



GOVERNMENT OF UGANDA

MINISTRY OF WATER AND ENVIRONMENT

PREPARATION OF THE

**JOINT WATER AND ENVIRONMENT SECTOR SUPPORT PROGRAMME
(JWESSP, 2013 - 2018)**

FINAL PROGRAMME DOCUMENT

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ABBREVIATIONS

ADB	African Development Bank
ADC	Austrian Development Cooperation
BFP	Budget Framework Paper
BTC	Belgian Technical Cooperation
CBO	Community-Based Organisation
CbWRM	Catchment-based Water Resources Management
CC	Climate Change
CCPC	Climate Change Policy Committee
CCU	Climate Change Unit
CD	Capacity Development
CDM	Clean Development Mechanism
CMO	Catchment Management Organisation
CSO	Civil Society Organisation
DANIDA	Danish International Development Agency (Ministry of Foreign Affairs)
DEA	Directorate of Environmental Affairs
DEO	District Environment Office(r)
DESS	Department of Environment Support Services
DFS	District Forestry Services
DPs	Development Partners
DWD	Directorate of Water Development
DWO	District Water Office(r)
DWRM	Directorate of Water Resources Management
DWSCG	District Water and Sanitation Conditional Grant
ECMS	Enforcement and Compliance Monitoring Strategy
EMC	Environmental Monitoring and Compliance
ENR	Environment and Natural Resources
EPF	Environmental Protection Force
FAO	Food and Agriculture Organisation
FIEFOC	Farm Income Enhancement and Forest Conservation (Project)
FLEGT	Forestry Law Enforcement, Governance and Trade
FRA	Fiduciary Risk Assessment
FSSD	Forest Sector Support Department
FY	Financial Year
GEF	Global Environment Facility
GGAP	Good Governance Action Plan
GGWG	Good Governance Working Group
GHG	Greenhouse Gas
GIZ	Gesellschaft für Internationale Zusammenarbeit (Germany)
GoU	Government of Uganda

HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
HPM	Hand Pump Mechanics
HRD	Human Resources Development
ICEIDA	Icelandic International Development Agency
IGG	Inspector General of Government
IICCTC	Inter-Institutional Climate Change Technical Committee
ISH	Improved Sanitation and Hygiene
IWRM	Integrated Water Resource Management
JAF	Joint Assessment Framework
JBSF	Joint Budget Support Framework
JFA	Joint Financing Agreement
JMP	Joint Monitoring Programme for Water Supply and Sanitation (WHO/Unicef)
JPF	Joint Partnership Fund
JSR	Joint Sector Review
JTR	Joint Technical Review
JWESSP	Joint Water and Environment Sector Support Programme
JWSSPS	Joint Water and Sanitation Sector Programme Support
KfW	Kreditanstalt für Wiederaufbau (Development Bank, Germany)
LG	Local Government
LGFC	Local Government Finance Committee
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDGs	Millennium Development Goals
MIS	Management Information System
MoES	Ministry of Education and Sports
MoGLSD	Ministry of Gender, Labour and Social Development
MoLG	Ministry of Local Government
MoFPED	Ministry of Finance, Planning and Economic Development
MoPS	Ministry of Public Service
MoU	Memorandum of Understanding
MPS	Ministerial Policy Statement
MTEF	Medium-term Expenditure Framework
MtR	Mid Term Review
MWE	Ministry of Water and Environment
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Programme of Action
NDP	National Development Plan
NEA	National Environment Act
NEMA	National Environment Management Authority
NFA	National Forestry Authority

NGO	Non-Governmental Organisation
NPA	National Planning Authority
NWSC	National Water and Sewerage Corporation
O&M	Operation & Maintenance
OBA	Output-Based Approach
OPM	Office of the Prime Minister
PAP	Process Action Plan
PFM	Public Financial Management
PHA	Public Health Act
PPO	Principal Programme Officer
PPP	Public-Private Partnership
PS	Permanent Secretary
REDD	Reducing Emissions from Deforestation and Degradation
RGC	Rural Growth Centre
RTSU	Regional Technical Support Unit
RWSS	Rural Water Supply and Sanitation
SBS	Sector Budget Support
SEA	Strategic Environmental Assessment
SIP	Sector Investment Plan
SPGS	Sawlog Production Grant Scheme
SPR	Sector Performance Report
SPS	Sector Programme Support
SWAp	Sector-Wide Approach
TA	Technical Assistance
ToR	Terms of Reference
TSU	Technical Support Unit
ULGA	Uganda Local Government Association
UGX	Uganda Shillings
UO	Umbrella Organisation
UWASNET	Uganda Water and Sanitation NGO Network
UWSD	Urban Water Supply and Sanitation Department
UWSS	Urban Water Supply and Sanitation
VfM	Value for Money
VT	Valley Tank
WATSUP	Water Atlas Up-date Project
WESWG	Water and Environment Sector Working Group
WfP	Water for Production
WMD	Wetlands Management Department
WMDP	Water Management and Development Project (World Bank)
WMZ	Water Management Zone

WRM	Water Resources Management
WSDF	Water and Sanitation Development Facility
WSLD	Water Sector Liaison Division
WSP	Water and Sanitation Program (World Bank)
WSS	Water Supply and Sanitation; or Water and Sanitation Sub-Sector
WSSB	Water Supply and Sanitation Board

Table A Overview of the components, theme and outcomes

Components	Themes	5 years outcomes
Objective	to support the water and environment sector to achieve its targets and improve its efficiency through a consistent, harmonised support programme that is aligned to government objectives, policies and delivery modalities.	
Components	Themes	Outcomes
SPS	Effective sector planning and coordination	<ul style="list-style-type: none"> • Sector workplans, budgets, reports are coherent, well-coordinated and lead to effective implementation • ENR and WSS sub-sector participate fully at sector working groups
	Strengthened M&E systems and MIS for enhanced programme management and accountability	<ul style="list-style-type: none"> • Improved Information level and access leads to well informed decision making by all sector actors • Accountability is enhanced through greater transparency of information and accuracy of reporting data
	Enhanced transparency, good governance and value for money	<ul style="list-style-type: none"> • Value for money in the sector improves as a result of implementation and follow up on VfM study recommendations • Good governance working group is vibrant, its mandate and role is recognised and appreciated by all sector actors as well as OPM and MoPFED***
	Capacity development and institutional sector reform	<ul style="list-style-type: none"> • Capacity development plans based on the capacity development strategy are developed for all expenditure units in the sector (districts and departments)*** • Capacity development indicators shows that performance gaps related to capacity

Components	Themes	5 years outcomes
RWSS	Community management and cross-cutting issues (gender and HIV/AIDS)	<p>shortfalls are declining ***</p> <ul style="list-style-type: none"> • Major sector reforms are consolidated • Sector gender strategy is implemented and leads to greater equity for women and an enhanced sector performance* • HIV/AIDS practice in the sector improves and is recognised as exemplary ***
	Enhance the contribution of Civil Society Organisations to the Water and Environment Sector through effective coordination	<ul style="list-style-type: none"> • Civil society is a well-informed, vibrant and critical partner of government in reaching sector goals • Funding of physical infrastructure towards achieving sector goals is on an increasing trend and well-coordinated at local government level. **
	Improved access and equity	<ul style="list-style-type: none"> • Coverage of rural population with access to improved water source meets sector goals as set out in the sector performance framework* • Mean sub-county deviation from the national average meets sector goals for equity as set out in the sector performance framework*
	Improved functionality of water sources	<ul style="list-style-type: none"> • Functionality of rural water supplies improves and meets sector goals as set out in the sector performance framework* • Increase in the proportion of districts that have functional committees to a level that meets sector goals as set out in the sector performance framework*
Promotion of appropriate technology for rural water	<ul style="list-style-type: none"> • Appropriate technologies adopted in rural areas at scale where suitable and providing a 	

Components	Themes	5 years outcomes
	supply	cost or maintenance advantage
	Support to Local Governments and other stakeholders (NGOs, institutions)	<ul style="list-style-type: none"> • District water offices fully staffed with competent professionals** • Procurement duration and compliance to government norms meets standards set by the central authorities** • Districts have a functional management information systems
	Improved sanitation and hygiene practices	<ul style="list-style-type: none"> • Increase in proportion of rural people with access to improved sanitation * • Increase in proportion of rural people with access to hand washing facilities * • Coverage of urban population with access to improved water source meets sector goals as set out in the sector performance framework*
UWSS	Increase water supply service coverage for small towns and rural growth centres in a pro-poor sensitive manner	<ul style="list-style-type: none"> • Proportion of schemes with use of system capacity which is less than 50% reduced to 10%*** • Urban poor access water within 400 meters paying less or equal compared to standard customers ***
	Improve O&M of urban piped water supply systems	<ul style="list-style-type: none"> • Functionality of urban water supplies improves and meets sector goals as set out in the sector performance framework*

Components	Themes	5 years outcomes
WfP	Establish effective regulation of urban water supply and sanitation services	<ul style="list-style-type: none"> • Proportion of water utilities with revenues exceeding O&M costs increases*** • Proportion of private operators complying with regulatory obligations increases*** • Proportion of water authorities complying with performance contract obligations increases*** • Proportion of WSSBs that meet the minimum qualifications increases*** • Increase in proportion of urban people with access to improved sanitation *
	Improved Urban Sanitation and Hygiene Services	<ul style="list-style-type: none"> • Increase in proportion of urban people with access to hand washing facilities* • Environmental sanitation conditions in urban centres improved
	Improving functionality of Water for Production facilities and the prospects for sustainability (O&M framework)	<ul style="list-style-type: none"> • Functionality of WfP facilities improves and meets sector goals as set out in the sector performance framework* • Increase in the proportion of WfP facilities that have functional committees to a level that meets sector goals as set out in the sector performance framework* • Increase in the proportion of WfP facilities that are managed by the private sector.
	Construction of new dams and valley tanks to increase livestock production	<ul style="list-style-type: none"> • Improved livestock productivity • Increased cumulative water for production storage capacity to a level that meets sector goals as set out in the sector performance framework*
	Construction of new dams and valley tanks for irrigation	<ul style="list-style-type: none"> • Improved crop productivity

Components	Themes	5 years outcomes
WRM	development	<ul style="list-style-type: none"> • Higher incomes and improved livelihoods resulting from provision of WfP facilities
	Construction of new bulk water transfer systems for multipurpose use	<ul style="list-style-type: none"> • Increased cumulative water for production storage capacity to a level that meets sector goals as set out in the sector performance framework*
	Water resources coordination and sector reform	<ul style="list-style-type: none"> • Sector reform recommendations are implemented • Directorate operations at national and lower levels reflect a Catchment Based Approach to WRM • Evidence of increasing use of IWRM approaches in the planning, management and development of water resources in Uganda. Uganda’s interests in international waters are safeguarded through effective transboundary cooperation
	Improved Water resources planning and regulation	<ul style="list-style-type: none"> • A continuous increase in: <ul style="list-style-type: none"> ○ the proportion of major polluters, abstractors regulated according to the water laws and regulations. ○ the proportion of major water reservoirs and water bodies that managed and regulated according to the water laws and regulations • Compliance status in respect to water abstraction and effluent discharge reported on a regular basis.*
Improved water resource monitoring and assessment	<ul style="list-style-type: none"> • WRM information widely accessible through an annual WRM status report and hydrological year book • maintenance of a National WRM data quality assurance/management system • increasing use of current data in WRM planning 	

Components	Themes	5 years outcomes
WMZ	Improved water quality management	<ul style="list-style-type: none"> • availability of water resources particularly in threatened catchments is well defined • A continuous increase in the analytical and quality assurance capability of national and regional water laboratories • increasing use of water quality information in support of WR catchment planning. • The establishment of systems providing oversight quality assurance of water services laboratory operations • Water quality information is published and influences early decision making such that preventative action is taken.
	Improved WR management, at the WRM Zones	<ul style="list-style-type: none"> • Water resource management decisions made at catchment level are increasingly evidence based using studies and WRM information made available to decision makers • A continuous increase in* <ul style="list-style-type: none"> ○ The proportion of major polluters, abstractors regulated according to the water law and regulations. ○ the proportion of major water reservoirs and water bodies that are managed and regulated according to the water law and regulations.
	Integrated catchment-based water resources, planning	<ul style="list-style-type: none"> • WRM monitoring data quality and consistency improves over time • A continuous increase in the analytical and quality assurance capability of regional water laboratories • Evidence of increasing catchment based planning supporting the determination of water related investments

Components	Themes	5 years outcomes
ENR	Implementation of catchment based water resources management plan	<ul style="list-style-type: none"> • Catchment based water resources management/IWRM approach increasingly evident in terms of public participation in the development of CMPs • An increasing proportion of the investments and activities that are identified and guided by the catchment management plans • Increasing WRM support activities and investments directed toward improving water management and improved quality through activities including source protection, catchment conservation and improved regulation other means • Climate change adaptation measures identified in catchment management plans are implemented in priority catchments
	Strengthen the institutional capacity of DEA and its departments to implement their mandates	<ul style="list-style-type: none"> • Sector players in ENR cooperate and coordinate their activities
	Improve environmental compliance and observance of environmental laws	<ul style="list-style-type: none"> • Environmental laws and regulations are observed and enforced • ENR governance improved
	Strengthen forestry governance, regulation and compliance	<ul style="list-style-type: none"> • District forest service and environmental service units are fully operational • Proportion of forest reserves under management plans increases
	Enhance the sustainable use of	<ul style="list-style-type: none"> • Wetland coverage increases to meet the goals set out in the performance measurement

Components	Themes	5 years outcomes
Climate Change	wetlands for optimum ecological value and social benefits	framework*
	Enhance the potential of the natural resource base and restore degraded forests/wetlands	<ul style="list-style-type: none"> • Livelihoods of populations dependent on natural resources are sustained and improved
	Strengthen environmental management aspects related to oil and gas exploration and production	<ul style="list-style-type: none"> • Exploitation of oil and gas is carried out in accordance to environmentally sustainable principles
	Facilitate establishment of the Uganda National Meteorological Authority	<ul style="list-style-type: none"> • The authority becomes operational within the planned transition period
	Provide support over a three years period for REED+	<ul style="list-style-type: none"> • Provide support over a three years period for REED+ to generate knowledge about trends in forestry resources in Uganda through conducting Assessment of land use, forestry policy, carbon levels and governance. (Note this activity is for a 3 years period)
	Develop institutional capacities for climate change management in Uganda	<ul style="list-style-type: none"> • CCU is effectively assuming its institutional role • Capacity of relevant partner organisations is increased to enable achievement of the outcomes of the national climate change policy
	Establish the knowledge base for climate change mitigation	<ul style="list-style-type: none"> • Stakeholders are well informed as a result of CCU providing an effective information

Components	Themes	5 years outcomes
	and adaptation	clearing house
	Operationalise the Climate Change Policy	<ul style="list-style-type: none"> The climate change implementation strategy is translated into workplans and budgets allocated in the various different implementing agencies. **
	Coordinate, initiate and monitor climate change implementation activities in Uganda	<ul style="list-style-type: none"> Climate change activities are well coordinated using the* framework of the climate change implementation strategy***

*outcomes that are measurable through the sector performance measurement framework (golden or platinum indicators)

**outcomes that are measurable through other performance measurement frameworks e.g. MoFPED or Ministry of Public Services

*** outcomes measured by strategy processes e.g. Capacity development strategy, good governance action plan, pro-poor strategy, Gender strategy, Climate change implementation strategy etc.

EXECUTIVE SUMMARY

The Government of Uganda (GoU), represented by the Ministry of Water and Environment (MWE), and the water and environment sector Development Partners (DPs) intend to implement a Joint Water and Environment Sector Support Programme (JWESSP) from July 2013 to June 2018. The programme is a successor to the on-going Joint Water and Sanitation Sector Programme Support (JWSSPS) which ends by June 2013. In line with the mandate of MWE and the merging of the sectors the new JWESSP will also incorporate support to the environment and natural resources (ENR) sub-sector.

The proposed JWESSP will be an integral part of the national sector framework, as the core instrument for joint support in the context of a Sector-Wide Approach (SWAp) for the Water and Environment Sector. During the last decade substantial DP support to the Water and Sanitation (WSS) sub-sector contributed to the development of a sound policy, strategic planning/budgeting, implementation and monitoring framework including the implementation of a series of sector reforms. The necessary harmonised mechanisms for coordination, financial management, performance review, joint decision making and technical support are essentially in place and have been refined continuously, with gradual alignment to government systems to the extent possible. It is expected that the ENR sub-sector, which has had much less DP support in the past, will benefit from these achievements.

The objective of the JWESSP is to support the water and environment sector to achieve its targets and improve its efficiency through a consistent, harmonised sector programme that is aligned to government objectives, policies and delivery modalities. JWESSP support will thus be fully in line with the goals and targets of the National Development Plan (NDP, 2010/11 to 2014/15), Uganda's overarching national planning framework.

The JWESSP will help Uganda to approach the water and sanitation Millennium Development Goals and related NDP targets by providing access to safe water supply to at least 3.4 million Ugandans (rural: 2.5 million; small towns and rural growth centres: 0.9 million), and increasing access to improved sanitation for the same target population. It should be noted however that this is less than the demographic growth during the 5-year period (about 5.8 million people) and an increase of the percentage served cannot be expected with the envisaged level of funding.

The JWESSP will follow a holistic approach, strengthening the linkages water – food security (water for production), water – health (sanitation) and in particular water resources – environment management – ecosystem services – climate change. The main instrument to manage the latter nexus is the operationalization of catchment-based integrated water resources management through water management zones (see section 3.2 for details). Climate change adaptation aspects will be mainstreamed across all sub-sectors, based on the new Climate Change Policy. The necessary capacities will be developed based on a new, comprehensive capacity development strategy.

JWESSP support will be provided through a combination of capacity development at all levels and support to physical implementation. In line with Uganda's Partnership Policy for

implementing the NDP, it will support the implementation of national sector priorities and strategies as described in the relevant budget planning documents, work plans and sector investment plans. All support will be managed through national decision making structures, planning, budgeting, accounting and reporting systems. These systems are to be strengthened from within rather than creating parallel structures. Where the JWESSP will have specific arrangements – for pooled financing, performance monitoring and delivery of capacity development support – these will be harmonised among DPs and aligned to government systems to the extent possible.

JWESSP support will contribute to further sector development and institutional reform through sector policy dialogue and joint analytical work, focusing on policy issues such as governance, the progress of institutional reforms, the sustainability of investments, the progress of capacity development, and strategy development for sub-sectors that need stronger attention (sanitation, water resources management, ENR).

There will be 8 programme components, essentially structured by vote functions (with the exception of the WMZ component, see justification below):

- Sector Programme Support – SPS (sector and programme coordination including capacity development and support to NGO coordination)
- Rural Water Supply and Sanitation – RWSS (mainly implemented through District Local Governments with technical support and monitoring by the centre)
- Urban Water Supply and Sanitation – UWSS (focusing on small towns and rural growth centres as well as sub-sector regulation)
- Water for Production – WfP
- Water Resources Management – WRM (central level activities)
- Water Management Zones – WMZ (promoting catchment-based integrated water resources management)
- Environment and Natural Resources - ENR
- Climate Change - CC

The SPS component will include a sub-component for NGO coordination and monitoring. Funding for implementation will have to be found outside of the government systems, depending on DP interest. This would probably include separate support channels for the NGOs of the WSS and ENR sub-sector.

Rural water supply and sanitation (RWSS) is a key component of JWESSP support as it has the most significant impact on the achievement of the sector's targets in terms of access to safe water and sanitation, which are also key sector indicators in the NDP and Joint Assessment Framework (JAF), as well as the related MDG indicators and targets. Approximately 29 million of Uganda's 34 million inhabitants (85%) live in rural areas including rural growth centres (2012).

The Urban Water Supply Component encompasses all activities concerning piped water systems in small towns and rural growth centres (RGCs) as well as the development of the regulatory framework for urban water supply. Water and sewerage infrastructure in the 23 largest towns is not included as this is a responsibility of the parastatal National Water and Sewerage Corporation (NWSC), which has separate channels of support.

The Water for Production (WfP) component deals with the development and utilisation of water resources for productive use in crop irrigation, livestock, aquaculture, rural industries and other commercial uses. The WfP subsector is currently focusing on water for livestock and for small scale irrigation. For livestock the MWE is investing in Valley Tanks (VT) on individual farm properties while district local governments use conditional grant funds to construct larger valley dams. Furthermore there is a programme to construct dams for medium sized reservoirs to be used for livestock and/or irrigation schemes to be developed at a later stage. Another objective of these reservoirs is to create a strategic reserve for periods of severe drought, as response to climate change. The subsector has developed an Irrigation Master plan (2011).

Water Resources Management will be implemented through two JWESSP components, one covering the activities at the central and national level (WRM component) and one focusing on integrated water resources management at the basin and catchment level (WMZ component). The mandate of the Directorate of Water Resources Management (DWRM) is “to manage and develop the water resources of Uganda in an integrated and sustainable manner in order to provide water of adequate quantity and quality for socio-economic needs for both the present and future generations.”

The WMZ component is designed to promote the development of an appropriate institutional framework for integrated, catchment based water resources management, taking other aspects of natural resources management (e.g. wetlands and catchment protection) and climate change adaptation into account.

The CC component will focus on providing guidance, monitoring and developing institutional capacities for mainstreaming climate change but will not implement adaptation measures. The Meteorology Department will be supported temporarily (under the ENR component) until its establishment as an autonomous Agency.

