.6 Assignment scope and focus

The assessment scope is well explained in the Terms of Reference provided by the Ministry of Energy and Mineral Development as relating to conducting Capacity assessment. The scope is indicated below:

- Review of all relevant documents in line with the outlined specific objectives above.
- Conduct initial interviews with key stakeholders within the Company and outside.
- Interact with stakeholders including Project Affected Persons to inform UETCL the strength and gaps in wayleave acquisition and Resettlement Action Plans.
- Facilitate stakeholders' workshop in developing the institution capacity assessment plan; and
- Using the resultant information, work with the UETCL team to develop an Institution Capacity building plan.

1.7 Assignment limitations

There were several limitations encountered during the execution of the assignment, including but not limited to:

i) Delays occasioned by the advent of COVID-19 with the combination of government restrictions in movement and convening of personnel;

ii) Delays in accessing of documentation on operational, strategic and policy matters crucial to the analysis of the capacity of UETCL;

iii) Failure to acquire key documentation requested for by the Consultant in time for the release of the Capacity Assessment report, central to supporting the analysis of the Capacity of UETCL in various aspects of the organisation, for example: qualifications, training, and experience of personnel in the Projects Implementation department, lessons learnt database, etc; and

iv) Delays in securing engagements with external and internal stakeholders.

1.8 Approach and methodology for the assignment

Approach

This assessment adopted the UNDP Capacity Assessment Framework (CAF) that defines Capacity Assessment as an analysis of desired capacities against existing capacities, which generates an understanding of capacity assets and needs that can serve as input for formulating a capacity development response that addresses those capacities that could be strengthened and optimizes existing capacities that are already strong and well founded.

In line with this Framework, this assessment covered key dimensions for the capacity assessment and built upon three building blocks:

a) Points of entry (Enabling environment and Organizational set up).

b) Core issues (Institutional arrangements, Leadership, Knowledge, Accountability); and

c) Functional and technical capacities.

Methodology

To undertake a comprehensive assessment of UETCL, a multi-level approach and methodology was deployed. This involved documents review, stakeholder engagements and interviews.

Document review

The general approach in assessing UETCL capacity included review of defining documents that elaborate the purpose, mandate and plans for the Sector and the Company, like the NDP, the institutional arrangements and set up in the energy policy, energy supply strategy, electrification strategy, relevant laws, policies, reports, and plans concerning the Board, Senior Management and Individual level activity, Wayleaves acquisition process, Land use policy, and the UETCL Corporate Business Plan and all other supporting investment and operational plans.

The Consultant also conducted an analysis of reports received to help determine performance against targets within UETCL and assessment of the selected previous projects undertaken.

The initial list of documents required are contained in Annex 2. This is cross cutting across the assessment areas.

Stakeholder interviews and team engagements

The document review has been enriched with interviews and discussions to clarify and triangulate the linkages to create a coherent picture.

Interviews were conducted with internal and external stakeholders both as individuals and representing institutions all in a participatory manner. The manner and level of involvement of the staff, Board, and other stakeholders varies from one stage of the assignment to another, as indicated in the work plan. The indicative schedule of interviews and engagements is contained in **Annex 1.**

Considering the capital intensiveness of projects and significant investments in transmission infrastructure, a detailed assessment of the adequacy of project funding and the efficacy with which the Company has deployed these funds will be carried out. The latter will translate into a gap analysis of financing requirements and organizational arrangements to convert this to value for the benefit of the industry and minimisation of the overall risk exposure for the Sector.

1.9 Report structure

The Report was compiled based on the consultants' knowledge of the electricity sub power Sector and the thematic areas, using the results of the assessment, processing of the information collected during the stakeholder engagement and document reviews, and guidance received at Inception Report stage.

The Capacity Assessment Report presents results of the analysis of the assessment of the capacity of UETCL to deliver its mandate. This is done through considering the thematic areas of the study as dimensions.

This report is organized in 5 sections as follows:

a) Section 1 presents the introduction and background and context to the assignment.

b) Section 2 presents the way the assignment was approached and methodology by which the execution of the task was navigated and the context, objectives, scope and limitations of the assessment process.

c) Section 3 presents and discusses the findings of the capacity assessment along the three dimensions of points of entry, core issues and technical and functional capacities.

d) Section 4 presents the emerging conclusions from the capacity assessment and associated recommendations for various stakeholders.

e) Section 5 presents the Annexes.

The Annex to the Report includes the following documents:

A.1. List of consulted stakeholders/respondents

A.2. List of references

A.3. Data collection tools used for the assessment

A.4. Synthesized Data Matrices for thematic areas

2.0 DETAILED FINDINGS

2.1 Points of Entry

2.1.1 Enabling Environment

The legal framework, regulation, policies, and procedures of UETCL do not enable efficient delivery of its mandate in the changing circumstances as seen in the current proposed amendments to the Electricity Act, Land Acquisition Bill, Energy Sector Policy and other reforms.

Uganda Vision 2040 sets a desire to transform Uganda into a modern prosperous country within 30 years through strengthening the country's competitiveness for sustainable wealth creation, employment, and inclusive growth. Whereas GoU has committed substantial investments in the energy Sector and created generation-demand surplus, the electricity tariff is viewed by many as prohibitive. UETCL as a result is not charging a cost-reflective tariff and is sandwiched between private independent power producers and distributors who re-coup their investments from the tariff. The political will to transform the economy through industrialization is currently sustained by GoU through concessionary loans, grants and counterpart funding. The planned East African Power Pool and regional power exchange and trade is also dependent on political and economic cooperation in the region. It offers an opportunity to export power but requires preparation for UETCL to wheel power on its transmission grid.

2.1.2 Organisational set up

UETCL's organizational setup needs to be reformed to cater for the changing strategic needs of the Company. There is need for structural and cultural reforms in UETCL to realign it from a functional structure to one that will enable delivery of the mandate. For example, given the number of projects being undertaken there is need to strengthen projects implementation from feasibility to commissioning. The Company has initiated some structural changes but in our opinion is not far-reaching and will not achieve the desired goal.

2.2 Core Issues

2.2.1 Institutional set up

UETCL has implemented frameworks, policies, procedures for Governance, Finance, Risk, HR business processes but those for capital projects, procurement, planning, operations and maintenance functions are not well known or established. The Capital Projects Governance framework and Projects Manual has not been elaborated adequately to guide project management and there is need to put in place a streamlined procurement process in form of a manual.

2.2.2 Leadership

The organization has a clearly written strategic plan in line with the vision and mission statements which guides work but is reviewed every after 5 yrs. The plan was developed in a participatory manner, in consultation with Board members and staff at various levels. The strategic plan guides many programs and actions, but some actions are done outside of this framework. Its Board is comprised of members with diverse knowledge and experience in finance, tax, engineering, legal and labour matters but non with Private

Sector background and there is one lady on the Board. The Board is fully functional with clear terms of reference and meets regularly with meetings conducted as per order of business and properly recorded. They approve the annual budget and workplan and review performance of the Company on quarterly basis and provide direction and support to the organization. There is no record seen to show that the Board has been evaluating its own performance and its composition has not changed over the period under review.

2.2.3 Knowledge

The Consultant has observed some structured formal mechanisms for internal knowledge exchange such as trainings, factory visits, project meetings, workshops, presentations etc. Teams do not set aside time to regularly meet and share knowledge and there is no central repository and system to capture, document and disseminate knowledge for organizational learning. This can be in the form of shared folders, library, and publication outlets such as print or electronic, workshops, seminars.

2.2.4 Accountability

UETCL has established mechanisms for accountability that are strong at the top level where the reporting needs and frequency are well known and followed but this weakens at the level below managers. Culture of mutual accountability at all levels needs to be nurtured through policy reforms and dissemination.

Externally, stakeholders like Umeme are satisfied with the level of transparency in billing and planning network development but expressed concern about sharing of information on system operations. A similar concern about information sharing on system outages was raised by Eskom Uganda.

UETCL stakeholder engagement including updates to the public regarding impacts of its activities, for example the ever-increasing rampant vandalism of the Grid Infrastructure is an area of concern. UETCL has also been slow in exploiting the benefits of the IT revolution such as the use of social media and apps to disseminate information to the public, PAPs etc.

2.3 Functional and Technical Capacities

This building block covered the six focus assessment areas stated in the detailed scope of work for this assignment, notably

i) Governance Review

ii) Process, People and Systems Review

iii) Human Resource Administration (HR&A) Review

iv) Corporate and Individual Performance Systems Review

v) Review of Achievements against the 2014-2018 Corporate Business Plan (CBP)

vi) Capital Projects Management Review

The above focus areas were further rearranged into eight (8) thematic areas namely.

i) Governance

ii) CBP Achievements versus Targets (2014 – 2018)

iii) Review of Corporate and Individual Performance Management Systems

iv) Human Resource and Administration

v) Capital Projects Management

vi) Legal/Land and Servitude Acquisition

vii) Financial Management

viii) IT Systems

Each of these thematic areas was assessed at two (2) levels, notably (i) existing capacity (current status/situation) and (ii) desired capacity (situation) as illustrated in the proceeding sub-sections.

2.3.1 Governance Review

The Governance of UETCL was assessed at both Sector and institutional levels. UETCL is a legal entity incorporated as a Company under Ugandan law. In tandem UETCL is the national electricity transmission utility licenced and regulated by ERA operating four (4) licences that outline its mandate within the electricity energy Sector.

In addition, the legal regulatory and Sector framework documentation was also reviewed in line with the objectives of the assignment. The Company policy and strategic documentation was also reviewed to assess the robustness and direction of UETCL's governance writ. A summary of the key governance documentation is provided below:

i) UETCL Board Charter (2019)

ii) National Development Plan II (NDP II)

iii) National Development Plan III (NDP III) 2020 – 2025

iv) UETCL Grid Development Plan 2015-2030

v) UETCL Grid Development Plan 2018-2040

vi) Corporate Business Plan 2014-2018

vii) Corporate Business Plan 2019-2023

viii) Bulk Supply Licence

ix) Operation of High Voltage Transmission Grid licence

x) System Operator licence

xi) Power Import and Export licence

xii) Electricity Act (1999)

xiii) Draft Energy Policy (Proposed)

xiv) Draft Electricity Act (Proposed)

xv) UETCL Memoranda and Articles of Association

xvi) Company Act 2012

xvii) PPDA Act 2003

xviii) PERD Statute

xix) National Energy Policy

A detailed review of the legal and regulatory framework, institutional set-up covering the Board Management and internal governance documentation plus the outcomes of the Company's performance at the governance level in line with the organisation's mandate has been executed. The narrative and analysis are outlined in the following sections

2.3.1.1 Review of the institutional set up of UETCL

This analyses the laws that establish UETCL as a Company, its ownership and the powers and privileges it enjoys under the law as well its management setup. In addition, we review the institutions involved in setting policy and regulatory functions and how they impact in its performance and they impact on its capacity to achieve her mandates. The proposed Amendment of the Electricity Act and the impacts on the said amendment is analysed and how it will impact both ownership and management in the new setting.

Current status

UETCL being a government owned Company derives its overall policy direction from the cabinet, but implementation is done by the Ministry responsible for Energy and Mineral Development.

The Ministry provides overall policy direction and guidance in the development and exploitation of energy among other things and it is under responsibility to create an enabling environment to attract investment in the development, provision, and utilization of energy resources. MEMD oversees the regulatory institutions that in turn supervise the government institutions and independent providers in the energy Sector.

In the fulfilment of its mandate, the Ministry passed the Energy Policy 2002 whose goal was to meet the energy needs of Uganda's population for social and economic development, the Energy Policy 2007, and the Draft Energy Policy for Uganda 2019.

UETCL is regulated by Electricity Regulatory Authority (ERA) which was established by the Electricity Act 1999 as an independent regulator of the power sub-Sector. Under Section 10 of the Act, among others the main functions of the Authority are:

i) to issue licences for the generation, transmission, distribution, or sale of electricity.

ii) to receive and process, prescribe conditions and terms and modify applications for licences.

iii) to make and enforce directions to ensure compliance with licences issued.

iv) to establish a tariff structure and to investigate tariff charges, to approve rates of charges and terms and conditions of electricity services provided by transmission and distribution companies.

v) to review the organization of generation, transmission and distribution companies or other legal entities engaged in the generation, transmission and distribution of electricity to the extent that that organization affects or is likely to affect the operation of the electricity Sector and the efficient supply of electricity.

vi) to develop and enforce performance standards for the generation, transmission, and distribution of electricity.

vii) to encourage the development of uniform electricity standards and codes of conduct and establish a uniform system of accounts for licenses; and

viii) to advise the minister regarding the need for electricity Sector projects.

UETCL, being a public limited liability Company incorporated under the Companies Act, is managed by the Board of Directors appointed by the shareholders who are the Minister of Finance, Planning and Economic development and the Minister of State for Finance in charge of Privatisation with equal shares. The Board appoints the Chief Executive Officer who is charged with day-to-day management of the Company.

Desired situation

In terms of management and operations, UETCL has different stakeholders with each performing different roles but some overlapping. The different stakeholders are established by different laws with different mandates and impact on the overall performance of the company. On the ownership side, the two shareholders under MFPED are mandated under the Companies Act and through appointment of the board to run the company as a corporate legal entity with powers to hire and set targets for management and set the agenda for the day to day operations of the company, MEMD under the Public Enterprises Reform and Divestiture Act is under responsibility to liaise with Minister of Privatisation to ensure that the objectives of the Government are achieved and thus as a line ministry must ensure that all policies and objectives are aligned and achieved by UETCL as mandated while ERA under the Electricity Act as a regulator is mandated to issue licence and regulate all issues which have an impact on the industry revenue requirement, efficiency and effectiveness of operation of the interconnected network and as a line ministry.

On the face of it and legally, each of the mentioned party's roles and responsibilities seem to be clearly spelt out but without coordination and through the performance of their mandated roles there are situations where there is a seemingly clash of roles with the overall impact affecting the performance of the Company.

For example under the legally granted wide powers of ERA by the Electricity Act, all decisions of the Board must be scrutinised and approved/disapproved under Multi Year Tariff Approvals and the policy holder not being a direct shareholder in the company cannot play a central role in this overlap dilemma this affects the overall planning and management by board as legally mandated and shifts the centre of accountability to the regulator leaving the day to day management of the company in a state of confusion.

There is need for clearly spelt boundaries of jurisdiction and the policy holder should play a central role by being part of the ownership structure of UETCL as proposed under the Amendment so that it is able to perform a dual role of overseeing ERA and taking control of UETCL through management so that the above-mentioned overlap is harmonised since the set policies determine the operations agenda and performance is assessed through operation results.

Since the passing of the 2002 Energy Policy, there has been several developments and changes nationally and internationally and therefore the Ministry felt the need to revise the Policy to consolidate the achievements, align the policy framework with new developments and ensure that government is well positioned to address new and emerging socio-economic challenges of the energy Sector to achieve Uganda Vision 2040 and UN Sustainable Development Goals (SDGs).

Key among identified issues to be addressed by the Draft National Energy Policy is the lack of integrated planning of energy projects and programmes which creates conflict and competing interests among the various institutions and the private Sector hindering Sector-wide planning. The new policy aims at setting up structures and systems for integrated energy planning and monitoring of projects that consider government goals as well as regional and international energy commitments.

The Draft Policy should therefore be adopted to address the current gaps to attain better coordination and Sector-wide planning where the issue of multiple and not well coordinated institutions in the Sector including UETCL can easily be addressed.

2.3.1.2 Review of the Policy and legal Framework for UETCL

Current situation

The Energy Policy for Uganda 2002 sets the agenda for the operations of UETCL since it was established by the Sector Ministry, its goal was to meet the energy needs of Uganda's population for social and economic development in an environmentally sustainable manner. Its formulation was informed as a constitutional requirement of the state being under obligation to promote and implement energy policies that will ensure that people's basic needs and those of environmental preservation are met.

The policy recognized that despite the strong economic growth so far achieved then, there was need to sustain the performance of the said growth by increased investments and creation of employment opportunities which would in turn be realized with adequate supplies of energy.

Among the key issues the policy was formulated to deal with were the inadequate coordination and information sharing among the various projects, government institutions and the private Sector, low quality of electricity supply and low electricity coverage throughout the country.

The policy was formulated at the backdrop of the approval by cabinet of the Power Sector Reform and Privatization Strategy and enactment of a new Electricity Act 1999 and as part of the liberalization process which unbundled UEB to create different business entities for generation, transmission (UETCL) and distribution with generation and distribution businesses leased out to private operator while transmission remained a public function.

In formulating the Policy, MEMD considered several factors and characteristics of the energy Sector then which included an inadequate and inefficient power supply system, arising from stunted generation capacity growth, a poor transmission and distribution infrastructure and poor utility commercial practices prevalent at the time. Therefore, the government had a challenge of expanding access to affordable, reliable, and adequate energy supplies to address the poverty issues after recognising energy as having a direct impact on poverty alleviation.

Objective 3 of the Policy was to improve the energy governance and administration and to achieve the said objectives, the government was to clarify roles and functions of the various institutions involved in the energy Sector, create a transparent legal and regulatory framework for the Sector, build capacity at the national and local levels for better formulation and implementation of the energy policies and programmes, build the capacity of regulatory agencies to provide even-handed and predictable regulation and involve all stakeholders in the formulation of new policies in the energy Sector.

The government has implemented the Energy Policy since 2002 as a primary guiding document for the country's energy Sector which has several developments and changes both nationally and internationally that have impacted the energy landscape of the country. The achievements include increased electricity generation capacity from 317 MW (2002) TO 1,182 MW (May 2019); resulting in a supply/demand surplus; increased electricity access from 5% (2002) t0 28% (2019), liberalization and improved Sector regulation and enactment of various legislation and policy instruments to improve the Sector governance.

In fulfilment of the objectives and under guidance of said Policy, MEMD established an Energy Sector Working Group with Permanent Secretary MEMD as its Chairperson. Its membership comprises MEMD, ERA, UETCL, UEDCL, NPA, NEMA, MFEPD and Donors among others with its main purpose being the sharing of information on projects at different stages.

However, there is lack of central Sector wide planning with mainly MEMD and ERA doing the planning function without involvement of other stakeholders in the Sector which leads to lack of ownership of plans. There is need for their involvement and to capture their contribution as informed by the Business Plans of their respective companies.

UETCL is a public limited liability Company incorporated under the Companies Act as amended and the Public Enterprises Reform and Divestiture Act. According to Section 21 of the Companies Act, the Memorandum and Articles shall when registered bind the Company and the members of the Company to the same extent as if they had been signed and sealed by each member and contained covenants on the part of each member to observe all the provisions of the Memorandum and Articles. This means that as a corporate legal entity its powers, management and operations must comply with the provisions of Companies Act and the registered Memorandum and Articles of Association.

The shareholders/subscribers are mandated under the mentioned Companies Act and Articles of Association to appoint the Board of Directors who are in charge of the Company management and have the powers to appoint and supervise the Managing Director who is in charge of day-to-day management of the Company. This means that the two shareholders of UETCL with equal shareholding that is, the Minister of Finance, Planning and Economic Development and the Minister of State for Finance in charge of Privatization are the ones to determine the management through appointment of Board of Directors. UETCL has a legally appointed Board of Directors and it is in charge of appointment of the Managing Director as provided for under the law and its Memorandum and Articles of Association, however questions have been raised on how suitable the shareholders align with the Company in fulfilment of its mandate since the shareholders are not the policy holders under which the Company falls and a probe into how ownership affects her roles is needed.

UETCL being a government asset and Ministry of Finance, Planning and Economic Development being a custodian of government assets, there was/ and still is a justifiable cause to have the Ministry as a shareholder but MEMD should be made a shareholder as already proposed since it's the technical and policy holder of the company.

Desired situation

Despite the achievements under the Energy Policy 2002, there are emerging challenges like population growth leading to increased energy demand, the need to focus on the development of domestic demand and regional power trade, progression from primary private Sector led growth to Public Private Partnerships and increased public financing of Sector developments aimed at increasing affordability.

The Energy Policy 2002 and 2007 have become outdated to deal with the current issues which among others are unreliable energy supply infrastructure, inefficient utilization of energy and inadequate technical capacity and lack of integrated planning. MEMD therefore has realised a need for a new policy to address the current challenges, new developments and future plans and formulated a draft Energy Policy which is yet to be passed.

The Draft Energy Policy 2019 recognises the need for growth of national electricity demand and creation of regional export markets given the anticipated large generation surplus in the short to medium term and the constraints in transmission and distribution which limit domestic utilization and regional export and increase the cost of service. The Draft Policy stipulates the need for expansion and reinforcement of transmission and distribution infrastructure in enhancing the quality and reliability of electricity supply to create demand and new markets.

With the growth of national electricity demand and creation of regional export markets due to large generation surplus as recognised under the Draft Energy Policy, UETCL must plan and reorganise its internal capacity to undertake the anticipated expanding projects by planning ahead of time, acquiring transmission corridors for the expected transmission infrastructure and enhancing coordination with key stakeholders in the energy sector. The board has approved increase of the number of departments like Commercial, Land Acquisition and procurement and Disposal necessitated by the expanding business landscape of the company and the need to manage the projects time and costs and new sections have been approved as well. There should therefore be continuous needs assessment and planning by the board to match the emerging needs and new developments in execution of the mandate of the company.

Under the Draft Policy, the problem of lack of integrated planning of energy projects and programmes which creates conflict and competing interest among institutions and sub-sector has been identified with inadequate coordination and information among various government institutions, projects and the private Sector which hinders Sector-wide planning. There is therefore a need for structures and systems for integrated energy planning and monitoring of projects that consider government goals as well as regional and international energy commitments and this can be achieved by the passing and adoption of the new policy to guide the process.

Under the same Sector planning group, there should be a joint Sector review committee to review performance in the Sector and agree on priorities with all projects in the Sector going through the same committee unlike the current status where most projects that go through it is where the government is going to incur a liability.

As already noted, the ownership of UETCL is by the two ministers (shareholders) under the same Ministry with one being a senior to the other shareholder, the two ministers are most likely to have the same interests and unlikely to take independent decisions of each other.

Also, key to note is that the two shareholders fall under a Ministry which is technically different from where the Company's mandate fall since Ministry of Energy and Mineral Development is the Sector Ministry and Policy holder of UETCL in exercising its mandate.

In essence, it means that the owners of the Company who determine its management have less role in determining the functions/roles and responsibilities entrusted to it under the law since the technical and policy matters are a function of a different Ministry. This has limited the performance of UETCL since the management and operations need to be aligned to enable better planning, management, and assessment functions to be effective.

The Consultant established that the shareholders consult the Policy/Sector Ministry (Ministry of Energy) before appointment of the Board as a courtesy and the advice can be ignored since it is not embedded within the law. Though MEMD has a representative on board, representation and appointment are totally different when it comes to control and setting the agenda for the company operations and thus there is need for the technical/ policy holder to have a say in determining the composition of the board and management.

We do believe that the above dilemma could be the reason behind the proposed section 125A of the Electricity (Amendment) Bill 2019 which seeks to amend section 125 of the Electricity Act to have both Minister responsible for Electricity and Minister responsible for Finance as Joint Shareholders. If passed, this would harmonise the ownership and operations of UETCL and provide an enabling environment to achieve its mandate because under the current status the supervising body (Ministry of Energy) has no say in appointment of the Board (which is the preserve of Ministry of Finance) which makes it impossible to determine the composition and performance of the Board of Directors, yet they determine the management and performance of UETCL.

2.3.1.3 Management

Current situation

The day-to-day management of UETCL is managed and regulated by the Companies Act as amended, Memorandum and Articles of UETCL and the Board charter.

The Memorandum and Articles of Association of UETCL provides that Directors of the Company are to be determined by subscribers of the Memorandum who are the Minister of Finance, Planning and Economic Development and Minister of State for Finance (Privatization) each with equal shareholding.

The Articles of Association goes ahead to give Directors wide powers to run the Company and may delegate any of their powers to the committees. The same Articles provide for the process of how Directors are appointed and how they must run the Company, the procedure of holding Company meetings, appointment of managing director from one of them to whom management and control of the Company shall be vested in him and the Directors are responsible for appointment of the Secretary.

Section 14 of the Companies Act, 2012 provides that a public Company is under an obligation to adopt Table F and the provisions of the code of corporate governance therein.

Table F spells out the appointment, composition, operations, authority, and remuneration of the Board. Under Table F which has been adopted by UETCL, the Company is supposed to have a Company secretary who is to play a pivotal role in the corporate governance.

In compliance with Table F requirements, UETCL BOD on 12th June 2018 approved the Risk Management Policy which under clause 11 imposes an obligation on the Board to determine UETCL's risk appetite and tolerance levels and its related management.

UETCL under the guidance of Table F formulated and passed the Board Charter in 2019 whose purpose is to have a formal and transparent procedure for creating an effective Board of Directors to ensure it achieves its objectives as per the given legal mandate.

Desired Situation

As a corporate legal entity, UETCL is supposed to set its own agenda led by the existing Board by drawing plans and setting KPIs and laying strategies to guide its targeted performance and follow through the process and mobilizing resources to enable it to execute the set plans since it has even borrowing powers as recognized under the law without any interference. However, its operations and decisions are regulated and further determined by ERA which has limited its operations and made it harder to achieve the legal mandate. The ideal situation would be for the roles of the regulator to be clearly defined under the law and let the regulator deal with licence related issues while Board should be able to determine the management requirements of the Company and be allowed and facilitated to execute them.

Where technical and management issues seem to collide, there should be high level engagement to iron them out without compromising the licence conditions and management performance.

2.3.1.4 Regulation

Current situation

With the liberalisation of the economy, it was pertinent that energy Sector decisions were regulated to ensure appropriate energy supply and use. It was observed in the Energy Policy that the emerging competitive energy markets needed regulatory regimes to address the liberalized Sector which still had legislative and regulatory gaps and ensure fair play, protection of customers, financial viability of private investments, promote competition and collect information.

Upon unbundling of UEB and introduction of new regulatory system with private concession for generation and distribution, and single buyer model, ERA an industry-specific regulatory body was introduced to give confidence to both private Sector participants and consumers that the new power system would function under an agreed and transparent set of rules and procedures.

The regulation of UETCL is provided for under the Electricity Act Cap. 145 which under Section 10 empowers the Electricity Regulatory Authority (ERA) to issue licenses for transmission companies, review their organization, develop and enforce standards, advise the Minister regarding the need for electricity Sector and provide procedure for investment programmes.

Under the same law, ERA has wider roles of regulating all companies involved in generation, transmission, and distribution of electricity and as such must balance the interests of different players including government and the consumers.

As per the management of ERA, the work of the regulator is to see that the Sector is working efficiently to serve different stakeholders like government, investors and consumers and therefore it must analyse in depth the license applications, renewals, costs and justifications for value for money investments.

ERA insists that the roles of the regulator have to be properly understood and fully appreciate the regulatory environment and whenever reports are received, the regulator asks for justification of costs before approval and when justification is not forthcoming queries are raised. That as long as costs are justified and reasonable, then the regulator will have no problem with approval, however UETCL management is of the view that it is not sure of what are 'justifiable and reasonable' grounds since they are not defined and well spelt out by the regulator though it has not provided any formal proof of request for clarification or an attempt to justify costs as requested by the regulator.

The BOD of UETCL has raised among other issues that need immediate remediation, ERA to refrain from managing UETCL and let the BOD exercise its mandate to operate independently and views the questioning of the decisions taken by the BOD of UETCL as an interference by the regulator to deny the Company from operating as a corporate legal entity.

A review of ERA Multi-Year Tariff report 2018-2019, reveals that ERA is involved among other things in detailed approval of staff costs and salaries and administration costs. Also, under a review of the UETCL MYT Application by ERA 2020-2022, UETCL submitted a request for increase of staffing due to the Board's approval of new organisational structure and the expanded network which would enable the company to implement strategies to address challenges identified under the CPB 2019-2022. ERA approved staying of the implementation of the new structure until the detailed job analysis and staffing of the company requirements of the company is finalised. Under this approval for example ERA allowed merge of the Company secretary suggested under a new Department of Governance, Ethics and Compliance with the roles under Corporate Services a clear manifestation of lack of appreciation of the two distinct roles played by the two offices in the modern corporate world and under the Companies Act 2012. The decline of the board approved proposed structure not only jeopardizes the company efficiency and effectiveness in executing its mandate and operations but also questions the role and powers of the board in running of the company as legally mandated and how it co-exists with the roles of the regulator.

An interaction with management of ERA reveals that ERA was yet to approve some recruitments in areas like legal which was being considered as non- critical in the execution of the mandate of UETCL.

While ERA is justified and concerned with regulation as legally mandated, UETCL is among others concerned with performance and its management as a limited liability Company under obligation to comply with the established laws and there seems to be a gap and lack of coordination to reconcile the two and the proposed Amendment of Electricity Act does not address this critical gap.

The owners and Managers of UETCL are mandated by law to run the Company as corporate legal entity but their decisions which translate into operations of the Company must be approved by ERA in practice, this seemingly lack of boundaries by the two parties affect the operations of UETCL in pursuing of her mandate.

ERA has taken advantage of these seemingly wide powers to regulate more than technical issues, there is therefore a need for clear definition, roles and limits of each player to be spelt out as well as balance of interests to enable UETCL perform as a liability Company as well.

Desired situation

ERA is justified and legally mandated to be concerned with the tariffs issues and serving interests of different players in the energy Sector however those interests and regulation must be balanced with UETCL's need for performance in pursuance of its mandate and the need for different technical staff to attend to diverse roles like Land acquisition and construction of transmission lines.

A comparison of UETCL's staffing levels for example with UNRA which is involved in Land acquisition for roads construction reveals a wide gap which translates into similar opposite performance. UNRA has 73 technical staff in Land Acquisition Department whereas UETCL is yet to make the Land Acquisition role a department with for example two surveyors compared to 30 surveyors for UNRA. Therefore, the regulator needs to appreciate the need to recruit technical staff in departments not considered as important to affect the tariffs and license fulfilment conditions.

Since the regulator is of the view that it has no problem with the staffing of UETCL provided it justifies the required changes, UETCL needs to analyse its internal capacity to deliver on its mandate, spell out the efficiency the needed changes would bring, the costs likely to be saved and the need to do so within the set timelines to attract the support and funding by the regulator.

Key to note also is that the Draft National Energy Policy among its priority areas and strategic interventions is to improve energy Sector governance, capacity building and integrated planning under which a target to develop, strengthen and continuously improve legal, institutional and regulatory frameworks to respond to prevailing conditions, and clarify roles and mandates. This is an indication that gaps in as far as clarification of roles and mandates of several players have already been identified, there is therefore need for high level engagement to fill in the mentioned gaps and close coordination to improve on the performance of all players.

2.3.1.5 Proposed amendment of Electricity Act

Current Situation

This proposed amendment seeks among other things to amend Section 125A of the Act about the shareholding of UETCL. There has been a call for the policy holder which is Ministry of Energy and Mineral Development to be a shareholder so that it can have a say in the management of UETCL.

The Policy Holder having no say to appoint the Board has made it hard to set the targets and monitor performance since it has no legal means to enforce that and yet it is the one technically equipped to handle the electricity Sector matters.

The proposed amendment will make the Minister responsible for electricity as the majority shareholder and the Minister responsible for Finance as the minority shareholder in pursuance of the cure for the mentioned gap.

The impact of this amendment if passed will make Minister of Energy and Mineral Development a shareholder with the majority shares and make him/her have a bigger say in the running of UETCL and his /her decisions must be implemented even if the minority shareholder votes otherwise. This will make it easier for the policy holder to set technical targets for the Board and management of UETCL and align its performance with the needs of the energy Sector.

Desired situation

One risk which might arise with this arrangement is UETCL being run as any other department of MEMD. Caution must be taken, and Board Composition should be balanced to make sure the Board members are appointed from different key stakeholders to avoid this risk and have balanced skills on the Board to enable the Company to be run independently and efficiently in pursuance of its mandate and maintaining its corporate legal personality.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
MEMD be made a shareholder to have a say in appointment of Board and management of UETCL	Expedite Amendment of the Electricity Act	1 – 2 years	MFPED, MEMD
Clarification of roles and responsibilities of the Regulator, the Policy holder, and the Board	High level engagement between the Regulator, Shareholders and Sector Ministry.	0 – 12 Months	ERA, MFPED, MEMD, Board
Reorganisation and justification of recruitment of staff	Link recruitment needs with performance targets for approval by ERA	0 – 12 months	Board, CEO, HR
Need for wide Sector coordinated planning and structures among stakeholder institutions	Pass and adopt the proposed new Energy Policy	0-12 months	MEMD

Table 2.3 (a): CDN, Electricity Act Proposed Amendments

2.3.1.6 Review of Board Charter and its alignment with UETCL mandate delivery

Current Situation

The current Board Charter approved on 29th November 2019 is a Restatement of the previous Charter adopted 16th October 2013. The Charter is divided up into Fiver chapters with supporting Annexes as summarised in the table below:

Section	Theme	Precis	Clauses
Chapter-2	Board & Directors	Outlines the duties and roles of the Board the roles of Board members	2.1 Board 2.2 Directors 2.3 Role of the Board 2.4 Role of the C/m 2.5 Role of the MD 2.6 Appointment of MD 2.7 Power of MD 2.8 Remuneration of MD 2.9 Duration of MD Tenure 2.10 (missing – omitted) 2.11 Role of Non – Exec Director
Chapter-3	Meetings of the Board	Outlines the various Board meetings, meeting conduct & procedure and documentation. It also provides a schedule/calendar for meetings	3.1 Annual Gen Meetings 3.2 Procurement Meetings 3.3 Strategic, Budget & Financial Matters 3.4 Corporate Governance 3.5 Audit 3.6 Board Management and Stakeholders 3.7 Human Resources 3.8 Power Purchase Agreements 3.10–3.15 Board and Committee meeting procedure, minutes 3.16 Annual Calendar
Chapter-4	Composition & Terms of	Introduces the Standing Committees of the Board, their ToR and membership	4.1 Finance and Administration 4.2 Remuneration and Technical 4.3 Audit, Risk and Compliance

Section	Theme	Precis	Clauses
	Reference of Board Committees		
Chapter-5	Board Training and Development Policy	Introduces the policy and outlines the development and training of Board members, CEO, Deputy CEO and Company Secretary	Key Clause are: 5.0 Purpose of the Policy 3. Director Orientation/Induction 5.6 Identification of Training Needs 5.10 Method to meet training needs 5.11 Monitoring of Board competency requirements 5.15 review and approval
Appendix-1	Self-Evaluation	Form utilised in statutory self-evaluation assessment no five areas	1. Self Dev. of Director and Exec Dev. 2. Structure characteristics 3. Roles and Responsibilities 4. Board Meetings 5. Board Performance of Duties
Appendix-2	Core Competency Level Description	Form utilised to assess level of Board member competency on four levels	Basic, Good, Strong & Excellent

Table 2.3 (b): Summary of Board Charter Outlay

The alignment with UETCL mandate is captured in the Board Committee Terms of Reference in Chapter 4. This detail the scope of oversight of each committee and by extension of the Board over the business of the utility. The matrix below helps compare the committees Terms of Reference, the associated skills and competency requirements and their alignment with UETCL's mandate and hence their efficacy in delivery.

Table 2.3 (c): Committee ToR alignment to UETCL: Mandate

Board Committee	ToR - Scope	Systems Operator	Power Export / Import	Transmission Network Operator	Bulk Power Supply	Companies Act	PERD Statute	Electricity Act
ARC	- Financial - Reporting	✓	✓	✓	✓	✓	✓	
	- Ethics and - Risk Management	✓	✓	✓	✓			
	- Compliance and - Internal Controls	✓	✓	✓	✓	✓	✓	✓
	- External - Audit	✓	✓	✓	✓	✓	✓	✓
	- IAD Planning, - Budgeting and Resources					✓	✓	
FAC	- Oversee Company - Fiscal discipline	✓	✓	✓	✓	✓	✓	✓
	- Supply Chain, Procurement Planning / Financing	✓	✓	✓	✓			
	- Procurements and/or Expenditure (>300m/=)	✓	✓	✓	✓			
RTC	- Executive - Remuneration					✓	✓	
	- Directors' - Remuneration					✓	✓	
	- Employee Life Cycle – Strategic decisions					✓	✓	
	- Review Project/Major Maintenance Works Proposals	✓	✓	✓	✓			✓
	- Review Grid Development Plan Related Proposals	✓	✓	✓	✓			✓

The review indicates that the Board charter has tasked its committees with Terms of Reference that cover the scope of the business UETCL executes to deliver its mandate thereby positioning it to give oversight.

There are aspects of the Board charter spelt out in the earlier review of the charter that are not adhered to as follows:

a) The Charter does not highlight the process by which individuals may be nominated/ selected to become members of the Board. This leaves lack of clarity in the replacement/rotation of Board members a required by the Company Act 2012 (Section 14, Clause 2(e))

b) The Board Charter does not include any reference to existence of a nomination committee (Companies Act 2012 Section 14, Clause 2(d))

c) The Charter was restated and update in November 2019. Since then, UETCL has received a new MD/CEO. The record needs to be updated to capture. On the 29th October 2020, an Annual General Meeting was convened to cover the period: 2016, 2017/2018 and 2018/2019

d) Prior to the 29th October 2020, Annual General Meetings schedules for the 1st November have not been held since 2017. Previously, the last available record of the convening of an Annual General Meeting secured was on the 16th August 2017. At the time schedule of proceedings was recorded and registered with the Auditor General's office on the 27th Nov 2017

e) There is no record to indicate that Board Self Evaluation has been.

f) There is no record to indicate Board Member Competency evaluation has been carried out

Desired Situation

In order for a Company's Board to effectively steer the institution to deliver its mandate, the Company's Board needs to be aligned with its expected deliverables.
In the case of UETCL:

- UETCL's mandate is clearly spelt out.
- The Board has well elaborated Terms of Reference in its Charter.
- The Terms of Reference have been analysed for fit within its mandate.

However, it also desirable that

a. The Charter adopt a process by which individuals may be nominated / selected to become members of the Board.

b. The Charter include a clause/section that makes refers to a nomination committee for selection of Board members in a transparent manner.

c. Annual General Meetings scheduled for the 1st November in the Charter's Calendar of meetings be held.

d. Board Self Evaluation be executed as highlighted in the charter.

e. Board Member Competency evaluation be carried out to ensure quality membership.

f. The Charter be kept up to date to capture all current references and the position of the corporate. It is further proposed that items with the potential of changes be made into Annexures to the charter for ease of update and referred to in the body of test of the charter.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
UETCL develop & adopt a standard nomination / selection process for Board members	• Draft a selection process and secure ratification by UETCL shareholders. Update charter accordingly	0 – 6 months	BOD Co-Sec
UETCL create a nomination committee	• Secure nomination committee membership with shareholders. Update charter accordingly	0 – 6 months	BOD Co-Sec
Hold AGMs regularly	• Arrange for an AGM on the 1st Nov 2020	0 – 3 months	BOD
Annual Board Member Self & Competency Evaluation	• Execute Board Member Self & Competency Evaluation before year end and annually going forward	0 – 3 months	BOD Co-Sec
Keep Board Charter up to date	• Update Board Charter current status • Redesign Board Charter with Annexes to capture changing parameters to which reference is made in body.	0 – 3 months	BOD Co-Sec

Table 2.3 (d): CDN, Board Charter Review

2.3.1.7 Board selection / nomination process

Current Situation

The current UETCL Board has Eight (8) members (Seven (7) substantive and One (1) Alternate to the MD/CEO). The Company Secretary executes part of their output as Secretary to the Board.

The Board of UETCL representation (as of September 2020) was as follows:

No	Board Member	Role	Constituency	Status
1	Mr. Peter Ucanda	Chairman	Independent	Non–Executive
2	Mr. George Rwabajungu	Member	MD / CEO – UETCL	Executive
3	Mr. Nicholas David Oluka	Member	Independent	Non–Executive
4	Mrs. Sarah I Timarwa	Member	Independent	Non–Executive
5	Eng. Abdon Atwine	Member	MEMD – representative	Non–Executive
6	Mr. John Genda Walala	Member	Independent	Non–Executive
7	Mr. Chris Mugisha	Member	MoFPED - representative	Non–Executive
8	Eng. Valentine Katabira	Alternate Member	Dep CEO – UETCL	Alternate Executive
9	Mrs. Georgina K Musisi	Company Secretary	UETCL	-

Table 2.3 (e): Board Membership

The membership of the UETCL Board has since been amended following an Annual General Meeting convened on the 20th October 2020 and the updated version available in the Register of Board members is tabulated below:

No	Board Member	Role	Constituency	Status
1	Mr. Peter Ucanda	Chairman	Independent	Non–Executive
2	Mr. George Rwabajungu	Member	MD / CEO – UETCL	Executive
3	Mr. Chris Mugisha	Member	MoFPED - representative	Non–Executive
4	Ms. Sarah I Timarwa	Member	Independent	Non–Executive
5	Eng. Abdon Atwine	Member	MEMD – representative	Non–Executive
6	Mr. Richard Santo Apire	Member	Independent	Non-Executive
7	Ms. Grace Achieng Oburu	Member	Independent	Non-Executive
8	Eng. Valentine Katabira	Alternate Member	Dep CEO – UETCL	Alternate Executive
9	Ms. Georgina K Musisi	Company Secretary	UETCL	-

Table 2.3 (f): Board Membership (effective 1st December 2020)

There was no record availed to indicate a formal process that is to be followed when Selecting/Nominating/Renewing/Extending a Board Member. In addition, there was no record to indicate the existence of a Nomination Committee as required by the Companies Act 2012 (Section 14, Clause 2(d)).

The most recent records for Board membership confirmation / acquisition are:

A *Reconfirmation of Board Members Tenure*

(Annual Gen Meeting – held 16th August 2017)

At this meeting:

i) The Board was reconfirmed with a new mandate for three (3) years effective 1st December 2017

ii) The then MD/CEO Eng. William Kiryahika was confirmed as a Board member

iii) Eng. Abdon Atwine was confirmed as a Board member

iv) Eng. Valentine Katabira (Dep CEO) was confirmed as Alternate Board member to MD/CEO

B *Acquisition MD/CEO*

Mr. George Rwabajungu (2019 – 2020)

i) This process was triggered by the following correspondence:

a. A letter dated 27th Sept 2019 from siting MD/CEO to shareholders indicating end of tenure as at Dec 31st, 2019

b. A letter date 8th October 2019 from Shareholders to UETCL Board to commence hire of replacement MD/CEO

c. A letter dated 10th October 2019from C/m UETCL Board confirming receipt and commencement of hire of MD/CEO

ii) The Board proceeded to:

a. Form and Adhoc Committee to handle hire

b. Develop ToR for Technical Resource to support hire of MD/CEO

c. On-board Technical Resource to manage hire process

d. Secured Short List and Interviewed Candidates

e. Secured Shareholder's sign-off on successful candidate

iii) The Successful candidate was on-Boarded as MD/CEO and Member of UETCL Board.

UETCL provided a record indicating that Four Board members changed since the year 2014. It should be noted however, that the Independent Non-Executive UETCL Board Membership has remained effectively intact with changes to the composition over the said period only occasioned by retirement and /or resignation of previous members.

C *The Recruitment of Two (2) Board Members (20th October 2020)*

i) The retirement of two (2) Non-Executive Board Members:
   a. Mr. Nicholas David Oluka
   b. Mr. John Genda Walala

ii) The On boarding of Two (2) Non-Executive Board members:
   a. Mr. Richard Santo Apire
   b. Ms. Grace Achieng Oburu

The UETCL Board needs to actively rotate the composition and membership beyond natural attrition and thereby meet the spirit of the requirement to have the membership rotated as required by Company Act 2012 (Section 14, Clause 2 (e)) and the objective the requirement to keep the Board.

Prior to the board meeting of the 20th October 2020, the changes were occasioned by necessity, (i.e.: warranted by natural attrition)

a. Replacement of the Ministry of Energy (policy / line ministry) representative

b. Replacement of Company Secretary (Kateera–Kagumire to Internal Resource)

c. Replacement of MD/CEO (after retirement of previous incumbent)

This situation may also be occasioned by the fact that membership tenure is not captured in the Board Charter

Desired Situation

The desired position for the Board regarding selection and nomination is to:

a. Have an established nomination committee with non-executive members for transparent selection of Directors.

b. Have a documented selection/nomination process captured in the Board Charter.

c. Have the process by which a Board Member re-selection/extension of tenure is done.

d. Ensure that tenure of membership of Directors of the Board of UETCL is set and captured on record in the Board Charter.

e. Establish a fixed number of terms a specific individual may serve as director for UETCL Board.

f. Include and Execute Self-Evaluation and Board Member competency Assessments in the process to inform rotation of membership.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
UETCL develop adopt a standard nomination/selection process for Board members	• Draft a selection process and secure ratification by UETCL shareholders. Update charter accordingly	0 – 6 months	C/m Co-Sec
UETCL create a nomination committee	• Secure nomination committee membership with shareholders. Update charter accordingly	0 – 6 months	C/m Co-Sec
Clarify Board Member Tenure, tenure extension/renewal and allowable number of terms	• Establish and set tenures for the various categories of Board Members. • Establish and record the process for renewal/extension of tenure. • Establish the maximum allowable number of terms of service of an individual as director of UETCL Board. • Capture the details in the Board Charter	0 – 6 months	C/m Co-Sec
Board Membership Rotation	• Establish and document a process to ensure Board Membership is rotated	0 – 6 months	C/m Co-Sec
Annual Board Member Self & Competency Evaluation	• Execute Board Member Self & Competency Evaluation before year end and annually going forward. • Ensure this process informs the selection and renewal processes;	0 – 3 months	C/m Co-Sec

Table 2.3 (g): CDN, Board Selection/Membership

2.3.1.8 Review of current Board member's profiles, alignment with oversight ability to UETCL

Current Situation

The UETCL Board members' profiles were reviewed. The Board Charter adopted Table–F of the Companies Act the foundation basis for business conducted at Board level for UETCL form formulation.

The current crop of Board members' skills traverse competencies in:

i) Public Sector Restructuring,
ii) Public Sector Management,
iii) Finance & Accounting,
iv) Electrical Engineering, and
v) Legal Practice and Company Law.

The work history profiles of the members are principally sourced from the Public Sector. The Chairman is a retired career Civil Servant having been a Permanent Secretary in multiple portfolios. Two (2) of the Board members by requirement are representatives of the parent and policy ministries (MEMD and MoFPED) and still yet two (2) of the remaining Board members are a current serving and an ex-public servant, respectively.

UETCL is, however, a Company incorporated by law under the Companies Act 2012 and is expected to operate as such. It is noteworthy that not a single reputable entrepreneur sits on the UETCL Board. The Companies Act 2012 (Section 14, Clause 2(c)) requires that: *"…sufficient non-executive Director shall be 'independent' Director…"*

UETCL's utility mandate is derived from these four core licenced areas: Systems Operator, Transmission Network Operator, Power Export / Import and Bulk Power Supply AND the legal mandate from statutory laws of Uganda including: The Companies Act, etc. The alignment of competencies of the Board members with the oversight required of UETCL is reflected in the matrix below:

<table>
<tr><th>Core Mandate</th><th>Delivery</th><th>Core Activities</th><th>Skills</th></tr>
<tr><td rowspan="4">Utility</td><td>Systems Operator</td><td>PPA Management
System Reliability, Stability
System Security
Dynamic and Static Analysis
Intercompany system protocols</td><td rowspan="2">Contract Mgt.
Legal
Electrical Engineering
System Control
Telecommunications
ICT
Marketing
Energy Trading</td></tr>
<tr><td>Power Export/
Import</td><td>Intercompany system protocols
Intercompany Metering / Billing
PPA Management
Energy Trading</td></tr>
<tr><td>Transmission
Network Operator</td><td>Network O&M
Network Asset Management
Network Planning</td><td>Electrical Engineering
Civil Engineering
ICT</td></tr>
<tr><td>Bulk Power Supply</td><td>Civil Engineering</td><td>Project Management</td></tr>
</table>

Core Mandate	Delivery	Core Activities	Skills
		Electrical Engineering Project Execution PPA Management Energy Management Intercompany Metering / Billing	Contract Mgt. Legal Electrical Engineering Civil Engineering Procurement
Legal	Companies Act 2012 PERD Statute Electricity Act 1999 *(related statutes)* Uganda Comms Act	Company Establishment Fiscal Obligations Corporate Governance	Corporate Governance Legal Audit Risk Mgt.
Generic Corporate/ Regulatory	Companies Act 2012	HR Management Ethics and Integrity Risk and Compliance ICT	Corporate Enterprise Mgt. Governance & Risk Ethics HR Contract Management Procurement

Table 2.3 (h): Skills/Competency Alignment with Mandate

Recent developments in the electricity transmission have gravitated towards the establishment of SMART Grids. The objective is to improve operational efficiency and system reliability whilst reducing cost of operations. This is done by adopting enterprise-wide ICT integrated with Engineering Systems and active components on networks in the field.

In addition, UETCL is currently in a growth trajectory in the medium term and requiring the roll out of transmission lines and substations which engage project management, procurement, contract management, and power system engineering skills. In tandem this is increasing the scope, complexity and volume of legal structures and commitments in force being managed by UETCL.

When you examine the available information, the Board membership has remained has been changed mainly via natural attrition due to retirement of nominees and executives over eight (8) years. The Company Secretary confirmed that Four (4) changes being made occasioned by the departure of Board members from their roles (i.e.: nominees from the Ministries of Energy and Finance), the retirement of the UETCL Managing Director and the internalisation of the role of Company Secretary. As such the mix of skills has remained mainly static for a significant period. This despite clear instruction to have the Board membership *"…rotated to ensure continuity…"* in the Companies Act 2012 (Section 14, Clause 2(e))

It should be noted that when comparing the most senior experience by Board members from the three (3) transmission utilities: UETCL, KETRACO and STATNETT the seniority was generally at par. The difference is KETRACO requires 'sitting' PS – Energy and Cabinet Secretary as Board members in its writ. However, UETCL and STATNETT both sought out senior members in society who had previously held that level of Seniority, whilst it is not a requirement for the two entities.

Desired Situation:
For this report UETCL was benchmarked with KETRACO the Kenyan transmission Company and STATNETT the Norwegian transmission Company, which undertake similar business. KETRACO for a Company in similar environment and STATNETT as a sample of best in class.

The table below indicates the comparison between UETCL and the benchmarks:

Comparison of Skills Competencies Transco's [Table 2.3(h)]

Utility	UETCL	KETRACO	STATNETT
Skills	Finance & Accounting, Engineering Law Public Sector Management Sector Restructuring	Telecoms / ICT Public Sector Finance Mgt., Finance & Accounting, Electrical Engineering, Mechanical Engineering Architecture, Projects Management, Contract Law, Public Sector Mgt. Risk, Corporate Governance, Human Resource	Telecommunications Law, Civil engineering, Electrical Engineering, Power Industry Advisory, Systems Operations, Asset Mgt. and Markets, Academia / Research, ICT System Ops / Procurement
Members	8 7 – Substantive 1 – Alternate to MD/CEO	11 9 – Substantive 1 – Alternate to PS Energy 1 – Cabinet Secretary	9 3 – Staff elected (staff)
Highest Seniority	Head Public Service PM Office *(formerly)*	Cabinet Secretary *(Incumbent)* PS – Energy *(Incumbent)*	Deputy Director PM Office *(formerly)*

* *The Schedule of Skills and Competencies of Board members for UETCL, KETRACO and STATNETT are in the Annex below*

The mix of skills and competencies of the UETCL Board need to be broadened urgently to capture the essence of the context and current state of delivery of its mandate. UETCL needs to ensure that the skills gap at the Board level is covered as best possible.

This may be done by combining skills to ensure the number of members is managed. In this process, UETCL may also consider increasing the number of Board members by at least two (2) to help cover the current skills gap.

The mandate of UETCL requires that at least three (3) strong *'Independent'* Non-executive Board members from the private Sector with a proven track record of successfully managing corporate entities be sourced to provide insights at the strategic level to help UETCL fulfil its role as a limited liability Company.

Further, the membership of UETCL Board needs to have the term duration and membership rotation clearly enshrined in the Board Charter. This should be informed by clear member and self-assessment to ensure and inform the Board about areas for capacity building to align the Board with emergent trends. The Company Secretary has indicated that Shareholder's records the Board Member's tenure is set at Three (3) years.

Critically the Board needs to consider onboarding Board members with a primary, secondary and or a combination of the following range of skill sets:

i) Public Sector Financial Management
ii) Power Systems Engineering
iii) Civil Engineering
iv) Project / Programme Management
v) Telecommunication
vi) Information and Communication Technology (ICT)
vii) Contract Law
viii) Corporate Governance and Risk Mgt.

The above proposed skill set would help the Board of Directors give effective oversight in the delivery of the mandate given to UETCL outlined in Section-1 above. A brief discussion of the need for these crucial competencies is outlined below:

a. The modern transmission utility is increasingly reliant on Information Technology and Telecommunications. They are key aspects utilised to attain a SMART Grid. UETCL is in a growth phase and can leverage this opportunity to greatly improve it service delivery and reduce costs.

b. UETCL is a power systems enterprise at its core and experience and knowledge of power system utilities is a fundamental core competency.
c. As indicated in (a) above UETCL is in a growth cycle. This is reflected in the national plans, its own Grid Development Plan and the Key Stakeholder's expectations of UETCL's contribution to this endeavour. A critical aspect of transmission is the deployment of network assets. These call upon resources and skills in: Programme/Project Management and Civil Infrastructure deployment. It should be note that the UETCL's board is constantly reviewing these projects.

d. UETCL is positioned strategically in the midst of the Ugandan Electricity Energy sector. It serves as the representative of government serving and overseeing a number of relationships with: Contractor, Distribution Companies, Generation Companies, the regulator, Development Aid agencies. These relationships are governed by a range of diverse and complex contractual documentation and also commandeer significant sums of financing. In light of this the UETCL board has to oversee this body of legal writ as part of its mandate. It should be note that the UETCL's board is constantly reviewing the legal documentation associated with the aforementioned.

e. UETCL is a 100% government owned company that has to adhere the respective associated rules and procedures. Amongst other activities, in the execution of infrastructure projects and conduct of other materials business (e.g.: energy purchase and dispatch) UETCL requires a good grasp of Public Sector Financing to optimally leverage opportunities and manage risk. This also is an area of key concern to UETCL's board considering the associated financial and compliance requirements. It should be note that the UETCL's board is constantly reviewing the compliance with and adherence to this aspect in its deliberations.

In order to best position the skills and competencies required for UETCL going forward as it transforms itself into a truly modern Transmission utility and delivers the mandate required of it by Energy sector stakeholders, it is proposed that a Skills and Competency review of the Board membership be executed.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
UETCL consider Revising current membership upwards to Nine (9) members for effective delivery of Board business	Undertake the mandate procedural steps to on-board two (2) additional Non-Executive Independent Board members	0 – 12 months	C/m
The C/m ensures that Board member self-evaluations actually occur annually at a minimum	An immediate Self-Assessment be executed (as at the current date) and subsequent evaluations be executed annually at a minimum	0 – 3 months	C/m Co-Sec
Determine accurately the Skill san Competencies required of the UETCL board membership	Engage a consultant/ consulting firm to carry out a Skill/Competency assessment for UIETCL Board membership	0 – 12 months	C/m
Review Board members skills to on-board: - *To cover Skills gap* - *'Independent' non-executive private Sector Board members*	Execute the process of renewing and rotating Board members to (i) obtain as much of the skill set and (ii) private corporate skills proposed above	0 – 12 months	C/m

Table 2.3 (i): CDN, Skills and Competency Alignment

2.3.1.9 Review Board Committees: Terms of Reference, Composition

Current Situation

The UETCL Board has three committees through which it transacts Board business and the corresponding Board members are defined clearly in the Board Charter. The details captured effective 1st September 2020 are as follows:

Board Committee	**Membership**	**Role**
Audit, Risk and Compliance (ARC)	1. Mr. John Genda Walala 2. Mr. Nicholas Oluka 3. Eng. Abdon Atwine	Chairman Member Member
Finance and Administration (FAC)	1. Mr. Christopher Mugisha 2. Mr. Peter Ucanda 3. Mr. George Rwabajungu 4. Eng. Valentine Katabira[2]	Chairman Member Member Alternate Member
Remuneration and Technical (RTC)	5. Eng. Abdon Atwine 6. Ms. Sarah Irumba Muhumuza 7. Mr. George Rwabajungu 8. Eng. Valentine Katabira	Chairman Member Member Alternate Member

Table 2.3 (j): Board Committee Membership

The membership of the UETCL Board Committees has since been amended following an Annual General Meeting convened on the 20th October 2020.

The updated version available in the Register of Board members is tabulated below:

Board Committee	Membership	Role
Audit, Risk and Compliance (ARC)	1. Mr. Richard Santo Apire 2. Eng. Abdon Atwine 3. Ms. Grace Achieng Oburu	Chairman Member Member
Finance and Administration (FAC)	1. Mr. Chris Mugisha 2. Mr. George Rwabajungu 3. Mr. Peter Ucanda 4. Eng. Valentine Katabira	Chairman Member Member Alternate Member
Remuneration and Technical (RTC)	1. Eng. Abdon Atwine 2. Ms. Sarah I Timarwa 3. Mr. George Rwabajungu 4. Eng. Valentine Katabira	Chairman Member Member Alternate Member

Table 2.3 (k): Board Committee Membership *(effective 1st December)*

The Board Committees have been designed to cover the range of UETCL business. The composition is balanced amongst the existing Board members taking care to deploy the existing Board member's competencies where they can be applied best when transacting Board business. In addition, there is a demonstration of separation of duties in the memberships of the Audit, Risk and Compliance committee with only non-executive members.

For this report UETCL was benchmarked with KETRACO the Kenyan transmission Company and STATNETT the Norwegian transmission Company, which undertake

[2] Alternate to the MD/CEO not highlighted in the Board Charter

similar business. KETRACO for a Company in similar environment and STATNETT as a sample of best in class.

Regarding Board Committees and ToR and Composition, UETCL has similar number of committees and functionality selected showing alignment line with best for a Transco.

Company	UETCL	KETRACO	STATNETT
Committee No.1	Remuneration and Technical	Staff and Remuneration	Remuneration
Committee No.2	Finance and Administration	Finance, Strategy and Technical	Project
Committee No.3	Audit, Risk and Compliance	Audit & Risk	-

Table 2.3 (l): Board Committee Comparison Transco's

Committee performance is supposed to be regularly evaluated (Section 14, Clause 7 (11) of the Companies Act 2012). The only committee evaluation record secured was for the period 2018/2019. The Committee evaluation parameter utilised was one of Board Business Throughput measuring the quantity of Board business completed versus submissions as follows:

Board Business Throughput

The parameter utilised to evaluate performance focused on Board Member productivity at the Full Board and Committee level. The parameter measured was the throughput of the Full Board and Committees in terms of the number of Board Papers processed to conclusion at both levels, i.e., the amount of Board business concluded.

The results for the year 2018/2019 emerged as follows:

Board Meeting Papers	Action Taken			
	Received	Approved/Adopted/Noted	Deferred	Pending Consideration
Papers Processing	120	112	7	1
%	100%	93.3%	5.83%	0.83%

Table 2.3 (m): Board Committee Throughput

Committee	Measure	Received	Presented to Board	Deferred by Committee
ARC	Papers	12	9	3
	%	100%	75%	25%
FAC	Papers	39	35	4
	%	100%	89.7%	10.3%
RTC	Papers	37	33	4
	%	100%	89.2%	10.8%

Table 2.3 (n): Board Committee Throughput

The details indicate that the Audit, Risk and Compliance Committee (ARC) has the lowest throughput at 75% and the Finance and Administration Committee (FAC) the highest at 89.7% with the Remuneration and Technical (RTC) close behind with 89.3%. Alternative the throughput of the Full Board is higher at 93.3% indicating the completeness of review of each paper by the time it is advanced to the Full Board.

The likelihood of conclusion business via each committee at the Board level is derived in an aggregate parameter below with ARC business conclusion lowest at 0.6998 (rounded off to 0.7).

Board Committee	Throughput		Aggregate Throughput Index
	Committee	Full Board	
ARC	75.0%	93.3%	**0.700**
FAC	89.7%	93.3%	**0.837**
RTC	89.3%	93.3%	**0.833**

Table 2.3 (o): Board Committee Throughput

Terms of Reference (TOR) of the UETCL Board committees outline (i) scope of Board business focus, (ii) reporting frequency and authority and (iii) membership for all three Board committees. This is in line with the requirements stipulated by the Companies Act 2012.

In summary the ToR for UETCL Board Committees are:

Board Committee	ToR - Scope
ARC	- Financial Reporting - Ethics and Risk Management - Compliance and Internal Controls - External Audit - Internal Audit Dept., Planning, Budgeting and Resources
FAC	- Oversee Company Fiscal discipline - Review Supply Chain, Procurement Planning / Financing - Review Procurements &/or Expenditure (>300m/=)
RTC	- Executive remuneration - Directors' remuneration - Employee Life Cycle – Strategic decisions - Review Project / Major Maintenance Works Proposals - Review Grid Development Plan Related Proposals - Information Technology
Adhoc	- Specific Tasks *(as and when assigned by the Board)*

Table 2.3 (p): Board Committee ToR

Desired Situation

An institution's Board typically has Standing (Operating) and Adhoc committees. The scope of this assessment is focusing on the Standing Committees of UETCL and best practise therein. Table–F of the Companies Act 2012 states (Section 14, Clause 7 (5)(a) that at a minimum shall have:

a) An Audit Committee, and
b) A Remuneration Committee

UETCL's Board Charter does highlight committees of the Board and includes the minimum requirement of two (2) committees as per Company law. Board committees are supposed to be sufficient in number to ably transact UETCL business thoroughly without overstretching Board resources. For a Board of eight (8), seven (7) substantive members with one (1) alternate, the three committees suffice.

The UETCL Board Charter provides for the establishment of Adhoc Committees to execute specific tasks as seen fit. An example is the Adhoc committee that was set-up to manage the recruitment of the current Managing Director as demonstrated in Section 2.3.1.7 (A) above.

However, when considering the benchmark, for both KETRACO and STATNETT their number of Board members exceeds that of UETCL by two (2) (In the case of KETRACO there are two (2) additional alternate Board members for the two (2) Permanent Secretaries).

This indicates that the UETCL Board appears shorthanded in terms of membership, a risk regarding delivery of Board business. Ideally each member should not serve more than two committees and the number of committees should be restricted to avoid director overload. In addition, it is best practise for committees to perform regular self-assessments to ensure they are effective and achieving Board goals and Company objectives[3]

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
UETCL consider Revising current membership upwards to Nine (9) members for effective review and throughput of Board business	Undertake the mandate procedural steps to on-board two (2) additional Non-Executive Independent Board members	6 – 12 months	C/m
The C/m ensures that Board member evaluations occur annually at a minimum	An immediate Self-Assessment be executed (as at the current date) and subsequent evaluations be executed annually at a minimum	0 – 6 Months	C/m Board Co-Sec

Table 2.3 (q): CDN, Board Committee Review

[3] https://www.asaecenter.org/resources/articles/an_plus/2015/december/the-basics-of-Board-committee-structure

2.3.1.10 Review minutes of Board Committees to confirm delivery as per ToR and alignment with UETCL mandate

Current Situation

The UETCL Board committees' proceedings were reviewed. There is a clear process documented for conduct of Board Business in the Charter. This was observed to being adhered to and well documented. The process follows these steps:

a. Presentation of Board papers to the respective Board Committee.
b. Review and deliberation by Committee.
c. Presentation of Board Paper to FULL Board.
d. Review and deliberation by Board and record of Board Resolution.

The record for the convening of the Board and Board Committees was provided and established as a true and accurate reflection of proceedings each record corroborating the other. Every meeting was recorded in:

a. Notices for Convening of meetings.
b. Minutes of the Meetings.
c. Compendia of the FULL record of Board Papers presented to the meetings.

