



Development Progress



Uganda and rural water supply:

Major strides in sector coordination and performance

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For more information, contact Dr. Simon O'Meally (simonomeally@gmail.com) or Liesbet Steer (l.steer.ra@odi.org.uk).

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List of abbreviations

ACBF	Africa Capacity Building Fund
AfDB	African Development Bank
AMCOW	African Ministers' Council on Water
CBO	Community-Based Organisation
Danida	Danish International Development Agency
DEA	Directorate of Environmental Affairs
DRC	Democratic Republic of Congo
DWD	Directorate of Water Development
DWO	District Water Office
DWRM	Directorate of Water Resources Management
DWSCC	District Water and Sanitation Coordination Committee
DWSDCG	District Water and Sanitation Development Conditional Grant
EC	European Commission
EUWI	European Water Initiative
HDI	Human Development Index
HIPC	Heavily Indebted Poor Country
IMF	International Monetary Fund
IRC	International Water and Sanitation Centre
JAF	Joint Assessment Framework
JBSF	Joint Budget Support Framework
JMP	Joint Monitoring Programme (WHO/UNICEF)
JSR	Joint Sector Review
JTR	Joint Technical Review
LDC	Least Developed Country
LGFC	Local Government Finance Commission
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MPED	Ministry of Finance, Planning and Economic Development
MWE	Ministry of Water and the Environment (formerly MWLE)
MWLE	Ministry of Water, Lands and the Environment (now MWE)

NGO	Non-Governmental Organisation
NDP	National Development Plan (formerly the PEAP)
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OM	Operation and Maintenance
OPM	Oxford Policy Management
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan (now the NDP)
PPA	Participatory Poverty Assessment
PRSP	Poverty Reduction Strategy Paper
RWSS	Rural Water Supply and Sanitation
SBS	Sector Budget Support
SEI	Strategic Export Initiative
SSA	Sub-Saharan Africa
SSIP	Strategic Sector Investment Plan
SWAp	Sector-wide Approach
SWG	Sector Working Group
TSU	Technical Support Unit
UBoS	Uganda Bureau of Statistics
UGX	Ugandan Shilling
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WASH	Water Supply, Sanitation and Hygiene
WHO	World Health Organization
WIN-S	Water Integrity Network Secretariat
WPC	Water Policy Committee
WSC	Water and Sanitation Committee
WSP	Water and Sanitation Program (World Bank)
WSS	Water Supply and Sanitation
WUC	Water User Committee

1. Introduction

An adequate quantity and quality of water is essential to sustain human life. However, globally, approximately 884 million people (one in eight) live without access to safe drinking water (UNICEF/WHO, 2010a). This adversely affects people's health, education, dignity and livelihoods. To this end, the international community has committed itself to halving, by 2015, 'the proportion of people without sustainable access to safe drinking water,' as enshrined in Millennium Development Goal (MDG) target 7c. Further, without this basic service, progress towards many of the other MDGs will falter (Molden, 2007).

At a global level, good progress has been made in providing access to improved water sources. However, global figures hide regional differences. Access to safe water remains a significant problem in Africa, for instance. Of the 21 developing countries where access remained at 60% or lower by 2008, 18 were in Sub-Saharan Africa (SSA) (ODI, 2010). To ensure the water supply and sanitation (WSS) MDG targets are within reach, aid flows may need to increase to \$4 billion a year from 2004 levels, with an additional \$2 billion allocated to SSA (WaterAid, 2009: 5).

There are, however, various challenges to increasing sustainable access to safe drinking water in many developing countries. These include: limited financial resources to invest in water supply services; weak sector coordination at national and local levels; capacity constraints around the planning and implementation of activities; the challenge in ensuring the long-term functionality of installed water points; and the need to ensure water needs are met equitably in the face of rapidly growing populations and increased water stress.

Uganda has been no stranger to such challenges. It has nonetheless made major progress in the rural water supply sector. This report focuses on the country's notable progress in rural water supply, because Uganda is a predominantly rural society and Ugandan poverty is firmly entrenched in rural areas.

Note that, in relation to water supply, the World Health Organization/United Nations Children's Fund (WHO/UNICEF) Joint Monitoring Programme (JMP) distinguishes between 'improved' and 'un-improved' water sources. It defines an 'improved' drinking-water source as one which, by nature of its construction or through active intervention, is protected from outside contamination (Figure 1). However, accessing improved sources often requires more than just technological change; it requires socio-cultural change adapted to local conditions. Investment in social mobilisation is often needed to encourage correct use and maintenance of water points over time, and an equitable distribution of the resource.

This report addresses, as far as possible, three questions: 1) What is the nature of the progress made in rural water supply in Uganda since 1990? 2) What factors have contributed to this progress? 3) What wider lessons can be learnt from this case for promoting sector progress?¹

Figure 1: 'Improved' and 'unimproved' drinking water sources

Improved drinking water	Unimproved drinking water
Use of the following sources:	Use of the following sources:
<ul style="list-style-type: none"> • Piped water into dwelling, yard or plot • Public tap or standpipe • Tubewell or borehole • Protected dug well • Protected spring • Rainwater collection 	<ul style="list-style-type: none"> • Unprotected dug well • Unprotected spring • Cart with small tank or drum • Tanker truck • Surface water, (river, dam, lake, pond, stream, canal, irrigation channel) • Bottled water

¹ The research involved a thorough desk-based review of relevant literature alongside interviews. The report draws, where possible, on material written by sector actors and on research material that involved in-country research and interviews with a range of country and sector stakeholders. This documentation includes: Cammack et al. (2007); Hickey (2005); Kimanzi (2004); MWE (2010); OPM (2008); Rukare (2009); Slaymaker and Newborne (2004); Welle et al. (2008a, 2009); and Williamson and Kizilbash Agha (2008). The review was supported by interviews and email correspondence with country/sector experts.

2. Context

Progress in rural water supply in Uganda has been made against a challenging backdrop. Uganda is a landlocked country located in East Africa. It is bordered to the north by Sudan, to the east by Kenya, to the south by Tanzania, to the southwest by Rwanda and to the west by the Democratic Republic of Congo (DRC).

Uganda is endowed with significant freshwater resources. Natural resources are 'the country's primary asset base, providing a source of livelihood for more than 90% of the population' (MWE, 2009a). However, uneven geographical distribution, coupled with pressures from rapid population growth, increased urbanisation, industrialisation and environmental degradation, is a big challenge to the sustainable development of the country's freshwater resources. As of June 2010, Uganda's mid-year population was estimated at 31.8 million. Out of this, 14.8% (4.7 million) lived in urban areas and 85.2% (27 million) in rural areas. The annual population growth rate is 3.4%, which is among the highest in the world. This means the rural population increased by over 900,000 people in 2010, which poses a major challenge in increasing safe water coverage (MWE, 2010: 135). The largest source of water for the rural population in Uganda is spring water, followed by boreholes. Shallow wells with hand pumps, gravity flow schemes and rainwater harvesting are also used.

For two decades since independence in 1962, political and economic turmoil eroded the living standards of Ugandans. By 1986, government health expenditure was a 10th the 1970s level and a quarter of the investment level for infrastructure. Since 1986, under the leadership of Yoweri Museveni, Uganda has experienced stable government and, particularly since 2000, steady economic growth.

Despite this growth, Uganda remains one of the poorest countries in the world. It is classified as a least developed country (LDC) and is heavily aid-dependent. It is highly indebted, and is classed as one of the Heavily Indebted Poor Countries (HIPC). It was the first country to qualify for debt relief under the HIPC Initiative in April 1998 (UNCTAD, 2009; World Bank, 2009). A challenge, then, is to establish sustainable delivery of WSS services in Uganda, given inherent financial and human resources constraints.

Uganda has made progress in terms of reducing poverty, but this remains firmly entrenched in the country's rural areas. Uganda ranked 143 of 169 on the 2010 Human Development Index (HDI), although improvements have been seen: between 1990 and 2007, Uganda's HDI rose by 1.59% annually, from 0.392 to 0.514 today (UNDP, 2010). The poorest Ugandans include millions of people who live in remote, scattered locations. The poorest regions are the north and northeast, where outbreaks of civil strife have disrupted the lives of many. There are major logistical and financial challenges associated with serving such areas with water services.

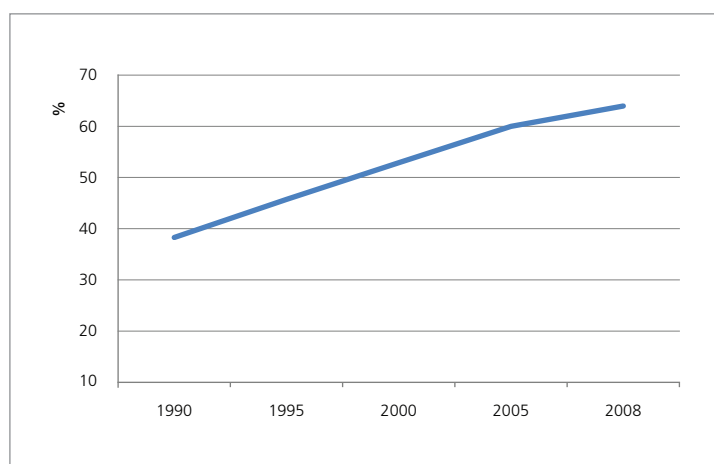
In terms of water service delivery, in the early 1990s, there was a relatively weak sector policy framework, limited sector coordination and insufficient institutional capacity (human, financial and technical), particularly at local government level (Danert, 2010; WSP, 2002). Moreover, in 1990, just over an estimated 60% of the rural population – some 9 million rural inhabitants – lacked access to safe drinking water. In short, 'in the 1990s, the water sector was characterised by fragmented project support and [...] inefficient service delivery' (Handley, 2009: 36).

