



UGANDA ELECTRICITY
GENERATION
COMPANY LTD



NEW VISION & STRATEGIC DIRECTION

2015 – 2017





Hydro power is Uganda's main
source of electricity generation

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BOARD CHAIRMAN'S FOREWARD

Prudent Corporate Governance is underpinned by preparation and production of a Medium to Long Term Strategy which provides the futuristic aspirations of an Organisation. On behalf of the Board of Directors, it therefore gives me great pleasure to present the Uganda Electricity Generation Company Limited (UEGCL) Strategic Direction for the period 2015 -2017.

The Strategic Direction is the first formal strategy developed and approved by the Board and represents a significant milestone in the context of the history of the UEGCL. The preparation of the Strategic Direction thus required a significant level of reflection and consultation, both on the challenges to the sector and the focus areas and priorities of the UEGCL.

The Strategic Direction is anchored to the overall Government policy of transforming the Ugandan Economy from a Peasantry to a modern and prosperous economy as enshrined within the National Development Plan and the Vision 2040. In this context, over the next three years, the Strategic Direction focuses on changing the modus operandi of the UEGCL to achieve the ambitious, yet attainable Energy Sector Policy Goal of meeting the energy needs of Uganda's population for social and economic development in an environmentally sustainable manner.

The Strategic Direction has set out a path of innovation, and is underpinned by the key tenets of; sustainability, adequacy, affordability, and reliability of power generation for generations to come. In addition, the Strategic Direction looks beyond just meeting the electricity demand, but toward active engagement with stakeholders. The Strategic Direction is also focused on building a culture of integrity and making the necessary changes to align with stakeholders' expectations.

Within a challenging resource environment, our investment decisions are critical and we are therefore committed to advancing our plans and contributing to the economic and social wellbeing of Ugandans through undertaking prudent investments.

It is for the above reasons that the Board and Management have adopted an ambitious Vision and Mission that encapsulates the above aspirations.

The New Vision of UEGCL is "To be a Leading Power Producer in the Great Lakes Region". As will be noted, the Vision for the UEGCL represents the needs of not just the country, but also those of the region. Achieving this Vision will therefore involve a significant level of change and flexibility to proactively respond to the dynamic needs of energy within a wider context.

The Vision is supported by a mission which is "To sustainably generate reliable, quality and affordable electricity for socio-economic development"

Again the mission seeks to ensure that energy production corresponds to the envisaged dynamism of energy demand given the Governments Goal of social and economic transformation of the population.

At this juncture, I would like to thank all stakeholders for their contribution in the development of this Strategic Direction. It is our belief that it strikes the right balance between ensuring that we fulfill our mandate and respond to future requirements and opportunities. I commend all the staff of UEGCL for their continued efforts, dedication, and commitment to maintaining and advancing the UEGCL as the premier regional power generation company. The production of this Strategic Direction signals only the first step in a long journey of UEGCL's transformation agenda. The staff of UEGCL will have the full backing of the Board in the implementation of this Strategic Direction.

On behalf of UEGCL, I look forward to engaging with the stakeholders at the heart of the energy service delivery, namely Government, Development Partners, Electricity Regulatory Authority (ERA), UETCL, UEDCL, UMEME, the Private Sector and the general public, in realizing the ambition of the strategic direction to 2017.

We look forward to the successful implementation of the Strategic Direction.



Dr. Stephen
Robert Isabalija
BOARD CHAIRMAN

CHIEF EXECUTIVE OFFICER'S MESSAGE

Energy and particularly electricity is pivotal for social-economic development. Uganda Vision 2040 identifies electricity generation as one of the key strategic interventions for social-economic transformation of the country. UEGCL has a central role to play in executing this plan and the strategic direction is a vehicle for realising this vision.

The NDP 2010 – 2015 sets a projected target of increasing electricity consumption per capita from 75 kWh/Capita (2010) to 1,273 kWh/Capita (2020) and this requires an additional 8,200 MW in installed capacity. The current national installed capacity is 850 MW. It is therefore with great pleasure that we present the UEGCL Strategic Direction for the period 2015 – 2017 as part of the process to articulate the planned contribution of UEGCL to the Government's development agenda. The UEGCL Three Year (2015-2017) Strategic Direction is an implementation vehicle to unlock the most binding constraint (electricity) to economic growth and development of Uganda.

The preparation of the Strategic Direction took into consideration the strengths, weaknesses, opportunities and threats that UEGCL is faced with. Key among the strengths identified are the technical competences, while a number of challenges were identified including poor financial health, low operational efficiency, ageing and obsolete assets especially at the Nalubaale hydro-electric power plant, declining generation market share, over-reliance on hydropower resource, and water discharge permit restrictions.

Some of the opportunities identified, were the Political Will, existence of potential hydro power sites, while threats identified mainly related to unpredictable hydrological conditions, adverse effects of climate change and limited investment and financing options.



1,273
kWh

The NDP 2010 – 2015 sets a projected target of increasing electricity consumption per capita from 75 kWh/Capita (2010) to 1,273 kWh/Capita (2020) and this requires an additional 8,200 MW in installed capacity

In line with the above situation analysis, UEGCL has mapped out a multifaceted strategy to capitalize on the existing strengths and weaknesses, while at the same time mitigating the weakness and threats.

As a precursor, UEGCL's mandate has already expanded from Concession monitoring to implementing Governments flagship projects of Karuma, Isimba, and Ayago Hydropower projects. UEGCL is grateful to Government for raising the much needed funding for these infrastructural flagship projects that will enhance our financial health and enable us support national goals.

The UEGCL "New Vision" and Strategic Direction have been aligned to the four perspectives of the Balanced Scorecard, namely: Financial, Customer, Internal Business Process, and Learning and Growth. These four management processes contribute to linking long-term strategic objectives with short-term actions.

For each of these perspectives, a number of strategic objectives have been developed, together with key performance targets. The objectives, measures, and targets have been cascaded through a performance assessment system to Business Units and individual levels to ensure that everyone has a clear focus to perform towards achievement of the corporate goals.

In terms of monitoring and evaluation mechanisms, UEGCL has adapted a quarterly and annual PDCA approach (Plan Do Check Act) under the overall supervision of the G4g Steering Committee. UEGCL is committed to implementing the strategy plan and attain the key targets in the next three years.