A review of the minutes record revealed adherence to the process outlined in the Board charter on the items enumerated in the table below:

Key Step	Details	Evidence
1. Board Papers	ALL Board business submitted via Board Papers	- Notices - Minutes - Compendium of Papers
2. Business Conduct at Board Meetings	Chair or Non-Exec to preside ALL Conflicts disclosed	- Minutes (e.g.: compendium 2017, 17th March 14th 21st 27th 28th April 17th May 22nd June) - Declared Conflict (1st 4th 12th Nov 2019)
3. Confirmation of Quorum	Ensure Board Meeting substantive	- Minutes (7th 16th 17th 22nd Nov 18th Dec)
4. Adjournments	Record of meetings adjourned – Continuance of unfinished business	- Minutes – 2017: Confirmed as "Closure" e.g., 16th to 17th Nov 2017 (Board retreat)
5. Voting at Meeting	Decisions on Resolutions	- Minutes – Board resolutions captured in minutes were chiefly by 'Unanimous Resolution'
6. Notices of Meetings	Alert Board Members of the meetings scheduled	- Notices for meetings for 2018/2019 and 2019/2020 were availed and corroborated by the minutes and compendia of Board papers
7. Minutes of meetings*	Record of Board business at committee and full Board levels	- Record shared and available was for the year 2017 - Backlog of Board minutes was ratified at the board meeting convened 20th October 2020
8. Calendar	Covers all meetings as prescribed in the Board Charter	- Of critical note: the last AGM held was 2017. A record of proceedings of the session was shared BUT no AGM minutes available - NO AGM has been held since. One is being prepared for Q2 financial year 2020/2021

Table 2.3 (r): Sample of Board Minutes

It was however observed that:

i) The minutes available to review were for the year 2017; Minutes of the Board after the year 2017 were not available for review. We were later advised and notified that they were in the process of being ratified by the Board and are now available for review upon request following ratification in meeting held 20th October 2020.

ii) The Compendia record of Board papers received and reviewed covered the financial years: 2018/2019 and 2019/2020; This record was corroborated by the Notices of the meeting; (As indicated in (i) above the minutes for these years is now available upon request)

iii) The record of notices of meeting for the committees availed when reviewed was initially found incomplete, i.e.: some notices for meetings were missing; The summary record for the Compendium record for the year(s) 2008–2018 was availed for review. Subsequent to this, the physical Compendia of minutes for the years 2018/2019 minutes has been provided.

iv) As at the earlier review period (September 2020), the Company Secretary informed the Consultant that the minute books for the years 2018/2019 and 2019/2020 were yet to be bound for reasons that some minutes were yet to be approved by the Board and its Committees.

v) A good amount of the business was procurement / transactions above UGX 300m/=.

vi) ALL minutes made available were duly signed off by the Board Committee Chair and the Company Secretary.

vii) The summary of the record of board minutes, however, has notable gaps on the dates for approval of the minutes. This is across the record of minutes of board committees and the full board meetings proceedings

The summary record provided by the Company Secretary, of meetings held and minutes signed off stands as follows over the years indicated:

Committee/Full Board	Year(s)	Meetings Convened	Record of Date of Approval	Signed Sets
Full Board	2001 – 2017	167	138	167
ARC	2008 – 2017	48	33	41
FAC	2010 – 2012, 2014 – 2017	44	40	37
RTC	2009 – 2017	40	35	40

Table 2.3 (s): Summary Record of Board and Committee Meetings Minutes

The substance of meetings concurred with the Terms of Reference for each Committee – this was observed to concur with the Committee ToR and ability to deliver the UETCL mandate as indicated in the sampled Board Papers below:

Nm	ToR - Scope	#	Sample Board Paper
ARC	- Financial Reporting - Ethics and Risk Management - Compliance and Internal Controls - External Audit - IAD Planning, Budgeting and Resources		-
FAC	- Oversee Company Fiscal discipline - Review Supply Chain, Procurement Planning / Financing - Review Procurements &/or Expenditure (>300m/=)	14 04 17 09 18 21 25	- Approval to open UETCL Account at Bank of Ug - On-granting agreement with UETCL – Govt of Ug *(Gulu-Agago 132kV Line)* - Proc Ref: 0003: Lira-Gulu-Nebbi-Arua Line & S/s - Proc Ref: 00021 Supply of Fuel – UETCL Fleet - Proc Ref: 00113: Supply of Control and Protection - Proc Ref: 00014: Supply of Battery Chargers/Banks - Provision of Security Services
RTC	- Executive remuneration - Directors' remuneration - Employee Life Cycle – Strategic decisions - Review Project / Major Maintenance Works Proposals - Review Grid Development Plan Related Proposals	08 09 10 11 22 24 02 05	- PPA UETCL – Tororo/Power Co. (10MWPeak) - Direct Agreement UETCL – Timex Bukinda Hydro - PPA UETCL – Kilembe Mines (5MW) - PPA UETCL – ECO Clean Power (7.1MW) - Renewal of Employment – Mgr. ICT - Resubmission of Job Analysis/Evaluation - Review of Staff Regulations - Energy Exchange UETCL – Kenya Power

Table 2.3 (t): Sample of Board Papers

Desired Situation

The policies, laws and guidelines governing the conduct of business by UETCL require that:

a. The Board be constituted and allows for the establishment of Board committees.

b. That the Board and Committees meet regularly to conduct the business of the agency at hand.

c. Minutes of Proceedings be kept as a record of business transacted by the Board.

d. ALL Minutes are signed-off by the Board Committee Chair and the Secretary as per requirement

However as noted earlier:

a. Minutes for Board Committee meetings from the years 2018 to date were not available for review. This means there is potentially no record to defend the proceedings of Board committee meetings over the said period.

b. The record of Compendia of Board Papers exceeded that of the record of Notices of Meetings available. There is a discrepancy between Compendia of Board Papers deliberated by the Board committees and the Notices calling the members to convene and discuss the business at hand.

c. Most of the business in the Finance and Administration and Remuneration and Technical Committees was for procurements above the ugx300m/= threshold of the MD/CEO.

- The bulk of these are operational transactions already approved and/or budgeted for in the financial year, e.g.: Fuel for vehicles, purchase of spares, etc.
- This also reflects that despite the growth of the business from 2013 to date there has been no attempt to update and adjust the limits of authority/authorisation.
- Financial best practise proposes a cap of expenditure/authorisation limit for a CEO of 1% of the total Company revenue in a financial year. UETCL declared UGX 1,116 trillion revenue in the financial year ending July 2019. It is proposed the Cap be reviewed to reflect the size of the business.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
Review MD/CEO Cap for Approval	• Update MD/CEO Approval Cap ceiling in line with the revenues of the Company UETCL to reflect Financial best practise (ref: 1% of the Company revenue;)	0 – 6 months	C/m Co-Sec
Up to date record of minutes of Board committee meetings	• Adopt ALL minutes that have exceeded the seven (7) days for circulation and comments stipulated in the Board Charter from 2017 to date • Set "Minutes Reviewed and Approved in 7 days" as: • A performance evaluation parameter for Board committees in the charter • a KPI for the Company Secretary	0 – 3 months	C/m Co-Sec
Full Corroborating record of committee documents	• Ensure Full Record of Board Committee documentation	0 – 6 months	Co-Sec

Table 2.3 (u): CDN, Board Minutes Review

2.3.1.11 Confirm Director performance evaluation takes place and review of efficacy

Current Situation

UETCL has documented its procedures for evaluation of Director Performance in the 'Restated' Board Charter October 2019. The Charter highlights that:

a. Evaluation of Board members shall be executed on an annual basis at a minimum.

b. The evaluation has specific parameters to be assessed including but not limited to:

- Skills and Competency Assessments
- Self-Development
- Board Structure, Roles and Responsibilities

c. Self-Assessments shall be undertaken annually at a minimum to support the evaluation process

This level of rigor was maintained word for word from the previous Board Charter (October 2013) implying that this is the same level of rigor that was mandated for Board Performance evaluation from 2013 to-date. In 2015 the record reflected in the Annual Report for 2015 assessed Board Member attendance only. Subsequently since 2015, 2018/2019 was the first time the Board members had been evaluated. Again, the assessment focused principally on-Board Member attendance and Board paper resolution. To-date no record of the Board member self- evaluation/skills assessments as required in the Board Charter has been received.

In a discussion with the Company Secretary, she confirmed that self–assessments of Board performance had been done as required and stipulated in the Board Charter. Specifically, the Board evaluation was done for the year 2018/2019. This record however is yet to be received for review. The record available as Board Member Performance evaluation for the period 2018/2019 was for the attendance and participation of the board members.

Board Member Commitment was attained by assessing their availability utilising the attendance record, a hardcopy set of attendance for Board Meetings and Board Committee meetings. Over the said period the full Board convened Twenty-Two (22) times, the Audit, Risk and Compliance Committee (ARC) Convened Eight (8) times, the Finance and Administration (FAC) Committee convened Ten (10) times and the Remuneration and Technical Committee convened Fifteen (15) times.

The attendance details and percentage exertion are tabulated below.

Full Board Meetings	**Director (Name)**							
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Attendance	22/22	12/22	21/22	22/22	12/22	16/22	15/22	15/22
%	100%	54.5%	95.5%	100%	54.5%	72.7%	54.5%	54.5%

Table 2.3 (v): Board Member Attendance

ARC	**Director (Name)**		
	5	**3**	**6**
Attendance	7/8	8/8	8/8
%	87.5%	100%	100%

Table 2.3 (w): Board Member Attendance

FAC	**Director (Name)**			
	7	1	2	8
Attendance	9/10	10/10	4/10	6/10
%	90%	100%	40%	60%

Table 2.3 (x): Board Member Attendance

RTC	Director (Name)			
	6	4	2	8
Attendance	15/15	14/15	7/15	8/15
%	100%	93.3%	46.7%	53.3%

Table 2.3 (y): Board Member Attendance

The Aggregated Performance under the Board Member Availability parameter reveals that the best performing member is the Chairman, Mr. Peter Ucanda with 100% availability for both Full Board and Committee meetings and the least available member was the MD/CEO Eng. William Kiryahika with availability at 54.5% for the Full Board and 40% for the Finance and Administration committee.

When the alternate function of attendance shared between the MD/CEO and the Deputy CEO (Eng. Valentine Katabira) is taken into consideration the next least performing Board member is Mr. John Genda Walala with Full Board and Committee availability at 54.5% and 60% respectively.

In addition, the Company Secretary revealed that a number of the Board Members were not present being occupied with official board Related activities (e.g.: development courses and other engagements) during the time some meetings and committee engagements occurred. This would explain the absence in terms of attendance.

The aggregate attendance performance took into account the number of meetings that occurred versus a specific individual committee member's attendance over a given period.

The aggregate performance is tabulated below:

Aggregate Performance	Director (Name)							
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Attendance	22/22	12/22	21/22	22/22	12/22	16/22	15/22	15/22
% – Full Board	100%	54.5%	95.5%	100%	54.5%	72.7%	54.5%	54.5%
% – Full Board	100%	43.3%*	100%	93.3%	87.5%	100%	90%	56.7%*
Aggregate %	**100.0%**	**48.9%**	**97.8%**	**96.7%**	**71.0%**	**86.4%**	**72.3%**	**55.6%**

** *Average between attendance of FAC and RTC committees*

Table 2.3 (z): Board Member Attendance

Key:

Board Members	Committees	
1. Peter Ucanda 2. Eng. Willy K Kiryahika 3. Nicholas Oluka 4. Sarah Irumba Muhumuza 5. John Walala Genda 6. Eng. Abdon Atwine 7. Christopher Mugisha 8. Eng. Valentine Katabira	ARC:	Audit Risk and Compliance
	FAC:	Finance and Administration
	RTC:	Remuneration and Technical
	Adhoc	Special/Adhoc Committee

An overview of the current UETCL Board of Director revealed that the UETCL Board is made up of Eight (8) members with Seven (7) gentlemen and One (1) lady. This is not counting the Company Secretary who attends by virtue of her designation BUT not as a substantive member. That exposes an imbalance in gender composition.

As captured in the earlier section handling Board profiles the skills and competencies of the Board are settled in the areas of: Finance and Accounting, Public Service Administration, Engineering and Law. In this increasingly technologically complex world of Transmission utilities and with the increased adoption of ICT in electricity utility business best practise would require an increased technology ICT focus on the Board. In addition, UETCL is a corporate entity under the Company Act and this requires the membership is reflective of members with strong business driven bias. These specific areas would have been captured if the UETCL Board Charter had highlighted the need to evaluate for diversity in its membership.

Desired Condition

Table–7 of the companies Act 2012 stipulates that as a minimum by law that evaluation of Board shall be executed ". . . regularly, through self-evaluation . . ." annually at a minimum. The areas of evaluation cover: (i) skills mix, (ii) experience, (iii) demographics and (iv) diversity.

The UETCL Board Charter empowers the Chairman of the Board to undertake performance evaluation of the Full Board and individual Board members annually at a minimum under Sections 2.4 (f) and 5.14.6. I believe this is sufficient to deliver the introspective review necessary to keep UETCL's Board relevant to the status-quo.

In addition, the UETCL Board Charter has embraced and exceeded this minimum requirement in its documentation. This is enshrined in its text in Appendix-1 a tool to facilitate the statutory requirement of Self-Evaluation by the Board Members. Also, in Appendix-2 there is a tool provided to assess the competency of sitting Directors and nominees to the Board. However, the tools focus on items 1 (a, b) in Section 8 of the Companies Act 2012 and are silent regarding items 1 (c, d). These existing tools need to be strengthened to reflect the need for:

a) demographic sensitivity, and
b) diversity representative of the skills, competencies required of Board members.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
Review of the UETCL Board Charter to ensure Diversity and Demographic representation are adhered to at Board level	A review of the Board Charter be undertaken by an independent body (e.g., Audit Firm) and an updated Charter produced for adoption	0 – 6 months	C/M Board
The C/m ensures that Board member evaluations actually occur annually at a minimum	Immediate Self-Assessment be executed, and subsequent evaluations be executed annually at a minimum	0 – 3 months	C/m Board Co-Sec

Table 2.3 (aa): CDN, Board Member Performance Evaluation

2.3.1.12 Frequency of Board and Committee Meetings

Current Situation

From the tables preceding, it can be noted that UETCL had a higher-than-average number of Board and Committee meetings with 22 Full Board meetings; 8 ARC meetings; 10 FAC meetings and 15 RTC meetings. When added up this comes to 55 meetings in a year.

Desired position

The 2018 Board Practices Report by Deloitte reveals that on average annually, Companies have:

- Between 4 – 6 Full Board meetings
- Between 4 – 5 Committee meetings per committee.

This is considered sufficient time for the Board to focus on strategic decisions.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
With a total of 55 Board and Committee meetings in a year, Management could be spending more time preparing for and addressing issues from Board and Committee meetings as opposed to implementing the CBP. The frequent meetings could also change the Board agenda from being strategic to operational.	Board meetings reduced to allow Management time to implement the CBP. 6 Full Board meetings and 5 committee meetings per committee would put UETCL in line with corporate practice.	0 – 6 months	C/m Board

Table 2.3 (bb): CDN, Board Member Meetings

2.3.2 CBP Achievements versus Targets (2014 – 2018)

2.3.2.1 Review of CBP development and reporting procedures against actual delivery

Current Situation

Development

The development of the UETCL Corporate Business Plan (CBP) was commended in 2013 and utilised a top-down and bottom-up approach involving the entire organisation.

It commenced with a critical review of the previous CBP (2008) and determination of the performance. The top-down cycle fed the key focus areas to the entire Company and the bottom-up cycle secured input from the staff in all UETCL departments and sections on KPIs, targets and linkage to the corporate goals and Company vision and mission. Through this process the CBP secured Companywide ownership. Our experience is that the CBP and the KPIs are a well understood in UETCL.

In the process of developing the CBP 2014 – 2018, UETCL considered the national direction as expressed in the following policy documentation:

- National Development Plan (2010/2011 – 2014/2015).
- Ministry of Energy and Mineral Development (MEMD) Policy Statements.
- Power Sector Strategic Plan.
- Power Sector Investment Plan.
- Millennium Development Goals (MDGs).
- Renewable Energy Policy.
- Nuclear Energy Policy.
- Sustainable Energy for All by 2030.
- Vision 2040.

The key document that informed the CBP development was stated as the NDP 2010/2011 – 2014/2015). UETCL also executed SCOT assessment of the Company in the following specific areas: (a) Single Buyer, (b) Transmission System Operator (TSO) (c) Corporate.

The analysis covered these amongst a range of pertinent issues:
- National electrification and population trends.
- Generation current status and development.
- Regional grid development, demand and cooperation.
- Grid infrastructure status and demands.
- Regulatory environment.
- Staff Skills gaps in light of fast evolving technological developments.
- Multiple stakeholder and institutional relationships *(MEMD, MoFPED, NEMA, DWD, CGV, etc)*
- Grid O&M aberrations *(i.e.: vandalism, weak regional interconnection, etc.)*
- Steep growth trajectory *(multiple simultaneous project development).*

The CBP highlights five Focus areas, ten Corporate Goals (Objectives), the delivery of which were measured using eighteen (18) Key Performance Indicators (KPIs). The KPIs had in them a hierarchy devolved from the corporate level giving clarity to the UETCL Managers and Principal Officers of the outputs under their direct purview.

The objective was to have KPIs that are defined with SMART targets to ease follow up and ensure the desired results are obtained.

The framework is summarised in the table below:

Reporting

The CBP outlined the reporting requirements at the following levels of the organisation:
a) Principal Officer to Manager
b) Manager to MD/CEO
c) MD/CEO to the Board of Directors

To support measurement of KPIs, the organisation adopted the Balanced Score Card (BSC) model and the 18 KPIs were built-in the BSC and used as the performance measurement tool. The data on performance of KPIs was collated into a single record by the Human Resources and Administration department.

Focus Area	Corporate Goals	KPI	Department
Financial Sustainability	Financial Sustainability	OPEX costs within Budget	Finance, Accounts and Sales
		Gearing ratio	
		Level of cost reflective tariff	
Robust Human Capital Management	Effective organization with a motivated and competent work force	HCI Index	Human Resource and Administration
		Staff turnover	
Security of Power Supply and Regional Cooperation	Total generation capacity continuously meets the growing system demand	MWh load shedded	Operations and Maintenance
		Level of reserve margin	
	Increase regional power trade	MWh exchange on the interconnector	
		MW new capacity on interconnector	
	Availability of a robust grid	Un-served Energy due to faults on the transmission grid	
Accelerated Grid Infrastructure Development	Timely implementation of quality projects	No of km new transmission lines commissioned	Projects Implementation
		No of MVA new transformer capacity commissioned	
	Timely acquisition and efficient management of way leaves	Number of km way leaves acquired	Corporate Services
		Number of km way leaves secured	
	Improve and expand the transmission grid in line with the GDP	No of projects handed over for implementation	Planning & Investments
Efficient Business Practises	Compliance with statutory and regulatory requirements	Number of non-compliance reports	Corporate Services
	Improved business processes	Timely procurement according to procurement plan	
		% ICT strategy implemented	Internal Audit

Table 2.3 (cc): CBP – Focus Areas, Goals and KPIs Framework

Following engagements with the MD/CEO-UETCL we have been informed that the CBP is reviewed annually. The review process includes environmental reviews and KPI alignment.

Desired Situation

For a Company to develop a robust Corporate / Strategic Business plan, it needs to:

a) Determine its core business and delivery. These derive their charge in the business mantra: Vision, Mission and Goals

b) There needs to be all round assessment of the business (internal and external). Tools like SWOT, PESTEL etc. are used here

c) The data then needs to be translated into an aspirational position for the corporation over the CPB period (3 – 5 year). This aspirational position must be clearly defined normally by means of Performance Indicators (KPIs). To be effective the KPIs need to be SMART.

d) These aspirations are subsequently divided into actual targets over the period and fragmented further into annual targets for the Company.

e) In order to ensure delivery of the targets, the responsible actors need to be identified within the Company. This is achieved by drilling down the Company structure from the Board (Corporate level) to Management (Departmental level) to Principal (Section Level) right down to individuals. This ensures alignment of the whole corporate body to the targets.

f) At this point the Company needs to ensure that every department/section materially adds value in the delivery of the targets. The Company structure may require recasting to ensure that ALL sections/departments are pulling in the right direction

g) To close the loop there needs to be a feedback mechanism usually in form of a reporting tool (e.g.: Score card) and in tandem a Performance Management tool for Individuals to motivate staff and encourage a culture of performance and delivery.

h) Effort must be focused on getting full commitment from key people in the organization - not necessarily all people in the organisation as this may be futile.

i) Whereas development of internal capability is applauded, it is advisable to use a facilitator whilst documenting the strategic plan - a trained professional who has no emotional investment in the outcome of the plan. An impartial third party can concentrate on the process instead of the result and can ask the tough questions that others may fear to ask.

j) Before closing the strategic planning session, companies should clearly explain what comes next and who is responsible for what. This is aimed at ensuring that all key players fully understand what they are responsible for and when to meet deadlines.

k) Leading companies review their strategic plans for performance achievement no less than quarterly and as often as monthly. They focus on accountability for results with clear and compelling consequences for missed strategic deliverables.

UETCL with the support of STATNETT (under a twinning MoU) followed an ordered and chronological methodology for developing the CBP 2014 – 2018. Subsequent development should include additional external legal, economic, and strategic input from UETCL's context including:

A. Macro-Economic indicators, e.g.: GDP, Inflation, Forex Trends, etc.

B. The Impact of additional legal writ influencing UETCL e.g.: Laws governing employment, Environment, Regulatory engagement, etc.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
Full reporting data archive the repository for CBP performance data needs to be well maintained	Task a specific department within the body corporate with the responsibility of collating reports	0 – 6 months	MD/CEO
There is no timeline set and followed in the preparation and approval of the CBP. The formulation of CBP19-23 was started in June 2017 and was signed off by the BOD in September 2020, a process spanning over 3 years. The key issues presented by this delay are a delay to provide strategic direction, making the Plan prone to being superseded by events.	Set a timeline and programme for documentation, approval, and review of the CBP.	0 - 6 Months	MD/CEO
The planning period for the CBP (2019 – 2023) is not aligned with the NDP (2020 – 2024).	The planning period of the CBP should be aligned with the NDP. This can be achieved by extending the current CBP to 2024.	6 - 12 Months	MD/CEO
There is what appears to be a failure to face the problem. It is unclear what the key focus areas over the planning period (s) are i.e., what does the BOD want to achieve in the planning horizon? Given that a strategy is a response to a challenge, if the challenge is not defined, it is difficult or impossible to assess the quality of the strategy.	The CBP should be focused on a few priority areas that the BOD prioritized for achievement has focused on achieving over the planning period.	0 - 6 Months	MD/CEO
The CBP is not costed and therefore it is unclear how resources are being allocated to the most important areas for the Company. The success of strategic planning is largely dependent on the success of financial planning.	The CBP initiatives should be well costed and the CBP should have projected financial statements.	0 - 6 Months	MD/CEO
The KPIs are mainly lagging (outcomes). Lagging indicators have a key weakness in explaining why the achieved measure or trend is happening and what you can do to stop it. Another downside is that lagging indicators encourage a focus on outputs (a number-based measure of what has happened), rather than outcomes (what we wanted to achieve).	The CBP should focus on leading (driver) indicators as opposed to lagging (outcome) indicators.	0 - 6 Months	MD/CEO
The CBP has significant fluff (statements of the obvious). This includes extensive detail on departmental layouts, department mandates, and information on the generation data. Whereas important, this would be better placed in an annual report as to keep the CBP focused.	The CBP content should be more refined and targeted with more fluffy information being relegated to the Annual Report.	0 - 6 Months	MD/CEO
The organisational goals and KPIs are not clearly linked to the reward – leading to unclear incentive for the BOD, Management	The BOD and Management should clearly link the execution on organisational	6 - 12 Months	MD/CEO

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
and Employees to achieve and exceed the set goals.	goals and KPIs to the reward with clear incentive for the BOD, Management and Employees to achieve and exceed the set goals.		
There seems to be misalignment between the goals set by the shareholder and those set by the BOD. An example of the goals set by the shareholder (MOFPED) that are not carried in the Company KPIs include: O&M efficiency (O&M Costs/Total Assets), Return on Assets (EBITDA/Total Assets) among others.	One set of goals should be agreed between the shareholder and the BOD. This will be a negotiation process which should end with clarity on the target goals.	6 - 12 Months	MD/CEO

Table 2.3 (dd): CBP Development Reporting Review

2.3.2.2 Review of the scope and adequacy of the KPIs used in terms of substance and impact

Current Situation

The KPIs currently used to measure corporate performance have the following Substance and Impact behind them. To determine the scope and adequacy of the KPIs employed by UETCL in terms of Substance and Impact and Alignment with UETCL's mandate, a three (3) step colour coded Likert scale with the following steps was employed:

a) Well Aligned
b) Moderately Aligned
c) Not Aligned

The corresponding colour coding application is provided in the Key at the bottom of the proceeding sets of tables:

Table 2.3 (ee): KPIs, Scope and Adequacy

a. Finance, Accounts and Sales

KPI	Implication / Philosophy	Align	Substance & Impact
OPEX costs within Budget	Cost and Budget Management		High – Efficiency of Operations
Gearing ratio	Debt Management		High – Exposure to Economy
Level of cost reflective tariff	Revenue Requirement Attainment		High – Meets Revenue Needs

<u>Notes:</u>

- Critical missing measure: Company Profitability

b. Human Resource and Administration *[Table 2.3 (ee)]*

KPI	Implication / Philosophy	Align	Substance & Impact
HCI Index	Value of Staff Compliment		High – Measure of Staff Value Add and Efficacy

Staff turnover	Organisation Attractiveness		Med – Global Measure of Staff Attrition

Notes:

- Global Staff Turnover: 'hides' departure of critical staff with significant impact on operations
- HCI: Dependant on parameters used to compile (strategic, sector specific)

c. *Operations and Maintenance* [Table 2.3 (ee)]

KPI	Implication / Philosophy	Align	Substance & Impact
MWh load shedded	Generation Availability		High – Energy Supply Security
Level of reserve margin	System Stability		High – Reduced Black/ Brown outs
MWh exchange on interconnector	System Capacity (n/w)		High – Power Evacuation Capacity
MW new capacity on interconnector	Projected System Capacity		High – Lead Measure of future evacuation capacity
Un-served Energy due to faults on the transmission grid	System Reliability / Efficiency		Med – Missed Sales opportunity

Notes:

- Critical missing measure(s): Transmission Substation Capacity vs Load (n–1)
  No Measure to track SAFETY at Corporate Level
- Un-served Energy: Needs to be global to prime the Company to expose ALL causes

d. *Projects Implementation* [Table 2.3 (ee)]

KPI	Implication / Philosophy	Align	Substance & Impact
km new transmission lines commissioned	Transmission Line Project Delivery		High – Additional Tx-Line Capacity
MVA new transformer capacity commissioned	Substation Project Delivery		High – Additional Transformation Capacity

Notes:

- Critical missing measure: Parameter to track impact of RAP management on Project delivery
- Good selection of KPIs – measure capacity of network delivered (not individual projects)

e. *Planning and Investments* [Table 2.3 (ee)]

KPI	Implication / Philosophy	Align	Substance & Impact
No of projects handed over for implementation			High – Critical input to projects implementation

Notes:

- Critical missing measure: Parameter to measure System Reliability, Security and Stability
  Studies critical inputs to projects and O&M

f. *Corporate Services* *[Table 2.3 (ee)]*

KPI	Implication / Philosophy	Align	Substance & Impact
km way leaves acquired	Wayleaves acquisition volume		Med – Focuses on volume and not impact
km way leaves secured	Wayleaves secured volume		Med – Focuses on volume and not impact
No. of non-compliance reports	Corporate Compliance		High – Measures UETCL Corporate compliance
Timely procurement as planned	Delivery of Procurement Plan		Med – Measure is subjective

Notes:

- KPI Focus: The KPIs not aligned with the pain point, i.e.: wayleaves impacting project time delivery
- KPIs need to measure aspects of wayleaves impacting project delivery
- KPIs for Procurement Plan delivery need to be prioritised into High, Medium and Low Impact procurements and % of each category measured (e.g.: 65% High Impact done, 100% Low impact) then aggregated into one final.
- Corporate Compliance Measure – dependent on underlying compliance issues being measured

g. *Information and Communications Technology (ICT)* *[Table 2.3 (ee)]*

KPI	Implication / Philosophy	Align	Substance & Impact
% ICT strategy implemented	Delivery of ICT strategy		Med - % delivery does not focus on critical ICT deliverables for UETCL

***KEY** – KPI Alignment:*

Well Aligned	Moderately Aligned	Not Aligned

KPIs Alignment Assessment:
The cumulative result of the assessment of KPIs alignment with UETCL mandate is as follows:

i) **77.8%** (14/18) of the targets are: **Well, Aligned**
ii) **22.2%** (4/18) of the targets are: **Moderately Aligned**
iii) **0.0%** (0/18) of the targets are: **Not Aligned**

Some KPIs are not well aligned with corporate mandate and Some critical KPIS preferred by a utility over the ones chosen are missing creating ***'blind-spots'*** on the scorecard, namely:

a) Unserved Energy needs to be measured globally (not focus on faults).

b) Transformation capacity vs. Load (n-1).

c) Safety was totally omitted.

d) HCI Construct underlying parameters need to be robust to make the measure effective.

e) Global Staff Turnover is deceptive and glosses over loss of critical resources.

f) Wayleaves measures are more effective when highlighting specific projects where Wayleaves have impacted project delivery negatively.

Key performance areas affecting UETCL ability to deliver mandate may be ***under-the-radar.***

Following engagements with the MD/CEO-UETCL we have been informed that the KPIs enshrined in the CBP are reviewed annually. The review process includes environmental reviews and KPI alignment with corporate strategy and UETCL mandate delivery.

Desired Situation:

For Key Performance Indices (KPIs) to work properly for an organisation:

i) The KPIs need to be **S**pecific, **M**easurable, **A**ttainable **R**ealistic **T**imebound (S-M-A-R-T)

ii) The KPIs need to Measure parameters aligned with mandate delivery

iii) KPIs need to have the ability for Valid and Reliable DATA to be Captured

iv) Combine Lagging and Leading measures to provide a holistic delivery

Capacity Development Needs	**Suggested Interventions and Prioritisation**	**Priority**	**Responsible Actors**
KPIs not aligned in specific cases	Review KPI alignment to firm up KPIs	0 – 6 months	MD/CEO, HODs
Critical delivery areas may not be covered adequately	Review the suite of KPIs to ensure cover of critical delivery areas for UETCL	0 – 6 months	MD/CEO HODs

Table 2.3 (ff): CDN, CBP KPIs Review

2.3.2.3 High level review of drill down of the KPIs in to departmental, Section and Individual KPIs

Current Situation

In the Balanced Scorecard tool used to monitor delivery and reporting, the CBP 2014 – 2018 indicates that KPIs are reported at three (3) levels:

- Board,

- Senior Management (Departmental) and
- Principal Officer (Section)

At the Departmental level, the following sample of Goals and Targets for the respective Heads of Departments were agreed and their alignment as indicated below:

Department Head	Departmental Level		Corresponding Corporate Level		Alignment
	Goal / KPI	Target	KPI	Target	
Planning and Investments	Grid Plan and Development: • Update Grid Dev. Plan • Prep RAP & EIA Studies • Prep Tender documentation • Develop Substations • Provide Tech Eng. Services	- 2 - projects 4 - projects 4 - projects 16 - projects	No. of projects handed over for implementation	5 p.a.	**High**
	Provide Engineering Drawings and Designs	ALL the above			
	Provide Surveys and Geographical Information Systems Services	ALL the above			
	Provide and manage transport services.	Fleet O&M and up time	n/a	n/a	**Nil**
	Enforce UETCL compliance to Safety, Health, Environment (SHE) Policy	Awareness Risk Register Investigation	n/a	n/a	**Nil**
	Provide and develop standards and Specifications	Specs support Inspections	n/a	n/a	**Nil**
	Provide Civil and Mechanical Engineering Services	26 – Civil in-house Works	n/a	n/a	**Nil**
	Conduct technical reviews of Power Purchase and Sales Agreements	No. of PPAs negotiated	n/a	n/a	**Nil**
Projects Implementa-tion *(2018 – 2019)*	attain Completion, Commissioning of the following projects	7 – Lines & Associated Substations	New Transmission Lines Commissioned New Transformer Capacity Commissioned	250 km p.a. 60 MVA p.a.	**High**
	commence and progress the following projects	3 – Lines & Associated Substations			
	Compensation of Project Affected Persons	Various % per project	n/a	n/a	**Nil** *(Corporate Services KPI)*
	Processing of titles	75% returned			

Table 2.3 (gg): Review: Departmental Level Drill Down of CBP KPIs

KEY:	Well Aligned	Moderately Aligned	NO Alignment

The following observations were made:

a) Deliverables shared have no weighting to derive priority in tandem with the Corporate Scorecard, this creates a missed opportunity to send the right signal of priority to the department and levels below

b) The Head Planning and Investments has a slew of deliverables (i) which absorb his effort (ii) have value add and (iii) that are key for a utility but have no KPI correlation at the Corporate level namely:

- Safety, Health and Environment Compliance
- Eng. Specifications and Standards,
- Technical Review of PPAs

a) The Head Projects Implementation has material KPIs that impact the delivery of projects for which responsibility at Corporate Level is directed away from his sphere of influence, namely
  - PAP compensation
  - PAP titles management

b) A further inspection reveals that the Balanced Scorecard only captures data at (i) Corporate aggregate (Board) and (ii) Departmental Level on the tool.

Over the course of the study, we found no evidence to indicate that the BSC tool itself aggregated at Section level.

To drill down further staff records were sought to confirm that the levels below Principal level (Section) and below had deliverables with KPIs.

Staff records were received from *Operations and Maintenance* and *Projects Implementation* as follows:

Staff Role	**Departmental Level**		**Corresponding Corporate Level**		**Alignment**
	Goal / KPI	**Target**	**KPI**	**Target**	
Senior Protection Engineer **(O&M)**	• Relay Setting Adjustment • Relay Maloperation analysis • Relay Coordination • Staff training • Prep Schedule 4 Work-Plan	NO Measures and NO targets	Unserved energy due to Faults	< 2% of energy gen	**High**
	• Energy Meter Installation, maintenance, and commissioning		n/a	n/a	**Nil**
Projects Engineer *(Electrical)*	Review & approve designs: • Opuyo S/s upgrade • Opuyo – Moroto Txns Line	100%	New Transmission Lines Commissioned	250 km p.a.	**High**

(Projects Implementation)	• Opuyo S/s busbar extension		New Transformer Capacity Commissioned	60 MVA p.a.	
	Procurement FAT & Eqpt delivery: • Opuyo S/s upgrade • Opuyo – Moroto Txns Line • Opuyo S/s busbar extension	Not Specified			
	Construction Supervision: • Opuyo S/s upgrade • Opuyo – Moroto Txns Line • Opuyo S/s busbar extension	Not Specified			

Table 2.3 (hh): Review: Section and Shop Floor Level Drill Down of CBP KPIs

KEY:	Well Aligned	Moderately Aligned	NO Alignment

The following observations accrue from the sample selected. There is/are:

a) alignment between Corporate KPIs and the goals set for the staff at levels lower than Departmental (Manager) and Section (Principal) levels.

b) no documented parameters to measure attainment of the goals.

c) no targets associated with the goals.

d) no apparent direct linkage between staff results and their overall remuneration/ rewards package

e) no record to demonstrated amalgamation of individual (& Team) performance results versus target into departmental performance versus the target.

The documentation utilised was sourced from the Human Resource department and comprised the Annual Performance Reviews for the year 2019.

Desired Situation

For any organisation once KPIs have been agreed and targets set at the corporate level, it is important to drill down the KPIs to the lowest level of the organisation to ensure that ALL activities carried are focussed on delivering the overall corporate targets. To align employees' performance with the overall corporate strategic goals:

i) the corporate goals need to be communicated clearly to the employees.

ii) Individual goals aligned with the corporate goal need to be set.

iii) There needs to be a clear linkage between the employees' rewards and the performance measures.

The KPIs need to be extrapolated downward through three (3) levels indicated as follows:

1. Corporate Objectives, Measures and Targets	**Basis** for translating *Strategy* into *Measures*
2. Business Unit Targets *(derived from 'a')*	The *Strategic thrust* and *Business delivery* – **Link**
3. Individual and Team Objectives *(derived from 'b')*	Drill down to **align** the *Actors* with *Strategy*

There also needs to be a clear feedback mechanism to:

i) Report and Review results

ii) Amalgamate individual and team results into the departmental and corporate results

iii) Determine correlation between Section, Team and Individual results and the overall Corporate result, i.e. if projects are delayed and not delivered there has to be someone OR some team that is also not delivering and it must be reflected in the individual results (and vice-versa for successful delivery)

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
No **parameters** to measure individual goals	• Determine parameters to measure goals for each staff members	0 – 6 months	MD/CEO HRA, & HODs
No **targets** accompanying parameters to measure individual goals	• Set targets against parameters to determine attainment of goals • Targets need to stretch downward to motivate each level to exceed corporate targets		
No *linkage* between performance **results** and employee **rewards**	• Develop a linkage between employee rewards and performance (e.g.: bonus scheme, etc)		
No record of **bottom-up** amalgamation of results	• Develop and document a process for amalgamation of results into corporate		

Table 2.3 (ii): CDN, Review of Departmental, Section and Shop Floor Level Drill Down of CBP KPIs

2.3.2.3 Review and update of UETCL SWOT

Current Situation:

To assist in the review of the CBP 2013-2018 SCOT analysis a draft copy of the new CBP 2019 – 2023 was availed to the team and this formed the basis of review. UETCL undertook an exercise to review and deliver a new CBP for the period 2019 – 2023. The CBP review exercise employed a SWOT analysis for the update of the CBP 2014 – 2018 when it expired in 2018.

The SWOT analysis below has been adopted from the CBP 2019 – 2023 and revalidated over the course of the study.

Strengths	Weaknesses
• Existing National and Regional electric interconnections • Surplus Power Generation. • Competent and skilled Human resource.	• Delays in implementation of transmission grid projects • Lack of redundancy in the Transmission grid.

Strengths	Weaknesses
• Substantial Revenue Assurance from the tariff. • State-owned monopoly operating in a regulated environment. • Good economic growth	• Aged parts of the national grid infrastructure. • Low national transmission infrastructure coverage. • Insufficient number of staffs • Inadequate Company structure to sufficiently support all business processes. • Un-integrated Software Applications • Inadequate stakeholder engagement • Delays in procurements • Encroachment on already acquired wayleaves. • Poor quality EPC contractor • Bad debts driven by MDAs.
Opportunities	**Threats**
• National and Regional electric interconnections under implementation. • Increased Regional Power trade. • Available and cheaper Hydro-Electric potential. • Expanding Optic Fibre network • Development partners' willingness to support Grid expansion and capacity development. • Increasing Rural Electrification and industrialization • Potential for domestic and regional demand for electricity. • Good Economic growth	• Significant deemed energy charges • Revenue growth is lower than cost growth. • Lack of financial sustainability in some distribution concessionaires • Weak power distribution network • Low rate of power demand growth • Non-harmonised institutional planning mechanism for the energy Sector. • Vandalism of national grid infrastructure assets

Table 2.3 (jj): CBP 2019 – 2023 SWOT Analysis

Desired Situation

The updated SWOT analysis in the CBP 2019 - 2023 is better structured than the CBP 2014–2018 SCOT analysis (Strengths Table 3.3(h) – Challenges, Opportunities and Threats).

The revised update:

- Captures the salient issues affecting UETCL in a precise and concise manner
- Clearly highlights Strengths and Threats (lacking in the CBP 2014–2018)

However, the following aspects of the SWOT need further attention during the mid-term review of the CBP 2019 – 2023 after its adoption by the UETCL Board:

a) Items should be accommodated under their proper categories in the SWOT mechanism, Two aspects identified under 'Strengths' as are actually 'Opportunities':

- Surplus Power Generation
- Good economic growth

The *'Expanding Optic Fibre Network'* under 'Opportunities' is a 'Strength'

b) UETCL may be able to thoroughly analyse and consider additional items for example:

- Opportunities: Strong Energy Sector Support at National Policy Level
- Threat: Increasing Debt to GDP Ratio – Impact on Sovereign backed Debt Financing
- Threat: Lack of a Consolidated National set of Engineering Construction and Materials, Standards and Specifications
- Threat: The motivation by ERA to maintain an affordable Tariff restricting UETCL tariff originating revenue

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
SWOT category assignment needs to follow SWOT fundamentals	Ensure that items under: • 'Strengths' and 'Weaknesses' address aspects *Internal* to UETCL • 'Opportunities' and 'Threats' address aspects *External* to UETCL	At next Mid-term review of the current CBP in force	MD/CEO
Capture as many salient issues affecting UETCL	Exhaustive SWOT Analysis to capture as many salient issues affecting UETCL	At next Mid-term review of the current CBP in force	MD/CEO

Table 2.3 (kk): Review and Update of UETCL SWOT Analysis

2.3.2.4 Evaluation of progress of the eighteen (18) KPIs in the focus Analyse and derive commentary on the progress therein

Current Situation

Achievements

Data to determine the results of the organisation were received for the years 2015 – 2018. (Still awaiting 2014 data). The data was sourced from the manifest compiled for the attention of the Board of Directors on a quarterly basis.

Only End of Year (i.e.: December 31st) data was utilised to assess the performance o the corporation for each year's performance (Calendar years were the ones considered). The results were assessed for the results received i.e.: 2015 – 2018 (a four-year period of the five-year CBP period) and they are summarised in the table below:

Assessment of Results:

a) 55.56% (i.e.: 10/18) of the targets set for the KPIs were ***Attained*** overall over the period

b) 16.67% (i.e.: 3/18) of the targets set performed ***Moderately***, and

c) 27.78% (i.e.: 5/18) of the targets performed **Sub-par**

This is demonstrated in the pie-chart below

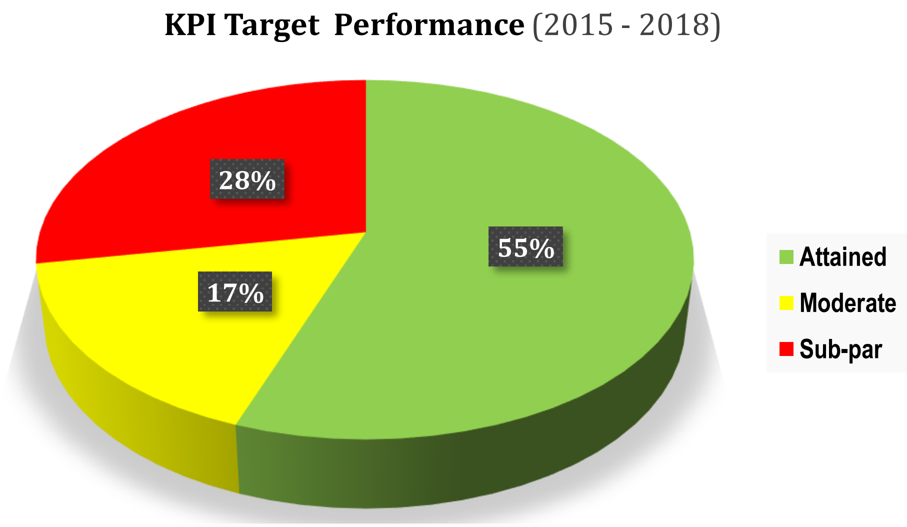


Fig. 2.3 (a): KPI Performance Summary

The poorest performing areas according to the data were:

i) Project delivery
ii) Increased Interconnector Capacity
iii) New Transmission Lines
iv) Procurement
v) ICT delivery

Numbers (i) to (iv) above are directly correlated. Interconnectors are Transmission lines delivering power between nodes on the transmission grid. These transmission lines are constructed and commissioned into service under the purview of the Projects Implementation dept. If Project delivery suffers, transmission line delivery is delayed and the capacity projections for the interconnectors are not met.

In addition, the procurement function plays a critical role in supporting project delivery. The ICT delivery is a standalone with indirect correlation with the other KPIs.

Table 2.3 (ll): CBP - KPI Performance (2014 - 2018)

Strategic Focus Area	Company KPI	Targets	RESULTS (Actual Data) YE Dec 2015	YE Dec 2016	YE Dec 2017	YE Dec 2018		Average Score
Financial Sustainability	Ensure financial sustainability	OPEX costs within budget (≤100%)	93%	89%	79%	90%		**88%**
	Gearing ratio	50%	69%	76%	74%	84%		**76%**
	Level of cost reflective tariff	100%	83%	77%	94%	91%		**86%**
Robust human capital development	HCI Index	HCI index = 22	17	24	23.7	24		**22.18**
	Staff turnover	<3%	1.00%	2.00%	1.40%	1%		**1.40%**
Security of power supply and Regional Cooperation	MW load shedded	0 MW per year	0	0	0	0		**-**
	Level of reserve margin	10%	11%	306%	13%	12%		**85.50%**
	MWh exchange on the interconnector	80 GWh per year	78,140	185,955	235,438	189,538		**172,268**
	MW new capacity on interconnector	200 MW per year	0	46	0	0		**11.5**
	Unserved energy due to faults on the transmission grid	< 2 % of energy generated	0%	0%	0%	0%		**0.00%**
Accelerated grid infrastructure development	No of km new transmission lines constructed	250 km per year	30	50	80	430		**147.5**
	No of MVA new transformer capacity commissioned	60 MVA per year	0	560	120	80		**190**
	Number of km way leaves acquired	250 km per year	342	280	235	471		**332**
	Number of km way leaves secured	500 km per year	936	794	864	873		**866.75**
	No. of projects handed over for implementation	5 per year	5	1	1	1		**2**
Efficient Business Processes	Timely procurement according to procurement procedures	100% of the procurement plan	80%	no data	65%	64%		**69.70%**
	Implementation of ICT Strategy	20% ICT strategy implemented per year	25%	no data	17%	0%		**14.00%**
	Numbers of non-compliance reports	0	0	0	1	2		**0.75**[4]

KEY: **ATTAINED** **MODERATE** **SUB-PAR**

[4] The figures highlighted in the table above were acquired from the unit that compiles data for CBP reporting

Narrative on Unmet KPIs

a) The Department responsible for delivery of Capital Projects, Projects Implementation over the period under review failed to:

- The targeted route length of transmission lines
- Handover the targeted no. of projects minimum for the year

The impact is to raise the risk to the ability of UETCL delivery of its mandate by:

- Constraining the evacuation capacity of the transmission grid.
- Decrease the reliability and stability of the transmission grid

b) A key deliverable securing power supply security via regional interconnection was also compromised. In the wake of increased installed capacity up-tick in the neighbouring countries of Ethiopia and Kenya, Uganda has a unique opportunity to secure power supply to its constituents and wheel power through its network to areas in the region with power deficiency (e.g. Eastern DRC and South Sudan). This can only be attained by ensuring attaining of the necessary interconnectivity.

c) This opportunity may slip through Uganda's hands if UETCL continues to struggle meeting its own targets of roll out of HV and EHV interconnection.

d) The above challenges highlighted in (a) and (b) above are directly impacted by poor performance in the area of procurement. Hence it is not surprising that the target set for business efficiency associated with procurement was also not met as it is a key input in the delivery of Capital Projects which in turn facilitate UETCL with the requisite infrastructure to deliver its mandate.

e) The ICT strategy not being attained is manifest in the multiplicity of standalone proprietary software some of which archaic having been inherited from the then unbundled Uganda Electricity Board (UEB) in 2000 (ref: Section 2.3.10 - ICT). As a result, UETCL unlike its peer-transmission entities in this generation lags behind not utilising the benefits of speed transparency and interconnectivity in its business architecture.

The poorest performing areas remain so in the CBP 2019-2023. Whereas planning effort has been made e.g., in improvement of project delivery and ICT, execution remains a challenge. Notably though, positive strides have been made in procurements as detailed in Section 2.3.7.9 Procurement of this report.

Desired Situation

For any corporate entity, the preferred situation regarding Targets for KPIs being reported:

a) The Targets for KPIs set are attained by the organisation,

b) Robust KPIs are set that prime an organisation to aspire to exceed the desired result (Stretch Targets).

c) Failure to deliver a Target is swiftly and critically analysed and effective redress mechanisms exist.

The performance as per the KPIs has revealed concern in the whole process of Project Implementation from conception to final delivery.

However, from 2.2.5.2 there are also some critical ***'blind-spots'*** on the scorecard ordinarily captured by a utility, i.e.:

i) HCI Construct needs to be robust to make the measure effective
ii) Unserved Energy needs to measure globally
iii) Safety was totally omitted
iv) Transformation capacity vs. Load (n-1)
v) Global Staff Turnover is deceptive and glosses over loss of critical resources.

It should be noted that a number of the proceeding recommendations have been captured in the CBP 2018/19 2023/24

Key performance areas affecting UETCL ability to deliver mandate may be ***under-the-radar***.

Capacity Development Needs	**Suggested Interventions and Prioritisation**	**Priority**	**Responsible Actor**
Measure ALL unserved energy. Electrical energy is the currency of the Sector	• Revise parameter to measure global unserved energy (not faults alone) • Analyse ALL causes	0 – 6 months	MO&M
Project delivery delayed. Impacting UETCL evacuation capacity present and future.	• In-depth analysis to determine causes for delay • Handle issue starting with those within UETCL direct control	0 – 6 months	MD/CEO MPI
UETCL Gearing Ratio	• UETCL debt position needs to be reviewed to limit corporation exposure to economic events	0 – 6 months	MFA&S
Interconnector (& transformation capacity)	• Revise target to capture both interconnector and transformation capacity in an index • Fast Track projects to avert evacuation constraint on interconnector	0 – 6 months	MO&M
MWh Exchange target needs to be revised upwards	• Revise target to make meaningful	0 – 6 months	MO&M
HCI details need review to ensure efficacy of measure	• HCI underlying parameters need review to confirm strategic focus	0 – 6 months	MD/CEO HRA
Critical Staff Losses missed	• Revise KPI to measure critical staff losses	0 -12 months	MD/CEO HRA
Critical delivery areas may not be covered adequately	• Review the suite of KPIs to cover critical delivery areas	0 – 6 months	MD/CEO HODs

Table 2.3 (mm): CDN, CBP KPIs Evaluation

2.3.2 Review of Corporate and Individual Performance Management Systems

2.3.2.1 Balanced Score Card development, population, and implementation

Current Situation

The Balanced Score Card (BSC) methodology was adopted by UETCL to facilitate a robust reporting platform in support of the CBP 2014 – 2018 delivery. The BSC utilised by UETCL was constructed in alignment with the CBP whilst keeping true to standard BSC methodology.

It built upon the work done in the development of the Corporate Business Plan (CBP 2014 – 2018), which having developed the:

i) Corporate Mantra, i.e.: Corporate Vision, Mission and Values

ii) Five-5 Focus Areas

iii) Ten-10 Corporate Goals Eighteen-18 Corporate level KPIs, then proceeded to:

   a. Provide a platform for measurement of results.
   b. Clearly define Departmental Responsibility.
   c. Create a Framework for Monthly, Quarterly Reporting feeding into the Annual Reporting for Annual CBP results.
   d. Define the hierarchy of reporting of Three (3) levels from: Department to Management ultimately to the Board.

The outputs of the BSC are based on Company and department KPIs. The department KPIs are compiled from the section KPIs. BSC clearly defines responsibility for reporting on the various KPIs.

Samples of the final complete Annual Reports for the BSC which are aligned with and double to fulfil the CBP reporting requirements were received for four (4) years 2015 – 2018. The Template developed accommodates monthly details with Quarterly and Annual totals.
Each department delivers its results to the section in HR compiling details for the BSC.

A Corporate Strategy and Communications Section had been proposed by the UETCL Board to oversee the coordination of reporting, CBP review and update including performance monitoring via the implementation using the BSC. This however has not been implemented following concerns raised by the regulator.

A sample of the template utilised subsequent to the CBP 2013 – 2018 is in the figure below:

Fig. 2.3 (b): Balanced Score Card – UETCL Template

BSC Corporate Level 2018 Period (Chose from the list)

Reporting month: June

Strategic focus area	Strategic goals	KPI	Target 2018	Result each month: Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Result so far this year	Deviation prognosis compared to target
Efficient Business Processes	Compliance with statutory and regulatory requirements	Numbers of non-compliance reports	0	0	0	0	0	1	0	0	0	1				2	No Deviation
	Improve of business processes	Timely procurement according to procurement plan	90%	90%	90%	90%	88%	88%	88%	90%	90%	90%	64%	64%	64%	64%	No Deviation
		% ICT strategy implemented	25%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.0%	0.0%	0.0%	0%	No Deviation
Accellerated grid infrastructure development	Timely implementation of quality projects	No of km new transmission lines commissioned	250	0	0	0	0	0	80	0	0	66	0.0	0	284	430	No Deviation
		No of MVA new transformer capacity commissioned	60	0	0	0	0	0	0	0	0	0	0	0	80	80	No Deviation
	Timely acquisition and efficient management of way leaves	Number of km way leaves acquired	300	10	15	20	20	30	30	80	80	66	40	40	40	471	No Deviation
		Number of km way leaves secured	500	78.5	140.6	62.2	8.9	84.5	263.3	0	24.8	104.5	73	32.94	0	873	No Deviation
	Improve and expand the transmission grid in line with the GDP	No of projects handed over for implementation	8	0	0	0	0	1	0	0	0	0	0	0	0	1	No Deviation
Security of power supply and Regional Cooperation	Total generation capacity continously meets the system growing demand	MW load shedded	0	0	0	0	0	0	0	0	0	0	0	0	0	0	No Deviation
		Level of reserve margin	10 %	8.5 %	11.3 %	13.6 %	18%	16%	13%	12 %	10 %	3 %	13.0 %	12.0 %	12.0 %	12 %	No Deviation
	Increase regional power trade	MWh exchange on the interconn	80000	23216.51	14821.16	15265.57	16341.6	15259.3	15891.1	20002	19552	14227	11752.0	11632.0	11578.0	189538	No Deviation
		MW new capacity on interconne	200	0	0	0	0	0	0	0	0	0	0	0	0	0	No Deviation
	Availability of a robust grid	Un-served Energy due to faults o	2%	0.0258 %	0.1013 %	0.1115 %	0.2370 %	0.3000 %	0.3500 %	0.3888 %	0.4420 %	0.3290 %	0.1842 %	0.0884 %	0.0214 %	0	No Deviation
Robust human capital development	Effective organization with a motivated and competent work force	HCI Index	22.5	0	0	0	0	0	23.7	0	0	0	0	0	0	24	No Deviation
		Staff turnover	3%	0.2%	0%	0%	0%	0%	0.2%	0.2%	0%	0%	0.21%	0%	0.21%	1.0%	No Deviation
Financial Sustainability	Ensure financial sustainability	OPEX costs within Budget	100%	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	No Deviation
		Gearing ratio	50%	65.0 %	65.0 %	65.0 %	67.0 %	67.0 %	67.0 %	75 %	75 %	75 %	80.0 %	80.0 %	80.0 %	72 %	No Deviation
		Level of cost reflective tariff	100%	95.0 %	95.0 %	93.0 %	93.0 %	93.0 %	93.0 %	86 %	86 %	86 %	85.0 %	85.0 %	85.0 %	90 %	No Deviation

Desired Situation

A Balanced Score Card (BSC) is a management tool that provides stakeholders with a comprehensive measure of how an organisation is progressing towards the achievement of its strategic goals.

A Company has to determine its strategic as derived from its corporate mantra: Vision Mission, Values. This activity is led by the leadership of the Company.
Simultaneously the delivery of the Company's output is done by staff at the ground level who focus on their day-to-day work and how it may be improved.

The BSC is a tool designed is to drill the strategy *top-down* fragmenting it into the respective components of the business **AND** provide *bottom-up* feedback to hold each individual, section and department accountable for delivery and alignment with Company goals and mandate.

In addition, organisations have separate business units in Strategy, budgeting, and operations. The BSC is a tool to force strategic planning and budgeting integration,

Fig. 2.3 (c): BSC, The Critical Link

A BSC is used to:
a. Achieve strategic objectives
b. Provide quality with fewer resources
c. Eliminate non-value add effort
d. Align business activities to deliver customer priorities and expectations
e. Track progress
f. Evaluate process changes
g. Continually improve
h. Increase accountability

The BSC uses a Scorecard that contains levels of information [***Table 2.3(mm)***]:

a. Corporate Objectives, Measures & Targets	**Basis** for translating *Strategy* into *Measures*
b. Business Unit Targets *(derived from 'a')*	The *Strategic thrust* and *Business delivery* – **Link**
c. Individual & Team Objectives *(derived from 'b')*	Drill down to **align** the *Actors* with *Strategy*

For ALL this to work:

i) The RIGHT MEASURES need to be on the Scorecard

ii) Valid and Reliable DATA needs to be captured *(i.e.: selected for Capture – Org maturity!)*

iii) Must have ROBUST Monitoring & Evaluation (M&E) mechanisms to capture unintended consequences from the way targets are achieved

The BSC currently utilised by UETCL:

a) Has measures for each departmental in its structure. The scorecard, however, does not give weighted scores for each set of KPIs ion the Five-5 Focus Areas. BSC best practise requires that existing suite of measures are scored with priority given to Financial Measures.

b) The BSC requires a robust M&E mechanism to evaluate the impact of the delivery of the targets, whether achieved and the results alignment with corporate mandate. There is a compilation and review of results however this has not translated into Continuous improvement. This is demonstrated by:

- the static nature of UETCL's structure, i.e. failure to identify &/or take action on non-value add efforts
- continuous poor performance in specific areas
- A specific repository for corporate performance related data[5]
- Discrepancies between data provided[6]

c) There is no clear linkage between Sections (Principal level) and the Teams and Individuals below them to confirm:

- Individual and Team alignment with corporate goals
- The ability to apportion Individuals and Teams accountability to corporate delivery
- The ability to confirm *Value* and/or *Non-Value* addition by Individuals and Teams

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
The BSC has no score mechanism to give appropriate weight to each of the Five-5 Focus Areas	The BSC Scorecard needs to: • Give weights to each Focus Area totalling to 100% • Apportion the weights to each KPI	0 – 3 months	MD/CEO Senior Management Team
A need to document and link BSC results to corrective Board and Management Action	• The Scorecard results need to have a documented analysis sand response that results in action, e.g.: • Review of non-value add efforts • Restructuring and Realignment of organisation structure	0 – 12 months	MD/CEO Senior Management Team

[5] 2014 data was not readily available

[6] Gearing Ratio reported in BSC varies from the results secured by the Financial Expert in the Financial Section of the report

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
	• Review of KPIs for efficacy • Mitigation of unexpected response to target delivery		
No clear linkage between BSC Scorecard results and Individuals / Teams	• Drill down the KPIs to Teams &/or Individuals reporting to Section Heads	0 – 6 months	MD/CEO

Table 2.3 (nn): BSC Scorecard Review

2.3.2.2 Alignment of Balanced Scorecard with Corporate goals/targets

Current Situation

The balanced score card being utilised by UETCL covers five focus areas:

a) Financial Sustainability
b) Robust Human Capital Management
c) Security of Power Supply and Regional Cooperation
d) Accelerated Grid Infrastructure Development
e) Efficient Business Practises

For the Corporate Business Plan (CBP 2014 – 2018) cycle under review these areas were measured utilising Eighteen (18) Key Performance Indices (KPIs) with specific year-on-year targets. The responsible departments were also identified in the CBP as follows:

Focus Area	KPI	Target	Dept
Financial Sustainability	OPEX costs within Budget	≤ 100%	FAS
	Gearing ratio	50%	FAS
	Level of cost reflective tariff	100%	FAS
Robust Human Capital Mgt.	HCI Index	HCI = 22	HRAD
	Staff turnover	< 3%	HRAD
Security of Power Supply and Regional Cooperation	MWh load shedded	0 MW p.a.	O&M
	Level of reserve margin	10 %	O&M
	MWh exchange on the interconnector	80 GWh p.a.	O&M
	MW new capacity on interconnector	200 MW p.a.	PI
	Un-served Energy due to faults on the transmission grid	< 2% of generated	O&M
Accelerated Grid Infrastructure Development	No of km new transmission lines commissioned	250km p.a.	PI
	No of MVA new transformer capacity commissioned	60 MVA p.a.	PI
	Number of km way leaves acquired	250km p.a.	CS
	Number of km way leaves secured	500km p.a.	P&I
	No of projects handed over for implementation	5 p.a.	P&I
Efficient Business Practises	Number of non-compliance reports	0	Co-Sec
	Timely procurement according to procurement plan	100% p.a.	Co-Sec
	% ICT strategy implemented	20% p.a.	ICT

Table 2.3 (oo): BSC Scorecard and Corporate KPIs

Department Key:

FAS: Finance Accounts and Sales	PI: Projects Implementation
HRAD: Human Resource and Administration	CS: Company Secretary
ICT: Information and Communications Technology	O&M: Operations and Maintenance

As part of the periodic reporting each department is required to submit monthly results according to the target for each KPI. The reporting is carried out in three steps:

1) Reporting from Principal Officer to the Manager
2) Reporting from Manager to the MD/CEO
3) Reporting from MD/CEO to the BoD

A sample of the report highlighting alignment of the Balanced Score Card with the Corporate Goals/Targets outlined in the CBP 2014 – 2018 is in the following figure:

Fig. 2.3 (d): Snapshot of Balanced Scorecard Q1 2019/2020

BSC Corporate Level FY 2019 **Period (Chose from the list)**

Reporting month: September

Strategic focus area	KPI	Responsible for data	Target 2019/ 2020	Result each month		Result so far this year	Target so far this year	Prognosis 2019 / 2020 (manually updated)	Deviation traffic light	Action
				Jul	Aug					
Efficient Business Processes	Number of non-compliance reports	CO. SEC	0	0	0	0%	0	0		
	Timely procurement according to procurement plan	CS	90%	7%	7%	7%	90%	90%		Activated
	% ICT strategy implemented	ICT	20%	1%	1%	4%	6%	25%		Activated
Accellerated grid infrastructure development	No of km new transmission lines commissioned	PI	250	5	0	5	62	250		Activated
	No of MVA new transformer capacity commissioned	PI	60	180	0	180	15	60		
	Number of km way leaves acquired	PI	300	35	110	165	75	300		
	Number of km way leaves secured	CS	500	69	119.5	189	124.8	500		
	No of projects handed over for implementation	P&I	8	0	0	0	2	8		Activated
Security of power supply and Regional Cooperation	MWh load shedded	O&M	0	0	0	0	0	0		
	Level of reserve margin	O&M	10 %	28.2 %	25.4 %	28 %	10 %	10%		
	MWh exchange on the interconnectors	O&M	80,000.00	17,556.40	24,346.09	54,629.67	20,000.01	80,000.00		
	MW new capacity on interconnectors	PI	200	0	0	0	50	200		Activated
	Un-served Energy due to faults on the transmission grid	O&M	2%	0.14%	0.25%	0	2 %	2%		
Robust human capital development	HCI Index	HRAD	22.5	0	0	0	0.0	22.5		
	Staff turnover	HRAD	3%	0.2%	0%	0.2%	1%	3%		
Financial Sustainability	OPEX costs within Budget	FAS	100%	96.0%	96.0%	96.0 %	100%	100%		
	Gearing ratio	FAS	50%	80.0%	80.0%	80 %	50%	50%		Activated
	Level of cost reflective tariff	FAS	100%	95.0%	95%	94 %	100%	100%		Activated

Since each of the Corporate goals is directly aligned with the KPIs and a direct derivative if the focus areas, the exertion by each department measured in the Balanced Score Card is designed to deliver the desired result as set in the corporate targets. The alignment of Corporate goals and KPIs is tabulated below:

Focus Area	Corporate Goals	KPI
Financial Sustainability	Financial Sustainability	OPEX costs within Budget
		Gearing ratio
		Level of cost reflective tariff
Robust Human Capital Management	Effective organization with a motivated and competent work force	HCI Index
		Staff turnover
Security of Power Supply and Regional Cooperation	Total generation capacity continuously meets the system growing demand	MWh load shaded
		Level of reserve margin
	Increase regional power trade	MWh exchange on the interconnector
		MW new capacity on interconnector
	Availability of a robust grid	Un-served Energy due to faults on the transmission grid
Accelerated Grid Infrastructure Development	Timely implementation of quality projects	No of km new transmission lines commissioned
		No of MVA new transformer capacity commissioned
	Timely acquisition and efficient management of way leaves	Number of km way leaves acquired
		Number of km way leaves secured
	Improve and expand the transmission grid in line with the GDP	No of projects handed over for implementation
Efficient Business Practises	Compliance with statutory and regulatory requirements	Number of non-compliance reports
	Improved business processes	Timely procurement according to procurement plan
		% ICT strategy implemented

Table 2.3 (pp): Alignment of Corporate goals and KPIs

A L I G N M E N T

Desired Situation

A BSC that translates goals set at Corporate level (Strategic level) into tangible goals for Teams and Individuals within an organisation. These goals are then assigned measures and targets that act as handles to help measure, track, and improve performance.