3. What has been achieved

3.1 Increases in access to improved water sources

Significant progress in rural water supply was achieved from 1990 to 2008: 'considerable progress has been made in implementing the national [water] policy and attaining national [water] targets. [...] In the rural [...] water and sanitation sub-sectors, there has been a steady improvement in service coverage over the years' (UN, 2006: 31). According to JMP estimates, rural access to an improved water source increased from 39% in 1990 to 64% in 2008 (Figure 2). Coverage levels as of June 2009 are estimated at 65% and, in June 2010, at 65% (MWE, 2009a: 6; 2010: 10).

Figure 2: Rural access to an improved water supply in Uganda (JMP), 1990-2008



Source: WHO/UNICEF (2010b).

According to trends in the JMP data, Uganda is on track to meet the rural water supply MDG target of 70%. However, as noted below, this trend may not continue without an increase in public funding to rural water supply.

While countries differ in their political, economic, social and geographical characteristics, it is useful to compare Uganda's performance with other countries in the Eastern, Central and Southern Africa region. Here, Uganda is a relative leader, particularly in comparison with Mozambique, Tanzania, DRC and the Sudan, whose access levels have increased only marginally (by 1-3%) or even declined since 1990.²

² This is based on the latest JMP estimates. Detailed comparative research would be required to understand why the countries have differed in their water supply progress. This study focuses on Uganda's experiences alone.

Table 1: Access to improved rural water sources in Eastern and Southern Africa, 1990 and 2008

Country	1990	2008	Change +/- % 1990-2008
Uganda	39%	64%	+25%
Zambia	23%	46%	+23%
Kenya	32%	52%	+20%
Ethiopia	8%	26%	+18%
Mozambique	26%	29%	+3%
DRC	27%	28%	+1%
Tanzania	46%	45%	-1%
Sudan	58%	52%	-6%

Source: WHO/UNICEF (2010a).

3.1.1 Discrepancies in coverage estimates

It is important to note, nonetheless, that there are different statistical sources in Uganda, which in some cases mean discrepancies in the coverage figures. There is some variation in the assumed 1990 baseline values with regard to the JMP and Ugandan Ministry of Water and Environment (MWE) figures, with implications for the MDG targets. The MWE data indicate that rural water supply coverage was around 20% in 1990, and the 2010 JMP report estimates a value of 39% in that year. The MDG Progress Report for Uganda (UNDP, 2003) and Statistical Abstract (UBOS, 2009) state that the rural share of the water supply MDG target is 62% (based on rural coverage of 23% in 1990). So, according to this estimate, the MDG on rural coverage may already have been met. However, the latest JMP 1990 value of 39% would place the rural share of the MDG target at 70% (Danert, 2010; also, Rukare, 2009). By any of these measures, notable progress has been made in the past two decades. The JMP estimates are used in this report, as they are recognised as the best-available global data source on water supply, sanitation and hygiene (WASH) coverage, and they enable comparisons across countries.³

3.1.2 Scale of the progress

Using Uganda Bureau of Statistics (UBoS) population estimates, it is possible to calculate that in 1990 approximately 5.7 million people in rural areas had access to an improved water source (i.e. the JMP estimate of 39% of the rural population in 1990). By 2008, around 17.6 million people (64%) had access to an improved water source. This means that, between 1990 and 2008, an estimated 11.9 million people *gained* access to improved water sources in rural areas in Uganda. With a population estimate of 31.6 million in 2008, this number (11.9 million) represents approximately 38% of the Ugandan population. This is an approximation, but gives a sense of the scale of the observed progress in coverage.⁴

3.2 Strides in sector coordination and service delivery

In parallel with this, Uganda has made major progress in terms of improving its national and local policies and institutions for water service delivery in rural areas. This progress is particularly striking when we compare the situation now with the state of the sector in 1990 and with coordination and performance in other SSA countries. 'The institutions responsible for water and sanitation service delivery in Uganda have undergone tremendous reform since the 1990s, with a marked improvement in their capacity and level of professionalism' (Danert, 2010).

The main elements of sector change include: reform of the policy framework and the adoption of new guiding principles and strategies for service delivery; the strengthening of the institutional framework for service delivery accompanied by capacity building and the adoption of decentralised service modalities; increased sector-wide coordination and consultation; a shift to new aid modalities and sector budget support (SBS); increases in budgetary allocation to the sector (at least up to the mid-2000s) and an improved flow of resources to local government level; and the sector's effective integration into the Poverty Eradication Action Plan (PEAP) process in the 1990s and early 2000s. In spite of this progress, challenges remain, as outlined throughout this report.

³ While JMP statistics should be treated with caution, they are generally recognised as the best-available statistics on WASH coverage. JMP coverage estimates are based on nationally representative survey and census data. They can give a fairly reliable understanding of trends and whether people have access to WASH services. However, they do not show how services are used and do not provide a disaggregated picture.

⁴ Population estimates also vary to a degree. The estimates used here are as follows: 1991 – overall population: 16.6 million; rural population: 14.7 million. 2008 – overall population: 31.6 million; rural population: 27.5 million (UBoS, 2009).

4. Drivers of progress

This section is not intended to confirm any causal hypotheses, but rather to suggest insights into mechanisms of change in the rural water sector and the Ugandan context. It does not attempt to apportion more weight to any one driver over another; a combination of different factors seems to have operated and the drivers are intertwined.

The drivers of progress are clustered into four groups: 1) policy and institutional change; 2) improved development cooperation; 3) development finance and improved resource allocation; and 4) leadership, ownership and political dynamics. Within the sector, leadership and the will to undertake reforms alongside coherent policy and institutional reforms were key. Outside the sector, political backing for WSS – supported by Ministry of Finance, Planning and Economic Development (MFPED) resource allocation – also contributed, alongside the change in aid modalities and donor support to sector reform. These factors have both reinforced and restricted progress in different ways, as discussed below.

4.1 Policy and institutional change

Experiences in many developing countries suggest the quality and capacity of domestic policy and institutions, and the ability of state institutions to deliver services, can shape development trajectories (e.g. Grindle, 2007; Rodrik et al., 2004). According to available evidence, the quality and capacity of Uganda's rural water supply and sanitation (RWSS) institutions has improved. In the early 1990s, the rural water supply sector in Uganda was characterised by a relatively weak policy framework, limited coordination of activities and inadequate institutional capacity, particularly at local government level. Since the mid-1990s, significant progress has been made in dealing with such issues, as is now outlined.⁵

4.1.1 Policy reform and the institutional framework

The policy and institutional framework has advanced over the past two decades: 'since the late 1980s [...] the policy and legislative framework for the water and sanitation sector [in Uganda] has evolved tremendously' (Danert, 2010). The policy and legal reform process started with the introduction of the Water Act (1995) and the Uganda Water Action Plan (1995). Other key policies included the National Water Policy (1999) and the Local Government Act (1997, 2000).⁶ These policies integrated key principles and service delivery modalities which shaped rural service delivery for the coming years, including: decentralisation of implementation; demand-driven approaches; a strengthened focus on 'software', behaviour change and community management of services; and integrated water resource management. As stated in the 1999 National Water Policy, the sector aims 'to manage and develop the water resources of Uganda in an integrated and sustainable manner, so as to secure and provide water of adequate quantity and quality [...] with the full participation of all stakeholders.'⁷

Furthermore, reform studies for WSS were carried out from 1997, leading to the development of Strategic Sector Investment Plans (SSIPs), which were designed to generate appropriate policies, strategies and action areas with associated costs for the sector. Also, a reform study of the rural sub-sector was undertaken after 1999 and formed the basis for investment plans and other reform processes, such as the shift from projects to a sector-wide approach (SWAp), described below.

In parallel with the policy reform, the institutional framework was reorganised, leading to a clearer division of roles and responsibilities among national and local institutions. Box 1 lists the major institutions responsible for the delivery of rural water supply in Uganda (and Annex 3 outlines the domestic institutional framework). The institutional framework for rural water service delivery in Uganda is thus 'largely well defined' (Danert, 2010). Policy and institutional reforms meant that, by the end of 1990, the government's role was shifting from one of service provider to one of overall sector planning, resource mobilisation, policymaking and facilitation. Sections 4.2 and 4.3 deal further with policy and institutional reforms.

⁵ It is important to note that progress in sector reform was intimately linked to other drivers – such as changing aid modalities, improved resource allocation and sector leadership – which are described in Sections 4.2-4.4.

⁶ The main legislation that supports the implementation of the National Water Policy includes the Water Statute (1995), the National Environmental Management Statute (1995) and the National Water and Sewerage Statute (1995).