In tangible terms, the strategic objectives aim to:

- Increase hydropower installed capacity by 50% from 380 MW to 563 MW in three years;
- Grow revenues by an average of 45% per year;
- Improve the financial health from loss of 11 billion to a profit of 2 billion in three years;
- Optimize operations to generate more electricity during peak load hours;
- Improve investment and operational efficiency with the aim of achieving the lowest unit cost of generation in the region to support government initiatives of keeping tariff affordable and competitive;
- Implement a condition-based maintenance strategy that uses new technologies to monitor equipment and performance;
- Realise UEGCL's accreditation to ISO Standards for QMS, Asset Management, Safety & Environment;

563MW

Increase hydropower installed capacity by 50% from 380 MW to 563 MW in three years;

02bn

Improve the financial health from loss of 11 billion to a profit of 2 billion in three years;

- Establish a Training Centre and Professional Services Unit for sustainable energy systems;
- Build local capacity for operation and maintenance of Karuma, Isimba, Muzizi, and Nyagak III Hydropower plants and support government initiatives of providing employment to the youth.
- Invest about USD 5million annually in refurbishing Naluubale and Kiira generating facilities.

I am confident that UEGCL's New Vision and Strategic Direction provide the requisite momentum and inspiration for turning around the Company and refocusing it to fulfill its expanded mandate and contribute to social-economic transformation of Ugandans.

I would like to thank all UEGCL Staff, the Board of UEGCL, and other key stakeholders who are making a contribution towards realization of our change Vision and Strategic goals for 2015 - 2017.



Dr. Eng. Harrison
E. Mutikanga

**CHIEF EXECUTIVE
OFFICER**

UEGCL BOARD OF DIRECTORS

1. Dr. Stephen Robert Isabalija
2. Eng. Paul Mubiru
3. Eng. Proscovia Margaret Njuki
4. Ms. Zeridah Zigiti
5. Dr. Nixon Kamukama
6. Mrs. Jennifer Katagyira Lubaale



Nalubaale dam
reservoir at Jinja



INTRODUCTION

This strategic direction articulates UEGCL's efforts towards the realization of the overarching Government Policy direction of transforming a Ugandan society from a peasant to a modern and prosperous country, as enshrined within the NDP – 2010/15 and Uganda Vision 2040.

Uganda Energy Sector at a Glance

Uganda Vision 2040 and the NDP identify the Energy Sector as one of the key priority sectors and driver of Uganda's socio-economic transformation. The Energy Sector in Uganda comprises the following sub-sectors: (i) Power; (ii) Petroleum; (iii) New and Renewable Sources of Energy; and (iv) Atomic Energy. The sector is governed under The Electricity Act, 1999 and the following policies: Energy Policy (2002); Renewable Energy Policy (2007), and the PPP framework policy (2010).

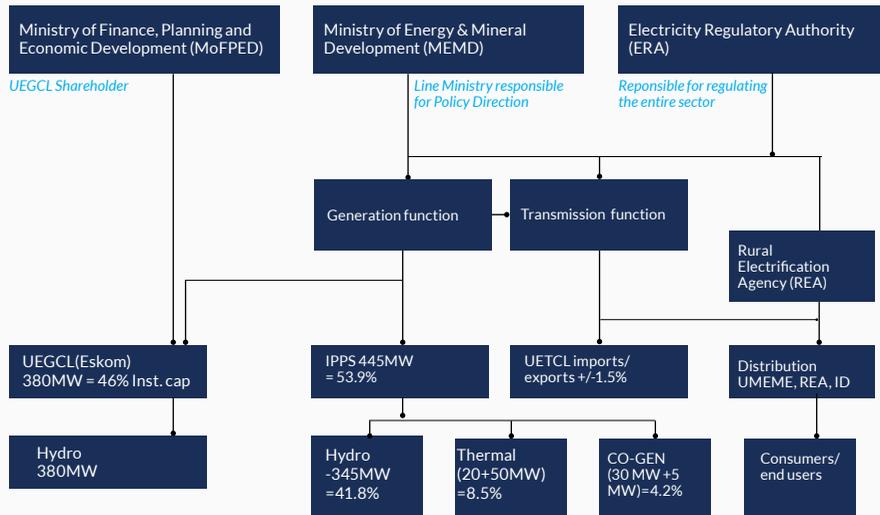
The sector has undergone a series of reforms since 1999 to improve operational efficiency and reduce government's financial burden within the sector. As part of the reform process, Uganda Electricity Board (UEB) was unbundled in 2001 to create three different business entities for generation, transmission and distribution known as UEGCL, Uganda

Electricity Transmission Company Limited (UETCL), and Uganda Electricity Distribution Company Limited (UEDCL) respectively. Generation and distribution functions were leased out to private operators, Eskom and UMEME respectively, on long term concessions while transmission remained under the control of Government.

The electricity sub-sector is regulated by Electricity Regulatory Authority (ERA). The Rural Electrification Agency (REA) is another key player in the sector driving electricity coverage in rural areas of Uganda.

Institutional Framework for the Electricity Sub-Sector

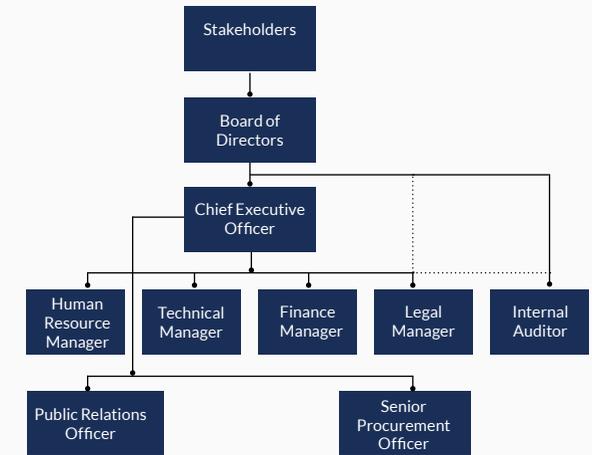
The figure below illustrates the institutional framework of the electricity sub-sector in Uganda.



Mandate and organisation set-up of UEGCL

UEGCL was incorporated on 26th March 2001 under the Companies' Act (Cap 110), the Laws of Uganda and in conformity with the Electricity Act, 1999 and started operations on 1st April 2001. The mandate of UEGCL is to establish, acquire, maintain, and operate electricity generation facilities and to promote Research and Development in the electricity generation sector while running the company on sound business principles. UEGCL is solely owned by the Uganda Government represented by MoFPED as the shareholder. The Company Board of Directors does provide oversight supervision to ensure continued performance improvement. The executive management

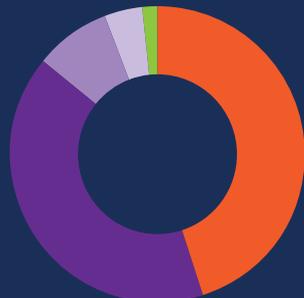
UEGCL Organogram



comprises of the CEO and five divisions: technical, finance, human resource management, legal and internal audit.