In a BSC, the measures need to:

i) Translate customer expectations into goals
ii) Evaluate quality of processes
iii) Track improvement
iv) Focus effort on customers
v) Support Corporate Strategy

vi) Each Measure is assigned Targets in every corporate cycle as follows:
vii) Targets need to be set for ALL measures
viii) Targets needs to have a 'Firm-basis'
ix) Targets should provide a tangible handle for personnel to aim at
x) Targets achieved should = Organisation transformed

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
Link between Customer expectations and Corporate goals	• UETCL needs to identify its customers' expectations & derive corporate goals to meet them	0 – 6 months	MD/CEO HODs
Link between Corporate Measures and Targets and personnel goals	• Firm up the Drill-Down of Corporate Measures and Targets to the individual level • Align individual deliverables and targets with Corporate Goals and Targets	0 – 12 months	MD/CEO HODs

Table 2.3 (qq): CDN, BSC Alignment of Corporate Goals and KPIs Review

2.3.2.3 Review of the organisational structure and its ability to support delivery of the corporate mandate and CBP

Current Situation:

The CEO and HOD's spans of control from the Chief Executive to Senior Management as follows:

Category	Salary Scale	MD Off	Comm	FAS	HRA	Corp Svcs	IA	Co Sec	ICT	O&M	P&I	PI	Proc	Total
Span of Control	*(no. of direct reports)*	10	1	3	2	2	3	2	2	3	6	4	2	**n/a**

Table 2.3 (rr): Breakdown of UETCL Span of Control for Senior Management

A review of the CBP 2013–2018 KPIs Performance revealed challenges in these specific areas demonstrating which closely aligned with, the weaknesses highlighted in the CBP 2019–2023 SWOT as follows:

DEPT	Challenges (CBP 2013 – 2018)	Weaknesses (CBP 2019 – 2023 – SWOT)
PI P&I	Project delivery delays	o Delays in implementation of transmission grid projects o Low national transmission infrastructure coverage o Poor quality EPC contractor
	Constraints Increasing Interconnector Capacity	o Lack of redundancy in the Transmission grid o Low national transmission infrastructure coverage
	New Transmission Lines delivery delays	o Aged parts of the national grid infrastructure
Proc	Procurement Plan behind schedule	o Delays in procurements
ICT	ICT Plan delivery behind schedule	o Un-integrated Software Applications
O&M	*(not declared)*	o Encroachment on already acquired wayleaves

DEPT	Challenges (CBP 2013 – 2018)	Weaknesses (CBP 2019 – 2023 – SWOT)
HRA	*(not declared)*	○ Insufficient number of staffs ○ Inadequate Company structure to sufficiently support all business processes
PI	*(not declared)*	○ Inadequate stakeholder engagement

Table 2.3 (ss): Weaknesses Extract from CBP 2019–2023

Organogram and Employee Compliment Review

CBP Performance

The delayed ICT plan impacts the efficiency of the organisation's operations. UETCL is heavily document based with no integrated enterprise systems for support. Human Resource weaknesses identified were not picked up in CBP reporting. Social issues impacting UETCL also not captured in CBP reporting.

Spans of Control

The MD/CEO has 10 immediate reports a very wide span of control with the potential making him inefficient. The role of Deputy CEO was introduced (one of his reports) however the role does not take on part of the supervisory workload from the Core Function areas, mainly handling Corporate Communications.

The Managers have manageable number of reports. The mode being–2 and the highest (P&I) being–6. This is sufficient for oversight of activities and the workload handled.

Core/Support Functions

The Core Functions: (a) Planning and Investments, (b) Operations and Maintenance, and (c) Projects Implementation, are at the forefront of delivering the UETCL mandate highlighted in the opening discourse of the document. The majority of Skills and Competencies of the UETCL staff contingent need to be focused on those key activities.

The Support functions are also vital in supporting delivery of the corporate mandate. Their focus too needs to be aligned with the mandate of the organisation. In-terms of employee population:

- No. of Employees Core Functions: **332** (68.74% of total workforce)
- No. of Employees in Support Functions: **151** (31.26% of total workforce)

Almost 1/3 of the UETCL staff compliment are support activities.

Population Efficiency:

Parameters utilised to assess utilities in Sub-Saharan Africa set benchmarks for staff populations by comparing the staffing compliment of a utility with its:

a) route length *(Route Length–km, per Employee)*
b) installed generation capacity and (Employee per MW–Installed Capacity)
c) sales / throughput of electrical energy. (Employees per GWh–Energy Sales)

A summary is tabulated below as follows:

Parameter	Mean	Mean *(3yr rolling average)*	Peak Value	WB Benchmark
Route-Length per Staff	4.19	4.13	6.06	> 18 km per Employee
Employee per MW	0.46	0.41	0.48	< 5 Employees per MW
Employees per GWh-Sales	8.03	8.12	8.85	< 2 Employee per GWh

Source: *Data for mean, mean (3-year rolling average) and peak value sourced from ERA www.era.go.ug over the period 2007 - 2019*
World Bank benchmark information sourced from AFREPEN www.afrepren.org

Table 2.3 (tt): Staffing Efficiency Benchmark

In this segment UETCL under performs on two measures with:

a) a low Route Length (km) per Employee ration indicating excess overall resources
b) A higher than best practices

UETCL meets the requirement on the measure of *Staff vs. Installed Generation Capacity*. whilst this parameter has correlation with UETCL activities the measure and is an external one beyond UETCL's control. Most notably after a period of inactivity in Generation resources being developed the Sector has actively been increasing generation from the year 2012 the generation capacity has increased well ahead of demand from 607MW to 1,246MW. This trend shall only continue with Karuma adding 600MW expected in the very near future.

Other issues observed that internally affect UETCL delivery of mandate:

a) Departments operating in silos – no seamless interaction between departments cross cutting processes impacted.

b) UETCL heavily paper based operations no integrated enterprise management system(s) (isolated systems do not 'talk' to each other).

c) Projects Implementation being forced to operate following internal processes. Projects by their very nature are instituted to deliver result/asset in process outside normal operations.

d) UETCL mandate results have conflicting areas of delivery and structure needs to be adjusted to minimise conflicting motivation.

Desired Situation:

The desired situation for a corporate Transco to meet its mandate may follow these proposals:

a) Align the structure to address the aspects of the mandate delivery.

b) Provide internal coordinated support services.

c) Secure Financial Regulatory and Governance oversight to manage cross cutting issues impacting delivery.

d) A manageable span of control for the executive (CEO and/or MD) to allow for effective oversight at the executive level of the organisation.

e) Staff spread in a utility by its very nature has more staff in the lower echelons of the organisation. The requirement for artisans, technicians to execute nut-and-bolts work on the ground. The high-end engineering workers and top-level management tend to be the minority.

f) In most modern Transco's, the utility is tech heavy employing multiple integrated systems (both Engineering and ERPs). Most Transco's have transitioned &/or are transitioning to SMART Grids for operation efficiency and the added network reliability and availability.

g) As indicated above there are parameters used to benchmark against Sub-Saharan African utilities for proper sizing of staff populations. These numbers can be attained without affecting core duties by outsourcing select, carefully identified support functions to professional service providers, combined with the utilisation of integrated enterprise resource planning systems (ERPs) to achieve efficiency and reduce costs. In turn this allows the organisation to competitively remunerate its staff compliment.

Considering the above proposed paradigm, a proposed UETCL Revised Management Structure with associated departments is provided in the diagram below.

It proposes the following changes:

a) Establishment of Five (5) Core Divisions with their core functions as follows:

Division	Core Function	Status
System Operations	Provide oversight of overall electricity System Operations, Energy Management, Generation Dispatch and Power Imports/Export. Manage cross Boarder energy trading and generation sales;	CORE
Technical	Oversee Transmission Grid Operations. Develop Transmission Master Plans. Ensure System Reliability and availability. Maintain robust interconnectivity to meet obligations associated with Bulk Supply	CORE
Capital Projects Implementation	Timely delivery of planned transmission network assets to ensure utility is meet need for grid robustness, power evacuation, bulk supply, and import/export demand	CORE
Finance and Regulatory	Oversee Financial Management aspects of UETCL. Manage regulatory inquiries, processes, reporting, tariff application and other associated annual cycles	Support
Corporate Operations	Provide cross cutting support services to the core departments of the UETCL	Support

Table 2.3 (uu): Proposed New Divisions' and their Core Functions

b) *Procurement* department reporting directly to MD/CEO due to critical nature: of its activities.

c) *Co-Secretary and Chief Internal Auditor with statutorily required governance reporting lines*

Justification

The matrix below illustrates how the proposed new structure for UETCL shall operate in terms of alignment with UETCL mandate:

Core Mandate	Delivery	Sys Ops	Cap PI	Tech	Fin & Reg	Corp Ops	IA	Co-Sec
Utility	Systems Operator	✓	-	-	✓	-	✓	-
	Power Export/Import	✓	✓	-	✓	-	✓	✓
	Transmission Grid Operator	-	-	✓	✓	-	✓	-
	Bulk Power Supply	-	✓	✓	✓	-	✓	✓
Legal	Companies Act 2012 PERD Statute Electricity Act 1999 *(related statutes)* Uganda Comms Act	✓	✓	✓	✓	✓	✓	✓
Generic Corporate/ Regulatory	Companies Act 2012	✓	✓	✓	✓	✓	✓	✓

Table 2.3 (vv): Proposed New Divisions' Alignment with UETCL Mandate delivery

The proposed structure has the following critical attributes that shall set UETCL on a course to support Sector developments and deliver its mandate as per the expectations of the energy Sector stakeholders:

a) *MD/CEO's Office*

The recasting of the divisions clearly along the attributes of the corporate mandate creates ease of oversight at the executive level, providing the necessary clarity for the MD/CEO required to hold divisions and individuals accountable for KPIs and targets.

b) *Capital Projects*

The creation of a standalone division tasked with delivery of Capital Projects and empowered to follow up ALL matters affecting project delivery with every aspect of the project cycle (i.e.: pre-project, project execution and RAPs Management) fully domiciled within its scope of influence shall unshackle Projects delivery whilst creating clear line accountability in one locality.

c) *Technical*

Transmission O&M and Planning are co-partners setting the stage for the "Internal Client" to Projects and System Operations. This division ensures the management of a robust grid to meet both internal and regional demands. Also, they are best positioned to inform the most efficient activities in terms of new asset creation (Capital Projects Implementation output) and readiness for regional integration. Their sole focus is to ensure Grid Reliability and Availability and the long-term delivery of ALL Grid assets as per the originating OEM's determination for Least Cost delivery of the Transmission of electrical Energy.

d) *System Operations*

System Operations is present and forward looking. This division covers the mandates of (i) Power Import and Export, (ii) Bulk Supply to Local and Foreign entities, (iii) Energy management across the Grid, (iv) Regional Grid interconnectivity and Reliability/stability management, (v) Regional Sales and Energy Transfers through into and out of the Grid; Uganda is a key partner in the development of the regional East African Power Pool and Uganda needs to be ahead of the curve preparing to manage this complex paradigm. Hence the need to isolate these functions and develop out internal competencies as the grid becomes increasingly complicated and in the advent of Energy Trading *internally* and *regionally* across the borders.

e) *Corporate Operations*

The division a service provider to the Key Divisions focussing on the direct delivery of the mandate. In this division are subsumed the functions of: Human Resources, Legal, ICT, Security; The Procurement function is combined together with Corporate Services BUT due to the volume and size and complexity of procurement in UETCL the procurement function reports directly to the MD/CEO.

f) *Finance and Regulatory*

UETCL has a large revenue throughput with a turnover of > UGX 3 trillion in the year ending June 2019. This requires a separate division to manage the financial transactions, reporting and compliance requirements. In addition, UETCL has had a tenuous relationship with the Electricity Regulatory Authority (ERA) requiring a focussed approach to manage the periodic critical engagements with the regulator (e.g.: tariff submission, reporting, investments, etc.) and ensure maximum benefit towards the utility.

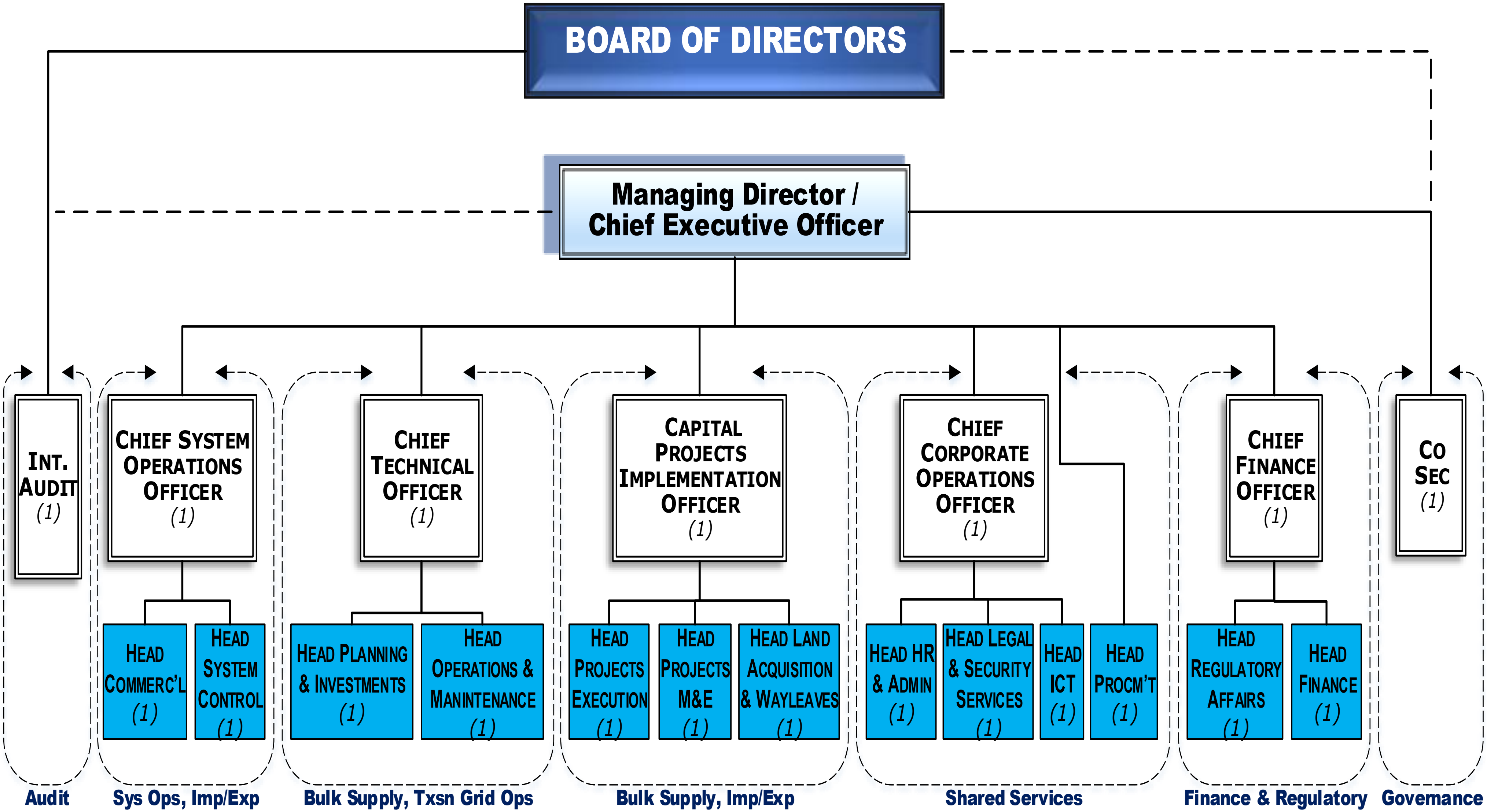


Fig. 2.3 (e): Proposed Recast Organogram (UETCL)

UETCL – FUTURE ENTERPRISE HIGH LEVEL BUSINESS FUNCTION MAP

The corresponding high-level business function map for the proposed future UECTL is outlined in **Figure 2.3 (f)** below:

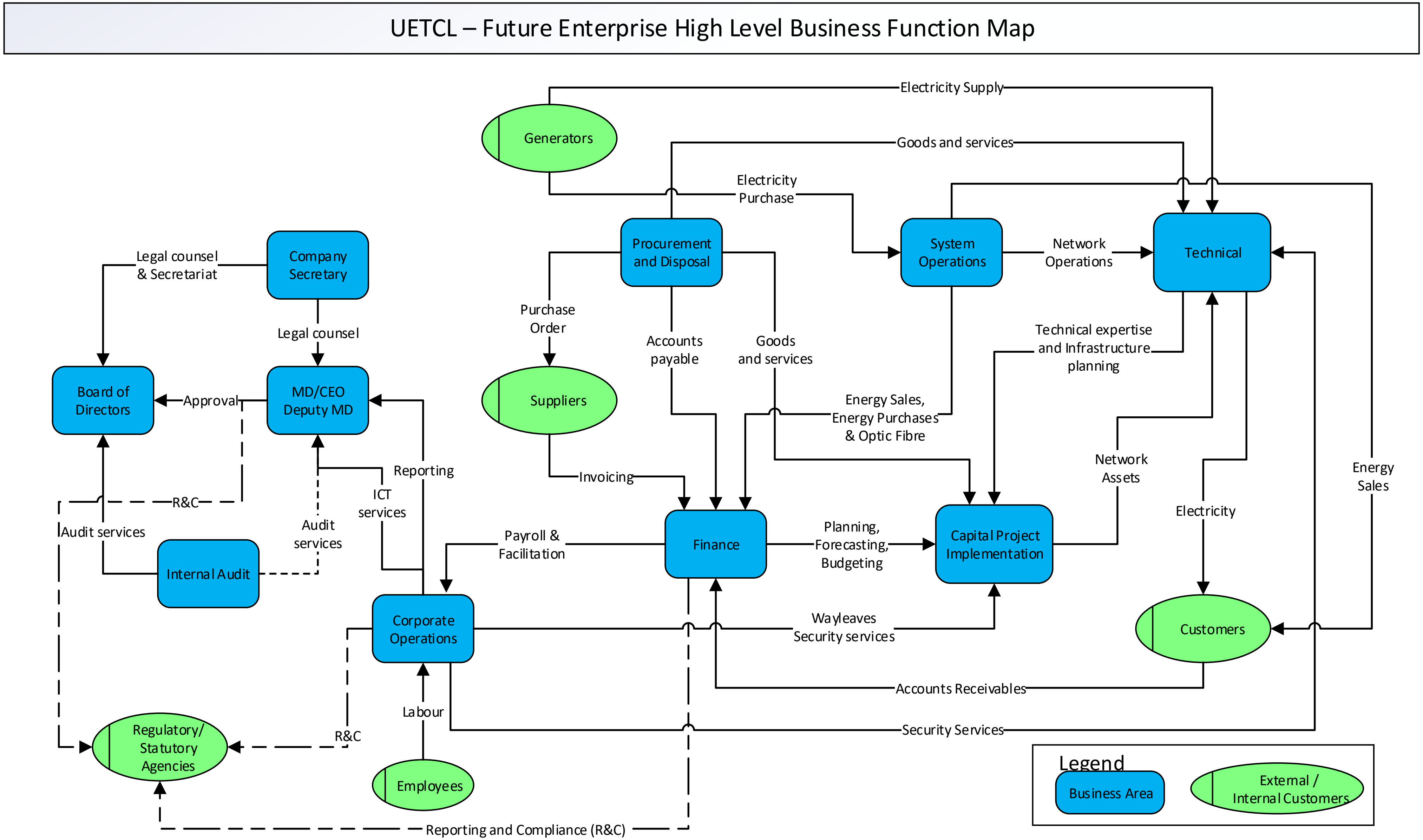


Fig. 2.3 (f): Future Enterprise High Level Business Function Map for Proposed Recast Organogram (UETCL)

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
Alignment of Organogram with UETCL mandate	Recast structure with Five (5) new divisions focused on overseeing specific aspects of the organisation mandate for effective delivery;	0 – 6 months	Board C/m MD/CEO
MD/CEO wide span of control	Realignment of organisation to reduce MD/CEO spans of Control	0 – 6 months	Board C/m MD/CEO
Benchmark parameters indicate the UETCL is overstaffed	Review the compliment of staff (focus on Non-Core activities) with a view to aligning organisation with industry benchmarks	0 – 6 months	MD/CEO HRA

Table 2.3 (ww): CDN, Organisation Structure and Ability to Support Mandate Delivery

2.3.3 Human Resource and Administration

The Human Resource and Administration thematic area assessment constitutes one of the prime objectives of this assignment both under the Capacity Assessment and Capacity Building Solutions Phases.

The main purpose under this docket was to analyse the desired capabilities against existing capacities and generate an understanding of the gaps as input to formulating capacity development solutions.

UETCL's HR&A capacity assessment focused on the overall set up and organisational and talent management practices and policies. The review covered all main aspects of Human Capital functionally (HR strategy, management structures and skill sets, Performance Management Systems, Learning and Development, Policies and Procedures, Business Compensation, and rewards as well as other operational processes like internal communications).

2.3.3.1 Organisational structure and competencies

The focus under this section was to assess how the wider layers of the business or Operating Model Framework is connected to the organisational structure, the quality and quantity of talent/ right (skills and competencies) and how they are deployed across the organisation (layout of departments).

Current situation

UETCL has approved structures covering all Departments up to Unit levels with 494 employees across the organisation at the time of the assessment. This represents approximately 98% filling capacity of all structural positions.

The structure broadly is aligned to the mandate of UETCL with clear focus on Projects, Operations and Maintenance and other support functions.

The structure has clear reporting lines with CEO/ MD reporting to the Board of Directors deputized by a Deputy MD. The CEO has 10 direct reporting lines and 2 other administrative/ "dotted" reporting lines (Internal Audit and Company Secretary).

In the table below, we indicate the current organisational capabilities in terms of required numbers vs the current filling capacity. As can be observed there is need to fill 2 Manager, 6 Principal Officer and 7 Senior Officer roles. This excludes an assessment of Board approved positions such as Manager Commercial and Manager Land Acquisition.

Department	Analysis	MD/CEO	Deputy CEO	Manager	Principal Officer	Senior Officers
Total	Actual	1	1	8	23	48
Total	Required	1	1	10	29	55
Total	Gap	0	0	-2	-6	-7
MD/CEO	Actual	1	1	0	1	3
MD/CEO	Required	1	1	0	4	4
MD/CEO	Gap	0	0	0	-3	-1
Finance, Accounts & Sales	Actual			0	4	8
Finance, Accounts & Sales	Required			1	4	8
Finance, Accounts & Sales	Gap	0	0	-1	0	0
Human Resources & Administration	Actual			0	2	4
Human Resources & Administration	Required			1	2	5
Human Resources & Administration	Gap	0	0	-1	0	-1
Corporate Services	Actual			1	2	5
Corporate Services	Required			1	2	5
Corporate Services	Gap	0	0	0	0	0
Projects Implementation	Actual			1	4	8
Projects Implementation	Required			1	4	8
Projects Implementation	Gap	0	0	0	0	0
Planning & Investments	Actual			1	2	5
Planning & Investments	Required			1	2	5
Planning & Investments	Gap	0	0	0	0	0
Operations & Maintenance	Actual			1	3	6
Operations & Maintenance	Required			1	3	6
Operations & Maintenance	Gap	0	0	0	0	0
ICT	Actual			1	2	4
ICT	Required			1	2	4
ICT	Gap	0	0	0	0	0
Governance, Ethics & Compliance	Actual			1	0	0
Governance, Ethics & Compliance	Required			1	2	3
Governance, Ethics & Compliance	Gap	0	0	0	-2	-3
Internal Audit	Actual			1	2	3
Internal Audit	Required			1	2	4
Internal Audit	Gap	0	0	0	0	-1

Department	Analysis	MD/CEO	Deputy CEO	Manager	Principal Officer	Senior Officers
Procurement & Disposal	Actual			1	1	2
Procurement & Disposal	Required			1	2	3
Procurement & Disposal	Gap	0	0	0	-1	-1

Table 2.3 (xx): Current staffing levels and vacancies in the organisation

Most of the positions on the structure have Job descriptions (JDs) aligned to their mandates. However, some of the JDs are not comprehensively aligned to the market dynamics and standards evidenced by several templates. In some of the staff files reviewed, the JDs are not attached and/ or signed off by the employees.

UETCL's structural design is based on a lot of autonomy as opposed to delivery of services/ mandate of the entity. For example, most of the functions/ departments that are independent like ICT, Finance, HR&A, Corporate services, Security among others could be effectively structured under one or two functions. This approach creates a narrow span of control and hence poor utilization of the talent.

Most departmental structures are heavily staffed for example, there are over 30 HR&A employees, over 10 ICT Officers, among others.

The assessment also observed some duplicated roles/ functions and/ or misplaced across structures. Some of the projects implementations for example are done by the Planning Departments yet there is a fully-fledged Departments for Projects. This duplication is also evident in Legal functions.

Whereas most of the staff files reviewed indicate a relatively good breed of talent at UETCL especially in Technical Department (Projects and Operations), many of the staff members are observed as traditional, clerical, and lacking agility. Further, the Company has never undertaken an independent verification of staff qualifications.

UETCL has recently undertaken key strategic interventions in addressing most of these structural challenges although at nascent levels. There are, for example, initiates under Procurement Department to restructure the function, give it its full mandate, and recruit a competent Procurement Manager.

Position	Job requirements (Qualifications & Skills)	Current occupant Qualifications and Skills	Variance
MD	Degree in either Electrical Engineering, BBA, Mgt, Finance and Accounting, Statistics or Law. ACCA, Engineering Certification, or MSc shall be an added advantage.	MBA, B COM, PGD Mgt., CPA, CIMA and ACCA.	**Full Fit**
DMD	Degree in Electrical Engineering. Masters as an added advantage.	B. Sc Electrical Engineering	**Full Fit**
Company Secretary	Master of Laws, BA, Corporate Governance. LLB, Corporate Governance or BBA and	MBA, LLB and Dip. Legal Practice	**Full Fit**

Position	Job requirements (Qualifications & Skills)	Current occupant Qualifications and Skills	Variance
	registered with ICSA and Dip in Legal Practice.		
Manager Corporate Services	Degree in Laws must have a ICSA	B. Laws, PGD-Law, M. Laws	**Full Fit**
Manager Internal Audit	Degree in Commerce, BBA, Finance and Accounting. ACCA, CPA, CIA and Masters.	MSc. (Accounting and Finance), BCOM, ACCA and CPA.	**Full Fit**
Manager Planning and Investment	Master's degree in electrical engineering with 12 years' experience. PGD in Project Planning and Monitoring is desirable.	MSc. and BSc. Electrical Engineering	**Full Fit**
Manager O&M	Degree in Electrical Engineering. Must be a registered Engineer with ERB and Qualification in Mgt.	BSc. Electrical Engineering	**Full Fit**
Manager ICT	Degree in Electrical Engineering, communication, ICT and 12 years' plus experience of ICT Systems.	B. Statistics and MSc. Information Systems	**Full Fit**
Manager HR&A	Degree in HRM, BA, Management. PGD in HR or Masters.	Vacant	**Vacant**
Manager Projects Implementation	Degree in Engineering field and Project Mgt qualification. PGD qualification Project Management and at least 12-15 years' experience.	B. Sc Electrical Engineering	**Full Fit**
Manager Procurement and Disposal	Degree in Procurement, Logistics and Supply Chain and CIPS	Degree in Procurement, Logistics and Supply Chain and CIPS	**Full Fit**
Manager Finance, Accounts and Sales	Degree in Economics, Commerce, Finance or Accounts. ACCA or CPA	Vacant	**Vacant**

Table 2.3 (yy): Organisational Structure and Competencies

Desired situation

Structures are functions of strategy. This means that all leading businesses and best practices, design business structures based on the core mandate of the organisation. The structures are then alignment and designed and empowered to operate efficiently.

The best practice span of control is normally between 6-9 direct reports. This helps in ensuring proper and adequate supervision across the organisation.

Capacity development needs	Suggested interventions and prioritisation	Priority	Responsible Actors
Structural alignment, reducing overload and	The structure should be reviewed to align and reduce the span of control/ reporting lines across the business. For example, the MD/ CEO has ten (10) direct reports and two (2)	0 – 6 Months	Manager HR&A

Capacity development needs	Suggested interventions and prioritisation	Priority	Responsible Actors
redundancies.	administrative lines (Audit and Governance, Ethics & Compliance Department). These, in our opinion, are heavy reports and not aligned to best practice of 5-7 reports. Review the structure comprehensively to align the levels from strategic, management and operational roles. The job titles will also need to be reviewed and aligned to the market and mandate like Heads or Chiefs below MD.		Managing Director Board of Directors
Talent attraction and Retention/ Recruitment processes and procedures	Recruitment for key positions that have been vacant for some time especially those at Management levels. Review the recruitment procedures to ensure quality at the gate for all positions.	0 – 6 Months	Head of Human Resource
Verification of staff qualification	The Company needs to urgently undertake and independent verification of all staff qualifications.	6 –12 Months	Head of Human Resource

Table 2.3 (zz): CDN, Organisational Structure and Competencies

2.3.3.2 Performance Management System and Rewards

Current situation

Tools

UETCL has an approved CBP (2014-2018) which is the main strategic document with clear KPIs. The KPIs are then cascaded through a Balanced Score Card into Departmental Goals and Objectives. This is evidenced in the Corporate KPI Document.

There is clear relationship between UETLC's main mandate and the KPIs planned for execution under the CBP. However, the Business KPIs are not at all, linked to the Performance Management System for employees.

There are metrics under all KPIs per Department. Whereas this is commendable practice, there is need to review and strengthen most of them.

The PM Tool is very subjective and not aligned to the overall KPI document. It is filled manually by Managers and elements of assessment are shallow and lacks the depth for staff technical assessment and development. The assessment mechanisms are largely subjective.

For any Performance Management System (PMS) to work effectively, it should always be linked to business rewards and benefits. The assessment did not find this linkage at UETCL. There is no linkage between Performance Management System. UETCL rewards approaches like salary increments have no correlation with individual performance scores at all. There is no evidence of any linkage to negative rewards as well like PIP and other punitive actions for poor performers. This makes PMS ignored by most employees and unable to impact business performance.

The assessment did not find any PMS calibration process where PMS results from employees, are run through Departmental Heads and final tallies are discussed by Management and recommendations agreed up on and implemented across the business.

Whereas the assessment found training recommendations on the PM Tools, the PMS is no clear linkage and alignment to the trainings and other HR&A processes like promotions, coaching and mentoring, among others.

Turnover

The assessment observed that UETCL measures employee Turnover as one of the metrics under the Corporate KPIs in HR&A. Currently, the score is at 3% (which is a good performance based on the fact that best practice recommended score is maximum 6%). UETCL is however losing critical talent especially under the technical functions to ERA, REA, UMEME and other Engineering organisations.

The Consultant has analysed Turnover data (voluntary exits) over the between 2018 and 2020. In the table below, we indicate key resources lost and key reasons cited in the exit interviews.

S/N	Name	Designation	Department	Date of Leaving	Reason
1	Walukaga Moses	Linesman Grade I	Maintenance	17.01.2018	Resigned
2	Bukenya Yusuf	Communication Technician	Communication	12.04.2018	Absconded
3	Agume Tonny	Accountant Fixed Assets - Temporary	D & S	01.06.2018	Absconded
4	Otim Kenneth	Senior Public Relations Officer	MD/CEO	31.07.2018	Resigned
5	Kakusya James Engwe	Senior Projects Engineer - Monitoring	Projects Engineering	31.08.18	Resigned
6	Nabirye Caroline	Documentation Clerk	Environment	31.08.18	Resigned
7	Nampoza Jacqueline	Personal Assistant to MD / CEO	MD/CEO	28.09.2018	Resigned
8	Bwambale Enos	Trainee Electrical Engineer - ESI	HR	24.09.2018	Resigned
9	Senfuka Ivan	Management Accountant	Budget & Finance	14.03.2019	Resigned
10	Ntege Eddie	Projects Community Liaison Clerk	Social Aspects	04.04.2019	Absconded
11	Ndagire Deborah	Risk & Compliance Officer	Internal Audit	30.04.2019	Resigned
12	Agaba Dennis Chris	Trainee Substation Electrical Fitter	Maintenance	30.04.2019	Resigned
13	Nuwagira Alex	Senior Procurement Officer - Projects	Procurement	30.09.2019	Resigned
14	Kasozi Stuart	Trainee Electrical Engineer - ESI	Administration	30.09.2019	Resigned
15	Mukasa Arthur	Trainee Electrical Engineer - ESI	Administration	30.10.2019	Resigned
16	Oyet Samuel	Dispatch Engineer	Control	30.11.2019	Resigned
17	Openji Wilfred	Linesman Grade I	Maintenance	30.11.2019	Absconded

S/N	Name	Designation	Department	Date of Leaving	Reason
18	Ariho Turyasingura Dorothy	Front Office Assistant	Administration	31.01.2020	Resigned
19	Twinamatsiko Douglas	Projects Engineer - Electrical	Projects Engineering	31.01.2020	Resigned
20	Tukahirwa Smith	Trainee Electrical Engineer	Administration	19.03.2020	Resigned
21	Kitumira Akamada	Foreman Line Clearance	Maintenance	27.03.2020	Resigned
22	Micwemirungi Stanley	Trainee Protection Engineer	Protection	29.05.2020	Resigned

Table 2.3 (aaa): Staff Turnover Data

Whereas, the turnover analysis does not indicate an alarming situation, there are exits in critical positions and in key Departments of the UETCL. The main reasons are indicated as resignations. A review of the exit interviews did not reveal the detailed information driving these resignations pointing to a need for improvement in the exit management process.

Salary Overview

The assessment found that good efforts to improve staff pay, compensation and benefits have been undertaken to align UETCL to market dynamics through benchmarking/ consultancies. There are two reports from PwC (October 2015) and a Job Analysis and Job Evaluation (April 2018) from AH Consulting. These two reports made recommendations on salaries and benefits benchmarks/surveys and improvements (PwC Report 2015). A review of the available data from staff salary structures and market pay reports, indicates that UETCL is lacking in salary and benefits for key job grades. This has caused a lot of low staff morale across the organisation.

However, UETCL has not had any comprehensive/ tailored Salary and Benefits survey with relevant agencies especially where it loses most of its technical talent to. There has also been little or no progress in aligning the salary grades and benefits to the market and to the Sector as recommended.

Position	Current Pay (Averages)	PwC Recommendation (75th Percentile)	Mercer Uganda Report 2020 (Median)	Equal opportunities Commission
TSS15 Temporary Employees	1,189,498.52	1,592,021	No related data	No related data
TSS14 Junior Staff	1,460,988.02	1,592,021	No related data	No related data
TSS13 Promotional Scale	1,466,989.23	1,592,021	No related data	No related data
TSS12 Junior Grade III	1,498,954.73	1,592,021	No related data	No related data
TSS11 Junior Grade II	1,616,490.72	1,592,021	No related data	No related data
TSS10 Intermediate Staff	2,063,821.49	2,613,033	2,8090,000	No related data

Position	Current Pay (Averages)	PwC Recommendation (75^{th} Percentile)	Mercer Uganda Report 2020 (Median)	Equal opportunities Commission
TSS09 Higher Dip Holders	2,256,628.68	2,613,033	2,8090,000	No related data
TSS08 Promotional Scale for Higher Diplomas	2,510,351.16	2,613,033	2,8090,000	No related data
TSS07 Supervisory Intermediate Staff	2,702,660.44	3,567,599	2,8090,000	No related data
TSS06 Senior Staff	3,729,461.81	3,567,599	3,895,296.00	No related data
TSS05 Officer Level	4,502,159.36	4,661,050	6,147,112.75	No related data
TSS04 Senior Officer Level	6,868,711.52	7,222,862	8,846,197.58	No related data
TSS03 Principal Officer-Head of Section	13,023,841.13	10,172,624	15,696,374.25	No related data
TSS02 Manager Level-HoD	17,850,659.45	17,564,802	25,038,833.58	No related data

Table 2.3 (bbb): Competitiveness of Salary and benefit scales

Culture

UETCL exhibits clan and hierarchical cultures. These two types of culture are largely characterised by long reporting lines, red tape, deep relationships, and structural silos. There have been no efforts made with clear interventions in diagnosing and transforming this culture to a high performance/ corporate culture. It is recommended that an organisation-wide cultural transformation project is planned and implemented to drive performance.

Desired situation

Business strategies and plans are developed with clear targets and budgets. These are then cascaded through Corporate KPIs into the Departmental and Individual PM Tools. This way, strategy get well executed and staff contributions to business growth are well assessed.

Leading entities develop and implement performance management systems to ensure that all employees understand what is expected of them and set clear objectives to deliver on their mandates. This creates a clear link between the business values and how employees are rewarded.

Performance rating scales are usually agreed upon by Management to streamline clearer feedbacks on employee performance and get imbedded into the PMS. This helps to differentiate best and bad performers.

As a critical enabler, Managers and Heads of Departments well as employees are trained on Performance Management Systems to help them understand the key PMS principles and how to put these into practice. Team are put on individually aligned and intensive coaching/ staff development programs to steer better performances.

Capacity development needs	Suggested interventions and prioritisation	Priority	Responsible Actors
Strategy development and alignment to PMS	Refine the business strategy and Corporate KPI documents across the organisation. Develop a comprehensive Performance Management System/ Tools with both technical and behavioural aspects of assessment.	0 – 6 Months	Board of Directors Managing Director
Employee Reward mechanisms (3Rs-Recruitment, Retentions and Rewards).	Develop a Compensation and Rewards Policy for the business and link all Rewards and Recognitions approaches (R&Rs) to PMS. Undertake tailored market surveys with specific and relevant entities as well participate in annual Compensation and benefit studies with reputable companies like Mercer.	0 – 6 Months	Managing Director Manager HR&A.
Exit management process	Improve the exit management process to pick both formal and informal factors driving the key staff exits	0 – 6 Months	Manager HR&A.
UETCL exhibits clan and hierarchical cultures.	Conduct an organisation-wide cultural transformation project to drive performance.	12 – 24 Months	Managing Director Manager HR&A.

Table 2.3 (ccc): CDN, Performance Management System and rewards

2.3.3.3 Processes, people, and systems

Current Situation

UETCL's HR&A has largely manual process characterised by a lot of paperwork and lengthy approval processes. The processes in HR&A have not been automated at all causing a lot of delays in providing services to employees. HR&A has a system called Resource Link (RL) largely handling payroll. This system does not cover other processes and functions under HR functionality.

UETCL's processes are long and not streamlined. The processes are not streamlined. Whereas this assessment did not do a detailed workload assessment, a review of the mandate and number of employees indicates no work overloads across the business.

A review of the qualifications and experience of senior management discovered that whereas the Heads of Functions across the organisation have deep Sectoral experience as indicated in the table below, most of these roles for example in ICT and HR&A require more agile resources with more relevant qualifications.

The assessment also found role duplications in the management levels of the organisation. For example, the mandates under Corporate Services Department and those under Governance, Ethics and Compliance Department are largely the same (*legal*).

There a vacant role for Manager Finance created by the appointment of the former Manager as the new Managing Director. This role is key and should be filled urgently. Other vacant roles have already been highlighted in earlier sections of this report.

Name	Designation	Department	Qualifications	Experience at UETCL
George Rwabajungu	MD	MD's Office	MBA, B COM, PGD Mgt., CPA, CIMA and ACCA (F).	11 Years
Valentine Katabira	DMD	MD's Office	B. Sc Electrical Engineering	20 Years
Georgina Kugonza Musisi	Company Secretary	Governance, Ethics & Compliance	MBA, LLB and Dip. Legal Practice	5 Years
Erone Martin	Manager Corporate Services	Corporate Services	B. Laws, PGD-Law, M. Laws	11 Years
Edward Muganyizi	Manager Internal Audit	Internal Audit	MSc. (Accounting and Finance), BCOM, ACCA and CPA.	8 Years
Boneventura Buhanga	Manager Planning and Investment	Planning and Investment	MSc. and BSc. Electrical Engineering	20 Years
Richard Matsiko	Manager O&M	Operations and Maintenance	BSc. Electrical Engineering	20 Years
Peter Igibolu	Manager ICT	ICT	B. Statistics and MSc. Information System	11 Years
Vacant	Manager HR&A	Human Resources and Administration	Vacant	Vacant
William Nkemba	Manager Projects Implementation	Projects Implementation	B. Sc Electrical Engineering	20 Years
Specioza Mukazi	Manager Procurement and Disposal	Procurement and Disposal	Degree in Procurement, Logistics and Supply Chain and CIPS	Less than 1 Year
Vacant	Manager Finance, Accounts and Sales	Finance, Accounts and Sales		

Table 2.3 (ddd): Summary of Management qualifications and experience

Capacity development needs	Suggested interventions and prioritization	Priority	Responsible Actors
Alignment of business processes and automation	Review of all business processes including those in HR&A to remove unnecessary and bureaucratic steps through a re-engineering process. The business needs a comprehensive ERP covering most of the processes. In HR&A, there is need to automate the processes of Training, Performance Management and Recruitment. This will bring quick turnaround time in execution of roles,	6 – 12 Months	Board of Directors MD/CEO HR&A Manager

	bring services close and remove a lot of subjective judgements.		
Refining the quality of people.	UETCL needs a comprehensive review of the skills especially after a new structure has been developed and approved. This will help both on aligning skills and ensuring optimum numbers in each Department.	0 – 6 Months	BoD MD/CEO HR&A Manager

Table 2.3 (eee): CDN, Process, People, and Systems

2.3.3.4 Human Resource and Administration (HR and Administration Setup)

Current situation

HR&A Setup/structure: The HR and Administration Department has over 30 employees. This number is an indication of over staffing and duplication of roles given that UETCL has a maximum of approximately 494 employees. The best practice is normally one (1) HR Person for every 100 employees.

The HR&A structure is also not aligned to the demands of the market dynamics. For example, the L&D roles are played by junior resources with little or no understanding of the business's strategic direction. This finding is also applicable on the PM roles.

The quality of employees within the Department is below the bar. Most of the positions are filled with staff of low calibre, poor cultural dynamic and technically unable to drive the full mandate of the Human Resource function for an entity like UETCL.

UETCL has not adopted easier, better, quick, and tech-led approaches to organisational communications and driving cultural transformation. Communication and organisational culture are key ingredients for business performance. The assessment found a lot of manual communications like Internal Memos which are displayed on notice Board.

Recruitment: The Recruitment process follows an advert, online advert, long list shortlisting done by HR and final Shortlist by the Board Committee and/ or Management depending on the role being filled. The final interviews are done by a level above. Whereas this is a commendable approach, the quality of employees is still lacking which is an indication of process flaws.

There recruitment process has gaps especially on manpower request form, review of JDs. background checks. There was no evidence of University background checks.

There are many (17 at the time of the assessment) employees who entered the Business on temporary terms (6 month) and later contracted for more 1 or 2 years. Majority of these end up as contract employees. This practice is a recipe for poor quality of talent (unassessed/un-interviewed).

The organisation has good technical and experienced Engineers. The main risk is on Succession Planning to ensure that UETCL is prepared on the talent front for retirements and other forms of exits.

There are gaps in talent planning/manpower planning, succession planning for example, where Universities teaching relevant courses (Engineering) are profiled and MoU signed to get quality young talent in these technical areas. There is broadly lack of and end-to-end Human Capital Talent Management Strategy.

Business policies and procedures (HRMM): UETCL has an approved Regulations/ Manual that has been in effect from November 2008. The manual covers most of the policy issues across the business especially the staff benefits. The manual is also in basic terms, aligned to the Employment Act 2006.
The assessment however, found gaps in how the HR processes are outlined in the policy document. There is no clear (step-by-step) breakdown of some of the key HR processes, procedures and policies like Performance Management and Training procedures.

Training processes: The assessment found no documented procedure for Training Planning, Budgeting and Training Implementation. Whereas, this process is not properly documented, TNAs are put under the BIS (Budget Information System) and trainings are executed through HR&A Department.

There was no evidence of TNA other than staff members/ departments sending a "wish list"

The resource responsible person for Training is not Specialised Learning and Development and reports into the Welfare Section.

The Training function is under administration and not linked to PMS. No training evaluations done previously but there are efforts to improve the process.

UETCL has an annual Training Calendar (Training Plan for 2019 and 2020 were reviewed). The contents on the Training Plans come from HoDs. There is no linkage of these needs with staff Development Plan and / or PMS gaps.

The Training Plan for 2020 has not been implemented on account of COVID-19. Most of the Trainings are largely external.

HR and Admin metrics and compliance mechanisms: In terms of payroll, NSSF and other statutory obligations, there is full compliance at UETCL.

UETCL has over 200 Casuals. Majority of these have been in the Company for over 12 Months.

This is very risky given that these casuals are legally permanent employees per Employment Act. There is need to streamline this aspect to avoid future legal battles with UETCL by way of outsourcing.

Desired situation

The Human Resources function is a critical enabler in most best practice businesses. As a result, most organisation have recently created two arms of HR namely, HRM (Generalist side of HR handling recruitments, payroll and other administrative roles) on one side, and

PM and L&D on the other (Specialised function of HR handling business performance Corporate Training, reward policies, organisational cultural change among others).

Business Policies and procedures (HRMM): UETCL has an approved Regulations/ Manual that has been in effect from November 2008. The manual covers most of the policy issues across the business especially the staff benefits. The manual is also in basic terms, aligned to the Employment Act 2006.

The assessment however, found gaps in how the HR processes are outlined in the policy document. There is no clear (step-by-step) breakdown of some of the key HR processes, procedures and policies like Performance Management and Training procedures.

Training processes: The assessment found no documented procedure for Training Planning, Budgeting and Training Implementation. Whereas, this process is not properly documented, TNAs are put under the BIS (Budget Information System) and trainings are executed through HR&A Department.

There was no evidence of TNA other than staff members/ departments sending a "wish list"

The resource responsible person for Training is not Specialised Learning and Development and reports into a small section of Welfare.

The Training function is under administration and not linked to PMS. No training evaluations done previously but there are efforts to improve the process.

UETCL has an annual Training Calendar (Training Plan for 2019 and 2020 were reviewed). The contents on the Training Plans come from HoDs. There is no linkage of these needs with staff Development Plan and / or PMS gaps.

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This is very risky given that these casuals are legally permanent employees per Employment Act. There is need to streamline this aspect to avoid future legal battles with UETCL by way of outsourcing.

Desired situation

There is need for revisiting the HR&A structure, fill it with relevant skill sets and align it to key processes for supporting the business. For example, the Training (L&D) and PM should have a senior resource to drive them across the organisation.

Capacity development needs	Suggested interventions and prioritisation	Priority	Responsible Actors
HR Structural alignment to the business needs	Redesign the HR & A structure into two separate arms (HRM&A) and (PM&L&D). Restructure the Department to bring in good talent with relevant experience, agility, and business mindset.	0 – 6 Months	Board of Directors Managing Director
Developing a Talent Management Strategy	UETCL should review the current Regulations and make it detailed on all business processes. The business should develop a TMS focused on key Human Capital parameters like Talent Acquisition, PMS, L&D, Automation, C&B, Succession Planning etc.	6 - 12 Months	Managing Director Manager HR&A.
Succession Planning Policy across the organisation.	Develop a Succession Planning Policy across the organisation. Identify all the technical talent and profile "seconds in line" and even "thirds in line". These (Potential Successors) should be trained and exposed to key projects to prepare them for future roles.	6 - 12 Months	Managing Director Manager HR&A.
Learning and Development alignment to Business Strategy	Develop a comprehensive Training procedural aligned to the business strategy. Create avenues for knowledge sharing and evaluations to achieve RoI on Training budget.	6 - 12 Months	Managing Director Manager HR&A.

Table 2.3 (fff): CDN, HR and Admin Setup

2.3.4 Capital Projects Management

This report gives a detailed review of the Capital Projects Management process starting from identification to closeout as practiced by UETCL. This process is summarised below.

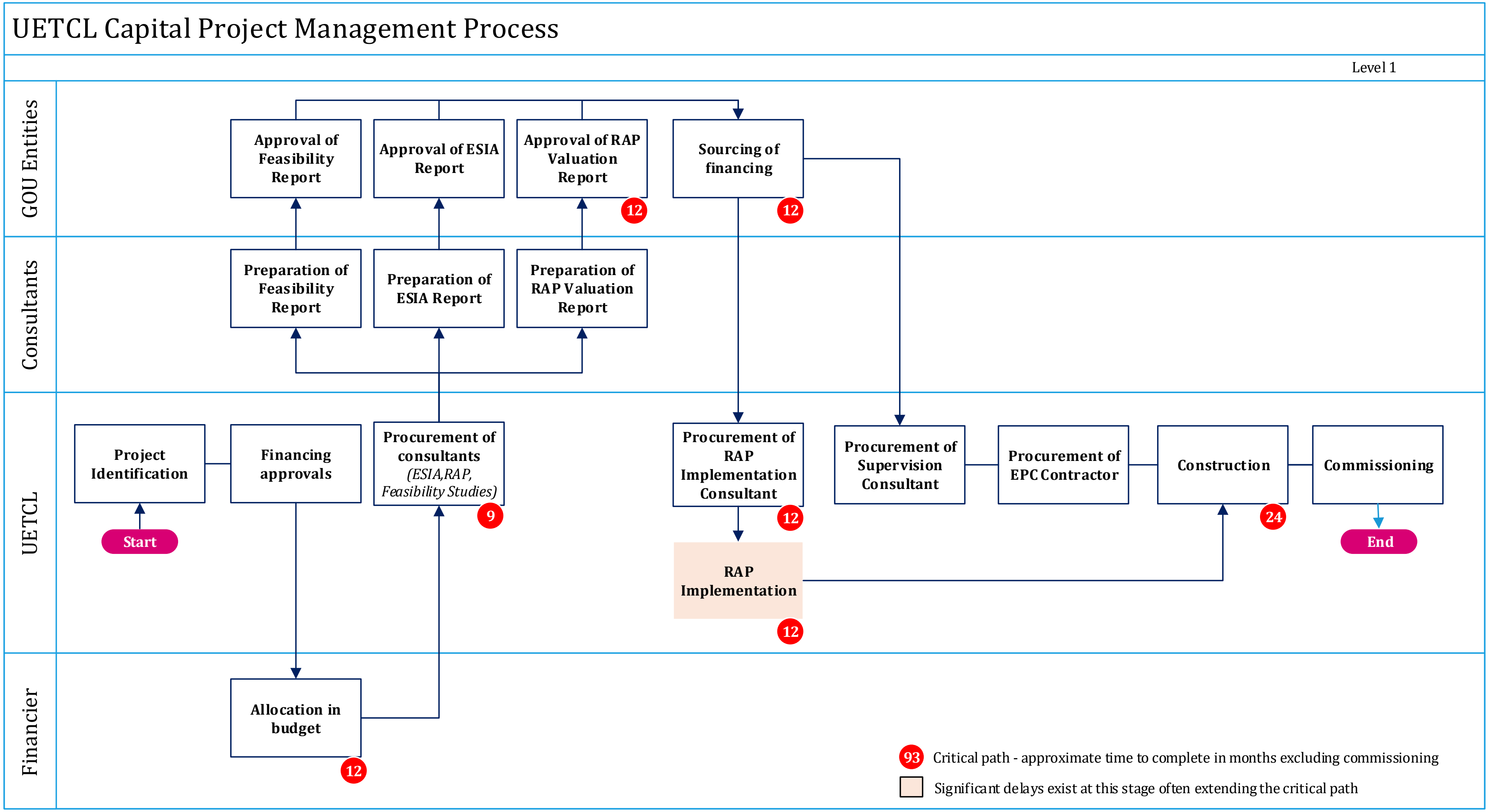


Fig. 2.3 (g): UETCL Capital Projects Management Process

As can be derived from Fig. 2.8 (a), the best critical path of the process is 93 months with the critical delays coming from the RAP Implementation process. Over the course of the assessment, we were made aware of delays at this stage that had extended the completion time for the stage from the desired 12 months to 84 months.

The review aims at identifying bottlenecks in the process with specific focus on the RAP implementation process (way leaves, land acquisition and resettlements). Policies and procedures regarding land valuation were examined to identify their impact on the implementation of Resettlement Action Plans.

The project governance framework and the organizational models were obtained and reviewed in terms of structure, resources, and efficacy in achieving time, cost, and quality goals. A high-level performance review of five (5) projects has been compiled based on the Monitoring and Evaluation Reports prepared by UETCL and interface with key persons and an assessment of best practices in project management is presented in table summary.

UETCL could not present a Lessons Learnt database and information on training, qualifications, and experience of the Projects Implementation function.

2.3.4.1 Governance systems (structures, frameworks, policies, procedures)

Structures

The governance systems were assessed at the organizational level and it shows that the departments of Planning and Investments and Project Implementation are responsible for delivery of UETCL's strategic objectives of security of power supply and regional integration and accelerated grid infrastructure development. These two (2) departments are supported by Corporate Services, Finance Accounts & Sales, and Operation and Maintenance departments. In addition, the MEMD, MoFPED, Parliament, Central Government Valuer (CGV), Administrator General, Solicitor General (SG), Land Registry provide external services to the process. The structure, roles and responsibilities are found to be clear as outlined below:

a) The Planning and Investments department is responsible for:

- Identifying the capital investment needs of the Company, preparing concept documents (project profiles),
- Presenting to SMT and the Board, presentation to the ESWG (Development partner funding) or ERA (tariff funding).
- Presenting to Development Committee in MoFPED (approval/budgeting) and following up with MoFPED so that funds are allocated in the budget or granted by Development Partnersfor feasibility and RAP studies.
- Procuring consultants to do feasibility study and draft tender documents.
- Procuring consultants to do ESIA/RAP studies, and supervising the studies,
- Coordinating approval of feasibility study reports and tender documents by UETCL and Development partners; approval of the ESIA Report by NEMA and RAP studies by CGV; seeking loan approvals by SG, Cabinet and Parliament, signing of the loan agreement between Development Partnersand GOU.

- Procuring of Consultants for supervision of EPC contract and ESIA/RAP implementation; procuring the EPC contractor.

b) *Projects Implementation department is responsible for:*

Upon signing of contract for consultancy for EPC, ESIA and RAP Implementation and EPC Contractor, the project is handed over to Projects Implementation Department. The process then is as follows:

- Managing and coordinating RAP/ESIA implementation and EPC contract from kick-off to commissioning
- Supervising the EPC/RAP/ESIA Consultants work during RAP implementation
- Following up with MoFPED to get allocation of funds for RAP implementation and executing compensation of PAPs
- Supervising the works of the EPC contractor
- Coordinating engineering design, approvals, quality inspections, testing and commissioning of plant and services
- Supervising HSE activities during execution
- Contract management and stakeholder relations
- Monitoring and evaluation, reporting of performance such as costs, quality, progress.

c) *Other departments involved in the above process are:*

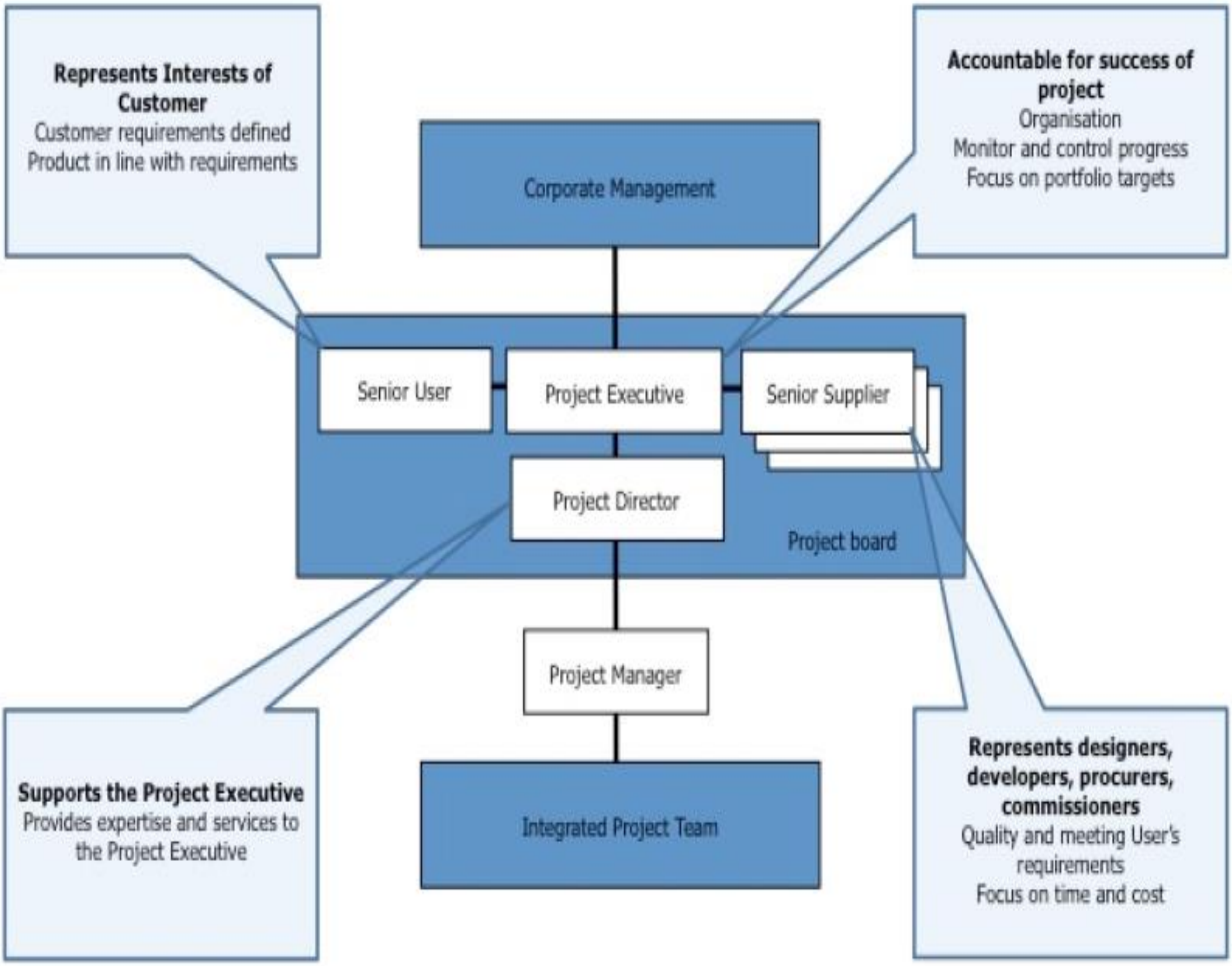
- Corporate Services is responsible for drafting of contracts, approval of contracts by SG, legal services in wayleaves, right of way and land acquisition
- Procurement Section is responsible for executing the procurement plans
- Finance and Accounts department has a dedicated Project Accounts Office
- Operations and Maintenance department provides technical teams for tender evaluations, review of engineering designs, factory, and site inspections, testing and commissioning of plant and equipment.

d) *Several external stakeholders and processes directly impact project execution:*

- Solicitor General is responsible for approving contracts
- Chief Government Valuer's office is responsible for approval of RAP report
- The Administrator General's office in obtaining documents for land ownership
- Commissioner Land Registration Department's office in land acquisition, registration of wayleaves and right of way; District Land Boards
- Commissioner of Survey's office in providing survey data, approval of surveys
- Project Affected Persons, local leaders in project areas contribute to progress of RAP implementation

Project Management Framework

The project governance structure and framework or model is illustrated in the charts below as found in the Company's Project Model Manual (July, 2020).



(***Source:*** *UETCL Project Model Manual)*

Fig. 2.3(h): UETCL Project Governance Structure

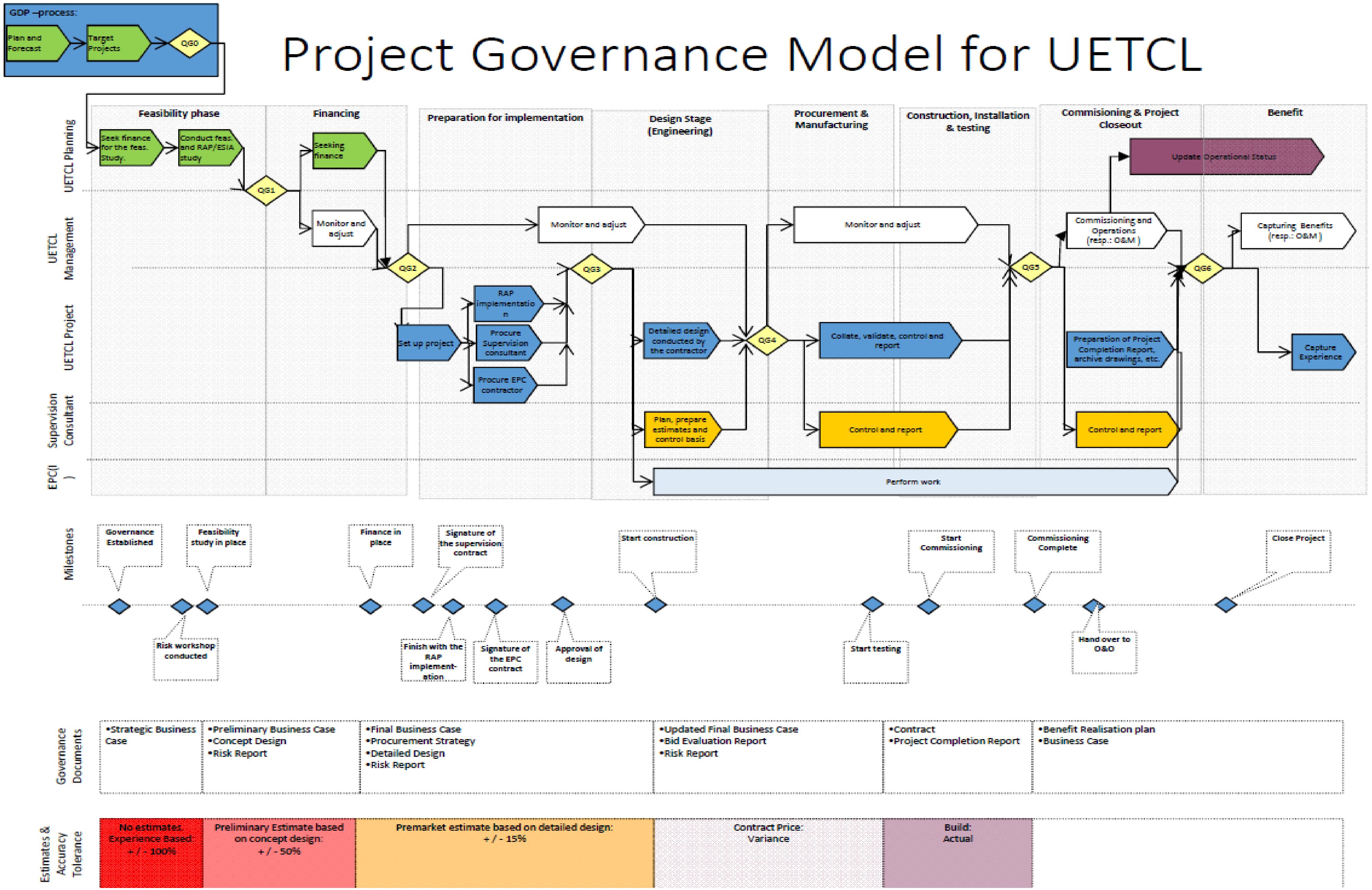


Fig. 2.3(i): Project Governance Framework (***Source:*** *UETCL Project Model Manual*)

Current situation

The Project Governance Framework obtained defines the roles and processes at a high level and clearly indicates the quality gates. The detailed policies and procedures are to be documented by Projects Implementation and Planning & Investments, but the documentation has not been done at the time of writing this report. Other procedures are to be implemented through consultants.

The roles of Project Executive and Director in the governance structure are not yet assigned or created in the Project Implementation Department as it requires changing the Company organogram. Other roles are clearly identified and assigned in the Project Manual with the primary governance interface being within the UETCL Management.

Project Managers are not appointed and empowered through a Project Charter. The authorization levels are such that most decision making is referred up to Board level with time consuming processes of writing Board papers. UETCL has also identified in its CPB2014-2018, 'inefficient business processes' as one of its challenges that needs to be addressed.

As expected, key decisions during project execution are constrained by the overall organizational procedures and rules. UETCL is a Company but operates as a public utility governed through government regulations. This has particularly marked impact in the process of wayleaves or land acquisition, where valuation and compensations are to be approved by the CGV. Funding for these activities by the government is tied to financial closure for the EPC phase and yet RAP activities are observed to be riddled by delays that stall overall progress of especially transmission line projects.

Change management procedures are included in specific contract documents and the process of change requests by contractor or employer is known. Changes are subjected to further approval by the relevant internal/external stakeholders. This change process is observed to take long and can lead to delays.

Standard project management approaches are visible but there is no documentation such as a detailed Project Management Manual to guide the whole management process. The use of project management techniques is also dependent on individual experience as records of formal training in this area was not provided.

There is no existing Project Information Management system, thus limiting oversight by top management as information is not readily available. The project management team manually compiles reports for stakeholders which consumes valuable time in the process of performing clerical work. The assessment found a stand-alone wayleaves information system was being used.

Desired situation

The project governance framework is an 'oversight function that provides the project team with structure, processes, models and tools for managing and controlling the project'. It should be well detailed and established to ensure successful delivery of the project.

A project charter is a formal authorization of project managers that empowers them to make key decisions. Given the importance of implementing projects within a given time frame, decision making needs to be prompt and managers adequately empowered.

Project Management practices within the organization need to be documented and followed at all levels. As the number of projects being undertaken is building up, it is necessary to have a Company-wide Project Information System. This will aid the entire governance process and specifically monitoring and evaluation.

Overall project success is determined by proper integration of inputs of the team members and stakeholders. It is important to align the entire organization to the demands of executing the project portfolio and providing the necessary financial, human, infrastructure resources.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
Implement the project governance framework at all levels of the Company.	Review the project governance framework as given in the project management manual.	0 – 6 Months	Manager Projects Implementation.
Embark on aggressive building of human capacity	There is need to formally train project teams in project management practices.	6 – 12 Months	Manager HR&A
A Company-wide project information system and management tools is lacking.	Provide a project information system to ease information flow, measure of performance and reporting.	12 months	Manager ICT
Policies, rules and procedures regarding land acquisition, valuation, compensation should be reviewed to address challenges.	Create a Committee to review policies and procedures. Change of government policy on the conditions precedent for project implementations such as funding of ESIA/RAP implementation.	6 months	Manager Corporate Services
ICT infrastructure to support electronic document system and decentralization	Introduce EDMS, use of remote working, decentralised teams.	12 months	Manager ICT/Manager HR&A

Table 2.3 (ggg): Project Governance

2.3.4.2 *Capital Projects Project life cycle*

The four distinct processes of executing capital projects in UETCL are driven mainly by the source of funding. The first process is a practice based on procurement rules and requirements of financing institutions and it follows the WB guidelines and regulations as detailed in the flow diagram provided by UETCL below. It is reported to take up to 9-12 years on average to undertake a project under this cycle.