⁷ See MWE (2010) for a more detailed overview of the policy, legal and institutional framework of WSS in Uganda.

Box 1: Major institutional actors in the Ugandan rural water supply sector

- **The Water Policy Committee (WPC)** was established under the Water Act in 1998 to assist and advise MWE and to promote inter-ministerial and inter-sectoral coordination.
- **The Ministry of Water and Environment (MWE) (formerly the Ministry of Water, Lands and Environment – MWLE)** is mandated to manage all water and environment resources in Uganda. It has three directorates: the Directorate of Water Resources Management (DWRM), the Directorate of Water Development (DWD) and the Directorate of Environmental Affairs (DEA).
- **The Directorate of Water Development (DWD)** is responsible for the oversight and delivery of urban and rural water and sanitation. DWD comprises three departments: Rural Water Supply and Sanitation; Urban Water Supply and Sanitation; and Water for Production.
- DWD, through eight regional **technical support units (TSUs)**, provides support and builds the capacity of district local governments.
- **Local governments (districts, town councils, sub-counties)** are empowered by the Local Government Act (2000) to provide water services and manage the environment and natural resource base.
- **District water offices (DWOs)** manage water and sanitation development and oversee the operation and maintenance of existing water supplies in the district.
- **District water and sanitation coordination committees (DWSCCs)** consist of administrative and political leaders, technocrats and non-governmental/community-based organisation (NGO/CBO) representatives at district level. The role of the DWSCC is to oversee the implementation of WSS programmes. By 2008/09, DWSCCs were active in all districts except Bugiri and Kalangala.
- **Water and sanitation committees (WSCs)/water user committees (WUCs)** are established, ideally, at each water point at 'community level' for the planning, operating and maintaining of RWSS facilities.
- A range of **donor agencies** are involved in RWSS in Uganda.
- A range of **NGOs, CBOs and private sector actors** are involved in RWSS in Uganda.
- A key player is also **the Ministry of Finance, Planning and Economic Development (MFPED)**, which mobilises funds, allocates them and coordinates development partner inputs.

Source: MWE (2010).

4.1.2 Improved sector coordination and planning

Steps were also taken to heighten sector coordination and to increase harmonisation and alignment among sector actors. In the early 1990s, there was limited coordination and dialogue across ministries and national sector actors, and with and between development partners. This resulted in duplication, high transaction costs and fragmented monitoring and reporting (e.g. Handley, 2009). Notable steps to address this included the following.

Sector working groups

An initial driver towards coordination was the setting up of an Inter-Ministerial Steering Committee for Rural Water and Sanitation in the 1990s. It was designed to bring government actors and donors together around two major projects funded in the sector by the United Nations Children's Fund (UNICEF) and another by the Danish International Development Agency (Danida). Subsequently, MFPED introduced sector working groups (SWGs) across government, to strengthen strategic resource allocation for the budget process and to discuss issues arising out of implementation that have policy implications. The SWGs included representatives of donors and civil society, as well as DWD (Section 4.2 describes coordination with donors in more detail).

Joint Sector Review

Alongside increased inter-ministerial and donor dialogue, a formal review process was initiated called the Joint Sector Review (JSR). The JSR is held annually and attended by sector ministries, civil and political leaders, local government staff and donor representatives. It is a forum to discuss sector performance, identify problems and solutions and agree on undertakings to address priority issues. A Joint Assessment Framework (JAF) links decisions regarding disbursements to government targets and seeks to explore the connections between sector actions and outcomes.

The JSRs and the SWGs became the main place for discussing and agreeing the details of sector policies and reviewing progress. JSRs are also used as opportunities for SWGs to agree on the sector budget framework paper, providing a forum for conducting joint diagnostics, such as value for money studies (WSP, 2002).

Performance measurement

As part of the JSR, Uganda also made strides in developing and applying a performance measurement framework. A framework has been developed around a set of, now, 11 Golden Indicators. These include key conditions for delivering effective water services (see Annex 2). Mid-term joint technical and financial reviews to assess the technical and financial performance of the sector are also carried out. The joint technical review (JTR) is held six months after the JSR, and focuses on the implementation of the undertakings. The key output of the review process is the annual sector performance report, which assesses performance on policy targets and objectives. It also assesses progress against the MDGs and PEAP targets (Iyer et al., 2005; MWE, 2010).

How did such reforms contribute to progress?

Although the impact of the reforms on sector performance has not been assessed systematically, the following brief points can be made. First, the JSR/JTR process and the associated sector performance measurement framework have enabled an increasingly sophisticated review of sector performance and provided a platform on which all sector stakeholders are able to analyse the progress and challenges in a comprehensive manner (Danert, 2010). Second, this monitoring process and the Golden Indicators have strengthened the strategic focus of sector debate and contributed to decision making and strategic planning – such as through the SSIPs. It has also improved information flow between the different levels of government and stakeholders (Fisher et al., 2005; Handley, 2009). Third, it can be argued that these relatively consultative and transparent processes have enabled greater consensus building, to some degree, among sector and non-sector actors (see Section 4.4). In sum, '[the] Annual Sector Performance Report, and the process which leads up to it, is a key strength of the Ugandan policy process' (Williamson and Kizilbash Agha, 2008: 72).⁸

Nonetheless, MWE is not always able to follow up on key performance issues in a timely manner. Moreover, although MWE undertakes field visits to monitor district local governments, this remains fairly fragmented and the findings are not always reflected in the SPR (Danert, 2010; Kimanzi, 2004; Williamson and Kizilbash Agha, 2008).

4.1.3 Building sector capacity to improve sector performance

Building national capacity

At a central level, MWE has supported capacity building to develop and monitor implementation of policies. As such, a Department of Planning and Quality Assurance was established to, among other functions, carry out periodic monitoring and quality assurance of all ministry activities, including WSS. Furthermore, MWE has supported the building of national capacity to monitor and evaluate sector progress. Initially, MWE requested that consultants draft and coordinate the annual sector report in 2003. However, around 40 sector officials were trained in 2004 to collect and analyse data and report on it. While consultancy support is still provided, responsibility has gradually been handed over to sector government agencies, which now take more of the lead. Skills transfer and capacity building within the sector have been relatively effective, whereby 'central and donor funds are pooled and dispersed through government channels. Government therefore has an incentive to ensure value for money. In addition, involvement and participation of key staff strengthened the perceived value and demand for M&E and sector reporting' (Fisher et al., 2005).

Building district capacity

Since the late 1990s, Uganda has also built stronger local institutions for service delivery. Local governments (districts, town councils) have been empowered by the Local Government Act (1997) to deliver water services. A system of conditional grants has been established whereby local governments receive grants from central government to implement rural water service delivery. This is called the District Water and Sanitation Development Conditional Grant (DWSDCG). It is worth noting that the guidelines for this are discussed and agreed between MWE and the Local Government Finance Commission (LGFC), which is a constitutional body that advises central government on fiscal transfers to local governments. Local governments are represented on the LGFC and thus the agreed guidelines are not seen as top-down impositions from the centre to the local level but as negotiated positions.⁹ Before this grant system was operationalised, 'systems and capacity in local governments were either weak or non-existent' (Williamson and Kizilbash Agha, 2008). The grant has supported the recruitment of qualified staff, and the fact that funds were transferred for service delivery, while building capacity, meant there were incentives to attract and retain qualified personnel (Handley, 2009; Iyer et al., 2005: 43). Moreover, MWE shifted focus from implementing projects to supporting local governments, establishing regional TSUs to support district planning and delivery. Levels of capacity – financial, technical and human – have, as such, improved in many districts in Uganda (e.g. MWE, 2009a; WSP et al., 2006: 95).

⁸. See also WaterAid (2007); Welle et al. (2009).

⁹. Ugandan government official, email correspondence, 2010.

Capacity limitations

Challenges remain, however. First, public service restructuring in the mid-2000s has reduced the staffing in DWOs, with some skilled manpower being transferred or made redundant. Second, since around 2003, many districts have been split up, and this creation of new districts has spread existing capacity more thinly (see Section 4.4.4). These first two factors are external to the sector, but have nonetheless hampered progress. Third, capacity levels differ across the country (see Section 4.3.3). Owing to limited human and financial resources in some areas, access to improved water supplies varies, with access as low as 12% in Kaabong in the northeast (Rukare, 2009: 83).

In spite of these challenges, there is general agreement among observers that Uganda has made substantial progress in sector reform:

‘The government has developed and implemented policies and an institutional framework that provides clarity and separation of functional roles and responsibilities with minimum overlap, gaps and duplication. Service provision and management is undertaken at the lowest appropriate level and procurement has been devolved to district levels, accompanied by regular audit capacity building, follow-up monitoring and enforcement of findings, and feedback for learning lessons’ (AfDB, 2010).