UEGCL Management team

Notes:



- IPPS generate 445MW = 53.9%
- Hydro -345MW=41.8%
- Thermal (20+50MW)=8.5%
- CO-GEN (30 MW +5 MW)=4.2%
- UEGCL(Eskom) 380MW = 46% Inst. cap
- UETCL imports/exports +/-1.5%

46% of total electricity installed capacity is from UEGCL

88% of the national capacity is from Hydro

95% of electricity consumed is from Hydro

IPPs - Independent Power Producers account for 53.9% of electricity

IDs - Independent Distributors such as WENERECO have licences to distribute and sell power



Context and Objectives of the UEGCL New Strategic Direction

The need for a new strategic direction is driven by the changing business context, and the various challenges UEGCL is currently facing.

Changing business context

- Competitive market outlook with increasing players (IPPs)
- Transitioning from mainly concession monitoring to project implementation agency and O & M of electricity generation facilities
- The regionalization of the electric power market (East Africa and beyond)

Specific challenges for UEGCL

- Poor financial health
- Weak business processes
- Poor visibility to key stakeholders and public
- Increasingly stringent regulation
- Over-reliance on hydro-electric energy source
- Increasing electricity demand—lowering reserve margin
- Low employee morale – emotionally disengaged
- Aging assets and workforce

3460 MW

Required to meet the NDP electricity generation capacity target of 3,885 MW by 2015

The market dynamics and the various challenges facing UEGCL requires new thinking and company re-engineering in order to meet the Uganda Vision 2040 and the NDP electricity generation targets. According to the NDP (2010-15) projections, per capita consumption should increase from 75kWh/Capita to 674kWh/Capita and this requires an additional 3,460 MW to Uganda's existing national Grid to reach a capacity of 3,885 MW by 2015.

Currently the National Grid has an installed capacity of only 850MW and per capita consumption is estimated at 150kWh/capita.

Work in progress at Karuma Hydro Power Project



Electricity Generation Projections (NDP Targets 2010/11- 2014/15 and VISION 2040)

Year	2010	2015	2020	2025	2030	2035	2040
Consumption (kWh/Capita)	75	674	1,273	1,872	2,470	3,069	3668
Capacity (MW)	425	3,885	8,601	14,670	22,222	31,252	41,738

In order to give impulse to unlocking the binding constraints in the NDP (2010-15) particularly improving the power generation capacity, priority areas for interventions including investments have been identified and important national flagship projects have been selected for implementation. The electricity flagship projects include;

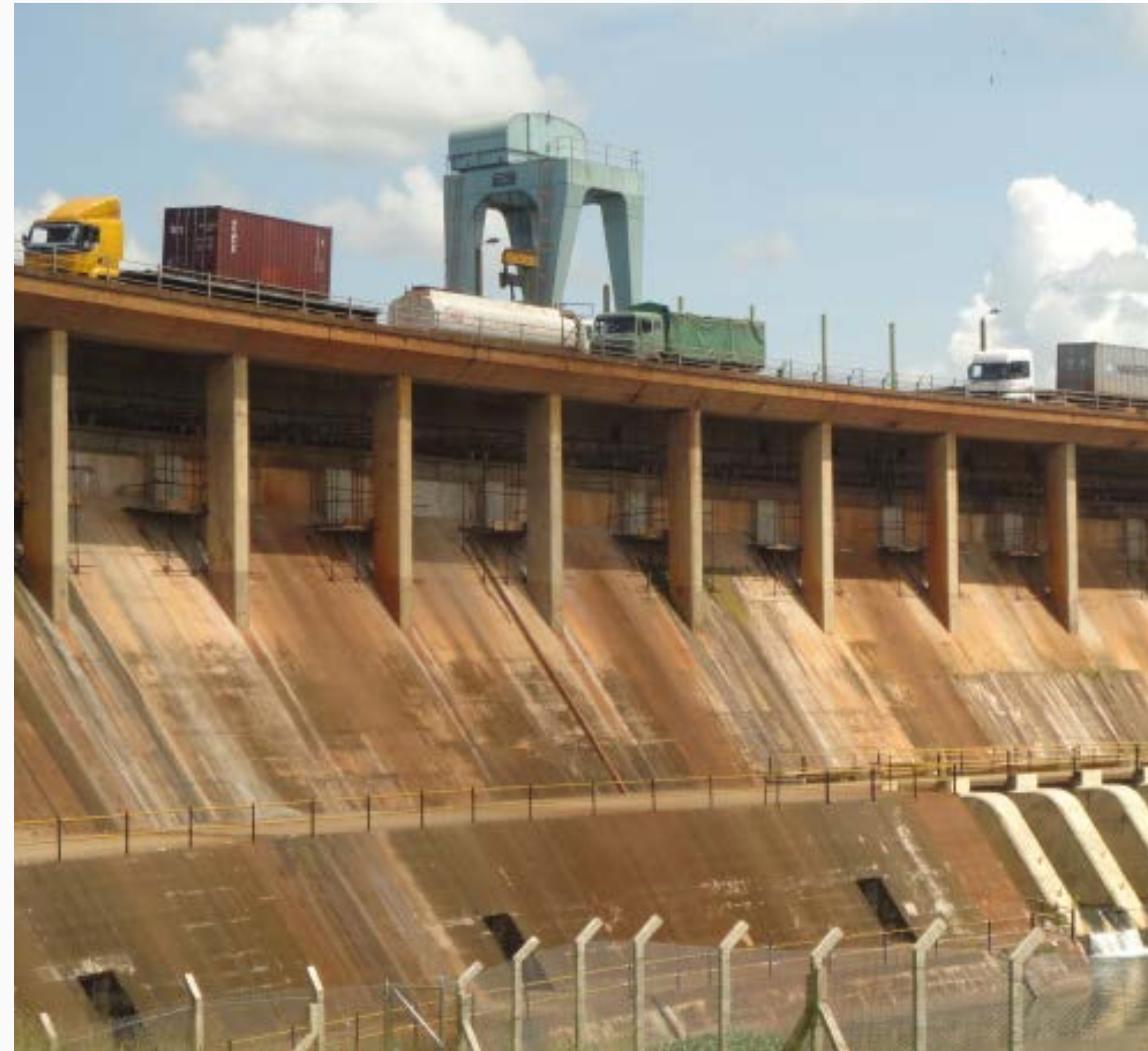
- Construction of Karuma Hydropower Plant and Transmission Lines (600MW)
- Construction of Isimba Hydropower Plant and Transmission Line (183MW)
- Construction of Ayago Hydropower Plant and transmission Line (600MW)

Generating for generations (G4g)

For industrialization and value addition to take effect, access to power is critical and the power tariff must be affordable. Power generation potential must be exploited and access to electricity increased.