Further details on the individual components are provided in the component profiles (part III of this programme document).

Within each component, JWESSP activities will be structured by Theme Areas, which are logical units for work planning, budget allocation, reporting and progress monitoring within each component. The objectives are to promote results-oriented management; focus the limited JWESSP support on key priorities; ensure consistency between targets and allocated budgets; and provide a transparent framework for monitoring and demonstrating JWESSP progress/ achievements. There are 3 to 8 Theme Areas per component.

Targeting JWESSP support is essential as the available funding is not sufficient to cover all the sector’s investment requirements. According to the analysis of the Sector Investment Plan,

DP and GoU budget allocations under the JWESSP cover approximately 50% of the public sector funding requirements for the water and sanitation sub-sector (70% including project modalities outside the JWESSP), and – unless significant additional commitments are made – only a small percentage of the needs of the ENR sub-sector.

In principle the JWESSP will be open to all Development Partners willing to support the sector through joint modalities. Within a joint coordination, monitoring and funding framework the programme allows DPs to focus on certain components, in line with their respective policies and strategic areas of support. At present the DPs contributing to JWESSP are: African Development Bank, Austria, Denmark, European Commission (EU), and Germany. Other interested DPs including France, Iceland and Norway were initially involved in the preparation process but subsequently Iceland and Norway have confirmed that they will not fund via JWESSP. France will support WfP through a project modality. Complementary DPs support through project modalities will be coordinated and harmonised with JWESSP through the existing sector governance and review mechanisms (Water and Environment Sector Working Group (WESWG) and sub-groups, DP coordination group) and, at the operational level, by the MWE departments in charge of implementation. The World Bank is committed to harmonizing approaches and coordinating activities for the Water Management and Development Programme (WMDP), with a possibility of integrating the WMDP within the JWESSP at mid-term. FAO is supporting the Climate Change Unit and also WfP.

At present, total DP funding through harmonised JWESSP modalities is estimated to be UGX 531 billion (EUR 177 million) for the period 2013/14 to 2017/18. The Medium Term Expenditure Framework (MTEF) projection for GoU budget allocations to the sector is UGX 839 billion (EUR 280 million) during the same period. As part of the DP contribution, UGX 176 billion (EUR 59 million) is funded through sector budget support and shown under the GOU contribution. The overall JWESSP sector budget is UGX 1935 billion (EUR 646 million). In parallel, projects implemented by MWE add UGX 741 billion (EUR 247 million) to sector funding. See section 9 for a detailed breakdown of the budget per component, origin of funding and financing modality.

Funding for the Water and Sanitation Development Facility (WSDF) is earmarked and to be used and accounted for as agreed in the respective bilateral agreements and/or WSDF Operations Manual. Other JPF funding is not strictly earmarked, even though it is partly subject to tentative sub-sectoral allocations. Adjustments and reallocations (e.g. to different theme areas) will be decided annually by the Water and Environment Sector Working Group (WESWG). Achievement of the results defined for the theme areas will not be linked to an automatic trigger mechanism but will be the basis for dialogue on progress and subsequent allocation decisions. These will take the causes for lack of progress into account, as these may either call for an increase of funding (if justified by additional challenges), or for a reduction of funding (if results are unsatisfactory due to capacity limitations that cannot be overcome by additional funding, or need more time to be addressed).

As most of the DP contributions are earmarked/allocated to the WSS sub-sector (water supply and sanitation, water resources management) or to climate change the scope of support to the ENR component will largely depend on additional commitments from DPs willing to support

the ENR sub-sector. Some DPs have expressed interest and it seems likely that additional support for ENR will be made available.

DP Funding for the JWESSP will be provided through four different channels, two main modalities (on-budget) – Sector Budget Support (SBS) and the Joint Partnership Fund (JPF) – and two complementary modalities (off-budget). SBS /budget support is in particular used to channel funds to the local governments and will in the longer term, when sufficient GoU funding becomes available also be the preferred channel to support the regular costs (core funding) of regulatory, water resources management and environment management activities. SBS will be provided in the context of the Joint Budget Support Framework (JBSF) and the related Joint Assessment Framework (JAF) with additional safeguards. The JPF is a pooled, ring-fenced fund managed by the MWE. JPF operations are based on government procedures in terms of financial management, auditing, reporting and procurement but funds are kept separate from treasury funds. Earmarking within the JPF is possible, so that DPs can ensure adequate funding of their priority sub-sectors. The complementary, off-budget funding modalities are technical assistance provided in kind; and DP managed programme management support for sector studies and monitoring.

The different funding modalities will be reviewed at mid-term. In principle the JWESSP aims to promote the establishment of regular government funding for routine activities such as water resources and environment monitoring and regulation, the regulation of water supply service delivery, and long-term support to local governments or service providers. In the medium term the JWESSP intends therefore to move towards the following composition of external funding modalities: SBS for decentralised funding (through local governments) and for temporary support to routine activities of a permanent nature (regulation, monitoring, deconcentrated support); JPF support for temporary expenditures related to capacity development and sector reform (non earmarked) as well as for managing investment funds for which a ring-fenced funding modality is required.

Management and steering of the JWESSP will build on the well-established arrangements of the existing JWSSPS. Overall steering, coordination and planning will be done by the WESWG (chaired by the Permanent Secretary (PS)) and its sub-groups. The annual Joint Sector Reviews (JSR) will be the main forum for performance review and the formulation of strategic undertakings. These structures will be further refined and optimised based on a critical assessment of the current setup.

Operational management of the JWESSP – including overall programme coordination, planning, reporting and monitoring responsibilities, the organisation of sector studies, reviews and meetings – will be ensured by a single programme liaison unit. The same unit will also have the responsibility for the SPS component, for the coordination of cross-cutting capacity development activities and technical assistance, and for the operational follow up on sector reform and governance agendas. Awaiting the final outcome from the institutional restructuring the liaison functions are assumed by the Water Sector Liaison Division (WSLD).

Each JWESSP component will have a Component Manager who will be responsible for planning, budgeting and reporting for their specific components. This responsibility will be aligned to the MWE's organisational structures (Directorates and Departments, Climate Change Unit).

The JWESSP is based on government systems but supports a multi-stakeholder approach where NGOs and the private sector participate in sector planning and review processes and are included in the overall capacity development concept. Activities addressing non-government stakeholders support to regulation to strengthen the private sector and Public-Private Partnership (PPP) arrangements are part of the overall JWESSP.

JWESSP operations will be based on government sector planning, reporting, procurement, contract management and financial management procedures. MWE with its three Directorates will be the implementing agency for all JWESSP components. A part of the implementation responsibilities will be delegated to the four regional Water Sector Development Facilities (WSDFs), each managed by a branch manager; a similar arrangement is planned for the emerging WMZs. District local governments, with support and guidance from MWE (through Technical Support Units (TSUs)), will be responsible for decentralised implementation activities funded through conditional grants. The sector's semi-autonomous agencies – NWSC, National Environment Authority (NEMA) and National Forestry Authority (NFA) – are not directly supported by the JWESSP but will be involved in sector dialogue, strategy formulation and institutional reforms (clarification of roles and responsibilities). Coordination with other Line Ministries will be critical in particular for the sanitation, WfP and CC components.

Fiduciary risks and governance issues are being addressed systematically by the existing Good Governance Work Group (GGWG), which reports to the WESWG. The majority of the risks are not sector specific and need to be addressed at the level of Local Governments institutional and financing framework or civil service and public financial management reforms. The sector minimizes these risks by implementing a good governance action plan and by providing technical support and monitoring through regional structures. The JPF – the most important financing channel of JWESSP – is being managed based on an Operations Manual that includes appropriate procedures and mitigation measures to minimise fiduciary risks, including external and internal auditing. The fiduciary risks related to SBS are being addressed through Uganda's JBSF with the related JAF. In addition, the JWESSP will initiate and follow up on specific studies such as value for money studies and fiduciary risks assessments.

Capacity development - The JWESSP approach to capacity development will be based on a new capacity development strategy (November 2012) which emphasizes a results-oriented, integrated approach that is not limited to human resources development and technical cooperation but based on strategic understanding of Capacity Development (CD) needs and priorities. The strategy aims to create an enabling environment taking the organisational and institutional constraints and reform requirements into account, such as decentralisation challenges, civil service conditions, staff vacancies, or institutional coordination needs. This implies also that capacity development needs to integrate across the various institutions in the

public sector as well as civil society and the private sector. CD Plans will be developed at the component/department level, taking six areas of delivery into account: Education and continuing professional development; on the job training; awareness creation (policy makers, service providers, public); institutional development (systems, procedures, staffing); improvement of managerial practice; and the promotion of networking and collaboration.

The overall coordination of CD activities will be ensured by the programme liaison unit / sector liaison (for institutional reforms) and the Policy and Planning department (human resources development, CD strategy coordination), assisted by a CD steering committee to be established. Detailed planning and implementation of CD activities will be undertaken by the operational departments at the component level.

Technical Assistance (TA) will be results-oriented and well-coordinated within the sector, in order to ensure consistent approaches. TAs will work within the institutions to be supported, i.e. anchored in MWE and if necessary in its de-concentrated structures, but without assuming primarily gap filling or controlling roles. During the first two years, there will be a number long-term strategic sector level advisors: 1 Senior Sector Advisor (institutional specialist supporting the overall programme coordination and liaison function), 1 Water Resources Management Advisor, 1 ENR Sub-sector Advisor, 1 Operations and Maintenance Advisor, 1 Water Sector Development Facility Advisor and 1 Financial Management and Governance Advisor. In addition to these there are also advisers for the Climate Change Unit and advisers provided as part of the technical assistance packages of GIZ and KFW. The need for these TA positions will be reviewed during the mid-term review. Other technical advisors and technical assistance will provide targeted support for specific institutional reforms (see component descriptions and Chapter 11 on Technical Assistance). In all cases the terms of reference (ToR) will be discussed and agreed by the WESWG. Among the priorities of institutional reform and development during the JWESSP period will be: strengthening of regulation in water supply & sanitation; the consolidation of the framework of de-concentrated entities that have been created at the regional level to provide support to local governments (TSUs), implement infrastructure investments (WSDFs), and provide backup support for operation & maintenance (Umbrella Organisations (UO)); and the operationalization of the WMZs as a framework for catchment-based integrated water resources management. In order to minimise transaction costs it will be critical to make optimal use of synergies among these various entities. De-concentrated entities for the ENR sub-sector are currently not envisaged, due to funding constraints, but cooperation opportunities with existing de-concentrated entities (WMZs, TSUs) will be used.

Key elements of the sector performance measurement framework are the well-established annual Sector Performance Reports (SPR), JSRs and Joint Technical Reviews. In addition to the general sector indicators (known as “Golden” and “Platinum” indicators) the JWESSP will monitor specific indicators related to each of the theme areas. These allow to monitor progress in terms of capacity development, milestones for sector reforms, and direct outputs that can be realistically expected with the given level of funding (input). An external mid-term review of the JWESSP will be conducted in the second half of 2014 to extract the lessons

learned, reassess technical assistance requirements and adjust the implementation arrangements for the second half of the programme.

During the JWESSP, the programme coordination / sector liaison function will be strengthened to ensure (i) adequate representation of and liaison with DWRM and the Directorate of Environment Affairs (DEA); (ii) avoid overstretching of the existing capacities; and (iii) create additional M&E capacity for monitoring the theme area indicators and related reporting. Liaison, accounting and M&E capacities also need strengthening within DWRM and DEA.

The operational coordination mechanisms between the components and with Local Governments and other Ministries will be developed and refined during the JWESSP. Critical coordination requirements are:

- DWD – Local Governments (LGs) – Ministry of Health regarding sanitation (RWSS and UWSS component);
- DWD – Ministry of Agriculture Animal Industry and Fisheries (MAAIF) – DWRM – WMZs – LGs regarding planning and implementation of water for production investments (WfP component);
- DWRM – DEA – WMZs – LGs – NEMA regarding integrated water resources management and CC adaptation (WRM, WMZ, ENR and CC components).

High-level policy dialogue on the issue of inadequate budget allocations is essential. It is important to raise awareness that key water sector targets, in particular the NDP target on safe water supply coverage, cannot be reached without higher budget allocations, and that in fact no progress at all will be made on coverage with the current level of funding, even with optimal sector performance and efficiency.

PART I – PROGRAMME APPROACH

1. INTRODUCTION

This Programme Document outlines the Joint Water and Environment Sector Support Programme (JWESSP) to be implemented from July 2013 to June 2018 by the Government of Uganda (GoU), represented by the Ministry of Water and Environment (MWE), with harmonised support from the water and environment sector Development Partners (DPs). The programme will help the water and environment sector to achieve its targets and improve its fiscal and physical efficiency through a consistent, harmonised support programme that is aligned to government objectives, policies and delivery modalities.

As a successor to the current Joint Water and Sanitation Sector Programme Support (JWSSPS, 2008 to 2013) the proposed programme can build on considerable, generally encouraging implementation experience. The existing support arrangements – essentially based on government systems combined with joint financing, monitoring/review and decision making mechanisms – have generally demonstrated their effectiveness. The programme is embedded in a larger Sector-Wide Approach (SWAp) framework that has been developed since 2002, including the establishment of the Joint Partnership Fund (JPF), a basket funding arrangement that is operational since 2003.

In contrast to the current sector support programme the future JWESSP will be extended to the Environment and Natural Resources (ENR) sub-sector, in line with the mandate of the MWE and the merging of the sectors since 2008.

The preparation processes involved four supporting studies: A strategic assessment of capacity development requirements resulting in a Capacity Development Strategy; an assessment of the options and requirements for integrating the ENR sub-sector into the planned JWESSP; a review of recent implementation experience and strategic options to support the Water for Production (WfP) sub-sector; and a study on private sector involvement in the water and environment sector.

2. SECTOR CONTEXT AND IMPLICATIONS FOR JWESSP DESIGN

The water and environment sector encompasses several key areas of development identified in the National Development Plan (NDP), which is Uganda's overarching national planning framework for the period 2010-2015. With its theme: "Growth, Employment and Socio-Economic Transformation for Prosperity" the NDP represents a focus shift towards economic growth, a priority that is reflected in the JWESSP design by increased attention to WfP.

2.1 Key sector policies, legislation and strategies for the programme

Within the overall framework of the Constitution of Uganda (1995), the policy framework for the management and development of the water and environment sector in Uganda is anchored

on a few very important documents: The National Environmental Management Policy (1994), Uganda Water Action Plan (1995), National Water Policy (1999) and more recently the Climate Change Policy (2012, draft).

Policy Framework

The National Water Policy promotes an integrated approach to the management of the water resources in ways that are sustainable and most beneficial to the country. The approach is based on the continuing recognition of the social value of water, while at the same time giving much more attention to its economic value.

The other policy documents which complement the above policies are: the Wetlands Policy (1995), the upcoming Land Use Policy; National Health Policy and Health Sector Strategic Plan (1999); National Environmental Health Policy (2005); the School Health Policy (2006); and the National Gender Policy (1997).

Recent studies have reiterated the need for updating the National Water Policy to take into account the emerging issues and dimensions of the sector at the local, regional and international level that justifies the revision and identified the need for amending the various laws and regulations that guide the water sector to take into account the changes and challenges that have emerged since these laws were put in place.

Legal Framework

The key legal frameworks that guide the management of the sector are:

- Constitution of the Republic of Uganda (1995);
- The Water Act, Cap 152;
- The Environment Act Cap 153;
- The National Water and Sewerage Corporation Act, Cap 317;
- The Local Governments Act Cap 243; and
- Land Act Cap 227.
- The Public Health Act (1964)
- The Children Statute (1996)
- The National Meteorological Authority Act (2012)

Furthermore, the Regulations and Standards that are in place to guide users include:

- The Water Resources Regulations (1998);
- The Water Supply Regulations (1998);
- The Water (Waste discharge) Regulations (1998);
- The Sewerage Regulations (1999);
- The Waste Management Regulations (1999);
- Environmental Impact Assessment Regulations (1998);
- National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations (1999); and
- National Environment (Waste Management) Regulations (1999).

Strategies and Guidelines

The water sector is further guided by a number of guidelines and strategies. These are too numerous to mention here but are listed in Annex 1.

Annex 1 provides a brief policy and strategy overview based on existing documents of the cross cutting elements of decentralisation and capacity building. It also provides an overview for each of the subsectors: environment and natural resources; climate change; water resources management; water for production; urban water supply and sanitation and rural water supply and sanitation.

2.2 Institutional framework

The Water and Environment sector consists of two sub-sectors: the Water & Sanitation (WSS) sub-sector and the Environment & Natural Resources (ENR) sub-sector. The WSS Sub-Sector comprises water resources management, rural water supply and sanitation, urban water supply and sanitation, and water for production. The ENR Sub-Sector comprises environmental management; management of forests and trees; management of wetlands and aquatic resources; and climate, weather and climate change.

The institutional sector framework consists essentially of:

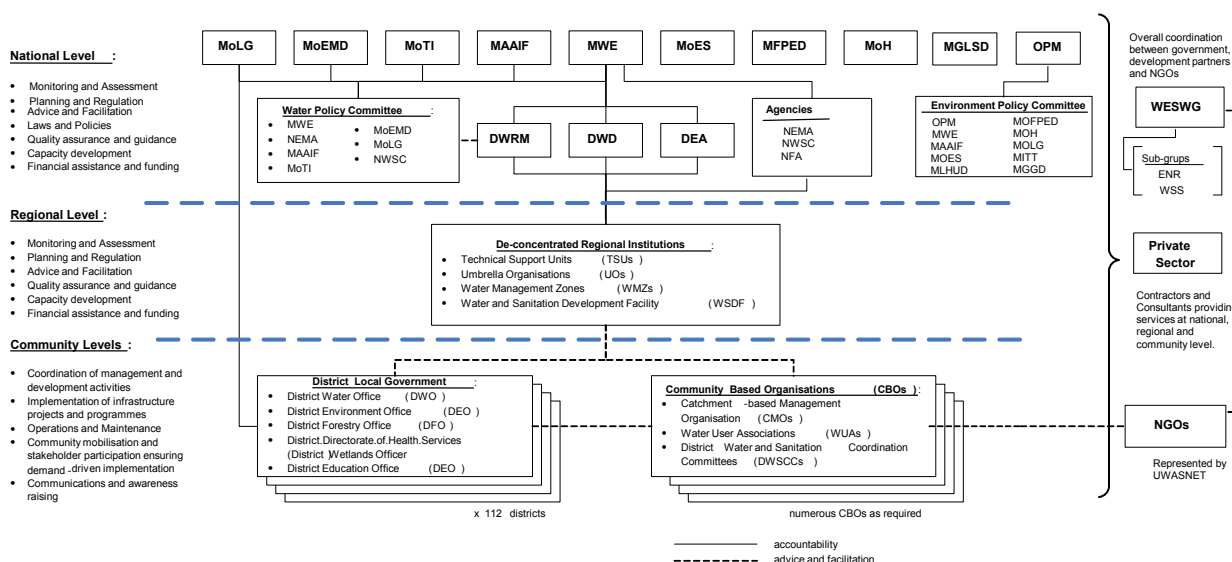
- Ministry of Water and Environment with its three Directorates for Water Development (DWD), Water Resources Management (DWRM) and Environmental Affairs (DEA);
- Local Governments (Districts, Town Councils), which are legally in charge of service delivery under the Decentralisation Act;

- A number of de-concentrated support structures related to the MWE, at different stages of institutional establishment (TSUs, WSDFs, UOs, WMZs);
- Four semi-autonomous agencies: NWSC (large towns water supply and sewerage), NEMA (environment management) and NFA (forestry) and the National Meteorological Authority (which is to be formally established 1st July 2013);
- NGOs / CBOs (coordinated through the national UWASNET secretariat) and Water User Committees / Associations;
- The private sector (infrastructure operators, contractors, consultants).

Activities in Sanitation and Water for Production (mainly focusing on agricultural and animal production) require close coordination with other Line Ministries (Ministries of Health, Ministry of Education & Sports and the Ministry of Agriculture, respectively).

The WESWG provides policy and technical guidance for the sector. It comprises representatives from all key sector institutions (Government, Development Partners and NGOs). The institutional framework for the water and environment sector, comprising MWE and its three Directorates and the parastatal organisations as well as related Government and non-Governmental organisations and stakeholders at community, district, regional and national levels is set out in Figure 2.1

Figure 2.1 Institutional set up of the sector (November 2012)



The institutional set up of the sector and more particularly MWE is under review. A draft restructuring report has been produced but has not yet been approved by the government. For the purposes of this programme and because no decisions have been made this programme

document is based on the present MWE structure and institutional set up. Any new structural and institutional changes may therefore require an adjustment in the programme.

A more detailed outline of the institutional set up is provided in Annex 2, which provides an overview of the core institutions of relevance to the sector at the national level; de-concentrated level; district level; private sector; community level. It also provides a brief overview of the sector planning, budgeting and reporting processes used in the sector.

2.3 The JWESSP within the National Sector Framework

The JWESSP will be the core framework for joint support in the context of a Sector-Wide Approach (SWAp) for the Water and Environment Sector. Already today, most significant donor support to the water and sanitation sub-sector – with the exception of water supply and sanitation in large towns under the NWSC – is being channelled through the current joint sector programme, the JWSSPS (2008-2013).