4.2 Improved development cooperation and shifting aid modalities

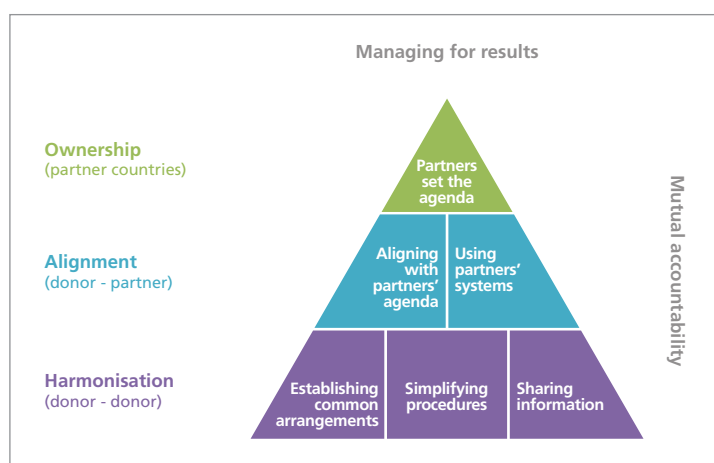
A second driver of progress has been the progressive change in aid modalities and development cooperation. This has included a shift to SBS and greater donor coordination and harmonisation with government at the national level, often using the mechanism of a SWAp. In fact, the policy and institutional reforms (described above) and the shift in aid modalities have been, to a degree, mutually reinforcing. Some of the reforms (e.g. the formation of SWGs) predate the shifts in aid instruments that took place around 2002. Such reforms laid the foundation for a more coherent aid environment which, in turn, has facilitated strengthened domestic policy and budgetary processes.

4.2.1 SWApS and aid reform in the rural water sub-sector

In the 1990s, aid to the WSS sector was characterised by fragmented donor projects with limited use of domestic systems for service delivery. The rural water sector had two major projects: one funded by UNICEF and another by Danida. The projects were managed individually under the umbrella of MWLE, but with limited coordination (WSP, 2002).

In 2002, reform processes following the SWAp framework were initiated. A sector-wide or programme-based approach is a way of engaging in development cooperation based on principles of coordinated support for a ‘locally owned’ programme of development.¹⁰ The main features are: 1) leadership by the host country; 2) a single comprehensive programme and budget framework; 3) a formalised process for donor coordination, harmonisation and alignment of procedures for reporting, budgeting, financial management and procurement; and 4) efforts to increase the use of national/local systems with long-term capacity building for administration, programme design and implementation, financial management, monitoring and evaluation (Handley, 2009). This thinking was a precursor to the Paris Declaration on Aid Effectiveness (Figure 3).

Figure 3: The Paris ‘pyramid’ for enhanced aid effectiveness



Source: Handley (2009).

¹⁰. Annex 1 sums up differences between a ‘sector-wide’ and ‘conventional approach.’

Such harmonisation and alignment can, in principle, benefit the water sector by enabling ‘more systematic incorporation of donor activities into national policy and budget decisions that can trigger systemic change’ (Welle et al., 2008b: 2). Key changes in the Ugandan context include the following.

Formal donor dialogue

Under the SWAp process in Uganda, a Donor Group was formally established. This enabled a degree of coordination and information sharing with donors that had not previously existed, whereby donors meet to exchange knowledge and seek to foster a uniform approach (Williamson and Kizilbash Agha, 2008). Now, the Donor Group communicates to government through its chair, who prepares joint statements on behalf of the group. MWE and the Donor Group jointly chair the SWG (Rukare, 2009).¹¹

Supporting a single programme through budget support

There have also been shifts in the aid environment to work, to a greater degree, through domestic systems and through a single programme and budget framework. In 1998, the government decided to channel debt relief to the sector, in excess of the levels of project support being provided to the government. Many donors followed suit by providing SBS on top of the debt relief already allocated to the sector. Over the years, aid to the water sector has shifted from being solely conventional project aid in 1998 to more than 40% of aid being provided in the form of budget support or basket funding by 2008 (Williamson and Kizilbash Agha, 2008: 66). At national level, the Joint Budget Support Framework (JBSF) brings together donors that provide a form of budget support.¹² With the JBSF, these donors support the government to improve the impact of spending and to reduce transaction costs in the service delivery of aid (Danert, 2010).

4.2.2 Impacts of the SWAp and new aid modalities

A few studies have sought to assess, albeit patchily, the impacts of the aid reforms on sector working. One impact relates to a change in donor behaviour, as donors have increasingly conducted work more collectively and act more coherently in comparison with the pre-SWAp period. SBS – and sector reform – helped facilitate the shift from one-off projects to a more comprehensive approach to service delivery, whereby coordination between government and donors has improved significantly. This is thought to have reduced the level of fragmentation and duplication in the sector.¹³ Furthermore, some Ugandan sector stakeholders felt that a better partnership had emerged between government and donors, with a substantial degree of trust and mutual understanding (Williamson and Kizilbash Agha, 2008: ix).

Second, by working through government institutions, the shift in aid modalities has enabled the building of domestic capacity. Pre-SBS, donor funding was deepening capacity constraints by largely bypassing domestic policies and institutions. This was reduced as donors increasingly supported budget support, and Ugandan national and local government institutions were increasingly able to play their mainstream roles, as donors had a less operational role than previously (Iyer et al., 2005: 16; Rukare, 2009: 86-90). In sum, ‘the capacity of government institutions to formulate policies and develop strategies as well as plan, budget, exercise financial control and undertake technical supervision, monitoring and performance measurement has increased significantly over the last 5 years [since 2005]’ (Danert, 2010).

Challenges

Challenges nonetheless remain. Disan Ssozi from MWE argues that the SWAp has contributed to a reduction in innovative approaches, reduced financial flows to the sector more recently and slowed procurement. The SWAp, he further argues, does not automatically address the challenging questions of overall sector coordination or service sustainability (IRC, 2010).¹⁴ Indeed, there are still elements of fragmentation and project interests in Uganda, with different projects and actors with different approaches. This makes it difficult to enforce policy and regulatory guidelines (MWE, 2009a; OPM, 2008). Furthermore, the existence of off-budget resources – for example those channelled through NGOs – makes it difficult to track expenditures and to link inputs to outputs and outcomes (MWE, 2010: 16-18).¹⁵ As in other countries’ experiences, a wide array of water service providers exists, which makes it hard to clearly coordinate overall sector targets. Also, stakeholders in the government (interviewed in 2007) acknowledged that SWAps do enable negotiation, but complained that donors often had an ‘upper hand’ in the negotiations and sometimes were over-insistent or did not listen adequately to the views of civil servants.¹⁶

¹¹ All donors active in the sector are active in the group, but there are different degrees of engagement.

¹² These donors include: the World Bank, the African Development Bank (AfDB), the World Bank, the European Commission (EC), the United Kingdom (UK), Denmark, Sweden, Norway, Germany, Ireland and the Netherlands.

¹³ Danert (2010); Iyer et al. (2005); Welle et al. (2008a; 2009: 303).

¹⁴ Disan Ssozi presented his points at the International Symposium on Rural Water Services in Uganda in April 2010.

¹⁵ For instance, in 2009/10, 25% of the WSS sector budget was ‘off budget’. See also Moon and Williamson (2010).

¹⁶ Stakeholders interviewed in Williamson and Kizilbash Agha (2008: 69).

4.3 Development finance and enhanced sector resource allocation

A third related driver of progress was the surge in development finance and the improved resource allocation in rural water service delivery, particularly between the late 1990s and the mid-2000s. This can be attributed to donor financial support – and innovative financing mechanisms such as the HIPC Initiative – alongside increased governmental allocation of financial resources to the sector.

4.3.1 External development finance

Debt relief and the Poverty Action Fund

External development finance has contributed to sector progress. The WSS sector has received substantial support from development partners for more than a decade. Notably, debt relief (through the HIPC Initiative¹⁷) played a role in changing the overall financing situation in WSS in Uganda from 1998. On receiving debt relief in 1998, the government decided to channel a large share to the sector, which facilitated the expansion of domestic budget allocations to WSS (Section 4.3.2). A large share of the second round of debt relief in 2000 was also allocated to the sector.

The decision to allocate a large share of debt relief to the sector was driven, in part, by an increasing political prioritisation of WSS from the mid-1990s as the desire to address poverty emerged; as well as by sector leadership (see Section 4.4). This was reflected in the PEAP and the establishment of the Poverty Action Fund (PAF) in 1997/98 to fund and monitor poverty and social sector spending.¹⁸ Notably, the allocation of a large share of the second round of debt relief in 2000 to the rural sector enabled the government to carry out the sector reforms and shift towards SBS, as described above (Rukare, 2009: 86-88). Reform proposals had been developed as a result of sector leadership but, at that time, they existed only 'on paper.' In line with these reform proposals, a decision was made to channel the extra resources through the intergovernmental finance system in the form of the conditional grant to local government, described below (Handley, 2009; Williamson and Kizilbash Agha, 2008). In short, the combination of donor finance and domestic leadership (see Section 4.4) helped operationalise reform processes.

Donor finance continues to support sector activities. In financial year 2007/08, for example, MWE reports a total budget allocation of UGX 130.5 billion, 68% from local resources and the rest (32%) from donors (Rukare, 2009: 86). Equally, of the on-budget resources allocated to the sector in 2009/10, 53.1% came from government and 49.6% from development partners (MWE, 2010: 16).