The purpose of this strategic direction is therefore to help in the transformation of UEGCL to cope with the emerging realities, so it can meet the electricity needs of the Ugandan economy and the region, while increasing shareholder value, meeting customer's expectations and citizens' aspirations. It is for this reason that the theme adopted for this strategic direction is "**Generating for generations.**" This re-emphasizes UEGCL's ambition to meet the current and future power demands of not only Uganda but the region.

UEGCL management on a benchmarking visit to Bujagali Energy Limited



Electricity from renewable sources is an essential component of Uganda Vision 2040



GENERATING *for* gENERATIONS



UEGCL'S POSITION TODAY: **SITUATION ANALYSIS**

This chapter analyses the situation of the UEGCL and that of the external environment as at December 2014, with the purpose of developing viable strategies.

The business situation of UEGCL was diagnosed using a participatory SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis and the ST_ARS (Start-up, Turnaround, Realignment, and Sustaining Success) Model.

The diagnosis revealed a turnaround business situation for UEGCL where the company is in trouble and there is need to make tough calls to get it back on track.

STRENGTHS

Propagates strategy

1. Experienced human resource
2. Motivated management team
3. Good governance structures
4. Low unit cost of hydropower generation
5. Flexible system during peak demand
6. Management autonomy

Internal

WEAKNESSES

Curtails strategy

1. Poor financial health
2. Declining market share in sector
3. Overdependence on concession fees
4. Low visibility
5. Insufficient stakeholder engagement
6. Inadequate internal business process
7. Slow procurement process
8. Inadequate skills in project management
9. Inadequate staffing
10. Ageing infrastructure and workforce
11. Delays in applying and updating licences from ERA
12. Over-reliance on hydro power

Internal

OPPORTUNITIES

Propagates strategy

1. Supportive Board of Directors
2. New projects (Karuma, Isimba, Ayago, Muzizi and Nyagak III)
3. High potential for renewable energy sources such as Geothermal
4. Operation and management of Namanve Thermal Power Plant (50MW)
5. Favorable Repayment Mechanism Agreement and Tariff model for Isimba Hydro Power Project
6. Oil and Gas discoveries in Bunyoro
7. Energy sector is a priority sector for government
8. Supportive policies
9. Support from Development Partners and key Stakeholders

External

THREATS

Curtails strategy

1. Climate change
2. Competition from increasing IPPs
3. Uncertain macro-economic factors
4. Water discharge restrictions
5. High investment capital for projects
6. Limited financing options for projects
7. Delay in passing the PPP bill

External

Nalubaale Powerhouse
Jinja (Since 1954)



NEW VISION & STRATEGIC OUTLOOK OF UEGCL

Our vision is to be the leading power producer
in the Great Lakes Region

Our new vision and strategic outlook is aligned to Uganda's Vision 2040 and the theme of Generating for generations (G4g). In order to realise these aspirations, the Vision, Mission, Goals and Objectives of UEGCL have been revised and updated.

UEGCL New Vision and Mission

Our New Vision consists of two components: core ideology (what we stand for and why we exist) and the envisioned future (what we aspire to become, to achieve, to create) - something that will require significant change and progress to attain.

New Vision

To be the leading power producer in the Great Lakes Region",

Mission

To sustainably generate reliable, quality and affordable electricity for socio-economic development.

Core Values

During the next three years, UEGCL hopes to contribute towards this vision by embracing the following guiding principles and tenets code-named IIASS:

Integrity

Commitment to strong moral principles in our work and fostering a culture of trust and transparency in all our relationships.

Innovation

A commitment to learning, creativity, and excellence as a driver for performance improvement

Accountability

A commitment to a performance-based culture and teamwork where all of us are accountable for our actions and results.

Safety

A collective commitment to embrace a safety culture in all our projects and operations.

Sustainability

A commitment to generating electricity that meet the needs of the present without compromising the future.

UEGCL Strategic Focus:

The Strategic Focus areas have been aligned to the four Themes of the Balanced Scorecard, namely; Financial, Customer, Processes, and Learning and Growth.

This system strikes a balance between all aspects of UEGCL's business.

The following are the main strategic focus areas for UEGCL in the next three years:



There are three strategic focus areas under financial performance: business growth, cost optimization and sustainable investment financing. We ought to achieve these financial results by expanding our infrastructure, increasing the market share, strengthening stakeholder engagement, budget and cost control, adopting different investment financing options, achievement of cost reflective tariffs that include asset depreciation, debt service, and return on equity.

The customer/stakeholder perspective focuses on improving relations and communication with key stakeholders such as MEMD, MoFPED, ERA, UETCL, and Development Partners. The internal business perspective highlights four business processes (operational efficiency, expansion and diversified growth, optimized asset management and sustainable investments) that we need to excel at in order to satisfy our customers and stakeholders.

Our ability to change and improve will be sustained via the learning and growth perspective with emphasis on a comprehensive staff development and R&D philosophy, cutting-edge technological platform, reliable information systems and a strong performance management culture throughout the organization.

The discovery of oil and gas presents opportunity for additional alternative power generation



Uganda has an estimated potential of 200MW of solar electric power



THREE YEAR STRATEGIC GOALS & KEY MILESTONES

UEGCL has defined its strategic objectives in terms of the following anchor points: the current UEGCL situation (SWOT analysis), the NDP 2010-2015, Vision 2040, and UEGCL's strategic plan.

The strategies are broadly grouped under the four (4) perspectives of the Balanced Scorecard strategic framework, namely; Business Processes, Customer Perspective, Financial Perspective, and Learning and Growth Perspective.

Business Processes:

Strategic Objectives	Key Targets
<ul style="list-style-type: none"> Improved Operational Efficiency Expansion and Diversified Growth Optimized Asset Management Sustainable and timely delivery of capital investments 	<ul style="list-style-type: none"> Increased installed capacity from 380 MW to 563MW 95% annual plant availability Developed strategy for Generation Energy Mix Increased plant life