During the last decade substantial DP support to the WSS sub-sector contributed to the development of a sound policy, strategic planning/budgeting, implementation and monitoring framework including the implementation of a series of sector reforms. The necessary harmonised mechanisms for coordination, financial management, performance review, joint decision making and technical support are essentially in place and have been refined continuously, with gradual alignment to government systems to the extent possible. DP funds for JWSSPS are currently being channelled through two main funding mechanisms, both of which are on-budget: The Joint Partnership Fund (JPF), a basket funding arrangement established in 2003 that is largely aligned to government systems, and Sector Budget Support, most of which is allocated to the district local governments through District Water and Sanitation Conditional Grants (DWSCGs) and to WfP. DWSCGs, the main funding mechanism for rural water supply, are disbursed directly from the consolidated fund / Ministry of Finance Planning and Economic Development (MoFPED) to local governments, not through the MWE. These main channels of sector funding will remain the same in the future JWESSP.

The ENR sub-sector has had much less development partner support but will benefit from many of the above mentioned achievements, or at least from the experience of developing the necessary capacities and instruments for working in a SWAp environment. Since 2008 the WSS and ENR sectors have been formally merged. This is reflected in the formation of a joint WESWG and the integration of the ENR sub-sector into the sector performance measurement framework (including the JSR and the annual SPR covering both sub-sectors).

JWESSP support will be aligned to the goals and targets of the National Development Plan (NDP, 2010/11 to 2014/15), Uganda's overarching national planning framework. With its theme: "Growth, Employment and Socio-Economic Transformation for Prosperity" the NDP emphasizes the objective of promoting economic growth..

The main mechanism for coordination and joint decision making is the WESWG which includes representatives from the relevant Government institutions, DPs and the Uganda Water and Sanitation NGO Network (UWASNET). Sector performance is monitored through annual JSRs and Joint Technical Reviews, based on a set of key indicators (referred to as the ‘Golden Indicators’ for the WSS sub-sector and platinum indicators for the ENR sub-sector) and informed by a comprehensive SPR.

2.4 Challenges, key experiences and results of previous support

Challenges faced

One of the challenges of the proposed JWESSP is that certain sub-sectors tend to receive less prioritization for budget allocations both at the central and local government level. The benefits of efficient water resources management, environmental services and adaptation to climate change are less tangible and less immediate than the infrastructure-oriented results of water supply and WfP projects. This is despite the fact that many primary growth sectors as indicated in the NDP depend on sustainable natural resources and ecosystems and may be strongly affected by the effects of climate change.

The Water Supply and Sanitation (WSS) sub-sector has generally developed a conducive policy, strategic planning, performance measurement and implementation framework and made commendable efforts in terms of institutional reform and steps towards improved governance and accountability. The key challenges this sub-sector still faces include:

- Insufficient funding levels to reach the sector’s targets, including the NDP targets and the MDGs, in a context of fast population growth and low budget allocations. Reason for continued challenge: population growth and government focus on energy, transport and productive sectors.
- Slow progress on capacity development at the local government level, progress being jeopardized by the continuous creation of new districts. Reason for continued challenge: political decision to increase the number of districts is beyond the sector’s influence.
- Establishment of sustainable operation & maintenance systems, including the challenges to achieve cost recovery and to establish an effective regulatory framework for service provision – despite the efforts made to date. Reason for continued challenge: affordability in poor areas and political messages that discourage cost recovery by stating that government will pay.
- Water for Production: Need for a consistent planning and Operation and Maintenance (O&M) framework in cooperation with the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), the institutions in charge of water resources management and local governments. Reason for continued challenge: continued institutional conflict over mandates partly fuelled by a history changing division of responsibilities in the past.
- Sanitation: Even though there is now a ring-fenced budget line sanitation remains under-funded, there is a significant backlog and inter-sectoral coordination needs to be enhanced. Reason for continued challenge: political commitment at local level combined

with inadequate enforcement of bye-laws and/or regulations – where these two elements are in place there has been very good progress and sanitation and hygiene improvements have been significant.

- Water Resources Management: Inadequate compliance and enforcement of permit regulations and strong dependency on donor funding . Reason for continued challenge: a mix of factors, including capacity constraints, low funding and prioritization of the sub-sector, and lack of political support at all levels.

The essential elements of the policy, legal and strategic planning framework are also in place for the ENR sub-sector. The main challenges in this sub-sector are:

- Policy and capacity gap: Gap between the existing policy framework and the capacities available for its implementation. Reason for continued challenge: Compared to the WSS sub-sector the ENR sub-sector is currently weak, highly fragmented and underfunded, and short of experience of coordination and working cooperation¹.
- Conflicts with respect to the institutional roles and responsibilities (in particular between DEA and NEMA), Reason for continued challenge: These challenges are not unique to Uganda and the environment sectors in most countries experience similar problems in division of responsibility between the ministerial environmental functions and the functions of environmental protection agencies e.g. should all environmental regulation be under NEMA or should DEA retain some regulatory responsibilities?
- Governance issues, and lack of enforcement of laws and regulations. Reason for continued challenge: the natural resources of Uganda are one of its many sources of national wealth and under intense private sector development and political pressure. Environmental regulations are not yet fully enforced and are seen in some areas as interfering with economic growth as well as powerful vested interests.
- Low institutional capacities and insufficient funds for effective supervision. Key emerging issues such as oil & gas exploration cannot be addressed appropriately due to these weaknesses. Reason for continued challenge: Continued underfunding makes it unable to fulfil its mandate.

During the last 5 years the situation in Northern Uganda has become stable enough that it is not considered necessary to include specific arrangements or a specific component in the JWESSP. The specific challenges of the North will however be taken into account in the implementation and capacity development strategies.

Key experiences

¹ The DPs involved in the preparation process have all expressed their willingness to extend capacity development support to the ENR sub-sector. However, as most funding is bound to the WSS sub-sector the scope of the ENR component will strongly depend on whether additional DPs show interest to finance the sub-sector. Support to the ENR sub-sector seems possible from World Bank and other DPs but no commitments have been made.

The design of the JWESSP is essentially based on the considerable experience of joint programme support to the Water and Sanitation sub-sector (WSS), where consistent, harmonised support to an increasingly well developed, Government-led sector programme over more than a decade has helped to develop robust structures and capacities. Major milestones were the launch of the JPF in 2003 and the joint formulation of the on-going JWSSPS (2008-2013). A Mid-Term Review (MtR) for the JWSSPS was held from November 2009 to February 2010 and provided an independent and detailed review of the key experiences and results of the previous support. The review was generally positive, stating that *“overall, the JWSSPS seems to be working effectively.”* *“It has made use of and has strengthened existing government systems, has followed government policies and strategies and respected divisions of responsibility, and has avoided the unilateral introduction of innovations.”* *“The implementation modalities are fully aligned with government procedures, and the Programme has harmonised the contributions of the Development Partners according to the requirements of the Paris Declaration.”* When asked to provide their views on the JWSSPS experience and lessons learned in August 2011, both Government and DP representatives stated that generally JWSSPS has worked well and has achieved its objectives to improve DP harmonisation and alignment to government procedures as well as in terms of capacity development. Dialogue between the key sector stakeholders is well developed and has promoted a culture of accountability and learning from experience. The Sector Performance Measurement Framework is generally seen as appropriate.

Against this generally positive background the MtR also provided a number of critical remarks, suggestions and recommendations; these have been reviewed and taken into account in the development of the concept for JWESSP. A summary is given in Annex 3 and the key points with their implications for the JWESSP are listed below.

General effectiveness and pertinence of JWSSPS – the JWSSPS worked well and the approach should be continued for the JWESSP.

Funding modalities – the combination of JPF and SBS have given a good balance between strengthening government systems and providing sufficient flexibility to fund areas that the government is not ready to fund e.g. the de-concentrated entities. The mix of modalities should be continued for the JWESSP.

Fiduciary Risks – there are some risks which cannot be addressed by the Sector on its own. DPs will need to actively engage with the JBSF and the Public Expenditure and finance Assessment (PEFA) processes. Even though the sector has taken initiatives with the good governance working group and the value for money studies, the DPs will still need to be very active in governance issues.

Per capita investment costs – the unit cost of the sector are reasonable internationally and compared to the NGO level of costs. Although efficiencies will still be possible the main issue is functionality.

Inadequate Progress is being made on safe water coverage – the main problem is inadequate financing. The DPs will need to be more active in their dialogue with government on increasing financing of the sector.

Ineffectiveness of capacity building at the local government level – the increase in the number of districts has led to a dilution of capacity and ability to effectively use sector resources. JWESSP will need to strengthen its contribution to capacity development also at the local government level.

Sector Performance Measurement Framework – the framework is appropriate and should continue to be used with additional focus on the accuracy of data.

Funding of de-concentrated sector support structures – these entities are essential for the sector yet they are not yet part of the ‘approved’ MWE structure and therefore government is not yet ready to finance them through the normal recurrent wage budget. The JWESSP should through the JPF be prepared to support these structures for another phase of funding with the prospect that the burden of funding is taken over by government once the structures have been formalised where appropriate.

Sustainability of infrastructure investments – the functionality of facilities is the main concern, the JWESSP should improve functionality through contribution to capacity building and adjustment of operation and maintenance strategies, especially through the JPF funding.

Coordination and functionality of water for production – water for production is a very high priority for the GoU. However there is a need to improve coordination particularly between water and agriculture and to improve on the feasibility assessments.

Sanitation component - Sanitation has long suffered from lack of prioritization (by Local Governments and other stakeholders), insufficient coordination between the Ministries involved, however in FY 2011/12 a dedicated budget line under the water grant now exists with funding to the tune of UGX 2 billion annually. The MoH is also sending grants to about 17 districts with support from the Global Sanitation Fund. The National Sanitation Working Group spearheaded the preparation of a range of policy papers and studies, including 10-year strategies for Integrated Sanitation and Hygiene (ISH, 2006), Ecological Sanitation (2008) and Financing Strategy for ISH in Small Towns (2010), which form an adequate strategic framework for the sanitation activities under the JWESSP.

Coordination in Environment and Climate Change – the institutional set up for environment and climate change is complex. These areas need to make use of mainstreaming strategies. The JWESSP should focus on support development mainstreaming strategies.

Funding of the WRM sub-sector – the WRM sub-sector is vulnerable to funding uncertainties due to budget cuts as most of its activities are recurrent in nature. To ensure the continuity and integrity of programmes already started it will be necessary for the JWESSP to ensure minimum levels of funding for the sub-sector through the JPF.

Results achieved

The results achieved by the sector as a whole and attributable in part to the contribution of the JWSSPS are summarised and reported on in the annual sector performance reports. A summary of the results obtained in the period (2007/8 to 2011/12) is given in table 2.1.

Across most of the parameters, the results achieved have met targets or have made significant progress. The concrete results can be summarised as:

- Approximately 1 million additional people served by rural water supply per year (including rural growth centres)
- Approximately 100,000 additional people served by urban water supply per year
- Approximately 1.5 million additional people served by rural sanitation per year
- Approximately 80,000 additional people serviced by urban sanitation per year

These figures are approximations based on the sector performance reports and take into account both DP finance, GoU finance, NGO finance and self-supply (particularly for rural sanitation).

The areas where targets have not been met are:

- Sanitation coverage and hand washing – particularly in schools
- Equity in persons per water point
- Active functioning management committees
- Gender of committees
- Water resources compliance

Indicator		Achievements		Target	Comment	
		07/08	11/12	11/12	12/13	
		1. Access % of people within 1 km (rural) and 0.2 km (urban) of an improved water source		Rural	63%	64%
		Urban	61%	69%	68%	Target exceeded
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 towns)		Rural	82%	83%	82%	Target reached
		Urban	89%	84%	85%	Not met - reducing level
		WfP	23%	67%	33%	Improvement due in part to removing finished assets
3. Per Capita Investment Cost Average cost per beneficiary of new water and sanitation schemes (US\$)		Rural	\$44	\$44	\$52	Target exceeded
		Urban	\$93	\$38	\$77	Target exceeded
4.1 Sanitation % of people with access to improved sanitation (Households).		Rural	62%	69.6%	73%	Improvement but behind target
		Urban	74%	81%	85%	
4.2 Sanitation: Pupil to latrine/toilet stance ratio – schools (from DHI reporting)			47:1	69:1	50:1	Not met - reducing level
5. Water Quality % of water samples taken at the point of water collection, waste discharge point that comply with national standards.	Protected Source – Rural	E.coli (from WQD)	-	93%	95%	There is not enough data to compare meaningfully as some of the indicators are new. The general picture is that the targets have not been reached but the shortfall is not alarming.
	Treated Drinking Water Supply - Large Towns	E.coli (from NWS C)	97%	100%	100%	
		Colour (from NWS C)	-	88%	95%	

Table 2.1 Results 2007/8 to 2011/12			Achievements		Target	Comment
Indicator			07/08	11/12	11/12	12/13
	Wastewater (from WQD)	BOD ₅	68%	40%	55%	
		Phosphorus	-	-	45%	
		TSS	67%	45%	65%	
6. Cumulative water for production storage capacity (million m ³)			-	27.2	22	Target exceeded
7. Equity Mean Sub-County deviation from the National average in persons per improved water point			-	160	155	Target not met
8. Hand washing % of people with access to (and using) hand-washing facilities.	Household (rural)	21%	27%	28%	Target exceeded	
	School	41%	35%	37%	Not met - reducing level	
9. Management % of water points with actively functioning Water & Sanitation Committees (rural/WfP)/Boards (urban).	Rural	65%	72%	75%	Significant improvement but target generally lagging (except WfP)	
	Urban	65%	73%	92%		
	WfP	31%	79%	70%		
10. Gender % of Water User committees/Water Boards with women holding key positions.	Rural	63%	82%	75%	Target exceeded	
	Urban	18%	45%	47%	Improvement but behind target (assumed for WfP)	
	WfP	-	57%	75%		
11. Water Resources Management Compliance % of water abstraction and discharge permits holders complying with permit conditions (note that before FY 2011/12, indicator referred to permit validity only; this	Waste water discharge		22%	49%	Target not met	
	Surface water		60%	71%		

Table 2.1 Results 2007/8 to 2011/12 Indicator		Achievements		Target	Comment
		07/08	11/12	11/12	12/13
year, for wastewater discharge, % compliance was taken).	Groun dwater		60%	71%	

Source of information mentioned between brackets

2.5 Strategic conclusions from the sector analysis

In order to respond to the sector challenges and learning from the experience of the JWSSPS DPs can add value to:

- Funding support
- Capacity development support and provision of technical assistance
- Policy dialogue

2.5.1 Funding strategies

Maintain the Joint Partnership Fund (JPF). The JPF was originally established as an instrument for harmonised capacity building support and has become a key instrument for joint sector funding that is largely aligned to government systems. Preparatory stakeholder consultations for the JWESSP formulation process found that there is a clear sector preference and high demand for the JPF support modality, not only as a harmonised funding modality for capacity building but also for major multi-year infrastructure investments that cannot be handled adequately by local governments; for ensuring a reliable flow of funds to de-concentrated or regionally based sector support institutions, which are not yet ‘approved’ GoU structures; and to provide targeted support to sub-sectors that receive less prioritization (water resources management, environment, climate change, sanitation). The JPF is appreciated by both Government and DPs for its accountability, reliability and flexibility; transaction costs are reduced by harmonisation. Being under the full control of the sector’s joint decision making mechanism it is a very appropriate instrument to channel donor sector funding in line with the sector priorities and goals. All sector stakeholders as well as the MTR team therefore agree that this financing instrument is still required in the short and medium term. One of the important advantages is that the JPF is a mechanism that is acceptable for most DPs, including those that are not able or not yet ready to provide (sector) budget support². It has already demonstrated its attractiveness for (new) sector donors and might attract more much-needed DP support for both the WSS and the ENR sub-sectors.

However, it is important that a greater percentage of the JPF funding than is currently planned becomes unearmarked. At present a very high percentage is earmarked which takes away from the flexibility that the fund was intended to have.

Continue to provide Sector Budget Support (SBS). SBS is by definition not earmarked for specific components or activities but is in particular used to channel funding for sector activities and investments to be implemented by District Local Governments, in line with Uganda’s decentralisation policy. Under the current JWSSPS transition to SBS was also

² As sector earmarking of budget support is notional, there is no substantial difference from general budget support. The difference is essentially limited to sector specific monitoring and assessment mechanisms.

planned for the support to WRM but has been postponed, mainly due to fears that budget allocations and disbursements for WRM would not be reliable enough to ensure continuous and effective operations. The JWESSP will aim to firmly establish core funding of WRM and ENR sub-sectors in the GoU budget, in order to avoid that these activities depend on permanent donor support. During the JWESSP a decision will be taken on whether to support the transition by providing some of the support for these sub-sectors as SBS while JPF funding would still be available for capacity development, institutional building and strategic planning activities.

Managing fiduciary risks. The main fiduciary risks lie with SBS as this is out of the direct control of the DPs. It is recognised that fiduciary risks particularly at local government level are outside the direct control of the sector. The JWESSP will as part of the joint donor support to Uganda manage the risks through the JBSF process and the various instruments that are part of this framework. In addition the JWESSP will through the JPF fund special studies such as value for money studies that focus on sector performance in improving fiduciary practice. The DPs will take an active role in promoting good governance in the sector using the sector good governance working group as the main entry point.

Additional safeguards for SBS over and above those provided for under the JBSF have been agreed between MWE and the DPs. These safeguards are:

- An annual technical audit of investments and activities funded through the District Water Supply and Sanitation Conditional Grant. The Audit will be based on a sample.
- An annual procurement audit of investments and activities funded through the District Water Supply and Sanitation Conditional Grant. The Audit will be based on a sample.
- A quarterly monitoring of district quarterly reports assembled by the Technical Support Units for the districts under their area of service.

ToR for these studies will be developed before the start-up of the programme in July 2013.

2.5.2 Capacity development support and provision of technical assistance

Plan the support based on the current MWE structure and institutional framework. As mentioned earlier, there are no decisions taken yet on the future structure of the MWE. In discussion with the MWE it has been decided that the working assumption of the JWESSP is that it should be designed based on the current MWE structure and institutional arrangements both those that are fully established in the GoU set up and those such as the deconcentrated entities which are not yet formally recognised as part of the MWE structure.

Support capacity development through a government owned sector wide capacity development strategy. In the past capacity development has not been guided by a single sector strategy but has tended to be ad hoc, has failed to deliver cumulative benefits and has on occasion led to duplication. As part of the JWESSP preparation the GoU with the support of DPs has developed a capacity development strategy that emphasises the need for capacity and institutional changes and reforms to work together. The strategy will be government led,

results orientated and demand based. The JWESSP through the JPF will support the implementation of this strategy.

Intensify capacity development in response to creation of new districts. The sector cannot control or reverse the creation of districts. The JWESSP will assist the sector in responding to the capacity challenges of new districts by intensifying the building of capacity at local government level based on the new Capacity Development Strategy. An important element of this strategy will be to make use of TSUs and other de-concentrated entities to strengthen local government.

2.5.3 Policy dialogue

The policy dialogue role of the DPs could be strengthened by better harmonization between the DPs. Contributory reasons include: turnover in DP representative staff led to discontinuity; the issues should be better prioritised so issues are focused on the key issues – Few DPs provide continuity for longer than 3 years and in a few cases DP staff have been changed more frequently³. This is also important concerning issues that require policy dialogue outside the sector.

In response to the challenges faced by the sector, a limited number of potential dialogue issues are prioritised below, water for production is included but as the main funding is GoU and DP project modalities the leverage of DPs may be limited in practice. Annex 4 outlines a more detailed justification and action matrix which will need to be refined over time.

Rural water supply and sanitation

- District capacity – resources are being spread thinly due to the creation of new districts. This is beyond the control of the sector/MWE. It will be a challenge to find the most effective and efficient ways to achieve the sector objectives and support the implementing this GoU policy.
- Value for money – effective monitoring to identify causes of rising unit costs, and are procurement problems being resolved?
- Functionality – is the community based maintenance strategy working, does it need adjustment, are there problems in the implementation of the strategy that are being dealt with?
- Additionality – are sufficient funds being put into the system of district water and sanitation conditional grants by the GoU to meet national targets for the sector?

³ These findings derive from the DP retreat of 2009/10 and the self-assessment that was part of this retreat

Urban water supply and sanitation

- System capacity – A very high percentage of schemes (67%) have reported use of system capacity of less than 50%. This is in conflict with a key principle of “some for all instead of all for some” of the pro-poor strategy of 2006. Furthermore, this usually leads to higher O&M costs than necessary.
- Access for the urban poor – the urban poor often experience difficulties accessing piped water in small towns and rural growth centres. According to the pro poor strategy of 2006 the poor who use public water points and authorised yard taps should not pay more for water than other better served customers. How could this be put into practice?
- Weak regulation of Urban water and sanitation services – what are the root causes and have agreed plans to improve regulatory performance been implemented? If not what response has there been?
- Limited supervision capacity of Water Supply and Sanitation Boards – what improvements have been implemented especially in terms of controlling the costs of water production, operation and maintenance and water quantity & quality plus reliability of services.
- Absence of an integrated approach to ensure functionality and sustainability of sanitation services – are there sufficient incentives to ensure an integrated approach?
- Sustainability of the Umbrella Organisations – for how long will the sector be able to afford to subsidise O&M especially as more and more piped systems are put into place.

