

MAXIMIZING THE BENEFITS FROM WATER AND ENVIRONMENTAL SANITATION

Donor harmonization in Uganda: Water and sanitation sector

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The Poverty Eradication Action Plan (PEAP) adopted a multi-sectoral approach calling for implementation through various programs including the Water and Sanitation Sector (WSS). The Government of Uganda (GoU) then undertook to reform the WSS by carrying out in depth studies which resulted in the preparation of Sector Strategic Investment Plans with appropriate policies and strategies and Action Plan to implement the measures. This enabled the move from the conventional discrete project implementation to better planning and quality assurance of service delivery. This paper describes the above process and the challenges the sector has met.

Background

The Uganda Government (GoU) has put in place a Poverty Eradication Action Plan (PEAP) as a national comprehensive strategy for poverty eradication. The Poverty Eradication Action Plan (PEAP,) prepared in 1997 and, revised in 2000 and in 2004, is the guiding framework for the achievement of poverty eradication. It adopted a multi-sectoral approach, recognizing the multi-dimensional nature of poverty and the inter-linkages between the influencing factors, and will be implemented through various programmes including water and sanitation. In the revised PEAP 2004, the Water and sanitation sector falls under two pillars: (i) Pillar 3- Enhancing Production, competitiveness and incomes, which include Water for Production and water resources management and (ii) Pillar 5- Human Resources Development, which includes water supply and sanitation.

GoU undertook to reform the water and sanitation sector with the objective to ensure that services are provided and managed with increased performance and cost effectiveness, so as to decrease Government's burden while maintaining its commitment to equitable and sustainable provision of services in Uganda. The whole subject required in-depth studies, a situation analysis, and a study of experiences in African . Rural WSS and Urban WSS reform studies were completed in 2000, Water for Production Reform study was completed in December 2003 and the Water Resources Management Reform study completed in January 2005. The reform studies prepared sector strategic investment plans (SIPs) with appropriate policies and strategies and action plan to implement the measures.

Moves to sector wide approaches (SWAP)

For long, the GOU's development activities have been based

on implementation of a series of discrete projects. This approach had several weaknesses. First, it fostered piecemeal approaches as opposed to comprehensive strategic sector wide investment programmes. Secondly, it was largely donor-driven and lacked domestic ownership. Thirdly, it lacked adequate coordination among the various stakeholders, resulting in duplication of efforts and inappropriate sequencing of projects to be implemented. The project based financing of sectors has proved very expensive demonstrated inefficiency in the Government system as it's, often incompatible with the decentralization process and fragmented approaches leading to poor sustainability.

To address the above shortcomings, the GOU conceptualized a strategy for a radical shift from a project-driven approach to development of comprehensive sector-wide programmes and is implemented through various programmes, including water and sanitation. The Health, Education, Law and Order, and Water and Sanitation sectors have developed sector-wide approaches (SWAPs). The Water Sector Reform studies and their documentation were done in a highly consultative process whereby consensus in general was reached on a Sector Wide Approach. The SWAP framework for the WSS sector was adopted in September 2002. SWAP is a mechanism where Government and development partners agree on strategy to achieve improvement in sector performance, increased resource flows through government systems, more effective use of resources through programmes other than projects. The role of donors and the areas where support is required is fully elaborated in this process. The move towards SWAP calls for GoU/donors to promote uniform disbursement rules, uniform and stronger accountability rules, common indicators, joint appraisals and reviews as follows:

- **Budget/planning process:** GOU has initiated a more

consultative and participatory approach in the management of public finance as a mechanism to increase transparency and accountability in the planning and utilization of resources. The beginning of this process was marked by the budget for FY 1998/99, which involved both Public Expenditure Review and an open discussion on the Medium Term Budget Framework (MTBF) Paper involving the main stakeholders in government, private sector and the donor community. A sector working group comprising of representatives from MWLE/DWD and other line ministries (MFPED, MOH, MOLG) were established to prepare the MTBF paper.

- **Donor financing:** The partnership principles between GOU and development partners rank donor support modalities, in descending order of preference as (i) General budget support, channeled directly to partner groups using their own allowance, procurement and accounting systems and is not linked to specific project activity (ii) Budget support earmarked to the Poverty Action Fund (iii) Sector budget support (also called partnership funding) and (iv) Project aid. The World Bank PRSC has provided general budget support since 2000/01. Danida, Sida and ABD are providing budget support earmarked to PAF for Rural WSS and channeled directly to districts as District Water & Sanitation Development Grant. Danida, Sida, DfID and Austria (Germany intends to join soon) have pooled funds together under the Joint Partnership Fund to implement four central programmes/components. Most funds for Urban WSS investment are still project-based with support from EU, AFD/France, AUSTRIA, DFID, JICA, GTZ/KFW, BADEA, ADB. Such projects are approved by the Water Sector Working Group (WSWG), and implemented along the GOU sector strategy/guidelines other than project specific.
- **Sector level dialogue:** Since 2001, GoU, through Ministry of Finance, Planning and Economic Development, has established coordination framework to include:

Water Sector Working group (WSWG): The WSWG is chaired by PS/MWLE and comprises senior officials from MWLE/DWD and other line ministries (MFPED, MOH, MOLG, MoES, MAAIF, MPS) and Development Partners, UWASNET (NGO representatives). It creates a policy consensus, draw up investment programs, formulates sector strategies, prepares Medium Term Budget framework (MTBF) and budgets, and oversees the implementation of water supply and sanitation services.

Development Partners' Forum: In the past 4 years there has been increased joint donor participation in Water Sector Working Group and processes and getting more confidence in the new approach. The Development Partners' group meets monthly to reach consensus of such projects sector development issues.

NGO Forum: There are over 190 NGOs and CBOs cur-

rently undertaking water and sanitation activities in Uganda and are members of Uganda Water and Sanitation NGOs Network (UWASNET) an umbrella association was formed in 2001 to improve coordination, sharing of experiences and liaison with GOU and Donors.

Joint sector review process

Since 2001, Joint GoU/Donor Reviews are held twice in a year (Joint Technical Review (JTR) in March and Joint Sector Review (JSR) in September), where broad consensus is reached on strategic policy issues and undertakings to improve sector performance and service delivery. At each JSR, the status of implementation of undertakings of previous year and new undertakings for the next one year is recorded in "Agreed Minutes".

Monitoring and reporting: DWD/MWLE has established monitoring protocols that draws on routine reports from the districts and other service providers, the annual household and service delivery surveys, independent surveys and Annual sector performance reports with benchmarks for WSS.

Effects on harmonization and alignment

Since adoption of SWAP for the sector the following have been achieved:

- Roll out of WSS service delivery to all local governments.
- Donors are increasingly using Government systems, therefore harmonization and alignment with GoU systems in almost automatic.
- Sector/donors part of the Joint Reviews, sector working groups and donor groups and technical consensus often reached in the dialogue between GOU and donors.
- Focused capacity-building and technical assistance. Donors are increasingly using joint diagnostic instruments.
- Policy dialogue increasingly harmonized within the sector/areas.
- Increasing understanding of the areas within which GoU and partners can work together which facilitates dialogue.

Key ingredients of success of DP harmonization

A number of enabling factors exist in Uganda that have helped to streamline and strengthen the harmonization of Development Partners support. These include:

- Government of Uganda is committed and undertaking a number of reforms aimed at spearheading the country's development. These are spearheaded by the MFPED.
- Strong and dedicated leadership provided by the lead sector Agency DWD/MWLE
- Good governance and management, allowing democratic

process in planning, budgeting, reporting and reviews have improved efficiency and cost effectiveness.

- Transparency and openness by most sector players has given opportunity for clear dialogue and greater trust.
- There has been consensus-building between Government Agencies and development partners.

Key issues and challenges

There are a number of challenges that need to be addressed in order to maximize benefits and outcomes of harmonization of Development Partners input. These include:

- Water and Sanitation sector is a shared responsibility and thus there is need to strengthen the interaction between MWLE, other line ministries and development partners in order to promote a sector-wide approach to developments in the sector;
- Inadequate resources: GOU is committed to increasing the water coverage from the present 57% in rural areas to 77% by 2015 and urban water from 65% to 100% by 2015. The investment requirements are estimated at US\$608m for Rural WSS, US\$ 481m for Urban WSS, US\$ 393m for WFP and US\$ 21m for WRM.
- There is inadequate capacity at National level, in particular DWD/MWLE, the Lead sector Agency and this further coupled with some staff still glued to project

aid approaches. This necessitates capacity building and institutional reform at the national and local government to undertake their roles.

- There is inadequate capacity at local governments and community levels. This necessitates capacity building and institutional reform at the local government to undertake their roles including sustainable operation and maintenance of established facilities.
- Governance conditions have not always been consistent with Government ownership

Conclusion

The Harmonized Donor approach has put the Government team in a challenging situation and GOU is slowly adapting to ensure effective coordination of all stakeholders (line ministries, local governments donors/NGOs). The focus is now to realign and mentor capacities of Center and Local Governments by providing the required resources and the new approach offer such a good opportunity. At the central government level, Institutional attention should shift from implementation to better planning and quality assurance of service delivery.

Contact

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