#	Strategies and key milestones	Timeframe
1	Ensure 85% completion of Karuma Hydropower Project (600MW) by 2017 (Sponsor: Project Manager- Karuma)	
	<ul style="list-style-type: none"> Streamline contract management and implementation 	February 2015
	<ul style="list-style-type: none"> Completion of the Escape & Ventilation Tunnel (EVT) excavation and support (Critical Path 1 – leads to Powerhouse) 	February 2015
	<ul style="list-style-type: none"> Completion of land acquisition and site handover to the EPC Contractor 	March 2015
	<ul style="list-style-type: none"> Complete first & second phase of river diversions 	March 2015
	<ul style="list-style-type: none"> Deployment of UEGCL full-time staff on site 	March 2015
	<ul style="list-style-type: none"> Headhunt and recruit a multi-disciplinary team of experts for quality control - phased deployment 	August 2015
	<ul style="list-style-type: none"> Procurement of project vehicles, Personal Protective Equipment (PPE) and other related equipment 	September 2015
	<ul style="list-style-type: none"> Completion of Diversion Channel 	June 2015
	<ul style="list-style-type: none"> Completion of Adit-8 and Adit-9, excavation and support (Critical Path 2 – leads to Main Tailrace Tunnel) 	August 2015
	<ul style="list-style-type: none"> Completion of Tailrace outlet excavation and support 	March 2016
	<ul style="list-style-type: none"> Completion of excavation and supporting of underground powerhouse 	May 2016
	<ul style="list-style-type: none"> Excavation and lining of pressure shaft (conveys water to powerhouse) 	January 2017
	<ul style="list-style-type: none"> Completion of Hydro-mechanical works (spillway and sluice gates) 	November 2017
	<ul style="list-style-type: none"> Completion of concrete and M&E equipment installation (switchyard, turbines, generators, transformers, tower crane, dam blocks, etc.) 	December 2017
	<ul style="list-style-type: none"> Completion of E&M works (Commissioning of Unit-6) 	December 2017
Assumption Conclusion of financing negotiations with EXIM Bank of China by January 2015 and effectiveness of loan agreement by March 2015		



Butajali Power House



Karuma Falls

#	Strategies and key milestones	Timeframe
2	Ensure completion of Isimba Hydropower Project (183MW) by 2017 (Sponsor: Project Manager- Isimba)	
	• Phase I - River course closure completion	February 2015
	• Construction of Aggregate Production System and Batching Plant	May 2015
	• Phase I - Excavation works completion	June 2015
	• Construction of switchyard and transmission line	March 2016
	• Recruitment , deployment and training of O&M staff	August 2016
	• Construction of Bailey bridge	September 2016
	• Phase 1 - Concreting works (Powerhouse, Overflow Dam section, Gravity dam-GD2,)	November 2016
	• Phase -II River Course closure (Coffer dam, dewatering, removal)	December 2016
	• Phase -I Concreting works for gravity dam (GD1), PH-Dam section)	January 2017
	• Phase -II Excavation works completion	March 2017
	• H&M Works, Rim treatment	June 2017
	• E&M Works (Installation of 1 st & 2 nd units) and commissioning	December 2017
	Assumption <i>Conclusion of financing negotiations with EXIM Bank of China by January 2015 and effectiveness of loan agreement by March 2015</i>	
3	Ensure commencement of Ayago Hydropower Plant (600MW) construction by end of 2016 (Sponsor: Project Manager- Ayago)	
	• Submission of Environment and Social Impact Assessment (ESIA) report to NEMA	March 2015
	• Approval of Implementation Plan and Contract Signing with EPC Contractor and Supervision Consultant.	April 2015
	• Completion of detailed geological report	June 2015
	• Approval of land acquisition framework, survey and valuation report (including natural resources valuation & offset proposals)	December 2015
	• Signing MoU for access and use of land in Murchison Falls National Park.	March 2016
	• Capacity building for UEGCL project implementation team	November 2016
	• Completion of Detailed Engineering Designs	December 2016
	• Approval for construction of auxiliary facilities & infrastructure.	December 2016
	Assumptions 1. <i>ESIA approved by NEMA by March 2015</i> 2. <i>Contract negotiations with EPC Concluded by March 2015</i>	

#	Strategies and key milestones	Timeframe
4	Ground Breaking of Nyagak III (4.4MW) (Sponsor: Project Manager - Muzizi/ Nyagak)	
	• Funds for development costs to cover compensation payments, procurement of capital items and equipment, and other project related costs received from MEMD	February 2015
	• Procurement of Private Partner and signing of Commercial Agreements	March 2015
	• Procurement of Owner's Engineer	March 2015
	• Acquisition of project site	March 2015
	• Recruitment and training of project supervision staff	April 2015
	• Procurement of project vehicles, PPE and other equipment	April 2015
	• Ground breaking	May 2015
	Assumptions 1. <i>Availability of funds from MEMD to cover the development costs.</i> 2. <i>The land acquisition process is smooth with no major grievances / complaints from the land owners.</i> 3. <i>No delays in the procurement processes like administrative reviews</i>	
5	Ground Breaking of Muzizi Hydropower project (44.7MW) (Sponsor: Project Manager- Muzizi/Nyagak)	
	• Signing of Channelling Agreement between MEMD and UEGCL for the KfW Grant of 4 million Euros	June 2015
	• Attainment of Financial Close (AFD and KfW loan approval and loan agreements signing)	June 2015
	• Procurement of Implementation Engineer	June 2015
	• Procurement of RAP Implementation Consultant	September 2015
	• Funds for development costs to cover compensation payments, procurement of capital items and equipment, and other project related costs received from MEMD	September 2015
	• Acquisition of project site	April 2016
	• Procurement of EPC Contractor	June 2016
	• Recruitment and training of project supervision staff	July 2016
	• Procurement of project vehicles, PPE and other equipment	July 2016
	• Ground breaking	August 2016
	Assumptions 1. <i>Approval of the loan financing by KfW, AFD, Cabinet and Parliament of Uganda.</i> 2. <i>Availability of funds from MEMD to cover the development costs.</i> 3. <i>The land acquisition process is smooth with no major grievances / complaints from the land owners.</i> 4. <i>No delays in the procurement processes e.g. administrative reviews</i>	

#	Strategies and key milestones	Timeframe
6	Management and Operation of Namanve Heavy Fuel Oil (HFO) Thermal Power Plant (50MW) (Sponsor: Technical Manager)	
	<ul style="list-style-type: none"> Board approval of the Technical and Financial plan for operation & management of the plant. 	January 2015
	<ul style="list-style-type: none"> Discussions with MoFPED and MEMD on treatment of outstanding loan on the plant 	January 2015
	<ul style="list-style-type: none"> Take Lead in the due diligence (audit and valuation) of the plant condition assessment 	February 2015
	<ul style="list-style-type: none"> Power Purchase Agreement (PPA) negotiation with UETCL 	March 2015
	<ul style="list-style-type: none"> Generation License application to ERA 	March 2015
	<ul style="list-style-type: none"> Training of the nucleus UEGCL staff (3-4 people) to take up the management positions at the plant 	March 2015
	<ul style="list-style-type: none"> Procure an O&M contractor 	March 2015
	<ul style="list-style-type: none"> Provision of security at the plant 	April 2015
	<ul style="list-style-type: none"> Official handover of the plant to UEGCL 	April 2015
	<ul style="list-style-type: none"> Procure a Fuel (HFO and Diesel) and lubrication oil supplier 	June 2015
	<ul style="list-style-type: none"> Procure a spare parts service provider for the engines and auxiliaries 	June 2015
Assumptions <ol style="list-style-type: none"> original equipment manufacturer (OEM) to operate the plant for 2-3 years as UEGCL prepares to fully operate and maintain the plant GoU clears the outstanding loan or negotiates with the lenders new repayment terms A due diligence is carried out prior to handover of the plant to UEGCL Guaranteed dispatch of at least 50% of the installed capacity UEGCL successfully negotiates a fair markup cost on top of the O&M cost as an incentive to manage and operate the plant 		