Water resources management

- De-concentrated or catchment based water resources management strategy and implementation – are there enough funds to continue this approach, can it be scaled up, will it have enough impact at the present scale?
- Compliance and enforcement – is there evidence of improving compliance?
- Funding levels – how is advocacy for greater funding and proof of value for money progressing?
- Coordination mandate of the WMZs – will the WMZs have sufficient institutional influence and mandate coordinate the various stakeholders?

Water for production

- Low level of functionality – are schemes being rehabilitated that might fall into disrepair once again? Are new schemes being built when it would be more economical to rehabilitate old schemes.
- Feasibility studies – are the feasibility studies strong enough technically, economically, socially and institutionally, do they provide a robust analysis of the risks?

- Crowding out of private sector – does the force account method of implementation potentially crowd out private sector actors that could be the best prospect for future expansion and maintenance of the schemes.

Climate change mainstreaming and adaptation

- Slow progress on mainstreaming – are the opportunities and obstacles well understood and being addressed?
- Climate change policy – is the policy being implemented as intended?
- Coordination – are the coordination mechanisms working as intended?

Sector performance and capacity development

- Anchorage of capacity development and coordination of reforms – have decisions been made on anchorage of capacity and reforms?
- Implementation of the capacity development strategy – is the strategy leading to more effective use of capacity development support?
- Introducing political economy and institutional performance – are readiness assessments and other results based tools being used to ensure better use of capacity development support?
- Linking performance to expenditure and comparison with the Sector Investment Plan (SIP) – is expenditure policy loyal (effectiveness) and does the sector gain the required level of results from the funds made available (efficiency)?

3. PROGRAMME OBJECTIVES AND STRATEGIC APPROACH

3.1 Overall objectives

The objective of the JWESSP is to support the water and environment sector to achieve its targets and improve its efficiency through a consistent, harmonised support programme that is aligned to government objectives, policies and delivery modalities.

JWESSP support will be fully aligned to the goals and targets of the National Development Plan (NDP, 2010/11 to 2014/15), Uganda's overarching national planning framework. This includes the water supply and sanitation targets of 77% rural coverage and 100% urban coverage to be achieved by 2015, as well as the NDP goals in the areas of water for production, water resources management, environment/natural resources management and climate change. However, the fact that these sector targets cannot be reached with the current level of funding and budget allocations needs to be highlighted and addressed through high-level dialogue between the government and the sector DPs.

The JWESSP will also help Uganda to achieve the water and sanitation Millennium Development Goals⁴ by providing access to safe water supply to at least 3.4 million Ugandans (rural: 2.5 million⁵; small towns and rural growth centres: 0.9 million), and increasing access to improved sanitation for the same target population. It should be noted however that this is less than the demographic growth during the 5-year period (about 5.8 million people) and an increase of the percentage served cannot be expected with the envisaged level of funding.

The JWESSP also aims at increasing food security through developing an effective enabling framework for the integrated management of water resources and the environment in a context of climate change and increasing demographic pressure (see section 3.2).

To achieve this the JWESSP will follow a holistic approach, strengthening the linkages

- water – food security (water for production);
- water – health (sanitation); and in particular
- water resources – environment management – ecosystem services – climate change.

See the next section (3.2) for further details on this latter nexus.

The JWESSP will support the achievement of the targets for the platinum and golden indicators. These are stated in full in Annex 4. At present the targets only reach 2014/15 as this coincides with the government's 3 year planning cycle and the 2015 MDG targets. Targets for 2018/19 will be set in 2015. In the meantime Annex 4 provides a pro-rata estimate where possible or meaningful.

The JWESSP will support national sector priorities, strategies and investment plans as described in the relevant budget planning documents, work plans and (sub-)sector investment plans. The added value of the JWESSP is mainly to provide a framework for harmonised support and strong accountability, and to discuss and monitor progress on the sector's reform agenda.

3.2 Integration of water, environment and climate change adaptation

An integrated approach to environment, water resources management, water development and climate change is crucial for the whole sector. Water supply, water for production, sanitation, forestry, wetlands and environmental management are highly interdependent. Their interplay and sound management are further essential for sustained economic growth, the transition towards a green economy, energy production and regional stability.

Opportunities - Uganda at the headwaters of the Nile is water rich with huge opportunities for hydropower development, livestock production and agribusiness based on high value

⁴ The MDG target (2015) for drinking water supply is 72% according to figures of the Unicef-WHO Joint Monitoring Programme (JMP). This has already been reached according to JMP figures (different methodology based on statistical household surveys) but not according to the MWE's data. The Sector Performance Report of 2012 reports a national coverage of 64%, without significant progress since several years due to insufficient funding and population growth.

⁵ This figure do not include provision of water supply funded by NGOs

irrigated crops. Against the backdrop of the water, energy and food security nexus, balancing the different demands and potential is a challenge - entailing both risks and opportunities. Managing this challenge in such a way that opportunities are harnessed and risks well mitigated is a centre piece of developing a green economy in Uganda. Water resources have been supported by DPs since the early 1990s. During this time the sector has made significant gains in more effectively assessing, regulating and managing its water resources in an integrated way that now need to be consolidated.

There is still time for Uganda to adjust and adapt and pilot “no regrets” and/or “low regrets” actions for adapting to climate change. Robust adaptation to climate change will contribute to peace and security in the troubled and arid areas in the North of the country by better securing livelihoods that are to a large extent based on access to water supply and natural resources including forests.

There are also opportunities already now for Uganda to transition in the longer term towards a low carbon economy and to access international funding for this purpose. With the recent drafting of the long awaited climate change policy and strategy there is an opportunity for the Climate Change Unit to raise awareness and improve coordination and oversight using the tools and approaches outlined in the strategy. With the impetus of the new policy and strategy are also new opportunities, which should not be lost, to promote mainstreaming of climate change actions in all relevant sectors.

DPs have supported the climate change unit since in 2008 with a focus on mainstreaming climate change adaptation. This important but difficult task needs significant and consistent support if breakthrough progress is to be made. Bringing the Climate Change Unit into the JWESSP and linking its funding to be through JPF instead of earlier individual project modalities will assist in a process of harmonizing funding to climate change which will increase flexibility for the unit and its partners in government as well as reduce transaction costs.

Now and for the next 5 years, with climate change policies in place, with progress in peace and security in the North and with prosperity and government revenues rising, is the time for the country to harness the skills, resources and mandates of key ministries to ensure environmentally sustainable and climate change aware social and economic development. Building on past support, DP assistance to these critical areas of water resources and climate change will help consolidate advances already made and be catalytic in directing the country towards a more sustainable path.

Challenges - The sector will also need to address new challenges such as protecting vulnerable aquifers from oil and gas pollution. Uganda faces a range of climate change induced threats. The arid and water stressed areas in the North and East of the country are highly vulnerable to even small changes in rainfall and large low lying areas of the country are prone to flooding.

Challenges that the new climate change policy and strategy have identified in the water sector include how to more effectively: Promote and encourage water harvesting and efficient water utilisation among individuals, households, institutions and sectors; promote and strengthen the conservation and protection against degradation of watersheds, water catchment areas, river banks and water bodies; promote Integrated WRM (including underground water resources), including contingency planning for extreme events such as floods and drought; ensure that all guidelines for infrastructure/hydraulic works (i.e., water for production, piped water supply schemes and conditional grants guidelines for support to point sources protection) mainstream climate change; improve and strengthen transboundary cooperation regarding water resources management; support institutional and human capacity building in water resource use, development and management and, strengthen water resource monitoring networks and flood warning systems.

Operational framework at the local level - Developing and piloting an effective and operational framework for the integrated management of water resources, other natural resources, and climate change adaptation measures is one of the strategic priorities of the JWESSP. Past support was focused at the central level (in water resources management), was insufficient (ENR sub-sector) or is still at an early stage (establishment of the Climate Change Unit (CCU)), while the institutional responsibilities were partly overlapping (e.g. in environment management) and not matched by adequate capacities at the Local Government level. This resulted in a serious lack of operational structures for implementation and impact on the ground. Not surprisingly compliance with water resources and environmental regulations is low and the arrangements for monitoring and enforcement are insufficient.

One of the key structures to overcome the above shortcomings and create field capacities are the recently created WMZs, which are established and staffed but not yet fully operational. To promote the institutional establishment and operationalization of WMZs this will be managed as a separate, dedicated component of the JWESSP. WMZs will handle all aspects of water resources management (planning, monitoring and regulation, water quantity and quality) as well as related aspects of environment and natural resources management (catchment and wetland protection), including stakeholder awareness raising and support to Local Governments in these fields. All to be operationalised through catchment planning processes.

Last but not least WMZs will be the appropriate institutional structures to mainstream the Climate Change Policy and pilot, support or coordinate the implementation of climate change adaptation measures, as the CCU's mandate is limited to the policy, guidance and coordination level.

Operational examples of how coordination between water supply, WRM, WfP and climate change interventions are put into effect -

- WfP is the biggest user of water so it is important that hydrological data is accurate in order to allow effective planning - this also holds true for water supply because although the demand on water resources is less the consequences of shortfall can be greater. Granting of water rights should very carefully consider the most economic and socially beneficial uses of limited water resources.

- Water is the medium through which climate change will be most immediately felt – climate change will alter the availabilities of water and effective adaptation will require longer term planning to mitigate the effects of both drought and floods.
- For water supply and WfP the control is basically through the granting of water rights (no large water supply or WfP scheme will go ahead without a professional assessment and legal approval by DWRM).
- WRM will interact with CCU on groundwater and surface water data. CCU will provide information to WRM on rainfall, extreme events and likely temperature that will allow DWRM to make better hydrological assessments as the basis for developing catchment management plans and issuing/adjusting water rights.
- The catchment protection guidelines by the DWRM will be scaled-up under the recently approved Water Management and Development Project to be implemented with support from the World Bank.
- The CCU is governed by a steering committee that includes representatives from WRM, WfP and water supply.
- The CCU will as part of the climate change policy and action plan, vigorously mainstream climate change into WRM, water supply and WfP activities
- All investments should follow environment and climate change mainstreaming practices which should be incorporated into the current implementation guidelines for the district local governments.
- The Ministry of Local Government (MoLG) has developed mainstreaming guidelines for ENR which are relevant especially for the Catchment Management Organisations (CMOs).

3.3 Outline of support strategy and programme design

Overall strategy

JWESSP support will be provided through a combination of support to physical implementation, capacity development at all levels - based on a new capacity development strategy, and policy dialogue aimed at advancing sector reforms and addressing persistent areas of concern and weakness in the sector.

The design and support strategy of the JWESSP are essentially based on the considerable experience of harmonised support to the Water and Sanitation sub-sector and is a direct successor of the current Joint Water and Sanitation Sector Programme Support (JWSSPS, 2008 to 2013). As JWSSPS implementation and financing modalities have been rated favourably by all the partners involved, the JWESSP will essentially be designed along the same lines, as far as coordination and decision making mechanisms, the mix of funding modalities, the capacity building approach and performance measurement are concerned.

A significant change is that the new programme will include the ENR sub-sector, as a result of the merger of the two sectors in 2008. The ENR sub-sector, seriously underfunded and

much less supported in the past, is considerably lagging behind in terms of institutional capacity development. Extending JWESSP support to the ENR sub-sector is however limited by the fact that most of the participating DPs have earmarked their funding for the water and sanitation sub-sector, or to climate change. Water sector donors agree to limited support ENR capacity building but reallocating a significant part of their support to the ENR sub-sector would not be acceptable. Further support to the ENR sub-sector will therefore depend on the interest of DPs to allocate the required funding.

The programme will be designed in line with Uganda's new Partnership Policy for implementing the NDP. Government ownership and leadership of the JWESSP will be achieved through maximum alignment to government policies and strategies as well as management systems and procedures. The JWESSP will support national sector priorities and strategies as described in the relevant budget planning documents, work plans and (sub-) sector investment plans. All support will be managed through either national or joint structures for decision making, planning, budgeting, accounting and reporting⁶. These systems are to be strengthened from within rather than creating parallel structures. Investment planning will be based on (Sub-)Sector Investment Plans and budget planning documents (MTEF, Budget Framework Paper, Ministerial Policy Statement). Details of the activities to be supported will be developed through these regular planning and decision making procedures and work plans, not in a separate JWESSP programme. The programme will respect divisions of responsibility – with programme components essentially aligned to administrative responsibilities – and will not unilaterally introduce innovations. The de-concentrated structures to be supported will be developed with a long-term view to create national institutional structures with clear mandates, not to be mistaken as JWESSP implementation units. Where the JWESSP will have specific arrangements – for pooled financing, performance monitoring and delivery of capacity development support – these will be harmonised among DPs and aligned to government systems to the extent possible.

In this context the JWESSP will aim to strengthen coherence of sector targets, workplans and budget. At present, mainly due to low funding levels, operational annual budgets and workplans do not match with the national targets (NDP) and sector investment plans (SIPs). This will be addressed by the concept of theme areas with dedicated output indicators that are linked to the available funding (see section 5).

Within the existing sector governance structure there is adequate room for sector policy dialogue and joint analytical work. These will focus on key policy issues such as governance, the progress of institutional reforms (separation of functions, improved regulation), the sustainability of investments (O&M arrangements including cost recovery), the progress of capacity development in particular in the ENR sub-sector, budget allocations, attention to activities or sub-sectors that tend to be neglected (sanitation, water resources management,

⁶ The Joint Partnership Fund (JPF) has its own budgeting, accounting and reporting mechanisms but these are aligned to government systems to a large extent.

ENR), and the development of an enabling framework to strengthen the private sector and Public- Private- Partnership (PPP) arrangements.

The JWESSP will encompass most significant DP support to the sector, with the exception of the World Bank water sector programme that will not be part of joint financing modalities due to the specific WB requirements; however, this programme will be coordinated closely with the JWESSP and subject to revision at the mid-term JWESSP review.

In principle the JWESSP is open to all DPs willing to support the sector through joint modalities. Within a joint coordination, monitoring and funding framework, the programme offers flexibility for DPs to focus on certain components, in line with their respective policies and preferred strategic areas of support. At present the DPs contributing to JWESSP are: African Development Bank, Austria, Denmark, European Commission (EU), and Germany. Other interested DPs including France, Iceland and Norway were initially involved in the preparation process but subsequently Iceland and Norway have confirmed that they will not fund via JWESSP. France will support WfP through a project modality. Complementary DPs support through project modalities will be coordinated and harmonised with JWESSP through the existing sector governance and review mechanisms (WESWG and sub-groups, DP coordination group) and, at the operational level, by the MWE departments in charge of implementation. The World Bank is committed to harmonizing approaches and coordinating activities for the Water Management and Development Programme (WMDP), with a possibility of integrating the WMDP within the JWESSP at mid-term. FAO is supporting the Climate Change Unit and also WfP.

Composition of components and focus themes – the core strategy of the JWESSP will be to support in principle in a sector wide approach across the full mandate of the sector. This means that support will be directed towards all the votes and functions of the sector excepting those for the parastatal agencies NEMA and NFA).

- Vote 019 (Ministry of Water and Environment),
- Vote 150 (National Environment Management Authority, NEMA) and
- Vote 157 (National Forestry Authority, NFA).

Under Vote 019 there are seven Vote Functions, namely

- VF-01 (Rural Water and Sanitation),
- VF-02 (Urban Water Supply and Sanitation),
- VF-03 (Water for Production),
- VF-04 (Water Resource Management),
- VF-05 (Natural Resource Management),

- VF-06 (Weather, Climate and Climate Change and Policy) and
- VF-07 (Planning and Support Services).

There is thus in principle one component for each of the 7 vote functions with the WRM vote function (Vf-04) being split into 2 as this is the strong preference of the sector and considered necessary to ensure a proper focus on local de-concentrated or catchment based WRM.

Component priority areas (Themes) are selected in order to focus JWESSP support in terms of capacity building, technical assistance and policy dialogue. These themes are not intended to necessarily be fixed and unchangeable for the 5 year period. The themes are chosen to reflect the major challenges faced by the sector and where there is evidence that the JWESSP is able to make a difference. Each component has up to 8 themes. In practice further prioritising the areas at least in terms of phasing and focus will be considered because there is a danger that by addressing all the issues at once the sector will achieve less - but it is also appreciated that none of the areas can be ignored. As they are both informed by the challenges of the sector and what can be realistically attained by external assistance, the themes are closely linked to the policy dialogue areas. The policy dialogue areas are a sub-set of the themes in that the themes can in practice be advanced by a combination of funding, capacity building/technical assistance and policy dialogue.

Definition of targets and phasing of interventions – the overall sector targets in each component area are set by the sector performance framework (golden and platinum indicators). As mentioned earlier the official targets are only set for 2014/15, however Annex 4 provides a rough estimate of pro-rata targets for 2018/19. These estimated targets will need to be reset as part of the normal performance measurement procedures probably during 2015, taking into account progress already attained closer to the time and funding made available in practice by government and DPs.

More concretely each year the Ministerial Policy Statement (MPS) will set out very specific output targets that are linked to the funding made available for that financial year. These outputs which are specified per vote function form the official workplans and budgets of the sector and are the targets which the sector is legally held accountable for.

A phasing strategy for the JWESSP has been considered but it was found that the thematic priorities were all on an equal level and difficult to give some of them lower priority. Due to funding constraints the efforts to support ENR have effectively been placed on a lower priority and substantial advancement will be delayed until funds are obtained.

Financial support will be provided from year to year and will mainly be dependent on the sector ceiling set by government and implementation capacity available in practice. Recently, the sector has demonstrated that the main constraint is funding rather than implementation capacity and as the North and East of the country recover due to post-conflicts restoration of institutions, this tendency is likely to continue. Capacity development support will be

provided in line with the capacity development strategy which is demand and readiness focussed, thus phasing will be largely dependent on funds allocated to this activity and on how well the sector actors respond to the stimulus to improve capacity. Policy dialogue issues have been prioritised and will be taken up on a regular basis but allowing for opportunistic intensification of efforts where there are reasons to believe that the timing is right to influence reforms and performance improvements.

4. CROSS CUTTING ISSUES AND EQUITY

The water and sanitation sub-sector has made efforts to mainstream cross-cutting issues during many years, has developed a relevant policy and strategy framework and incorporated relevant aspects in the relevant implementation guidelines and manuals.

The key strategic documents include:

- Water and Sanitation Sub-sector Gender Strategy (2010-15, updated in 2009)
- Pro-Poor Strategy for the Water and Sanitation Sector (2006)
- Water and Sanitation Sector Strategy for Mainstreaming HIV/AIDS (2004)

The sector performance measurement framework includes indicators for:

- Gender: Representation of women in key positions of water committees and water boards, as a proxy for their involvement in planning and decision making;
- Equity: Mean deviation of water service coverage (in terms of persons per improved water point) from the national average.

National environmental impact assessment regulations have also been incorporated in the operational guidelines and procedures.

The policy and strategy framework for the ENR sub-sector is less developed and needs to be strengthened.

However, even in the water and sanitation sub-sector many challenges remain at the implementation level. Putting policies and strategies into practice depends on the available awareness and capacities at the appropriate level. Attention to cross-cutting issues needs to become part of the delivery approach throughout the sector, including the aspects of service provision, regulation, planning and monitoring as well as sector management itself. Awareness needs to be developed among all the actors involved in these processes.

The main challenges for the JWESSP will therefore consist in

- Addressing the challenges persisting at the (field) implementation level through awareness raising, capacity building and compliance monitoring;
- Enhancing the policy and strategy framework for cross-cutting issues in the ENR sub-sector; and
- Mainstreaming climate change as an additional cross-cutting theme.

The responsibilities for mainstreaming of cross-cutting issues and adherence to policies will be as follows: The SPS Component will assume the overall responsibility for mainstreaming across the thematic components. It will ensure that the policies on cross-cutting issues are adequately reflected in training curricula, sector guidelines and manuals and monitoring systems. The latter aspect means that monitoring data will be collected, to the extent possible, in disaggregated form to allow analysing difference of the results by sex and by income groups. The SPS Component will also be in charge of closing gaps in the policy and strategy framework and of initiating studies or surveys that are required for decision making.

The key challenge to ensure adherence to the existing policies and strategies at the decentralised implementation level will mainly be addressed by the MWE's de-concentrated units (TSUs, WSDFs, WMZs and support activities performed by the Umbrella Organisations). Close to implementation and field operations, these units are best placed to achieve changes in implementation practice, raise awareness among local officials and ensure training of the stakeholders involved.

Appropriate activities to foster cross-cutting issues will thus be integrated in each of the JWESSP components and be reflected in the department level workplans and budgets.

The main responsibility for mainstreaming climate change will be with the CC Component, with support from the SPS component (JWESSP liaison) and with the active participation of the departments concerned; e.g. the RWSS Department will support the incorporation of climate change adaptation into district implementation manuals.

An expanded analysis is given below of the issues faced, the national sector framework to be supported and the response of the JWESSP for the issues of pro-poor approaches, gender and good governance.

Pro-poor and right based approaches.

Issues faced – The main issues are that the poorest people in remote rural areas as well as disadvantaged groups in urban areas are still not served. These are often the most difficult groups to serve and it is often more expensive to serve them on a per capita basis e.g. in remote locations. A further issue is that they are often unable to contribute sufficiently to operation and maintenance.

The national sector framework to be supported - The sector subscribes to a rights based approach regarding access to safe water but recognises that financially viable service provision is in the long-term interest of the poor. Affordability is a key criterion in the design of water supply and sanitation infrastructure. The sector has developed a number of pro-poor strategies both for rural and urban areas which provide a sound and tested approach for improving performance on ensuring access to services for the poor.