A second process described as the Japanese Grant model requires the initiator of the project to work with the Consultant to do the studies and actively participate in the selection of consultants and EPC Contractor. It is stated that there is a requirement for the planner to also implement the project because he/she knows the project better. It is an EPC-F model and follows the same process as the first model. This project duration is said to take about 2-3 years.

The third process is the 'Chinese model' in which a Contractor (Chinese) and UETCL together identify the projects, sign a contract, and do the implementation. Upon obtaining a commercial contract, the contractor identifies a Chinese bank (EXIM) and introduces UETCL for loan arrangement. In this model, the Contractor and UETCL proceed to do engineering, procurement, and construction immediately and it is stated to last for about 2-3 years. The loan agreements for projects implemented under this model were not reviewed under financial management.

UETCL further operates an internal model arising out of "***Emergency requirements"*** or internally generated revenues and is said to be 'situational'. In this situation, there appears to be limited focus on preliminary studies, and the project is executed using internal resources from O&M and Planning departments. Either department can act as the project manager. This approach has been used mainly to upgrade transmission lines using existing corridors and do work in substations where there is one existing. UETCL has been able to implement such projects in a relatively short time as it does not involve land acquisition.

2.3.4.3 *Capital Projects Planning Process*

Current situation

Capital Projects plans are well aligned with the strategic objectives of the Company and external stakeholders.

NDP stipulates a vision for the electricity Sector as an enabler of economic transformation through strengthening Uganda's competitiveness for sustainable wealth creation, employment, and inclusive growth. It further gives economic growth indicators that inform investment in infrastructure. The GDevP is aligned with the Energy Development Programme in the NDPII.

Sector policies set broad framework for actions such as increasing generation to cope with energy demand, growth of renewable energy, expanding access to electricity, reinforcement of aging grid, regional interconnections.

Electricity Primary Grid Code Regulations (2003) stipulates operating system parameters for power quality and reliability. Under the current portfolio, a category of projects target reinforcement of the transmission grid to improve system reliability and quality of power supply.

Investment plans from external stakeholders such as Umeme, UIA, IPPs, REA are included in the preparation of the GIP. It is observed that the projected growth in demand falls far short of the load forecast resulting in underutilized infrastructure.

External factors such as government policies and strategies, regional interconnection and power trade are being considered in the planning process. The CBP and GDevP incorporate the above factors into the Company's capital investment plans.

Projects are prioritized in terms of time frames in the Grid Investment Plan that forms part of GDevP. It is not clear in the GIP or Project Profile documents if projects in the pipeline are evaluated in terms of other considerations.

From the GIP, there is very high demand for investment spending in the electricity Sector (in a short time frame) that is constrained by availability of funds. This is especially true of projects funded from internal revenue generated through tariff. UETCL projects a surplus in generation capacity in the medium to long term but growth in load/demand has fallen short of forecasts. There are particularly very grave challenges in timely delivery of transmission line projects.

The estimated timeframe for procurement (preparation of documents to contract signing) in most project plans is 4-6 months. Actual duration observed during implementation is 6 months to 24 months. There are bottlenecks in compiling the tender documents and technical specifications, bid evaluations and selection of Contractor, preparation, and approval of contract documents.

Desired situation

The project portfolio is aligned with the electricity Sector and Company strategic plans and these plans are cascaded down to all key levels of the organization through BSC. A holistic approach to planning should include other resource needs in all departments.

The current generation surplus is a necessity as a reserve on the system for stability during system disturbances. However, the widening gap in demand and generation attracts costs from IPPs as charges for deemed energy. Now that there is surplus in generation, development of new generation plants should be balanced with demand forecast. i.e., additional licensing and PPA need to be coordinated with actual demand forecasts. Demand forecasts and actual demand within a period are within allowable margin of error.

The budget for capital projects and market surveys are currently disjointed with initial provisions in the budget changing substantially at the time of market price survey. The budgeting and market survey processes need to be streamlined.

Procurement plans should meet the urgency in implementation of strategic plans but realistic. Performance targets should be measurable, and resources assigned. The allotted time frames for drafting of bid documents, bidding and bid evaluation needs to be adhered to as per the procurement plans. Bid Evaluation to meet deadlines and mitigate whistleblowing.

Current needs

Procurement of goods and services is a critical path and delays directly impact project progress. There are delays in preparing technical requirements and specifications by engineering functions (O&M, P&I). Further delays occur in compiling and getting approval of bid documents, during bid evaluation, internal and external approvals of contracts. This need has been identified by UETCL but has not been addressed for about 2 years.

Resource planning needs to be systemic and start from the concept phase so that resource requirements are known in addition to the project scope. Resources like personnel, office facilities, engineering tools, information systems, transport, and others impact performance. These should also cover requirements in the support functions.

The forecast of demand needs to be weighted with probability of occurrence or a load factor in order to optimize cost of investments. In the Grid Development Plan 2018-2040, pg. 29, Section 4.5: Demand Forecast, the source of data for industrial load is stated as Umeme Ltd. The industrial load demand was projected to increase from 100MW (2018) to 659MW (2020). The current total domestic, export and industrial demand is 650MW and was about 750MW before COVID-19.

An engineering and technical standards document that is revised at regular intervals to cope with trends of changes in technology, utility practices, regulation, needs of user functions and is available but centrally controlled by the Planning department.

Year	Domestic Demand (MW)	Export Demand (MW)	Industrial Loads (MW)	Total Demand (MW)
2018	590	47	100	737
2019	615	21	410	1046
2020	641	21	659	1320
2021	667	51	692	1410
2022	695	114	726	1535
2023	723	114	763	1600
2024	753	164	801	1718
2025	784	164	841	1789

Fig. 2.3 (j): Grid Dev. Plan 2018-2040: Extract of Demand Forecast

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
Procurement process needs to be reviewed in terms of structure, human resource needs.	Streamline procurement by use of specific procurement manual Standardization of technical specifications to ease and fasten preparation of technical requirements;	6 – 12 Months	Manager Corporate Services Manager Planning & Investment
Planning function to include assessment of resources required for the project	Realign the Planning Section to emphasize responsibility, include resource needs in the planning documents	6 – 12 Months	Manager Planning & Investments
The assumptions in load forecasts and particularly assumptions of growth in demand are overstated.	Develop a stochastic approach to estimate growth in demand and a mechanism with Umeme of making better estimates of industrial loads	0 – 12 months	Manager Planning & Investment
Addition of new generation plants needs to be mitigated to avoid worsening financial burden on UETCL	Review and coordinate licensing of new investments in generation and PPA Review of Demand-Supply balance to re-affirm generation plan. Creating a sector-wide planning coordination group	12 months	MP&I
Address the delays in preparation and approval of contract documents	Engage stakeholders involved in the process to develop a win-win solution	0 – 6 months	Manager Corporate Services
Develop, review, update and adopt standard technical requirements and specifications	Review and update the engineering standards and specifications. Planning to provide research in technology trends, utility practices and create a system that is readily available to all users;	0 - 6 months	Manager Planning and Investments

Table 2.3 (hhh): CDN, Capital Projects Management Process

2.3.4.4 Capital Projects Implementation function

Precis:

The Department is responsible for execution of externally funded EPC projects and RAP implementation and is structured as a strong matrix organization (as per PMBOK). It has a full-time team with input of key experts from other departments. Project Managers have moderate authority and resource availability. Its current structure is shown in figure ***Figure 2.3(l)*** below.

Currently, there are 97 projects ongoing and at various phases of progress. A number of these projects have taken more than 6 years due to issues related to RAP.

Summary of Staffing in each Section in the department

Projects Implementation Dept	No of projects	Route length	Progress	Number of staff
Social Aspects (RAP Activities)	12	1,424km	19,640PAPs/86.4% paid	112 (Social Aspects)
Environmental Impact	19		ongoing	14 (Environment)
EPC Projects (Transmission lines)	12	1,424km	73% (3 projects stalled)	12 (Engineering)
EPC Projects (Substations)	7		58% (no issues of RAP)	8 (Engineering)
Monitoring & Evaluation	19		ongoing	4 (Engineering)

Table 2.3 (iii): Summary of Staffing: Projects Implementation Department

The Consultant after assessing the structure and the staffing deployment in Projects Implementation finds that:

a) Social activities are over staffed given that External Consultants are employed
b) Technical Project delivery is understaffed
c) Monitoring and Evaluation is understaffed

It is organized according to the functions of Engineering, Monitoring and Evaluation (M&E), Social Aspects and Environment. Engineering Section is sub-divided into Transmission lines and Substations with a total number of 20 staff. M&E Section has a total of 4 staff with one Senior Engineer. Social Aspects has two Senior officers heading sub-sections of Projects and Social Aspects with a total of 112 staff. The Section of Environment has 12 personnel under the Principal Officer with two Senior Administrative Officers whose role needs to be clarified.

Corporate Services offers legal services, Planning and Investments offers surveying services to Social aspects function. Departments of Planning and Investments and Maintenance and Operations provide technical input to the Engineering function. There is a dedicated Project Accounts Office.

A proposed recasting of the Projects Implementation Structure is shown in Fig 3.6(f) below.

PROJECTS IMPLEMENTATION DEPARTMENT STRUCTURE

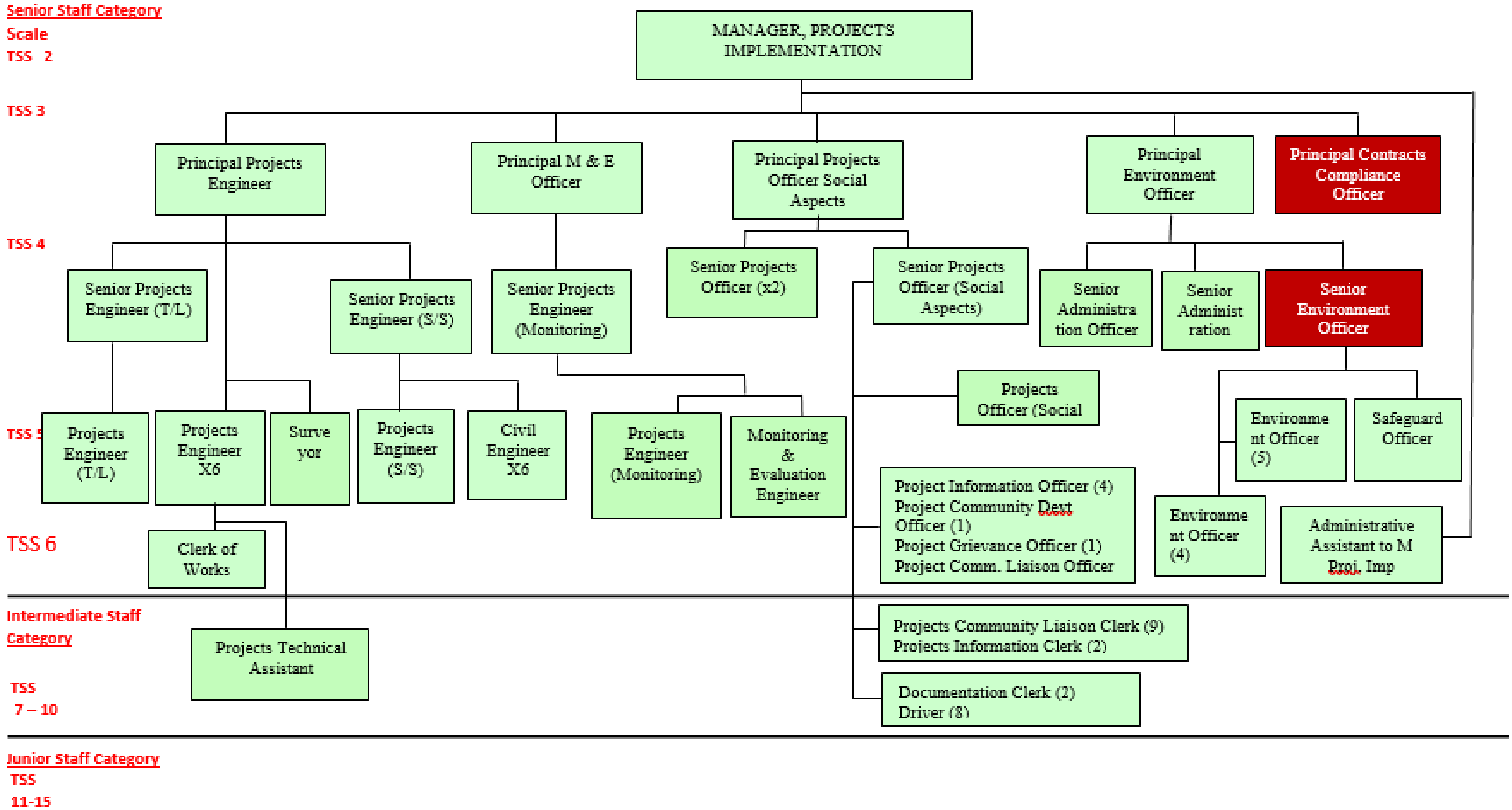


Fig. 2.3 (k): Current Projects Implementation Organogram

Proposed Projects Implementation Structure

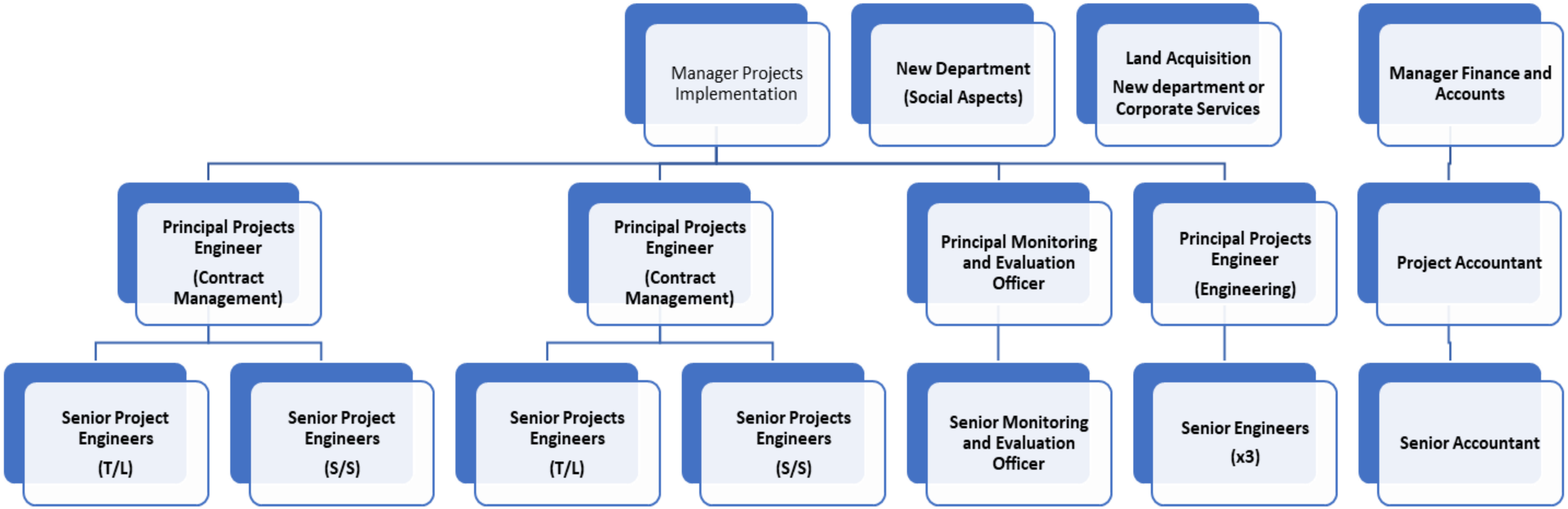


Fig. 2.3 (l): Proposed Projects Implementation Organogram

Notes:

1. Subdivide the Project contract management team into groups to manage a set of projects (as per regions, programs, sub-projects etc.)
2. Each group of project engineers to be under contract for project duration headed by a principal officer
3. Review capacity in Accounts, Monitoring and Evaluation to match workload,
4. Review office facilities and consider deployments in project areas to optimize operational costs
5. Assign a dedicated internal team of experts from O&M and Planning departments to focus on project delivery
6. Create new departments of Social Aspects, Land Acquisition (or transfer land acquisition to Corporate Services

Current situation

The project portfolio keeps growing and the workload in undertaking RAP activities is overwhelming and complex. In the organizational chart, under the Social Aspects section there are 112 staff under one senior officer. This creates a bottleneck in terms of review and approval of works submitted by the various staff below. The huge number of resources in the section and its structure have not yielded efficiency in the key areas of wayleaves, compensation, and land acquisition.

The process of land, wayleaves or right of way acquisition and PAP compensation is overshadowed by construction activities and yet it is a main cause of delays in project execution. Legal and Surveying services as part of this process pose a risk of delays at the interface with the offices of Registrar of Titles, Government Valuer, Attorney General. Approvals by NEMA are also reported to take long. The process is lengthy and complicated.

Inadequate organisational structure and internal business processes, insufficient work infrastructure and working environment were identified as challenges.

Monitoring and Engineering role has skeleton staff to handle reporting on the totality of projects. Engineering functions lead the team in the supervision of EPC Contractor with support of External Consultants. As the contract managers they coordinate technical matters with key experts in Planning and O&M departments. This activity is constrained by availability and competence of the teams assigned to a project who are also involved in other duties.

Desired situation

Implementation of RAP should start at least 2 years before the construction phase to have adequate time and resources for speedy action by all actors (including external actors like CGV).

The number of employees in the Social Aspects Section is large compared to that in engineering activities and the number of projects is growing in the medium term. This number does not include works outsourced to Consultants. Social aspects of the projects pose the main risk to timely completion of projects besides its overall success as measured in the triple constraint of time, quality, and cost. The Social Aspects section therefore needs to be restructured.

The Environmental Section therefore needs to be restructured to deliver its role efficiently and effectively. The Engineering Section should build capacity for providing both contract management and technical expertise with either fixed term consultants or employees within the section. The Legal Section in Corporate Services should have dedicated staff assigned to Projects Implementation so that costs associated with project execution can be accurately tracked.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
The social aspects function has one senior officer overseeing over 100 staff creating a bottleneck and lack of effective supervision	Create other senior positions for social aspects and split the group into smaller units Do job analysis to ascertain optimum staffing levels Create a department for Social and Environment affairs	6 – 12 Months	Manager Corporate Services Manager Human Resources
RAP implementation requires expertise in valuation and legal affairs to meet current challenges	Build in-house team of lawyers in Corporate Services and Valuers in new department	6 – 12 Months	Manager Corporate Services
Engineering Section relies on technical expertise of consultants or user departments	Increase technical expertise in Project Implementation Department or dedicated desks for projects in O&M and P&I. Increase project management training.	0 – 12 months	MCS, MP&I, MPI, MHR&A
Resources in Monitoring & Evaluation Section needs to be matched to workload.	Do job analysis and determine optimum level, Introduce EDMS, PIS to ease reporting	12 months	MPI, MCS, ICT

Table 2.3 (jjj): CDN, Organization of Projects Implementation Function

The ToR required the Consultant to *"Evaluate the merits of elevating the Projects Implementation role to a full Business Unit"*. The Consultant views the Projects Implementation department as a separate business unit within UETCL because the department has independent accountability and direct reporting to the Office of the MD/CEO.

The Consultant therefore considered the option to set up an independent body corporate to manage Project Implementation. Below we assess the merits (+) and demerits (-) of such a proposal.

The Projects Implementation role encompasses the functions of project management, land acquisition, valuation, legal, social, environment, finance and engineering. To elevate this role to a full business unit implies all these functions shall reside within the business unit and the unit shall operate with its own mandate.

Full Business Unit (New Company)	Strong Matrix Structure
Resources are within the unit and managed by the unit head (+)	Resources assigned to the project are within the Company and managed within the company expenditure parameters (+)
Functions are duplicated in the business unit and detached from other units of the company. Interactions between units require authorization (-)	Functions are duplicated depending on the need and easily interact with other departments (+)
Utilization of resources can only be optimized within the unit only except under contract between the two businesses (-)	Utilization of resources can be optimized across departments and fosters sharing and transfer of skills and knowledge (+)
New governance structures, regulations, rules and policies to be set for the unit to enable its operations in a new environment (-)	Governance structures, regulations, rules and policies need to be amended as given in this assessment (+)
Learning curve involved in setting up a new Company on issues such as regulatory compliance, and people management (-)	Learning curve involved in setting up a new Company on issues such as regulatory compliance, and people management (+)
The costs of the unit are foreseen to be higher than that of reforming existing structures due to the cost duplication (-)	The costs of reform are foreseen to be moderate due to optimization of resources across the company (+)
Sets a strategic direction to further splitting of UETCL into an infrastructure development arm and operations unit in future (-)	Maintains the status quo and builds on existing setup to deliver the mandate (+)
Total project costs including that of administration can be clearly determined (+)	Cost of shared resources cannot be clearly tracked or projected (-)

Table 2.3 (kkk): Merits and Demerits of Projects Implementation as a Full Business Unit

The Consultant has compared the merits of creating a new body corporate against that of strengthening the matrix structure of the department in order to achieve desired delivery of projects.

We are of the opinion that establishing a business unit sets a strategic direction for further dismantling of UETCL into infrastructure development and operations units. It will likely lead to increase in costs due to resource duplication and efficiency gains cannot be guaranteed from such a move.

2.3.4.5 Capital Projects Planning and Investments function

Planning and Investments department is structured as one functional unit organised into the Planning Section and Development Section. A function of Standards and specifications, Safety & Services report directly to the MP&I. The current structure is shown in the figure below:

The Planning Section is responsible for surveying, power system analysis, power system planning, GIS information system, Drawings. This section undertakes:

- preliminary designs of grid expansions and reinforcements,
- procurement of consultancies for feasibility studies and ESIA/RAP studies,
- supervision of consultants during feasibility and ESIA/RAP studies,
- procurement of consultants for EPC phase,
- Documentation of all the power system designs and drawings,
- Preparation and presentation of project documents for solicitation of funding from GOU and Development partners
- Coordination of negotiations/agreements for funding
- Implementation of emergency projects funded by internally generated revenue.

Development section is responsible for maintenance of roads, bridges, tower foundations. This section has a senior civil engineer, 3 Welders, access roads, bridges, and towers maintenance (number of staff not indicated on organogram).

Under the Safety and Services unit is a transport function with a motor vehicle technician, a mechanic, 7 drivers and a low loader assistant.

Current situation

The need for accelerated grid infrastructure development relies heavily on the planning function as the initiator of all capital projects. Identification of the investment need and preliminary planning is performed using internal resources. These plans form the inputs to the feasibility, ESIA/RAP studies that are outsourced to external service providers. UETCL has not considered the use of its own resources or building internal capacity to carry out these studies.

The assessment revealed that estimates of power system demand are overstated resulting in a big gap between demand forecast and actual demand. This is very evident in generation-demand surplus but extends to utilization of installed transformer capacities at substations. The cost of investments in certain grid expansion and reinforcement could therefore be deferred or optimized at design.

The function of motor vehicle maintenance is an odd function in the planning section as it deals with vehicle maintenance. Standards and Safety function reports directly to the Manager P&I and the Principal Development Engineer is civil engineer responsible for maintenance of access roads, bridges, and towers. This role of the civil engineer is not very distinct from the line maintenance works in O&M department. All other functions are under one Planning Engineer, with one senior surveyor working with survey assistants.

<u>*Current*</u> and <u>*proposed*</u> organisation for Planning & Investment dept. are shown below:

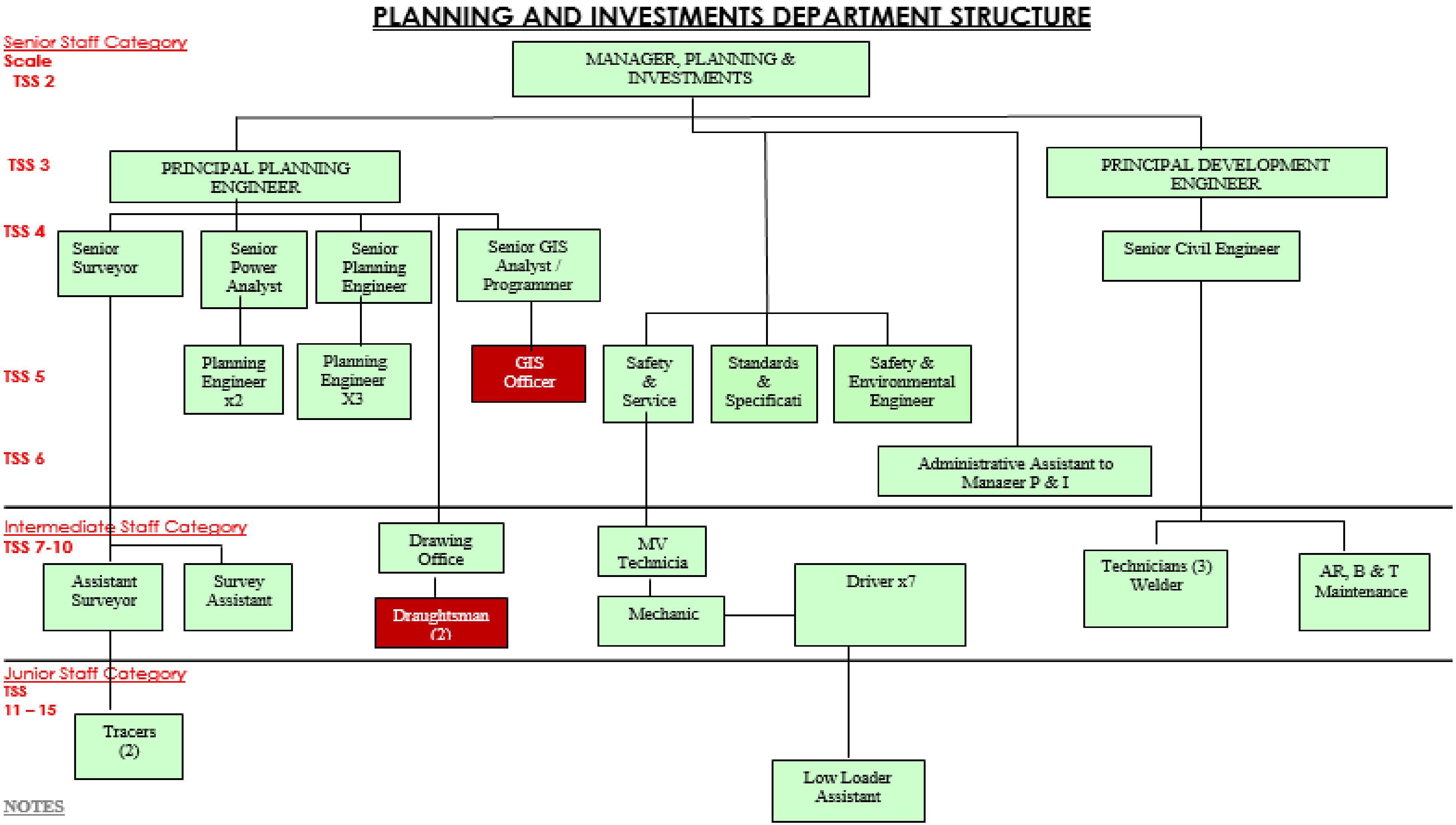


Fig. 2.3 (m): Current Planning and Investments Organogram

Proposed Planning and Investments Structure

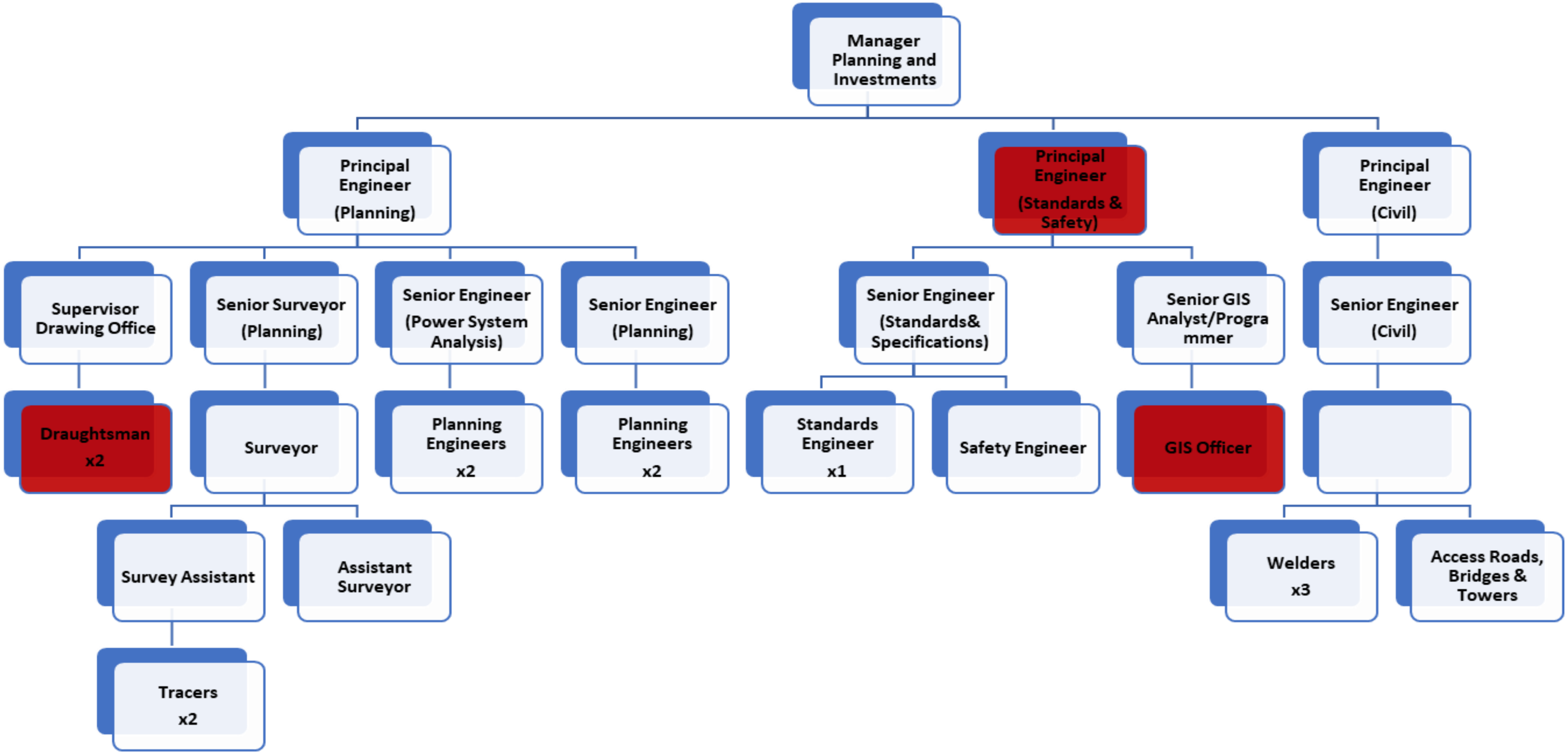


Fig. 2.3 (n): Proposed Planning and Investments Organogram[7]

[7] The Transport oversight function has been eliminated from this structure amongst other proposed changes

Current situation *(cont'd)*

The assessment has observed that engineering designs are changed during project implementation without input from the Planning department. The process of approvals of designs is also not very clearly laid out. User departments often prepare ad-hoc specifications for drafting solicitation documents.

Desired situation

UETCL has a good repository of technical knowledge and experience that can be employed to undertake preliminary studies and designs to limit the costs related to such studies. This is important in light of the number of projects in the pipeline and given the scarcity of funds.

Planning section should be well equipped with engineering tools, human resources, information systems and established procedures such that a good proportion of the work is not outsourced. Engineering standards and specifications are developed and revised by Planning, are readily available to user departments but solely controlled by the owner of the documentation. This can be extended to documentation of processes and work procedures (method statements).

All the roles within the department should have visibility for clarity of roles and accountability. The functions in the department should be restructured to create this clarity with non-essential roles shifted to other departments. This will ease definition of key performance indicators and performance measurement.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
In-house capacity to execute preliminary designs, feasibility studies and ESIA/RAP studies	Review and provide software tools, staff skills and competence, office equipment; interview and assess the capabilities of the team and assign according to each person's competence	6 –12 Months	Manager P&I MHRA
Develop a process and method of verifying load estimates obtained from Umeme, Industrialists	Review the planning approach to load forecasts with emphasis on mitigating the impact of overstated load estimates	6 – 12 Months	Manager P&I Manager ICT
Review/develop technical standards and specifications	Assign a working group to develop/review requirements; establish an easily accessible centralised document management system	3 – 12 months	MCS, MP&I, MHR&A
The structure of the department has bottlenecks in surveying, planning, standards, and specifications	Restructure/design/reassign the set up to be able to cope with increased workload; Introduce Standards & Specifications section; consider transfer of transport services to O&M	12 months	MPI, MHR&A
Office space and equipment needs to be upgraded to meet the changing needs	Assign a team to review and re-design office space Acquire new office space	6 months 12 months	MP&I, MO&M, MHR&A

Table 2.3 (lll): CDN, Organization of Planning & Investments function

2.3.4.6 Review of the performance of the delivery of capital projects

Current situation

The current portfolio of projects as outlined in the GDev Plan 2018-40 and attached in Tables 3.6.(e-i) has close to 100 projects in the pipeline. These projects are grouped according to the strategic focus areas of grid expansion and regional integration, grid reinforcement and power evacuation.

Over the years, UETCL has identified challenges that impede the timely completion of projects with its attendant cost overruns. UETCL has made a slow attempt at acting on the following:

- Timely acquisition of wayleaves or land as the leading factor causing failure to deliver critical transmission lines. It affects building of new substations to a lesser degree as the land required is minimum compared to the magnitude for constructing transmission lines

- Availability of funds to acquire land or corridors before approval of project financing given the time taken to carry out RAP studies and Implementation. This extends to the lack of funds for carrying out feasibility studies for the many projects lined up for execution. It results in project loans being approved before feasibility studies have been carried out.

- Long and complicated procurement processes causing delays in provision of goods and services as is especially notable in executing EPC contracts.

- Inefficient external and internal business processes, insufficient work infrastructure and working environment, review of the organizational structure, enhancement of human resource capacity (numbers, skills, competence).

- Weak external stakeholder relations, inadequate resources in other government offices such as Attorney General and Chief Government Valuer.

- Inadequate revenue provided for through the bulk supply tariff. It affects mainly internally funded projects but also the input from other departments during implementation.

Below is an extract of performance of the following five projects to highlight these challenges.

Current and future financial outlook

Project	Last disbursement	Estimate to completion	Loan expiry
Entebbe-Mutundwe	24.04.2021	24.04.2021	On time
Kole-Gulu-Nebbi-Arua	31.10.2022	31.10.2023	1 yr. extension required
Gulu-Agago 132kV Line	30.10.2023	30.04.2024	6 months extension required
Mbarara-Nkenda	31.08.2018		Expired/cancelled
Tororo-Lira Line	31.08.2018		Expired/cancelled

Table 2.3 (mmm): Current and future financial outlook

Case Study 1: *Mutundwe-Entebbe 132kV Transmission line*

Source: *UETCL Mutundwe Entebbe Investigation Report-Final, ME Quarterly Reports*

Background

The project for extension of 23.8km 132kV line from Mutundwe to Entebbe and building of 132/33kV 2x60/80MVA Substation at Entebbe started in 2013 with funding by KfW. This funding signed in October 2013 consisted of a grant and loan was set to expire in October 2019 but has been extended to April 2021. The project has three (3) components of the transmission line and associated substations, project supervision and management, and RAP implementation.

The contract for building the line was signed with NCC in October 2017, became effective in August 2018 and was planned to end in February 2020. NCC has asked for a time extension of 7 months from the month of February. Similarly, the contract for construction of the substation was signed with Xian Electric Engineering Company in March 2018, became effective in August 2018 and was planned to be complete by February 2020. The contractor has requested for 8 months extension from February that means the expected completion date was September 2020.

Newplan was contracted in November 2013 to do RAP implementation together with UETCL. The contract was to be completed by April 2015, but it was extended three times before the contract expired in April 2018 and terminated.

By Qtr 3 2019/20, out of the budget of 88.7m GOU had released 70.4m (79%) and 44.7m (64%) disbursed. UETCL is undertaking the RAP activities as procurement of a new Consultant is ongoing. Of the total number of 1062 PAPs 837 transactions have been paid and 225 are outstanding. Of these 225 there are 5 cases in court, 2 cases of Sarah Lubowa and Male James were rejected by the Board, and others are at various stages of processing. In the case of titling, there are 420 land titles to be collected from landlords, 256 of these are received and verified, 82 handed over to the Consultant but only 2 were returned.

RAP Implementation

The case of Sarah Lubowa illustrates the problems encountered in RAP activities. Sarah Lubowa is one of the PAPs whose compensation had been presented and approved by the Board. However, the Board later revoked its approval and directed management to investigate any acts of misconduct by UETCL staff in representing fact for recommendation for payment of Sarah Lubowa. The audit was carried out by the Internal Audit department that revealed a number of errors.

The audit established that the RAP Consultant did not accurately plot the line route at this particular section and therefore the attached strip map in Sarah Lubowa's file was incorrect and misleading. The records and field findings confirmed that the said Sarah Lubowa is a Project Affected Person on the proposed Mutundwe – Entebbe project. Some properties of Sarah Lubowa were wholly affected, some partly affected, and others were not affected at all by the proposed line. Properties which were not affected at all by the proposed project had been included in the compensation package. It was further established that some properties were outside as far as 10metres from the edge of the wayleaves corridor. Therefore, the paper presented to the Board included compensation amounts for items which were completely outside the wayleaves corridor. Two structures are shown on the strip map and both of them are shown to be within the wayleaves corridor. However, evidence on the ground showed the existence of more than two structures, the shapes of the buildings are abnormal in rhombus shape which was not the case on ground.

The main house, the water tank, the tenement block at the rear, the pit latrine, the brick boundary wall with the gate and animal pens are all outside the proposed line corridor. However as pointed above all these were included in the Compensation Schedule for the PAP. In the opinion of the Auditors, the compensation package was overstated by inclusion of structures which are completely outside the corridor and proper adjustments could reduce it from 252m to 125m excluding disturbance allowance.

A due diligence as required was performed as a control measure to ensure that the consultants survey report and therefore the compensation package is reasonable and fair. This team is supposed to check the accuracy of the consultant's survey findings and hence valuation. A review of the due diligence report on file by the Auditors revealed a number of inadequacies. For instance, in the report there were no independent survey findings for the line routing, land and structures affected to compare it with the consultant's report. A further review of the due diligence report revealed that the Quality Control team carried out verification of facts, integrity checks and erred in recommending that the property verified was commensurate to what was assessed, and compensation be paid fast to enable the PAP to resettle and avoid further claims.

It was further reported that the survey equipment used in the verification was faulty. The surveyor and other members of the team also reported that at the time of the due diligence, they noted that the copy of the strip map with detailed structures was not on file instead the copy that was on file contained a few structures and was in different names from Sarah Lubowa. The team stated that they were never given clear terms of reference regarding guidance to execute the due diligence.

It was also noted that the RAP Consultant further erred by marking 'X' on the properties that are outside the route alignment. However, Audit wondered why a Consultant would make two errors of marking X property outside the corridor and go ahead to include them in the valuation report. This has serious consequences in that property owners who are outside the corridor can be wrongly compensated and thereafter will stay in their structures since they are outside the wayleaves corridor.

The above evidence shows that there were factual misrepresentation made in the survey and valuation of Sarah Lubowa`s properties by the RAP Consultant and the due diligence/Quality control team did not detect and highlight this .The due diligence report instead indicated that the property verified was commensurate to what was assessed hence recommending for fast processing of PAPs compesation.

EPC Performance

The overall progress on construction of the transmission line is 46.9% and associated substations is 32.1% at the end of the 18 months contract period. This is attributed to delays in completion of the design process that has impacted manufacturing. The two contracToR have asked for time extensions of 7-8 months but this will not be sufficient. It is projected that the last dates of disbursement for the loans will need to be extended to the 2nd or 3rd quarter of 2021.

Lessons learned

Implementation of the RAP started in November 2013 and is still about 80% complete after 7 years, with the contract for consultancy expired this continues to pose a major risk to project completion. The government has provided adequate and timely funding for RAP activities on this project.

From the time of signing the loan agreement in 2013, the EPC contract for the line was signed in October 2017 and became effective in August 2018. That for the substation was signed in March 2018 and became effective in August 2018. A substantial period elapsed between signing of loan agreement and contracting of contractor. It is not clear if this was due to delays in the RAP activities or procurement process and it took about 1 year for contract to be effective.

The quality of works done by the RAP Consultant was subpar rendering doubt on the whole RAP report and creating a need for a repeat of the exercise with a possibility of uncovering losses in payments already made. The Consultant did not even consider fundamental criteria like proper calibration of survey tools in undertaking this work.

UETCL outsources the implementation of RAP but provides Quality Control teams to do due diligence and in this case the verification would be extensive to tantamount to doing the works inhouse. The audit revealed that the rules and procedures for carrying out due diligence do not exist or are not followed.

Officers in the Project Implementation department altered documentation such as strip maps on file and submitted 'a suspicious and incomplete' file for payment. It was therefore recommended to Management to improve on the overall control measures in the payment process on PAPs compensations to ensure that all information on the PAP file is checked and verified.

The 18 months allocated for undertaking the EPC contracts has been exceeded by both contractor for at least 7 months. It is necessary to review the times allocated for construction of transmission lines in particular but also substations.

C	GRID EXPANSION PROJECTS		PLANING PHASE	PROCUREMENT (CONSULTANCY)		PROCUREMENT	RAP/LAND	CONSTRUCTION
		G Dev PLAN	FEASIBILITY	ESIA/RAP/LAND	EPC	EPC	IMPLEMENTATION	EPC
1	220kV NELSAP (Bujagali - Tororo, Mbarara-Mirama Lines)131km, 65.6km	2013-2019	100%	100%	100%	100%	96%	83%
	220kV NELSAP (Bujagali, Tororo, Mirama, Mbarara SS)	2013-2020	100%	100%	100%	100%	100%	95%
	Mirama SS, 1X60MVA 220/132kV Mbarara SS,	2013-2021	100%	100%	100%	100%	100%	
2	132kV Mbarara-Nkenda 160km	2014-2018	100%	100%	100%	100%	93%	100%
3	132kV Tororo - Opuyo - Lira TL Project 260km	2014-2018	100%	100%	100%	100%	95%	86%
4	2X32/40MVA 132/33kV Fortportal SS	2014-2018	100%	100%	100%	100%	100%	100%
5	137km 220kV Kawanda-Masaka Project:	2014-2018	100%	100%	100%	100%	100%	100%
6	Queensway SS Project (2X32/40MVA 132/33kV)	2015-2017	100%	100%	100%	100%	100%	100%
7	23.5km 132kV Mutundwe-Entebbe Transmission line	2015-2019	100%	100%	100%	100%	79%	47%
8	2X60/80MVA 132/33kV Entebbe SS	2015-2019	100%	100%	100%	100%	100%	42%
9	Industrial Parks SS: Luzira, Mukono, Namanve, Iganga Substations;	2018-2023	100%	100%	100%	100%	100%	100%
10	Industrial Parks Transmission Lines;	2016-2019	100%	100%	100%	100%	59%	75%
11	160km 132kV Opuyo-Moroto Transmission Line Project	2015-2019	100%	100%	100%	100%	96%	75%
12	(2X32/40MVA 132/33kV Moroto Substation	2015-2019	100%	100%	100%	100%	100%	57%
13	Substations: 2X32/40MVA 132/33kV Gulu, Nebbi , Arua SS	2016-2020	100%	100%	100%		100%	0%
14	Transmission Lines: 132kV Lira - Gulu, Gulu - Nebbi - Arua 313km	2016-2020	100%	100%	100%		72%	0%
15	85km 132kV Mirama - Kabale Transmission Line	2016-2020	100%	100%	100%	100%	80%	0%
16	2X32/40MVA 132/33kV Kabale SS	2016-2020	100%	100%	100%		100%	0%
17	130.5km 400kV Masaka - Mbarara Transmission Line	2016-2021	100%					

Table 2.3 (nnn): Grid Expansion Projects at RAP/EPC Implementation

i) Bujagali-Tororo 132kV line, Tororo-Opuyo 132kV lines stalled due to RAP disputes, Loans cancelled and GOU funding, slow procurement of new contractor.

ii) Entebbe-Mutundwe 132kV line delayed due to RAP disputes, Financing needs to be extended, slow progress of works

iii) Lira-Gulu-Nebbi-Arua 132kV line delayed procurement, RAP implementation/EPC contracts are behind loan validity period.

iv) Mirama-Kabale 132kV 85km line delayed due to issues during procurement; RAP implementation is delayed and EPC contract about to start

v) Industrial Parks Transmission lines to Namanve delayed due to RAP disputes

18	Matugga - Kapeeka- Kasana Transmission lines	2018						
19	132/33kV 1x20MVA Kapeeka Substation	2018						
20	132/33kV 40MVA Gaba SS	2020-2025						
21	25km 132kV Mutundwe Gaba Transmission line	2020-2025						
22	25km 132kV Gaba - Luzira Transmission line	2020-2025						
24	47km 220kV Kinyara-Kafu Transmission Line	2016-2021						
25	Substation2x250/250MVA, 400/220/33kV Kafu SS	2016-2021						
26	SCADA and Communication upgrade/Emergency NCC	2017-2020						
27	54km 132kV Kawanda - Kasana (1X20MVA	2017-2019						
28	1x20MVA 132/33kV Kawanda, Kasana SS & Matuga SS	2017-2019						
29	Sukulu Phosphate Transmission Line Project	2018-2026						
30	Nakasongola - Kaweweeta - Kapeeka	2018-2022						
31	132kV Nakasongola -Kaweweta-Kapeeka transmission line	2018-2022						
32	37km 220kV Wobulenzi - Kapeeka Transmission line	2018-2021						
33	2x250/250/50MVA 400/220/33kV Wobulenzi Substation	2018-2021						
34	2x125MVA 220/132/33kV Kapeeka 3X50/63MVA 132/33kV Kapeeka	2018-2021						
35	142.9km 220kV Kapeeka – Kiboga - Hoima Transmission line	2018-2021						
36	Mbale Industrial and Business Park Substation	2019-2020						
37	Standard Gauge Railway Transmission Line project	2019-2021						
38	Olwiyo 400kV Line Bays	2022-2024						

Table 2.3 (ooo): Grid Reinvestment Projects in the pipeline with limited tangible progress

39	90km 132kV Kabale - Ishaka Transmission	2029-2033							
40	50km 220kV Buloba - Gaba Transmission Line	2023-2028							
41	2X60MVA 220/132/33kV Gaba SS	2023-2028							
42	303km 220kV Nkenda - Buloba Transmission line	2023-2028							
43	345km 400kV Karuma - Tororo Transmission line	2026-2031							
44	2X650MVA 400/220kV Tororo SS	2026-2031							
45	65km 132kV Kitgum - Agago Transmission line	2036-2040							
46	(2X15/20MVA 132/33kV Kitgum SS)	2036-2040							
47	220km 132kV Kitgum - Moroto Transmission line	2036-2040							
48	110km 132kV Agago - Adjumani Transmission line	2036-2040							
49	(2X15/20MVA 132/33kV Adjumani Substation	2036-2040							
50	105km 132kV Adjumani - Arua Transmission	2036-2040							
51	15km 132kV Arua - Aru TL Project 2X15/20MVA 132/33kV Aru SS	2036-2040							
	Regional Interconnection Projects								
	400kV Northern Corridor	2016-2040							
	Nkenda-Mpondwe (D.R.Congo) 220kV, 72.5km Uganda's side	2017-2022							
	82km 220kV Masaka - Mutukula - Mwanza Transmission line	2016-2022							
	400kV Olwiyo-Nimule-Juba(Sudan) 400kV	2019-2026							
	Substation: 2X150MVA 400/220kV Olwiyo ss	2016-2026							
	190km Olwiyo - Nimule - Juba transmission line	2016-2027							

Table 2.3 (ppp): Grid Re-investment Projects in the pipeline (*continued*)

	POWER EVACUATION PROJECTS		PLANING PHASE	PROCUREMENT (CONSULTANCY)		PROCUREMENT	RAP/LAND	CONSTRUCTION
		G Dev PLAN	FEASIBILITY	ESIA/RAP/LAND	EPC	EPC	IMPLEMENTATION	EPC
2	Karuma Hydro Power Interconnection project	2013 - 2019						
	2.1 Karuma Substation 400/132kV 2x650MVA, 132/33kV 2x20MVA		100%	100%	100%	100%	100%	92%
	2.2 Kawanda Substation 400/132kV 2x650MVA		100%	100%	100%	100%	100%	93%
	2.3 Olwiyo Substation 132/33kV 2x20MVA		100%	100%	100%	100%	100%	53%
	2.4 Karuma Kawanda 400kV Transmission line 248km		100%	100%	100%	100%	85%	94%
	2.5 Karuma Lira 400kV Transmission line 76km		100%	100%	100%	100%	87%	70%
	2.6 Karuma Olwiyo 400kV DC Transmission line 55km		100%		100%	100%	87%	90%
6	Muzizi Interconnection							
	6.1 Muzizi Substation 220/132/33 kV 2x90MVA	2018 - 2023	100%					
7	Ayago Interconnection Project	2018 - 2023	100%					
	7.1 400kV Ayago - Nile HPPs Switching Station Underground Cable							
8	Mirama-Kikagati-Nshongezi 132kV Line & Substations	2016 - 2022	100%					
9	Agago-Lira 132kV Transmission line	2018						
10	Gulu-Agago 132kV Transmission line 83km	2016 - 2020	100%	100%	100%		91%	
11	220kV Hoima-Kinyara (2X90/40MVA 220/132/33kV Kinyara SS	2016 - 2021	100%	100%	100%			
12	132kV Mbale – Bulambuli - Kapterol Transmission line, Mbale SS, Kapterol SS	2017 - 2022	100%					
13	Transmission line from Tilenga & Kingfisher oil fields to Kabaale	2018 - 2021						
14	400kV Oriang Interconnection to Nile HPPs Switching Station	2019 - 2023						
15	400kV Kiba Interconnection Project	2021 - 2025						
16	400kV Uhuru Falls Interconnection Project (Uhuru-Tilenga_Kabaale line)	2025 - 2031						

Table 2.3 (qqq): Power Evacuation Projects

i) Karuma Power evacuation lines all behind schedule due to RAP/Wayleaves acquisition challenges
ii) Gulu-Agago 132kV Transmission line 83km; falling behind schedule and the expiry date of loan needs to be extended.

NELSAP Projects

[Mbarara - Nkenda and Tororo-Lira 132kV Transmission lines]

The project started in Sep 2009 with funding by AfDB and GoU. The loan of UA52.51M was cancelled in Aug 2018 after five extensions at a disbursement of UA 43.94M(84%). Works on the Mbarara Nkenda line and Opuyo-Lira components were completed in 2018 and 2019, respectively. The substations at Mbarara, Nkenda, Opuyo, Lira have also been completed. However, the work on the Tororo-Opuyo line was halted due to a court injunction. The remaining works are now financed by the GoU. There is rampant theft of tower materials that is likely to affect completion of the project.

1. **Lot A (Bujagali-Tororo transmission line) – 85% complete.**

- RAP Implementation is 96% (3029/3145) compensation complete
- Foundations completed: 85.5% (344/402)
- Tower Erection complete: 79% (317/402)
- Stringing 23% (29.7km/131km)

- Direct contracting for supply of balance materials for the Bujagali-Tororo (LOT A) was completed and materials were delivered by the end of October 2019.
- Direct Contracting of Transrail Lighting Ltd for the installation works is in progress; contract signature is expected to be achieved by 31st July 2020.

2. **Lot B (Mbarara-Mirama transmission line) – 100% Complete.**

- Construction is 100% complete. The Line was energized on 7th December 2018.
- RAP Implementation progress is at 96% and still ongoing.

3. **Lot C (NELSAP associated substations) - 94% Complete.**

- Mbarara South: 100%
- Mirama SS: 86%
- Bujagali SS: 91%
- Tororo SS: 95%

Fig. 2.3 (o): NELSAP Projects Monitoring and Evaluation Reports

Construction of Opuyo-Moroto Transmission line and associated substations

Lot 1 (Transmission line) – 74.7% complete

- Detailed survey and tower spotting - 100% complete
- Foundation construction (Foundation Base Concreting) at 83.8% (522/ 622)
- Monopole Erection at 41% (260 / 622)
- Stringing at 0%

Lot 2 (Opuyo & Moroto substations) - 57% complete

Moroto Substation

- Foundation construction for all equipment is 100% complete
- Installation of earthing system is 40% complete
- Control building is 50% complete
- Construction of small buildings (Diesel Generator Room, Deluge Valve room, Fire equipment room, Guard House, and gate) is slow. Contractor has been requested to deploy more resources

Lot 2 (Opuyo Substation)

- Control Room Building- reinforced concrete frame cast to ring beam level. Preparation to cast the slab is ongoing
- Excavation of the HV equipment foundations completed.

RAP Implementation: 95% (1229/1300) PAPs have been compensated.

Challenges/Reasons for Non-Performance

- The Transmission Line Contractor, Fara Goster Bistoon is an Iranian firm that is having cash flow challenges due to foreign exchange loss and difficulty in accessing funds due to sanctions on Iran. The contractor is paid in Euros instead of United States Dollars as quoted in the contract because of the sanctions imposed on Iran. This has slowed down project progress. In addition, the contractor is facing challenges transferring funds from Iran to Uganda for project activities
- Loan Expiry: The contractor has projected completion of the project on 31st December 2020 beyond the last date of loan disbursement of 1st September 2020
  UETCL has written to Ministry of Finance to engage the funder to extend the loan to 28th February 2022 which period is incorporating 1-year defects liability period
- Delay in site works due to varied soil profiles through expansive soils and rocky layers along the depths of excavations and inclement weather disruptions making sites inaccessible
  - *Contractor to double deployment when dry season commences*
- COVID-19 pandemic has affected timely completion of manufacturing and supply of materials to site. The transport of materials required for civil works to the project sites is also affected.
  - *3rd party witnessing of FATs. SGS has been engaged to conduct inspection on behalf of UETCL*
  - *UETCL has written an official letter to RDC requesting for transportation permission*
  - *Contractor has been requested to submit a revised implementation plan*
- RoW acquisition is likely to delay stringing of the transmission line. 8% unresolved locations for tower spots are pending and likely to disrupt site works
  - *Contractor to execute site activities on secured locations*
  - *Settlement for pending cases is at final payment stage*

Fig. 2.3 (p): NELSAP Projects Monitoring and Evaluation Reports

2.3.4.7 Comparison of Capital Projects Work Practices with PMBOK® Guide

Current situation

Area of review	Current Practice	Score
Project Initiation	• Collects requirements of stakeholders e.g., utilities, IPPs, Umeme, Investors, etc • Projects are aligned to strategic plans • Prepares Project Profile and obtains stakeholder buy in e.g., Dev. partners, GoU, ERA • Projects are all prioritized in the portfolio in order of urgency • Projects for power evacuation and power export (business importance) have not been given priority in funding	4/5
Project Charter Project Management Plans	• A formal authorization of a Project and the Project Manager is assumed in UETCL once a PM is assigned • Project profile documents contain a narrative of the deliverables, cost estimates, business need, stakeholders, interventions, problem statement, acceptance criteria • Expert judgement and facilitation techniques are used • Project Management Plans are prepared when funding has been identified	4/5
Scope management	• Requirements are compiled based on the Project Management Plan using workshops to review tender documents, expert judgement, meetings • Requirements documentation and traceability matrix are not available • Scope is well defined in the scope statement • The scope is decomposed into Work breakdown structures and work packages • Scope is controlled and validated as work progresses • scope definition does not include other resource needs	3/5
Time management	• Activities are identified, sequenced, durations estimated and modelled using the critical path method • Estimating activity resources and constraints is not factored into scheduling. • Microsoft Project is predominantly used as the scheduling tool • Baseline schedules are used for controlling schedule • Schedule variance is determined in terms of months instead of methods like earned value management (EVM) • Scheduling of the overall project lifecycle is not realistic	3/5
Cost management	• UETCL does not use analytical techniques like payback period, return on investments, IRR, NPV or discounted cash flow in sourcing for funding. • Initial project cost estimates are based on historical data and project cost is dependent on bid evaluation where often the lowest bidder is selected. • Cost management plans are not written down but in most cases the contract does not allow for any cost variance • There is no specific method of cost measurement such as EVM i.e., actual vs planned costs are measured.	3/5

Area of review	Current Practice	Score
Change management	• change control procedures are included in contract documents • change management process is known by project teams, but it is not documented as organizational process assets • Non-documentation limits the benefits of integrated change control where requests are reviewed against all deliverables and approved or rejected • Progress reports include change logs but there is a need to maintain a detailed log of all changes to form lessons learnt. • A change control Board (CCB) is not clearly defined in contracts; levels of authorization should be established to expedite decision making on change requests.	2/5
Quality management	• Quality plans, technical specifications form part of contract and determine quality assurance acts and processes • Quality checks are performed at FAT and control inspections at site • Quality control outputs such as verified change requests, work performance information, validated changes are used to update project documents.	4/5
Human Resource management	• The staffing management plan for projects is not documented although a project team is nominated at commencement. There is an attempt to assign the necessary skills from other departments or through recruitment on most projects. • The practice of nominating part time team members from other departments creates a bottleneck at the times their input is required i.e., review of design documents. The team in Projects Implementation do not have the experience to do certain tasks. • No training or staff development for project management teams is planned as there is no formal staff management plan in the project plans. • Teams from other departments but assigned to projects are not adequately facilitated in terms of resources like transport.	2/5
Procurement management	• The procurement process and documents are standardized as per the PPDA rules. The SOW and technical requirements need to use templates to reduce the effort needed in compiling solicitation documents • The procurement plans do not set realistic targets for time required to conclude a procurement. This time is typically set to be 6-9months when it takes 1-2 yrs. • UETCL does not do procurement performance reviews	3/5
Communication management	• Detailed communication plans are needed as project teams are involved on several assignments. The plan should adequately address stakeholder needs but avoid flooding the team with information	2/5

Table 2.3 (rrr): Comparison of Capital Projects Work Practices with PMBOK® Guide

2.3.4.8 *Environmental and Social Management System*

The assessment found an established Health Safety and Environment subsection in the Standards and Safety section under the Planning and Investments department. It provides oversight function to all activities of the organization and that includes project implementation.

In the Project Implementation Department there is an Environment subsection to oversee implementation of environmental management plans of contractor. It has two (2) Senior Administration Officers and a Senior Environmental Officer (Biological) heading 9 Environmental officers and one Safeguard Officer.

The HSE policy issued in 2009 adequately addresses the Company's agenda in terms of management, staff and other stakeholder commitments to complying with statutory requirements, health and safety in the workplace, information and communication, and cooperation in ensuring a healthy and safe working environment. There is no record of revision of the SHE Policy.

The policy provides for a Health and Safety Committee that has been established and meets on a quarterly basis. Minutes of its meetings were not reviewed during this assessment.

Current situation

The functions of health, safety and environment are performed in different departments. The section of Safety and Standards in Planning and Investments has Safety and Environment Engineer, and Project Implementation has Environmental officers.

UETCL has not adopted the practice of high-level representation of sustainability affairs in its corporate structure. HSE is therefore represented by the various functional department heads who are not suited to driving organizational focus on sustainability.

2.3.4.9 *Way Leaves Acquisition*

A look at the Project Implementation Department End of Year Report 2019/2020 reveals that UETCL has performed poorly in way leaves acquisition process, for example over 305 of the expected land titles received from the PAPs for Kawanda–Masaka project were not handed over to the Consultant while only 38% of the received land titles were processed and returned to the PAPs after processing. This is further backed up by the shortfall in KPIs as revealed by BSC Corporate level FY 2019/2020 where out of 300 KMs targeted for Way Leaves to be acquired, only 165km have been achieved.

The Consultant has reviewed and analysed the legal regime, the roles of internal and external stakeholders and stakeholder engagement, the process of way leaves acquisition, lessons from UNRA as a benchmark and hereby presents the findings and recommendations.

2.3.5 Analysis of Policy and Legal regime in Way Leaves Acquisition

This section reviews and analyses the policy and legal regime that affect land acquisition/way leaves acquisition and their effectiveness and how they impact UETCL in perming its role of Way leaves Acquisition. In addition, suggested changes to cover the identified gaps are proposed which will enable the function of land acquisition smooth and quick to enable UETCL perform better.

2.3.5.1 Policy Framework

Current situation

The Uganda National Land Policy 2013 was formulated to provide a framework for articulating the role of land in national development, land ownership, distribution, utilization, alienability, management, and control of land. It was intended to ensure that the country transforms from a peasant society to a modern, industrialized, and urbanized society. The Policy provides a framework for reforms geared towards having an efficient and effective land delivery system which is the basis for poverty reduction, wealth creation and socio-economic transformation.

Among the listed rationale for the Land Policy was that the then current structure of the land tenure system was concentrating on property rights per se which should not blur the necessity for a more fundamental objective to shape the nature of the land use policy system by which the diverse needs for human settlement, production and conservation could be harmonized.

It recognizes the Constitutional provisions for compulsory acquisition, the conditions and need for it and appreciates the fact that the central government has not in the past exercised the compulsory land acquisition powers responsibly and in public interest. Among the strategies set are that to clarify the mentioned power, the Constitution, the Land Act, and the Land Acquisition Act shall be amended to.

a) automatically provide restitution for original owners where public interest or purpose justifying the compulsory acquisition of land fails or expires.

b) limit exercise of this power to the Central Government under terms prescribed by the citizens of Uganda.

c) prescribe a uniform method for application of the power of compulsory acquisition especially the payment of prompt, adequate and fair compensation irrespective of tenure category.

d) prescribe a set of regulations and guidelines, roles and responsibilities of the different state organs and agencies in the exercise of this power.

In its Policy Statement on Dispute Resolution, it states that Land Tribunals will be reinstated, adequately resourced, and facilitated to enable them carry out their constitutional mandate, land dispute resolution mechanisms will be reformed to facilitate speedy and affordable resolution of land disputes.

Desired situation

The Land Policy was detailed and precise in addressing land problems, the strategies set have never been implemented. There is an urgent need to amend the Constitution, the Land Act and Land Acquisition Act to make the process of land acquisition easy to implement and streamline dispute resolution mechanisms to make it easy to resolve conflicts arising out of the rampant land disputes.

2.3.5.2 Legal/Land and Servitude Acquisition

Current situation

The Constitution of the Republic of Uganda 1995 which is the supreme law of Uganda under Art 26(1) recognizes the right to own land as property as either an individual or in association with others.

Article 26(2) of the Constitution provides for compulsory acquisition of property or any interest for among other things public use and the compulsory acquisition must be under a law that provides for prompt payment of fair and adequate compensation, prior to acquisition and a right of access to a court of laws by any person who has an interest or right over the property.

The Land Acquisition Act provides for the compulsory acquisition of land for public purposes and the process of land acquisition. However, the process stipulated under the Land Acquisition Act is not in conformity with the Constitution and has been declared unconstitutional by the Supreme Court in the case of **Uganda National Roads Authority Versus Irumba Asumani and Peter Magelah** Supreme Court Constitutional Appeal N.2 of 2014 as unconstitutional in so far as it provided for the compulsory acquisition of property before the payment of compensation to the owner.

This renders the Land Acquisition Act inapplicable and outdated in the compensation and way leaves acquisition since its contrary to the provision of the Constitution which is a supreme law. The Land Act provide for the tenure, ownership, and management of land. It provides for land holding rights Section 42 provides that government or a local government may acquire land in accordance with Articles 26 and 237(2) of the constitution.

This means that whereas the ownership of property rights is well stipulated and recognized legally, the legal regime that provides for the process of land/ way leaves acquisition is outdated, inconsistent with the constitution and in applicable which has made the process complicated.

The Consultant therefore finds that the current legal regime is a major hindrance to way leaves acquisition and not enabling UETCL to achieve its mandates in that respect.

Desired situation

The current laws for Compulsory land acquisition are outdated and there is an urgent need for reform to provide for an efficient and easy compulsory land acquisition and to provide for dispute resolution mechanisms within the law to enable the function of way leaves acquisition faster and reduce the disputes hampering it.