#	Strategies and key milestones	Timeframe
7	Enhance Asset Management and risk-based resource allocation. (Sponsor: Technical Manager)	
	<ul style="list-style-type: none"> Update UEGCL asset inventory 	Feb 2015
	<ul style="list-style-type: none"> Develop a comprehensive Asset Management Policy & Strategy 	April 2015
	<ul style="list-style-type: none"> Establish a long term Investment plan 	June 2015
	<ul style="list-style-type: none"> Establish Performance Measurement system for Asset Management system 	October 2015
	<ul style="list-style-type: none"> Develop a standardized Asset Management database to capture equipment and facilities condition assessment data 	December 2015
	<ul style="list-style-type: none"> Develop Annual Asset replacement and disposal plans 	Annually (from December 2015)
	<ul style="list-style-type: none"> Conduct Asset Revaluation 	February 2016

Namanve Thermal Power Plant



#	Strategies and key milestones	Timeframe
8	Effective and efficient monitoring of the Concession and Assignment Agreement (CAA). (Sponsor: Technical Manager)	
	<ul style="list-style-type: none"> Conduct a comprehensive condition assessment of the equipment and facilities under Eskom and update the asset register 	April 2015
	<ul style="list-style-type: none"> Completion of the ongoing study and take correction action on the cracked structure of the turbine units at Nalubaale PS 	January 2016
	<ul style="list-style-type: none"> Ascertain technical capacities, capabilities and limitations of the plants as per name plate and prevailing hydrological conditions and determine the expectations/targets for Nalubaale and Kiira Power Stations 	January 2016
	<ul style="list-style-type: none"> Obtain and analyse monthly technical reports submitted by Eskom with emphasis on generation data and give timely feedback 	Monthly (from January 2015)
	<ul style="list-style-type: none"> Review monthly and periodic plant operational data/performance from Eskom with set expectations/targets 	Monthly (from February 2015)
	<ul style="list-style-type: none"> Identify and prioritise short and long-term capital investments and ensure compliance to agreed schedule. 	From January 2015
	<ul style="list-style-type: none"> Coordination of yearly Generation, Operation and Maintenance Costs (GOMC) budgeting process till approval. 	Annually
	<ul style="list-style-type: none"> Evaluating and tracking performance goals of Eskom with focus on the following KPIs: 	Monthly (from January 2015)
	<ul style="list-style-type: none"> Monthly Unit-wise Efficiency and General Plant Efficiency 	Quarterly
	<ul style="list-style-type: none"> Rated/Nominal Prototype Efficiency 	Quarterly
	<ul style="list-style-type: none"> Unit-wise Plant Availability and Target Plant Availability 	Bi-annual
	<ul style="list-style-type: none"> Hydrological Efficiency i.e. water usage per Unit generated (m3/kWh) 	Annually
	<ul style="list-style-type: none"> Effectiveness of Plant operation as Output/Unit cost input 	Quarterly
	<ul style="list-style-type: none"> Plant reliability 	Annually
	<ul style="list-style-type: none"> Conduct inspection of plant status and performance with respect to all disciplines i.e. Civil, Mechanical and Electrical 	Quarterly
	<ul style="list-style-type: none"> Prepare and submit technical performance reports on the CAA 	Quarterly
	<ul style="list-style-type: none"> Coordination meetings on Contract Management and Investments at Strategic Level 	Quarterly
	<ul style="list-style-type: none"> Checks on plant life and optimisation of operation 	Annually

#	Strategies and key milestones	Timeframe
9	Develop a strategy to promote alternative energy mix sources of commercial power generation (Sponsor: TBD)	
	<ul style="list-style-type: none"> Develop a draft concept for alternative energy mix sources 	March 2015
	<ul style="list-style-type: none"> Benchmarking and exposure study visit to similar utilities 	June 2015
	<ul style="list-style-type: none"> Detailed feasibility studies for alternative energy mix sources 	August 2015
	<ul style="list-style-type: none"> Formulate a long term Policy and project portfolio for alternative energy mix 	March 2016
	<ul style="list-style-type: none"> Preparation of a Master Execution Plan and bankable proposal 	June 2016
	<ul style="list-style-type: none"> Mobilisation of project financing. 	December 2016
	<ul style="list-style-type: none"> Procurement and execution of works 	June 2017
	Assumptions 1. Availability of resources for conducting bankable studies for loans/grants agencies	
10	Pursue company accreditation with ISO Standards for Quality, Asset Management, Environment, and Health and Safety. (Sponsor: TBD)	
	<ul style="list-style-type: none"> Concept and Policy for adoption of ISO Standards 	March 2015
	<ul style="list-style-type: none"> Company accreditation with QMS- ISO 9001:2004 	December 2015
	<ul style="list-style-type: none"> Company accreditation with AM-ISO 5000 	December 2015
	<ul style="list-style-type: none"> Company accreditation with Environment- ISO 14001:2004 	December 2016
	<ul style="list-style-type: none"> Company accreditation with OHSAR-ISO 2007 	December 2017
11	Optimize capital Projects Planning and Execution (Sponsor: TBD)	
	<ul style="list-style-type: none"> Adopt a revised capital planning and implementation structure 	March 2015
	<ul style="list-style-type: none"> Adopt a new standardized capital planning and implementation process with clear responsibilities from project concept to construction 	May 2015
	<ul style="list-style-type: none"> Address staffing and skills gaps in capita planning and implementation 	May 2015
	<ul style="list-style-type: none"> Develop a ten year capital investment plan updated on an annual basis 	December 2015
	<ul style="list-style-type: none"> Establish a unit investment cost model and establish investment cost benchmarks to promote investment cost efficiency 	December 2015



#	Strategies and key milestones	Timeframe
12	Optimise the procurement process (Sponsor: Senior Procurement Officer)	
	• Establish annual procurement plan linked to the budget	March 2015
	• Establish a dedicated multi-disciplinary team for inspection and quality assurance	March 2015
	• Establish an internal audit compliance unit or outsource	March 2015
	• Formulate a specifications manual	June 2015
	• Establish performance measurement framework for the procurement processes	June 2015
	• Computerize the procurement process	July 2015
13	Ensure compliance with laws and regulations (Sponsor: Legal Manager)	
	• Apply for new licences and update existing licences in line with the law and UEGCL mandate	March 2015
	• Ensure that all new plants and projects secure licences within the provisions of the law	At project start
14	Risk Management (Sponsor: Internal Audit Manager)	
	• Ensure that the Company's audited financial statements and Annual Certificate of responsibility is published in line with the requirements of the Public Enterprise Reform and Divestiture Act, Cap.98	Annually
	• Hold Annual General Assembly	Annually
14	Risk Management (Sponsor: Internal Audit Manager)	
	Establish and roll-out implementation of a Risk Management Policy and Strategy	May 2015