JWESSP response - The JWESSP will maintain a strong pro-poor approach based on the principles of equity and effective participation, in line with the existing strategies. The JWESSP will support the sector to:

- Pay more attention than in the past to pro-poor aspects in tariff structures (where water from public taps tends to be more expensive than water from private household connections) and in the design of piped water schemes.
- Argue for increased funding for RWSS as this component creates access to safe water for the poorest segments of Uganda's population.
- Use the opportunity for revision of the design manuals to ensure that water supply schemes are robust but not overdesigned so that the capital costs are economical and the systems can be sustained within the affordability limits of the communities.
- Implement the sector strategies on cost recovery for operation and maintenance as any subsidies for operation and maintenance essentially divert funds from those that do not have water to those that do have water.
- Develop corrective responses to the monitoring result of the equity of distribution of facilities (one of the golden indicators).

Gender Equality

Issues faced - It is obvious, from the traditional role distribution where women are responsible for water collection and family health, that women benefit directly and more than men from shorter distances to fetch water and from better water quality. In recognition of the importance of gender, the sector has made efforts to address gender equality for several years, and gender issues are reflected in the overall strategic policy and planning frameworks. However a specific gender strategy only exists for the water and sanitation sub-sector. As for other cross-cutting issues, the challenge for the entire sector is to effectively implement the policies and plans at all levels. The issues affecting progress revolve around awareness, limited capacities and financial resources, as well as political will and support.

National sector framework to be supported - The second Water and Sanitation Gender Strategy (2010 – 2015) has taken stock of achievements so far attained and the remaining challenges. These include (a) integrating the gender perspective in all water and sanitation (now: water and environment) policies; (b) enhancing awareness and capacity of all sector stakeholders; and (c) improving opportunities for women and other disadvantaged groups to access and participate in management of water and sanitation facilities and resources.

The SPR of 2012 provides a number of examples of progress in implementing strategy, and a few are listed below:

- Capacity building for use of the gender mainstreaming tools were undertaken for staff in 17 districts as a pre-cursor to a national rollout.
- Special programmes for women and vulnerable groups – 9 districts undertook such activities as part of implementing the gender strategy (e.g. disabled latrine facilities)
- Training of women in hand pump mechanics

- Developing gender reporting and monitoring formats for local government
- Publication of a popular version of the gender strategy for urban environments

The gender strategy outlines the principles and approaches for mainstreaming gender into all the component (vote function) areas.

The “Golden Indicator” on women’s representation in water user committees/boards has had a positive impact. Women hold key positions (but in most cases not the chair position) in more than 80% of the rural water committees, however only in 45% of the urban Water Boards (source: Sector Performance Report 2012). The indicator bears a certain risk that the gender perspective is narrowed to this aspect. There is little emphasis, for example, on promoting a fair share of the burden of fetching water. Both men and women are involved in the identification and planning of water projects although the extent of involvement and influence is difficult to quantify.

JWESSP response - Gender issues will be mainstreamed into the JWESSP activities wherever relevant as indicated by the Water and Sanitation Gender Strategy (2010-15) or its revised/updated version. The major issues that the JWESSP will pay attention to for mainstreaming include a) integrating a gender perspective in all water and sanitation policies (b) enhancing capacity of all water and sanitation stakeholders (c) improving opportunities for men, women and other disadvantaged groups to access and participate in management of water and sanitation facilities/ resources (d) collection of gender disaggregated data. When (re)formulating performance measurement indicators and setting up monitoring systems the JWESSP will aim to strengthen gender disaggregated data collection. A gender strategy for the ENR sub sector will be developed within the first year of this programme to guide gender mainstreaming initiatives.

Gender indicators will be included in the outcome / output indicators for individual components areas for the Ministerial Policy Statement (MPS) workplans following the gender strategy. Under golden indicator 10 of the Water and Environment sub sector the indicators are as listed below:

- UWSS Component - “% of water boards with at least one woman holding a key position”
- RWSS Component - “% of water and sanitation committees’ with at least one woman holding a key position”
- WFP Component – “% of Water and sanitation committees with at least one woman holding a key position”

The performance measurement framework for the ENR sub sector will be completed and will include 2 gender mainstreaming indicators with targets developed.

The MWE and sector will address the needs of the poor women, men and other vulnerable groups (elderly, HIV affected/ infected, disabled and orphans) within the components’ work plans and descriptions. Components where possible will include (a) Pro- poor aspects in design of sanitation facilities e.g. Access ramps for disabled and provisions for the children

and elderly (b) the poor and vulnerable including orphaned children, persons with HIV/AIDS, elderly and widows incapable of moving long distances will be provided with rainwater harvesting tanks free of charge.

Good Governance

Issues faced - In 2006 the water and sanitation sector established a permanent Good Governance Working Group (GGWG) with broad membership (GoU, DPs, CSOs, private sector), mandated to oversee the implementation of the first Good Governance Action Plan (GGAP) adopted in the same year. Many encouraging steps have been taken to improve transparency and accountability in the sector, in particular through setting up a Good Governance Thematic Group and developing a Good Governance Action Plan. Nevertheless the good governance agenda remains high on the agenda and should be strengthened further. After an active few years the Group has recently become less active with few meetings and few visible activities. One of the reasons for this hinges on the fact that the staff seconded to take charge of the Group are heavily involved in their normal duties. For the Group to be re-energised, means of making the space for the relevant staff to increase the level of action of the Group must be explored. A start should be made on assessing the amount of time needed by individual staff members to devote to carrying out Group duties effectively. At present the Group ToRs make it clear that it is a sub group of the Water and Sanitation sub Sector Working Group. Therefore the mandate and ToRs must be revised to encompass ENR and Climate Change and the membership expanded. In carrying out the revision of the ToRs, attention will be paid to the relationship of the Group with other governance oriented bodies in government. The change in emphasis from the Water and Sanitation Sub Sector to the entire sector will mean that the Group will report to the main Sector Working Group chaired by the PS.

External support and funding of related studies, workshops and audits through the JPF remains essential. It is recognised that there are a number of factors or challenges that hamper the Good Governance Working Group and its Good Governance Action Plan and these need to be addressed:

- Senior staff do not have enough time to follow up in detail on the action plans
- Many of the actions required cooperation from parties that are outside the direct control of the MWE
- The concept of a GGWG and GGAP is new and appreciation of its importance takes time to develop
- The present GGAP is confined to water and needs to be expanded to include ENR and raised to directly reporting to the WESWG as discussed above.

National sector framework to be supported - The GGWG has separated the issues that can be addressed by the MWE from those that have to be addressed at higher levels or in different Ministries.

The GGAP includes activities aiming at 5 objectives which are: (i) Sector performance and governance oversight strengthened; (ii) Corporate governance of urban (large and small towns) water service providers enhanced; (iii); Rural water supply guidelines enforced; (iv) Procurement and contract management in the sector strengthened; and (v) Water sector held to account. Since 2010 a section on progress of the GGAP is included in the Sector Performance Report.

The JWSSPS MtR report commends the “self-critical character” of the sector, stating that *“although DPs were initially the driving force for anti-corruption measures within the sector it is well supported internally.”* *“Approximately 80% of the outputs described in the first anti-corruption action plan have gradually been achieved, and, generally progress is made in the field of good governance, although impact can only be measured over a longer period of time.”*

Among the achievements to date are procurement trainings and capacity building; imposing sanctions on non performing districts; and several relevant studies (Risk and Opportunity Mapping, 2008; Baseline Integrity Survey, 2008; Value for Money of the DWSCG, 2010/11).

JWESSP response - Key actions of the GGWG for the JWESSP period will include:

- Stronger enforcement of MWE sector guidelines;
- The introduction of independent regulation functions; improved outreach and transparency;
- Action against corruption in procurement; and capacity building of local governments in partnership with accountability and anti-corruption authorities and civil society organisations.

The JWESSP will

- Maintain and further strengthen the efforts of GGWG to implement the GGAP;
- Maintain external support to drive the good governance agenda;
- Establish clear responsibilities and mechanisms for following up on recommendations of audits, Fiduciary Risk Assessment (FRA) and VfM studies;
- Strengthen community participation and the role of CSOs in monitoring decentralised procurement and implementation.
- Allow DPs to take up governance issues with a harmonised voice and at the appropriate levels using an agreed policy dialogue agenda and platform.

Environmental sustainability is the main focus of the ENR Component but will also be promoted through the Water Management Zones. The water and sanitation sub-sector will

further enhance anchorage of environmental and catchment protection aspects in its planning guidelines (environmental safeguards), implementation procedures (Environmental Impact Assessments) and capacity development programme. The environmental legislation is well developed but capacities, awareness and political support are the critical factors for effective implementation.

HIV/AIDS: The Water and Sanitation Sector Strategy for Mainstreaming HIV/AIDS recognises opportunities in the water and sanitation sector to reach out on matters of HIV/AIDS, both at work and at the community level. At central level various mainstreaming activities have been carried out, also for the ENR sub-sector. The Water and Sanitation sub-sector has elaborated a strategy for mainstreaming HIV/AIDS (2004), to be reviewed in based on a reflection of achievements and failures. The new strategy should also cover the ENR sub-sector to provide a basis for all activities under the new JWESSP. This can build on a recent analysis of HIV/AIDS in natural resources management and livelihood improvement conducted by CSOs.

5. CAPACITY DEVELOPMENT

Capacity development is at the heart of sector performance and has been a core aspect of previous support to the sector. Considerable resources have been devoted to capacity building since the 1990s and much has been achieved, in particular in the water and sanitation sub-sector, but much still remains to be done. The sector will continue to need external assistance for CD throughout the JWESSP period.

The JWESSP approach to capacity development will be based on a new capacity development strategy ((October 2012) which emphasizes a results-oriented, integrated approach that is not limited to human resources development and technical cooperation but based on strategic understanding of CD needs and priorities.

The CD Strategy explicitly recognizes the need to consider capacity building not just at the individual level but also at the organizational level and to take into account the enabling environment. “Organisational, institutional and even political constraints are often at the root cause of disappointing results from capacity development. In many cases these are beyond the immediate control of the sector.”

The CD Strategy therefore goes well beyond the limits of Human Resources Development (HRD) plans. It aims to create an enabling environment taking the organisational and institutional constraints and reform requirements into account, such as decentralisation challenges, civil service conditions, staff vacancies, or institutional coordination needs. This implies also that capacity development needs to integrate across the various institutions in the public sector as well as civil society and the private sector, and to link CD with institutional reforms.

The strategy is hence structured around:

- Enabling environment (analysing issues such as decentralisation challenges, the fragmentation of districts, civil service conditions and vacancies; oversight, governance and coordination weaknesses; as well as the related opportunities)
- Demand – capacity development needs and priorities, by sub-sector
- Supply – capacity development delivery
- Implementation framework
- External support strategy

Individual CD Plans will be developed at the component/department level, taking six areas of delivery into account:

- Education and continuing professional development;
- On the job training;
- Awareness creation (policy makers, service providers, public);
- Institutional development (systems, procedures, staffing);
- Improvement of managerial practice; and
- Promotion of networking and collaboration.

Within the JWESSP, the overall coordination of CD activities will be ensured by the SPS Component. Institutional reforms will be coordinated by the sector liaison function (also ensuring overall JWESSP programme management) while the overall management and coordination of human resources development will be undertaken by the HRD Division of the Policy and Planning Department. A CD Committee composed of senior staff from the various sub-sectors will be established to serve the entire sector.

Detailed planning and implementation of sub-sectoral CD activities will be undertaken by the operational departments at the component level. It will be necessary to develop simple component specific CD Plans to prioritise, plan and monitor these activities.

External Assistance shall be results-oriented, and well-coordinated within the sector, in order to ensure consistent approaches. Technical assistance shall be mainly focused on capacity development, not gap filling or control; see section 11 for details on the identified TA requirements.

CD support shall be provided across the entire sector, taking private sector and civil society CD requirements into account.

The CD plans will specify the performance gaps and enabling environment issues that will need to be addressed for capacity building to lead to achievement of sector outcomes. An initial analysis is provided in the Capacity Development Strategy and on the basis of this analysis a first outline of potential reforms and policy actions is provided in section 10 on performance monitoring.

The overall budget allocation to CD will be done using criteria to be developed by the CD steering committee. TOR for CD steering committee presented in the strategy is to be confirmed and approved by WESWG.

6. PROGRAMME STRUCTURE: COMPONENTS AND THEME AREAS

6.1 JWESSP Components

The JWESSP will be structured by components, which are units in terms of planning, reporting, budgeting and accounting. In general (with the exception of the WMZ Component) components will be aligned to budget Vote Functions, as defined in the Budget Framework Paper and Output Budgeting Tool.

The proposed JWESSP (2013-2018) will have eight components, compared to seven components of the present JWSSPS (2008-2013).

These are:

1. Sector Programme Support – SPS
2. Rural Water Supply and Sanitation – RWSS
3. Urban Water Supply and Sanitation – UWSS
4. Water for Production – WfP
5. Water Resources Management – WRM
6. Water Management Zones – WMZ
7. Environment and Natural Resources Management - ENR
8. Climate Change – CC

Linkages and overall structure - As the components follow the MWE budget structure, their inter-linkages are explained by the sector institutional set up where choices over division of responsibilities have been made to most effectively meet sector targets. Thus the sector programme support component (#1) serves the entire sector and in this way it serves all the other components. The water supply and sanitation components (#2,3) represent a specific area of work and competence that is useful to group together and also relevant to separate into rural and urban as each has a different target group and set of challenges and opportunities. Water for production (#4) is separated out as a vote function and department again because it is a highly specific area of work where expertise needs to be gathered together. Although water resources has a single own vote function, it has two components (#5,6) in recognition of the special focus on decentralised management of water resources which explains the WMZ component (#6).

The water resource components are similar to the SPS component in that they have a very strong cross cutting task to serve and support the other components. This is self-evident as the water supply and water for production components represent water use as does the environment itself (component #7). The water resources components and the vote function itself has an overall regulatory task as well as a planning and management task that will require close cooperation between all institutions and departments involved. The water

resources component also has a very close connection to the climate change component as water is the medium through which the effects of climate change will be felt i.e. changes in the pattern of rainfall, drought and floods.

The ENR component (#7) is also closely linked to the water related (#1 to 6) and CC components (#8) because the environment is a water user and is affected by climate change. The environment also contributes to water resources management in that wetlands, forest and vegetation coverage will affect the hydraulic characteristics of water catchments in terms of runoff, delay and deep percolation to groundwater. The environment component has a mainstreaming approach whereby it will attempt to stimulate each sector as well as each component in the water sector to adopt environmental good practices.

The CC component (#8) is also a cross cutting component and like environment has a mainstreaming agenda. It is linked to all components in that each component should take climate change adaptation and mitigation into account; responding to the specific challenges and opportunities that each sub-sector has.

The logic adopted for structuring the components after much discussion has been an institutional one whereby the components of support reflect the institutional structure and division of responsibility that is currently operational in the sector. The advantage of this is that a new structure is not superimposed and as the division of responsibility for components and core functions (departments) is the same the setup is familiar, simple and is likely to ensure ownership as the component tasks are coincident with the departmental mandates and job descriptions of the departmental managers (commissioners).

The SPS Component combines activities needed for effective sector planning, coordination, management and performance monitoring with the responsibility for cross-cutting capacity development activities.

The SPS component will also include a sub-component for NGO coordination. Support to the coordination, quality assurance, monitoring and capacity development of NGOs is in the interest of the water and environment sector and will again be funded through the JPF.

The RWSS component is special in that it will mainly be implemented through District Local Governments, using the DWSCGs as the main funding channel. JWESSP support for this funding channel will be provided in the form of sector budget support.

Both the Rural and Urban Water Supply and Sanitation components will have sanitation sub-components (= theme areas). Both the RWSS and the UWSS department will have a focal point for sanitation who will ensure liaison and coordination between the components and with other actors in sanitation and hygiene, in particular with the health sector.

The UWSS component combines interventions in small towns and rural growth centres (RGCs) with the overall reform agenda of the urban water sector (regulation, draft Urban Water Sector Vision 2025). The responsibility for piped water schemes in RGCs (construction, O&M support, regulation) is under UWSS even if the RGCs are not gazetted as urban Town Councils. Interventions in large towns under the jurisdiction of NWSC are not included in this component and, hence, in the JWESSP, apart from the regulation aspect.

The Water Resources Management components will be implemented through two components, one addressing the central functions of water resources monitoring, assessment, regulation and sector reform (national WRM) and one encompassing all activities related to the operationalization of integrated water resources management at the de-concentrated level (WMZs).

WMZs are likely to be the best institutional option for providing decentralised services of the ENR sub-sector (technical support, awareness raising, monitoring; mainstreaming of climate change aspects; possibly ecosystem restoration and catchment protection). This implies coordination needs with the ENR and CC components.

The ENR component will include all JWESSP activities under the Directorate of Environmental Affairs (i.e. environmental support services, wetlands management, forestry and activities at the Directorate level). To which extent the component will include support to implementation activities depends primarily on the availability of funding.

In addition, a sub-component of the ENR component will provide funding under the JWESSP for one financial year only to support the establishment of the National Meteorological Authority. It is not intended to finance large scale physical interventions such as the rehabilitation and modernisation of the meteorological observation network. The intention is to finance activities that lead to the establishment of the Authority, as well as limited funding to ensure initial operations during this FY 2013/14. Another sub component is intended to provide support over a three years period for REED+ to generate knowledge about trends in forestry resources in Uganda through conducting Assessment of land use, forestry policy, carbon levels and governance.

The Climate Change component will develop the capacities of the CCU to fulfil its mandate (Providing policy and strategic advice on climate changes and ensuring the integration of CC concerns into national planning through coordination with the relevant authorities).

The physical implementation of CC adaptation measures is not part of this component.

Further details on the scope of each of the components, as well as implementation modalities and responsibilities, are provided the Component Profiles (Volume 2).

6.2 Theme Areas

Concept and origin of the theme areas

Within each component, JWESSP activities will be structured by Theme Areas, logical units for work planning, budgeting, reporting and progress monitoring.

Theme Areas define strategic focus areas of intervention. They can be thought of as similar to the sector undertakings agreed at the annual Joint Sector Reviews, but with a longer time horizon (5 years) and with a budget attached to them.

Theme Areas do not aim to capture every single item of the functions or mandate of the respective department. They define the particular activities that have been agreed to focus on specifically with the support provided through the JWESSP.

Theme Areas also aim to bridge the gap between short-term work planning, medium-term investment planning (as in the SIP) and sector targets (as reflected in the NDP and in the sector performance measurement framework). In the past, the SIPs were not much used in operational planning. Medium-term sector targets (by 2015) were often unrealistically high whereas the annual targets were set based on actual budget availability, which means that in some cases no progress at all can be expected in terms of sector performance indicators⁷. This leads to a situation where the sector refers to official targets even though the actual work planning, budgeting and reporting is essentially based on outputs that can be achieved with the available funding. The linkage between these outputs and the medium-term sector targets is relatively weak.

For these reasons, the Theme Area concept aims to define the planned and agreed JWESSP achievements in terms of specific outputs that can be realistically expected with the available funding, and to capture the contribution of these outputs to overall sector performance. Theme Area outputs can also be milestones towards the implementation of agreed sector reforms.

Summarising the above, the objectives of defining Theme Areas are to:

- focus JWESSP support on key strategic priorities;
- align planning and budget allocations to these priorities;
- ensure consistency between sector targets and allocated budgets;
- enhance the linkage between strategic sector targets, SIPs, and regular work planning, budgeting and reporting;
- make funding gaps transparent (also with a view to mobilise additional funding if necessary);
- promote results-oriented management and a view to development outcomes (rather than immediate outputs only);
- integrate performance monitoring in operational management;
- provide a framework for monitoring JWESSP implementation;
- satisfy specific monitoring requirements of projects using the JPF as financing channel (monitoring of logframe indicators);
- demonstrate JWESSP achievements and added value to DPs and GoU;
- inform strategic sector dialogue and Joint Sector Reviews.

Operationalizing the thematic areas concept

⁷ The best example is the Golden Indicator No. 1 – rural water supply coverage. The official sector target for 2015 is 77% whereas the annual sector targets and achievements are stagnating at 65% since several years. Progress in terms of percentage of people served cannot be expected as long as budget allocations are insufficient (in fact, the annual investment just compensates for population growth during the respective year). However, this does not mean that the sector is not performing efficiently.

The theme areas concept has much to offer in terms of longer term planning and prioritisation but it is also vital that it does not cause confusion and lead to overlapping plans, budgets and reporting systems. Although workplans, budgets and reporting have improved significantly over the years, they are still an area where improvement is needed and an area which in many ways draws on the scarcest resource of the sector i.e. staff that have the time and skills for dedicated planning and rigorous follow up. This is true for all public institutions in Uganda and in response the Ministry of Public Services, MoFPED and the office of the Prime Minister have set out a rigorous system of working plans, budgets and reporting formats. Elements of this system are described in Annex 2 (section A2.2). For this reason the sector is determined and has made great efforts to consolidate as far as possible a coherent set of workplans, budgets and reporting formats. At present there are two sets of workplans, budgets and reporting systems:

- The MPS workplans and budgets and government reporting which are one year but based on a 3 year rolling Medium-term Expenditure Framework (MTEF) budget. The MPS workplans and budgets incorporate all funding under the sector ceiling including the government and donor funds.
- JPF workplans and budgets and reporting which outline in greater detail the work and budget for the funds within the JPF which is outside of the formal GoU financial systems although included within the sector budgeting and ceiling. In principle the JPF workplans and budgets are a sub-set of the MPS workplans and budgets.