There is need to enact an enabling law to allow land acquisition to proceed unhindered as compensation issues are being resolved, this could be done by way of establishing an escrow account where a certain amount of money is deposited for land where disputes are ongoing to ensure compensation of the successful party upon resolution of the conflict so that disputes cannot stop ongoing works. The land acquisition process should start early and conclude before construction of way leaves commences so that there is no delay when construction commences, and the government should consider establishment of project corridors where all government projects can acquire land in a coordinated manner for present and future projects.

2.3.5.3 The Land Acquisition Bill 2018

This Bill seeks to repeal and replace the Land Acquisition Act to make the provision or the compulsory acquisition of land in accordance with articles 26 and 237 of the Constitution and it provides for procedure, compensation, resettlement and relocation, establishment of the Tribunal and all related matters.

This Bill has purposely been introduced to reform the current law, provide for expeditious acquisition and procedure for compulsory acquisition. It introduces a detailed process of and steps to go through and recognizes the role of Chief Government Valuer which has been missing in the current law.

It spells out timelines and percentage amounts to be paid at which stage and the dispute resolution process and appeal.

The Consultant through interaction with UETCL, established that among major causes of delay in Way Leaves Acquisition was disputes overcompensation amounts with lack of clear dispute resolution mechanism leading to litigation which take long time in court and thus a delay in project implementation.

There is therefore an urgent need to pass the Land Acquisition Bill into law to deal with the major problems in Way leaves acquisition and if passed will go a long way in making the process of project implementation by UETCL easier, smooth and quick.

2.3.5.4 The Titling Process

Current Status

In the Projects Implementation Department Report 2019/2020, delays in processing of titles have been identified by UETCL as a key challenge and delayed return of titles to PAPs has been ranked second to valuation disputes. For example, only 20% of the land titles out of the total that were handed to the Consultant on Karuma-Kawanda project for processing have been returned to the PAPs.

A number of challenges responsible for the delay like poor quality of survey data, incidental costs not earlier planned, incomplete data submitted by Consultants, fraud, outdated records like titles still registered in the names of the deceased, Zonal Offices spread all over the country which require more time and facilitation to process titles, lack of coordination by officers at Ministry of Lands, Housing and Urban Development among others have been cited.

The Titling process is governed by the Registration of Titles Act which regulates the subdivision, transfer and registration of titles and the responsible offices are Department of Surveys, Department of Land Registration and the Office of Chief Government Valuer where there is need for assessment of stamp duty. It is noted that field surveys are privatized, and the Department of Survey takes over upon submission of the survey record enclosed in the Job Record Jacket (JRJ) and the survey function is outsourced by UETCL just like the Valuation and Titling process.

Before the complete computerization of the Land Registries, the survey process and registry process (issue of titles) were somehow disjointed where each department would do its function separately but this trend has been reversed with the process of approval of survey, processing of deed plans and subdivision of titles currently interconnected and all the land processing forms submitted before computerization of respective offices have to be withdrawn and submitted afresh to align with the new system, this is likely to incur more delays for Way Leaves Acquisition on the already submitted files but not yet processed since a number of batches of titles were found in the unprocessed at MLHUD offices.

From the interviews carried out and the study of the process, the titling problem is caused by a number of factors though Lands offices have been highlighted as the main cause. Issues like poor Stakeholder engagement, poor service delivery by the Consultants, poor handling of the RAP process, understaffing both within UETCL and offices of external stakeholders among others are responsible for the delays.

A perusal of Projects Implementation Report 2019/2020 for reveals poor service delivery of consultants on Mbarara-Nkenda line, Tororo-Opuyo-Lira line, Mbarara-Mirama line, Bujagali-Lessos Line, Kawanda-Masaka line and Nkenda-Hoima line. UETCL is considering close out engagement with most of the consultants and planning to retrieve all documentation.

The poor quality of work has been raised by officers at Land Registration department and at the office of CGV all under MLHUD with reported late submission of titles for processing, giving wrong information about submission of documents, submission of incomplete documents and lack of proper follow up all leading to delay of the titling process.

The CBP identifies weak external stakeholder relations as one of the key challenges facing UETCL in pursuit of its mandate. This challenge leads to long lead times to processing of deed plans and titling process under the Ministry of Lands, Housing and Urban Development.

The titling process as part of the Way Leaves Acquisition involves going through the offices like Department of surveys and Mappings, Land Registries and Land offices and there is need to engage different stakeholders to keep an update of new developments and feedback on the progress of work. A case in point is highlighted in the Projects Implementation Report 2019/2020 where changes in incidental costs at Lands office introduced to curb fraud and digitize the system was discovered later and had not been budgeted for, this could have been avoided with a better stakeholder engagement.

The assessment found Land titles that were to be submitted to Regional Offices of Masaka and Wakiso had been submitted at Land Registration Department headquarters at Kampala before deed plans were processed by Survey Office and for over 2 years no action had been taken since submission had been made to a wrong office and no follow up had been made.

Though the Land Registration Department has raised submission of incomplete files, submission to wrong offices and misinformation by consultants as the major cause of delay in the titling process, internal inefficiency within the same office is apparent and needs to be addressed and it makes the problem double edged since they are both externally and internally generated. A case in point is the above-mentioned delayed land titles, whereas the Land Registration Department raises the grounds for failure to work on them, no official communication was raised to UETCL to inform them of the grounds for failure to act and guidance on the right procedure.

Another key challenge in the titling process is the understaffing and alleged corruption within the offices dealing with issuance of deed plans and titles. However, the process of Digitalization of the Survey and Title records is almost complete and with all the systems going through the same process and easy to track online, there is hope that most of the challenges shall be dealt.

Desired situation

Through interaction with officers from different stakeholders and benchmark meeting with UNRA, there is need for the internal capacity of UETCL to be reorganized and facilitated to develop a better system to engage and have high level engagement.

The Consultant through interaction with UETCL established that Way Leaves Acquisition process goes through different stakeholders and they play a big role on how fast the projects are implemented. Key among the approvals is the office of Chief Government Valuer for approval of valuation reports and the Solicitor General for Agreements approval.

An interaction with UNRA reveals the same problems as having been faced before the Land Acquisition process was streamlined and made an In-house process. The situation has since changed with a streamlined Land Acquisition Department that deals with all processes and has engaged high level leadership of MLHUD (Ministry of Lands, Housing and Urban Development) and facilitation of officers to ease the process like CGV.

There is need for high level engagement to establish a fully-fledged survey and titling units within UETCL the way UNRA has engaged and established the same, so that survey and titling functions are partly worked on within and reference to Lands officers can be done at an advanced stage of the process.

In the alternative, a Focal Officer within each responsible office should be designated just like how the One Stop Centre under Uganda Investment Authority has done to specifically hand all matters related to compulsory land acquisition matters in a timely and coordinated manner with the project executing government body.

The UETCL board has already approved establishment of the Land Acquisition Department among the yet to be approved by ERA new Organisation structure, since a bench mark with UNRA by the Consultant indicates an increase in efficiency and reduction in costs and conflicts in land acquisition process, UETCL management needs to carry out the same study to establish and justify the urgent need for establishment of the land acquisition as an in-house function and have the regulator approve the same immediately.

2.3.5.3 Valuation and RAPs Process

These are two interrelated functions/stages in way leaves acquisition which have been identified as very critical in the capital projects implementation process. They form part of the challenges of complicated and lengthy process of way leaves acquisition and the weak external stakeholder relations already identifies by client and by UETCL under CBP 2014-2918 for the need of capacity assessment of UETCL.

Current situation

A review of UETCL's PAPs files reveal an established process of assessment, valuation, due diligence, and compensation steps taken before completion of the RAPs process. All assessment and approved rates must be submitted to the valuer for review and then to CGV for approval.

Despite existence of the PAPs process, compensation disputes make up majority of the disputes affecting the way leaves process for example of the reviewed PAP files on Lira –Gulu –Agago transmission lines, over 80% of the rejected files were due to complaints related to compensation rates.

The problem of valuation disputes by PAPs are worsened by the fact that there seems to be lack of a clear legal framework to guide the process.

Article 26 of the constitution which provides for the right to own property and the right to receive prompt payment of fair and adequate compensation prior to compulsory acquisition of land has not had an enabling law to provide for the process since the Land Acquisition Act of 1965 is outdated and has been declared by court to be inconsistent with the Constitution.

Therefore, there is no law in place to provide for who determines the 'fair and adequate' compensation as generally provided for under the law and what happens in case the given value is disputed.

The situation has been made worse by the fact that the office of CGV is not specifically provided for under the Land Acquisition laws and its involvement is matter of policy and it is still underfunded, understaffed and given less attention than it deserves considering the big role it plays in implementation of all government projects.

The office of CGV is a department under MLHUD which has regionalised its offices through the recently established Ministry Zonal Offices with no specific law creating the Office of CGV and so it receives its budget allocation through the parent ministry.

With limited staff and budget shortfall, the CGV office must deal with all government projects as a requirement and whenever Valuation reports come in, the office must scrutinize them, compare the strip maps and compensation lists and there is an audit trail that must be followed and due diligence has to be made before approval of the submitted reports and when there is lack of timely implementation of projects after a year or more then revaluation must be done thus increasing the backlog.

To make the already bad situation worse, the CGV's office is not mandated to deal with rates in respect of crops and buildings of non-permanent nature which is a preserve of District Land Boards under the Land Act.

Though S.59 (E) and (F) of the Land Act provides for the District Land Boards to compile and maintain a list of rates of compensation payable in respect of crops, buildings of non-permanent nature and review every year the list of rates of compensation, an interaction with the office of CGV reveals that most District Land Boards do not maintain and update the list of rates for guidance before approval and this has increased conflicts of compensation due to lack of established rates to guide the valuation process leading to speculation and demand of exorbitant compensations thus delaying the way leaves acquisition process.

Considering the fact that compensation rates are one of the major causes of conflicts and delays in wayleaves acquisition, and the office of CGV plays a critical role in determining the rates, the office needs to be overhauled by staffing it with the required numbers, full facilitation for its activities and legally empowering it to deal with all compensation rates issues and having updated and established rates.

Valuation and compensation disputes have further been increased by lack of clear legal dispute mechanisms within the law. Whereas the Land Act provides for Land Tribunals which were to deal with disputes relating to amount of compensation to be paid for Land to be acquired by government, the same were suspended by Chief Justice by Practice Direction No.1 of 2006 and their powers vested in Magistrates Courts already under the backlog burden of other cases.

A review of the Land Acquisition Bill 2028 reveals that the office of CGV and its roles in determination of compensation rates is legally established, dispute resolution mechanisms and the process of compulsory land acquisition with timelines is well provided for. If expeditiously passed into law, it would go a long way to resolve most of the causes of valuation disputes and ease the process of compensating and resettling the PAPs.

Desired situation

RAP studies need to be regularly supervised to ensure proper documentation is obtained and submitted to the right offices for a smooth RAP implementation, this can further be enhanced by reform of a funnel shaped approval system which plays out as a large basin collecting a lot of agreements from all projects with a small funnel out of the approvers by hiring more officers to work with the RAP consultants and those to deal with documentation approvals.

Punitive measures and strict provisions within the agreements with the Consultants plus strict timelines to deal with unprofessional and slow consultants or in the alternative have their functions be made an inhouse process so that UETCL can have better control over the process.

Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors
An enabling law to provide for compulsory land acquisition and providing for a detailed process of valuation, compensation, dispute resolution and escrow account to stop delay of Way leaves acquisition	Expedite the passing of Compulsory Land Acquisition Bill into the Act	0 – 2 years	MoFPED, MEMD, MLHUD, Parliament
High level Stakeholders engagement with external stakeholders to address issues of delayed titling process, having a focal point officer in each relevant office, timely attention to queries, reduction of RAP conflicts, notification of new changes, addressing issues of understaffing etc.	High level stakeholder engagement with different players.	0 – 12 Months	MLHUD, MJCA, RAP Representatives, Consultants, Board, MD/CEO, Company Secretary
Do away with delays, misinformation and poor delivery by consultants engaged in survey, valuation, and titling process.	Make Land Acquisition as already approved by Board a fully-fledged department and an in-house job to address the gap created by External Consultants in valuation, survey, and titling processes.	0 – 12 months	ERA, Board, MD/CEO, MHRA
Business processes of a Company is guided by public service rules	Review and streamline the rules and procedures for wayleaves acquisition and compensation in the governance framework	0-12 months	MPI, MCS, MD/CEO, Board
Have fully and well facilitated CGV's office with established rates	Revamp of staff numbers and facilitate the office of CGV and ament the law to have all rates determined by this office	0-2 years	MLHUD, Parliament

Table 2.3 (sss): CDN, The Legal Framework (Land Acquisition and Wayleaves)

2.3.6 Financial Management

Financial management is the cornerstone for any organisation's operations. In electricity transmission companies, the issue is more pronounced because of the sheer complexity, scale, and strategic importance of transmission assets. Previously seen as a cost centre, financial management is now seen as an enabler for value creation in the organisation.

This is against a backdrop of increased technology adoption and modernization, stakeholder involvement and political scrutiny of the operations of UETCL - which continues to improve its inefficient, manually intensive processes, disparate systems, and non-integrated data structures.

The financial management perspective investigates the role of financial management in the execution of the UETCL mandate and covers 12 key areas.

i) Company's Financial Performance.
ii) Working Capital Management.
iii) Finance Policies and Procedures Manual.
iv) Budget Planning, Implementation and Monitoring.
v) Financial & Management Reporting.
vi) Financial Regulatory Compliance.
vii) Internal Audit.
viii) External Audit.
ix) Project Financial Management.
x) Procurement.
xi) Development Partner Support.

The review focuses on enumerating the current situation, painting a picture of the desired situation before concluding on capacity development needs and suggested interventions.

2.3.6.1 Company's Financial Performance

Profit or Loss Statement

Amounts in UGX mn	2014	2015	2016	2017.H	2018	2019	CAGR
Sales	750,328	788,321	940,151	599,037	1,091,150	1,115,766	8%
Cost of Sales	671,082	809,089	800,524	467,504	1,024,965	989,501	8%
Gross Profit	**79,246**	**(20,768)**	**139,627**	**131,533**	**66,185**	**126,265**	**10%**
Gross Profit Margin	*10.6%*	*-2.6%*	*14.9%*	*22.0%*	*6.1%*	*11.3%*	1%
Operating-Expenses (Incomes)	41,224	89,306	96,140	34,817	151,926	(13,180)	-180%
EBITDA	**38,022**	**(110,074)**	**43,487**	**96,716**	**(85,741)**	**139,445**	**30%**
EBITDA Margin	*5.1%*	*-14.0%*	*4.6%*	*16.1%*	*-7.9%*	*12.5%*	20%
Non-Operating Expenses	18,164	15,733	17,169	8,863	20,895	43,937	19%
EBT	**19,858**	**(125,807)**	**26,318**	**87,853**	**(106,636)**	**95,508**	**37%**
EBT Margin	*2.6%*	*-16.0%*	*2.8%*	*14.7%*	*-9.8%*	*8.6%*	26%
Income Tax	3,262	(29,191)	7,726	25,597	(31,698)	30,869	57%
EAT	**16,596**	**(96,616)**	**18,592**	**62,256**	**(74,938)**	**64,639**	**31%**
EAT Margin	*2.2%*	*-12.3%*	*2.0%*	*10.4%*	*-6.9%*	*5.8%*	21%

Source*: UETCL Audited Financial Statements*

Table 2.3 (ttt): Abridged Profit or Loss Statement 2014 – 2019

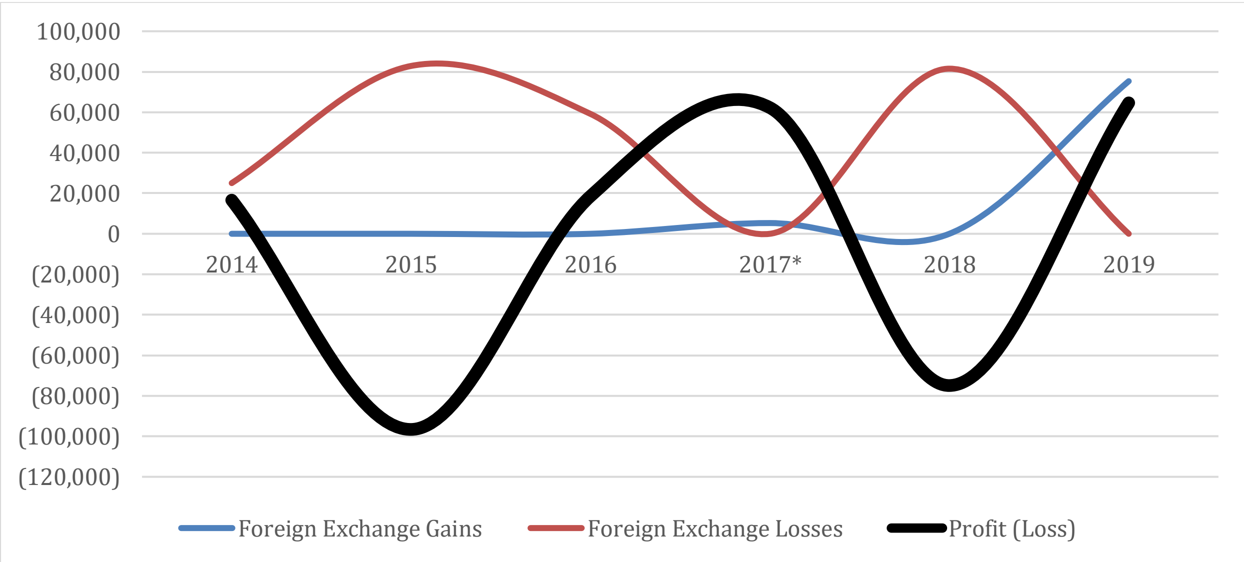
Over the 5 years between 2014 and 2019 (the review period), the Company has seen 8% growth in sales and cost of sales which in turn has translated into a 10% growth in gross profit.

Additionally, the Company has had significant growth in its EBITDA which has grown by 30% over the review period. EBT and EAT have also grown by 37% and 31% respectively all indicating a Company moving in the right financial direction.

Currency risk

The Company is heavily impacted by currency risk owing to its significant holding of foreign currency denominated assets and liabilities. Since 2014, the Company has held a net foreign currency liability position. This has grown at an average of 33% per annum. The impact of this has been further expounded by the heavily depreciating UGX.

This creates severe instability in the Company's earnings with significant buoys caused by foreign exchange gains and losses as indicated in **Fig 2.10(a)**.



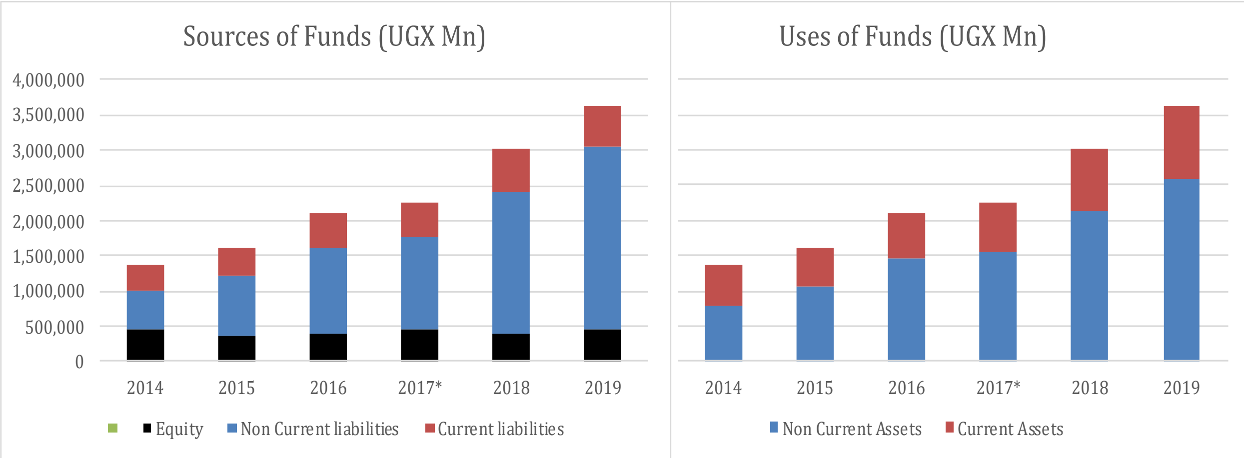
Source*: Derived from UETCL Audited Financial Statements. Amounts in UGX Mn*

Fig. 2.3 (q): Volatility of Earnings - Impact of Currency Risk

Balance Sheet

The Company balance sheet has grown by 22% over the review period from UGX 1.4tn in 2014 to UGX 3.6tn in 2019. This growth has predominantly been funded by GOU contributions, capital grants and borrowings which have grown by 32%, 43% and 43% respectively over the review period. The funds have been used primarily to fund investment in non-current assets which have in turn grown by an annual average of 23%.

This movement is captured in **Fig 2.3 (s)** below.



Source: *Derived from UETCL Audited Financial Statements.* *Amounts in UGX Mn*

Fig. 2.3 (r): Sources and uses of funds 2014 – 2019

It is worth noting that:

- Some of the funds held by the Company are committed to specific projects.
- From a review of the financial statements, there is implied (not effective) liquidity risk in the Company's balance sheet with net liquidity gaps of UGX 587bn by June 2019. It is implied (not effective) because it assumes a repayment of borrowings.
- As an implementing partner for GOU projects, the Company does not repay any of the loans (principal or interest) from GOU or Development Partners.

Value for Money Indicators

The Company has invested significantly in growing its Non-Current Assets (NCA). Between 2014 and 2019, NCAs have grown by an annual average of 27% financed by Non-Current Liabilities (GOU Contributions, Capital Grants and Borrowings) which have grown by an annual average of 37%.

However, revenue generation (Sales / NCA) capacity of the NCA has been falling over the years from 94% in 2014 to 43% in 2018. This may be an indicator that some of the recent investments in NCA have not been made with a financial background and could be based on social good justifications. It is unclear at what point this trend will see a positive correction.

Deemed energy

Part of the reason that the Company continues to perform sub optimally (financially) is the significant deemed energy charges that the Company continues to incur. Between 2014 and 2019, the Company has paid UGX 89.6bn in deemed energy charges – an annual average of UGX 17.9bn (14% of opex).

Bad Debt Provisions

UETCL makes annual bad debt provisions (in line with accounting regulations) at an average of UGX 25.5bn (18% of opex) per annum as the Company holds liability for any default of Government MDAs to Umeme. Both deemed energy and bad debt provisions are non-value adding costs acting to erode shareholder value since both are avoidable.

Can/should UETCL operate with a profit motive?

Financial sustainability is (and should remain) a goal for UETCL. Companies that operate with a profit motive segregate activity (and expenses) into value adding and non-value adding. Value addition is gauged by ability to sustain or increase in shareholder value. Such companies then take steps to reduce the non-value adding expenses and attain more focus in their operations.

In the case of UETCL, avoidance of the aforementioned nonvalue adding expenses could significantly improve the financial performance of the Company – meaning the Company can operate with sustainable and positive return. Building such capacity could enhance the independence of UETCL in its future operations and should be a key responsibility for the Shareholders, Board and Management of UETCL.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
Revenue generation (Sales / NCA) capacity of the NCA has been falling over the years from 94% in 2014 to 43% in 2018. This is driven in part by significant deemed energy charges. The Company is significantly impacted by currency risk owing to its significant holding of foreign currency denominated assets and liabilities. Increasing debt burden - Gearing ratios have been growing significantly and remain above the internal thresholds of 50%.	Include financial evaluation within the project evaluation criteria through metrics such as NPV and payback period.	6 – 12 Months	MOFPED BOD
	Options for removing deemed energy charges from the Company should be investigated. An option would be to improve capacity planning, PPA improvements and transfer of deemed energy directly to MEMD.	12 - 24 Months	MD/CEO MFAS
	Bad debts provisions can be significantly reduced by removal of liability for MDA default from UETCL. This would require amendment of the PSA.	6 – 12 Months	MD/CEO MFAS
	Continue to explore long term hedging mechanisms with the Government of Uganda. Part of this mechanism could be the transfer of foreign exchange risk to the GOU using fixed exchange rates for the on-lending agreements between GOU and UETCL. Over the course of the review, we are informed of a pilot foreign exchange hedging arrangement funded by the Electricity Regulatory Authority.	6 – 12 Months	MOFPED BOD MD/CEO MFAS
	Set new parameters for gearing ratios for the Company and increase GOU equity contribution in the Company. Over the course of the review, we were informed that this initiative was underway.	6 – 12 Months	MOFPED BOD MD/CEO MFAS
	MEMD and UETCL should investigate the full-scale impact (cost benefit analysis) of whether the country would be better served by an increased debt burden (with the related servicing obligations) or by a cost reflective tariff	12 - 24 Months	MOFPED BOD MD/CEO MFAS

Table 2.3 (uuu): CDN, Company's Financial Performance

2.3.6.2 *Working Capital Management*

Current situation

Since 2014, trade and other receivables have grown at an annual average of 19% while Trade and other payables have grown at an average of 10%. This in turn has reduced the net working capital of the Company from 92 days in 2014 to 27 days in 2019 meaning UETCL has over the years collected money at a lower rate than it pays it out.

Whereas the net working capital position is still positive, if the trend continues at the same average decline rate of 22%, UETCL will start facing significant cash flow challenges (even an inability to service payable obligations) within 12 – 24 months. That being said, the current and quick ratio of the Company has averaged 1.5, over the review period, indicating that the Company has sufficient liquidity – for now.

UETCL management moved to align payment days on energy purchases (from 45 to 50 days) and to energy sales (45 days). However, there remains little financial incentives for the main customer of the Company (Umeme) to pay on time because of interest disparity between the largest energy customer and the largest energy supplier (BEL).

- Umeme interest for late payments to UETCL is LIBOR + 1.5% (approx. 3%)
- BEL interest for late payments by UETCL is Base + 2% (approx. 13%)

Desired situation

Working capital management is a cross cutting issue.

Because working capital is often not well considered or managed putting the basics in place will normally improve a Company's cash situation. This discipline involves how companies pay their suppliers' invoices (on time—not too early, not too late), but taking steps to invoice customers on time and have dunning set.

Once the basics are in place, the next step is to involve key staff to understand the cash impact of their day-to-day behaviours. This allows companies to unlock an additional amount of potential cash and involves cashflow planning in key investment decisions and negotiating with key customers to achieve advantageous customer-payment terms.

Needless to say, information plays a large role in working capital management. The next horizon is the companies looking at advanced analytics and other digital tools to extract additional value from receivables, payables, and inventory management.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
The net working capital days of 27 compare negatively with comparable Company sizes. Recent working capital studies put the average at 88 days.	Management should continue with engagement with ERA and Umeme to ensure that the customer payment period is always within 45 days. Specific focus should be placed on aligning the late payment interest between energy sales and purchases.	6 – 12 Months	BOD MD/CEO MFAS

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
	Punitive clauses (such as the deferring the responsibility of MDA default) to UETCL should be removed through policy correction.	12 – 24 Months	

Table 2.3 (vvv): CDN, Working Capital Management

2.3.6.3 Finance Policies and Procedures Manual

Current Situation

UETCL has a documented Finance Policies and Procedures Manual with accompanying process maps. The Manual serves to ensure that:

i) The various operations of UETCL's FASD are harmonised through compliance with the approved rules and regulations.

ii) Guidance is provided to FASD staff on how to prepare accurate, complete, reliable, and timely budget and financial information to management to facilitate informed and timely decision-making.

iii) The policies and procedures of UETCL's FASD are adequately documented both for reference purposes and to guarantee continuity of operations.

iv) The policies and procedures describe the controls which management has implemented to ensure that the assets and employees of the UETCL are properly utilised and safeguarded; and

v) There is compliance with statutory requirements.

From engagement with staff, the FPPM is clearly written and easy to understand, with a table of contents that is easy to use for employees who wish to quickly refer to material on a certain topic.

In the period of the study, we did not get confirmation in the training plan as to whether staff are regularly updated on the FPPM but discussions with Senior Finance Officers indicated that new employees are trained on the FPPM.

The FPPM was approved by the BOD in March 2014 and has not been updated since its approval. A clause in the Manual states that the Manual should be updated on an annual basis.

On the financial control's perspective:

i) The ERP maintains an approval hierarchy in line with the approval matrix in the FPPM.

ii) The Company has installed online banking for the majority of its accounts with commercial banks but there is no straight through processing between the ERP and the banking platforms.

iii) Bank reconciliations are regular and current.

iv) There are physical and ERP based maker checker controls in the expenditure process for both Capex and Opex.

v) The operating process for important processes such as revenue, banking, accounts payables and accounts receivables maintains both manual and ERP legs with transaction being originated on paper documents and later being captured on the ERP with journal vouchers. Specifically, the billing process is manual and compiled in Ms Excel before being captured on the ERP through a journal voucher.

vi) All receipts and invoices and other supporting documents are filed for at least seven years and are reviewed by an authorized person.

vii) There is supporting documentation signed by authorized officials to justify the purchase of goods and services.

Desired Situation

The best manuals are created and updated by welcoming information and input from people at all levels in an organization, with a bottom-up approach rather than a top-down system. They are reviewed at regular intervals and steps are taken to introduce and reinitiate staff on the contents of the Manual.

Policies and procedures manuals are of little use if employees are not aware of them, so they should be provided to all affected staff. An online version with hyperlinks from the table of contents to relevant sections of the manual may be useful, and some organizations require employees to sign documents stating that they have reviewed the policies and procedures manual.

Leading companies are harnessing the value of modern ERP to provide complete visibility into core business processes and optimize systems through superior resource tracking and reporting, database management and data sharing and overall improved information systems. These companies have reported savings from optimising their business processes, improving collaboration and analytics, improving compliance, and enhancing productivity.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
Since the FPPM was approved, there have been changes in the financial year end from December to June. The impact of this has been to invalidate many of the timelines indicated for the budgeting and reporting calendars.	Training on the FPPM (and all internal policy documents) should be approved and included in the annual training plan. The FPPM should be updated to indicate the current operating environment.	0 – 6 Months 0 – 6 Months	MFAS

Table 2.3 (www): CDN, Finance Policies and Procedures Manual

2.3.6.4 Budget Planning, Implementation and Monitoring

Current Situation

UETCL prepares its budget in line with the CBP with the budget acting as the key determinant for the allocation of resources. The MFAS in consultation with the EXCO is responsible for estimation, implementation and control of the Company's revenue and expenditure.

The budgeting process is comprised of:

Multiyear budgeting

This covers a period of three financial years and commences with the BoD setting the policy framework, objectives, strategies, goals, and targets for UETCL for the multi-year budget period in line with the CBP. The process is led by the MFAS with the engagement of departments to determine the requisite revenues and costs before being approved by EXCO and the BOD. Once approved by the BOD, the budget is submitted to ERA for approval.

Annual budgeting

This covers one financial year and should be guided by the CBP and the approved multi-year budget. The BOD is the final approver, upon which the budget is uploaded on the BIS.

The budgets exclude provision for bad debts and foreign exchange gains and losses. The budget preparation process uses BIS as the main budgeting tool for creation and iteration of the budget. Once finalised, annual budgets are uploaded on the ERP. Budget checks are made on BIS before expenditure.

Budget reallocation is an allowed procedure but should be approved by the MFAS. In cases where expenditure in excess of the budget is required, approval is sought from MFAS, CEO, BOD and ERA. This is done on a quarterly basis.

Through the BIS, budget holders have access to real time information on their budget performance. On a quarterly basis, the Finance team tracks actual performance against budget providing variance reports with the variance being explained.

Over the course of the review, we noted that an average of 88% of the requested funds were generally disallowed by ERA as part of the multi-year budget approval process. However, of the approved budget, the average utilisation of budgeted opex funds (absorption rate / burn rate) was 89%.

In 2017, UETCL financial year end was changed from December to June. This was in line with the Public Finance and Accountability Act 2003. However, ERA has maintained its financial year end as December. The budgeting calendar in the FPPM has not been adjusted to reflect this change and is subsequently not reliable.

Desired Situation

In order to enable the strategic alignment within the organisation, it is critical that the budget mirrors its strategic goals. Financial resources play a significant role in achieving strategic objectives and the budget process is an opportunity to achieve this alignment. Companies should therefore spend the time to indicate how resources have been allocated toward core and non-core objectives of the Company. This can enable analysis as to whether the allocation of financial resources follows the strategic objectives of the Company.

Given the multi-year approval of budgets, UETCL could benefit greatly from using rolling budgets. A rolling budget is continually updated to add a new budget period as the most recent budget period is completed. Thus, the rolling budget involves the incremental extension of the existing budget. By doing so, a Company always has a budget for a period (6 – 12 months) into the future. This saves time for the actual budget preparation but calls for considerably more management attention than is the case when a Company produces a one-year static budget, since some budget updating activities must now be repeated every month.

Today, many companies look to harness technology to help them make better decisions and technology has become increasingly important in aiding the budgeting and forecasting process – to reduce preparation time and enhance budgeting control and monitoring. This technology is best harnessed when considered as part of a wider ERP framework.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
There is indirect alignment between the annual and multiyear budget and the strategic focus areas. The budgets are missing material assumptions around bad debts and currency risk. Budget preparation is done primarily with BIS which is not seamlessly integrated with the ERP. Budget execution and monitoring follow both automated checks and approval on physical forms. This introduces significant amounts of paper and duplication in the process with similar roles (input and approval) being done both on the ERP and on paper. In its efforts to maintain an affordable tariff, ERA approves such a tariff that	Recast future annual and multiyear budgets to clearly indicate the amounts of capex and opex that have been earmarked for each of the strategic focus areas.	12 – 24 Months	BOD MD/CEO MFAS
	Include relevant assumptions and projection on all aspects of the balance sheet and profit or loss statement while preparing the annual and multiyear budget.	6 – 12 Months	BOD MD/CEO MFAS
	Modern automated budgeting tools are mostly embedded within the ERP and can stress-test multiple scenarios and assumptions. This should be set a requirement for the proposed ERP.	6 – 12 Months	BOD MD/CEO MFAS
	An automated budgeting tool will help the Company get the flexibility to revise forecasts as market factor change and impact original budgeting assumptions. Modern tools are now mainly hosted on the cloud and are easy to deploy and can also be embedded within the ERP and can stress-test multiple scenarios and assumptions.	6 – 12 Months	BOD MD/CEO MFAS
	Adopt rolling annual budgets following the approval of the multi-year budget.	6 – 12 Months	BOD MD/CEO

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
would support the operations of UETCL. This sometimes means that certain programmes of the Company will not be funded by the tariff. An example is the creation of the Commercial Unit.			MFAS
	Revise the budget calendar to align with the changes in financial year.	0 – 6 Months	BOD MD/CEO MFAS
	Continue with ERA engagements to align the reporting dates in the energy supply industry.	6 – 12 Months	BOD MD/CEO MFAS
	UETCL should lobby for more control over its utilisation of profits from its operations.	6 – 12 Months	BOD MD/CEO MFAS
	UETCL should actively source for grants for its programmes to reduce reliance on ERA approvals. This role could be delegated to the Commercial Unit and can focus on areas such as capacity building.	12 – 24 Months	BOD MD/CEO MFAS

Table 2.3 (xxx)*:* CDN, Budget Planning, Implementation and Monitoring

2.3.6.5 Financial and Management Reporting

Current Situation

Accounts (in the form of balance sheets, profit or loss statements and statements of cash flow) are reviewed by the management team and the BOD on quarterly basis before being submitted to ERAs.

The Company documented a financial reporting calendar. This calendar covers:

i) Period end closure- 16th day after month-end

ii) Monthly management accounts submission to EXCO -20th day after month-end

iii) Quarterly management accounts submission to BoD -20th day after quarter end

iv) Quarterly management accounts submission to ERA - 20th day after quarter end

v) Presentation of draft annual financial statements to the EXCO- 15th February following year-end

vi) Approval of annual financial statements by the BoD - 20th March following year-end

vii) Submission of annual financial statements to ERA - 30th March following year-end

viii) Submission of annual financial statements to Parastatal Monitoring Unit - 30th April following year-end

ix) Filing of statutory accounts with the Company Registry - 30th April following year-end

x) Approval of the annual report by BoD - 30th June following year-end

xi) Submission of annual financial statements to Development Partners- 30th June following year-end

This calendar assumes a year end date of December but as earlier stated, this has been since changed to June. Subsequently the timelines set for starting from the presentation of draft annual financial statements and onwards need to be corrected.

Over the course of the review, we noted that there are delays in the stipulated dates on the calendar especially in period close, monthly, and quarterly management accounts. For example, the period close is done on a quarterly basis as opposed to a monthly (quarter 1 is closed at the end of quarter 2 and so on). This essentially means that UETCL management accounts are always at least 3 months late. Positively, on a monthly basis, the Company produces Monthly Single Buyer Business Parameters Report – a detailed analysis of energy purchases and sales.

The reviewed management accounts were detailed and had commentary on the financial performance including commentary on variances. We noted that they were prepared by extracting information from the Accounting System and manipulating it in MS Excel before reporting.

The annual financial statements are reviewed by an independent auditor. From our review of the audit opinions, it can be concluded that the Company's financial records and accounts are accurately prepared according to IFRS and are complete.

No annual report has been published since December 2015.

Desired Situation

Monthly financial statements are an important strategic tool for an organization. Accurate and timely statements provide key data to support fiscal monitoring and decision making, and prevent costly mistakes caused by a delay in receiving information. Their value increases when they are prepared accurately and are produced within a reasonable period of time after the month has ended. This is achieved through controlled and coordinated activities throughout the month and through incorporation of internal controls such as segregation of duties across all appropriate departments.

Finance business partnership is a growing and value adding trend. Finance business partners are finance professionals who work closely with a particular business unit creating a real and active partnership with both operations and management. Their role is to provide real time support and analysis, to be a trusted adviser and to add value that will assist in decision making. At UETCL, finance business partnership is seen in project management with a full-time project accounting team.

Annual reports provide information on the Company's mission and history and summarize the Company's achievements in the past year. While financial achievements are included, other achievements also are noted, such as project execution, and other execution successes and challenges against the strategic objectives.

The consequences of financial planning using MS Excel are unreported data errors, dark spots in reporting, lost data, unreliable documentation, and a contribution to a poor organisational data culture. Organisations are therefore moving in reporting using integrated ERP solutions as a tool that allows companies to track multiple aspects of their data in one consolidated system as they seek to get faster, more accurate reports in areas such as operations, accounting, inventory and human resources among others.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
No annual report has been published since December 2015.	Prioritise the production of the FY20 annual report and set a calendar for production of annual reports with delegated officers within the Company.	0 – 6 Months	MD/CEO MFAS CS
Financial reports are prepared using MS Excel.	Fast track the deployment of the ERP solution and ensure reporting capabilities are built within the scope	12 – 24 Months	MD/CEO MFAS CS
Monthly period close and reporting is not adhered to as stipulated in the FPPM.	Improvement can be made in the reporting date – leading organisations are producing management reports within 5 days of the period end.	0 – 6 Months	MD/CEO MFAS CS
There is need to enhance finance business partnership with a focus on such areas as O&M, ICT, Human Resources and Corporate Services.	Enhance the finance structure to build finance business partnership across all areas of the Company such as O&M, ICT, Human Resources and Corporate Services.	6 – 12 Months	MD/CEO MFAS CS

Table 2.3 (yyy): Financial & Management Reporting

2.3.6.6 Financial Regulatory Compliance

Current Situation

UETCL complies in all material respects to the financial laws and statutory regulations of Uganda.

Specifically, UETCL is compliant (filing and payment) on the following tax and compliance heads:

- National Social Security Fund (NSSF)
- Value Added Tax (VAT)
- Pay as You Earn (PAYE)
- With Holding Tax (WHT)
- Local Service Tax (LST)

Desired Situation

No matter the industry or Company size, all companies must adhere to certain laws and regulations as part of operations. Financial regulatory compliance deals with the ability of the Company to align its operations with the laws of the land in its financial dealings.

2.3.6.7 Internal Audit and Risk Management

Current Situation

UETCL has a fully-fledged Internal Audit team, comprised of 9 full time staff, which provides assurance on the effectiveness of the controls in place to mitigate risk. The team provides rich reports to the BOD on the status of key risks.

These reports detail important issues such as an assessment of the risk maturity level, the extent of implementation of the risk management framework and effectiveness of the risk management process.

The Internal Audit team bases its reviews on the annual workplan which is comprehensive in most aspects. The key missing aspect of this plan is that it is not based on a current risk assessment since Management is yet to perform a risk assessment and compile a risk register. The last risk register for the Company is for FY19.

The Internal Audit reports highlight many repeat findings and issues that have taken long to close. These include:

- Deficiencies in risk management: There is limited assurance on the effectiveness of risk management in UETCL with a shortfall noted in identifying and monitoring key or strategic risks on a regularly basis.
- Delays in publication of the CBP19-23.
- Management delays in execution of BOD actions e.g., in documenting a Communications Policy (open since 08.01.2015) and a Land Acquisition, Use & Management Policy (open since 08.01.2015).
- Lack of a Business Continuity Plan.

The Internal Audit team also carries out special investigations and will co-opt subject matter experts to enrich the quality of their reviews as and when required. Indeed, engagement with the Internal Audit team indicated that a significant amount of effort is dedicated to special investigations and reviews. This calls into question the efficacy of the internal controls of the Company.

The Company has a documented and approved Risk Management Policy which states that *"The Board is committed to the formal, systematic, structure and proactive management of risks across UETCL"*

The same policy sets out the risk governance structure for the Company, introducing an ERM Committee to assist the MD/CEO in the implementation of the ERM framework. The policy sets out the importance of the Enterprise Risk Register and further notes that

- The BOD owns the Enterprise Risk Register.
- The MD/CEO owns and is accountable for the Enterprise Risk Register.
- The Governance Secretariat is a custodian for the Enterprise Risk Register.

Desired Situation

IIA defines Risk Based Internal Auditing (RBIA) as a methodology that links internal auditing to an organisation's overall risk management framework. RBIA allows internal audit to provide assurance to the BOD that risk management processes are managing risks effectively, in relation to the risk appetite and is the gold standard for internal auditing.

The first stage of this process is assessing risk maturity of the organisation by *obtaining an overview of the extent to which the Board and management determine, assess, manage, and monitor risks. This provides an indication of the reliability of the risk register for audit planning purposes.*

According to IIA Standards the organisation must establish a risk-based audit plan to determine priorities of the Internal Audit activities and consistent with the organization objectives. The output of this mandatory standard is the annual audit plan. To create the audit, plan the organisation normally bases on the risk register and the views or concerns of senior management. For the risk register, the organisation considers significant risks related to the organization objectives and the resource availability of internal audit activities. Because of the pace that organisations change, and risks evolve, it is important that the risk register is updated regularly to reflect the most important risks - for example the impact of the unforeseen risk of COVID-19 was not considered by many organisations (6 months ago) and yet it has had far reaching impacts.

There is much discussion and debate about how Internal Audit and Enterprise Risk Management (ERM) should be connected. Internal audit standards say that internal auditors should be objective and not unduly influenced i.e., independent. On this basis, UETCL has mandated an ERM Committee to manage the ERM process.

Managers who do not implement agreed actions arising from internal audit findings expose the organisation to risk. Following up on open audit issues helps to prevent this becoming an issue. Arrangements need to be clear on:

- how outstanding recommendations/management actions will be tracked.
- how resolution will be reported and validated.
- what follow up action might be needed.

The degree of follow-up activity may be influenced by the size and nature of the risk identified.

Auditing fraud risks requires specialist skills and a tailored approach. Typical tools that should be used by internal auditors include data mining and analysis tools, and specially built computer-assisted audit tools (CAATs). These tools aid the accurate analysis and detection of unusual activity. Such tools can also create efficiencies as they can interrogate large amounts of data faster than manual testing methods.

Fraud and related incidents occur in most organisations and internal audit should be involved in managing such incidents. Internal audit should consider whether specialists are required to conduct or assist in the investigation. Such specialist assistance can include interviewers, forensic data specialists, lawyers, and other experts. A clear balance must be made on the time allocation between special investigations and the audit plan as an undue focus on the former will impact the latter.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
The Company does not have an updated and current Enterprise Risk Register which calls into question whether its following risk based internal audit. We have been informed by Management that this process is now underway. The annual audit plan is regularly changed based on the need for special investigations – which whereas important may not have the same impact as the severe risks that would be contained on the risk register. The Company has long standing issues from both the internal and external audit reports. Delay or failure to implement agreed actions arising from audit findings expose the organisation to risk.	Document and regularly (quarterly) update the Enterprise Risk Register.	0 – 6 Months	BOD MD/CEO MFAS MIA CS
	The BOD should focus on closing the annual audit plan prioritising this over special audits and reviews.	0 – 6 Months	BOD MD/CEO MFAS MIA CS
	Important audit findings should be prioritized, timetabled, and closed in a timely manner.	0 – 6 Months	BOD MD/CEO MFAS MIA CS
	The Internal Auditor should report on a regular basis on the status of external audit findings.	0 – 6 Months	BOD MD/CEO MFAS MIA CS

Table 2.3 (zzz): CDN, Internal Audit and Risk Management

2.3.6.7 External Audit

Current Situation

UETCL is audited by the Auditor General of Uganda who outsources the service to qualified Certified Public Accountants. The external audits are conducted in accordance with International Standards on Auditing.

For all the financial statements under the review period (2014 – 2019), the Auditor General noted that the financial statements present fairly, in all material aspects, the financial position of UETCL and its financial performance and cashflows in accordance with IFRS.

The following key audit matters were highlighted by the Auditor General in the FY19 financial statements:

- Missed daily income on bank accounts (Stanbic Projects),
- Impairment provision of 135bn (Umeme & UEDCL).
- Procurements outside the procurement plan.

Over the course of the review, we were updated of the cause and status of these audit matters and the remedial action that Management has undertaken to close them off.

Desired Situation

The Public Finance Management Act 2015 mandates that the Accounting Officer is accountable to Parliament for funds and resources of UETCL. Subsequently, the Accounting Officer is responsible for preparation of financial statements in accordance with the requirements of the Companies Act 2012 and for enabling an internal control environment to ensure that the financial statements are free of material misstatement.

Additionally, the Accounting Officer should ensure that the organisation is a going concern and is ultimately responsible for overseeing the Company's financial reporting process.

Management has the responsibility for investigation and closure of key audit findings in a timely and complete manner.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
A review of the previous audits reveals recurrent issues e.g., weaknesses in the procurement process, and delays in project delivery. Its notable that some of these issues can remain open for long periods of time e.g., management has delayed in closing the gaps in procurement.	Important audit findings should be prioritized, timetabled, and closed in a timely manner.	0 – 6 Months	MD/CEO MFAS MIA
	The Internal Auditor should report on a regular basis on the status of external audit findings.	0 – 6 Months	MD/CEO MFAS MIA

Table 2.3 (aaaa): CDN, External Audit

2.3.6.8 Project Financial Management

Current Situation

GOU through UETCL undertakes the design and development of transmission lines, acquisition of wayleaves and right of way, and the construction of sub-stations. Before any of these projects can commence, UETCL must first acquire the corridors and or sites required for the project, ensuring all occupants are adequately compensated and or resettled and have effectively vacated these sites. This is executed through a RAP.

The RAP entails the following key procedures:

i) Sensitisation of stakeholders and creation of project awareness.
ii) Social survey and valuation of land and other property.
iii) Preparation and approval of the RAP report.
iv) Opening of individual PAP files.
v) Stakeholder consultations.
vi) Disclosures and conflict resolution.
vii) Communication of the RAP programme.
viii) Payment grants of easement, resettlement, and dispute resolution.
ix) Land vacation and site clearance.

The above procedures may differ across RAPs depending on:

- The size of the demarcated area.
- The number of PAP involved in the project.
- The level of resistance from the PAPs.

A review of the audit reports picks 8 recurrent issues in relation to project management.

i) Under absorption of funds with absorption rates as low as 37%.
ii) Delayed PAP settlement.
iii) Delays in land title processing.
iv) Contractor claims due to project delays.
v) Weak financial management practices.
vi) Delays in project implementation.
vii) Incompetent contractor.
viii) Vandalism of project property.

Some of these are related to weaknesses in project financial management and a detailed review revealed such issues as:

- Unplanned tax liabilities.
- Commitment fees on undisbursed loan.
- Non-recovery of advance payments to suppliers (Jyoti - $492,515).
- Escalation of project costs.
- Lack of valid performance securities.

From the internal and external audit reports reviewed, no cases of financial misconduct have been raised.

Over the course of the review, we were informed of the Management's proactive engagement of project financiers and the key stakeholders to secure loan extensions.

Desired Situation

Project management is the most important factor in ensuring success of EPC projects. While tight schedules and limited budgets put pressure on all EPC ventures, adapting the right strategy can help to make the project a success.

Today managing projects in short periods within tight budgets has become the focus. Leading EPC project implementing companies are enhancing delivery by focusing on four aspects:

i) Rigorous planning and pre-commencement process. The aim is to identify possible bottlenecks and document plans for alleviating these before they materialise.

ii) Accountability is enforced through positive and negative rewards and penalties to internal and external parties.

iii) Leveraging technology for modelling and project management.

iv) Engagement of supply chain as a strategic partner to in all project stages.

An emerging practice in project management is the concept of advanced project planning. This expands the triple constraint (time, cost, and quality) and considers other issues such as stakeholders, procurement planning, overall project integration, human resources, communication planning, and risk planning.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
Project financial management could be enhanced by advanced project planning. The issue of escalating project costs has been highlighted by External Audit. There is a need to enhance the quality of EPC contractor and consultants as some have caused financial loss to the Company. PDU involvement in project delivery is more of a service provider as opposed to a strategic partner. Procurement issues are covered in section 3.6.11. Project management are covered in section 3.7	Management should implement advanced project planning for the execution of projects. This should cover areas such as pre-commencement planning and tax risk featuring in the risk assessment.	6 – 12 Months	MPI MFAS MCS PPA
	Close checks must be maintained for project finances with unforeseen escalations being approved and the overall project budget being amended.	6 – 12 Months	MPI MFAS MCS PPA
	The PDU should be engaged at all stages of the projecting right from pre-commencement planning to execution.	0 – 6 Months	MPI MFAS MCS PPA
	EPC contractor and consultants on all EPC contracts should all have bid bonds and performance guarantees executed by reputable financial institutions to starve of financial loss from working with poor quality contractor. These bonds and guarantees must be diarized to ensure they remain up to date.	0 – 6 Months	MPI MFAS MCS PPA

Table 2.3 (bbbb): CDN, Project Financial Management

2.3.6.9 Procurement

Current Situation

UETCL has a centralised procurement function for both works goods and services. This is currently headed by a Principal Procurement Officer and has 14 staff members. By the review date, the PDU was reporting to the Manager Corporate Services, but we were made aware of the approved change to have Procurement as a standalone department headed by a Manager – set to be effective from October 2020.

The 2019/2020 UETCL procurement plan was approx. UGX 850bn for works projects and UGX 5bn for internal consultancy projects. This indicates the strategic importance of the procurement function to the operations of UETCL. With this in mind, the procurement process is seen by many internal and external stakeholders as lengthy and complex. An extract of the procurement process is indicated below.

When executed efficiently, the process (for EPC projects) can take 6-9 months. However, there have been many cases of delayed procurements – spanning up to 2 years. Delays have been reported in almost all stages of the process including but not limited to:

- Time to approve procurements.
- Determination of market price.
- Contract Committee approval.
- Evaluation of bids.
- No objections from providers of finance (mainly development partners).

These delays are exacerbated by the low approval levels contained in the approval matrix which require:

- CEO approval for procurements above UGX 50mn
- BOD approval for procurements above UGX 300m

The procurement process is largely manual, and the Company has no document flow management system. This can create significant paper volumes – with complex procurement (e.g., Substations) files exceeding 1000 pages when compiled. The lack of a document flow system means that it is difficult to tell where bottlenecks in the process are being created or who is creating them.

There Company has not documented a procurement manual or standard operating procedures for its procurement process. A review of the 2019/2020 UETCL procurement plan reveals that the development of the procurement manual is planned, and by the review date, the contract for the documentation of the procurement manual had been signed.

Over the course of the review, we were made aware of the ongoing steps by Management to restructuring the in-house procurement and disposal function including the elevation of the section to a department, headed by a Manager. We were further made aware that the processes of documenting a Procurement Manual and recruitment of a Procurement Manager were both ongoing. These should have the impact of closing the gap between procurement lead times and loan effectiveness

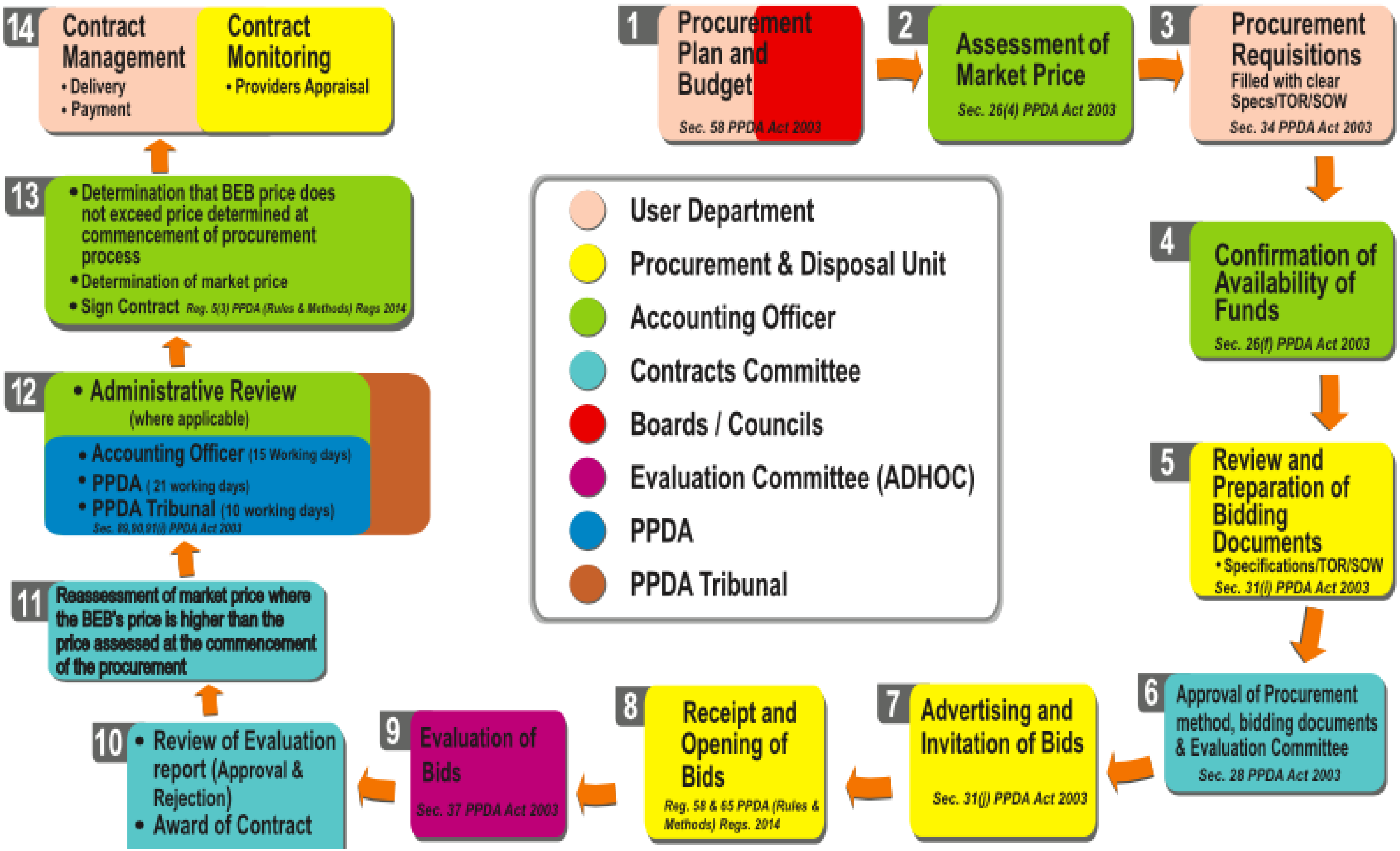


Fig. 2.3 (s): Extract of the UETCL Procurement Process

Desired Situation

Companies are greatly benefitting from technology bases innovative solutions that allows suppliers and buyers to connect and do business on a single platform. Such solutions automate supplier management, boost analytics, and integrate UETCL with B2B suppliers.

The policies that an organisation puts into place ensure that the staff know what they should be doing. Given the scale of procurement, it is important for the Company to document a Procurement Manual.

The scale and strategic importance of the procurement function is a good determinant of whether the department should be a standalone department or a section within a department.

In a bid to keep their BODs strategic, leading companies do not involve their BOD in procurement approval decisions. Companies such as NSSF and Umeme restrict the BOD to the approval of the Annual Operating Budget. Management is then tasked to implement the operating budget and undertake all Procurement decisions.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
The scale and strategic impact of procurement calls for independence of the PDU with the unit focusing on improving its efficiency. This has been adopted by the UETCL. The efficiency could be greatly impacted by technology enabled process flow and B2B solutions. The Company has no Procurement Manual in place – but development is underway. If the BOD is to focus on strategic decisions, its procurement approval should only be for strategic or material procurements. A rule of thumb for measuring materiality is to consider 1% of revenue (UGX 11bn for 2019) with the BOD focusing on approval of the Annual Operating Budget.	Adjust the approval levels to engage the BOD on strategic procurement and focus the BOD on approval of the Annual Operating Budget.	0 – 6 Months	BOD MD/CEO MFAS MPD
	The Company needs to expedite the ongoing development of a Procurement Manual. In developing this manual, all procurement processes should be mapped and timed with clear escalation set to manage the delays. The Manual should focus on reducing the complexity and length of the procurement process.	0 – 6 Months	BOD MD/CEO MFAS MPD
	Automate procurement with a technology enabled process flow and B2B solution.	6 – 12 Months	BOD MD/CEO MFAS MPD

Table 2.3 (cccc): CDN, Procurement

2.3.6.10 Development Partner Support

Current Situation

Support from Development Partnershas come in the form of capital grants and loans as indicated in the table below.

	2014	2015	2016	2017	2018	2019
Capital grants	***55,470***	***105,681***	***209,274***	***214,108***	***221,788***	***323,975***
Norwegian Agency for Development (NORAD)	54,257	90,178	156,271	154,560	152,314	152,314
Swedish International Development Association (SIDA)	1,213	1,333	799	1,396	1,405	1,405
Japan International Cooperation Agency (JICA)		14,170	49,880	54,440	63,843	62,371
Islamic Development Bank				1,202	1,308	31,521
KfW			2,324	2,510	2,918	16,503
International Development Agency						59,861
Borrowings	***236,139***	***453,703***	***594,163***	***624,711***	***1,124,747***	***1,409,058***
International Development Agency	30,989	92,292	139,853	146,585	165,030	183,311
African Development Bank	138,617	223,422	272,452	274,345	305,000	297,708
Japanese Bank of International Cooperation	57,941	126,934	158,595	169,307	183,805	175,764
French Development Agency	8,592	11,055	23,263	34,474	74,939	89,913
Export Import Bank of China					395,973	662,362
Total support	***291,609***	***559,384***	***803,437***	***838,819***	***1,346,535***	***1,733,033***
Total support to total assets	*21%*	*34%*	*38%*	*37%*	*44%*	*48%*

Source: *UETCL Audited Financial Statements*

Table 2.3 (dddd): Capital Grants and Loans from Development Partners2014–2019

Support has come primarily from low interest infrastructure loans (79% of the support) and capital grants (21% of the support). This support accounts for a significant portion of UETCL's total assets. The percentage of UETCL total assets financed from Development Partnershas grown from 21% in 2014 to 48% in 2019. Development Partnershave focused on physical infrastructure and few of the support agreements have capacity building components.

As an implementing partner of GOU projects, UETCL has no fiduciary responsibility to repay the loans and the cost of the loans is capitalised to the assets being financed with the final P&L impact being felt in depreciation.

Whereas the loans are deemed concessionary, the effective cost of the loans (excluding foreign exchange gains and losses) has average 2.1% with some loans being priced at commercial rates. For example, the French Development Agency loan has averaged 9.9% over the review period.

A review of a sample of financing and on granting agreements indicates both standard (loan interest and fees, covenants, repayments) and expanded clauses (annual work plans, implementation manuals, anti-corruption clauses, RAP management, ESMP compliance and project reporting). Save for commitment fees on undisbursed loan amounts (included to encourage draw down), our sample review did not reveal onerous content that a reasonable lender would not include in a typical sovereign lending agreement.

Whereas Development Partnersare keen to note the successes of UETCL, they have raised the following pertinent issues.

a) Delays in project execution – which is the key driver for under absorption of funds. This has escalated to the point that undisbursed portions of some financing agreements have been cancelled on projects such as:
   - Hoima-Kafu Transmission Line (World Bank IDA).
   - Mbarara - Nkenda Transmission Line (African Development Fund (ADF)).
   - NELSAP Interconnection (JICA).

   From the reviewed value for money audit reports, these delays are driven mainly by delays in PAP settlement and land title processing

b) Complex and lengthy procurement process followed by UETCL.

c) Low levels of automation in grid management and service delivery.

The support agreements normally come with the requirement for UETCL to follow the donor's prescribed procurement rules which is in line with Section 4A (2) of the PPDA Act 2003 which states: *"Notwithstanding subsection (1), where there is a conflict between this Act, regulations made under this Act or guidelines issued by the Authority and a condition imposed by the donor of the funds, the conditions of the donor shall prevail with respect to the procurement that uses the funds"*

These requirements are transparent and are available on the respective development partner websites. A reasonable borrower could be expected to review and negotiate these before drawdown of the loan.

Over the course of the review, we received comments on the challenges caused by procurement and RAP guidelines imposed by the development partners. We were, however, unable to substantiate these comments with documentary evidence but could infer the impact of some clauses and guidelines. For example, KfW sustainability guidelines state that *"No physical resettlement of people shall take place until a project-specific RAP has been developed and agreed by KfW Development Bank"*

Desired Situation

The UNCTAD has noted that unsustainable international debt burdens haunt the developing world and are fast becoming a core obstacle to the international community delivering on its repeated promises to enable sustainable development finance.

For the best part of two decades, the driving motor of the global economy has been debt, issued on a whim and traded for speculative purposes, rather than backing productive and long-term investment, including into the structural transformation of developing economies.

Governments are charged with checking this proliferation. The sustainability of a government is usually measured by reference to criteria of sustainability given by various debt and debt service ratios. For HIPCs, these include:

- The Net Present Value of Debt to Exports ratio.
- The Net Present Value of debt to revenue ratio.

The United Nations has further recommended to ensure that Official Development Assistance (ODA) and other international public support for development represents genuine transfers, including ending aid tying, removing in donor costs and debt relief, providing the majority in the form of grants, and reforming concessional lending by reflecting the real cost of loans to partner countries.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
Whereas financial evaluation was evidenced as a key component in all financing decisions, its impact in the overall borrowing decision appears understated when compared to social good motivations. An example, the continued investment in increasing generation capacity even with supply nearly double demand. Development Partnershave now financed 48% of the transmission assets. Procurement and RAP guidelines included in the support agreement were noted as areas for improvement. Given that these are transparent and available on the respective development partner website, a reasonable borrower could be expected to review and negotiate these before drawdown of the loan. The effective interest rate on some of the partner financing is tethering on commercial interest rates. The loan from AFD had an effective interest of 9.9% over the review period. The effective cost of borrowing does not feature in Management and BOD reporting.	The role of financial evaluation should be put at the forefront and ongoing evaluation of borrowing decisions with consideration of such measures as NPV and payback period.	12 – 24 Months	MOFPED BOD MD/CEO MFAS
	MOFPED should renegotiate the loan interest of the AFD loan using its positional bargaining and interest-based strategy strategies. Before the signing of the loans, the real cost of the loans should be determined.	0 – 6 Months	MOFPED BOD MD/CEO MFAS
	Management is already involved in the execution of borrowing agreement but should play a greater role to either negotiate out or plan for clauses or guidelines that could negatively impact on project implementation.	0 – 6 Months	MOFPED BOD MD/CEO MFAS
	Management should include the effective cost of borrowing in Management and BOD reporting and adopt measures such as Economic Value Added (EVA).	0 – 6 Months	MOFPED BOD MD/CEO MFAS

Table 2.3 (eeee): CDN, Development Partner Support

2.3.7 IT Systems

IT systems were assessed through a review of the IT governance process, business systems, support systems, infrastructure, ERP project, project management, and business continuity capacity areas. The majority of the existing business systems were inherited from UEB and have since been upgraded, patched, and maintained in line with the ICT software maintenance policy which states that the software in use on the UETCL systems shall not be at least two (2) releases older than the latest version. Business processes are not fully automated, business systems perform part of the process with other legs or for other processes entirely performed on papers. Business Systems were found to be available for transactions and users adequately supported by the ICT team. IT service management lacks the support of an enterprise-level helpdesk system and user issues or requests are almost not logged. IT system projects are managed internally by the ICT team also handling IT service management.

2.3.7.1 IT Governance

UETCL follows the CMMI framework for information technology governance and ITIL framework for information technology service management

ICT Strategy

Current Situation

UETCL had a 5-year ICT strategic plan aligned to the CBP Period 2014 – 2018. The ICT Strategy provided a high-level framework for effective management of ICT in line with the corporate business objectives and emerging ICT trends.