Nalubaale
switch-yard at Jinja

Financial Perspective:

Strategic Objectives	Key Targets
<ul style="list-style-type: none"> Business Growth Cost Optimization Sustainable Investment Financing 	<ul style="list-style-type: none"> Increased Revenue from 7bn to 22bn Reduction in average unit cost of generation to USD 5Cents per kWh Profit/loss before Tax – from UGX 11bn loss to UGX 2bn profit Increased Asset Base by atleast 5%

#	Strategies and key milestones	Timeframe
1	Reduce operational and overhead costs (Sponsor: Finance Manager) <ul style="list-style-type: none"> Reduce financing costs by converting government debt to equity Introduce monthly budget monitoring and control system. Align annual budget to strategic plan and prioritise resource allocation Establish and implement a fraud detection and prevention policy Establish and implement mobile and paperless (E-Board) office operations 	<p>March 2015</p> <p>April 2015</p> <p>Annually</p> <p>April 2015</p> <p>June 2015</p>
2	Optimal use of and safeguarding company assets (Sponsor: Finance Manager) <ul style="list-style-type: none"> Negotiate with ERA and bill all components of Concession and Assignment Agreement (CAA) 100% verification of all company assets Put to use redundant assets e.g. land and buildings 	<p>Jan 2015</p> <p>June 2015</p> <p>December 2016</p>
3	Investment Finance Mobilization (Sponsor: Finance Manager) <ul style="list-style-type: none"> Develop Concept Note on finance mobilization – from different Sources such as carbon credits, market finance, Government, Development Partners and PPP Negotiations and mobilization of finances 	<p>June 2015</p> <p>June 2016</p>
4	Replace obsolete technology and roll out of more cost effective and efficient technology (Sponsor: Technical Manager)	June 2017
5	Establishment of a fully-fledged Training Centre (TC) and Professional Services Unit (PSU)- for business diversification (Sponsor: Human Resource Manager) <ul style="list-style-type: none"> Develop Concept Note on the TC and PSU Develop a bankable business plan for the TC and PSU Mobilisation of funds for the TC and PSU Establishment of the TC and PSU 	<p>June 2015</p> <p>December 2015</p> <p>June 2016</p> <p>December 2016</p>
6	Identification and acquisition of UEGCL office premises to minimise on rental costs and generate income (Sponsor: Finance Manager)	September 2015

Customer perspective:

Strategic Objectives	Key Targets
<ul style="list-style-type: none"> Improved customer satisfaction Enhanced collaboration with stakeholders Enhanced corporate social responsibility Improved corporate image and visibility 	<ul style="list-style-type: none"> Improve customer satisfaction index to 80% Improved company rating (atleast 3 international & national recognitions)

#	Strategies and key milestones	Timeframe
1	Effective Stakeholders engagement Strategy (Sponsor: Public Relations Officer) <ul style="list-style-type: none"> Establish a Comprehensive Stakeholders Engagement Agenda to guide UEGCL collaboration with Sector Stakeholders Conduct Annual customer surveys to obtain feedback on satisfaction levels and performance gaps Hold annual stakeholder engagement and networking forums 	<p>March 2015</p> <p>Annually (effective March 2015)</p> <p>Annually (effective March 2015)</p>
2	Communication and Public Relations Strategy (Sponsor: Public Relations Officer) <ul style="list-style-type: none"> Effective media relations through engagements with the media i.e. newspapers, radio and TV Design and roll out an innovative corporate communication and public relations strategy Establish an active, lively and updated social media platform Establish a reputable bi-annual UEGCL Newsletter Review and establish a more interactive and update company website 	<p>Feb 2015</p> <p>April 2015</p> <p>May 2015</p> <p>June 2015</p> <p>June 2015</p>
3	Corporate Social Responsibility (Sponsor: Public Relations Officer) <ul style="list-style-type: none"> Design and roll out an innovative CSR strategy and programme Establish partnerships with sister firms to conduct mutually beneficial CSR programs 	<p>April 2015</p> <p>August 2015</p>
4	UEGCL image and rebranding strategy - Design and roll out an innovative corporate image and rebranding strategy (Sponsor: Public Relations Officer)	March 2015

Learning and Growth Perspective:

Strategic Objectives	Key Targets
<ul style="list-style-type: none"> Leadership and technical skills development Enhanced research and innovation Improved staff productivity and welfare Enhanced performance management and accountability Enhanced IT platforms 	<ul style="list-style-type: none"> Reduced safety incidences Increased staff productivity High staff satisfaction index Reduced staff turnover

#	Strategies and key milestones	Timeframe
1	Review and re-align the organization structure to the strategic objectives of UEGCL (Sponsor: Human Resource Manager)	
	<ul style="list-style-type: none"> Review and finalise the strategic plan (2014-2018) 	February 2015
	<ul style="list-style-type: none"> Review and re-align the Organisation Structure to support strategic objectives 	March 2015
	<ul style="list-style-type: none"> Implementation of the re-aligned organisation structure 	March 2015
2	Establish a meritocratic and transparent promotion and succession planning system (Sponsor: Human Resource Manager)	
	<ul style="list-style-type: none"> Conduct staff categorisation based on performance, seniority and potential 	March 2015
	<ul style="list-style-type: none"> Establish a merit based promotion and succession programme 	September 2015
3	Institute a robust performance management and accountability system (Sponsor: Human Resource Manager)	
	<ul style="list-style-type: none"> Performance Management Concept 	March 2015
	<ul style="list-style-type: none"> Establish and consolidate KPIs and targets for Departments and lower levels that drive overall business performance 	April 2015
	<ul style="list-style-type: none"> Establish annual performance planning and performance agreements with a performance-based incentive framework 	June 2015
4	Develop innovative staff welfare and remuneration scheme (Sponsor: Human Resource Manager)	
	<ul style="list-style-type: none"> Review and update the Human Resource manual to enhance staff welfare via benchmarking with other utilities. 	July 2015
	<ul style="list-style-type: none"> Mainstream the HDPU staff into the UEGCL structure 	June 2015
	<ul style="list-style-type: none"> Enhance employee emotional engagement and organise bi-annual sessions to prepare staff for changes, leadership, growth and retirement 	Bi-annual effective March 2015