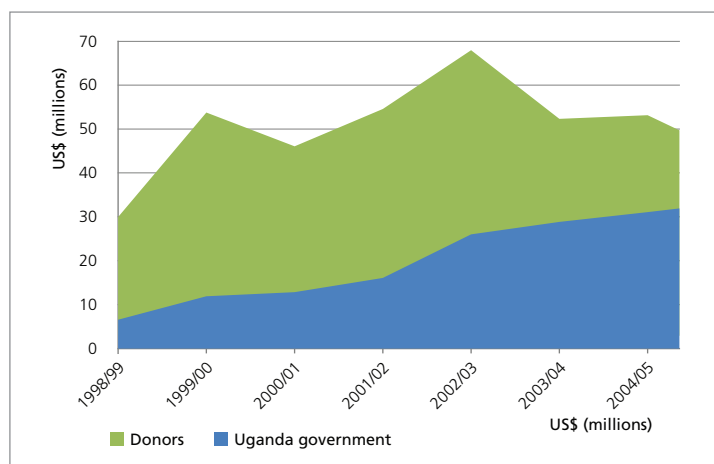
4.3.2 Domestic development finance and improved resource allocation

Increased government resource allocation to the sector

The government's prioritisation of the sector has meant that the domestic budget increased considerably in relative and absolute terms from 1998 to 2004 (Figure 4) (Iyer et al., 2005: 17). For instance, between 1997 and 2002, government budget allocations to WSS rose from just over \$3 million to \$31 million; or from 0.5% to 2.8% of the government budget over the same period. Much of this was allocated to rural WSS (Slaymaker and Newborne, 2004). There are nonetheless financial bottlenecks, and government allocation has declined more recently, restricting further progress (see Section 4.3.3).

¹⁷ Launched in 1996 by the International Monetary Fund (IMF) and the World Bank, with the aim of ensuring that developing countries could manage their debt.

¹⁸ PAF was established to mobilise additional resources for expenditure to the social sector. PAF is funded by savings from HIPC, donor contributions and government's resources.

Figure 4: Donor and government estimated financing for the Ugandan water sector, 1998-2004/05

Source: UN (2006: 31).

Resource transfer to local government

There has also been an increased transfer of resources to local governments. Direct transfers to local governments using the conditional grant system (the DWSDCG, described above) in the late 1990s went up from zero to over 40% of sector budget allocations by 2006/07 (Williamson and Kizilbash Agha, 2008: 67). Similarly, in 2009/10, 36.1% of the WSS sub-sector budget allocation was for direct disbursement to local governments, in the form of conditional grants (MWE, 2010: 18). This grant system proceeded in parallel with decentralisation processes. Local governments (districts, town councils) have been enabled, by the Local Government Act (1997), to provide water services, and the bulk of rural WSS investments are made by local governments. They receive funding from the centre through the DWSDCG but can also find additional money locally (Rukare, 2009: 88).

Increased construction of new water points

Improved resource transfer contributed to the construction of new water points in rural areas. The grant guidelines specified that the bulk of the resources had to be spent on new construction. In 2009/10, for example, a total of 3,392 new water points were constructed through the DWSDCG (MWE, 2010: 146). Further, 'the incentive framework to which the grant funding was linked also provided incentives to strengthen local planning, budgeting and reporting' (Williamson and Dom, 2010: 24).

This is major progress: 'From a situation where the districts were implementing very little in 2001, there is now a capacity [2009] to implement over 50 billion UGX per year within rural water supply' (MWE, 2009b: 47). This has had an impact on the expansion of service delivery at local government level and, in turn, on coverage levels, which increased between 1990 and 2008 (see Section 3.1) (Williamson and Dom, 2010: 131).¹⁹ As such, the grant system and the institution of decentralisation modalities supported the emergence of a relatively strong decentralised system of rural water service delivery in Uganda (IRC, 2009), although challenges remain (see Section 4.3.3).

Improved overall sector resource allocation

Resource allocation to, and within, the sector is arguably more coherent and better linked to sector objectives than in the past. The SWGs have helped open up space for consultation across institutions within government, civil society and donors, contributing to ownership of resource allocation in the budget process. Also, sector-wide budgeting (and dialogue) has reduced the possibility of duplication of activities within the sector, even if fragmentation still exists (Kimanzi, 2004; Rukare, 2009).

'Sector ceilings' were also introduced.²⁰ These ceilings, provided by MFPED, have meant that resource allocation *within* the limits presented by such ceilings is delegated to the institutions in the sector via the SWG. This has meant that debate over intra-sector resource allocation is within control of the sector. However, the ceilings have been seen – by some observers – as increasingly barriers to, rather than necessarily drivers of, progress, as is now outlined.

¹⁹ The authors note that, 'SBS has had a direct impact on the expansion of service delivery at the local government level. [...] This contributed to increased access to services – in 2006 [...] 72% of the population lived less than a kilometre away from a water point, up from 47% [in 1999].'

²⁰ 'Sector ceilings' are the upper limits each sector can spend. At the beginning of the budget process, sectors are provided with medium-term resource ceilings which, in principle, are consistent with the achievement of macroeconomic objectives.

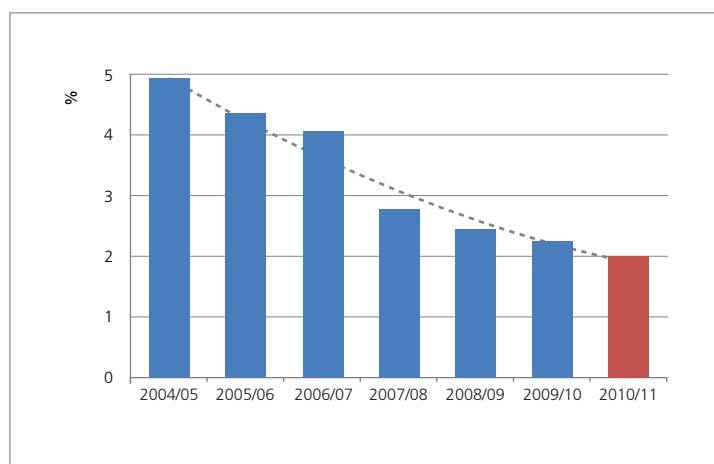
4.3.3 Sector implementation challenges restricting further progress

Sustainability: declining financial flows since the mid-2000s and declining functionality

Declining sector resource allocation and financial bottlenecks

In the past three to four years, access to improved water sources in rural areas has been increasing less rapidly. This can be attributed to population growth and rising unit costs, but also declining public financial resource allocations to the sector (MWE, 2009b). The budget for WSS in Uganda has been declining as a percentage of the national budget and in real terms. For instance, its share of the national budget declined from 4.9% of the national budget in 2004/05 to 2.2% in 2009/10 (Figure 5) (MWE, 2010: 16). This decline is linked to the introduction of sector ceilings and shifting spending and political priorities (see Section 4.4).

Figure 5: WSS share of Uganda's national budget, 2004/05-2010/11



Source: MWE (2010: 17).

Moreover, there have been, and are today, financial bottlenecks in the system. As of 2004, funds were being released from central government to the district somewhat erratically, delaying procurement and implementation (Kimanzi, 2004: 277).²¹ Similarly, today, only 80% of the funds released through the conditional grant has been spent, because of the late release of funds coupled with procurement delays (MWE, 2010: i).

Sector ceilings have also presented difficulties. There are claims that the ceiling does not provide adequate resources to the sector. When sector ceilings are set, this implies that no extra funding can be devoted to the acceleration of rural water supply provision, even when extra resources are mobilised by the sector in the form of grants. There are also increasing per capita investment costs for rural water supply, in part as a result of decreasing availability of low cost options and the need to serve harder-to-reach areas of the country.

In short, without an increased flow of resources – combined with increased cost effectiveness and speedier funding release and procurement – there is a risk that progress in the sector will stall. As the SSIP for WSS in Uganda put it, ‘the present level [2009] of funding to the water sector is low compared to the financial requirements to reach the sector targets’ (MWE, 2009b: xi). Similarly, ‘there is concern that funding levels [to the water and environment sector] are insufficient to meet National Development Plan targets, sector targets, or Millennium Development Goal (MDG) targets for water supply and sanitation’ (MWE, 2010: i). For example, in order to meet the 2015 Ugandan national target of 77% water access, required public capital investment (domestic and external) in rural water supply infrastructure (new and replacement) between 2008 and 2015 is estimated at \$63 million. However, anticipated public investments over the period are calculated at \$27 million, which leaves a potential deficit of \$35 million (Danert, 2010: 16-17). Future progress, as such, depends on how much public and private resources will be invested in the sector in the coming years.

²¹ Similarly, in 2004/05, government and donor delays meant only 53% of the water budget was spent (WaterAid, 2005: 3).

Functionality: operation and maintenance

Another challenge relates to the functionality of water points and to the operation and maintenance (OM) of water points at community level. District water service delivery has tended, until more recently, to focus on hardware and the construction of new water points, with comparatively limited time and investment dedicated to community mobilisation and long-term maintenance. There has been 'inadequate sustainability of the installed infrastructure' (MWE, 2009b: vi). WaterAid (2008) identifies some functionality challenges in Uganda, including: 1) budget-led planning cycles result in a rush to spend money and a neglect of community mobilisation; 2) district government does not have the capacity to effectively monitor or take action regarding the (localised) reasons for non functionality; and 3) the spare part chain is not functioning well.²²

Progress has nonetheless been made towards addressing issues of functionality. According to the MWE, in 2009 functionality was estimated at 83%, although there are concerns regarding the accuracy of these data. Some districts have improved on their functionality rates, although rates have remained fairly constant for the past four years (Danert, 2010; MWE, 2009a).²³ Furthermore, Uganda has introduced a draft OM framework, which provides a stronger mandate to districts to support OM, and it now provides a budget line for such activities, although the impacts of this framework will take time to emerge.