Both sets of workplans, budgets and reporting are approved by the WESWG. There have been attempts to merge the two sets of workplans but this has not proved possible. The problem in merging the two has firstly been due to the two accounting systems, GoU uses IFMIS while the JPF uses Navision. If JPF accounting was transferred to GoU system the biggest obstacle in merging the workplans and reporting would be overcome. GoU reporting is standardised, brief and mainly consists of tables with budget and spent figures and simple narrative on achievements. This could be expanded by having a part of the progress report providing the detailed descriptions that would satisfy the more exacting needs of the DPs. The second part of the progress report would then not be submitted to GoU as it would not comply with GoU standards. A further obstacle is timing. The formal approval of the GoU budget is done by Parliament (usually in September) whereas the JPF work plan and budget is normally approved by the WESWG in late June/early July.

The thematic areas will be used to further prioritise the JPF workplans, budgets and reporting and provide these workplans with a 5 year horizon. In time this should also lead to an influence on the MPS workplans, budgets and reporting – in terms of the strategic content.

Implementation of the theme area concept has implications for the JWESSP monitoring and reporting system and should be aligned to GoU output-based budgeting (see section 10).

In line with the above discussion, a distinction is made between outcomes and outputs that should to be more fully integrated into the JPF and MPS workplans and budgets.

Outcome: Strategic sector target, representing the intended benefit of the outputs: “what we want to achieve”.

Output: Concrete deliverable or physical achievement within the management control of the component: “what we can budget for”.

This concept is in line with the GoU planning frameworks and Output Budgeting Tool.

Long list of JWESSP Theme Areas: A long list is given below of theme areas that have been considered. These theme areas are drawn from discussion in the sector and founded on and consistent with:

- the analysis carried out each year during the sector performance report,
- the annual sector review and undertakings,
- the challenges identified as part of the MPS,
- the performance gaps presented in the 5 year capacity development strategy

As mentioned earlier, the thematic areas are also related to and consistent with the policy dialogue points to be taken up as part of the JWSSP. The thematic areas will be confirmed and refined each year as part of the sector planning processes.

Sector Programme Support

1. Effective sector planning and coordination
2. Strengthened M&E systems and Management Information System (MIS) for enhanced programme management and accountability
3. Enhanced transparency, good governance and value for money
4. Capacity development and institutional sector reform
5. Community management and cross-cutting issues (gender and HIV/AIDS)
6. Enhance the contribution of Civil Society Organisations to the Water and Environment Sector through effective coordination

Rural Water Supply and Sanitation

1. Improved access and equity
2. Improved functionality of water sources
3. Promotion of appropriate technology for rural water supply
4. Support to Local Governments and other stakeholders (NGOs, institutions)

5. Improved sanitation and hygiene practices

Urban Water Supply and Sanitation

1. Increase water supply service coverage for small towns and rural growth centres in a pro-poor sensitive manner
2. Improve O&M of urban piped water supply systems
3. Establish effective regulation of urban water supply and sanitation services
4. Improved Urban Sanitation and Hygiene Services

Water for Production

1. Improving functionality of Water for Production facilities and the prospects for sustainability (O&M framework)
2. Construction of new dams and valley tanks to increase livestock production
3. Construction of new dams and valley tanks for irrigation development
4. Construction of new bulk water transfer systems for multipurpose use

Water Resources Management (central)

1. Water resources coordination and sector reform
2. Improved water resource monitoring and assessment
3. International and transboundary water resources management
4. Water resources planning and allocation
5. Compliance and enforcement of water laws, regulations and permit conditions
6. Drinking water quality and water safety plans
7. Effective water quality management tools and information systems
8. Functional water quality testing laboratories

Water Management Zones

1. Operational water resources monitoring and information management at WMZ level
2. Water resources licensing and regulation at WMZ level
3. Integrated catchment-based planning and management

Environment and Natural Resources Management

1. Strengthen the institutional capacity of DEA and its departments to implement their mandates
2. Improve environmental compliance and observance of environmental laws
3. Strengthen forestry governance, regulation and compliance
4. Enhance the sustainable use of wetlands for optimum ecological value and social benefits
5. Enhance the potential of the natural resource base and restore degraded forests/wetlands
6. Strengthen environmental management aspects related to oil and gas exploration and production
7. Facilitate establishment of the Uganda National Meteorological Authority
8. Provide support over a three years period for REED+ to generate knowledge about trends in forestry resources in Uganda through conducting Assessment of land use, forestry policy, carbon levels and governance.

Climate Change

1. Develop institutional capacities for climate change management in Uganda
2. Establish the knowledge base for climate change mitigation and adaptation
3. Operationalize the Climate Change Policy
4. Coordinate, initiate and monitor climate change implementation activities in Uganda

PART II – PROGRAMME OPERATIONS

7. PROGRAMME MANAGEMENT, STEERING AND COORDINATION

7.1 Overview

Overall programme steering, coordination, planning and decision making will be ensured – as for the Water and Environment Sector in general - by the WESWG, (chaired by the Permanent Secretary) and its sub-groups (see section 7.2 below). The WESWG is also the forum to ensure overall coordination between government, development partners and NGOs.

The annual JSR and Joint Technical Reviews (JTR) will be the main forum for performance review and stakeholder consultation.

Operational management of the JWESSP – including overall programme coordination, planning, reporting and monitoring responsibilities, the organisation of sector studies, reviews and meetings – will be ensured by a single programme coordination unit. The same unit will also have the responsibility for the SPS component, for the coordination of capacity development and technical assistance and for cross-cutting sector reform and governance agendas. Awaiting the institutional restructuring these programme coordination and liaison functions are assumed by the Water Sector Liaison Division (see section 7.3).

MWE will be the implementing agency for all JWESSP components. Its three Directorates – DWD, DWRM and DEA – and their Departments will be responsible for the implementation and management of the individual JWESSP components, as shown in Figure 1 below.

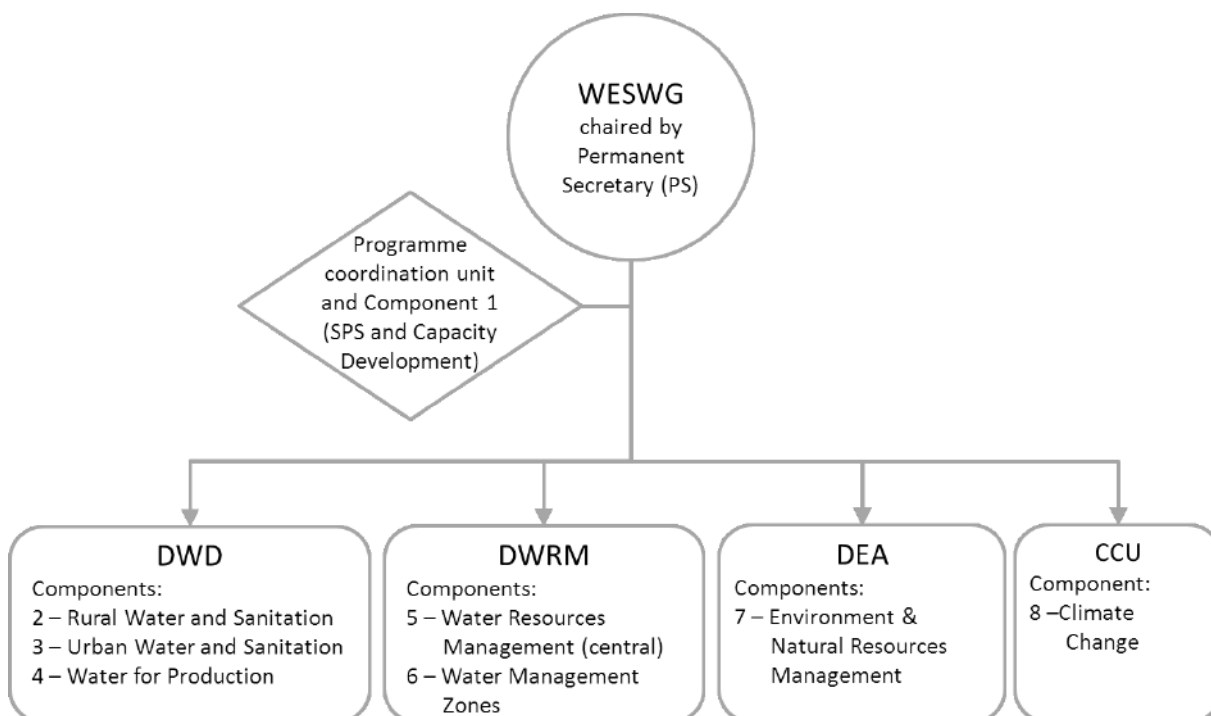


Figure 1: Proposed management and component structure for the JWESSP

Each JWESSP component will have a Component Manager who will be responsible for planning, budgeting, implementation, financial management, procurement and reporting for their specific components.

JWESSP operations will be based on existing sector planning, reporting, procurement, contract management and financial management procedures. These are largely aligned to GoU procedures but include specific reporting and financial management arrangements related to the Joint Partnership Fund (JPF), as described in the JPF manual (see section 8.2). Also some participating DP procurement procedures will be applicable in some cases (e.g. for the African Development Bank).

The larger part of the activities under Component 2 (Rural Water Supply and Sanitation) will be implemented by District local governments with support and guidance from MWE, mainly through its regional Technical Support Units (TSUs). Operations are guided by a District Implementation Manual prepared by MWE. Funding for these activities will be channelled through the local government financial management system as a district conditional grant for rural water and sanitation. The MWE (DWD / RWSS Dept.) will ensure oversight, monitoring and reporting according to JWESSP requirements.

Implementation responsibilities for activities under Components 3 (Urban Water Supply and Sanitation) and 6 (Water Management Zones) will be partly delegated to the de-concentrated (regional) level. The managers of the four WSDFs have been granted delegated accounting and procurement responsibilities and are working based on the approved WSDF Operations Manual (to be updated). Similar arrangements are being developed for the management of the four WMZs.

All implementation and operations manuals will be reviewed and updated to reflect the recent institutional changes, lessons learned as well as the need to incorporate climate change and environmental (catchment protection) aspects.

The sector's semi-autonomous agencies – NWSC, NEMA and NFA – will not be supported under the JWESSP, but will be closely involved in sector dialogue, strategy formulation and institutional reforms (clarification of roles and responsibilities).

Coordination with other ministries and agencies will be assured through the existing sector coordination framework (WESWG and sub-groups) where these institutions are represented as well as through the relevant inter-ministerial committees (on Water Policy, Climate Change, Agriculture, Environment). In addition, operational cooperation arrangements at the technical level are needed for activities in sanitation, water for production and climate change, which have strong cross-sectoral aspects.

Sanitation focal points within the Rural and Urban WSS Departments will ensure the management and coordination of sanitation sub-components, including operational coordination with the related policies and implementation activities of the health and education sectors through active participation in the National Sanitation Working Group.

Non-government stakeholders play an important role in the sector, participate in sector dialogue and sector review and will benefit from targeted capacity development activities.

The comparative advantages of NGOs and the importance of an independent, non-government view are explicitly acknowledged by the sector. Under Component 1 (Sector Programme Support) the coordination and monitoring of NGO activities will be financed for both the Water and ENR sub-sectors.

The private sector is a key implementation partner of the JWESSP, in particular by providing consultancy and construction services and ensuring the operational management of constructed infrastructure (through management contracts). The JWESSP will promote the development and professionalization of the local private sector and develop appropriate PPP arrangements.

Development partners will support the JWESSP through provision of finance and technical assistance as well as contributing through policy dialogue. Although the programme is joint it should be noted that each DP tends to have its own appraisals and internal approval procedures which will require close coordination and flexibility to ensure that support does not become fragmented and overly complex. The DPs participate in the WESWG and take part in sector discussions at the annual sector reviews. The DPs will also be active in policy dialogue using a variety of mechanisms for effecting a constructive dialogue in the sector including:

1. Participation in the WESWG/ WSS Working Group (WSSWG)/ ENR Working Group (ENRWG)
2. Participation in the annual sector review including: involvement in drafting and finalization of the annual sector review Memorandum of Understanding (MoU) and involvement in drafting and finalization of the annual sector review undertakings
3. Setting and monitoring the indicators of the JAF
4. Undertaking high level meetings with sector officials to discuss issues of mutual concern
5. Engaging with the political levels and civil society e.g. the environment and natural resources committee (under which also falls water – this committee is prominent in the annual sector review) and also the new parliamentary forum established with support from WaterAid.
6. Launching and discussing the outcome of studies to investigate issues of mutual concern
7. Provision of technical assistance that can support progress and provide further insight into areas of mutual concern
8. Reviewing and approving JPF workplans and budgets
9. Ensuring internal cohesion in DP messages through discussion in the DP coordination group
10. Setting up a regular meeting between DPs and the Ministry of Finance as co-financiers of the sector to discuss issues related to finance.

In principle, any one or combination of the above can be used to advance a dialogue on the issues of concern.

As mentioned above, each year the DPs will approve the JPF workplans for the next year and the JPF reports for the previous quarter/year. The JPF reports will address specific concerns and requests for additional DP reporting (including reporting on additional indicators where needed) on activities financed through the JPF.

7.2 WESWG and sub-groups

Since the merging of the water and environment sectors one single WESWG ensures the overall coordination of the sector (see TOR in annex 6). The members of the WESWG are the Permanent Secretary, MWE (Chairperson); Directors and Commissioners of the three MWE Directorates (DWD, DWRM, DEA); MWE Planning Unit; NEMA and NWSA; other Ministries concerned (MoFPED, MoH, MoLG, MoES, MoGLSD, MPS, MAAIF;

Development Partners; NGO and Private Sector representatives; Local Governments’ representative (ULGA).

The WESWG meets as a minimum twice per year or as requested. Decisions are made by consensus.

To ensure effective coordination it has been decided to establish sub-sector and thematic working groups. The water and sanitation sub-sector and the ENR sub-sector each have a dedicated sub-sector working group. Specific thematic working groups have been created for Sanitation, Good Governance, Sector Performance, Water for Production, and Climate Change.

Figure 2 below visualises this structure. Each group has its own terms of reference. New or ad-hoc working groups can be created as and when needed.

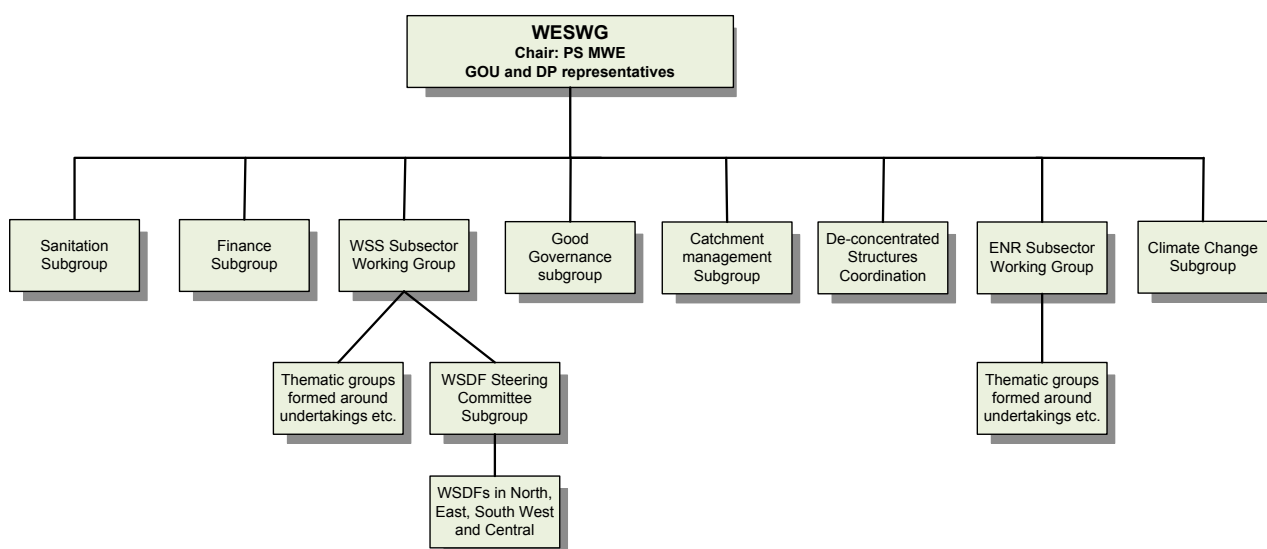


Figure 2: WESWG, its sub-groups and thematic groups

Brief description of the sub-sector/subgroups:

WSS Subsector Working Group;

The Water and Sanitation Sub- sector Working Group (WSSWG) coordinates and monitors the subsector activities at sub-sector level to ensure efficient and effective coordination and implementation of the water and sanitation activities and agreed JSR undertakings.

ENR Subsector Working Group;

The ENR-SWG, like any other SWG established by MoFPED is required to monitor resource allocation and implementation progress for all programmes in the subsector. Therefore, in the course of the financial year, the ENR-SWG focuses on monitoring the implementation of

sector plans and programmes through routine monitoring and subsector review meetings. It also provides strategic guidance and support supervision of the subsector activities and agreed JSR undertakings.

Sanitation Subgroup:

The Sanitation subgroup coordinates sanitation activities within the Ministry and also coordinates with the National Sanitation Committee, which also reports to the WESWG.

Finance Subgroup:

The Finance Subgroup's mandate is to receive and vet all new proposed development projects within the Ministry to ensure that the submitted project is viable in technical and financial terms. The finance subgroup will submit the projects to WESSP for approval after all requirements have been adequately met.

Good Governance Subgroup:

The Good Governance Subgroup was established to improve transparency, integrity and accountability as the key to better water and environment governance and delivering better services as well as fighting corruption. The sector has developed a strategic approach, including clear priorities for intervention and for measuring progress on tackling corruption through Good Governance Action Plans which are prepared for and approved by the WESSP.

Catchment Management Coordination Subgroup:

The subgroup is established to ensure that the various stakeholder departments and organisations outside MWE are effectively involved and coordinated to ensure that the benefits of catchment based planning and management approach are obtained.

De-concentrated Structures coordination Subgroup:

The subgroup is established as an outcome of previous JSR undertakings pointing out the necessity for a well-coordinated approach to provide efficient and cost effective services to the local communities on a regional basis. The de-concentrated structures include; Technical Support Units (TSU), WSDF, Water Management Zones (WMZ), UOs, ENR Regional Technical Support Units (RTSU) and others to be defined.

Climate Change Subgroup:

The Climate Subgroup is established to independently report to the WESWG due to its cross cutting nature and to ensure that climate change issues are mainstreamed into the various activities of Ministry departments, other line ministries and organisations.

7.3 JWESSP management and coordination unit

A single programme management and coordination unit will have the responsibility for the overall consolidation of JWESSP workplans, physical and financial reports, monitoring and evaluation. The same unit will also have the responsibility for SPS activities, including the coordination of technical assistance and operational follow-up on cross-cutting reform and governance agendas.

These management and coordination functions will be assumed by the present Water Sector Liaison Division (WSLD), as under the predecessor programme JWSSPS. The WSLD will, as at present, coordinate closely with the Policy and Planning Department of MWE for implementation of the human resources development activities (under the sector capacity development strategy). As earlier outlined, the JPF workplans, budgets and reporting will be a sub-set of the official workplans and budgets and reporting systems presented annually in the MPS and subsequent reporting. Thus all the components will liaise closely with the Policy and Planning Department to ensure consistency and coherence.

Notwithstanding the name, the ENR sub-sector shall receive equal attention under this arrangement. It is desirable to adjust the institutional placement to reflect the fact that management and coordination functions will be extended to the entire water and environment sector. (In the MWE restructuring proposal, the Ministry has proposed renaming the WSLD to include environment as well as upgrading the division to department level to be on par with the actual level of functioning).

In preparation for the JWESSP, the WSLD needs strengthening in two respects:

- Increase monitoring and reporting capacities; and
- Strengthen representation of WRM and ENR.

Close involvement of WRM and ENR is essential to build a consistent sector programme, create synergies and avoid over-representation of the water supply and sanitation sub-sector. While the ENR sub-sector is new to the programme WRM has been a programme component in the past (under JWSSPS) but suffered from the distance (DWRM offices in Entebbe). Both ENR and WRM will therefore identify a JWESSP focal point (coordination/ liaison officer). Their job function will also include follow-up on mainstreaming climate change aspects within the MWE and JWESSP.

Additional resources for monitoring and reporting are needed (i) to address existing bottlenecks; (ii) extend monitoring and reporting functions to the ENR sub-sector; and (iii) create capacities for the additional monitoring and reporting tasks that are related to the theme area concept (results-oriented management).

These additional staff requirements are reflected in the SPS component profile and budget estimate.

8. FINANCING MODALITIES AND FINANCIAL MANAGEMENT

8.1 Overview

External support to the JWESSP will be provided through **four different channels**, two main modalities (on-budget) - Sector Budget Support (SBS) and the Joint Partnership Fund (JPF) – and two complementary modalities (off-budget).

- **SBS** is in particular used to channel funds to the local governments, for JWESSP activities to be implemented at the decentralised level. This type of funding will be channelled through conditional grants, directly from the treasury / MoFPED to the Local Governments, in line with Uganda's fiscal decentralisation policy.