A review of the annual work plans showed clear planning and assignment of work activities among the ICT staff. The work plan further elaborates when specific work is to be performed, specific activities relating to execution, performance, and output indicators. All work plan activities were linked to the ICT strategy which is linked to the CBP.

Performance review for the ICT strategy covering the period under review shows that several targeted initiatives were not implemented owing to limited financial resources while others experienced various project delays and remained in progress.

ICT strategy project implementation progress

No	Name of the project	Year of implementation	In progress	Not Started	Completed
1	Implementation of ICT governance and restructuring of ICT organization	I			
2	Implement helpdesk system to facilitate the primary interface between ICT and business units				
3	Establishment of change and project management office				

No	Name of the project	Year of implementation	In progress	Not Started	Completed
4	Develop and implement service level agreements with the business				
5	Develop and implement a business continuity and disaster recovery plan				
6	Develop and implement security management framework and policies				
7	Implement core infrastructure upgrade to support unified communication technologies– VOIP and Mobile Workforce management				
8	Implement Wide Area Network Infrastructure management system	II			
9	Develop a smart grid development vision for the deployment of smart grid technologies				
10	Undertake requirements development, selection and implementation of an ERP – Phase 1				
11	Implementation of an ERP system – Phase II	III			
12	Integrate existing applications such as SCADA and GIS based on a new technology architecture to enable them share data	IV			

Source: *Corporate Business Plan 2019/20 - 2023/24*

Table 2.3 (ffff): ICT strategic Project Implementation Plan Progress

Due to lack of funding for the planned ICT strategic projects the ICT department undertook other initiatives to increase the digitization footprint at UETCL.

The initiatives include:

i) Implementation of a wayleaves information system.

ii) Design and implementation of a budget information system.

iii) Implementation of CCTV surveillance systems in most of the newly constructed sub-station installations.

iv) Improvement of network connectivity services through the implementation of structured cabling.

v) Implementation of a fibre infrastructure that is a mixture of OPGW, SKYWRAP and ADSS with a total optical length of 480.85km.

vi) Information, network, and personal protection security by implementing biometric access units, logical security solutions and DMZ.

vii) Improvement on internal and external communication using voice over internet protocol.

viii) Improvement of communication links between sub-stations and control centre by use of the fibre network and PLC.

ix) Implementation of tower protection and surveillance systems.

x) Implementation of a remote fibre test system to continually monitor the fibre network for quality variations; in addition to providing notifications via SMS to the support team.

xi) Implementation of high availability solutions that ensure that critical data and applications are always available.

Desired Situation

Effort must be focused on aligning the ICT strategy and governance framework with the corporate business plan. All ICT initiatives undertaken should continuously be aligned with business value drivers to avoid engaging in non-strategic initiatives and address changing business priorities. Strategic initiatives should be implemented through well formulated project plans augmented with a well-maintained risk register with mitigation and contingency plans guiding on the next steps in case funding or other project risks are experienced.

The ICT Steering committee must ensure that ICT strategy performance assessments are performed periodically, and that funding is prioritized for key initiatives to avert schedule and other project-related risks.

Digital transformation in leading power transmission companies involves integrating innovative Information and Communications Technology (ICT) and digital power platforms with best industry practices to provide:

i) A digital (smart) grid that supports status awareness and intelligent interconnection.

ii) Digital operations that improve operations and maintenance (O&M) and operational efficiency.

iii) Digital Services that support scenario-based solutions such as multi-station integrations, smart metering, and integration with business applications.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
UETCL needs to engage ICT leadership in strategic business decision making including assigning business objectives to ICT leadership team to ensure equal stake in business goals delivery	Position ICT as a business enabler. Assign ICT a top management seat Add KPI to measure ICT Business Enablement: 1. Number of new or improved business opportunities leveraging technology 2. Cost savings by leveraging technology initiated by ICT department 3. Revenue generated by leveraging technology initiated by ICT department 4. UETCL Leveraging technology for competitive advantage 5. UETCL considered a technology leader in the industry	6 – 12 Months 6 – 12 Months	MD/CEO BOD MD/CEO BOD
ICT operations are too dependent on external support and solutions limiting opportunity for creating synergies for delivery of custom solutions development to scale the digitization landscape at UETCL	Help the ICT team understand the business, competitors, customers including critical end users, opportunities, and challenges to enable them to develop innovative solutions. Train ICT team on ITIL	0 – 6 Months 0 – 6 Months	MD/CEO BOD MD/CEO MICT
The ICT strategy alone might not deliver digital transformation across the business. There is need of creating synergies for larger digital footprint. Opportunities to implement advanced technologies such as predictive analytics, internet of things (IoT), and artificial intelligence (AI) should be prioritized as such technologies are key ingredients for projects in the ICT Strategy 2019/20 - 2023/24 such as automated meter reading system.	Prepare UETCL for digital transformation Create a digital strategy Assess impact, adaptability, and business value of newer technologies Pilot cutting edge technologies Open WIS to the public to submit PAPs applications online Create WIS mobile device integration to extend the application to the field	0 – 6 Months 0 - 6 Months 0 - 6 Months 6 – 12 Months 6 – 12 Months 0 – 6 Months	MD/CEO MICT MICT MICT MICT BOD MD/CEO MICT

Table 2.3 (gggg): CDN, ICT Strategy

2.3.7.2 Policies and Procedures

Current Situation

UETCL has documented ICT policies and guidelines. There is general adherence to set policy and guidelines evidenced by availability of user acceptance forms committing to adhere to the general ICT policy, and approved request form in the ICT office. There was no evidence of periodic training or sensitization of employees on existing and new policy and guidelines. Training and sensitization help to remind and inculcate policy guidelines into organization.

Existing ICT policies include the following:

(a) General ICT policies

• ICT system acquisition policy • Antivirus policy • ICT system access policy • Internet and intranet use policy • Website policy • Online transaction system use policy • Email policy	• ICT infrastructure maintenance policy • ICT Hardware useful life policy • Software maintenance policy • Change control policy • Acceptable use policy • Telephony policy • Software licensing and copyrights

(b) Security policies

• Physical security policy • System and information security policy • Business continuity policy	• ICT equipment Security policy • Bring your own device (BYOD) policy • User support policy

(c) Optic fibre policy

- Optic fibre policy

Existing ICT forms include the following:

- Equipment transfer form
- Equipment inventory
- Software inventory
- Approval of installation and use of new software
- Approval to access ICT Systems
- Approval to connect own device to UETCL network
- Fibre optic service order form
- Acknowledgement of receipt of ICT policy

Desired Situation

Having documented policies and guidelines alone does not lead to user adherence to policies. ICT Policy related training and sensitization need to be performed through various channels including ICT managed forums and gathering, the help desk, company portal, departmental, and Company meetings. ICT policies, guidelines, standard operating procedures, service level agreements, and manuals should be kept as part of the company knowledge base on the enterprise helpdesk system.

Focussing on the continuous alignment of existing and creation of new policies and, guidelines to meet current and expected technology trends, change in ICT governance framework, project methodologies, Corporate business priorities, and extra. Leading companies review their ICT policies no less than quarterly and as often as monthly.

2.3.7.3 ICT Audits and Risk Management

Current Situation

There is evidence of examination of management controls for ICT systems, environment, and infrastructure by the Internal Audit department and NITA. Reviewed audit reports showed slow progress in addressing Audit queries with some repeat findings raised in subsequent reports which limits ICT capacity to safeguard ICT assets, maintain data integrity, and operate effectively to achieve the UETCL strategic objectives.

The available ICT risk management register lacks mitigation and contingency plans, review details, status details and next steps if any, risk owner, and risk timeframe

Desired Situation

Stable IT operations are hinged on timely improvement of controls for ICT systems, environment, and infrastructure. Adopting a leading IT governance framework, IT service management framework, and standard project management methodology, embracing new technologies, and consistent upgrade and patching of systems averts risks and vulnerabilities associated with IT systems. When considering new IT systems seek out systems with enhanced Reporting and analytics, strong compliance control and risk management.

2.3.7.4 Business Systems

Effective business systems help businesses address their scaling growth and operations by connecting processes to work together for the achievement of the business strategy. Key UETCL business systems include:

a) Sun Systems

Current Situation

UETCL uses Sun Systems as its ERP handling aspects of the following components related to financial management: accounts payable, accounts receivable, sales / revenue process, bank reconciliation, salary processing and asset management, and supply chain management: purchasing, inventory management.

The above processes are all not fully automated with manual legs of the transaction being captured on the ERP with journal vouchers. Specifically, the billing process is manual and compiled in Ms Excel before being captured on the ERP through a journal voucher.
Some processes such as inventory management are still almost entirely manual and there is a general duplication with the use of both paper and ERP.

There is no integration with other existing business systems. The projected roadmap is to keep Sun systems operational until a new enterprise business system is implemented and fully operationalized.

Desired Situation

Implementing an integrated ERP System that support all key business processes of UETCL. It is essential to choose an ERP that is based on a service-oriented architecture (SOA) to easy integration of existing and future business systems.

UETCL suffers from organizational siloes characterized by communication breakdowns, and productivity lags among other issues. A fully integrated ERP system with workflow visualization will breaks down these siloes by helping employees see what their co-workers are doing across departments leading to understanding the upstream and downstream processes that are connected to their own processes. It will also help employees know how their individual jobs impact the entire value chain. This visualization is important for two reasons:

i) Employees are more likely to embrace new processes when they understand how integral the processes are to the company as whole.

ii) Managers benefit from a knowledge of end-to-end processes as it allows them to trace issues back to root causes in specific parts of a workflow.

To scale ERP investment gains, business process reengineering should be used to improve business processes, so they support the flow of information across functional areas.

b) Way leaves Information System

Current Situation

WIS is a web-based application that is used by various users involved in the wayleaves acquisition process. Activities performed on the system include PAP information capturing, package review, payment batching, payment processing, awarding compensations, documenting grievances, documenting stakeholders' engagement, managing, and tracking expenses, digitizing documents, file closure and archiving.
Wayleaves information captured by the Field teams offline is entered onto WIS by the back-office team to prepare PAP packages. Acceptance packages are batched and printed off. PAP payments are processed in Sun Systems. The wayleaves acquisition process includes several approvals and verifications both on WIS and Sun systems.

Desired Situation

An improved WIS that allows applicants to submit applications electronically with automated application pre-submission checks. With a central work center for coordination where application can be assigned, reviewed, tracked, and processed to fulfilment supplemented by automated notifications to PAPs about changes in the status of their applications.

WIS with Mobile device integration, enabling the performance of field activities on mobile devices. Activities that to be performed on the mobiles include capturing of site inspection details, PAP information, logging PAP engagements, recording field expenses, capturing social and geographical information, updating GIS database, checking the live progress of applications, and logging of investigative information.

c) Resource Link

Current Situation

Resource Link is a web based human resource management system offering extensive functionality in people management and payroll supplemented with reporting and analytics. Resource Link is a Standalone system not sharing employee details with other transactional systems. The payroll is exported in excel and imported into Sun systems for payment. The system will be maintained in a functional state until an ERP system with HCM module or capabilities is implemented.

Desired Situation

The entire employee lifecycle should be managed in an integrated ERP System. All Modern ERP systems have a human capital management module providing human resource management and payroll functions, coupled with employee self service capabilities to manage the various types of employee requests at UETCL.

d) UETCL Connect

Current Situation

UETCL Connect is a web portal running on Microsoft SharePoint platform. The portal provides several functionalities that support business operations including:

- Workflow approval management used to request for operational funding (petty cash, accountable advance, operational subsistence and extra), leave applications, fuel accountability and reimbursement, catering requests, stores requisitions.
- Information sharing portal which hosts communication from top management, Company news, security tips, events calendar, organization policies, grid project updates
- Applications dashboard which displays links to all other web-based systems

The portal runs as a standalone system, approved requests are printed off and used to create proceeding transactions on other business systems.

Desired Situation

The web portal should be maintained for company communication, hosting company and ICT documents, quick access to UETCL systems among other roles.

All employee requests and approvals should be migrated from the web portal and implemented in the new ERP System.

e) Supervisory Control and Data Acquisition (SCADA) system

Current Situation

The SCADA system is used to monitor and control critical grid infrastructure in real time, optimise operational transmission grid configuration, implement manual and automated switching of transmission grid components, remote control and operation, real time operational data and system events, and provide early warning of potential disaster situations.

Server Hardware and database system that host SCADA reached end of life and are no longer supported by their vendors which raises software, hardware, and security risks. Additionally, running end of life software and hardware systems violate the ICT hardware useful life policy which states that servers will have 5 Years of Useful life and the ICT software maintenance policy which states that software in use on the UETCL systems shall not be at least two (2) releases older than the latest version. This situation creates a huge risk regarding UETCL's ability to manage the Transmission Grid in the event the SCADA system abilities are degraded and/or shuts down threatening transmission grid availability. Additionally, there is a lack of business application redundancy. SCADA has a single instance and in the event of a disaster, UETCL business may not recover in a timely manner.

Desired Situation

UETCL must meet increasing demand for reliable power transmission while coping with decreasing tolerance for disruptions and outages. The implementation of a newer version or upgrade of the SCADA system is one of the most cost-effective solutions for improving reliability (system uptime), cutting management and support costs, and improving system utilization. Modern SCADA systems feature built-in redundancy and backup systems to provide sufficient reliability.

f) Geographical Information System

Current Situation

The activities performed on the system include route identification, PAP location and spatial data verification using updated google images, transmission infrastructure location verification, wayleaves management for lines already in operation, field teams management using work force management, compensation status tracking on a particular line, vegetation cover analysis with in the transmission corridor, road crossing analysis for planned lines, transmission lines and substations documentation of as built and verification, tracking changes on transmission infrastructure. The system is integrated with WIS to aid in PAP location verification

Desired Situation

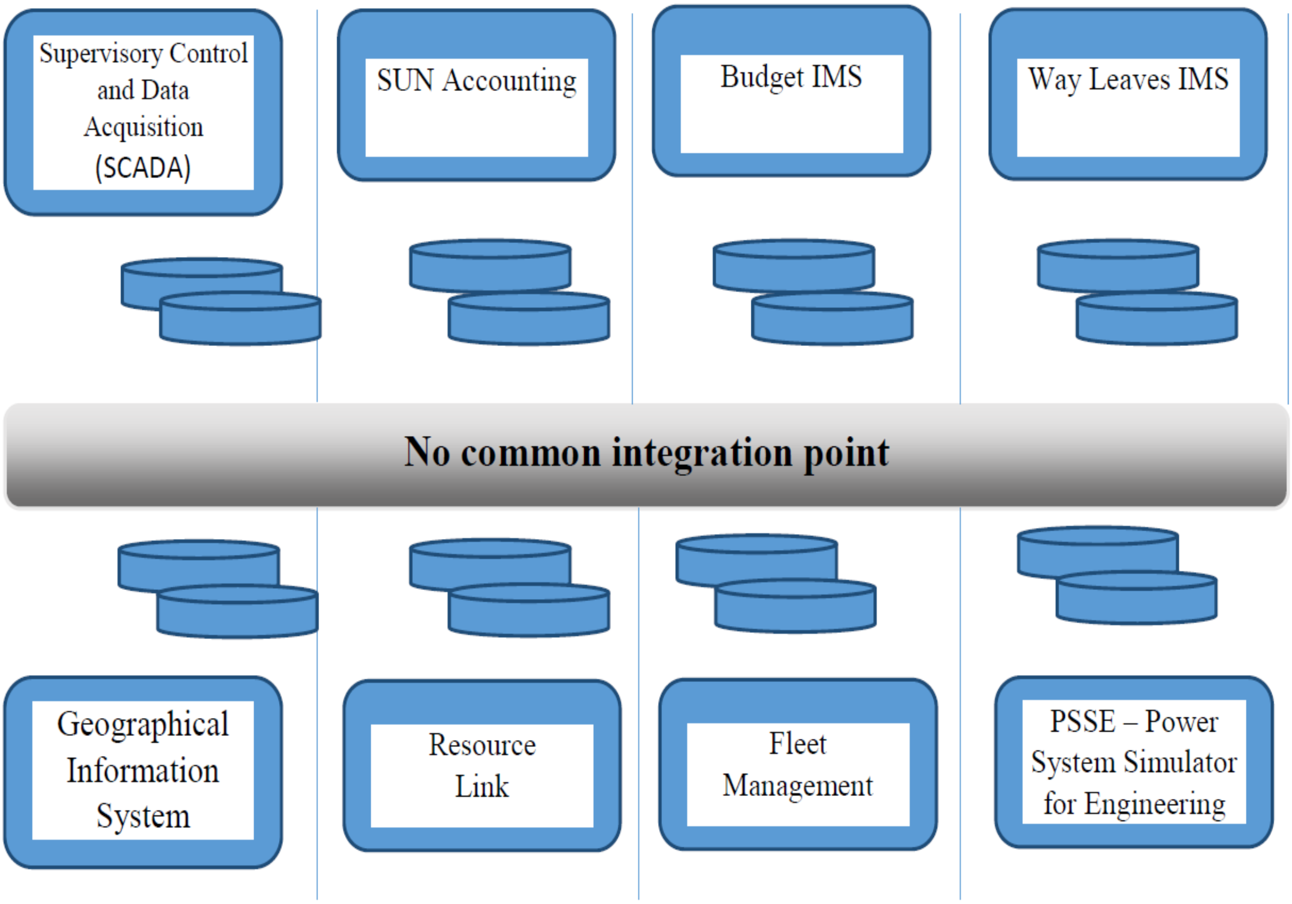
The GIS application should be integrated with SCADA for spatial data capturing and reporting. This integration should be prioritized after successful SCADA upgrade.

During ERP selection phase an ERP system with GIS capabilities supported in modules such as the enterprise asset management (EAM) and Transportation management should be selected.

2.3.7.5 System integration

Current Situation

The ICT landscape lacks integration, information systems function independently leading to siloed operations.

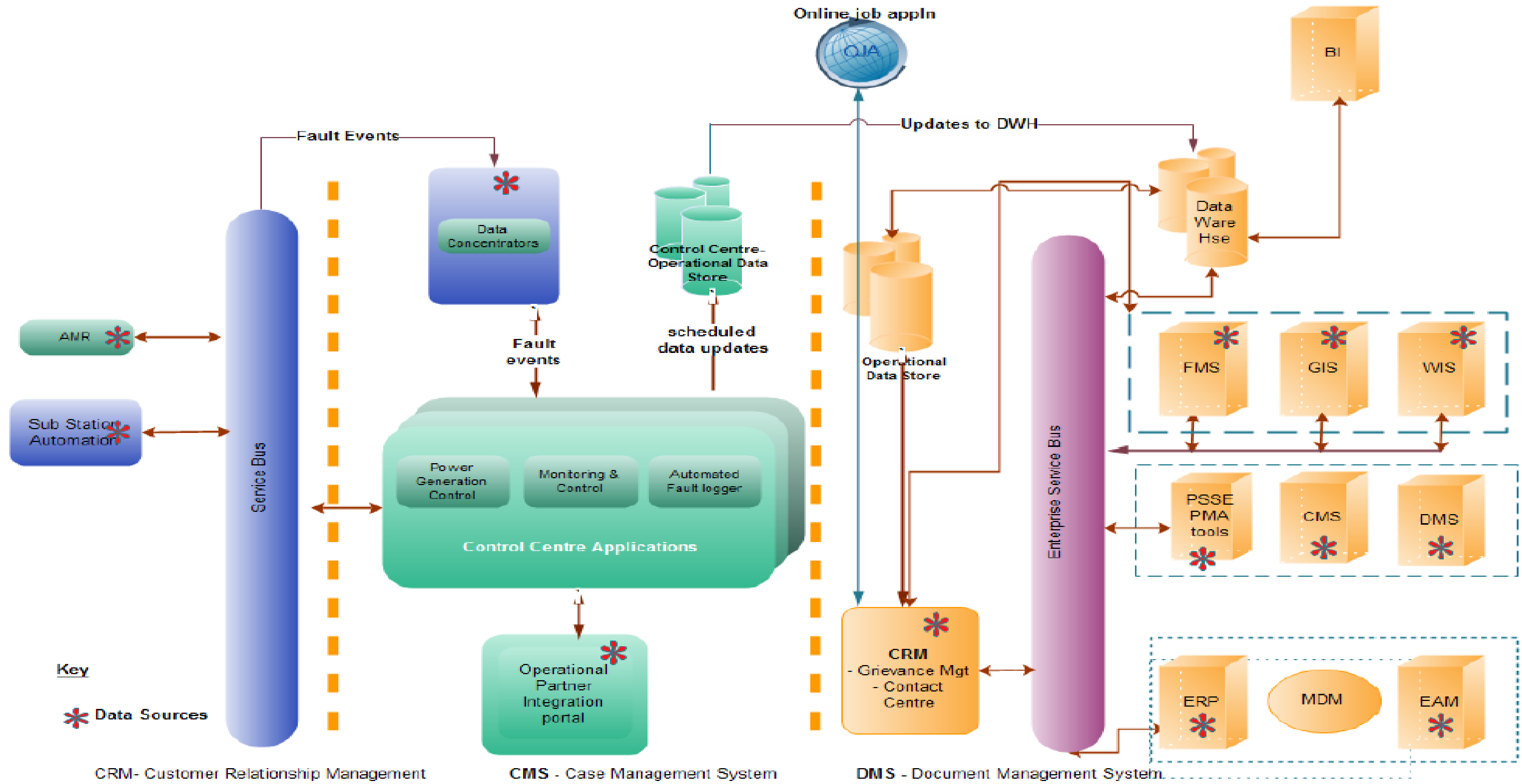


Source: *UETCL ICT Strategy 2019/20-2021/24*

Fig. 2.3 (t): High-level overview Information Systems at UETCL

Desired Situation

Integrated systems sharing master and transactional data through an enterprise service bus. The proposed architecture will provide a platform on which system and processes can be integrated to support seamless exchange of data across previously independent business processes and systems leading to the availability of real-time information, improved management decision support through a single view of business operations (single source of truth), ability to simulate planned situations (forecasting), improved enterprise performance in terms of cost, quality, and responsiveness, and elimination of operational silos. Business integration will ensure UETCL is positioned to maximize ERP benefits.



Source: *UETCL ICT Strategy 2019/20-2021/24*

Fig. 2.3 (u): High-level overview of desired application architecture

The proposed architecture was approved by the Board of Directors and is under implementation. It will provide a platform on which system & processes are integrated to support cross cutting transactions & unified reporting.

2.3.7.6 Enterprise support systems

Enterprise support systems play critical roles in providing a platform on which business systems are implemented, access, scaled and controlled.

a) Spiceworks Help Desk System

Current Situation

Spiceworks is a free web-based Help Desk software that offers basic help desk and ICT inventory (assets) management functions. User requests received through mobile and office phones and walk-in into the ICT office channels are most times not logged to the helpdesk system. There is a lack of visibility on the side of the users on raised and escalated calls. The ICT team is unable to provide reliable record on incidents, problems, volume of service requests, performance against SLA, service quality, and other helpdesk service metrics which include mean time before failure, mean time to recovery, mean time to failure, mean time to acknowledge and extra.

Desired Situation

IT service management through an enterprise IT help desk system aligned to the ITIL framework. Enterprise ICT help desk systems offer advanced features to enhance ICT operations including:

a) Incident management – user ticket lifecycle management.

b) Problem management – to perform root cause analysis of problems and reduce recurring incidents.

c) Asset management – to gain complete visibility into IT assets, improve their utilization, and manage software licenses

d) Service Catalogue – to manage business and technology-related services.

e) IT Project management – to plan, organize, and assign tasks effectively for all projects. Associate projects with changes and problems to enhance ICT service delivery.

f) Visual Workflows – to standardize service delivery with visual process workflows.

g) Integrations with Microsoft Office applications - add-in for Microsoft Outlook to enable easy logging of calls through email, Microsoft teams for collaboration, and Microsoft calendar for meetings and following up.

h) Advanced Analytics – to provide trend reports to make better business decisions.

i) Knowledge base – to provide extensive documentation of processes, incidents, problems, case studies, how to documents, training manuals, system documentation to both users and the ICT support team.

j) Customization – to align the help desk system with organizational business objectives.

k) Automation – to automate repetitive processes

l) Intelligent Assistant – to leverage on artificial intelligence-based automations to provide automated service intelligent assistance for common issues.

b) ICT Network

Current Situation

UETCL network connects the head office with the various regional and sub-regional offices. The network is secured with outgoing and incoming traffic being monitored. Current network capacity can support available business operations but is unable to support planned business investments. Existence of aged cabling and network infrastructure hampers network expansion, stability, agility, and interoperability.

There is a planned major upgrade of the core network as part of a contract to supply, deploy, and commission the hardware and operational environment that will host the ERP software solution.

Desire Situation

Setup future-proof ICT and transmission networks able to support current and planned IT Systems and power control centre application. The wireless network footprint at UETCL needs to be up scaled to relieve cabling efforts, provide an extensive and stable network. Modern transmission companies run highly secured wireless networks for both IT and, power control and management.

c) Infrastructure

Current Situation

UETCL ICT data centre is located at its head office in Kampala in the Central region and a disaster recovery site in Tororo in the Eastern region. Core ICT infrastructure that hosts all information systems and services resides in the data centre. Hardware and network virtualization have been adopted to improve data centre productivity and move towards a more green-friendly environment.

The data centre is outdated in terms of technology and capacity. The cabling infrastructure, servers, air-conditioning, fire suppression and routing equipment do not meet the latest standards required to host enterprise-based systems that UETCL plans to implement as part of its digitization agenda.

UETCL has a secondary data centre that provides disaster recovery services through virtual machine replication. Current replication does not cover host virtual machines which creates inefficiency in the recovery solution in case of disaster or server failure at the data centre.

Desired Situation

Urgent efforts are needed to remodel the data centre with hyper-converged infrastructure, latest network cabling, modern cooling, fire suppression, and uninterrupted power supply system before the implementation of enterprise IT systems. Replacing outdated data centre technology will help UETCL achieve significant business benefits including reduced IT costs, increased efficiency and agility, reduced data centre complexity, accelerated IT responsiveness, and mitigate security risks.

There is a need to improve existing backup and recovery devices with those providing protection for physical, virtual, and SaaS environments with pre-integrated appliances, supporting automated recovery testing, and a massive library of operating systems, applications, virtual machines, and devices.

2.3.7.7 Enterprise Resource Planning Project

Current Situation

The ERP will be implemented in three major phases over a period of three successive years. Each phase is anticipated to last a maximum of 8 calendar months.

The components of the proposed ERP system are required to cover all the business functional areas of core business processes within UETCL. Completed project activities include the mapping of Companywide business process, feasibility study, capture of functional, technical and hardware requirements.

No.	Phase	Duration	Activity
1	Phase I	8 Months	i. Financials ii. Human Capital Management & Payroll iii. Enterprise Asset Management iv. Planning, Budgeting & Forecasting v. Procurement & Inventory Management
2	Phase II	8 Months	i. Project Management, monitoring and evaluation ii. Business Intelligence iii. Service Quality Management iv. Trading / Bidding / Contracts (including e-procurement)
3	Phase III	8 Months	i. Power System Analyses, which covers following areas; 1. Load Forecasting 2. Technical Losses Accounting and Management 3. Commercial Losses Accounting and Management 4. Power Planning and Analyses Programs ii. Governance, Risk and Compliance iii. Customer Relations Management
4	Warranty/ Defects Liability	12 Months	Post implementation support and maintenance at no added cost

Source: *ERP Core requirement document*

Table 2.3 (hhhh): Summary ERP work plan

An ERP supervision Consultant has been contracted to carry out project management and supervision of the design, supply, and installation of the ERP, including required middleware, software/licenses, and training.

Process Mapping

In a bid to achieve efficiency in its business processes, the Company re-engineered and documented all its business processes in preparation for implementation of the ERP system.

Feasibility Report

The feasibility study report on cost-benefit analysis of implementation of an ERP at UETCL published by UETCL Consultant provided preliminary information on capability of leading ERP systems, level of integration and associated costs.

It is however important to note that the computing landscape has since changed with Tier 1 ERP systems replacing benchmarked versions of their systems with newer improved version resulting from research and development effort, business mergers and systems acquisitions. A case in point is the SAP ERP, which was replaced with SAP S4HANA, Oracle E-Business Suite R12.1 with Oracle E-Business Suite R12.8, Microsoft Dynamics AX replaced with Microsoft Dynamics 365 and extra. The new applications provide extended functionality which currently covers many of the functionality thought to not be covered in the feasibility study.

Core requirements

The ERP functional and technical requirements published in the bidding document for the Procurement of supply, installation, configuration, customization, training commissioning, and support of enterprise resource planning (ERP) System part1 Volume II: core system technical requirements were found to be enterprise based and encompassing all departments and sections of the organization.

Hardware requirements

The Hardware requirements published in the bidding document for the procurement of enterprise resource planning (ERP) system lot 2 volume ii: hardware and environmental technical requirements are sufficient to host the ERP system for at least 5 years after go-live. Although lack of clarity on whether UETCL or NITA infrastructure is to host the ERP transactional and redundancy systems poses a schedule project risk which should be sorted sooner than later to ensure the project is delivered within schedule.

Desired Situation

An ERP encompass a wide range of software products supporting day-to-day business operations and decision-making. At its core, an ERP system is designed to make business processes as quick and easy as possible. However, if people, processes, and technology are not aligned and integrated, ERP software could fail to deliver these benefits.

While ERP software allows to automate most manual, time-consuming tasks, it might be rendered ineffective if used to automate current business processes that are based on non-integrated and siloed operations. We recommend taking time to improve current (As-Is) processes and develop future (To-Be) processes. It is much more complex and expensive to improve processes after implementation.

Additionally, it is important to standardize business processes by considering the "why" behind the process, that is, if it is done this way because it's always been done this way, or if there is a compelling business reason. Business process standardization will yield seamless workflow in UETCL business, improves collaboration and communication between team members, and eliminate silos. It is key to note that organizations that implement their ERP system while focussing on change management and business process management often experience immediate business improvements.

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
The implementation of an ERP system presents opportunity to integrate standalone ICT systems. Tier 1 ERP systems include several enterprise business applications.	Review, update, and signoff of future business process maps, functional, technical and infrastructure requirements before the tendering process.	0 – 6 Months	MD/CEO MICT
WIS users are faced with PAPs document storage and search challenges. There is need to integrate WIS with DMS system for advanced document workflow management and approvals, strong search capabilities, tracking, and notification functions	Integrate WIS with the document management system	0 - 6 Months	MICT
UETCL grid infrastructure is fast growing in expanse and complexity but operating on an old system that was provided around 2003. The SCADA system has reached its limit in terms of capacity, has no back-up National Control Centre (NCC) with old ICT infrastructure that has reached its end of life.	Upgrade SCADA System Integrate GIS with SCADA	0 - 6 Months 6 – 12 Months	BOD MD/CEO MICT
The current free helpdesk system is not archiving much in terms of functionality and use there is an urgent need for an enterprise level help desk system to support UETCL enterprise IT operations.	Implement an enterprise IT help desk system	6 – 12 Months	MICT
The existing Core network cabling and infrastructure is aged, does not meet current computing standards, and needs a revamp. For effective network performance improvement should be extended to Substations and the Power Control Centre. Wireless networks help to relieve cabling efforts and reduce point of failures.	Revamp Core Network infrastructure Increase the wireless network footprint. Improve cable quality across all network locations Deploy a Data Centre monitoring tool	0 – 6 Months 6 – 12 Months 6 – 12 Months	MD/CEO MICT MD/CEO MICT MD/CEO MICT
The computing infrastructure including servers, storage, and backup systems in the Data Centre are aged and unable to support the new Business and ICT Strategy.	Implement Hyper-converged infrastructure Upgrade fire suppression, cooling, and power backup systems	6 – 12 Months 6 – 12 Months	MD/CEO MICT MD/CEO MICT

Table 2.3 (iiii): CDN, Enterprise Resource Planning Project Review

2.3.7.8 ICT Project Management Office

Current Situation

Setup of the ICT project Management office (PMO) was recommended and planned in the ICT Strategy. This initiative has not taken shape; there is no specialized project management office or personnel in the ICT department. ICT projects are planned in line with the corporate business plan, elaborated in the ICT strategy with specific project activities placed in the annual work plans.

The ICT Manager is designated project manager for key ICT projects which poses risk in level of attention and availability accorded to project management versus ICT operations management.

Key performance areas for the ICT PMO can include ICT Investment decision making, enforcing standard methodologies and tools, project administration, change and release management, setting project performance metrics and reporting, project issues resolution, project capacity and resource management.

Additionally, no change management activities were observed to be taking place in readiness for the new ERP system. A change management plan was not in place with responsibility of change management hinged on the acquisition of an ERP supervision consultant.

Though a review of the tender for ERP supervision Consultant indicates that no change management assignments are expected to be performed by the ERP supervision consultant. Leaving this necessity undressed.

Desired Situation

Most digitization projects, including the ERP are strategic in nature and often lead to change in business process opening the business up to dissent and confusion. This is especially the case if the implementation will lead to altering or completely doing away with "tried-and-true" business processes. Effective organizational change management is a must, and essential in levelling the ground and defusing any brewing frustrations that can ultimately cause project failure. Communication among other change management activities should come from the top and should begin as early as possible. Leaders should be equipped to clearly communicate anticipated changes to employees, sharing key details including:

- Why the company is changing
- Why the change is happening now
- Exactly what processes will be changing
- What will stay the same
- The risks incurred if the company does not embrace the change

If this information is shared early and as often as possible, it can help ease employees' concerns and set the stage for a high rate of user adoption once the solution goes live.

The business needs to establish an ERP executive steering committee to ensure alignment between business goals and project goals, ensure project controls, keep executives accountable for ERP success, help address critical project issues. To mitigate potential risks, the steering committee should meet a minimum of once per month. Meetings should be more frequent during more critical times of the project, such as the months leading up to go-live. Additionally, an ERP project manager needs to be assigned and project leads selected as early as possible. The project team should be supported by project champions selected across all departments. Project team members should clearly understand the issues and decisions that need to be escalated to the steering committee.

2.3.7.9 IT Business Continuity Plan

Current Situation

UETCL has an existing IT business continuity Policy. The policy lacks critical business continuity aspects such as incident management procedures, training, compliance testing, business impact analysis, emergency response plan, crisis communications plan, and an employee assistance plan.

The Policy states that the contingency plan shall be tested annually which is not sufficient for enterprise-based IT operations. This also poses a readiness risk where disasters can happen with no certainty of recovery.

Desired Situation

The ICT Business continuity plan (BCP) should be improved to cover incident detection and reporting, business continuity plan activation, emergency operations centre activation, incident management procedures, and damage assessment and situation analysis. The BCP should be augmented by the emergency response plan, crisis communications plan and employee assistance Plan

Successful business continuity planning requires a business continuity team capable of implementing the continuity plans. The team should undergo training periodically using an approved training curriculum in a practical manner that simulates a crisis environment. Perform program tests using clear incident management procedures that are adapted to the business. Assess program compliance to set recovery time objective (RTO) and recovery point objective (RPO). Multiple copies of the business continuity plan should be available in the emergency operations centre (EOC) to ensure that team members can quickly review roles, responsibilities, tasks, and reference information when the team is activated. Leading companies switch over services to their secondary site at least once a year to test people, environment, and system readiness.

Capacity Development Needs	**Suggested Interventions**	**Priority**	**Responsible Actors**
There is contention regarding ERP system hosting with UETCL preferring own data Centre and NITA recommending their data centre	Determine ERP hosting	0 – 6 Months	CEO MICT

Capacity Development Needs	Suggested Interventions	Priority	Responsible Actors
The ERP project is still in planning phase with key document including Functional, Technical and Hardware Requirements determined, business processes mapped, feasibility study completed, and ERP advisory Consultant sought. It is time to kick start change management efforts, appoint a project Steering Committee, Project Manager, and project team.	Assign an ERP Project Steering Committee, ERP project manager, project team Assign a Change management Consultant Kick–off change management activities Select a project management framework or use combination of frameworks-choose your way of working (WoW)	0 – 6 Months 0 – 6 Months 0 – 6 Months 6 – 12 Months	BOD MD/CEO BOD MD/CEO BOD MD/CEO MICT MD/CEO MICT
The disaster recovery solution is currently setup to replicate virtual machines from the data centre to the disaster recovery site. Limiting the ability to recover in time in case of a disaster or a host server failure. There is urgent need to upgrade the business continuity infrastructure to perform physical and virtual environment backup and recovery	Update the IT Business Continuity Plan Upscale the Disaster Recovery Site Perform application-level recoverability testing and validate compliance with RTOs and RPOs Enable protection for physical and virtual, and SaaS environments	0 – 6 Months 0 – 6 Months 0 – 6 Months 0 – 6 Months	MICT MD/CEO MICT MICT MICT

Table 2.3 (jjjj): CDN, IT Business Continuity Plan

3.0 CAPACITY ASSESSMENT CONCLUSIONS AND RECOMMENDATIONS

This section details the emerging conclusions and recommendations from the capacity assessment of the engaged stakeholders along the three dimensions across eight functional capacity areas captured in Section 2 above.

Section 3.1 presents the conclusions on the Governance review, Section 3.2 conclusions on Human Resource and Administration, Section 3.3 draws conclusions on Legal/ Land and Servitude Acquisition, Section 3.4 draws conclusions on Financial Management, Section 3.5 presents conclusions on Capital Projects Management and Section 3.6 outlines conclusions on IT Systems, and Section 3.7 presents key recommendations from the Capacity Assessment.

3.1 Governance

With respect to the governance review the following conclusions were made:

a) UETCL has an established Board of Directors appointed by the shareholders. The Board appoints the Chief Executive Officer who is charged with day-to-day management of the Company.

b) The Draft National Energy Policy should be adopted to attain better coordination and Sector wide planning and better coordinate the multiple institutions in the Sector including UETCL.

c) UETCL's ownership is in the custody of the two ministers (shareholders) under the same Ministry. The two ministers are most likely to have the same interests and unlikely to take independent decisions of each other. The Sector policy ministry (MEMD) has no representation watering down effective delivery of policy for the Sector as far as UETCL is concerned. The shareholders consult the Policy/Sector Ministry (Ministry of Energy) before appointment of the Board as a courtesy and the advice can be ignored since it is not embedded within the law.

d) A comparison of UETCL's staffing involved in Land acquisition for Transmission Asset deployment compared with UNRA's staffing levels involved in Land acquisition for roads construction reveals a wide gap which translates into poorer performance by UETCL in this aspect.

e) There is an apparent lack of boundaries between the UETCL Board of Directors and ERA which affects the operations of UETCL negatively in pursuit of delivery of the corporate mandate.

f) The impact of the Electricity Act amendment will give MEMD a majority shareholding stake and give them a bigger say in the running of UETCL. MEMD decisions will have priority implementation and will make it easier for the policy holder to set technical targets for UETCL and align its performance energy Sector needs,

g) No Annual General Meetings were convened for UETCL shareholders in the years 2017, 2018 and 2019. Subsequently an Annual General meeting was held on the 29th October 2020 covering the years: 2016, 2017/2018, and 2018/2019.

h) No record was received indicating that Board Self Evaluation and Skills and competency assessment have been done.

i) The current UETCL Board Membership composition witnessed changes only occasioned natural attrition between 2013 and 2019. This defeats the requirement to have the composition and membership rotated as required by Company Act 2012 (Section 14, Clause 2 (e))

j) The record of notices and Minutes of Board and committees' meetings is not complete. Some notices for meetings were missing, the last endorsed set of minutes available shared is for 2017.

k) UETCL has a Corporate Business plan currently in force (2019 – 2023). The UETCL Corporate business plan development and approval delays significantly (into the execution period). The current plan was approved in September 2020,

l) Performance of the CBP 2014 - 2018 is measured against 18 KPIs. We found 78% of the KPIs well aligned to the mandate and 22% were moderately aligned. Some critical KPIs are missing creating 'blind-spots' on the scorecard. Some of the missing KPIs include Unserved Energy, Transformation Capacity and Safety whilst the moderately aligned KPIs include: HCI, Staff Turnover and Wayleaves.

m) 56% of the set KPIs were attained over the review period, 17% of the KPIs moderately attained and 27% of the KPIs not met.

n) The process for development of the CBP, the key strategic document of the Company, lacks a timeline and programme leading to significant delays in its completion and approval.

3.2 Capital Projects Management

a) UETCL has considerable experience in executing its grid infrastructure development from financing to completion. The project portfolio is growing in numbers and organization environmental factors are rapidly changing. The organization itself has not evolved in form or practices from the date of its establishment.

b) The capacity of UETCL to deliver capital projects was found to be limited by its organizational governance, business processes, human resource capacity, information systems, facilities, and financial resources.

c) The Projects Implementation Department should be strengthened into a fully projectized unit with key personnel for contract management, accounting, finance, and engineering assigned and resident within. This arrangement will ensure full time availability resources and make work overload easily visible.

d) Refine the human capital development plans for the relevant departments to include practical training in project management and create reward systems. Training plans should be detailed and specific in terms of needs assessment and planning.

e) UETCL has an established wayleaves acquisition process but the current legal regime does not permit quick and effective wayleaves acquisition. The Land Acquisition Act has been declared unconstitutional and lacks a robust dispute resolution framework, yet land disputes are a major cause of delay in the wayleaves acquisition process.

f) The wayleaves and RAP processes are hampered by challenges within and outside the Company such as lack of an established department to deal with land acquisition, inadequate funding, minimal external stakeholder engagement, lack of coordination and understaffing within the government departments where different approvals must be obtained. Additionally, there is poor delivery of targets by the outsourced consultants for services like survey and land title processing.

3.3 Legal/ Land and Servitude Acquisition

a) The current legal regime is a major hindrance to wayleaves acquisition and does not enable UETCL to achieve its mandates in that respect,

b) The Land Acquisition Bill needs to be passed into law to deal with the major problems in wayleaves acquisition. If passed, it will greatly the process of project implementation by UETCL,

c) The processing of titles in wayleaves acquisition is a key challenge that delays the projects delivery. Delayed return of titles to PAPs disputes and valuation disputes have made the RAP process complicated and delayed projects delivery.

3.4 Human Resource and Administration

a) The global Company turnover (both voluntary and involuntary) did not exceed 3% from 2014-2019. The Human Capital Index (HCI) has equally been on an average score of 18 out 22.

b) UETCL has an operational structure with relatively strong teams across the organisation to execute its mandate. There are structural weaknesses specifically with regards to designs (based on autonomy of functions as opposed to mandate), vacant positions critical to the operations of the business, narrow and wide spans of control and poor utilization of the talent with most departments heavily loaded.

c) It is also recommended that a detailed competency and workload assessment assignment is undertaken across the organisation to ensure that there are right talents in the business. UETCL needs a comprehensive review of the skills especially after a new structure has been developed and approved. This will help both on aligning skills and ensuring optimum numbers in each Department.

d) There is no robust Human Resource Strategy as part of the wider Corporate Plan. There are two KPIs for HR&A are on HCI and Staff Turnover. Whereas the CBP report indicates good performance on these metrics, they are not comprehensive enough to hold the HRA department accountable and to ably drive business support.

e) KPIs set for organisation are not linked to performance management and reward systems. This reduces the impetus for exceptional performance.

f) Business KPIs are not linked to the Performance Management System for employees.

g) The HR and Administration Department with 30 employees is overstaffed. UETCL has an approved staff compliment of 494 employees yielding an HR – Company population of 6 for 100 employees. The best practice is one (1) HR staff for every 100 employees.

h) The business processes and operations are largely executed in a manual environment. There is need to strengthen ERP utilisations to quicken processes.

3.5 Financial Management

In terms of financial management.

a) UETCL has invested resources in improving its financial management capacity. This is evident in a documented Finance Policies and Procedure Manual (FPPM) which supports a robust internal control environment.

b) Budget planning, implementation and monitoring is strong, and there is evidence of good financial and management reporting. The Company is in the green zone regarding financial regulatory compliance with compliance noted on all major financial regulations.

c) The Company has consistently maintained an unqualified external audit report.

d) The financial performance of the Company is unstable with strong performance in one year being offset by shortfalls in another. This is being driven, mainly, by an inability to mitigate currency risk, the impacts of deemed energy, and credit provisions arising from liability of MDAs to Umeme.

e) The significant investment in non-current assets is yet to yield the positive financial results with revenue generation (Sales / NCA) capacity declining from 94% in 2014 to 43% in 2018. This is in part driven by the significant deemed energy charges that the Company continues to incur.

f) There are significant weaknesses in the procurement with delays and weaknesses being reported in almost all stages of the procurement process. This has had a ripple effect on the level of absorption of projects funds where the Company continues to struggle.

g) On the development partner support, further analysis is required on the considerations made before the request for financing from development partners.

h) Development Partnersfinanced 48% of the transmission assets with the effective interest rate on some of the partner financing is tethering on commercial interest rates.

3.6 IT Systems

In terms of IT systems

a) UETCL ICT Strategy is aligned with the corporate business plan and is supported by the ICT structure, work plans, business continuity, policies, and guidelines.

b) ICT risk and audit management are performed periodically. Repeat finding in the subsequent reports indicate slow or no closure of some critical IT aspects that open the business to IT risks.

c) Work processes for all sections were mapped and detailed ERP functional, technical, and infrastructure specifications captured.

d) There are adequate and skilled human resources in all sections of the ICT department.

e) The current ERP system does not support end to end business processing. Part of the transaction performed in excel, some processes are almost entirely manual and there is a general duplication with the use of both paper and ERP.

f) A great effort has been invested in keeping ICT business continuity, although the solution is unable to provide instant business continuity services in cases of server failures.

g) There is a lack of unified enterprise monitoring tool for the core ICT infrastructure limiting ICT capability to maintain high system availability.

h) The aged ICT core infrastructure in the data centre including servers, network equipment and cabling, fire suppression, cooling systems need improvement

i) IT projects management currently performed by the ICT manager needs special attention with establishment of IT PMO to govern digitization efforts and relieve risk of managing IT operations and processes.

j) There is an urgent need to address the lack of a system integration with implementation of a unified ERP system.

3.7 Key Recommendations

The key recommendations resulting from the Capacity Assessment exercise are as follows:

a) MEMD should be made a shareholder as provided under the proposed amendment of Electricity Act. This will enable it to steer the appointment and assessment of Board and Management and improve coordination of key energy stakeholders.

b) The Government of Uganda should expedite ratification of the Land Acquisition Bill to cater for the legal process of land acquisition to address challenges such as valuation disputes, long timelines of court cases.

c) A fully equipped and facilitated in-house land acquisition department should be established to deal with the survey, valuation, and titling process as well as compensation of PAPs and timely dispute resolution. The Company needs to enhance external stakeholder engagement and coordination to enable quick and easy acquisition of necessary approvals to improve the land acquisition, valuation, and RAP process.

d) Management should take urgent steps to improve the performance management system clearing linking performance to rewards (both positive and negative).

e) The structure of UETCL needs to be streamlined to avoid duplication of roles, misplacement of functions, eliminate silos, create efficient processes and align to achieve effective delivery of the Company mandate.

f) The shareholders should clarify Board member tenure, tenure extension/renewal and allowable number of terms.

g) The Board should set a timeline and programme for documentation, approval, and review of the CBP.

h) Management should implement the project governance framework (policies, rules, and procedures), embark on aggressive training and building of human capacity, and provide a Company-wide project information system.

i) The Company should position ICT as a business enabler with assigned corporate and business objectives as part of the ICT leadership team performance goals to ensure equal stake in business goal delivery.

j) Urgent steps should be taken to improve the aged ICT core infrastructure in the data centre before undertaking enterprise digitization projects.

k) The shareholder should continue to explore long term hedging mechanisms with the Bank of Uganda, Commercial Banks, and the World Bank. Part of this mechanism could be the transfer of foreign exchange risk to the Government of Uganda.

l) If the BOD is to focus on strategic decisions, its procurement approval should only be for strategic or material procurements. A rule of thumb for measuring materiality is to consider 1% of revenue (UGX 11bn for 2019), with the BOD focusing on approval of the Annual Operating Budget.

m) The Company needs to urgently develop a Procurement Manual. In developing this manual, all procurement processes should be mapped and timed with clear escalation set to manage the delays. The Manual should focus on reducing the complexity and length of the procurement process.

n) Planning section should be well equipped with engineering tools, human resources, information systems and established procedures such that a good proportion of the work is not outsourced. Engineering standards and specifications are developed and reviewed by Planning, are readily available to user departments but solely controlled by the owner of the documentation. This can be extended to documentation of processes and work procedures (method statements).

o) To ensure value for money in donor support, the role of financial evaluation should be put at the forefront and ongoing evaluation of borrowing decisions with consideration of such measures as NPV and payback period.

p) It is recommended that government makes policy changes and earmarks funds for feasibility studies, ESIA/RAP studies, and RAP implementation (corridor acquisition) before approval of project financing. From the review of performance these processes take on average 5-6years and the parties have started addressing this.

q) To reduce the time lapses between signing of financial closure and date of effectiveness, government should establish the conditions precedent to disbursement and a roadmap. This road map can be elaborated in the project manual and form part of the governance framework.

r) UETCL should benchmark with UNRA to refine the approach to land acquisition as the challenges are similar in nature. This result area alone will yield major improvements in delivery of Capital Projects.

4.0 CAPACITY BUILDING SOLUTIONS

This section details the UETCL Capacity Building Solutions. Section 3.1 indicates the UETCL strategic direction Section 3.2 presents the guiding principles, Section 3.3 presents goals and strategic objectives, Section 3.4 presents strategies for UETCL CBS and 3.5 presents strategic actions for UETCL.

4.1 UETCL Strategic Direction

In answering the "capacity for why" question, it is important to understand the statements below.

UETCL is the epicentre of the Energy Supply Industry (ESI) in Uganda with the ESI at the epicentre of economic development in the country.

UETCL mandate is well enumerated in Section 2.1 but the strategic importance of this mandate cannot be over emphasised. UETCL has been and remains at the forefront of development of infrastructure projects to ensure the transmission grid is robust to evacuate power from existing, new and planned generation plants and between interconnected neighbouring countries. The development is being informed by the National Development Plan and the institution's Corporate Business Plan with the bulk of funding from development agencies and partners.

Recognising this crucial role, the Company's strategic direction has aimed at building robust institutional capacities. This is set to be achieved through focusing on the five pillars below:

i) Security of power supply and regional cooperation.
ii) Accelerated grid infrastructure development and stimulation of demand.
iii) Financial sustainability.
iv) Robust human capital development.
v) Efficient business processes and systems.

The five pillars have a total of 19 KPIs set and the Balance Score Card (BSC) model has been maintained as main implementation framework to gauge the degree of achievement of the company goals and targets against set KPI metrics. This understanding clarifies the "capacity for what" question.

The Capacity Building Solutions in the following report aim to reinforce these pillars by indicating interventions required to focus the Company further on its mandate.

It will be noted through the next sections of the report that the Capacity Building Solutions cover the Enabling Environment and the Organizational Level and the key points of entry for embedding the solutions.

4.2 Organisation of the Capacity Building Solutions

In order to identity the key capacity areas, it is important for us to first understand the key gaps as far as UETCL mandate execution is concerned. These have been provided by the Capacity Assessment Report.

The capacity building solutions provided in this report aim to build and reinforce the existing systems, processes and people at UETCL while documenting the changes needed to the internal and external environments of the Company.

The response combines the four core issues as to make the response more effective.

Further each of these responses are broken into short (0-12 Months), medium (13-24 Months) and long (25-48 Months) term implementation period.

Indicators have also been set to monitor progress in implementation.

The cost of a capacity building has also been estimated but we believe that the BOD and Management should take these costs only as indicate and take steps to revise them and integrate them into the wider budgeting frameworks of the Company.

The solutions focus on the highest impact, but the full set of recommendations is in **Annex 6.**

4.3 From Capacity Assessment to Capacity Building

The several capacity development findings have been summarised into 15 capacity building gaps below.

i) Government policy changes on the conditions precedent for project implementation
ii) Inefficient wayleaves process
iii) KPIs are not linked to strategy
iv) Weak business wide accountability mechanisms
v) Lack of enabling laws for land acquisition
vi) Inadequate financial resources to implement strategy
vii) Low levels of technology enablement
viii) Negative organization culture
ix) Overregulation
x) Poor human resource practices
xi) Sector ministry oversight
xii) TSO role not fully executed
xiii) Weak financial management practices
xiv) Weak leadership structures
xv) Weak procurement practices

In Table 2.12 below we indicate how these solutions have been derived from the capacity assessment areas and gaps.

The capacity building solutions have been further aligned to the UETCL strategy but assessing where the gap has the largest impact. Cross cutting gaps have been marked with an asterisk (*).

Strategic Objective	Gap	Capacity Assessment Findings Driving the Gap	Linkage to Capacity Assessment Report
1.Security of power supply and regional cooperation	Sector ministry oversight	MEMD is not a shareholder of UETCL and has little say in appointment of Board and management of UETCL	Section 2.3.1 Table 2.3 (a)
	Overregulation*	Clarification of roles and responsibilities of the Regulator, the Policy holder, and the Board	Section 2.3.1 Table 2.3 (a)
	KPIs are not linked to strategy	There is no link between customer expectations and corporate goals	Section 2.3.2 Table 2.3 (qq)
	TSO role not fully executed	Addition of new generation plants needs to be mitigated to avoid worsening financial burden on UETCL	Section 2.3.4 Table 2.3 (hhh)
		Planning function to include assessment of resources required for the project	Section 2.3.4 Table 2.3 (hhh)
		The assumptions in load forecasts and particularly assumptions of growth in demand are overstated.	Section 2.3.4 Table 2.3 (hhh)
		A Sector-wide planning/working group is lacking.	Section 2.3.4 Table 2.3 (hhh)
	Weak leadership structures	A BOD skills gaps analysis has not been conducted	Section 2.3.1 Table 2.3 (i)
		Annual BOD member self and competency evaluations are not done.	Section 2.3.1 Table 2.3 (g)
		BOD membership is not rotated	Section 2.3.1 Table 2.3 (g)
		The BOD charter is not up to date	Section 2.3.1 Table 2.3 (d)
		There is a need to clarify BOD member tenure, tenure extension/renewal and allowable number of terms	Section 2.3.1 Table 2.3 (g)
		UETCL consider revising current membership upwards to nine members for effective delivery of BOD business	Section 2.3.1 Table 2.3 (i)
		UETCL does not hold AGMs regularly	Section 2.3.1 Table 2.3 (d)
		UETCL is lacking a nomination committee	Section 2.3.1 Table 2.3 (d)
		UETCL needs to develop and adopt a standard nomination / selection process for BOD members	Section 2.3.1 Table 2.3 (d)
		With a total of 55 Board and Committee meetings in a year, Management could be spending more time preparing for and addressing issues from Board and Committee meetings as opposed to implementing the CBP. The frequent meetings could also change the Board agenda from being strategic to operational.	Section 2.3.1 Table 2.3 (bb)
2.Accelerated grid infrastructure development and stimulation of demand	Inefficient wayleaves process	There are significant delays, misinformation and poor delivery by consultants engaged in survey, valuation, and titling process.	Section 2.3.5 Table 2.3 (qqq)
		The use of RAP consultants could be more expensive and less efficient. Organizations such an UNRA have reported significant savings from insourcing the RAP process.	2.3.5.2 The Titling Process
		Weak contract management and monitoring and evaluation frameworks around RAP consultants.	2.3.5.2 The Titling Process

Strategic Objective	Gap	Capacity Assessment Findings Driving the Gap	Linkage to Capacity Assessment Report
	Weak business wide accountability mechanisms	RAP business processes of a Company is guided by public service rules which slows RAP and project execution	Section 2.3.5 Table 2.3 (qqq)
3.Financial sustainability	KPIs are not linked to strategy	The KPIs are mainly lagging (outcomes).	Section 2.3.2 Table 2.3 (dd)
		There is misalignment between the goals set by the shareholder and those set by the BOD.	Section 2.3.2 Table 2.3 (dd)
	Weak business wide accountability mechanisms	The annual audit plan is regularly changed based on the need for special investigations – which whereas important may not have the same impact as the severe risks that would be contained on the risk register.	Section 2.3.6 Table 2.3 (xxx)
		The CBP is not costed and therefore it is unclear how resources are being allocated to the most important areas for the Company.	Section 2.3.2 Table 2.3 (dd)
		The Company does not have an updated and current Enterprise Risk Register which calls into question whether its following risk based internal audit.	Section 2.3.6 Table 2.3 (xxx)
		The Company has long standing issues from both the internal and external audit reports. Delay or failure to implement agreed actions arising from audit findings expose the organisation to risk.	Section 2.3.6 Table 2.3 (xxx)
		The planning period for the CBP (2019 – 2023) is not aligned with the NDP (2020 – 2024).	Section 2.3.2 Table 2.3 (dd)
		There is need to enhance finance business partnership with a focus on such areas as O&M, ICT, Human Resources and Corporate Services.	Section 2.3.6 Table 2.3 (www)
		There is no timeline set and followed in the preparation and approval of the CBP.	Section 2.3.2 Table 2.3 (dd)
	Low levels of technology enablement	The efficiency could be greatly impacted by technology enabled process flow and B2B solutions.	Section 2.3.6 Table 2.3 (aaaa)
	Weak financial management practices	The Company continues to have two significant non-value adding costs (costs that do not contribute or erode shareholder value). These are bad debt provisions (18% of opex) and deemed energy charges (14% of opex).	Section 2.3.6.1 Table 2.3 (sss)
		Increasing debt burden - Gearing ratios have been growing significantly and remain above the internal thresholds of 50%.	Section 2.3.6 Table 2.3 (sss)
		No annual report has been published since December 2015.	Section 2.3.6 Table 2.3 (www)
		Project financial management could be enhanced by advanced project planning.	Section 2.3.6 Table 2.3 (zzz)
		Revenue generation (Sales / NCA) capacity of the NCA has been falling over the years from 94% in 2014 to 43% in 2018.	Section 2.3.6 Table 2.3 (sss)
		Since the FPPM was approved seven years ago and changes to the operating environment have not been fully incorporated into the FPPM	Section 2.3.6 Table 2.3 (uuu)

Strategic Objective	Gap	Capacity Assessment Findings Driving the Gap	Linkage to Capacity Assessment Report
		The budgets are missing material assumptions around bad debts and currency risk.	Section 2.3.6 Table 2.3 (vvv)
		The effective cost of borrowing does not feature in Management and BOD reporting.	Section 2.3.6 Table 2.3 (cccc)
		The issue of escalating project costs has been highlighted by External Audit.	Section 2.3.6 Table 2.3 (zzz)
		There is indirect alignment between the annual and multiyear budget and the strategic focus areas.	Section 2.3.6 Table 2.3 (vvv)
	Weak procurement practices	The low thresholds for procurement approval (UGX 300m) make the BOD operational.	Section 2.3.6 Table 2.3 (aaaa)
		PDU involvement in project delivery is more of a service provider as opposed to a strategic partner.	Section 2.3.6 Table 2.3 (zzz)
		Procurement and RAP guidelines included in the development partner support agreements are not adequately reviewed before the borrowing decisions.	Section 2.3.6 Table 2.3 (cccc)
		The Company has no Procurement Manual in place – but development is underway.	Section 2.3.6 Table 2.3 (aaaa)
		There is a need to enhance the quality of EPC contractor and consultants as some have caused financial loss to the Company.	Section 2.3.6 Table 2.3 (zzz)
4.Robust human capital development	KPIs are not linked to strategy	Learning and development is not aligned to the business strategy	Section 2.3.3 Table 2.3 (fff)
		Strategy development is not aligned to the performance management system	Section 2.3.3 Table 2.3 (ccc)
		The organisational goals and KPIs are not clearly linked to the reward – leading to unclear incentive for the BOD, Management and Employees to achieve and exceed the set goals.	Section 2.3.2 Table 2.3 (dd)
	Weak business wide accountability mechanisms	Employee reward mechanisms (3Rs-Recruitment, Retentions and Rewards) are not well developed	Section 2.3.3 Table 2.3 (ccc)
		HR structural alignment to the business need is lacking	Section 2.3.3 Table 2.3 (eee)
	Negative organization culture	UETCL exhibits clan and hierarchical cultures.	Section 2.3.3 Table 2.3 (ccc)
		The succession planning policy across the organisation is lacking.	Section 2.3.3 Table 2.3 (fff)
		UETCL has no talent management strategy	Section 2.3.3 Table 2.3 (fff)
	Poor human resource practices	Benchmark parameters indicate the UETCL is overstaffed	Section 2.3.2 Table 2.3 (ww)
		Engineering Section (in Project Implementation) relies on technical expertise of consultants or user departments	Section 2.3.4 Table 2.3 (jjj)
		Human resource capacity for capital project management is lacking	Section 2.3.4 Table 2.3 (jjj)
		The MD/CEO has a wide span of control with 10 direct reports	Section 2.3.2 Table 2.3 (zz)

Strategic Objective	Gap	Capacity Assessment Findings Driving the Gap	Linkage to Capacity Assessment Report
		Recruitment for key positions that have been vacant for some time especially those at Management levels	Section 2.3.2 Table 2.3 (zz)
		UETCL needs to refine the quality of its people -quality at the gate and skills review	Section 2.3.2 Table 2.7 (zz)
		The exit management process does not pick adequate information on the causes of voluntary exit	Section 2.3.2 Table 2.3 (ccc)
	TSO role not fully executed	In-house capacity to execute preliminary designs, feasibility studies and ESIA/RAP studies	Section 2.3.4 Table 2.3 (jjj)
5.Efficient business processes and systems	Inefficient wayleaves process	RAP implementation requires expertise in valuation and legal affairs to meet current challenges	Section 2.3.4 Table 2.3 (jjj)
	Weak business wide accountability mechanisms	Monthly period close and reporting is not adhered to as stipulated in the FPPM.	Section 2.3.6 Table 2.3 (xxx)
		The project governance has not been implemented at all levels of the Company.	Section 2.3.4 Table 2.3 (ggg)
		There is mis-alignment of the current organogram with UETCL mandate	Section 2.3.2 Table 2.3 (ww)
	Low levels of technology enablement	A company-wide project information system and management tools is lacking.	Section 2.3.4 Table 2.3 (ggg)
		Budget execution and monitoring follow both automated checks and approval on physical forms - which is both inefficient and introduces significant paperwork.	Section 2.3.6 Table 2.3 (www)
		Budget preparation is done primarily with BIS which is not seamlessly integrated with the ERP.	Section 2.3.6 Table 2.3 (www)
		Financial reports are prepared using MS Excel.	Section 2.3.6 Table 2.3 (xxx)
		ICT infrastructure to support electronic document system and decentralization	Section 2.3.4 Table 2.3 (hhhh)
		The computing infrastructure including servers, storage, and backup systems in the Data Centre are aged and unable to support the new Business and ICT Strategy.	Section 2.3.7 Table 2.3 (hhhh)
		The current free helpdesk system is not archiving much in terms of functionality and use there is an urgent need for an enterprise level help desk system to support UETCL enterprise IT operations.	Section 2.3.7 Table 2.3 (hhhh)
		The existing Core network cabling and infrastructure is aged, does not meet current computing standards, and needs a revamp. For effective network performance improvement should be extended to Substations and the Power Control Centre. Wireless networks help to relieve cabling efforts and reduce point of failures.	Section 2.3.7 Table 2.3 (hhhh)
		The ICT strategy alone might not deliver digital transformation across the business. There is need of creating synergies for larger digital footprint. Opportunities to implement advanced technologies such as predictive analytics, internet of things (IoT), and	Section 2.3.7 Table 2.3 (ffff)

Strategic Objective	Gap	Capacity Assessment Findings Driving the Gap	Linkage to Capacity Assessment Report
		artificial intelligence (AI) should be prioritized as such technologies are key ingredients for projects in the ICT Strategy 2019/20 - 2023/24 such as automated meter reading system.	
		There are many unintegrated systems. The implementation of an ERP system presents opportunity to integrate standalone ICT systems. Tier 1 ERP systems include several enterprise business applications.	Section 2.3.7 Table 2.3 (hhhh)
		There is contention regarding ERP system hosting with UETCL preferring own data Centre and NITA recommending their data centre	Section 2.3.7 Table 2.3 (iiii)
		There is urgent need to upgrade the business continuity infrastructure to perform physical and virtual environment backup and recovery	Section 2.3.7 Table 2.3 (iiii)
		UETCL grid infrastructure is fast growing in expanse and complexity but operating on an old system that was provided around 2003. The SCADA system has reached its limit in terms of capacity, has no back-up National Control Centre (NCC) with old ICT infrastructure that has reached its end of life.	Section 2.3.7 Table 2.3 (hhhh)
		WIS users are faced with PAPs document storage and search challenges. There is need to integrate WIS with DMS system for advanced document workflow management and approvals, strong search capabilities, tracking, and notification functions	Section 2.3.7 Table 2.3 (hhhh)
	Poor human resource practices	ICT operations are too dependent on external support and solutions limiting opportunity for creating synergies for delivery of custom solutions development to scale the digitization landscape at UETCL	Section 2.3.7 Table 2.3 (gggg)
		Office space and equipment needs to be upgraded to meet the changing needs	Section 2.3.4 Table 2.3 (kkk)
		Resources in Monitoring & Evaluation Section needs to be matched to workload.	Section 2.3.4 Table 2.3 (jjj)
		The social aspects function has one senior officer overseeing over 100 staff creating a bottleneck and lack of effective supervision	Section 2.3.4 Table 2.3 (jjj)
		The structure of the Planning & Investments department has bottlenecks in surveying, planning, standards, and specifications	Section 2.3.4 Table 2.3 (kkk)
	TSO role not fully executed	The company lacks an updated centralised definitive technical standards and specifications.	Section 2.3.4 Table 2.3 (kkk)
		UETCL lacks a process and method of verifying load estimates obtained from Umeme and industrialists	Section 2.3.4 Table 2.3 (kkk)
	Weak leadership structures	The ERP project is still in planning phase with key document including Functional, Technical and Hardware Requirements determined, business processes mapped, feasibility study completed, and ERP advisory Consultant sought. It is time to kick start change management efforts, appoint a project Steering Committee, Project Manager, and project team.	Section 2.3.7 Table 2.3 (jjjj)

Strategic Objective	Gap	Capacity Assessment Findings Driving the Gap	Linkage to Capacity Assessment Report
		UETCL needs to engage ICT leadership in strategic business decision making including assigning business objectives to ICT leadership team to ensure equal stake in business goals delivery.	Section 2.3.7 Table 2.3 (gggg)
	Weak procurement practices	The procurement process is largely manual. The efficiency could be greatly impacted by technology enabled process flow and B2B solutions.	Section 2.3.6 Table 2.3 (aaaa)
		The Company needs to expedite the ongoing development of a Procurement Manual. In developing this manual	Section 2.3.6 Table 2.3 (aaaa)

Table 4.3 (a): Linkage of Capacity Assessment Findings to Capacity Building Gap

4.4 Key recommendations

Below are the recommendations from UETCL capacity assessment. These are built upon in the sections that follow and have been marked with a double asterisk (**) to ease identification.

i) Board meetings should be reduced to allow Management time to implement the CBP. 6 Full Board meetings and 5 committee meetings per committee would put UETCL in line with good corporate practice. Linked to this, there is a need to adjust the approval levels to engage the BOD on strategic procurement (above UGX 10bn) and instead focus the Board on approval of the annual operating budget.

ii) Wayleaves acquisition can be made timely and more cost effective through enhancing in house capacity for wayleaves acquisition and a specific department for RAP implementation.

iii) There is need for an improved reward and recognition framework. This can be achieved by developing and linking departmental and individual KPIs with Company strategic goals. The company then needs to develop a Compensation and Rewards Policy for the business and link all Rewards and Recognitions approaches (R&Rs) to staff performance management system.

iv) To address the low levels of technology enablement, there is an urgent need to automate business processes across the Company through the implementation of a modern ERP. Just as urgent is the need to improve UETCL grid infrastructure management through the upgrade of SCADA System and Integrating GIS with SCADA.

v) The Company continues to have two significant non-value adding costs. These are bad debt provisions (18% of opex) and deemed energy charges (14% of opex). As such, the Company needs to review options to remove liability for deemed energy charges and bad debts provisions related to MDAs from UETCL.