Also, MWE guidelines stipulate that each water point should be managed by WUCs at community level. As such, a number of WUCs have been set up, although the number has not been quantified. While further research into the scope and effectiveness of WUCs is needed, the following challenges in selected sites have been identified: 1) there are questions about the capacity of WUCs to sustainably oversee OM; 2) some WUCs engage in corrupt acts; and 3) WUCs have not, according to available evidence, been set up at all water points (Rukare, 2009).

Equity issues

As for the 'equitable' nature of the progress in Uganda's RWSS sector, a few points can be made. Equity issues have been addressed in the context of rural water supply to some degree. The Ugandan government's water policy of 1999 espouses a 'some for all, not all for some' principle, which seeks to ensure that resource allocation decisions taken at the lowest planning level (parish) are based on whether a particular village is better- or worse-off than its neighbours in that parish. Further, the significant focus of efforts on *rural* areas – where the bulk of the poor are concentrated – brings a pro-poor focus.

Equity in distribution of improved rural water supplies has improved. For instance, the mean sub-county deviation from the national average of the number of persons per water point dropped from 243 in 2008 to 178 in 2009, indicating improved equity. Also, the mean sub-county deviation from the national average in June 2010 was 162 compared with 178 in June 2009 (MWE, 2009a: vi; 2010: x). Moreover, a new allocation formula for rural water supplies was introduced in 2008/09, targeting the neediest groups.²⁴ However, there has, as yet, been no analysis of the formula, its application or its impact in terms of improving equity (Danert, 2010).

Equity challenges are evident. First, there is variation across districts in terms of access to financial and technical resources, and in terms of the capacity to deliver rural water services (MWE, 2009b: xix). Districts closer to larger towns, with more resources and better organisation, tend to attract more assistance than those less well-organised districts. Second, there is uneven access to improved water supplies across districts. For example, access ranges from as low as 12% in Kaabong district in northeast Uganda to over 90% in Kabale district in southwest Uganda (Rukare, 2009: 1). Third, some groups remain largely underserved, such as groups in post-conflict or water-stressed areas, as do those in the most remote areas. Further, equity criteria are sometimes bypassed and resources are allocated according to political considerations – that is, to the groups that can exercise the loudest voice – rather than need (Rukare, 2009; Slaymaker and Newborne, 2004; WaterAid, 2008: 11).

In light of the above, Uganda's SSIP calls for: 1) a more demand-responsive approach; 2) targeted programmes addressing equity; 3) a 'package' approach – including all software aspects; 4) community-based OM; and 5) capacity building of local governments (MWE, 2009b: 51). It remains to be seen how Uganda will implement such recommendations.

²² See also Rukare (2009) or, for a review of activities in the early 2000s, Slaymaker and Newborne (2004).

²³ It is nonetheless recognised that there are data inconsistencies with respect to functionality rates in Uganda. Further, the aggregate data mask the variability with which the rural infrastructure is being maintained.

²⁴ The formula aims to ensure more funding is channelled to district local governments which contain sub-counties with particularly low coverage, as well as those recovering from the insurgency in north and northeast Uganda.

4.4 Leadership, ownership and the politics of water supply in Uganda

The fourth and final driver of progress relates to leadership and political dynamics. Leadership, ownership of reform processes and political prioritisation of WSS issues have contributed to sector reform, particularly from the late 1990s up to the mid-2000s.

It should be noted that the concept of 'ownership' has different elements, including: 1) how far a reform is authored by the government; 2) the level of intellectual conviction policymakers have in relation to reform; 3) expression of political will by leadership; 4) efforts to build consensus by different actors; and 5) institutionalisation in policy (Handley, 2009: 4-5). These elements were present, to differing degrees, in the Ugandan water sector reforms. Three interrelated drivers are discussed here: leadership; ownership and incentives; and political prioritisation. Finally, some principal governance challenges are reviewed.

4.4.1 Leadership and the will to undertake reforms

Wider government leadership: MFPED

One source of leadership was MFPED. MFPED in Uganda was, and is, a powerful institution which, to a degree, has been exempt from pursuing short-term political expediency on behalf of the governing party. Under Emmanuel Tumusiime-Mutebile (the Permanent Secretary who presided over the creation of this combined 'super-ministry' in the mid-1990s) and a succession of other powerful and well-connected senior civil servants, 'MFPED has provided an island of legal bureaucratic public administration [in Uganda]' (Booth and Golooba-Mutebi, 2009: 4).

MFPED supported the WSS sector reform process and led the setting up of the SWGs and JSRs. In fact, MFPED support in Uganda has been crucial to sector progress (Welle et al., 2008a; 2008b). In the seven countries where Danida has supported the development of SWAp, overall progress has been better in Uganda, 'where Ministry of Finance support existed' and where there was a drive from central government to reform the sector. That is, where there is a strong national and sectoral drive towards reform and alignment, backed by a Ministry of Finance, progress is better – and such was the case in Uganda.

MFPED also seized the opportunity to divert debt relief to the sector. The Uganda Participatory Poverty Assessment (PPA) found safe water was a major concern of the poor. This coincided with Uganda's qualification for enhanced HIPC funding and was used by MFPED as a basis for allocating substantial HIPC funds to WSS. Further, MFPED supported the increased allocation of resources, through the PEAP and PAF, to the sector (Foster and Mackintosh-Walker, 2001; Welle et al., 2009).

Sector leadership: MWE

There has also been leadership from the sector. In the 1990s, MWLE showed leadership by recognising the need for reform before the SWAp: '[there was] acknowledgement within the sector, and especially from the leadership within the Ministry of Water, Lands and Environment, but also among donors, that there was a need to change from the status quo' (Williamson and Kizilbash Agha, 2008: 74).

Following realisation of the need for reform, MWLE produced sector reform proposals, in partnership with donors. Given that the proposals existed when Uganda first qualified for debt relief in 1998, a decision was taken to channel the resources in line with proposed reforms, particularly through local government systems (i.e. the DWSDCG). Had the vision for reform not been ready, perhaps the reform process would have been slower to progress. Leadership from within the sector, as such, was combined with MFPED leadership: 'The Ministry of Finance, Planning and Economic Development took the lead, alongside sector ministries, in driving the development of the strong sector plans and strategies needed for an effective SWAp with a strong orientation towards poverty reduction' (Welle et al., 2009: 306). However, the extent to which MFPED still prioritises WSS spending is a matter of debate (see Section 4.4.4).

Moreover, domestic leadership encouraged donors to follow suit, to a degree. The fact that the Ugandan government had taken the lead in expressing the desire to develop coherent sector policies and strategies provided the impetus for donors to better coordinate themselves and reduced the donor tendency towards project-based finance (Slaymaker and Newborne, 2004: 39).

Reform champions

On an individual level, certain Ugandan long-term civil servants and technocrats – 'reform champions' – contributed to sector progress over the years. These include Patrick Kahangire, Gilbert Kimanzi, Disan Ssozi, Aaron Kabirizi, Patrick Okuni and Sam Mutono. One interviewee for this study noted that these 'individuals were very competent and thoughtful and were really leading the sector [...] there has been some real leadership from these people.' In other words, 'strong technical leadership [along with other factors] has been key to successes in the sector' (Handley, 2009: 37). More broadly, sector officials in government are willing to learn and find ways to improve sector performance.

Donors have also offered leadership through their technical support and the HIPC Initiative. A major thrust behind the establishment of the JSR came from donors, although domestic and sector actors also supported it.

4.4.2 Ownership and changing incentives

Closely related to leadership is national ownership and changing incentives, which drove and sustained the reform process. While limited documentation is available on this subject, evidence suggests that the ownership of policies, budgets and service delivery processes has evolved and strengthened over time. Four major factors, internal and external to the sector, have increased ownership and created incentives for sustained reform. First, leadership from certain actors, as noted above, has helped drive change and provide convincing arguments for the need for change, which has helped create consensus and build reform momentum.

Second, the relatively consultative environment in which rural sector reform processes were initiated has helped foster debate and made it easier for stakeholders to agree on and accept change, although different perspectives remain. The involvement of a broad spectrum of sector stakeholders in sector reviews – such as the JSR – has created incentives for the *active* engagement of different actors in sector processes:

‘There is evidence that efforts to build stronger policy frameworks and reform processes have paid off in [...] Uganda. [...] The level of country ownership at the outset is an important factor, but it is evident that multi-stakeholder coordination mechanisms and sector review processes can prove important for building and broadening ownership over time’ (Williamson and Kizilbash Agha, 2008: ix).