Formerly the release was conditional on the Department of Rural Water and Sanitation providing the Ministry of Finance Planning and Economic Development with reports on expenditure and achievement. This has been revised fairly recently in that the reports are still provided but the releases are automatic on a quarterly basis and not contingent on the reports or advice from MWE. Together with the Ministry of Finance Planning and Economic Development the sector will aim to create a control environment in which transfers to districts take account of performance and at the same time minimise the possibility of funding having to be withheld. In principle TSUs should support districts that are performing poorly to improve performance. If districts refuse to cooperate funds may be withheld or reduced as a last resort. To guard against the possibility of the sector receiving too much information to respond to immediately, the mechanism created may work retrospectively. If, for example, the district performs badly in a particular quarter and resists efforts to improve then funding may be withheld or reduced in a later quarter. Any funding withheld should, subject improvement, be reinstated subsequently.

SBS will be provided according to the memorandum of understanding between the GoU and DPs for the Joint Budget Support Framework and the related JAF. At present all DP funding under the SBS modality is allocated to RWSS, as this sub-sector is significantly underfunded to reach the sector targets (see section 9). Budget Support will also in the long term, when sufficient GoU funding becomes available, be the preferred channel to contribute to the core funding of regulatory, water resources management and environment management activities, provided that the required GoU funding channels (e.g. to finance the WMZs) are in place. The conditions for extending SBS support to other components than RWSS and DP interest to provide this type of support will be re-evaluated at mid-term.

- The **JPF**, a pooled fund managed by MWE, is the main modality for harmonised sector funding of the majority of JWESSP components. JPF operations are aligned to government procedures in terms of financial management, auditing, reporting and procurement but funds are kept separate from the treasury funds. The JPF includes both non-earmarked and earmarked funding. Non-earmarked JPF funding is the MWE's preferred modality to ensure harmonisation of procedures and flexibility for

adjustments, using joint decision making mechanisms, and to minimise transaction costs. The budget and allocation estimates provided in Section 9 are tentative and can be adjusted by the WESWG at any time based on revisions in donor pledges and additional donor interest. On the other hand, the JPF will also be used as a harmonised modality for channelling earmarked funding based on the different bilateral agreements between the GoU and sector DPs and other relevant documentation. This modality is in particular used for UWSS investments. Partly JPF funds will be spent through the deconcentrated (regional) structures of the MWE, namely WSDFs and WMZs, which have been granted delegated accounting and procurement authorities.

- The complementary, **off-budget funding** modalities are technical assistance provided in kind; and DP managed programme management support for sector studies and monitoring.

The different funding modalities (e.g. transition from JPF funding to SBS funding for water resources management and ENR activities) will be reviewed at the programme mid-term review. Among other aspects, changes of funding modalities will be considered dependent on the progress of effective budget allocations and disbursements for de-concentrated sector structures, such as the WSDFs and WMZs, and for routine monitoring and regulation activities.

In principle the JWESSP aims to promote the establishment of regular government funding for routine activities such as water resources and environment monitoring and regulation, the regulation of water supply service delivery, and long-term support to local governments or service providers. In the medium term the JWESSP intends therefore to move towards the following composition of external funding modalities:

- SBS for decentralised funding (through local governments) and for temporary support to routine activities of a permanent nature (regulation, monitoring, deconcentrated support)
- JPF support for temporary expenditures related to capacity development and sector reform (non earmarked) as well as for managing investment funds for which a ring-fenced funding modality is required.

In the interest of predictability and reliability of funding it is not planned to mechanically link disbursements to conditionalities such as performance targets although there are provisions for adjustment in response to performance. Progress will be monitored and evaluated through the sector's performance measurement framework. Monitoring mechanisms will be strengthened and expanded to include specific output indicators for each component (see section 10).

8.2 Management of the Joint Partnership Fund (JPF)

The JPF is an established sector funding mechanism since 2003, managed and administered by the MWE according to jointly agreed planning, financial management and reporting

procedures. The JPF is fully aligned to GoU rules and regulations with respect to payment and procurement procedures.

It is possible (but not preferable) for DPs to earmark JPF funds for specific regions and sub-sectors.

The PS of MWE is the Fund Manager, assisted by a Fund Accountant in charge of operational fund management. The PS delegates accounting and procurement responsibilities for activities to be implemented at the deconcentrated (regional) level to the managers of the four WSDF branches and the four WMZs.

Financial management and operations of the JPF follow a detailed Operations Manual, currently in its third version of October 2009. This manual will be updated for the JWESSP to reflect the JWESSP component structure, to incorporate monitoring mechanism based on the theme area concept (see section 6.2), and to reflect the details of deconcentrated funding operations through WSDFs and WMZs. Other updates to be inserted before the commencement of JWESSP will deal with UOs and the delegation of the level of procurement to the WSDFs from the PS. Further updates to the manual will be made as and when required.

In this context it is planned to further align, as much as possible, JPF and GoU work planning and reporting systems.

Each JWESSP component will also be a JPF component according to the Operations Manual, with deconcentrated funding to WSDFs and WMZs to be managed separately. Component Managers will prepare annual work plans and quarterly progress reports and submit requests for disbursement. Component reports are submitted to the Fund Accountant who prepares an overall fund report. JPF work plans and budgets shall be approved by the WESWG as part of the annual budget process.

Financial audits of JPF will be conducted once a year. The draft Terms of Reference for these audits will be shared with the DPs for inputs, comments and approval. DPs may request extra audits, for instance technical audits, and Value for Money studies.

JPF operations will be supported by a Financial Management and Governance Advisor, who has however no day to day operational role in fund management.

8.3 Sector budget support and funding through local governments

SBS and the financial management of funds channelled to local governments will be provided based on mechanisms and procedures that are not sector specific and, hence, not JWESSP specific. The linkage to JWESSP planning, monitoring and reporting procedures will be ensured by the respective component managers (currently RWSS only).

The rules and agreed procedures for SBS are according to government rules and procedures as also referred to in JBSF and related JAF, which have been developed since 2008. The JAF sets out the pre-conditions and targets against which performance in the sector will be assessed to inform budget support decisions. The JAF itself does not include budget support disbursement decision rules or triggers, which are defined individually by the participating

DPs. The JAF considers both cross-sectoral issues, such as budget release performance, public financial management and action on corruption, as well as sector specific issues. The indicators used are based on the sector performance measurement framework.

JWESSP funding through district local governments is closely linked to Uganda's fiscal decentralisation strategy and local government reform process. A recent review of Local Government Financing (July 2012) conducted by the Local Government Finance Commission, raises a series of issues related to the decentralisation process, of which some are critical.

The main issues raised in relevant FRA and Value for Money studies⁸ are related to

- (i) the steadily increasing number of local governments, which hampers capacity development and causes use of an elevated share of the funding to set up and sustain administrative structures and operations; and
- (ii) fiduciary risks related to procurement and public financial management issues, such as the lack of follow up on audit recommendations.

The water and environment sector addresses these weaknesses systematically through its Good Governance Action Plan and by providing support, quality assurance and capacity building services to local governments through regional TSUs. It is envisaged that TSUs will continue to exist throughout the JWESSP period and possibly as a permanent element of the sector institutional framework.

The DPs providing SBS under the JWESSP will play an active role in supporting and monitoring the local government reform process. A harmonised policy dialogue plan will help consolidate a clear message and series of steps that the DPs can take to advance progress on the fiduciary aspects of SBS bearing in mind the agreements already made on adhering to the JBSF and JAF. Sector specific actions include more vigorous follow up of the outcome of the various value for money studies and the action plan of the good governance working group.

A particular area of concern is to maintain the linkage between work planning, reporting (submission of reports to MWE) and disbursements, as a mechanism for quality assurance and accountability. The aspect will be further discussed with MoFPED during the inception period of the JWESSP.

Another issue of concern has been the low level of funding of sanitation. The proportion of funding for sanitation through the DWSCG and the District primary health care grant is up to each district and in the case of the DWSCG, is defined in the district water and sanitation workplans and budgets. For urban areas the sanitation spending will be determined by the workplans of the WSDFs which are in turn dependent on the agreed priorities from town to town. The national partners in sanitation (MWE, MoH, MoES and others) should work together to encourage districts to increase their funding of sanitation both that which falls

⁸ Recently: Fiduciary Risk Assessment for the Water Supply and Sanitation Sector (Tribal Helm, December 2010); Value for Money Study of the District Water and Sanitation Conditional Grant (AH Consulting for MWE, March 2011)

under DWSCG and that which falls under other district budgets including the primary health care grant. These partners should likewise encourage the WSDFs to promote sanitation expenditure in their discussions with the town authorities. JPF funds are available for assisting with studies related to sanitation both urban and rural. This will include the financing arrangements for sanitation and it will be considered by the WESWG if it is necessary to launch a study on the feasibility of diverting all sanitation funding into a ring fenced grant. Presently a ring-fenced conditional grant for sanitation has been created and UGX 2 billion was provided in the FY 2012/13 and is being released to the districts. It should be noted that experience documented in the sector performance reporting and elsewhere has shown that high achievement in rural sanitation is less about the level of funding and more about the application of regulation and political leadership.

8.4 Off budget modalities

There are two off-budget modalities for: i) technical assistance provided in-kind and ii) programme management support. Support is provided under these modalities for areas where DP procurement and contractual procedures are more likely to provide effective services. This includes long term international TA where it is not easy for the MWE to contract personnel. It also covers special studies which require swift implementation or resources that are specialised.

The use of funds under the two modalities will be agreed with in advance under the JPF decision making structures. Once agreed, a DP will be asked to make the relevant procurements. The procurement and contracting will follow the DP procedures.

9. BUDGET ESTIMATES AND FINANCING REQUIREMENTS

This section provides estimates for JWESSP funding of the various components in the context of overall on-budget sector funding.

Sector funding is essentially composed of the following funding modalities:

- Un-earmarked⁹ JPF funding; budget allocations to be decided by WESWG and earmarked JPF funding, subject to bilateral project agreements and logical frameworks;
- GoU funding, managed according to government budget procedures, including sector budget support;
- Project modalities outside of the JWESSP programme but on-budget and coordinated through the WESWG.
- Off budget support for technical assistance and to support programme management managed through DP procedures.

⁹ Unearmarked JPF funding is currently bound to the water and sanitation sub-sector; this may change if DPs willing to support the ENR sub-sector join the JPF.

All these modalities were taken into account in the analysis below as considering JPF/JWESSP funding alone would produce a biased picture.

In the tables below, DP contributions were estimated based on the following sources:

- Un-earmarked JPF funding: Tentative funding information provided by the DPs in May 2012, Danida Concept Paper (March 2012)
- Earmarked JPF funding: Project documents (latest versions available)

All information (other than approved project documents) is tentative and does not imply firm commitments. No assumptions were made regarding possible follow-up projects after the end of the approved UWSS investment projects.

GoU funding figures are based on the MTEF projections for 2013/14 to 2016/17 (same allocation as for 2016/17 assumed for 2017/18), following the same distribution to Vote Functions as in the years 2013/14 and 2014/15 (based on the Budget Framework Paper / Ministerial Policy Statement).

The basis for the JWESSP funding of UGX 531 billion to the different components and between SBS (UGX 176 billion) and JPF (UGX 355 billion) is as follows:

- Funds that are earmarked for SBS are also earmarked for RWSS through the DWSCGs (although in practice the districts could also use these funds for WfP investments). In total UGX 176 billion have been earmarked for SBS mainly by Denmark (UGX 116 billion) but also by Austria and ADB.
- Funds that are earmarked within the JPF have been allocated to the specific components that the particular DP has earmarked. Out of the total of UGX 355 billion allocated to JPF some UGX 274 billion is earmarked, mainly to the UWSS component and the remainder of UGX 81 billion is not earmarked.
- Funds that are not earmarked to the JPF (UGX 81 billion) are distributed in principle according to where there is greatest need in comparison with the SIP except that presently, no sector DP has indicated willingness to support ENR (apart from Climate Change).

This allocation of funding may not be ideal but it is a consequence of earmarking and decisions by the DPs about where their support should be directed. It is a topic that will be discussed further between the MWE and sector DPs. It should be noted that the GoU funding is also politically decided and does not rigorously follow the SIP. Whilst as mentioned this is less than ideal, it is not uncommon practice in most countries as the equivalent of the SIP is regarded as a technical guidance even if based on policy rather than final instruction.

Table 9.1 provides an overview of DP funding by component, without distinguishing between the various JWESSP funding modalities. Figures 3 visualises the proportional distribution to components for the JWESSP funding modalities only.

Table 9.1: DP Sector Funding by Component and Source of Funding

UGX billion- total 5 years

Components (UGX Billion)	JWESSP							Projects outside of JWESSP							Total DP funding
	ADB	Austria*	Denmark	EU	EU/FAO	Germany	Total	ADB	AFD	Belgium	EU	WB	Germany	Total projects	
SPS	8.0	8.0	13.0				29					3		3.0	32.0
RWSS	49.8	30.5	139.0				219							0.0	219.3
UWSS	52.6	7.0		69.0		105.0	234	80	105			226	24	435.0	668.6
WFP		0.5			12.0		13		150					150.0	162.5
WRM, WMZ		11.2	18.0				29					96	18	114.0	143.2
ENR		2.0					2				0	11		11.0	13.0
CC			5.0				5					16		27.7	32.7
Total	110.4	59.2	175.0	69.0	12.0	105.0	531	80.0	255.0	11.7	16.0	336.0	42.0	740.7	1271.3

*) Note: Un-earmarked JPF funding has been proportionally divided between the relevant components

EUR million- total 5 years

Components (EUR million)	JWESSP							Projects outside of JWESSP							Total DP funding
	ADB	Austria	Denmark	EU	EU/FAO	Germany	Total	ADB	AFD	Belgium	EU	WB	Germany	Total projects	
SPS	2.7	2.7	4.3				10					1.0		1.0	11
RWSS	16.6	10.2	46.4				73		0.0					0.0	73
UWSS	17.6	2.3	0.0	23.0		35.0	78	26.7	35.1			75.5	8.0	145.3	223
WFP		0.2	0.0		4.0		4	0.0	50.1			0.0		50.1	54
WRM, WMZ		3.7	6.0				10		0.0			32.0	6.0	38.1	48
ENR		0.7	0.0				1				2.5	3.7		7.0	8
CC		0.0	1.7				2			3.9	5.3			9.3	11
Total	36.8	19.8	58.5	23.0	4.0	35.0	177	26.7	85.2	3.9	7.8	112.2	14.0	249.8	427

Note: Un-earmarked funding for Austria and Denmark has been proportionally divided between the relevant components

Figure 3: Composition of DP funding by component – JWESSP funding modalities only

It can be seen from figure 3 that JWESSP funding will emphasize the RWSS and UWSS components.

and also shows the overall distribution of sector funding, including project modalities and GoU budget projections. The WfP sub-sector receives substantial funding from these sources. including on-budget projects, but excluding funding through Agencies (NWSC, NEMA, NFA)

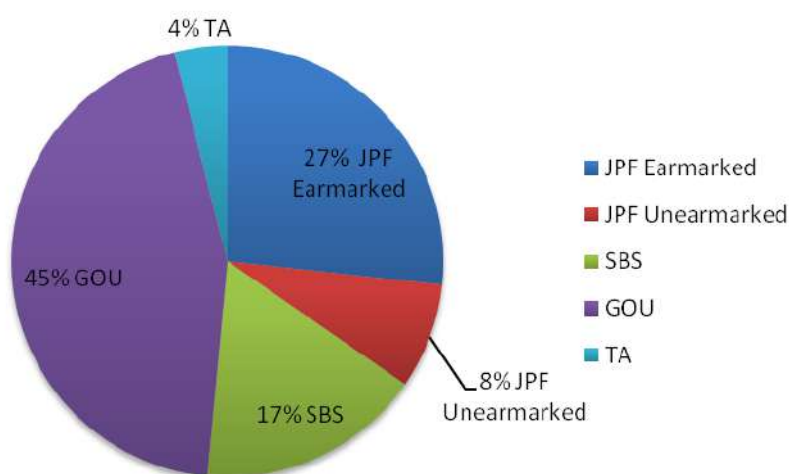


Table 9.2 below provides the following additional information not shown in table 9.1:

- Breakdown of JWESSP funding by funding modalities
- GoU budget allocations (based on MTEF projections)
- Comparison with the sector funding requirements as established in the SIPs.

Please note that SBS is included both in the columns for DP funding and GoU funding. These figures may not be added to calculate the total.

Table 9.2: Overview of Sector Funding during the JWESSP Period

UGX billion- total 5 years

Component (UGX Billion)	JWESSP - DP funding				Gou Funding (MTEF)	On budget Projects	Total JWESSP and projects	SIP funding requireme nts	% SIP funded		
	JPF - earmarked	JPF - not earmarked	SBS	Total					by JWESSP DPs	By JWESSP + GOU	By JWESSP & Projects
SPS	10.0	19.0		29	48	3	80	114	25%	68%	70%
RWSS	20.0	22.6	176.0	219	319	0	362	1140	19%	30%	32%
UWSS	223.5	10.0		234	133	435	802	599	39%	61%	134%
WFP	12.0	1.5		14	143	150	307	491	3%	32%	62%
WRM, WMZ	4.2	25.1		29	39	114	182	186	16%	37%	98%
ENR	2.1			2	129	11	142	241	1%	54%	59%
CC		5.0		5	28	28	61	n/a			
Total	271.8	83.2	176	531	839	741	1935	2771	19%	49%	70%

*) GoU contribution from Component Budget + 10% GOU contribution for projects outside JWESSP - this is the adjustment needed to correlate with component budgets of volume 2. GOU funding of DWSCG is the total (UGX 303 billion) minus the DP SBS contribution

EUR million- total 5 years

Component (EUR million)	JWESSP - DP funding				Gou Funding (MTEF)	On budget Projects	Total JWESSP and projects	SIP funding requireme nts	% SIP funded		
	JPF - earmarked	JPF - not earmarked	SBS	Total					by JWESSP DPs	By JWESSP + GOU	By JWESSP & Projects
SPS	3.3	6.3		10	16	1	27	38	25%	68%	70%
RWSS	6.7	7.5	58.8	73	107	0	121	381	19%	30%	32%
UWSS	74.7	3.3		78	44	145	268	200	39%	61%	134%
WFP	4.0	0.5		5	48	50	102	164	3%	32%	62%
WRM, WMZ	1.4	8.4		10	13	38	61	62	16%	37%	98%
ENR	0.7			1	43	4	47	80	1%	54%	59%
CC		1.7		2	9	9	20	n/a			
Total	90.8	27.8	58.8	177	280	247	646	926	19%	49%	70%

The rightmost column clearly indicates that the RWSS component is the most underfunded¹⁰. The consequences of the deviation of the total budget from the SIP is that:

- Funding of rural water supply and sanitation is not sufficient to reach the sector targets.
- ENR sector will fall further behind (because although it is not included in the SIP it certainly requires more funding than the EUR 47 million allocated by government and projects.

¹⁰ It should be noted however that the figures for the UWSS component include funding for piped water supply in rural growth centres (RGCs). These investments are included in the SIP estimate for RWSS funding requirements.

- Progress in UWSS will be accelerated in comparison with targets (assuming the value for money and functionality is line with SIP assumptions)

Figure 5 below shows the overall composition of sector funding by funding modality.

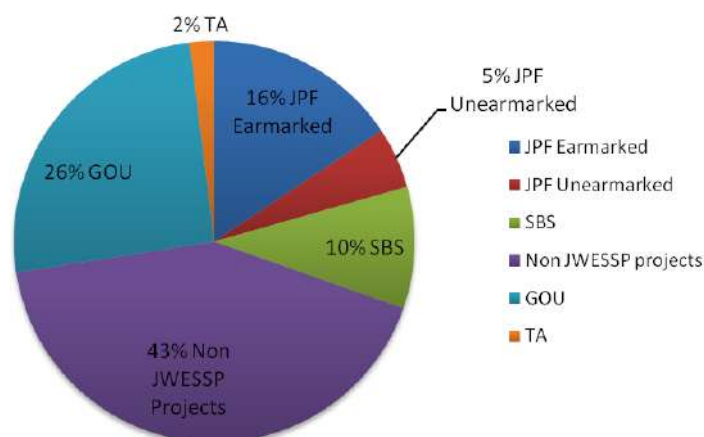


Figure 4: Structure of Water and Environment sector funding by type of funding

Declining sector budget

In the period from 2004/05 to date the Government budget for Water and Environment has declined from 4.9% of the national budget to less than 2% by 2008/09. Additionally the Government release was only approximately 80% of this declining amount each year. This, coupled with the rapid increase in population and the increased number of districts, has meant that the sector is constrained in its ability to achieve its target. It is however clear that these constraints are far beyond the influence of the sector and that the proposed JWESSP is vital to the continued ability of the sector to fulfil its Water Sanitation and Environmental mission.

As the macroeconomic position improves and the Government is able to allocate a greater share of the national expenditure budget to Water and Environment the question to what extent government and donor funds are targeted to district conditional grants will become an issue. For the time being it is important to enable a situation where the conditional grant to districts can be at least maintained at current levels. The program ensures that this is the situation for the time being. Failing this the Water and Sanitation situation in rural Uganda will decline rapidly.