#	Strategies and key milestones	Timeframe
5	Develop a comprehensive Research and Development policy (Sponsor: TBD)	
	<ul style="list-style-type: none"> Review and development of Research and Development Policy & Strategy 	September 2015
	<ul style="list-style-type: none"> Establishment of Annual Research Agenda 	December 2015
6	Develop a comprehensive staff capacity development and talent retention program (Sponsor: Human Resource Manager)	
	<ul style="list-style-type: none"> Conduct annual training needs assessment and performance appraisals. 	Annually (effective June 2015)
	<ul style="list-style-type: none"> Develop comprehensive annual training and capacity building Calendar 	Annually (effective June 2015)
	<ul style="list-style-type: none"> Review and develop a staff training policy 	April 2015
	<ul style="list-style-type: none"> Develop staff professional development programme (to help staff to obtain accreditation with relevant professional bodies e.g. ERB, CPAU, ACCA, Law Council, etc) 	Feb 2016
	<ul style="list-style-type: none"> Develop a system for mentoring and coaching staff 	June 2015

Lifting a rotor at Kira Power Station - Jinja



#	Strategies and key milestones	Timeframe
7	Updated Human Resource Manual - Review and update HR Manual in line with the UEGCL strategic plan (Sponsor: Human Resource Manager)	June 2015
8	Improve the security and safety of the plants/stations (Sponsor: Human Resource Manager)	
	<ul style="list-style-type: none"> Review and develop a programme for improving safety measures at generation plants and stations 	June 2015
9	Efficient and effective motor vehicle management framework (Sponsor: Finance Manager)	August 2015
	<ul style="list-style-type: none"> Review and update the transport policy 	August 2015
	<ul style="list-style-type: none"> Ensure adherence to the UEGCL transport policy 	October 2015
	<ul style="list-style-type: none"> Adopt ICT in motor vehicle management 	
10	Enhanced IT Solutions and Systems Applications (Sponsor: Finance Manager)	
	<ul style="list-style-type: none"> Review existing IT systems for competence and develop strategies for improvement 	April 2015
	<ul style="list-style-type: none"> Establish electronic archiving solution and document management/control 	December 2015
	<ul style="list-style-type: none"> Ensure improved information security (Data recovery and business continuity) 	December 2015
	<ul style="list-style-type: none"> Automate and computerise the following operational processes (Procurement, Transport Management, Human Resource Management, Capital Projects planning and implementation, and Financial Management) 	December 2016
	<ul style="list-style-type: none"> Implement an e-learning IFRS training programme 	December 2016
	<ul style="list-style-type: none"> Implement an Enterprise Resource Planning (ERP) system 	December 2017



Eng. Proscovia Margaret Njuki (1) - UEGCL's Board Member receives a recognition award by UIPE from the Speaker of Parliament RT. Honorable Rebecca Kadaga (2). In the background (3) Hon. Eng. John Nasasira and Dr. Eng. Isaac Mutenyo (4)

We have a potential of
450MW of geothermal
Electricity in Uganda's Rift
Valley



DRIVING AND MONITORING IMPLEMENTATION OF THE G4G

Implementation Strategy

The Strategic Direction has been harmonized with the Strategic Business Plan of UEGCL and the activities will therefore be undertaken in line with the Strategic Business Plan aspirations. The key challenge now for UEGCL is to translate the Strategic Direction into action. To help achieve this, for each strategy or key milestone, major activities and actions have been detailed within the Strategic Direction.

In addition, each strategy and milestones has been assigned a sponsor (Manager) and dedicated champion responsible for launching efforts to implement the activities; institutionalizing changes to ensure sustained benefits and interaction with the organization as agents of change.

As a means of operationalizing the Strategic Direction, the sponsors will be responsible for formulating operational strategies to achieve the key strategic activities and milestones enshrined within the Strategic Direction. These will be streamlined through the company's annual budget, and respective Annual Plans for the staff, respective departments and company as a whole.



Power step up unit at
Nalubaale in Jinja

Financing Strategy

UEGCL, as a strategy, will use a mix of financing options for the activities of the SD. These options shall include among others; internally generated sources, market finance options, concessionary loan financing, PPP arrangements, and Grants from Development Partners and Government.

Monitoring and evaluation

Executing of the Strategic Direction will require tremendous focus supplemented by relentless follow-up which can only take place if there is an effective monitoring and evaluation framework. In order to ensure effective implementation of the Strategic Direction, Monitoring Unit shall be established that will have the responsibility to oversee the implementation of the Strategic Direction and ensure proper control and coordination with other ongoing management activities. The Unit shall provide operational leadership; driving sustainability of the Strategic Direction efforts; tracking progress and synthesizing status of activities to provide early warning of risks and delays, and developing and implementing a robust communication strategy.

At the Strategic level, a G4g Steering Committee comprising of the Board Chairman, one other Board member, the CEO, the Finance Manager and the Technical Manager will also be established with the responsibility of; providing overall perspective and direction of the Strategic Direction implementation efforts; make major decisions on recommended actions/plans; break through major organization road blocks impending progress against defined milestones and mobilize the necessary resources for the Strategic Direction implementation.

A corporate scorecard coupled with an Annual Evaluation System and quarterly performance dashboards shall be introduced. The quarterly performance dashboard shall be used to indicate status of each strategy or milestone and the respective activities. Annual evaluation of the Strategic Direction shall enable assessment of progress in implementing the Strategic Direction including proposing any necessary adjustments. While the main strategic thrusts of the Strategic Direction are not expected to change significantly from year to year, some refinements in timeframe and approaches may be necessary during the annual evaluation in the light of internal and external eventualities. In 2017, a more exhaustive review will be undertaken as an input into the preparation of the successor Strategic Direction.

ACRONYMS & ABBREVIATIONS

UEGCL	Uganda Electricity Generation Company Limited
UETCL	Uganda Electricity Transmissioin Company Limited
UEDCL	Uganda Electricity Distribution Company Limited
ERA	Electricity Regulatory Authority
NDP	National Development Plan
G4g	Generating for generations
QMS	Quality Management System
ID	Independent Distributors
ISO	Internal Standard Organisaion
UEB	Uganda Electricity Board
REA	Rural Electrification Agency
MoFPED	Ministry of finance, Planning and Economic Development
MEMD	Ministry of Energy & Mineral Development
CEO	Chief Executive Officer
IPPs	Independent Power Producers
SWOT	Strength, Weakness, Opportunity and Threats
STARS	Start-up, Turnaround, Realignment and Sustaining success
PPP	Public Private Partnership
R&D	Research & Development
CDAP	Community Development and Action Plan
ESIA	Environmental and Social Impact Assessment
PPA	Power, Purchase Agenda
ERP	Entreprise Resource Planning
SD	Strategic Direction
UIPE	Uganda Institute of Professional Engineers



Ongoing works at Karuma
Hydropower Project



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