The third set of incentives relates to the introduction of SWGs and sector ceilings. While the ceilings have been criticised (see Section 4.3.3), they have put the responsibility for resource allocation within the control of sector stakeholders, which has contributed to ownership of resource allocation in the budget process and created incentives for sector actors to improve performance. Furthermore, the link between conditions relating to budget support and the review process has also acted as an incentive for ministries to take the process seriously (Williamson and Kizilbash Agha, 2008: 75).

Fourth, as noted above, resources were channelled increasingly through national and local governmental systems and local governments, which has helped sustain reform and increase ownership, particularly at local level, although levels of ownership vary from district to district (e.g. Handley, 2009: 36).

4.4.3 Political prioritisation of water and poverty

Sector progress has also been driven by the political support given to WSS and the poverty agenda, particularly in the late 1990s and early 2000s. In Uganda, there was an increasing political prioritisation of WSS from the mid-1990s as the poverty agenda emerged: ‘as poverty reduction moved up the political agenda, the water and sanitation sector began to emerge as a government priority, starting with the preparation of the 1997 Poverty Eradication Action Plan’ (Slaymaker and Newborne, 2004: 28). This prioritisation was manifested, for instance, in the form of MFPED support to the sector and the decision to channel debt relief to wards WSS.

In parallel, there was, from the late 1990s, notable political backing for the ‘poverty agenda.’ Uganda is credited with having had strong political backing for the formulation and implementation of the PEAP, and is considered – at least between 1997 and 2004 – to have been relatively successful in addressing poverty issues (e.g. OPM, 2008). The ruling party pursued poverty reduction as a political project to promote national unity, and

‘[the] political goal of poverty reduction ha[d] also become a national technocratic project of “state-building” within the Ministry of Finance, Planning and Economic Development. The Ministry ha[d] been instrumental in translating the political vision of the Movement into mechanisms and instruments that have been effective and credible in the eyes of key outside stakeholders’ (Piron and Norton, 2004: vi).

The WSS sector became one of the PEAP’s priorities. The increasing political commitment to poverty reduction provided greater incentives for sectors to align themselves with the PEAP, and the WSS sector was relatively effective in doing so, which attracted resources and enabled reforms to go through (Newborne and Slaymaker, 2004: 38; Williamson et al., 2004). The PPA, which identified water as a priority, also created some pressure to link the poverty and water agenda. WSS was chosen as one of the ‘five key priority areas under the PAF [...] which increased sector funding significantly (i.e. from 0.5% of the total national budget [in 1998/99] [...] to approximately 2.5% in 2003/04’ (Kimanzi, 2004: 277; Thomson and Mandy, 2008: 6-9). So WSS in Uganda was, up until at least the mid-2000s, well represented in PEAP action plans and budgeting: ‘Uganda and Mauritania show the best performance on WSS in poverty diagnostics, sector reform, sector financing and monitoring and evaluation [...] Uganda scores 2.6 and stands out as an example of successful incorporation of water and sanitation into the PRSP’ (WSP, 2003: 9-10).

4.4.4 Governance and political challenges to progress

Declining political support for poverty reduction and social spending

Political dynamics in Uganda have driven progress. However, such dynamics have also changed over time and hampered further progress. Notably, since the mid-2000s, political support for the poverty agenda and for WSS has waned.²⁵ A major change has been a progressive shift from a political prioritisation of poverty and social spending to a focus on macroeconomic stability and export-driven modernisation. This was reflected in the revision of Uganda's PEAP in 2004 to guide the period from 2004 to 2007. During the revision, various national and international policy actors argued over whether social spending aimed at achieving poverty reduction should be increased to a level that would make achievement of PEAP goals feasible; or whether the macroeconomic stability required for economic growth would be compromised by significant increases in government borrowing and spending (Hickey, 2005: 1002; OPM, 2008). This was part of a broader debate in Uganda (and elsewhere) concerning the extent to which development policy should focus primarily on macroeconomic stability, liberalisation and economic growth as opposed to having a more interventionist focus on poverty and inequality (Hickey, 2005; Shinyekwa and Hickey, 2007). It appears that the former argument – for macroeconomic stability – won out. One official from the Ministry of Health claimed that MFPED was 'currently building the ceilings for government expenditure on poverty reduction beneath the floor'.²⁶ More broadly, political support for the poverty reduction agenda in Uganda has declined since around 2003 (Booth and Nsabagasani, 2005; Thomson and Mandy, 2008).

Furthermore, the development policy focus in Uganda has been directed, increasingly, towards an export-oriented strategy and away from poverty programmes. This shift has been heralded in successive presidential speeches, and has taken particular shape around the Strategic Export Initiative (SEI). There is, moreover, an increasing bias in the Ugandan political discourse and presidential project towards the 'economically active,' leaving the poorest – often those least served by basic social services, such as water – relatively excluded from development programmes (Hickey, 2005; Shinyekwa and Hickey, 2007; Williamson and Kizilbash Agha, 2008). This shift is further illustrated in the latest version of the PEAP – the National Development Plan (NDP) – which focuses on the theme of 'Growth and Employment for Prosperity,' giving a central place to wealth creation (MFPED, 2010). Domestic WSS service provision is not a top priority in the NDP, and government priorities have centred on roads, energy, schools and water for production, so the ceiling for WSS has not been raised significantly (Danert, 2010: 28-30). This is illustrated by the declining resource allocation to the sector, both as a percentage of the national budget and in real terms (see Section 4.3.3).

Neo-patrimonial politics

The neo-patrimonial political system has also shaped the landscape of service delivery in the country. 'Neo-patrimonialism' is, in brief, a term used to refer to a political system whose dominant logic involves 'patrons,' who use their control over state resources to secure the loyalty of 'clients' in the general population. It is indicative of informal patron–client relationships that can reach from high up in state structures down to individuals, say at village level. Uganda has a dominant executive, and the ruling party – the National Resistance Movement – has an overwhelming majority in parliament. The executive is increasingly concerned with policy issues not relating to the original core poverty goals (like WSS noted above), but rather with the consolidation of power and preservation of the institutional foundations of neo-patrimonial politics (e.g. Shinyekwa and Hickey, 2007; Thomson and Mandy, 2008). This has resulted, for instance, in creeping recentralisation, with central appointment of the top civil servants in the districts combined with a politically motivated increase in the number of districts. This compromises service delivery. In some cases,

'Local governments [in Uganda] [...] do not have sufficient funds to fulfil their political functions and deliver goods and services – a situation compounded by the creation of new districts. These changes have been accompanied by local government reforms that recentralise decision-making' (Cammack et al., 2007: vii).

There are signs that presidentialism, corruption and neo-patrimonialism are increasingly prevalent in Uganda (Hickey, 2005; OPM, 2008).

²⁵ At the time of writing, there is no analysis that *systematically* seeks to explain why support to the WSS sector has declined in Uganda since the mid-2000s. However, the literature does indicate that shifting political economic priorities have gone some way towards explaining the change, as noted here.

²⁶ Anonymous Interview, January 2003, in Hickey (2005: 1002).

Political interference and corruption in the sector

Political interference in sector implementation has also been cited as a challenge impinging on sector performance. For instance, some ministers undermine policies, discouraging people from paying water user fees; in other cases, politicians issue requests for interventions in their constituencies. In some cases, political influence – beyond just technical considerations – was found to be an important factor informing decisions on where to locate water facilities (Rukare, 2009).

Corruption and leakage in the sector is also a challenge. One study estimated that between \$5 million and \$10 million meant to improve access to safe water for drinking in Uganda is lost to corruption annually (WIN-S and WSP, 2009: 139). This is matched by an absence of effective checks and balances on the sector to ensure accountability for performance and to flag corruption, even if progress has been made in instituting formal accountability mechanisms (Rukare, 2009; Williamson and Kizilbash Agha, 2008).

Promisingly, MWE states that the Ugandan government should acknowledge corruption as a problem, and that efforts at service delivery will be hampered unless it is addressed. To tackle these governance concerns, it initiated a Good Governance Working Group in 2006 (MWE, 2010). Progress was made in implementing its first joint action plan between 2007 and 2008 and addressing sector efficiency issues (Danert, 2010). However, given that the sector functions within a broader governance environment, it is important that efforts to address corruption at sector level be accompanied by wider systemic reforms.