4.5 Capacity Building Solutions at Enabling Environment Level

Strategic Objective	Gap	Capacity Building Area
Security of power supply and regional cooperation	Overregulation	**Regulatory engagement:** Conduct open engagement between the regulator, shareholders, and sector ministry on the roles of each of the parties.
	Sector Ministry oversight	**Shareholding:** Make MEMD a shareholder of UETCL **Enabling laws and regulations:** Expedite amendment of the Electricity Act and Energy Policy **Sector wide planning:** Put in place a sector-wide planning /working group
Accelerated grid infrastructure development and stimulation of demand	Government policy changes on the conditions precedent for project implementation	**Government Policies:** Address policy weaknesses of i) Delays in provision of funds for feasibility studies ii) Budgetary provisions for RAP before project financiers are identified
	Lack of enabling laws for land acquisition	**Enabling laws and regulations:** Expedite amendment of the Land Acquisition Bill
Financial sustainability**	Weak financial management practices **	**Financial efficiency:** Review options to remove liability for deemed energy charges and bad debts provisions related to MDAs from UETCL.** Transfer foreign exchange liability to GoU. Work with MoFPED to renegotiate interest rates on AFD loan.
	Inadequate financial resources to implement strategy	**Financing:** Continued engagement with ERA on reporting dates and utilisation of profits. Sourcing of grants as alternative financing options.

Table 4.5 (a): Capacity Building Solutions at Environment Level

4.6 Capacity Building Solutions at Organisational Level

Strategic Objective	Gap	Capacity Building Area
Security of power supply and regional cooperation**	Weak leadership structures **	**Board meetings:** Should be reduced to allow Management time to implement the CBP. 6 Full Board meetings and 5 committee meetings per committee would put UETCL in line with corporate practice. **
		Governance Improvement: Review and Update Board Charter, Compliance, Processes, membership skills and tenure, to ensure provision of vibrant and relevant leadership to the organisation.
	KPIs are not linked to strategy	**Strategic alignment:** Develop KPIs aligned with stakeholder and shareholder needs and expectations
	TSO role not fully executed	**TSO Efficiency:** Empower UETCL to carry out its role as the system operator and determine the demand supply balance
		Project planning: Include holistic assessment of resource requirements in project plans

Strategic Objective	Gap	Capacity Building Area
		Project planning: create mechanisms for realistic forecast of growth in electricity demand to optimize investments in grid expansion and reinforcements
Accelerated grid infrastructure development and stimulation of demand**	Inefficient wayleaves process **	**Wayleaves acquisition**: Timely and cost effectively securing of wayleaves through enhancing inhouse capacity for wayleaves acquisition and a specific department for RAP implementation. **
	Weak business wide accountability mechanisms	**Wayleaves acquisition:** Governance framework, rules and procedures for wayleaves acquisition to enable efficient processing of wayleaves
Financial sustainability**	KPIs are not linked to strategy	**CBP enhancements:** Prioritise the CBP as the apex strategy document of the Company – aligned to NDP, costed and with focused leading indicators.
	Weak business wide accountability mechanisms	**Risk management:** Focus on closure of internal and external audit issues.
		Enterprise Risk Management: Document and regularly update the Enterprise Risk Register.
	Weak financial management practices	**KPI revision:** Revise KPIs for gearing and revenue generation.
		Reporting: Prioritise the production of the FY20 annual report and set a calendar for production of annual reports with delegated officers within the Company.
		Project evaluation criteria: Emphasise financial evaluation in the project evaluation criteria through metrics such as NPV and payback period.
		Policies: review and update the FPPM and take steps to ensure it is implemented as approved.
	Weak procurement practices**	**BOD Approval Limits:** Adjust the approval levels to engage the BOD on strategic procurement (above UGX 10bn) and instead focus the Board on approval of the annual operating budget **
		Pre-disbursement planning: Negotiate out or plan for clauses or guidelines in the disbursement agreements that could negatively impact on project implementation.
		Policies: Expedite the ongoing development of a Procurement Manual with a focus on reducing process complexity and procurement delays.
		EPC contractor selection: EPC contractor and consultants should all have bid bonds and performance guarantees executed by reputable financial institutions.
Robust human capital development**	Weak business wide accountability mechanisms**	**Accountability Mechanisms:** Ensure reward mechanisms are aligned to motivate delivery of strategic goals by development of a Compensation and Rewards Policy for the business and link all Rewards and Recognitions approaches (R&Rs) to PMS.**
		Organisation Structure: Recast and align structure and staff deployment for delivery of organisation mandate
		Salary survey: Undertake tailored market surveys with specific and relevant entities as well participate in annual Compensation and benefit studies with reputable companies like Mercer.

Strategic Objective	Gap	Capacity Building Area
		Structural changes: Redesign the HR & A structure into two separate arms (HRA) and (PM&L&D). Restructure the HR Department to bring in good talent with relevant experience, agility, and business mindset.
	KPIs are not linked to strategy**	**Accountability Mechanisms:** Develop and link departmental and individual KPIs with Company strategic goals. **
	Negative organization culture	**Build a positive culture:** Develop and implement a succession planning policy and talent management strategy.
		Cultural transformation: Conduct an organisation-wide cultural transformation project to drive performance.
	Poor human resource practices	**Human Capital Development:** Align organisation staffing, retention practises and structure with best practise to enable delivery of the mandate.
		Learning and development: Align skills development, training, mentorship and career progression with organisation's strategic thrust
		Skills analysis and audit: Conduct a comprehensive review of the skills especially after a new structure has been developed and approved. This should involve a detailed background check on all employees' academic documents and relevant work experiences.
		Job analysis and job evaluation: Perform a job analysis and determine optimum staffing level ensuring that staffing levels are aligned with the business requirement
		Exit management process: Improve the exit management process to pick both formal and informal factors driving the key staff exits
		Organizational structure: Planning and Investments department be strengthened to deliver feasibility studies in-house, provide standards and specifications and focus on its core activities
Efficient business processes and systems	Inefficient wayleaves process	**Wayleaves acquisition:** Engage external stakeholders to address delays and conflicts in RAP process
		TSO Efficiency: Empower UETCL to support designs, feasibility studies and ESIA/RAP studies
	Weak business wide accountability mechanisms	**Business efficiency:** Develop an enterprise process model that depicts integrated business operations, organizational setup, and key stakeholders.
		Digital transformation: Develop To-Be (future) business process maps for the core business processes to be impacted by the ERP system. These should be improved to depict level of automation needed in the business process.
		Business efficiency: Project governance framework and project manual to be strengthened to achieve efficient delivery of projects
	Low levels of technology enablement**	**ERP Implementation:** Automate business processes across the Company through the implementation of a modern ERP**
		SCADA Upgrade: Improve UETCL grid infrastructure through the upgrade of SCADA System and Integrating GIS with SCADA**

Strategic Objective	Gap	Capacity Building Area
		Digital transformation: Create a digital strategy to streamline the digital transformation efforts. Focus on maximizing competitive advantage, growth, profit, and value
		Benchmarking: Benchmark ICT plan on best practises of leading Transmission companies and assign KPIs to measure ICT business enablement.
		IT Service Management: Automate IT service management through implementation of an enterprise helpdesk system.
		Enterprise Data Centre: Reduce data centre complexity through deployment of hyperconverged systems.
		Adopt Emerging IT Technology: This involves integrating innovative ICT with digital power platforms to provide a digital grid that supports status awareness and intelligent interconnection, digital operations that improve operations and maintenance (O&M) and operational efficiency, and digital Services that support scenario-based solutions such as multi-station integrations and smart metering and integration with business applications.
	TSO role not fully executed	**TSO Efficiency:** Develop a definitive set of technical standards and specifications as reference to govern engineering processes.
	Weak leadership structures	**Efficient ICT project implementation:** Prioritize the appointment of an ERP project team

Table 4.6 (a): Capacity Building Solutions at Organisational Level

5.0 CAPACITY BUILDING SOLUTIONS IMPLEMENTATION

The proposed strategic actions of the CBS are designed to be executed within 4 years. The schedule of actions has been informed by the level of need, logical sequence on how urgent they are needed to ensure that the strategic gaps in the UETCL are fixed.

The activities in this capacity development plan have been prioritized and categorized in terms of short, medium and long term to guide planners and implementers.

- Short term – implementable in 0 – 12 months.
- Medium term – implementable between 13 – 24 months.
- Long term – implementable between 25 – 48 months.

5.1 Implementation of Capacity Building Solutions at Enabling Environment Level

Strategic Objective		Capacity Building Area	S	M	L
Security of power supply and regional cooperation		**Regulatory engagement:** Conduct open engagement between the regulator, shareholders and sector ministry on the roles of each of the parties.			
		Shareholding: Make MEMD a shareholder of UETCL **Enabling laws and regulations:** Expedite amendment of the Electricity Act and Energy Policy **Sector wide planning:** Put in place a sector-wide planning /working group			
Accelerated grid infrastructure development and stimulation of demand		**Government Policies:** Address policy weaknesses of i) Delays in provision of funds for feasibility studies ii) Budgetary provisions for RAP before project financiers are identified			
		Enabling laws and regulations: Expedite amendment of the Land Acquisition Bill			
Financial sustainability**		**Financial efficiency:** Review options to remove liability for deemed energy charges and bad debts provisions related to MDAs from UETCL. ** Transfer foreign exchange liability to GoU. Work with MoFPED to renegotiate interest rates on AFD loan.			
		Financing: Continued engagement with ERA on reporting dates and utilisation of profits. Sourcing of grants as alternative financing options.			

Table 5.1 (a): Implementation of Capacity Building Solutions at Enabling Environment Level

5.2 Implementation of Capacity Building Solutions at Organisational Level

Strategic Objective	Capacity Building Area	S	M	L
Security of power supply and regional cooperation	**Governance Improvement:** Review and Update Board Charter, Compliance, Processes, membership skills and tenure, to ensure provision of vibrant and relevant leadership to the organisation			
	Board meetings: Should be reduced to allow Management time to implement the CBP. 6 Full Board meetings and 5 committee meetings per committee would put UETCL in line with corporate practice. **			
	Project planning: Create mechanisms for realistic forecast of growth in electricity demand to optimize investments in grid expansion and reinforcements			
	Project planning: Include holistic assessment of resource requirements in project plans			
	Strategic alignment: Develop KPIs aligned with stakeholder and shareholder needs and expectations			
	TSO Efficiency: Empower UETCL to carry out its role as the system operator and determine the demand supply balance			
Accelerated grid infrastructure development and stimulation of demand**	**Wayleaves acquisition**: Timely and cost effectively securing of wayleaves through enhancing inhouse capacity for wayleaves acquisition and a specific department for RAP implementation**			
	Wayleaves acquisition: Governance framework, rules and procedures for wayleaves acquisition to enable efficient processing of wayleaves			
Financial sustainability**	**BOD Approval Limits:** Adjust the approval levels to engage the BOD on strategic procurement (above UGX 10bn) and instead focus the Board on approval of the annual operating budget**			
	CBP enhancements: Prioritise the CBP as the apex strategy document of the Company - aligned to NDP, costed and with focused leading indicators.			
	Enterprise Risk Management: Document and regularly update the Enterprise Risk Register.			
	EPC contractor selection: EPC contractor and consultants should all have bid bonds and performance guarantees executed by reputable financial institutions.			
	KPI revision: Revise KPIs for gearing and revenue generation.			
	Policies: Expedite the ongoing development of a Procurement Manual with a focus on reducing process complexity and procurement delays.			
	Policies: Review and update the FPPM and take steps to ensure it is implemented as approved.			
	Pre-disbursement planning: negotiate out or plan for clauses or guidelines in the disbursement agreements that could negatively impact on project implementation.			
	Project evaluation criteria: Emphasise financial evaluation in the project evaluation criteria through metrics such as NPV and payback period.			
	Reporting: Prioritise the production of the FY20 annual report and set a calendar for production of annual reports with delegated officers within the Company.			

Strategic Objective	Capacity Building Area	S	M	L
	Risk management: Focus on closure of internal and external audit issues.			
Robust human capital development**	**Accountability Mechanisms:** Develop and link departmental and individual KPIs with Company strategic goals.**			
	Accountability Mechanisms: Ensure reward mechanisms are aligned to motivate delivery of strategic goals by development of a Compensation and Rewards Policy for the business and link all Rewards and Recognitions approaches (R&Rs) to PMS.**			
	Organisation Structure: Recast and align structure and staff deployment for delivery of organisation mandate			
	Salary survey: Undertake tailored market surveys with specific and relevant entities as well participate in annual Compensation and benefit studies with reputable companies like Mercer.			
	Cultural transformation: Conduct an organisation-wide cultural transformation project to drive performance.			
	Build a positive culture: develop and implement a succession planning policy and talent management strategy.			
	Human Capital Development: Align organisation staffing, retention practises and structure with best practise to enable delivery of the mandate.			
	Learning and development: Align skills development, training, mentorship and career progression with organisation's strategic thrust			
	Skills analysis and audit: Conduct a comprehensive review of the skills especially after a new structure has been developed and approved. This should involve a detailed background check on all employees' academic documents and relevant work experiences.			
	Structural changes: Redesign the HR & A structure into two separate arms (MHRA) and (PM&L&D). Restructure the HR Department to bring in good talent with relevant experience, agility, and business mindset.			
	Job analysis and job evaluation: Perform a job analysis and determine optimum staffing level ensuring that staffing levels are aligned with the business requirement			
	Exit management process: Improve the exit management process to pick both formal and informal factors driving the key staff exits			
	Organizational structure: Planning and Investments department to be strengthened to deliver feasibility studies in-house, provide standards and specifications and focus on its core activities			
Efficient business processes and systems**	**ERP Implementation:** Automate business processes across the Company through the implementation of a modern ERP**			
	SCADA Upgrade: Improve UETCL grid infrastructure through the upgrade of SCADA System and Integrating GIS with SCADA**			
	Business efficiency: Project governance framework and project manual to be strengthened to achieve efficient delivery of projects			
	Business efficiency: Develop an enterprise process model that depicts integrated business operations, organizational setup, and key stakeholders.			
	Digital transformation: Develop To-Be (future) business process maps for the core business processes to be impacted by the ERP system. These should be improved to depict level of automation needed in the business process.			

Strategic Objective	Capacity Building Area	S	M	L
	Digital transformation: Create a digital strategy to streamline the digital transformation efforts. Focus on maximizing competitive advantage, growth, profit, and value			
	Efficient ICT project implementation: Prioritize the appointment of an ERP project team			
	Benchmarking: Benchmark ICT plan on best practises of leading Transmission companies and assign KPIs to measure ICT business enablement.			
	IT Service Management: Automate IT service management through implementation of an enterprise helpdesk system.			
	Enterprise Data Centre: Reduce data centre complexity through deployment of hyperconverged systems.			
	Adopt Emerging IT Technology: This involves integrating innovative ICT with digital power platforms to provide a digital grid that supports status awareness and intelligent interconnection, digital operations that improve operations and maintenance (O&M) and operational efficiency, and digital Services that support scenario-based solutions such as multi-station integrations and smart metering and integration with business applications.			
	TSO Efficiency: Develop a definitive set of technical standards and specifications as reference to govern engineering processes.			
	TSO Efficiency: Empower UETCL to support designs, feasibility studies and ESIA/RAP studies			

Table 5.2 (a): Implementation of Capacity Building Solutions at Organisational Level

5.3 Financing Plan for Capacity Building Solutions

The implementation and roll out of the CBS will need to follow an accelerated financial plan and resource mobilization strategy that will be able to implement the solutions and ultimately improve mandate execution within UETCL. There is therefore need for engagement with Central Government Line Ministries, Development Partners and the Private Sector.

The idea behind the financial plan for this CBS is to provide an idea of what it will cost to have the UETCL CBS implemented.

a) Budget per Year and Business Objective

The budgeting process was guided by the business objectives of the Company. The specific costing was done on the actions. The purpose was to ensure that a given Ugandan shilling is tagged and attached to ensure an output is achieved from a proposed action. The total budget for 4 years to fund all the proposed actions totals to **UGX 51.355 billion** with the bulk of the funding for implementation of an ERP and SCADA upgrade.

As can also be seen in Table 5, the funding is largely in the first 2 years, with funding in years 3 – 4 being mainly for review purposes.

Strategic Objective	Year 1	Year 2	Year 3 - 4	Total Cost
Financial sustainability	750	0	200	950
Security of Power Supply and Regional Cooperation	150	0	0	150
Robust human capital development	950	50	0	1,000
Efficient business processes and systems	17,010	16,130	16,115	49,255
Total	**18,860**	**16,180**	**16,315**	**51,355**

(Amounts in UGX Mn)

Table 5.3 (a): Budget per Business Objective and Year

b) Key budget drivers

Table 6 indicates the allocation of budget by Capacity Building area. The costs contained in this table are the Consultant's estimates and should be validated through the procurement process.

Strategic Objective	Capacity Building Area	Year 1	Year 2	Year 3 - 4	Total Cost
Financial sustainability	CBP enhancements: Prioritise the CBP as the apex strategy document of the Company - aligned to NDP, costed and with focused leading indicators. *Cost Driver: Consultant to guide the strategy review process.*	150			**150**
	Policies: Expedite the ongoing development of a Procurement Manual with a focus on reducing process complexity and procurement delays. *Cost Driver: Consultant to develop a Procurement Manual.*	300		100	**400**
	Policies: review and update the FPPM and take steps to ensure it is implemented as approved. *Cost Driver: Consultant to update the FPPM.*	300		100	**400**
Security of Power Supply and Regional Cooperation	Governance Improvement: Review and Update Board Charter, Compliance, Processes, membership skills and tenure, to ensure provision of vibrant and relevant leadership to the organisation *Cost Driver: Consultant to review the Board Charter.*	150	0	0	**150**
Robust human capital development	Accountability Mechanisms: Develop and link departmental and individual KPIs with Company strategic goals. *Cost Driver: Consultant to develop work with Management to develop KPIs linked to the strategy.*	200	0	0	**200**

Strategic Objective	Capacity Building Area	Year 1	Year 2	Year 3 - 4	Total Cost
	Salary survey: Undertake tailored market surveys with specific and relevant entities as well participate in annual Compensation and benefit studies with reputable companies like Mercer. *Cost Driver: Subscription to Compensation and benefit studies with reputable companies like Mercer*	50			**50**
	Cultural transformation: Conduct an organisation-wide cultural transformation project to drive performance. *Cost Driver: Consultant to work with Management and the Board to implement the cultural transformation project*	100	50		**150**
	Human Capital Development: Align organisation staffing, retention practises and structure with best practise to enable delivery of the mandate. *Cost Driver: Consultant to perform an organisational restructuring*	200	0	0	**200**
	Skills analysis and audit: Conduct a comprehensive review of the skills especially after a new structure has been developed and approved *Cost Driver: Consultant to conduct a comprehensive skills audit*	400	0	0	**400**
Efficient business processes and systems	Business efficiency: Ensure proper alignment of structure and staffing levels matched with workload and complexity *Cost Driver: Consultant to perform a workload analysis*	210	55	40	**305**
	TSO Efficiency: Empower UETCL to support designs, feasibility studies and ESIA/RAP studies *Cost Driver: Training programme for UETCL to conduct feasibility, ESIA and RAP studies*	150	75	75	**300**
	ERP Implementation: Automate business processes across the Company *Cost Driver: Turnkey ERP implementation budget including change management and quality assurance.*	8,000	8,000	8,000	**24,000**
	SCADA Upgrade: Improve UETCL grid infrastructure through the upgrade of SCADA System and Integrating GIS with SCADA *Cost Driver: Turnkey SCADA upgrade and integration with GIS*	8,000	8,000	8,000	**24,000**
	Job analysis and job evaluation: Perform a job analysis and determine optimum staffing level ensuring that staffing levels are aligned with the business requirement	400	0	0	**400**

Strategic Objective	Capacity Building Area	Year 1	Year 2	Year 3 - 4	Total Cost
	Cost Driver: Consultant to conduct a job analysis and a job evaluation				
	Organisation Structure: Recast and align structure and staff deployment for delivery of organisation mandate *Cost Driver: Consultant to develop a business wide organisational structure including supporting departmental and unit structures.*	250	0	0	**250**
Total		**18,860**	**16,180**	**16,315**	**51,355**

(Amounts in UGX Mn)

Table 5.3 (b): Budget by Capacity Building Area

6.0 CAPACITY BUILDING SOLUTIONS MONITORING AND EVALUATION

The impetus for inclusion of Monitoring and Evaluation (M&E) Framework for Capacity Building Solutions is based on a number of factors, with the ultimate aim of improving quality, performance, and learning across the electricity supply industry.

The considerations include:

i) Growing stakeholders internal and external accountability requirements regarding the support and implementation of the CBS and eventually to the operationalization of the solutions

ii) Providing a clear framework and system to assess the extent to which activities in the CBS for UETCL at all levels are contributing to Company's mandate

As seen through CBS development process, there has been an open persistent call for all stake holders to participate and contribute resources. Such an integration and multi sectorial approach requires the need to demonstrate results and impact growth.

To ensure a common understanding of what best M&E results will look like throughout the CBS implementation, a thematic simple but robust M&E framework has been put in place with associated core and thematic indicators.

i) This will only be operative if UETCL improves data collection and analysis to better understand and measure the results and quickly come up with actions on how this can be improved basing on the accepted goal targets.

ii) Ensure M&E activities throughout the CBS are in line with the UETCL mandate.

iii) Be accountable to internal and external stakeholders through more effective and participatory M&E, and reporting.

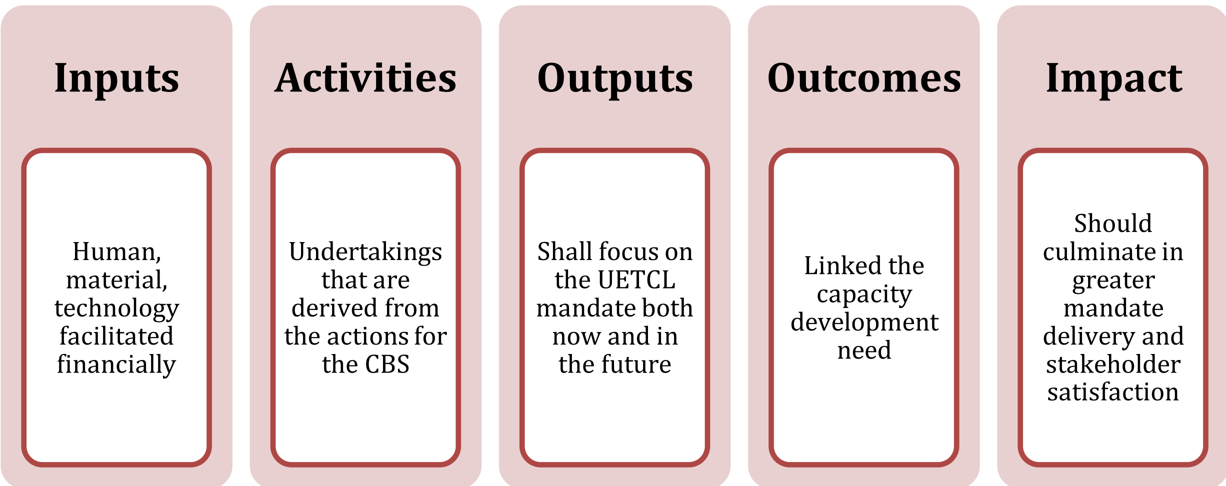


Fig. 6 (a): Monitoring and Evaluation Framework

6.1 M&E indicators for solutions at the Enabling Environment Level

Strategic Objective	Capacity Building Area	Responsible Party(ies)	Outcome	Indicator
Security of power supply and regional cooperation	**Regulatory engagement:** Conduct open engagement between the regulator, shareholders and sector ministry on the roles of each of the parties.	MD/CEO MEMD ERA	Mitigate regulatory overreach	Signed minutes of engagement meetings
	Shareholding: Make MEMD a shareholder of UETCL	MoFPED, MEMD, MLHUD, Parliament	UETCL aligned to governance of MEMD	MEMD as a shareholder of UETCL
	Enabling laws and regulations: Expedite amendment of the Electricity Act and Energy Policy	MoFPED, MEMD, MLHUD, Parliament	Coordinated energy sector operations	Approved Electricity Act and Energy Policy with relevant clauses
	Sector wide planning: Put in place a sector-wide planning /working group	MEMD	Coordinated energy sector operations	Operational sector-wide planning /working group.
Accelerated grid infrastructure development and stimulation of demand	**Government Policies:** Address policy weaknesses of: • Delays in provision of funds for feasibility studies • Budgetary provisions for RAP before project financiers are identified	MoFPED, MEMD, MD/CEO	Enhanced project execution and grid development	Timely and complete provision of funds for feasibility studies and RAP before financiers are identified
	Enabling laws and regulations: expedite amendment of the Land Acquisition Bill	MoFPED, MEMD, MLHUD, Parliament	Timely land acquisition	Amended Land Acquisition Act
Financial sustainability**	**Financial efficiency:** Review options to remove liability for deemed energy charges and bad debts provisions related to MDAs from UETCL. ** Transfer foreign exchange liability to GoU. Work with MoFPED to renegotiate interest rates on AFD loan.	MD/CEO MFAS	Financial performance free of uncontrollable risks	Zero provisions for MDA bad debts. MoFPED -UETCL on lending agreements domiciled in UGX. AFD loan interest renegotiated to 2 - 3%.
	Financing: Continued engagement with ERA on reporting dates and utilisation of profits. Sourcing of grants as alternative financing options.	MD/CEO	Improved strategic execution	100% control over retained earnings. 100% achievement of grants budget

Table 6.1 (a): M&E Indicators – Enabling Environment Level

6.2 M&E Indicators for Solutions at Organisational Level

Strategic Objective	Capacity Building Area	Responsible Party(ies)	Outcome	Indicator
Security of power supply and regional cooperation	**Board meetings:** Should be reduced to allow Management time to implement the CBP. 6 Full Board meetings and 5 committee meetings per committee would put UETCL in line with corporate practice. **	BOD	Effective and efficient BOD	6 Full Board & 5 Committee Meetings per year (from the date of adoption)
	Governance Improvement: Review and Update Board Charter, Compliance, Processes, membership skills and tenure, to ensure provision of vibrant and relevant leadership to the organisation	BOD	Effective and efficient BOD	Zero reports of Board Non-Compliance
	Project planning: Create mechanisms for realistic forecast of growth in electricity demand to optimize investments in grid expansion and reinforcements	MP&I	Optimized cost of investments in capital projects	Reducing the amount of planned investment spend
	Project planning: Include holistic assessment of resource requirements in project plans	MP&I	Adequate allocation of resources such as personnel, tools, transport, office space and equipment to projects	Project plans include detailed resource plans
	Strategic alignment: Develop KPIs aligned with stakeholder and shareholder needs and expectations	MD/CEO	Improved strategic alignment at all levels of UETCL	Agreed set of reflective KPI between the stakeholders and UETCL.
	TSO Efficiency: Empower UETCL to carry out its role as the system operator and determine the demand supply balance	BOD MD/CEO	UETCL plans and controls the addition of generation capacity	Optimized/balanced generation surplus
Accelerated grid infrastructure development and stimulation of demand	**Wayleaves acquisition**: Timely and cost effectively securing of wayleaves through enhancing inhouse capacity for wayleaves acquisition and a specific department for RAP implementation**	BOD MD/CEO	Timely wayleaves acquisition	In-house Land acquisition department
	Wayleaves acquisition: Governance framework, rules and procedures for wayleaves acquisition to enable efficient processing of wayleaves	BOD MD/CEO	Standard procedures and rules in wayleaves acquisition	Reviewed and approved procedures and rules
Financial sustainability	**BOD Approval Limits:** Adjust the approval levels to engage the BOD on strategic procurement (above UGX 10bn) and instead focus the Board on approval of the annual operating budget**	BOD MD/CEO	Increased strategic focus by BOD	BOD approval limits set at UGX 10Bn

Strategic Objective	Capacity Building Area	Responsible Party(ies)	Outcome	Indicator
	CBP enhancements: Prioritise the CBP as the apex strategy document of the Company - aligned to NDP, costed and with focused leading indicator.	MD/CEO	Improved strategic alignment at all levels of UETCL	Costed CBP that is linked to the NDP with leading indicator embedded approved 6 months before the period it relates to.
	Enterprise Risk Management: Document and regularly update the Enterprise Risk Register.	BOD MD/CEO	Improved enterprise risk management	Management and BOD approved Enterprise Risk Register.
	EPC contractor selection: EPC contractor and consultants should all have bid bonds and performance guarantees executed by reputable financial institutions banks.	MPD	Improved financial and risk management in project implementation.	EPC contractor and Consultant selection checklist.
	KPI revision: Revise KPIs for gearing and revenue generation.	MFAS	Improved strategic alignment at all levels of UETCL	Agreed set of reflective KPI between the stakeholders and UETCL.
	Policies: Expedite the ongoing development of a Procurement Manual with a focus on reducing process complexity and procurement delays.	MPD	Increased efficiency and risk management in procurement.	Approved Procurement Manual.
	Policies: Review and update the FPPM, and take steps to ensure it is implemented as approved.	MFAS	Improved financial and risk management.	Approved updated FPPM
	Pre-disbursement planning: Negotiate out or plan for clauses or guidelines in the disbursement agreements that could negatively impact on project implementation.	MFAS MPI	Improved financial and risk management in project implementation.	Pre-disbursement checklist signed off by Management.
	Project evaluation criteria: Emphasise financial evaluation in the project evaluation criteria through metrics such as NPV and payback period.	MFAS MPI	Improved financial and risk management in project implementation.	Project acceptance criteria signed off by Management.
	Reporting: Prioritise the production of the FY20 annual report and set a calendar for production of annual reports with delegated officers within the Company.	MD/CEO	Improved accountability to stakeholders.	Approved annual report within 6 months of financial year end
	Risk management: focus on closure of internal and external audit issues.	MD/CEO MIA	Improved enterprise risk management	Timely closure of 100% of internal and external audit issues.

Strategic Objective	Capacity Building Area	Responsible Party(ies)	Outcome	Indicator
Robust human capital development	**Accountability Mechanisms:** Develop and link departmental and individual KPIs with Company strategic goals. **	MD/CEO MHRA	High performance culture	Approved performance KPIs from strategy to individual performance management tools
	Accountability Mechanisms: Ensure reward mechanisms are aligned to motivate delivery of strategic goals**	MD/CEO MHRA	High performance culture	Approved rewards and differentiated rewards policy
	Organisation Structure: Recast and align structure and staff deployment for delivery of organisation mandate	BOD MD/CEO MHRA	Efficient and high performing organisation	Realigned and BOD approved organisational structure
	Salary survey: Undertake tailored market surveys with specific and relevant entities as well participate in annual Compensation and benefit studies with reputable companies like Mercer.	MD/CEO MHRA	Aligned and competitive compensation and benefits	Management and BOD Approved salary survey report
	Cultural transformation: Conduct an organisation-wide cultural transformation project to drive performance.	MD/CEO MHRA	High performance culture	Completed cultural transformation project
	Build a positive culture: develop and implement a succession planning policy and talent management strategy.	MD/CEO MHRA	High performance culture	Approved succession planning and talent management policies
	Human Capital Development: Align organisation staffing, retention practises and structure with best practise to enable delivery of the mandate.	MD/CEO MHRA	Efficient and high performing organisation	Benchmark study with comparator organisations
	Learning and development: Align skills development, training, menToRhip and career progression with organisation's strategic thrust	MD/CEO MHRA	Efficient and high performing organisation	Approved management and leadership development policy
	Skills analysis and audit: Conduct a comprehensive review of the skills especially after a new structure has been developed and approved	MD/CEO MHRA	Efficient and high performing organisation	BOD approved skills analysis and audit report
	Structural changes: Redesign the HR & A structure into two separate arms (MHRA) and (PM&L&D). Restructure the HR Department to bring in good talent with relevant experience, agility, and business mindset.	MD/CEO MHRA	HR set up as a business change driver	Approved HR structure (people, structure, policies and systems)
	Job analysis and job evaluation: Perform a job analysis and determine optimum staffing level ensuring that	MD/CEO MHRA	Optimised work force	Approved job analysis and evaluation report

Strategic Objective	Capacity Building Area	Responsible Party(ies)	Outcome	Indicator
	staffing levels are aligned with the business requirement.			
	Exit management process: Improve the exit management process to pick both formal and informal factors driving the key staff exits	MHRA	Optimised work force	Quarterly exit report with comprehensive exit drivers
	Organizational structure: Planning and Investments department to be strengthened to deliver feasibility studies in-house, provide standards and specifications and focus on its core activities	MD/CEO MHRA MP&I	Efficient and high performing organisation	Realigned and BOD approved organisational structure
Efficient business processes and systems**	**ERP Implementation:** Automate business processes across the Company through the implementation of a modern ERP**	MD/CEO MICT	Efficient and effective business processes	Signed off to-be process maps ERP implemented to UETCL specifications
	SCADA Upgrade: Improve UETCL grid infrastructure through the upgrade of SCADA System and Integrating GIS with SCADA**	MD/CEO MICT	Optimised Grid Infrastructure	SCADA upgrade to UETCL specifications
	Business efficiency: Project governance framework and project manual to be strengthened to achieve efficient delivery of projects	MPI	Effective and efficient management of projects	Projects delivered safely, on time, within budget and of desired quality
	Business efficiency: Develop an enterprise process model that depicts integrated business operations, organizational setup, and key stakeholders.	MD/CEO	Efficient and effective business processes	Signed enterprise business process model
	Business efficiency: Ensure proper alignment of structure and staffing levels matched with workload and complexity	MD/CEO MHRA	Effective and efficient organisation structure	Competitive reward packages with comparable organisations in the sector
	Digital transformation: Develop To-Be (future) business process maps for the core business processes to be impacted by the ERP system. These should be improved to depict level of automation needed in the business process.	MICT	Increased efficiency, and greater visibility of business operations	Signed to-be business process maps
	Digital transformation: Automate IT service management through implementation of an enterprise helpdesk system	MICT	Improved IT operational efficiency	Working enterprise level service desk system
	Digital transformation: Create a digital strategy to streamline the digital transformation efforts. Focus on maximizing competitive advantage, growth, profit, and value	MICT	Increased digital operations across the business	Signed off digital strategy
	Digital transformation: Reduce data centre complexity through	MICT	Increased data centre efficiency,	Working hyperconverged

Strategic Objective	Capacity Building Area	Responsible Party(ies)	Outcome	Indicator
	deployment of hyperconverged systems.		scalability, agility, data protection and cost efficiency.	infrastructure (HCI)
	Efficient ICT project implementation: Prioritize the appointment of an ERP project team	MD/CEO MICT	Successful ERP project implementation	Assigned ERP SteerCo, project manager, and project team
	Benchmarking: Benchmark ICT plan on best practises of leading Transmission companies and assign KPIs to measure ICT business enablement.	MD/CEO MICT	Improved IT operational efficiency and projects delivery	Business process and practises aligned
	Adopt Emerging IT Technology: This involves integrating innovative ICT with digital power platforms to provide a digital grid that supports status awareness and intelligent interconnection, digital operations that improve operations and maintenance (O&M) and operational efficiency, and digital Services that support scenario-based solutions such as multi-station integrations and smart metering and integration with business applications	MD/CEO MICT	Optimised Grid Infrastructure and efficient business processes	Signed off road map for technology adoption
	TSO Efficiency: Develop a definitive set of technical standards and specifications as reference to govern engineering processes.	MICT MP&I	A central controlled standards and specifications documentation	User departments relying on standards and specifications in a central electronic documentation system.
	TSO Efficiency: Empower UETCL to support designs, feasibility studies and ESIA/RAP studies	MD/CEO MPI	Capacity to do feasibility studies and designs in-house	No of Designs, Feasibility and ESIA/RAP studies done in-house
	Wayleaves acquisition: Engage external stakeholders to address delays and conflicts in RAP process	BOD MD/CEO MLHUD, MoJCA, RAP Consultants	Timely completion of conflict free RAP process	Reduced turnaround time for obtaining external stakeholder inputs; Signed engagement meetings minutes

Table 6.2(a): M&E Indicators – Organisational Level

ANNEXES

1. List of consulted stakeholders / respondents
2. List of references
3. Data collection tools used for the assessment
4. Synthesized data matrices for thematic areas
5. UETCL mapped work processes
6. Recommendations from the Capacity Assessment

Annex I: List of consulted stakeholders/respondents

The following institutions and highlighted individuals were engaged in the Capacity Assessment:

Internal Stakeholders

UETCL Board of Directors

Title	First Name	Last Name	Email
Mr.	Peter	Ucanda	
Mr.	Nicholas	Oluka	
Eng.	Abdon	Atwine	a.atwine@energy.go.ug
Mr.	John	Genda Walala	
Mrs.	Sarah	Muhumuza	
Mr.	Christopher	Mugisha	cmugisha@perd.go.ug
Mr.	Gideon	Gariyo Mugisha	gideon.gariyo@finance.go.ug

UETCL Management and Selected Staff Members

Title	First Name	Last Name	Designation	Email
Mr.	George	Rwabajungu	MD/CEO	george.rwabajungu@uetcl.com
Eng.	Valentine	Katabira	Dep CEO	valentine.katabira@uetcl.com
Mrs.	Georgina	Musisi	Company Secretary	georgina.musisi@uetcl.com
Eng.	Richard	Masiko	Manager Operations & Maintenance	richard.masiko@uetcl.com
Eng.	Boneventura	Buhanga	Manager Planning & Investments	boneventura.buhanga@uetcl.com
Eng.	William	Nkemba	Manager Projects Implementation	william.nkemba@uetcl.com
Mr.	Martin	Erone	Manager Corporate Services	martin.erone@uetcl.com
Mr.	Peter	Igibolu	Manager Information & Communications Technology	peter.igibolu@uetcl.com
Mr.	Frederick	Zesooli	Manager Human Resources & Administration	Frederick.zesooli@uetcl.com
Mr.	Edward	Muganyizi	Manager Internal Audit	edward.muganyizi@uetcl.com
Mrs.	Carol	Ssembajjwe	Senior Accountant Budget & Final Accounts	carol.nansumba@uetcl.com
Mr.	Emmanuel	Owiny	Principal Disbursements & Stores Officer	emmanuel.owing@uetecl.com
Mr.	Ronald	Kajjabaga	Financial Accountant - Final Accounts	ronald.kajjabaga@uetcl.com
Mr.	Francis	Nteza	Principal Budget & Financial Officer	francis.nteza@uetcl.com
Mr.	Karim	Jumba	Principal Information Technology Officer	karim.jumba@uetcl.com

Title	First Name	Last Name	Designation	Email
Mr.	Mohamed	Sebugenyi	Principal Control Engineer	mohamed.sebugenyi@uetcl.com
Mr.	Jimmy	Kironde	Senior Control Engineer (Hardware)	jimmy.kironde@uetcl.com
Mrs.	Florence	Mayanja	Projects Community Liaison Officer	florence.mayanja@uetcl.com
Mr.	Godfrey	Okoth	Projects Information Officer	godfrey.okoth@uetcl.com
Ms.	Lydia	Adur	Project System Officer	lydia.adur@utecl.com
Ms.	Gertrude	Akello	Senior Human Resource Officer	gertrude.akello@uetcl.com
Ms.	Irene	Adunge	Accountant Payroll & Payables	irene.adunge@uetcl.com
Ms.	Patricia	Bekunda	Projects Community Liaison Officer	patricia.bekunda@uetcl.com
Mr.	Godfrey	Rwatooro	Principal Projects Accountant	godfrey.rwatooro@uetcl.com
Mr.	Herbert	Opolot	Principal Procurement Officer	herbert.opolot@uetcl.com
Mr.	Jenkins	Miiro	Principal Revenue & Statistics Officer	jenkins.miiro@uetcl.com
Ms.	Susan	Kisakye	Human Resource Officer	susan.kisakye@uetcl.com
Ms.	Olive Christine	Ninsiima	Human Resource Officer	olive.ninsiima@uetcl.com
Mrs	Margaret	Kahuma	Senior Staff Development & Training Officer	margaret.kahuma@uetcl.com
Mrs.	Miriam	Nambi Koolya	Principal Administration Officer	miriam.nambi@uetcl.com
Mr.	Jamil	Kalema	Training Assistant	jamil.kalema@uetcl.com
Ms.	Edith	Mukama	Senior Administration Officer	edith.mukama@uetcl.com
Ms.	Jacquiline	Akello	Principal Human Resource Officer	jacquiline.akello@uetcl.com
Mr.	Edward	Mutesa	Principal Projects Officer - Social Aspects	edmutesa99@gmail.com

External Stakeholders

Organisation	Title	First Name	Last Name	Email
Bank of Uganda	Mrs.	Carol	Asimwe	crasiimwe@bou.or.ug
	Mr.	Denis	Lwamafa	dlwamafa@bou.or.ug
	Mrs.	Doreen	Rubatsimbira	dkrubatsimbira@bou.or.ug
	Mrs.	Evace	Byabazaire	ebyabazaire@bou.or.ug
	Mr.	Michael	Tukacungurwa	mtukacungurwa@bou.or.ug
	Mr.	Moses	Kwesiga	mkwesiga@bou.or.ug
	Mr.	Solomon	Kavuma	skavuma@bou.or.ug
Bujagaali Energy Ltd.	Eng.	Francis	Mwangi	fmwangi@bel.co.ug
	Mr.	John	Berry	jberry@bel.co.ug

Organisation	Title	First Name	Last Name	Email
	Eng.	Juan	Espinosa	jespinosa@bel.co.ug
Electricity Regulatory Authority	Mr.	Daniel	Muttu	d.muttu@era.go.ug
	Mr.	Isaac	Kinhonhi	i.kinhonhi@era.go.ug
	Dr.	Richard	Okou	r.okou@era.go.ug
	Eng.	Ziria	Tibalwa	z.tibalwa@era.go.ug
	Eng	Daniel	Olinga	dolinga@era.go.ug
Eskom Uganda	Mr.	Edmund	Amanyire	edmund.amanyire@eskom.co.ug
	Eng.	Luvuyo	Feni	luvuyo.feni@eskom.co.ug
	Mr.	Nobert	Jiga	nobert.jiga@eskom.co.ug
	Mr.	Peter	Ladu	peter.ladu@eskom.co.ug
	Mr.	Peter	Tentena	peter.tentena@eskom.co.ug
	Mr.	Richard	Asaba	richard.asaba@eskom.co.ug
	Ms.	Thozama	Gangi	thozama.gangi@eskom.co.ug
KfW	Mr.	Ambrose	Kamukama	Ambrose.Kamukama@kfw.de
	Mr.	Georg	Gruener	Georg.Gruener@kfw.de
	Mr.	Stefan	Bolle	Stefan.Bolle@kfw.de
NITA	Mr.	Emmanuel	Mugabi	emmanuel.mugabi@nita.go.ug
MEMD	Eng.	Moses	Murengezi	
	Eng.	Edward	Baleke	
UEDCL	Mr.	Boniface	Barongo	barongo@uedcl.com
	Eng.	Franklin	Oidu	oidu@uedcl.co.ug
	Mr.	Jonan	Kiiza	jonan.kiiza@uedcl.co.ug
	Mr.	Paul	Mwesigwa	mwesigwa@uedcl.co.ug
Umeme	Mr.	Blessing	Nshaho	blessing.nshaho@umeme.co.ug
	Mr.	Selestino	Babungi	selestino.babungi@umeme.co.ug
	Mr.	Simbiso	Chimbima	simbiso.chimbima@umeme.co.ug
UNRA	Mr.	Ian	Bakiza	ian.bakiza@unra.go.ug
	Mr.	Abbot	Naturinda	abbot.naturinda@unra.go.ug
	Mr.	William	Matovu	william.matovu@unra.go.ug
World Bank	Mr.	Patrick	Mwesige	mwesigepj@gmail.com
	Mr.	Paul	Bariganire	pbaringanire@worldbank.org
MLHUD	Mr.	John	Karuhanga	
	Mr.	Joseph	Kibande	
	Mr.	Kato	Magembe	
CGV	Mr.	Kato	Magembe	
Solicitor General/ Attorney General	Mr.	Fadhil	Mawanda	
MOFPED	Mr.	Christopher	Mugisha	cmugisha@perd.go.ug

Annex II: List of References

Topic	Reference
Benchmarking	Benchmarking Analysis of the Electricity Distribution Sector in the Latin American and Caribbean Region (Andres et.al 2005)
	KETRACO Annual Report – 2018
	STATNET Annual Report – 2019
	www.statnett.no
Budgeting	Best practice in the budget and planning process (Lanzkron, 2017)
Compliance	The compliance journey (KPMG, 2017)
Debt Vulnerabilities	Debt Vulnerabilities in Developing Countries: A New Debt Trap? (UNCTAD, 2017)
Electricity Regulation	Electricity Regulation Index for Africa (AFDB, 2018)
Internal Audit	Risk based internal auditing (IIA, 2014)
Loan / Grant Negotiation	Guidelines for Loan/Grant Negotiations in Government (MOFPED, 2018)
Loan / Grant Negotiation	UN Financing for Development negotiations (UN, 2017)
Macro-Economic Statistics	https://www.bou.or.ug/
Sustainability Guideline	Sustainability Guideline: Assessment and management of Environmental, Social, and Climate Aspects: Principles and Procedures (KfW Development Bank, 2019)
Working Capital Management	An Assessment of the Strategy of Working Capital Management in Polish Energy Companies (Grzegorz, 2019)
Power Purchase Agreements	Understanding Power Purchase Agreements (World Bank, 2016)
Capacity Assessment	Hashemite Kingdom of Jordan Institutional Financial Management Capacity Assessment (IFMCA): Education and Social Development Sector (World Bank, 2016)
Power Sector Reform	Rethinking Power Sector Reform in the Developing World (World Bank, 2020)
UETCL Salary and Benefits	Salary and Benefits Survey Report (PwC, 2015)
Job Analysis and Evaluation	Job Analysis and Job Evaluation Report (AH Consulting, 2018)
Project Management	A Guide to the Project Management Body of Knowledge (PMI USA,), 5th edition
Process Review	Mapped Work Processes
Functional and Technical Requirements	ERP Core requirement
Infrastructure Study	ERP Hardware Requirements
ERP Feasibility Study	Contract for consultancy services for UETCL's digitalization Project
	2020 Clash of the Titans – Panorama Consulting Group
	UETCL ERP Feasibility Report
	Corporate Business Plan 2014-2018
	Corporate Business Plan 2019-2023

Topic	Reference
Performance	National Development Plan II (NDP II)
	National Development Plan III (NDP III) 2020 – 2025
	UETCL Grid Development Plan 2015-2030
	UETCL Grid Development Plan 2018-2040
	National Energy Policy
	UETCL Capex Program governance framework
	UETCL Project Management framework
	Project Files (5 sample completed projects)
	UETCL Standards Manual & Quality Management framework
	UETCL budgeting framework
	External Audit Report 2018 – 2019
	Management Letter 2018 – 2019
	Latest Value for Money Audits
	https://earthdata.nasa.gov/worldview/worldview-image-archive/lake-victoria-africa
	https://earthobservatory.nasa.gov/features/Victoria
	https://www.oceandocs.org
	https://nilebasin.org
ICT Governance	Information and Communications Technology Strategy Plan 2015 – 2019
	Information and Communications Technology Policy and Procedure Manual
	Information and Communications Technology Work Plan 2019, 2018, 2017, 2016, 2015
	Organisation Chart ICT 2020
ERP Project	Summary ERP Implementation work plan
Audit and Compliance	Latest Internal Audit Report on Finance, Project Planning and Project Implementation
	Latest Internal Audit Report on Information and Communications Technology
	Annual Performance Report 2019, 2018, 2017, 2016, 2015
	UETCL Annual Operational Plan and budget 2019, 2018
	Latest reports from Tax Auditors/ Accountants
	UETCL Finance Policies and Procedures Manual
	Membership and mandate of the Energy and Mineral Development Sector Working Group
	Minutes of the Finance Committee of the Board 2019
	Results of annual internal and external stakeholder surveys
	Minutes of the Finance, Accounts and Sales quarterly departmental meetings minutes for 2019
	Human Resource Management Strategy/ Talent Management
	Human Resource Management Manual
	Corporate KPIs Document (BSC with 18 KPIs)
	Detailed Organogram/ Structure
	Staff List (Summary Profiles)

Topic	Reference
Audit and Compliance	HR Processes (Recruitment – Exit)
	Training Plan/ Calendar (Last 2 years)
	Performance Management Tool/ Systems
	Reward and Recognition Policy
	Succession Planning Policy
	UETCL Health and Safety policy 2019
	Draft Energy Policy (Proposed)
	Draft Electricity Act (Proposed)
	UETCL Memoranda and Articles of Association
	Company Act 2012
	PPDA Act 2003
	The Cloud Computing Guidelines for GoU
	National information security framework assessment
	Internal Audit Report – 3rdQuarter, 2017/18
	IT RISK Register
	UETCL Risk management policy statement
Governance	Board Practices Report | Common threads across boardrooms, 2018, Deloitte and Society for Corporate Governance

Annex III: Comprehensive Data collection Tools

Introduction
My name is _______________I am conducting an Institution Capacity Assessment widely accepted within the Company. I request for your participation in this exercise. All information shared with me/ us shall be treated with utmost confidentiality.
Thank you in advance for your cooperation.
Section One: **Legal and Institutional Framework**

#	Question	Interviewee
1.	Where does UETCL derive her legal mandate?	Company Sec
2.	How does the Company ownership and regulation affect its capacity to achieve her mandate	Co. Sec
3.	What are the strong legal foundations within the law that can be enhanced to enable the Company to achieve her mandate	Co. Sec
4.	Does the law that establishes and governs the operation of the Company affect its capacity to deliver her mandate?	Co. Sec
5.	What proposed reforms within the law would enable the Company to attain the necessary capacity to achieve her mandate?	Co. Sec
6.	What is the composition and selection procedure of the Board?	Co. Sec and Board
7.	Does the selection procedure of the Board guarantee its independence and efficiency?	Co Sec and Board
8.	What is the selection procedure of the committees of the Board, who sets their ToR and their outputs?	Co Sec and Board
9.	Is the Board selection and composition well equipped to perform its oversight role?	Co Sec and Board
10.	What are the existing strengths of the Board composition to enable it to achieve its oversight role?	Co Sec and Board
11.	What are existing weaknesses/gaps that need enhancement to make the Board more efficient in performing its roles?	Co Sec and Board
12.	What are the existing structures and mechanisms within the Board that enables it deliver on its roles?	Co Sec and Board
13.	How often does the Board hold meetings and how does it affect its role in taking key decisions?	Co Sec and Board

Assessing Process, People and Systems

1.	Which role does your office play in way leaves acquisition? Project Implementation	D/CEO, Corporate Services
2.	Which critical steps does the way leaves acquisition go through from commencement to closure of projects?	Corp. Services, Proj Implementation
3.	What are key offices and officers that handle the acquisition process and their key competences?	D/CEO, Co Services and Proj Implementation
4.	Who are the stakeholders and their roles in determining way leaves acquisition process?	D/CEO, Corp services and Proj Implementation
5.	How do the respective stakeholders enhance/undermine the effectiveness of way leaves acquisition process?	Corp Services and Proj Implementation
6.	What are key factors that are considered before undertaking the Way leaves acquisition	Corp Services and Proj Implementation

7.	How are existing land laws, systems and policies enhance the way leaves acquisition process?	Corp Services and Proj Implementation
8.	What are the key gaps/weaknesses within the land laws/policies that affect the acquisition process?	Corp Services and Proj Implementation
9.	What are the key reforms that can be undertaken to enhance the acquisition process?	Corp Services
10.	Is the Company well equipped technically and numerically to handle the acquisition and resettlement processes?	Corp Services
11.	What changes would be undertaken to enhance the acquisition and resettlement process?	Corp Services and Proj Implementation
12.	Who sets and assess the KPIs in the acquisition and resettlement process?	Corp Services and Proj Implementation
13.	What would be critical changes within the institutions that deal with the acquisition and resettlement processes to enhance the processes?	Proj Implementation
14.	How and who determines the valuation rates in the acquisition and resettlement process?	Proj Implementation
15.	What are key factors that delay the acquisition and resettlement process?	Proj Implementation
16.	What are the dispute resolutions mechanisms in place to handle the acquisition and resettlement process?	Proj Implementation
17.	What would be the recommended dispute resolutions to be put in place to enhance better and timely dispute resolution?	Proj Implementation
18.	What are the legal approvals and from whom does the acquisition and resettlement processes go through?	Corp services and Proj Implementation
19.	How do the legal approvals promote/delay the Acquisition and resettlement processes?	Corp Services and Proj Implementation
20.	How would the approval process be enhanced to promote efficient and timely acquisition and resettlement process?	Corp services and Proj Implementation

Assessing the Design and Structure

#	Question	Response
1.	Do you have a standard valuation rates system in place?	1=Yes 2=No 3=Not sure
2.	Who determines the final valuation rates?	
3.	Does your Company have the necessary valuation skills for acquiring way leave	1=Yes 2=No 3=Not sure
4.	Do you have conflict resolution system during valuation process	
5.	Do you have independent valuers for way leave and resettlement projects?	1=Yes 2=No 3=Not sure
6.	Do you have any one in charge of the Way Leave Acquisition activities in the Company?	1=Yes 2=No 3=Not sure
7.	Whom does he/she report to?	1=Executive director 2=Department Head
8.	Do you have an acquisition information system?	1=Yes 2=No 3=Not sure

9.	If yes, is there any information associated with the way leave acquisition system?	
10.	Is the acquisition information system formalized in a written document - e.g., an operating manual?	1=Yes 2=No 3=Not sure

Project Affected Persons Analysis

1.	Have you been affected by the way leave/transmission line project as a landowner?	
2.	Where and how have you been affected?	
3.	What is the nature of land ownership was affected	1.Mailo land 2. Freehold 3.Leasehold 4. Customary 5. any other (specific interest)
4.	Were you compensated for the affected land?	
5.	How long did it take for the compensation process to be completed?	
6.	Which nature of compensation did you receive?	1.financial 2. resettlement 3. any other specify
7.	Were you satisfied with the compensation process?	1.Yes 2. No 3. Not sure
8.	If 7 is no, why?	
9.	Were you sensitised about the process before?	
10.	Whom did you get the information about the acquisition and compensation process?	
11.	Was the compensation given fair to you?	
12.	If 11 is no, why do you think it was unfair?	
13.	What do you think should have been done to manage the process better?	
14.	What was the overall impact of the project to you?	

#	Question	Response
1.	What is the motivation of the Company for institution capacity assessment?	
2.	Are you involved in the process of way leave acquisition?	
3.	How will you benefit from this assessment?	

#	Questionnaire	Response
4.	Does your Company have the technical skills in way leave acquisition process?	1=Strongly agree 2=Agree 3=Disagree 4=Strongly disagree
5.	Does your Company have the managerial skills in way leave acquisition?	
6.	Does your Company have a department to deal with way leave acquisition?	
7.	Does your Company have enough field offices or branches in the country for Way leave acquisition?	1=Yes 2=No 3=Not sure
8.	How many way leaves acquisition staff? Full time part-time	
9.	If yes, where are they located?	
10.	How many staff members does your Company have? Kindly provide us with your Company operation structure?	
11.	What is the source of funding for way leave acquisition projects?	
12.	What determines the size of budget for way leave acquisition?	
13.	Does the budget size affect the timelines for way leave acquisition?	

Assessing the Existing Institution Capacity Tools

#	Does your Company have existing tools for assessing corporate and individual performance? (These can be multiple responses)	
	At the Board/ strategic level	
1.	Tools for assessing capital projects management	1.Strategic Plan 2.Operational plan 3.Annual Work plan 4.Annual Budgets 5. Others (Mention)
2.	Frequency of assessing performance	1. Monthly 2.Quarterly 3.Bi-annual 4.Annual 5.Others (Mention)
3.	How is the performance assessed?	
4.	Who participates in this assessment?	
5.	Which kind of information is generated?	

	At Operational Level	
1.	Tools for assessing Company performance	1=Work plans 2=Monthly Budgets 3=Performance 4. Appraisal tools 5=Departmental Reports 6=Others (Mention)
2.	Frequency of assessing performance	1=Daily 2=Weekly 3=Monthly 4=Quarterly 5=Bi-annual 5=Annual 7. Others (Mention)
3.	How is the performance assessed?	
4.	Who participates in this assessment?	
5.	Which kind of information is generated?	

	At Implementation Level	
6.	Tools for assessing Company performance	1.Work plans 2.Monthly Budgets 3.Performance 4. Appraisal tools 5.Departmental Reports 6. Others (Mention)
7.	Frequency of assessing performance	1.Daily 2.Weekly 3.Monthly 4.Quarterly 5.Bi-annual 6.Annual 7. Others (Mention)
8.	How is the performance assessed?	
9.	Who participates in this assessment?	
10.	Which kind of information is generated?	

Assessing the Capital Projects Management Components

11.	Does your department have the following management components in Place?	Tick
a)	Company Program Management framework	1=Yes 2=No 3=Not sure
b)	Company Project Management standard framework	1=Yes 2=No 3=Not sure
c)	Company Project Management Design review and approval	1=Yes 2=No 3=Not sure

d)	Does the Company have a Capex governance structure to review and approve stage wise project implementation?	1=Yes 2=No 3=Not sure
e)	Is there a Company approved Project Change Management framework	1=Yes 2=No 3=Not sure
f)	Is there a Company approved Project Quality Management framework	1=Yes 2=No 3=Not sure
g)	Is there a Company approved Project Cost Management framework	1=Yes 2=No 3=Not sure
h)	Is there a Company approved Project Risk Management framework	1=Yes 2=No 3=Not sure
i)	Is there a standard monitoring & Tracking Tool (Performance) during project execution	1=Yes 2=No 3=Not sure
j)	Are Project Engineer progress reports standardised	1=Yes 2=No 3=Not sure
k)	Design Communication, and Report	
l)	Is there a Company approved Project Communication Plan format	1=Yes 2=No 3=Not sure
m)	Is there a clear Change Authorization/Approval Authority	1=Yes 2=No 3=Not sure
n)	Is there various Project Logs (Issue Log, Risk Log and Daily Log) during project execution	1=Yes 2=No 3=Not sure
o)	Are Reporting Schedules at various milestones agreed and approved	1=Yes 2=No 3=Not sure
p)	Are plans baselined and tracked by the project team	1=Yes 2=No 3=Not sure
q)	Is there a Project Stakeholder approved Management Plan in place	1=Yes 2=No 3=Not sure
r)	Is there Quality Assurance procedures on Materials and completed work packages	1=Yes 2=No 3=Not sure
s)	Is there a Donor Reporting Schedule/Plan in place	1=Yes 2=No 3=Not sure
t)	Is there an approved Project accounting package to track Project Budget expenditures?	1=Yes 2=No 3=Not sure
u)	Are the Company planning tools	1=Yes 2=No 3=Not sure

v)	Are lessons learnt captured & documented at end of the project	1=Yes 2=No 3=Not sure
w)	Are delays to the project escalated and documented by the project team	1=Yes 2=No 3=Not sure
x)	Is there a Project resource Management Plan in place	1=Yes 2=No 3=Not sure
y)	Is there an official Company Project equipment commissioning protocol in place	1=Yes 2=No 3=Not sure
z)	Is there an official Company Project hand over process and procedures to Operations in place	1=Yes 2=No 3=Not sure

Financial resources		
1.	Is sufficient funding available to support staff to ensure enough staff have the skills needed to manage wayleave acquisition funds?	1=Yes 2=No 3=Not sure
2.	Is sufficient funding available to purchase and process the wayleave land including titling?	1=Yes 2=No 3=Not sure
3.	Do you have a separate budget to run Resettlement Action Plans?	1=Yes 2=No 3=Not sure
Valuation rates		
1.	Do you have a standard valuation rates system in place?	1=Yes 2=No 3=Not sure
2.	Who determines the final valuation rates?	
3.	Does your Company have the necessary valuation skills for acquiring way leave	1=Yes 2=No 3=Not sure
4.	Do you have conflict resolution system during valuation process	
5.	Do you have independent valuers for way leave and resettlement projects?	1=Yes 2=No 3=Not sure

Assessing the De sign and Structure

#	Question	Response
1.	Do you have any one in charge of the Way Leave Acquisition activities in the Company?	1=Yes 2=No 3=Not sure
2.	Whom does he/she report to?	1=Executive director 2=Department Head
3.	Do you have an acquisition information system?	1=Yes 2=No 3=Not sure
4.	If yes, is there any information associated with the way leave acquisition system?	

5.	Is the acquisition information system formalized in a written document - e.g., an operating manual?	1=Yes 2=No 3=Not sure

Project Affected Persons Analysis

1.	Have you been affected by the way leave/transmission line project as a landowner?	
2.	Where and how have you been affected?	
3.	What is the nature of land ownership was affected	1.Mailo land 2. Freehold 3.Leasehold 4. Customary 5. any other (specific interest)
4.	Were you compensated for the affected land?	
5.	How long did it take for the compensation process to be completed?	
6.	Which nature of compensation did you receive?	1.financial 2. resettlement 3. any other specify
7.	Were you satisfied with the compensation process?	1.Yes 2. No 3. Not sure
8.	If 7 is no, why?	
9.	Were you sensitised about the process before?	
10.	Whom did you get the information about the acquisition and compensation process?	
11.	Was the compensation given fair to you?	
12.	If 11 is no, why do you think it was unfair?	
13.	What do you think should have been done to manage the process better?	
14.	What was the overall impact of the project to you?	

Assessing Human Resource Management Capabilities

Human Resource Management Questionnaire		
S/N	Questions	Responses 1) Not present 2) Weak 3) Needs strengthening 4) Acceptable 5) Good
1.	Does UETCL have a Human Resource Management Strategy linked to Business Strategy (CBP)?	
2.	Do you have a Business structure aligned to business strategy?	
3.	Is the structure filled with the right skills and competencies?	
4.	Are all critical positions in the business filled?	
5.	Do you have a succession Planning Policy in place?	
6.	Does the Business have an annual Training Plan with key focus training?	
7.	Is there a process for Impact assessment on all Trainings undertaken?	
8.	In line with the CBP and BSC, does the organization follow a complete cycle of Performance Management?	
9.	Are all Company rewards linked to Performance Management?	
10.	Is there a Human Resource Management Manual (HRMM)?	
11.	Are all key processes (Recruitment to Exit Management) covered in the HRMM?	
12.	How compliant is the Company to Employment Act and other relevant laws in Uganda?	
13.	Is the Human Resource Department automated to provide value to the business?	

Section 2: **Assessing Stakeholders**

Introduction

My name is ______________I am conducting an Institution Capacity Assessment widely accepted within the Company. I am focusing on the Financial Management Assessment.

I request for your participation in this exercise. All information shared with me/ us shall be treated with utmost confidentiality.

Thank you in advance for your cooperation.

Content will be deepened after document review. Tool is also a guide for other meetings.

Name of Interviewee	
Date	
State the nature of your interaction with UETCL? (Map according to the stakeholders identified; probe for impact on UETCL strategy)	
Who is your main contact person at UETCL?	
How do you qualify for success at UETCL?	
What do you think the biggest successes at UETCL have been	
What do you think the biggest failures at UETCL have been	
What do you think needs urgent remediation at UETCL	
In your opinion, what are the key strengths of UETCL	
In your opinion, what are the key challenges / weaknesses of UETCL	
In your opinion, what are the key opportunities for UETCL	
In your opinion, what are the key threats for UETCL	
On a scale of 1 to 6 how would you rate the quality of your relationship with UETCL?	
What could UETCL be doing to improve your relationship with the Company?	
Do you think that a 5-year period is adequate for a CBP?	
What challenges do you face in the production of the CBP?	
In which ways do you think the CBP process can be improved?	

Assessing Financial Management Capabilities

Component	Descriptions	1	2	3	4	5	Comments
Accounts Payable	Are controls established over the vendor master file including an agreed process for the creation of new vendors and their review to ensure that clean, consistent data is held about the vendors in the AP master file?						
Accounts Payable	Are system-based purchase requisitions / purchase orders created and approved in advance using workflow that is based upon an organisation hierarchical matrix?						
Accounts Payable	Are invoices received electronically where possible and paper invoices converted to electronic format via in-house or outsourced data capture?						
Accounts Payable	Are invoices matched automatically to POs and Goods Received Notes in the ERP system with only discrepancies such as price variances and missing goods receipts requiring further action/approval?						
Accounts Payable	Are payments made dependent on due date (not before), derived by system set payment terms, with the use of reporting to provide visibility of cash outflows which are shared with the appropriate parties?						
Accounts Payable	Has the use of petty cash as a payment mechanism been virtually replaced by a Procurement card or expenses for low value, one off transactions?						
Accounts Receivable	Are there significant challenges in the Clientele						
Accounts Receivable	To what extent are credit and behavioural scoring models used to grant credit, assign credit limits, and monitor payment behaviour						
Accounts Receivable	Are effective remedies in place to manage default						
Bank and cash management	Organization has a bank account to hold its funds and safeguards are in place.						
Bank and cash management	Organization handles petty cash and unused and presented checks safely and accountability.						
Bank and cash management	Organization undertakes regular, accurate bank reconciliations.						
Budgets and cash flow planning	There dedicated resources and a department responsible for performing budgeting, planning, and forecasting						
Budgets and forecasting	Organization prepares, monitors, and reviews budgets and cash flow projections.						
Budgets and forecasting	The budget process focuses on the key performance areas						

Component	Descriptions	1	2	3	4	5	Comments
Budgets and forecasting	Are automated tools used to assist in the planning/forecasting process						
Budgets and forecasting	Does the planning/forecasting process incorporate external data such as economic data and market/industry data						
Business Analysis	How frequently does the organisation evaluate, change, and minimise (the number of) its performance measures						
Compliance	Organization complies in all material respects to the laws and statutory regulations of the country/countries where it operates						
Corporate Business Plan	Are formal organisation-wide guidelines and standards issued at for the CBP which must be used by all parties						
Corporate Business Plan	Are timelines set for development of the CBP followed?						
Cost effectiveness	Cost effectiveness is analysed and guides management decisions.						
Finance staff levels and competency	Organization has adequate and capable finance staff.						
Financial Policies	Organization has written financial policies and procedures						
Financial record keeping	Organization maintains supporting receipts and invoices for every expenditure to justify disbursements.						
Financial Reporting	Organization produces a full set of financial statements which are in compliance with GAAP.						
Financial reporting	Organization keeps an accurate record of accounts, which can be presented or substantiated on demand.						
Financial reporting	Organization produces proper financial reports on-time and in accordance with donor requirements; financial reports are reviewed internally.						
Financial reporting	Is there a detailed organisation-wide timetable containing all the activities to be completed for each financial close which includes: The sequence of events and their dependencies? The targeted timelines for the completion of each activity? Clearly identified roles and responsibilities? Standards for quality, accuracy, completeness, and compliance? The generation of all reports?						
Financial reporting	Have all items of guidance from the internal and external audits in respect of IFRS been implemented?						

Component	Descriptions	1	2	3	4	5	Comments
Performance appraisal	Do the Balanced Scorecard measures have a direct link to operational measures that show achievement of department and organisational objectives						
Performance appraisal	How frequently does the organisation evaluate, change, and minimise (the number of) its performance measures						
Performance appraisal	Does the organisation effectively use technology to support the delivery of the Balanced Scorecard						
Performance appraisal	To what extent is talent managed within Finance with a clear career path in place and additional support for high performing individuals?						
Period Close	Are all suspense accounts independently reviewed on a monthly basis and reconciled?						
Period Close	Are standard forms (with standard reconciliation terms) used for the documentation of the completion of the reconciliations including recording evidence of independent review?						
Period Close	Are there rework and adjustments made to the close figures after the close? e.g., to correct errors, to re-adjust estimates, reverse entries, complete compliance activities, etc.						
Period Close	Is there a comprehensive year-end timetable covering all roles and responsibilities (not just Finance) prepared and widely communicated across the entire organisation, well in advance of commencement						
Strategy	Finance's role in strategy formulation is clear						
Strategy	Strategic planning process is well documented and understood by the parties						
Strategy	Is there a Balanced Scorecard for the Board and each of the Board Committees						
Strategy	Does Finance continually enforce a process of review to ensure that all business units adequately report on and address the "Finance" elements and targets in each business unit's Balanced Scorecard						
Strategy	Is there a clearly articulated forward-looking vision for Finance that is directly linked with the overall corporate vision, mission and strategy and is communicated and understood across the organisation						
Structure	Is the Finance Function organised to focus on specialising in the three areas of insight, efficiency, and control						

Component	Descriptions	1	2	3	4	5	Comments
Structure	Are there clear and documented roles and responsibilities within Finance including: An organisation chart; Defined individual roles and responsibilities; Delegation of Authorities?						
Structure	Are there detailed and current job descriptions for all Finance Function positions that include skills set definitions?						
Structure	Are there any apparent duplications in roles?						
Structure	Are Finance employee satisfaction surveys conducted on a regular basis and are the results acted upon by the Leadership Team?						
Tax accounting and compliance	Is there a good understanding of the overall attitude to tax planning and how tax planning and advice is managed						
Tax accounting and compliance	Are there recurring tax issues that the Company has not addressed?						
Tax accounting and compliance	Are finance procedures clear on tax management						
Tax accounting and compliance	Is there sufficient expertise and skill to manage complex tax affairs						
Technology and automation	Are all financial systems operational resilience and availability addressed through such means as: Signed Service Level Agreements for availability with formal measures; Predefined availability and downtime (e.g., for backups); Security controls (e.g., firewalls, virus protection, intrusion detection monitoring)?						
Technology and automation	Are all the Finance processes supported and enabled by Finance systems/ERPs (as opposed to spreadsheets and standalone databases)?						
Technology and automation	Is Business Intelligence application integrated with ERP						
Technology and automation	Are all system user manuals current and available						
Treasury	Has the process of consolidation including elimination entries and foreign exchange translation/revaluation been automated and standardised						
Treasury	Does the organisation have a good understanding of the types, values, volumes, and horizons of exposure?						
Treasury	Have specific foreign currency, interest rate risk limits been established and are these updated on a periodic basis?						

Component	Descriptions	1	2	3	4	5	Comments
Treasury	Does Management have full visibility of the currency effects on business operations including both direct transactional cash flows and indirect exposures?						
Treasury	What is the level of impact on the organisation from the foreign exchange risks?						
Treasury	How effectively does the organisation report foreign exchange sensitivities as part of its management reporting/budgeting/forecasting and is this linked to the management of foreign exchange risk by Treasury?						

Assessing ICT Capabilities

Component	Descriptions	1	2	3	4	5	Comments
Business Strategy	Is the role of IT clearly spelt out in the Business Strategy?						
Business Strategy	Are assessments made periodically to ensure that IT initiatives are supporting the business strategy?						
Business Strategy	Are major developments in technology assessed for their impact on the business strategy and necessary corrective steps, wherever needed, are taken?						
IT Strategy	Does a long-term IT strategy exist?						
IT Strategy	Are long-range IT plans converted to short-range or annual IT work plans regularly for achievability?						
IT Strategy	Are adequate resources allocated for achieving the IT work plans?						
IT Strategy	Are assessments made on a continuous basis about the implementation of IT work plans?						
Security Policy	Does a security policy exist and is it aligned to the business strategy?						
Security Policy	Is the security policy communicated to all concerned and are continuous awareness programmes conducted for security awareness?						
Security Policy	Are periodic security audits carried out?						
Projects Management	Are modern project management IT systems and tools used by the project teams						
IT Systems Requirement	Is the IT work plan covering areas requiring implementation of key IT systems?						
IT Systems Requirement	Is a functional manager or a committee identified as responsible for an area requiring an IT system?						

Component	Descriptions	1	2	3	4	5	Comments
IT Systems Requirement	Are the IT system requirements graded as Vital, Essential, and Desirable?						
IT Systems Requirements	Are IT system requirement documents approved?						
IT Systems Vendor Selection Criteria	Are requirements documents translated clearly into product acceptance criteria such as 'Show Stoppers', 'Allowable Customisations', 'Desirable positive features'?						
IT Systems Vendor Selection Criteria	Does the IT Department have a technology standard for product selection and does the technology standard cover: architecture, open database standards, interfaces and API standards, security standards?						
IT Systems Vendor Selection Criteria	Are the guidelines including market presence, years in operation, technology alliances, customer base, existing implementation, support, licensing, source code availability, local support in case of foreign vendors considered for selection of product vendors?						
IT Systems Vendor Selection Criteria	Are scoring models for evaluating the products and vendors used in considering the extent of customization, security features, technology fit, performance, and scalability?						
IT System Vendor Selection Process	Are meetings for planning and implementation of key business systems documented and details circulated?						
IT System Vendor Selection Process	Are checklists developed for Product Evaluation, Site Visits, Customer Reference						
IT System Vendor Selection Process	Is final evaluation and selection fully documented and approved?						
IT Systems Contracting	Are Product Licensing Agreements, Service Level Agreements undertaken for key IT systems?						
IT Systems Contracting	Is there commitment from the actual owner system owner to support UETCL in case of a break in the relationship between the owner and the reseller?						
IT Systems Contracting	Are duties and responsibilities of the UETCL and the Vendor clearly segregate in the contracts?						
IT Systems Contracting	Do contracts include a clause to protect UETCL from the Vendor using the UETCL data?						

Component	Descriptions	1	2	3	4	5	Comments
IT Systems Contracting	Do contracts for key business systems clearly specify the product base lines?						
IT Systems Implementation	Is gap analysis between the requirement and the selected product performed and documented?						
IT Systems Implementation	Are key IT systems implementation plans approved						
IT Systems Implementation	Are opening balances approved and verified after loading?						
IT Systems Implementation	Is testing performed and properly documented?						
IT Systems Implementation	Are system documentation covering design, data dictionary, implementation, user, and technical manuals handed over by the vendor?						
IT Systems Implementation	Are roles and authorization approved before implementation on IT systems						
IT Systems Implementation	Is there a proper archival system for IT system documents?						
IT Systems Implementation	Is a formal Acceptance Certificate issued for an IT system implemented?						
IT Systems Post Implementation	Is the IT Department tracking problems reported by users, escalation to vendors and their resolution?						
IT Systems Post Implementation	What is the level of adherence to agreed service levels by the vendors of key IT business systems?						
Change Request Management	Are change requests initiated by users in a change request form and subjected to feasibility study?						
Change Request Management	Are change requests approved before affecting the changes on key business systems?						
Change Request Management	Are key business systems capable of logging the minimum criteria specified to log and report incidents and violations of system integrity including actions performed by systems administrator?						
Change Request Management	Are changes made only in the test environment and not in the live environment and tested adequately before implementation?						

Component	Descriptions	1	2	3	4	5	Comments
Key system usage	Are key systems accessible for transactions at all work time						
Key system usage	Are user errors resulting in financial loss, regulatory/compliance issues, serious customer complaints.						
Key system usage	Are errors being noticed in processing transactions						

Annex IV: Synthesized data matrices for thematic areas

Data Matrices

Date	Stakeholder	Key Coverage Area	Report Reference
20-Jul-2020	Ministry of Lands, Housing and Urban Development	way leaves acquisition	3.6
20-Jul-2020	Ministry of Justice and Constitutional Affairs	Way leaves acquisition	3.6
21-Jul-2020	Supervisory Control and Data Acquisition (SCADA	Background, System usage, User experience, key issues, User support, roadmap	3.8
23-Jul-2020	Ministry of Finance, Planning and Economic Development	Background to the study, UETCL mandate and SWOT analysis, Proposed amendment to the Electricity Act, Strategic planning, Project management, Governance and ownership, Working capital management, Shareholding, RAP, Debt covenants, Absorption of development partner support. The role of ERA	3.6
24-Jul-2020	UETCL Connect	Background, System usage, User experience, key issues, User support, roadmap	3.8
24-Jul-2020	Geographical Information System Users	Background, System usage, User experience, key issues, User support, roadmap	3.8
24-Jul-2020	Chief Government Valuer	Valuation process,	3.6
27-Jul-2020	Wayleaves Information System users	Background, System usage, User experience, key issues, User support, roadmap	3.8

Date	Stakeholder	Key Coverage Area	Report Reference
27-Jul-2020	KfW	SWOT analysis, Procurement challenges, RAP process, Development partner support, Monitoring and evaluation, Energy supply / demand balance, Debt covenants, Capacity building	3.6
28-Jul-2020	Resource Link users	Background, System usage, User experience, key issues, User support, roadmap	3.8
28-Jul-2020	Ministry of Energy and Mineral Development	Background to the study, UETCL mandate and SWOT analysis, Proposed amendment to the Electricity Act, Strategic planning, Project management, Governance and ownership, Working capital management, Shareholding, RAP, System reliability, Network planning, Absorption of development partner support. The role of ERA	3.6
29-Jul-2020	Sun System users	Background, System usage, User experience, key issues, User support, roadmap	3.8
31-Aug-2020	Attorney General	Way leaves acquisition	3.6
31-Aug-2020	Solicitor General	Way leaves acquisition	3.6
6-Aug-2020	World Bank	Strategic planning, Macro environment, SWOT analysis, UETCL mandate, Shareholding, Financial sustainability, Monitoring and evaluation	3.6

Date	Stakeholder	Key Coverage Area	Report Reference
6-Aug-2020	ERA	SWOT analysis, Efficiency of business processes, Reporting requirements, Energy supply / demand balance, Effects of unbundling, Revision of the Electricity Act, UETCL mandate, UETCL capacity, Sector network planning, Engineering standards, System reliability,	3.6
10-Aug-2020	UEDCL	Project management, The role of ERA, Working capital management, SWOT analysis, Effects of unbundling, Investment appraisal, Tariff management, Foreign exchange risk	3.6
12-Aug-2020	Eskom Uganda Ltd	SWOT analysis, Working capital management, Effects of unbundling, Demand forecasting, Energy supply / demand balance, Project management, Sector network planning, Engineering standards, System reliability, Metering, Outage Management / Network Maintenance	3.6
14-Aug-2020	UNRA	SWOT analysis, RAP process, Inter agency cooperation, Efficient busines processes	3.6
18-Aug-2020	Bujagali Energy Ltd	SWOT analysis, Working capital management, Effects of unbundling, Demand forecasting, Energy supply / demand balance, Project management, Sector network planning, Engineering standards, System reliability, Metering, Outage Management / Network Maintenance	3.6

Date	Stakeholder	Key Coverage Area	Report Reference
19-Aug-2020	National Information Technology Authority-Uganda	Regulatory mandate, Information security framework, Risk Management Business Continuity Plan, National Data Centres, SWOT analysis, ICT Trends	3.8
19-Aug-2020	ICT Manager	ICT Governance framework, ICT mandate, Structure, ICT Strategy, Work plans, Policies & Guidelines, Networks, Infrastructure, Business Continuity Plan, ICT Project Management, ERP Project roadmap, Performance, Audit	3.8
21-Aug-2020	Bank of Uganda	Macro environment, Electricity and economic development, Hedging strategies, Sources of finance, ROI for EPC projects, Key focus issues for the energy supply industry	3.6
26-Aug-2020	Umeme Limited	SWOT analysis, Working capital management, Effects of unbundling, Demand forecasting, Energy supply / demand balance, Project management, Sector network planning, Engineering standards, System reliability, Metering, Outage Management / Network Maintenance	3.6
10-Sep-2020	Board of Directors	UETCL mandate, Strategic planning, The role of ERA, Efficiency of business processes, Governance and Board operations, Project management, Legislative reforms, Funding challenges, Policy determination, EPC project funds absorption	3.6

Annex V: UETCL Mapped Work Processes

Human Resource Section	Human Resource Section
1. Recruitment 2. Induction 3. Probation 4. Salary and Benefits Administration 5. Staff Exit Process 6. Rotational Training 7. Staff training and Development (Inhouse Training) 8. Staff training and Development (External/foreign Training) 9. Recruitment and management of Interns 10. Administration of Njeru Training Centre 11. Building and Equipment Maintenance 12. Catering 13. HIV AIDS sensitization 14. Hospitalizing Staff 15. Handling Accidents of staff while on Duty 16. Managing bereavements and ensuing benefits 17. Acquisition and management of Office Space and parking 18. Allocation of Office furniture 19. Cleaning of premises and garden maintenance 20. Garbage collection and sanitary waste disposal 21. Fumigation of Company premises 22. Management of courier services 23. Entertainment and event management 24. Staff travel arrangements 25. Car Hire Arrangements 26. Processing of Staff Loans 27. Provision of Protective wear 28. Provision of First Aid drugs 29. Processing of Utility Bills 30. Provision of Protective Wear	1. With-Holding Tax Filing 2. Pay as You Earn Filing 3. Tax Payments 4. Accruals & Provisions 5. Period End 6. Requesting for Fuel Cards 7. Requesting for Fuel 8. Fuel Accountability 9. Receipt of Inventory 10. Issuing of Inventory 11. Stock Count 12. Fixed Asset Acquisition- Purchase 13. Fixed Asset Disposal 14. FAR to GL Reconciliation 15. Asset Decommissioning 16. Month End Salary Processing 17. NSSF Processing 18. Local Service Tax Processing 19. Payment to Casual Workers 20. Claiming Project Employee Salary Refunds 21. Request & Accountability for Advances 22. Mid-Month Salary Advance 23. Standing Data Maintenance 24. Loan Repayment 25. Petty Cash-Request & Receipt 26. Petty Cash Re-imbursement 27. New Customer Set-up 28. Grant Management 29. Supplier Payment - Goods 30. Supplier Payments- Services 31. Supplier Payments- Motor Vehicle Repair and Maintenance
Internal Audit 1. Risk Assessment Audit Planning 2. Audit Programming 3. Audit Execution 4. Audit Reporting 5. Follow up of Action Taken	**Public Relations Section** 1. Stakeholder Management 2. Advertising 3. Event Management 4. Corporate Social Responsibilities (CSR) 5. Media Relations

Budget Section	Projects Accounts Section
1. Corporation Tax Filing 2. Value Added Tax Filing 3. Monitoring and Control of Accountable Advances 4. Fixed Deposits Placements	1. Project Completion and Handover 2. Approval of Project Costs and Processing of Payments 3. Procurement of Consultants 4. Procurement of ContracToR

5. Debt Management 6. Bank Guarantees and Letters of Credit 7. Revaluation of Foreign Currency Balances 8. Foreign Currency Transactions (Payments and Receipts) 9. Receipts of Funds 10. Closing of Commercial Bank Accounts 11. Bank Reconciliations 12. Opening of Commercial Bank Accounts 13. Multi Year Budgeting 14. Annual Budgeting 15. Budget Implementation and Monitoring 16. Budget Re-allocation	5. Project Implementation 6. Project Planning 7. PAP Compensation in Kind 8. PAP Compensation by Cash, Cheque or Transfer. 9. Resettlement Action Plan 10. Fixed Asset Acquisition - Projects 11. Closing of Bank of Uganda Accounts 12. Opening of Bank of Uganda Accounts
Revenue and Statistics Section 1. Power Purchase 2. Meter Reading 3. Power Sale 4. Optic Fibre Sales 5. Issue of Debit Notes and Credit Notes 6. Monitoring and Control of Overdue Debtors	**Procurement Section** 1. Procurement Planning Process 2. Initiation of Procurements 3. Bidding 4. Contract Management 5. Administrative Review 6. The Disposal Process
Legal Section 1. Enforcing of a clear Wayleaves Corridor in Policy 2. Litigation 3. Preparation of Power Purchase Agreements (PPA's) 4. Drafting Procurement Contracts 5. Monitor Licenses Validity 6. Investigations (Compensation Damages) 7. Investigations (Patrol) 8. Titling (Easement, Mutation) 9. Insurance 10. Performance Guarantee 11. Drafting Legal Opinions 12. Internal Support to the Board	**Communication Section** 1. Request to Access Fibre Facility 2. fibber Client Complaint Management 3. Enrolling new Fibre Client 4. Provisioning and Monitoring Multi Access Platforms 5. Telephone Service Management 6. Telecom Equipment Maintenance 7. Order for Fibre Optic Services 8. Generator Maintenance 9. 110 Vdc Maintenance
Information Technology Section 1. ICT Equipment Movement 2. Allocation of IT Equipment 3. Application Software Acquisition and Installation 4. Approval to Access ICT Systems 5. In-House Software Maintenance 6. Outsourced Software Maintenance 7. End User Support 8. Change Request	**Planning Section** 1. Preparation of Grid Development and Investment Plan 2. Management Board Approval of Grid Development and Investment Plan 3. Preliminary Route Identification 4. Securing Investments 5. GIS Data Collection and Processing 6. GIS Routine Maintenance and Disaster Recovery
Safety and Standards Section 1. Employee and general public safety 2. Preparation of standards and specifications 3. Ensuring equipment safety	**Civil Engineering Section** 1. Construction and maintenance of Company structures 2. Access Road Construction and Maintenance 3. Refurbishment/Construction of Substation Structure 4. Reinstatement/Maintenance of Vandalized towers

Social Aspects 1. Project Affected persons Package Review 2. Project Affected persons payment batching 3. Project Affected persons Payment processing 4. Project Affected persons Grievance Resolution 5. Project Affected persons file closure and archiving 6. Community Development Action Plan (CDAP), livelihood restoration 7. Transfer and registration of easement 8. Transfer, Registration of Easements 9. Verification of RAP and ESIA reports	**Projects Engineering Section** 1. Detailed Engineering Design 2. Factory Acceptance Tests and reports 3. Quality Management 4. Procurement of Equipment & Materials 5. Construction- Quality Management 6. Bio and Waste Management 7. Conducting a readiness assessment 8. Reporting 9. Evaluation
Monitoring and Evaluation Section 1. Design of monitoring and evaluation system 2. Perform Monitoring and evaluation of power Projects	**Transport unit** 1. Fuel accountability 2. Fleet maintenance/ repairs
Maintenance Section 1. Risk Analysis 2. Outage Planning 3. Plan Maintenance works 4. Execute and report on Maintenance Works 5. Monitor Equipment and Network performance 6. Execute grid reinvestment project	**Environment Section** 1. Environmental Audit Management 2. Environmental Regulations Compliance Management 3. Environmental Impact Assessment
Control Section 1. Resource planning and Allocation 2. Control Monitoring and Performance Evaluation 3. Power System Reporting 4. Real time System Operations 5. Development of Annual activity Plan 6. SCADA system availability reporting 7. SCADA software maintenance 8. SCADA interface of new equipment 9. Outage Reporting 10. Forced/Emergency outage handling 11. Implementing planned equipment shutdown and restoration 12. Planned Outage management planning 13. Real time dispatching 14. Voltage Control 15. Frequency Control 16. Dispatch reporting 17. Single buyer business management 18. Dispatch Reconciliation 19. Power Dispatch planning 20. Power System operational Planning (Daily Monthly Quarterly) 21. System Reporting	**Protection Section** 1. Handling emergencies 2. Maintain Metering Schemes 3. Maintain protection schemes 4. Commissioning of new schemes

Annex VI: Recommendations from the Capacity Assessment

Detailed Recommendations from the Capacity Assessment

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
1	MEMD is not a shareholder of UETCL	Expedite Amendment of the Electricity Act	25 – 48 Months	MFPED MEMD	Governance	01. Enabling Environment	Sector ministry oversight	01.Institutional Arrangements	1.Security of power supply and regional cooperation	01.High
2	There is need to clarify the roles and responsibilities of the Regulator, the Policy holder, and the BOD	High level engagement between the Regulator, Shareholders and Sector Ministry.	13 – 24 Months	ERA MFPED MEMD BOD	Governance	01. Enabling Environment	Overregulation	01.Institutional Arrangements	1.Security of power supply and regional cooperation	01.High
3	Reorganisation and justification of recruitment of staff	Link recruitment needs with performance targets for approval by ERA	13 – 24 Months	BOD, CEO, HR	Governance	02. Organizational	Poor human resource practices	04.Accountability	4.Robust human capital development	02.Medium
4	There is need for sector wide coordinated planning and structures among stakeholder institutions	Pass and adopt the proposed new Energy Policy	13 – 24 Months	MEMD	Governance	01. Enabling Environment	Sector ministry oversight	01.Institutional Arrangements	1.Security of power supply and regional cooperation	02.Medium
5	UETCL need to develop and adopt a standard nomination /	Draft a selection process and secure ratification by UETCL	0 – 12 months	BOD CS	Governance	02. Organizational	Weak leadership structures	01.Institutional Arrangements	1.Security of power supply and regional cooperation	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	selection process for BOD members	shareholders. Update charter accordingly								
6	UETCL is lacking a nomination committee	Secure nomination committee membership with shareholders. Update charter accordingly	0 – 12 months	BOD CS	Governance	02. Organizational	Weak leadership structures	01.Institutional Arrangements	1.Security of power supply and regional cooperation	02.Medium
7	Clarify Board Member Tenure, tenure extension/renewal and allowable number of terms	• Establish and set tenures for the various categories of Board Members. • Establish and record the process for renewal/extension of tenure. • Establish the maximum allowable number of terms of service of an individual as director of UETCL Board. • Capture the details in the Board Charter	0 – 12 months	BOD	Governance	02. Organizational	Weak leadership structures	02.Leadership	1.Security of power supply and regional cooperation	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
8	Annual BOD member self and competency evaluations are not done.	o Execute BOD Member Self & Competency Evaluation before year end and annually going forward o Ensure this process informs the selection and renewal processes;	0 – 12 months	BOD CS	Governance	02. Organizational	Weak leadership structures	04.Accountability	1.Security of power supply and regional cooperation	02.Medium
9	The BOD charter is not up to date	o Update BOD Charter current status o Redesign BOD Charter with Annexes to capture changing parameters to which reference is made in body.	0 – 12 months	BOD CS	Governance	02. Organizational	Weak leadership structures	04.Accountability	1.Security of power supply and regional cooperation	02.Medium
10	UETCL has not developed and adopted a standard nomination / selection process for BOD members	o Draft a selection process and secure ratification by UETCL shareholders. Update charter accordingly	0 – 12 months	BOD CS	Governance	02. Organizational	Weak leadership structures	01.Institutional Arrangements	1.Security of power supply and regional cooperation	02.Medium
11	There is a need to clarify BOD member tenure,	o Establish and set tenures for the various categories	0 – 12 months	BOD CS	Governance	02. Organizational	Weak leadership structures	04.Accountability	1.Security of power supply	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	tenure extension/renewal and allowable number of terms	of BOD Members. o Establish and record the process for renewal/extension of tenure. o Establish the maximum allowable number of terms of service of an individual as director of UETCL BOD. o Capture the details in the BOD Charter							and regional cooperation	
12	BOD membership is not rotated	o Establish and document a process to ensure BOD Membership is rotated	0 – 12 months	BOD CS	Governance	02. Organizational	Weak leadership structures	01.Institutional Arrangements	1.Security of power supply and regional cooperation	01.High
13	UETCL consider revising current membership upwards to nine members for effective delivery of BOD business	Undertake the mandate procedural steps to onboard two additional Non-Executive Independent BOD members	13 – 24 Months	BOD	Governance	02. Organizational	Weak leadership structures	01.Institutional Arrangements	1.Security of power supply and regional cooperation	02.Medium
14	A BOD skills gaps analysis has not been conducted	Execute the process of renewing and	13 – 24 Months	BOD	Governance	02. Organizational	Weak leadership structures	03.Knowledge	1.Security of power supply	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		rotating BOD members to (i) obtain as much of the skill set and (ii) private corporate skills proposed above							and regional cooperation	
15	With a total of 55 Board and Committee meetings in a year, Management could be spending more time preparing for and addressing issues from Board and Committee meetings as opposed to implementing the CBP. The frequent meetings could also change the Board agenda from being strategic to operational.	Board meetings reduced to allow Management time to implement the CBP. 6 Full Board meetings and 5 committee meetings per committee would put UETCL in line with corporate practice.	0 – 12 months	BOD CS	Governance	02. Organizational	Weak leadership structures	01.Institutional Arrangements	1.Security of power supply and regional cooperation	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
16	There is no link between customer expectations and corporate goals	UETCL needs to identify its customers' expectations & derive corporate goals to meet them	0 – 12 months	MD/CEO HODs	CBP	02. Organizational	KPI are not linked to strategy	04.Accountability	1.Security of power supply and regional cooperation	02.Medium
17	The organisational goals and KPIs are not clearly linked to the reward – leading to unclear incentive for the BOD, Management and Employees to achieve and exceed the set goals.	The BOD and Management should clearly link the execution on organisational goals and KPIs to the reward with clear incentive for the BOD, Management and Employees to achieve and exceed the set goals.	13 – 24 Months	MD/CEO HODs	CBP	02. Organizational	KPI are not linked to strategy	04.Accountability	4.Robust human capital development	01.High
18	There is mis-alignment of organogram with UETCL mandate	Recast the organisation structure with five new divisions focused on overseeing specific aspects of the organisation mandate for effective delivery.	0 – 12 months	BOD MD/CEO	Governance	02. Organizational	Lack of business wide accountability mechanisms	01.Institutional Arrangements	5.Efficient business processes and systems	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
19	The MD/CEO has a wide span of control	Realignment of organisation structure to reduce MD/CEO span of control	0 – 12 months	BOD MD/CEO	Governance	02. Organizational	Poor human resource practices	01.Institutional Arrangements	5.Efficient business processes and systems	02.Medium
20	The organisation is top-heavy	Realign the structure to reflect the actual seniority of the staff compliment Implement a comprehensive salary review to realign salary structure and remunerate staff competitively in line with Sector and local context	0 – 12 months	MD/CEO HRA	Governance	02. Organizational	Poor human resource practices	01.Institutional Arrangements	4.Robust human capital development	02.Medium
21	Benchmark parameters indicate the UETCL is overstaffed	Review the complement of staff (focus on non-core activities) with a view to aligning organisation with industry benchmarks	0 – 12 months	MD/CEO HRA	Governance	02. Organizational	Poor human resource practices	01.Institutional Arrangements	4.Robust human capital development	01.High
22	Strategy development is not aligned to the performance	Refine the business strategy and Corporate KPI documents across	0 – 12 months	BOD MD/CEO	Human Resources & Administration	02. Organizational	KPI are not linked to strategy	02.Leadership	4.Robust human capital development	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	management system	the organisation. Develop a comprehensive Performance Management System/ Tools with both technical and behavioural aspects of assessment.								
23	Employee reward mechanisms (3Rs- Recruitment, Retentions and Rewards) are not well developed	Develop a Compensation and Rewards Policy for the business and link all Rewards and Recognitions approaches (R&Rs) to PMS. Undertake tailored market surveys with specific and relevant entities as well participate in annual Compensation and benefit studies with reputable companies like Mercer.	0 – 12 months	MD/CEO MHRA	Human Resources & Administration	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	4.Robust human capital development	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
24	HR business processes are not well aligned	Review of all business processes including those in HR&A to remove unnecessary and bureaucratic steps through a re-engineering process.	13 – 24 Months	BOD MD/CEO MHRA	Human Resources & Administration	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	5.Efficient business processes and systems	01.High
25	Exit management process	Improve the exit management process to pick both formal and informal factors driving the key staff exits	0 – 12 months	MD/CEO MHRA	Human Resources & Administration	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	4.Robust human capital development	02.Medium
26	UETCL exhibits clan and hierarchical cultures.	Conduct an organisation-wide cultural transformation project to drive performance.	13 – 24 Months	MD/CEO MHRA	Human Resources & Administration	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	4.Robust human capital development	02.Medium
27	HR business processes are not automated	The business needs a comprehensive ERP covering most of the processes. In HR&A, there is need to automate the processes of	13 – 24 Months	BOD MD/CEO MHRA	Human Resources & Administration	02. Organizational	Low levels of technology enablement	04.Accountability	5.Efficient business processes and systems	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		Training, Performance Management and Recruitment. This will bring quick turnaround time in execution of roles, bring services close and remove a lot of subjective judgements.								
28	UETCL needs to refine the quality of its people.	UETCL needs a comprehensive review of the skills especially after a new structure has been developed and approved. This will help both on aligning skills and ensuring optimum numbers in each Department.	0 – 12 months	BOD MD/CEO MHRA	Human Resources & Administration	02. Organizational	Poor human resource practices	03.Knowledge	4.Robust human capital development	02.Medium
29	HR structural alignment to the business need is lacking	Redesign the HR & A structure into two separate arms (MHRA) and (PM&L&D). Restructure the Department to	0 – 12 months	BOD MD/CEO	Human Resources & Administration	02. Organizational	Lack of business wide accountability mechanisms	01.Institutional Arrangements	4.Robust human capital development	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		bring in good talent with relevant experience, agility, and business mindset.								
30	UETCL has no talent management strategy	UETCL should review the current Regulations and make it detailed on all business processes. The business should develop a TMS focused on key Human Capital parameters like Talent Acquisition, PMS, L&D, Automation, C&B, Succession Planning etc.	13 – 24 Months	MD/CEO MHRA	Human Resources & Administration	02. Organizational	Negative organization culture	03.Knowledge	4.Robust human capital development	01.High
31	The succession planning policy across the organisation is lacking	Develop a Succession Planning Policy across the organisation. Identify all the technical talent and profile "seconds in line" and even "thirds	13 – 24 Months	MD/CEO MHRA	Human Resources & Administration	02. Organizational	Negative organization culture	02.Leadership	4.Robust human capital development	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		in line". These (Potential Successors) should be trained and exposed to key projects to prepare them for future roles.								
32	Learning and development is not aligned to the business strategy	Develop a comprehensive Training procedural aligned to the business strategy. Create avenues for knowledge sharing and evaluations to achieve RoI on Training budget.	13 – 24 Months	MD/CEO MHRA	Human Resources & Administration	02. Organizational	KPI are not linked to strategy	01.Institutional Arrangements	4.Robust human capital development	02.Medium
33	The project governance has not been implemented at all levels of the Company.	Review the project governance framework as given in the project management manual.	0 – 12 months	MPI, MP&I	Capital Projects	02. Organizational	Lack of business wide accountability mechanisms	01.Institutional Arrangements	5.Efficient business processes and systems	02.Medium
34	Human resource capacity for capital project	There is need to formally train project teams in project	13 – 24 Months	MHRA	Capital Projects	02. Organizational	Poor human resource practices	03.Knowledge	4.Robust human capital development	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	management is lacking	management practices.								
35	A company-wide project information system and management tools is lacking.	Provide a project information system to ease information flow, measure of performance and reporting.	13 – 24 Months	MICT	Capital Projects	02. Organizational	Low levels of technology enablement	01.Institutional Arrangements	5.Efficient business processes and systems	01.High
36	Policies, rules and procedures regarding land acquisition, valuation, compensation should be reviewed to address challenges.	Create a Committee to review policies and procedures.	13 – 24 Months	MCS	Capital Projects	01. Enabling Environment	Lack of business wide accountability mechanisms	01.Institutional Arrangements	2.Accelerated grid infrastructure development and stimulation of demand	01.High
37	ICT infrastructure to support electronic document system and decentralization	Introduce EDMS, use of remote working, decentralised teams.	13 – 24 Months	MICT MHRA	Capital Projects	02. Organizational	Low levels of technology enablement	03.Knowledge	5.Efficient business processes and systems	03.Low
38	Procurement process needs to be reviewed in terms of structure, human resource needs.	Streamline procurement by use of specific procurement manual Standardization of technical	13 – 24 Months	MCS MPI	Capital Projects	02. Organizational	Weak procurement practices	01.Institutional Arrangements	5.Efficient business processes and systems	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		specifications to ease and fasten preparation of technical requirements;								
39	Planning function to include assessment of resources required for the project	Realign the Planning Section to emphasize responsibility, include resource needs in the planning documents	13 – 24 Months	MP&I	Capital Projects	02. Organizational	TSO role not fully executed	01.Institutional Arrangements	1.Security of power supply and regional cooperation	02.Medium
40	The assumptions in load forecasts and particularly assumptions of growth in demand are overstated.	Develop a stochastic approach to estimate growth in demand and a mechanism with Umeme of making better estimates of industrial loads	13 – 24 Months	MP&I	Capital Projects	02. Organizational	TSO role not fully executed	03.Knowledge	1.Security of power supply and regional cooperation	02.Medium
41	Addition of new generation plants needs to be mitigated to avoid worsening financial burden on UETCL	Review and coordinate licensing of new investments in generation and Power Purchase Agreements Review of Demand-Supply balance to	13 – 24 Months	MP&I	Capital Projects	02. Organizational	TSO role not fully executed	04.Accountability	1.Security of power supply and regional cooperation	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		reaffirm generation plan								
42	Address the delays in preparation and approval of contract documents	Engage stakeholders involved in the process to develop a win-win solution	0 – 12 months	MCS	Capital Projects	02. Organizational	Weak procurement practices	02.Leadership	5.Efficient business processes and systems	02.Medium
43	The social aspects function has one senior officer overseeing over 100 staff creating a bottleneck and lack of effective supervision	Create other senior positions for social aspects and split the group into smaller units Do job analysis to ascertain optimum staffing levels Create a department for Social and Environment affairs	13 – 24 Months	MCS MHRA	Capital Projects	02. Organizational	Poor human resource practices	01.Institutional Arrangements	5.Efficient business processes and systems	01.High
44	RAP implementation requires expertise in valuation and legal affairs to meet current challenges	Build in-house team of lawyers, surveyors and valuers to support the RAP process	13 – 24 Months	MCS	Capital Projects	02. Organizational	Inefficient wayleaves process	01.Institutional Arrangements	5.Efficient business processes and systems	01.High
45	Engineering Section (in Project Implementation)	Increase technical expertise in Project	13 – 24 Months	MCS, MP&I,	Capital Projects	02. Organizational	Poor human resource practices	01.Institutional Arrangements	4.Robust human	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	relies on technical expertise of consultants or user departments	Implementation Department or create dedicated desks for projects in O&M and P&I. Increase project management training.		MPI, MHR&A					capital development	
46	Resources in Monitoring & Evaluation Section needs to be matched to workload.	Do job analysis and determine optimum level, Introduce EDMS, PIS to ease reporting	13 – 24 Months	MPI, MCS, ICT	Capital Projects	02. Organizational	Poor human resource practices	01.Institutional Arrangements	5.Efficient business processes and systems	02.Medium
47	Policies, rules and procedures regarding land acquisition, valuation, compensation should be reviewed to address challenges.	Create a Committee to review policies and procedures. Change of government policy on the conditions precedent for project implementations such as funding of ESIA/RAP implementation.	13 – 24 Months	BOD MD/CEO	Capital Projects	01. Enabling Environment	Inefficient wayleaves process	01.Institutional Arrangements	5.Efficient business processes and systems	01.High
48	In-house capacity to execute preliminary designs, feasibility	Review and provide software tools, staff skills and competence,	13 – 24 Months	Manager P&I MHRA	Capital Projects	02. Organizational	TSO role not fully executed	03.Knowledge	4.Robust human capital development	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	studies and ESIA/RAP studies	office equipment; interview and assess the capabilities of the team and assign according to each person's competence								
49	UETCL lacks a process and method of verifying load estimates obtained from Umeme and industrialists	Review the planning approach to load forecasts with emphasis on mitigating the impact of exaggerated estimate	13 – 24 Months	Manager P&I Manager ICT	Capital Projects	02. Organizational	TSO role not fully executed	01.Institutional Arrangements	5.Efficient business processes and systems	02.Medium
50	The company lacks a set of definitive technical standards and specifications.	Develop and ratify a definitive technical standards and specifications.	13 – 24 Months	MCS, MP&I, MHR&A	Capital Projects	02. Organizational	TSO role not fully executed	01.Institutional Arrangements	5.Efficient business processes and systems	03.Low
51	The structure of the Planning & Investments department has bottlenecks in surveying, planning, standards, and specifications	Redesign the departmental to cope with increased workload; Introduce Standards and specifications	13 – 24 Months	MPI, MHR&A	Capital Projects	02. Organizational	Poor human resource practices	01.Institutional Arrangements	5.Efficient business processes and systems	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		section; consider transfer of transport services to O&M								
52	Office space and equipment needs to be upgraded to meet the changing needs	Assign a team to review and re-design office space Acquire new office space	13 – 24 Months	MPI, MO&M, MHR&A	Capital Projects	02. Organizational	Poor human resource practices	01.Institutional Arrangements	5.Efficient business processes and systems	02.Medium
53	Weak contract management and monitoring and evaluation frameworks around RAP consultants	Insource RAP process management to a department within UETCL	0 - 12 Months	BOD MD/CEO	Capital Projects	02. Organizational	Inefficient wayleaves process	01.Institutional Arrangements	2.Accelerated grid infrastructure development and stimulation of demand	01.High
54	The use of RAP consultants is comparatively more expensive and less efficient when benchmarked against leading local practice.	Conduct a study to benchmark against leading local practitioners (such as UNRA) Insource RAP process management to a departmet within UETCL	0 - 12 Months	BOD MD/CEO	Capital Projects	02. Organizational	Inefficient wayleaves process	01.Institutional Arrangements	2.Accelerated grid infrastructure development and stimulation of demand	01.High
55	There is need for an enabling law to provide for	Expedite the passing of Compulsory Land	25 – 48 Months	MoFPED, MEMD, MLHUD, Parliament	Legal & Servitude Acquisition	01. Enabling Environment	Lack of enabling laws	02.Leadership	2.Accelerated grid infrastructur	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	compulsory land acquisition and providing for a detailed process of valuation, compensation, and dispute resolution	Acquisition Bill into the Act					for land acquisition		e development and stimulation of demand	
56	Delays in the RAP process and RAP conflicts	High level stakeholders engagement with external stakeholders to address issues of delayed valuation, compensation and titling process, having a focal point officer in each relevant office, timely attention to queries, notification of new changes and addressing issues of understaffing.	13 – 24 Months	MLHUD, MJCA, RAP Representatives, Consultants, BOD, MD/CEO, CS	Legal & Servitude Acquisition	02. Organizational	Inefficient wayleaves process	02.Leadership	5.Efficient business processes and systems	01.High
57	Delays in the RAP process and RAP conflicts	Make land acquisition a fully-fledged department and an in-house job to address the gap	13 – 24 Months	ERA, BOD, MD/CEO, MHRA	Legal & Servitude Acquisition	02. Organizational	Inefficient wayleaves process	02.Leadership	2.Accelerated grid infrastructure development and	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		created by External Consultants in valuation, survey, and titling processes.							stimulation of demand	
58	RAP business processes of a Company is guided by public service rules which slows RAP and project execution	Review and streamline the rules and procedures for wayleaves acquisition and compensation in the governance framework	13 – 24 Months	MPI, MCS, MD/CEO, BOD	Legal & Servitude Acquisition	02. Organizational	Lack of business wide accountability mechanisms	01.Institutional Arrangements	2.Accelerated grid infrastructure development and stimulation of demand	02.Medium
59	Have fully and well facilitated CGV's office with established rates	Revamp of staff numbers and facilitate the office of CGV and ament the law to have all rates determined by this office	13 – 24 Months	MLHUD, MJCA, RAP Representatives, Consultants, BOD, MD/CEO, CS	Legal & Servitude Acquisition	02. Organizational	Inefficient wayleaves process	02.Leadership	5.Efficient business processes and systems	01.High
60	The planning period for the CBP (2019 – 2023) is not aligned with the NDP (2020 – 2024).	The planning period of the CBP should be aligned with the NDP. This can be achieved by extending the current CBP to 2024.	0 – 12 months	MD/CEO	Financial Management	02. Organizational	Lack of business wide accountability mechanisms	02.Leadership	3.Financial sustainability	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
61	There is no timeline set and followed in the preparation and approval of the CBP.	Set a timeline and programme for documentation, approval, and review of the CBP.	0 – 12 months	MD/CEO	Financial Management	02. Organizational	Lack of business wide accountability mechanisms	02.Leadership	3.Financial sustainability	01.High
62	The CBP is not costed and therefore it is unclear how resources are being allocated to the most important areas for the Company.	The CBP initiatives should be well costed and the CBP should have projected financial statements.	0 – 12 months	MD/CEO	Financial Management	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	3.Financial sustainability	02.Medium
63	The KPIs are mainly lagging (outcomes).	The CBP should focus on leading (driver) indicators as opposed to lagging (outcome) indicators. The CBP should be focused on a few priority areas that the BOD prioritized for achievement has focused on achieving over the planning period.	0 – 12 months	MD/CEO	Financial Management	02. Organizational	KPI are not linked to strategy	03.Knowledge	3.Financial sustainability	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
64	There is misalignment between the goals set by the shareholder and those set by the BOD.	One set of goals should be agreed between the shareholder and the BOD. This will be a negotiation process which should end with clarity on the target goals.	13 – 24 Months	MD/CEO	Financial Management	02. Organizational	KPI are not linked to strategy	04.Accountability	3.Financial sustainability	02.Medium
65	Revenue generation (Sales / NCA) capacity of the NCA has been falling over the years from 94% in 2014 to 43% in 2018.	Include financial evaluation within the project evaluation criteria through metrics such as NPV and payback period.	13 – 24 Months	MOFPED BOD MD/CEO MFAS	Financial Management	02. Organizational	Weak financial management practices	04.Accountability	3.Financial sustainability	02.Medium
66	The Company continues to two significant non value adding costs (costs that do not contribute or erode shareholder value). These are bad debt provisions (18% of opex) and deemed energy charges (14% of opex).	Options for removing deemed energy charges from the Company should be investigated. An option would be to improve capacity planning, PPA improvements and transfer of deemed energy directly to MEMD. Bad debts	13 – 24 Months	MOFPED BOD MD/CEO MFAS	Financial Management	01. Enabling Environment	Weak financial management practices	01.Institutional Arrangements	3.Financial sustainability	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		provisions can be significantly reduced by removal of liability for MDA default from UETCL.								
67	The Company is significantly impacted by currency risk owing to its significant holding of foreign currency denominated assets and liabilities.	Explore long term hedging mechanisms with the Government of Uganda. Part of this mechanism could be the transfer of foreign exchange risk to the GOU.	13 – 24 Months	MOFPED BOD MD/CEO MFAS	Financial Management	01. Enabling Environment	Weak financial management practices	01.Institutional Arrangements	3.Financial sustainability	01.High
68	Increasing debt burden: gearing ratios have been growing significantly and remain above the internal thresholds of 50%.	Set new parameters for gearing ratios for the Company and increase GOU equity contribution in the Company.	13 – 24 Months	MOFPED BOD MD/CEO MFAS	Financial Management	02. Organizational	Weak financial management practices	01.Institutional Arrangements	3.Financial sustainability	02.Medium
69	Increasing debt burden - Gearing ratios have been growing significantly and	MEMD and UETCL should investigate the full-scale impact (cost benefit analysis)	25 – 48 Months	MOFPED BOD MD/CEO MFAS	Financial Management	02. Organizational	Weak financial management practices	01.Institutional Arrangements	3.Financial sustainability	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	remain above the internal thresholds of 50%.	of whether the country would be better served by an increased debt burden (with the related servicing obligations) or by a cost reflective tariff								
70	The net working capital days of 27 compare negatively with comparable Company sizes. Recent working capital studies put the average at 88 days.	Management should continue with engagement with ERA and Umeme to ensure that the customer payment period is always within 45 days. Specific focus should be placed on aligning the late payment interest between energy sales and purchases. Punitive clauses (such as the deferring the responsibility of MDA default) to UETCL should be removed through policy correction.	13 – 24 Months	BOD MD/CEO MFAS	Financial Management	01. Enabling Environment	Weak financial management practices	02.Leadership	3.Financial sustainability	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
71	Since the FPPM was approved seven years ago and changes to the operating environment have not been fully incorporated into the FPPM	Training on the FPPM (and all internal policy documents) should be approved and included in the annual training plan. The FPPM should be updated to indicate the current operating environment.	0 – 12 months	MFAS	Financial Management	02. Organizational	Weak financial management practices	03.Knowledge	3.Financial sustainability	02.Medium
72	There is indirect alignment between the annual and multi year budget and the strategic focus areas.	Recast future annual and multi year budgets to clearly indicate the amounts of capex and opex that have been earmarked for each of the strategic focus areas.	25 – 48 Months	BOD MD/CEO MFAS	Financial Management	02. Organizational	Weak financial management practices	03.Knowledge	3.Financial sustainability	02.Medium
73	There is indirect alignment between the annual and multi year budget and the strategic focus areas.	Adopt rolling annual budgets following the approval of the multi-year budget.	13 – 24 Months	BOD MD/CEO MFAS	Financial Management	02. Organizational	Weak financial management practices	03.Knowledge	3.Financial sustainability	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
74	The budgets are missing material assumptions around bad debts and currency risk.	Include relevant assumptions and projection on all aspects of the balance sheet and profit or loss statement while preparing the annual and multi year budget.	13 – 24 Months	BOD MD/CEO MFAS	Financial Management	02. Organizational	Weak financial management practices	02.Leadership	3.Financial sustainability	02.Medium
75	Budget preparation is done primarily with BIS which is not seamlessly integrated with the ERP.	Modern automated budgeting tools are mostly embedded within the ERP and can stress-test multiple scenarios and assumptions. This should be set a requirement for the proposed ERP.	13 – 24 Months	BOD MD/CEO MFAS	Financial Management	02. Organizational	Low levels of technology enablement	03.Knowledge	5.Efficient business processes and systems	03.Low
76	Budget execution and monitoring follow both automated checks and approval on physical forms - which is both inefficient and introduces significant paperwork.	An automated budgeting tool will help the Company get the flexibility to revise forecasts as market factors change and impact original budgeting assumptions.	13 – 24 Months	BOD MD/CEO MFAS	Financial Management	02. Organizational	Low levels of technology enablement	03.Knowledge	5.Efficient business processes and systems	03.Low

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
77	The ERA approved budget sometimes means that certain programmes of the Company will not be funded by the tariff.	Continue with ERA engagements to align the reporting dates in the energy supply industry. UETCL should lobby for more control over its utilisation of profits from its operations.	13 – 24 Months	BOD MD/CEO MFAS	Financial Management	01. Enabling Environment	Inadequate of financial resources to implement strategy	01.Institutional Arrangements	3.Financial sustainability	02.Medium
78	The ERA approved budget sometimes means that certain programmes of the Company will not be funded by the tariff.	UETCL should actively source for grants for its programmes to reduce reliance on ERA approvals. This role could be delegated to the Commercial Unit and can focus on areas such as capacity building.	25 – 48 Months	BOD MD/CEO MFAS	Financial Management	01. Enabling Environment	Inadequate of financial resources to implement strategy	01.Institutional Arrangements	3.Financial sustainability	01.High
79	No annual report has been published since December 2015.	Prioritise the production of the FY20 annual report and set a calendar for production of annual reports with delegated	0 – 12 months	MD/CEO MFAS CS	Financial Management	02. Organizational	Weak financial management practices	03.Knowledge	3.Financial sustainability	03.Low

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		officers within the Company.								
80	Financial reports are prepared using MS Excel.	Fast track the deployment of the ERP solution and ensure reporting capabilities are built within the scope	25 – 48 Months	MD/CEO MFAS CS	Financial Management	02. Organizational	Low levels of technology enablement	04.Accountability	5.Efficient business processes and systems	02.Medium
81	Monthly period close and reporting is not adhered to as stipulated in the FPPM.	Improvement can be made in the reporting date – leading organisations are producing management reports within 5 days of the period end.	0 – 12 months	MD/CEO MFAS CS	Financial Management	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	5.Efficient business processes and systems	02.Medium
82	There is need to enhance finance business partnership with a focus on such areas as O&M, ICT, Human Resources and Corporate Services.	Enhance the finance structure to build finance business partnership across all areas of the Company such as O&M, ICT, Human Resources and Corporate Services.	13 – 24 Months	MD/CEO MFAS CS	Financial Management	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	3.Financial sustainability	03.Low

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
83	The Company does not have an updated and current Enterprise Risk Register which calls into question whether its following risk based internal audit.	Document and regularly (quarterly) update the Enterprise Risk Register.	0 – 12 months	BOD MD/CEO MFAS MIA CS	Financial Management	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	3.Financial sustainability	01.High
84	The annual audit plan is regularly changed based on the need for special investigations – which whereas important may not have the same impact as the severe risks that would be contained on the risk register.	The BOD should focus on closing the annual audit plan prioritising this over special audits and reviews.	0 – 12 months	BOD MD/CEO MFAS MIA CS	Financial Management	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	3.Financial sustainability	02.Medium
85	The Company has long standing issues from both the internal and external audit reports. Delay or failure to implement agreed	Important audit findings should be prioritized, timetabled, and closed in a timely manner. The Internal	0 – 12 months	BOD MD/CEO MFAS MIA CS	Financial Management	02. Organizational	Lack of business wide accountability mechanisms	04.Accountability	3.Financial sustainability	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	actions arising from audit findings expose the organisation to risk.	Auditor should report on a regular basis on the status of external audit fin								
86	Project financial management could be enhanced by advanced project planning.	Management should implement advanced project planning for the execution of projects. This should cover areas such as pre-commencement planning and tax risk featuring in the risk assessment.	13 – 24 Months	MPI MFAS MCS PPA	Financial Management	02. Organizational	Weak financial management practices	04.Accountability	3.Financial sustainability	03.Low
87	The issue of escalating project costs has been highlighted by External Audit.	Close checks must be maintained for project finances with unforeseen escalations being approved and the overall project budget being amended.	13 – 24 Months	MPI MFAS MCS PPA	Financial Management	02. Organizational	Weak financial management practices	04.Accountability	3.Financial sustainability	02.Medium
88	PDU involvement in project delivery is more of a service provider	The PDU should be engaged at all stages of the projecting right from pre-	0 – 12 months	MPI MFAS MCS PPA	Financial Management	02. Organizational	Weak procurement practices	01.Institutional Arrangements	3.Financial sustainability	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	as opposed to a strategic partner.	commencement planning to execution.								
89	There is a need to enhance the quality of EPC contractors and consultants as some have caused financial loss to the Company.	EPC contractors and consultants should all have bid bonds and performance guarantees executed by commercial banks to starve of financial loss from working with poor quality contractors. These bonds and guarantees must be diarized to ensure they remain up to date.	0 – 12 months	MPI MFAS MCS PPA	Financial Management	02. Organizational	Weak procurement practices	04.Accountability	3.Financial sustainability	02.Medium
90	The low thresholds for procurement approval made the BOD operational.	Adjust the approval levels to engage the BOD on strategic procurement. A rule of thumb for measuring materiality is to consider 1% of revenue (UGX 11bn for 2019).	0 – 12 months	BOD MD/CEO MFAS MPD	Financial Management	02. Organizational	Weak leadership structures	02.Leadership	3.Financial sustainability	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
91	The efficiency could be greatly impacted by technology enabled process flow and B2B solutions.	Automate procurement with a technology enabled process flow and B2B solution.	13 – 24 Months	BOD MD/CEO MFAS MPD	Financial Management	02. Organizational	Low levels of technology enablement	03.Knowledge	3.Financial sustainability	03.Low
92	The Company has no Procurement Manual in place – but development is underway.	The Company needs to expedite the ongoing development of a Procurement Manual. In developing this manual, all procurement processes should be mapped and timed with clear escalation set to manage the delays. The Manual should focus on reducing the complexity and length of the procurement process.	0 – 12 Months	BOD MD/CEO MFAS MPD	Financial Management	02. Organizational	Weak procurement practices	02.Leadership	3.Financial sustainability	01.High
93	The effective interest rate on some of the partner financing is tethering on	MOFPED should renegotiate the loan interest of the AFD loan using its	13 - 24 Months	MOFPED BOD MD/CEO MFAS	Financial Management	01. Enabling Environment	Weak financial management practices	04.Accountability	3.Financial sustainability	02.Medium

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	commercial interest rates.	positional bargaining and interest-based strategy strategies. Before the signing of the loans, the real cost of the loans should be determined.								
94	Procurement and RAP guidelines included in the development partner support agreements are not adequately reviewed before the borrowing decisions.	Management is already involved in the execution of borrowing agreement but should play a greater role to either negotiate out or plan for clauses or guidelines that could negatively impact on project implementation.	0 – 12 months	MOFPED BOD MD/CEO MFAS	Financial Management	02. Organizational	Weak procurement practices	03.Knowledge	3.Financial sustainability	02.Medium
95	The effective cost of borrowing does not feature in Management and BOD reporting.	Management should include the effective cost of borrowing in Management and BOD reporting and adopt measures such as	0 – 12 months	MOFPED BOD MD/CEO MFAS	Financial Management	02. Organizational	Weak financial management practices	03.Knowledge	3.Financial sustainability	03.Low

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		Economic Value Added (EVA).								
96	UETCL needs to engage ICT leadership in strategic business decision making including assigning business objectives to ICT leadership team to ensure equal stake in business goals delivery	Position ICT as a business enabler. Assign ICT a top management seat Add KPI to measure ICT Business Enablement: 1. Number of new or improved business opportunities leveraging technology 2. Cost savings by leveraging technology initiated by ICT department 3. Revenue generated by leveraging technology initiated by ICT department 4. UETCL Leveraging technology for competitive advantage 5. UETCL	13 – 24 Months	MD/CEO BOD MD/CEO BOD	IT Systems	02. Organizational	Weak leadership structures	02.Leadership	5.Efficient business processes and systems	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		considered a technology leader in the industry								
97	ICT operations are too dependent on external support and solutions limiting opportunity for creating synergies for delivery of custom solutions development to scale the digitization landscape at UETCL	Help the ICT team understand the business, competitors, customers including critical end users, opportunities, and challenges to enable them to develop innovative solutions. Train ICT team on ITIL	0 – 12 months	MD/CEO BOD MD/CEO MICT	IT Systems	02. Organizational	Poor human resource practices	03.Knowledge	5.Efficient business processes and systems	02.Medium
98	The ICT strategy alone might not deliver digital transformation across the business. There is need of creating synergies for larger digital footprint. Opportunities to implement advanced technologies such as predictive	Prepare UETCL for digital transformation Create a digital strategy Assess impact, adaptability, and business value of newer technologies Pilot cutting edge technologies Open WIS to the public to submit PAPs applications	0 – 12 months	MD/CEO MICT MICT MICT MICT BOD MD/CEO MICT	IT Systems	02. Organizational	Low levels of technology enablement	03.Knowledge	5.Efficient business processes and systems	02.Medium

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	analytics, internet of things (IoT), and artificial intelligence (AI) should be prioritized as such technologies are key ingredients for projects in the ICT Strategy 2019/20 - 2023/24 such as automated meter reading system.	online Create WIS mobile device integration to extend the application to the field								
99	The implementation of an ERP system presents opportunity to integrate standalone ICT systems. Tier 1 ERP systems include several enterprise business applications.	Review, update, and signoff of future business process maps, functional, technical and infrastructure requirements before the tendering process.	0 – 12 months	MD/CEO MICT	IT Systems	02. Organizational	Low levels of technology enablement	01.Institutional Arrangements	5.Efficient business processes and systems	01.High
100	Lack of an enterprise business process model	Prepare a high-level context diagram showing the major business process areas or core	0 – 12 months	MD/CEO MICT	IT Systems	02. Organizational	Lack of business wide accountability mechanisms	01.Institutional Arrangements	5.Efficient business processes and systems	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
		processes, and the information flows between them. This should be performed before kickoff of ERP implementation.								
101	WIS users are faced with PAPs document storage and search challenges. There is need to integrate WIS with DMS system for advanced document workflow management and approvals, strong search capabilities, tracking, and notification functions	Integrate WIS with the document management system	0 – 12 months	MICT	IT Systems	02. Organizational	Low levels of technology enablement	01.Institutional Arrangements	5.Efficient business processes and systems	02.Medium
102	UETCL grid infrastructure is fast growing in expanse and complexity but operating on an old system that was provided	Upgrade SCADA System Integrate GIS with SCADA	13 – 24 Months	BOD MD/CEO MICT	IT Systems	02. Organizational	Low levels of technology enablement	01.Institutional Arrangements	5.Efficient business processes and systems	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	around 2003. The SCADA system has reached its limit in terms of capacity, has no back-up National Control Centre (NCC) with old ICT infrastructure that has reached its end of life.									
103	The current free helpdesk system is not archiving much in terms of functionality and use there is an urgent need for an enterprise level help desk system to support UETCL enterprise IT operations.	Implement an enterprise IT help desk system	13 – 24 Months	MICT	IT Systems	02. Organizational	Low levels of technology enablement	03.Knowledge	5.Efficient business processes and systems	01.High
104	The existing Core network cabling and infrastructure is aged, does not meet current computing standards, and needs a revamp. For effective network	Revamp Core Network infrastructure Increase the wireless network footprint. Improve cable quality across all network locations Deploy a Data	0 – 12 months	MD/CEO MICT	IT Systems	02. Organizational	Low levels of technology enablement	01.Institutional Arrangements	5.Efficient business processes and systems	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
	performance improvement should be extended to Substations and the Power Control Centre. Wireless networks help to relieve cabling efforts and reduce point of failures.	Centre monitoring tool								
105	The computing infrastructure including servers, storage, and backup systems in the Data Centre are aged and unable to support the new Business and ICT Strategy.	Implement Hyper-converged infrastructure Upgrade fire suppression, cooling, and power backup systems	13 – 24 Months	MD/CEO MICT	IT Systems	02. Organizational	Low levels of technology enablement	01.Institutional Arrangements	5.Efficient business processes and systems	01.High
106	There is contention regarding ERP system hosting with UETCL preferring own data Centre and NITA recommending their data centre	Determine ERP hosting	0 – 12 months	MD/CEO MICT	IT Systems	02. Organizational	Low levels of technology enablement	01.Institutional Arrangements	5.Efficient business processes and systems	01.High

#	Capacity Development Needs	Suggested Interventions and Prioritisation	Priority	Responsible Actors	Thematic Area	Point of Entry	Gap	Core Issues	Strategic Objective	Ranking
107	The ERP project is still in planning phase with key document including Functional, Technical and Hardware Requirements determined, business processes mapped, feasibility study completed, and ERP advisory Consultant sought. It is time to kick start change management efforts, appoint a project Steering Committee, Project Manager, and project team.	Assign an ERP Project Steering Committee, ERP project manager, project team. Assign a Change management Consultant Kick-off change management activities Select a project management framework or use combination of frameworks - choose your way of working.	0 – 12 months	BOD MD/CEO	IT Systems	02. Organizational	Weak leadership structures	01.Institutional Arrangements	5.Efficient business processes and systems	01.High
108	There is urgent need to upgrade the business continuity infrastructure to perform physical and virtual	Update the IT Business Continuity Plan Upscale the Disaster Recovery Site Perform	0 – 12 months	BOD MD/CEO	IT Systems	02. Organizational	Low levels of technology enablement	03.Knowledge	5.Efficient business processes and systems	01.High

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	environment backup and recovery	application-level recoverability testing and validate compliance with RTOs and RPOs Enable protection for physical and virtual, and SaaS environments								
109	Insufficient financial resources to implement ICT strategy initiatives	Prioritise financing of key ICT projects	13 – 24 Months	MD/CEO MICT	IT Systems	02. Organizational	Inadequate of financial resources to implement strategy	01.Institutional Arrangements	5.Efficient business processes and systems	01.High