5. Conclusions

5.1 Key lessons

- The case of Uganda illustrates the effectiveness of aid that **works ‘with the grain’ in developing countries, by flowing through, rather than bypassing, domestic systems**. Improved donor coordination and alignment alongside SBS – as opposed to setting up parallel management systems – can help build the capacity of national and local service delivery institutions. This can, however, subject aid flows to the sometimes weak fiduciary and institutional framework of a government; one way to address this is to develop robust accounting procedures that track financial transfers (Williamson and Dom, 2010).
- **A SWAp presents both opportunities and pitfalls for sector performance. A SWAp can lead to improved coordination and allocation of resources** in line with a more coherent policy and institutional framework. Yet the effectiveness of such a mechanism depends on the degree to which there are policies and systems to align with in a country, and the degree to which the process has strong domestic support. The Ugandan experience also indicates that the SWAp process does not *automatically* address fragmentation in service delivery systems or service sustainability, and that it can create rigidities and slower procurement.²⁷ Such pitfalls will need to be mitigated.
- The **long-term engagement of donors can help build capacity and create relations of trust**. It is crucial that there be a *genuine* process of mutual learning and knowledge transfer, between donor and aid recipients, as opposed to donors using their relative power to impose their ideas and conditions.
- **Reforms are unlikely to be effective without addressing underlying incentives** within recipients and donor agencies. In Uganda, consultative reform processes or sector ceilings created incentives for the active engagement of relevant stakeholders and encouraged sector actors to take greater responsibility for effective resource allocation *within* the sector.
- **Political support matters, as does the nature and logic of the political system**. In Uganda, political prioritisation of water and poverty was central to progress. The depth and longevity of sector reform relies on political support, which can ebb and flow. Sector-level governance reform is unlikely to be successful without broader political reform, which takes time.
- **National ownership of the reform process and a core of technically competent and relatively powerful ‘reform champions’** within government were key factors in driving and sustaining sector progress in Uganda.²⁸
- **Drivers outside of the sector can contribute to sector progress**. The actions of international actors, domestic political imperatives and alliances with powerful ministries outside of the sector can combine with strong sector leadership and coordination to drive progress.
- **The surge in progress in Uganda depended on a confluence of different factors – endogenous and exogenous to the sector – which created a ‘window of opportunity’ for driving sector progress**. Actors will need to think and act strategically to create and capitalise on such windows of opportunity in different contexts.

5.2 Challenges

- **Adequate social sector spending will be needed to maintain sector progress in the long term, particularly in a context of rising unit costs and population growth**. Progress was driven by increases in external and domestic development finance and by improved resource allocation to the local level for rural water service delivery. Yet progress may stall as a result of the decline in sector spending and by a shift in focus away from the poverty agenda towards the maintenance of macroeconomic stability, debt servicing and export-driven growth. The social and economic case for basic WSS investments needs to be heard if progress is to be maintained.

²⁷. Challenges associated with SWAps in the water sector in other countries are documented elsewhere (e.g. AfDB, 2010).

²⁸. Other studies have noted the role of ‘reform champions’ within government (among other factors) in driving change (e.g. Fox, 2004; Gaventa, 2008).

- **A decline in political backing for the sector and a broader neo-patrimonial logic has restricted further progress** and affected the implementation of reforms. Development advocates will need to fully understand these deep-seated – and often intractable – historical and contextual factors to promote WSS sector change more effectively.²⁹
- **Increasing access to improved water sources needs to be balanced by an adequate focus on sustainability and equity outcomes.** Progress will stall, or be reversed, if insufficient attention is given to the OM of water points and to equitable access to water points, especially for the poor and marginalised.
- **Incentives linked to project-based aid persist** in Uganda, despite progress in this regard. For instance, donors may benefit from the visibility associated with separately managed and ‘branded’ projects. If institutional incentives are not addressed – at all levels – reforms are much less likely to be sustained over time.³⁰

²⁹. For similar lessons regarding politics and governance, see Booth (2008), Moore and Unsworth (2010) and O’Meally et al. (2009).

³⁰. For similar findings regarding incentives and aid effectiveness see, see, for instance, Booth (2008), Dom et al. (2010) and Moon and Williamson (2010).

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Annex 1: The difference between a 'sector-wide' and 'conventional' project approach

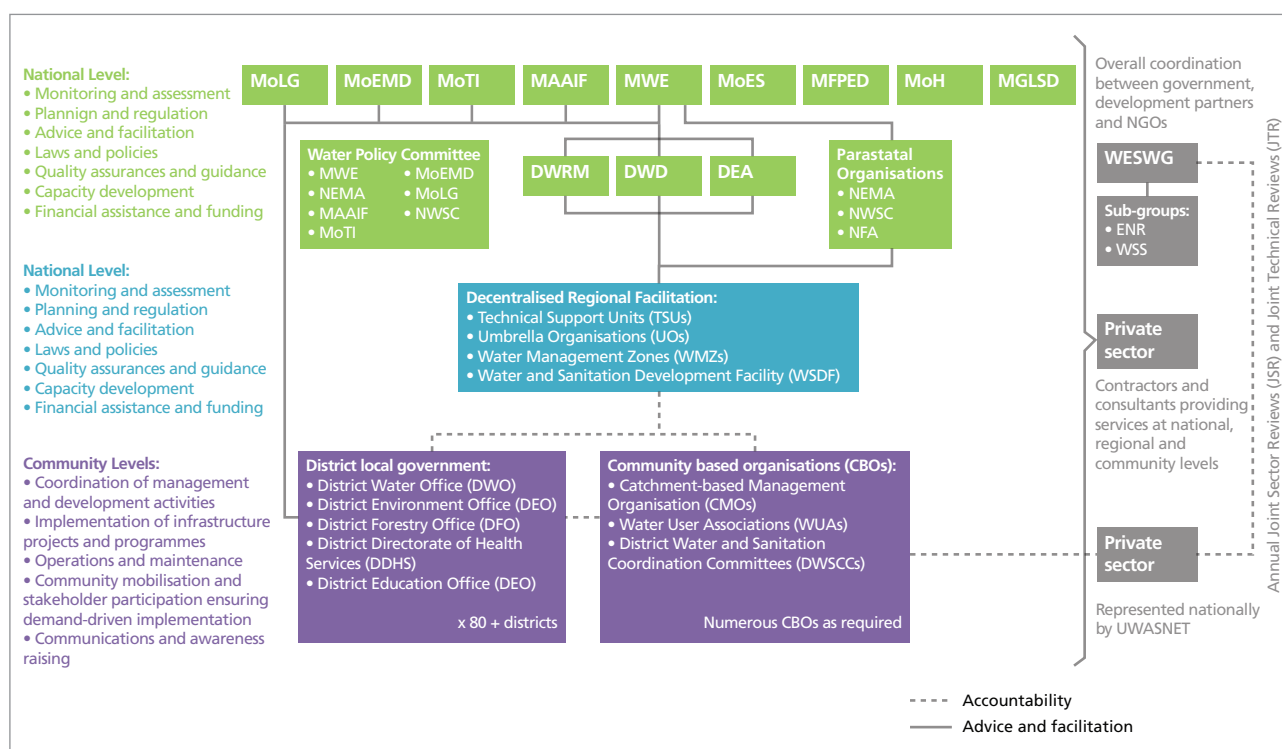
Sector-wide approach	Conventional project approach
Country holistic view on entire sector.	Focus on projects to support narrowly defined objectives
Partnerships with mutual trust and shared accountability.	Recipient accountable to donor
External partners' co-ordination and collective dialogue	Bilateral negotiations and agreements
Increased use of local procedures.	Parallel implementation arrangements
Long-term capacity/system development in sector.	Short-term disbursement and success of projects
Process-oriented approach through learning by doing.	Blueprint approach

Source: Handley, 2009.

Annex 2: Uganda's 'Golden Indicators' to measure performance in water and sanitation (2010)

Indicator		Achievements		Targets		
		08/09	09/10	09/10	10/11	14/15
1. Access % of people within 1km (rural) and 0.2km (urban) of an improved water sources	Rural	65	65	65	65	77
	Urban	66	67	67	68	100
2. Functionality % of improved water sources that are functional at time of spot-check (rural/Wfp). Ratio of the actual hours of water supply to the required hours (small town)	Rural	83	81	86	83	90
	Urban	89	90	88	90	95
	Wfp	23	26	-	30	90
3. Per Capita Investment Cost Average cost per beneficiary of new water and sanitation schemes (US\$)	Rural	43	41	42	42	45
	Urban	64	46	77	65	85
4.1 Sanitation % of people with access to improved sanitation (households)	Rural	68	70	70	72	77
	Urban	73	77	81	84	100
4.2 Sanitation: Pupil to latrine/toilet stance ratio - schools		43:1	54:1	60:1	50:1	40:1
5. Water Quality % water samples taken at the point of water collection, waste discharge point that comply with national standards	Protected source - Rural	e.coli	70	57	95	95
	Treated drinking water supply - Large towns	e.coli	83	100	100	100
		colour	-	92	92	95
	Wastewater	BOD ₅	15	47		55
		Phosphoros	-	-		45
		TSS	100	61		65
6. Quality of Water Cumulative water for production storage capacity (million m ³)		17	21.2	17	25	29
7. Equity Mean Sub-County deviation from the national average in persons per improved water point		178	159	160	155	150
8. Handwashing % of people with access to (and using) hand-washing facilities	Household	22	21	27	23	50
	School	31	33	27	35	50
9. Management % of water points with actively functioning Water & Sanitation Committees (rural/Wfp)/Boards (urban)	Rural	68	70	71	73	95
	Urban	69	89	71	91	95
	Wfp	29	65	70	70	75
10. Gender % of Water User committees/Water Boards with women holding key positions	Rural	71	85	72	75	95
	Urban	15	37	72	45	95
	Wfp	61	68	67	75	75
11. Water Resources Management Compliance % of water abstraction and discharge permits holders complying with permit conditions (note that data currently refers to permit validity only)	Wastewater discharge	40	44	43	49	55
	Surface water abstraction	65	64	63	70	75
	Groundwater abstraction	55	63	63	70	75

Annex 3: Water and environment sector institutional framework in Uganda (2010)



Source: MWE (2010).

Annex 4: Map of Uganda