It will be seen from Table 9.2 that there are apparent inequities in the overall funding of various components noticeably the very large underfunding of Rural Water and Sanitation and the relative overfunding of Urban Water and Sanitation compared with the SIP. Dealing first with the overfunding, the SIP for urban activities as mentioned earlier, includes the investment for rural growth centres some of which would be more accurately attributed to rural activities. This is expected to account for a significant amount of the ‘apparent’

overfunding shown in Table 9.2 depending on the extent to which districts would have directed resources to rural growth centres. Even in the light of any adjustment for this between urban and rural, rural remains significantly underfunded according to the SIP. This situation is closely connected with the rapid population growth and overall funding is simply not being able to keep up with annual population increase, moreover considering that approximately 85% of the population of Uganda live in rural areas.

Off budget support for technical assistance and to support programme management

The budget for technical assistance and support to programme management to be managed, procured and contracted using DP procedures is shown in Table 9.3 below:

Table 9.3 Overview of budget for technical assistance and programme management support

Technical Assistance (EUR)	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	Total 2013-18
Austria	350,000	350,000	350,000	350,000	350,000	1,750,000
Denmark	213,333	213,333	213,333	213,333	213,333	1,066,667
GLZ (estimates not committed)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Total	2,563,333	2,563,333	2,563,333	2,563,333	2,563,333	12,816,667
Programme management support off budget (EUR)	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	Total 2013-18
Austria	100,000	100,000	100,000	100,000	100,000	500,000
Denmark	106,667	106,667	106,667	106,667	106,667	533,333
Total	206,667	206,667	206,667	206,667	206,667	1,033,333

10. PERFORMANCE MONITORING, REPORTING AND REVIEW

The sector has developed a fully operational performance monitoring framework that consists of a set of key indicators¹¹ and sub-sector indicators, regular sector reviews (JSR/JTR) informed by high-quality annual SPRs, the related data collection and reporting systems as well as a MIS. Indicators are also used for output oriented budgeting and in the context of the Joint Budget Support Framework (JAF indicators).

Despite certain issues to be addressed the system is generally appropriate and successful. However, the linkage between the performance monitoring framework and annual budgets / work plans needs to be strengthened.

Originally developed for the water and sanitation (sub-)sector, the above mentioned framework has been extended to the ENR sub-sector. A performance measurement framework for the ENR sub-sector was prepared and was approved in June 2011. This is commendable progress but it needs to be completed by setting up an operational system of data generation, collection, reporting and validation.

¹¹ The “Golden Indicators” for the water and sanitation sub-sector.

The Golden Indicators for water resources management, for UWSS functionality and for WfP need to be reviewed.

The WRM indicator should measure actual compliance with water abstraction/ discharge permit conditions (e.g. compliance with waste water quality standards and permitted abstraction volumes), not only the validity of the permits. The UWSS functionality indicator is only considering the systems up-time and to make it more representative of functionality it has to include service level as well. The WfP indicator should monitor the actual outcome of water storage, in terms of use and benefits of WfP infrastructure, not only the quantity of water stored.

The JWESSP will ensure that high data quality is achieved by validation and that the underlying databases, including the Geographic Information System-based WATSUP database of water supply infrastructure, are kept up to date.

Furthermore, the overall sector monitoring framework will be complemented by a small set of specific indicators and milestones that allow monitoring the progress of capacity building and institutional reforms as well as the effectiveness and impact of JWESSP support itself¹².

It is necessary to monitor this separately as the sector performance at the outcome level, as monitored by the Golden Indicators, depends too strongly on the level of financing available. Thus, if funding is insufficient the sector (or JWESSP) appears to be performing unsatisfactorily even though the sector may have worked very efficiently. The sector cannot be held accountable for lack of progress if funding is insufficient. Therefore a distinction should be made between progress towards the overall, policy loyal sector targets (NDP targets, Golden Indicators, etc.) and the performance and achievements of the sector including JWESSP, which is concerned with the efficiency of the sector (transforming inputs into outputs) and with the progress of sector reforms.

The new set of indicators would thus aim to measure the effectiveness and added value of the JWESSP activities as well as the assumptions made. This could include:

- operational performance with respect to targets that can be reasonably expected with the existing funding
- capacity building targets
- milestones for the progress of institutional reforms (e.g. independent regulation)
- progress on good governance / value for money / fiduciary risk issues¹³
- partner commitments such as effective budget allocations (e.g. degree to which the recurrent costs of the various sub-sectors are covered by budget allocations)

¹² Programme specific milestones and benchmarks were also foreseen under the current JWSSPS (see Annex H of the previous Programme Document) but have never been monitored in a systematic manner. The proposed milestones and benchmarks were focused on issues like value for money, budget allocations, progress on the establishment of institutional structures, and enhanced accountability and transparency.

¹³ For instance, the Fiduciary Risk Assessment for the Water Supply and Sanitation Sector of 2010 recommends to monitor the percentage of DWSCGs spent on new facilities (i.e. not on administrative or transaction costs).

- Indicators to monitor other risks or assumptions.
- Indicators on policy reforms

When it comes to a mid-term review and evaluation of JWESSP, these indicators, which will be established before the start of the JWESSP will help in establishing whether the JWESSP approach was successful, independently from the level of sector funding.

The capacity building strategy provides an initial analysis of potential policy reforms considered necessary to achieve sector targets.

Table 10.1 Outline areas for policy reform action that can be monitored (potential benchmark)

Component area	Potential reform action
SPS	<ul style="list-style-type: none"> • Water Liaison function is fully staffed and serves all directorates in MWE (<u>Benchmark</u>: new institutional structure and staffing is formally announced and staff in place)
RWSS	<ul style="list-style-type: none"> • Memorandum of Understanding on sanitation becomes operational (<u>Benchmark</u>: cooperation between MWE, MoH, MoES and local governments is evident in the form of shared work plans and coordinated field activities on Improved Sanitation and Hygiene promotion.) • Sector governance improved and fiduciary risks lessened through implementation of recommendations of procurement and technical audits (<u>Benchmark</u>: 100% of approved study recommendations are verified as implemented with the specified time frame)
UWSS	<ul style="list-style-type: none"> • Construction of new schemes and rehabilitation fully implement pro-poor principles (<u>Benchmark</u>: Less than 10% of schemes have a use of system capacity of below 50%; Urban poor access quality services paying less or equal compared to other customers) • Water tariffs are increased to meet the long term goal of sustainability and free resources for implementation of systems to meet the needs of the unserved. (<u>Benchmark</u>: Tariffs are increased at least 5% over the rate of inflation) • Sector regulation arrangements are in place (<u>Benchmark</u>: the preferred option either regulation unit or independent regulatory body are fully implemented, staffed and resourced)
WfP	<ul style="list-style-type: none"> • Memorandum of Understanding on WfP becomes operational (<u>Benchmark</u>: cooperation between MWE, MAIFF and local governments is evident in the form of shared work plans and coordinated field activities.)

Component area	Potential reform action
WRM	<ul style="list-style-type: none"> Compliance and enforcement environment is favourable (Benchmark: new indicators are operational and reported on that combine extent of permit coverage, permit compliance and verification of corrective action)
ENR	<ul style="list-style-type: none"> ENR and WRM cooperate on ensuring effective catchment management (Benchmarks: Catchment plans show a close coordination of WMZ and district based ENR activities)
CC	<ul style="list-style-type: none"> Climate change implementation strategy is implemented (Benchmark: at least 80% of the required budget by various institutions is allocated for the relevant areas)

For good reasons, these potential reform actions overlap with the policy dialogue areas (section 2.5.3 and annex 4) and also with the risks assessment and mitigating action (section 12). The potential reform action is also informed and supplemented by: i) detailed readiness tests at organisation level and ii) summary of potential political and functional interventions, both of which presented sub-sector by sub-sector in the Capacity Development Strategy volume 2 annex D. Before the JWESSP starts in July 2013, the potential reform actions above will be reviewed and adjusted.

An external MtR of the JWESSP will be conducted in the second half of 2014 to extract the lessons learned, reassess technical assistance requirements and adjust the implementation arrangements for the second half of the programme.

11. TECHNICAL ASSISTANCE

The capacity development strategy presents an assessment of the technical assistance needs based on shortfalls in capacity in reaching sector performance targets. The strategy concludes that, technical assistance has been well received in the sector and there is a strong demand in most sub-sectors for continued and extended technical assistance. Based on discussions within the sector the following factors that have tended to increase or reduce the effectiveness of technical assistance have been identified:

- The department receiving technical assistance takes an active part in defining the needs, structuring how the assistance is to be delivered and has a say and responsibility in selecting the individuals.
- The department receiving technical assistance has the managerial capacity to make good use of the technical assistance and takes an active role in managing this valuable resource.
- There is a clear anchorage of the technical assistance personnel in the receiving institution.

- There are annual reviews of the effectiveness and continued need for technical assistance.
- The ToR of the technical personnel and the results expected are clear.
- The use of annual work plans and a results orientation whereby expected results are pre-defined and evaluated.
- The technical assistance is in close working proximity to those receiving the technical assistance.
- Sustained provision of technical assistance so that new approaches and capacities are consolidated and entrenched in sector practice.
- A mix of approaches: short term when a catalytic or expert role is needed; long term when a more continuous support role is needed.

The factors that tended to reduce the effectiveness of technical assistance relate mainly to areas where the above conditions have not been met. Where technical assistance has been defined top down and supply driven, it has often failed to have the required impact. Of overwhelming importance is the combination of the skills, experience and communication skills of the individual technical assistance personnel and the ability of the receiving organisation to make good use of the technical assistance.

Rural water supply and sanitation

Current situation - The rural water supply and sanitation sub-sector has received intensive long and short term international technical assistance for more than 20 years; firstly through major projects and in the last ten years through support to the sector wide approach (SWAp).

Needs – The needs of the sub-sector are mainly related to the districts particularly as the number of districts has increased and available capacity spread more thinly. The districts need support in planning and management of water supplies and sanitation both in administrative terms and in technical terms. The policy and facilitating role of the centre has become well established over the years and the needs these days is for specific assistance such as revitalizing the community based management system, improving the supply chain and involvement of the private sector.

Delivery - At the present time, the needs of the districts are best addressed through the TSUs, which provide intensive levels of long term national technical assistance. The stationing of long-term international advisers would not be a good use of funds and would displace and reduce the intensity of the current support arrangements of the TSUs. Support to the policy and facilitating role of the centre can be most economically met through specialized shorter-term national and international inputs.

Urban water supply and sanitation

Current situation - Considerable long-term technical assistance has been in place and is already programmed in relation to the regulatory and other sector reforms mostly through the GIZ RUWAS project. There are also dedicated advisors placed at the WSDFs in the East and North financed through the KfW/GIZ and Austrian Development Cooperation programs.

Needs - The challenges of the urban water and sanitation sub-sector centre around the regulatory function, the need to address urban sanitation and the roll out of the 4 de-concentrated WSDFs which will now assume the major implementation role.

Delivery - It is the view of the department of Urban Water Supply and Sanitation that at least for the first two years of this strategy (2013/14) that ideally the present technical advisors (WSDF Adviser and O&M adviser) should be continued to include an advisor stationed at the central level to provide support to all the four WSDFs and to carry forward the recommendation of the WSDF study especially in regard to the process of creating a fund. Technical assistance will further be required for short term inputs to the four WSDFs made available from a pool of short consultancy services. The rationale behind the relatively heavy inputs of advisers at the WSDFs is that the WSDFs are new and routines are not fully in place, the WSDFs are charged with considerable investment portfolios and it is essential that these be managed effectively so as to retain the credibility of the WSDF concept. The location of some of the WSDFs has made it difficult to attract good national management skills and advisers. At the MtR the continued need for long term international advisers should be reviewed. The inputs of the O&M adviser would also cover rural areas. GIZ through their support programme will also provide considerable technical assistance to UWSS and especially the regulatory and reform aspects.

Water for production

Current situation – An advisor has been placed in the department for water for production for one year. The advisor has been contributing to a number of areas and it is expected that the development of a structured work plan will increase the benefits of this support. The water for production sub-sector is increasingly taking on large, externally financed projects that are likely to bring a number of longer-term international advisers. The Global Climate Change Alliance project and the French Development Agency project and the World Bank project on water resources are amongst the major projects being proposed.

Needs - Apart from the special demands of large highly complex projects, the more routine technical assistance needs of the water for production department are centred on specific needs such as the updating of cost norms to ensure responsible cost control of contracts.

Delivery – The specialist needs of the sub-sector are best served by bringing in short term specialist skills that will work to specific terms of reference. There is not a need or demand for longer term advisers. The demands of the large projects will be met through technical assistance usually in the form of companies that are responsible for feasibility studies and design.

Water resources management

Current situation - The directorate has for more than 10 years received intensive international support mainly through a combination of long and short-term advisers provided

through companies. A full time adviser is now in place complemented by specialist short-term input.

Needs - Technical assistance in water resources management centres on two main challenges: improvement of internal management and coordination and, the roll out of catchment management plans in the WMZs.

Delivery - The improvement of internal management and coordination has been an area where there is a demand from the directorate for inputs from an international adviser. The rationale for the international inputs relate to the complexity of rolling out water sector reforms and applying the principles of Integrated Water Resources Management (IWRM) across a nation and society that is only gradually realizing the importance of its water resources. There is a need for enhanced financial management, obtaining synergy across different functions of the directorate and ensuring that a results based approach makes the work of the directorate more visible and better appreciated.

The roll out of the decentralized approach to water resources management and the development of robust and inclusive catchment management plans is also an area where international technical assistance has been sought. The multi-disciplinary nature ranging from technical and data handling tasks to social and community empowerment place a strain on the skeleton staff available in each water management zone. At the same time the process of prioritisation across a range of needs is not easy. Most crucial is ensuring a strategic balance between central and decentralised tasks given funding constraints. International experience and insight would be useful in these areas particularly in guiding a strategy for obtaining a balance between national and local approaches and between public, private and civil society functions.

As the need for climate change adaptation becomes more pressing there is also a need to strengthen this area of the directorates work. Information on approaches from other regions and especially experience on successful mainstreaming is needed. In some cases international advisers will be able to assist in this task on either a short or long term basis.

The consensus in the sub-sector is that a single longer term adviser that is able to combine management, decentralized water resources and climate change would be the right way forward. The adviser would be complemented by short term international assistance in specific areas either provided through projects such as the proposed World Bank project to assist decentralized water resources management.

Environment

Current situation - The Directorate of Environment and its Departments do not currently have any long-term technical assistance but do benefit from occasional short term TA to address specific tasks such as development of plans.

Needs - The Ministry plans to strengthen the DEA capacity to plan, monitor, implement programmes and report on progress.

The institutional capacity of the Forest Sector Support Department (FSSD) also needs support. The Department of Environment Support (DESS) requires support within oil and gas related activities, as these are new skill sets for Uganda and capacity needs to be developed to properly regulate the sector.

Short-term TA inputs aimed at building and enhancing capacity to rapidly clear a large backlog of critically important activities in FSSD, DESS and Wetlands are needed.

Delivery - The support needs for FSSD and DESS are best served by long term TA on a 2 year contract as the needs are of an institutional and management nature where constant contact, coaching and advice are required.

The Long term TA requirements at DEA should be reviewed after 2 years to reassess the requirements. Given the backlog of critically important activities, the amount of short term TA required by FSSD is estimated at 12 man-months per year, 6 months per year by DESS and 6 months per year by Wetlands.

Climate change

Current situation - After the establishment of the National Meteorological Authority, the DWD, DWRM and CCU will remain the main MWE institutions in charge of climate change related functions. Technical assistance is provided to the DWRM through the GIZ RUWASS Programme for development of strategies, regulations and approaches to manage climate change response sustainably. A full time long-term adviser of GIZ has been attached to the CCU for two years to support adaptation. To support the institutional development of the organization, FAO has completed the preparations to delegate one long-term expert to the CCU. Strong contributions to the capacity development process are expected from three on-going development projects “Climate Change Policy Development”, “CDM Capacity Building Project” and “Climate Change Learn Project”. The consultative policy development process is now complete with a national Climate Change Policy including Implementation Strategy (October 2012)

The CDM-Project provides to local consultants on-the-job training on the development of CDM projects. It works with senior professionals of Government and private sector on CDM procedures and streamlining of related processes. The “Climate Change Learn Project” supports the MWE to develop a National Strategy to strengthen human resources and skills to advance green, low emission and climate resilient development. Multi stakeholder projects are implemented and national learning institutions involved.

Needs - Technical assistance has to put emphasis on capacity development for the efficient and comprehensive organization of a well-structured internal management of CCU and DWRM. CCU has to rely on permanent policy advice in the field of international climate

negotiations and treaties in order to present and protect the national interest in the best possible way.

DWRM needs to develop regional structures in the water management zones and to involve local players, water users, vulnerable population and systems, based on precise assignment of tasks and responsibilities. Technical assistance has to support both CCU and the DWRM in the overall task of mainstreaming climate change priority response by developing an operational institutional framework for inter-organizational cooperation on the national level.

Apart from institutional capacity building, the application of innovative and harmonized technical approaches for monitoring and adaptation should be assisted.

DWD has to receive assistance for adaptation of technical design solutions (reservoirs, tanks, retention ponds, water supply schemes) to the changing framework conditions. The internal management processes need to be strengthened to cope with the increasing responsibility to safeguard water use.

Delivery - The two international experts attached to the CCU will provide advice based on coordinated tasks and responsibilities with focus on internal management and international cooperation. GIZ RUWASS will continue supporting strategies, regulations and approaches for climate change adaptation on the different water management levels based on IWRM as overarching tool. The application of results in selected catchment areas will deliver information necessary for the proper planning of envisaged investments into the climate related infrastructure by upcoming projects.

A stable coordination mechanism with the Ugandan National Weather Agency is crucial especially in this initial phase of the organization. Extended technical assistance for the development of appropriate structures for improved data exchange as a condition for successful IWRM is recommended but still not covered by the existing projects. Currently the United States Trade and Development Agency is carrying out a feasibility study for modernization of the Ugandan National Weather Agency to recommend options changes in organizational and management structure, for human resources development and financing.

Sector wide support

Current situation - The water and environment sector has benefitted from a full time long term international sector adviser for a number of years. These advisers have helped to usher in the sector wide approach and have given support over a large range of functions from development of management information systems through to policy and other advice. The sector adviser role has been attached to the Water Liaison Function which in practice, although not formally, cuts across ministry functions at least for the water area. For some years the sector advisor was complemented by a Financial Management and Governance Adviser, who, in the first few years, has helped to establish and run the JPF and in later years has turned attention to the more general systems of the ministry – so far with relatively little impact.

Needs – When the Water Liaison function becomes fully operational and can support both water and environment sub-sector and is staffed accordingly, the essential support that has been part of the sector adviser support will reduce as tasks that have been supported over years such as the sector information system, annual reporting, donor coordination and others become more routine and better staffed from within the ministry establishment. The needs will now focus on new challenges associated with consolidation and implementation of reforms and support to sector wide capacity development.

Delivery – A number of options will need to be considered from continuing the existing arrangements of a sector adviser and financial adviser with a focus on sector reforms and capacity development. The choice will also depend on the final outcome of the sector restructuring. It has not proved easy to engage with the ministry financial systems and it might be that the needs in terms of improved budgeting, procurement, accounting and timely disbursement will be better served by more specialist inputs perhaps from local providers. A longer-term input would probably be best directed towards broader governance with anchorage in the good governance-working group.

Following this analysis and further assessment in the sector, it has been concluded that during the first two years, there will be the following longer-term strategic sector level advisors:

- 1 Full time Senior Sector Advisor (institutional specialist supporting the coordination and liaison function with a focus on capacity development, to be provided by Danida)
- 1 full time ENR Sub-sector Advisor (to support DEA departments and climate change, to be provided by the WB)
- 1 full time Financial Management and Governance Advisor (with a focus on good governance, fiduciary risks, value for money and support to the JPF, to be provided by Danida).
- 1 Full time advisor will support the water resources management (WRM and WMZ components, to be provided by Danida).
- 1 Full time O&M adviser (to support urban as well as rural water supply with a focus on regulation, to be provided by ADC).
- 1 Full time WSDF adviser placed at the centre (to provide support to all four WSDFs instead as now supporting only WSDF-E, to be provided by ADC)

In addition there is an FAO adviser to be provided for supporting WfP and a package of technical advisers from GIZ and KfW.

The longer term need for all TA positions will be reviewed at the time of mid-term review.

Other technical assistants will provide targeted support for specific institutional reforms (see component descriptions). In all cases the terms of reference will be discussed and approved by the WESWG.

12. ASSUMPTIONS, RISKS AND RISK MITIGATION

The main overall risks of to the envisaged support programme are related to fiduciary and governance risks; effective progress of capacity development; successful cooperation within the sector and with other stakeholders; on-going political support for sector reforms; and the level of sector funding. Political stability, the absence of conflicts and the general macro-economic development of Uganda constitute additional, “cross-cutting” assumptions that influence all other risks and assumptions.

There are 5 major areas of concern:

- Fiduciary and governance performance
- Development of capacity
- Cooperation within the sector and with other stakeholders
- Political support for sector reforms
- Funding levels for the sector

Fiduciary and governance performance

It is assumed that the fiduciary and governance environment will improve and will lead to increased sector effectiveness in reaching targets. This assumption will have a major impact on the JWESSP objectives because failure in improvement of fiduciary and governance performance will lead to low attainment of outputs and loss of confidence by both the DPs and the GoU. The risks that could lead this assumption not to be fulfilled and mitigating action that can be taken are summarised in the table below and further elaborated on below.

The GoU has numerous agencies that are tasked with mitigating the risk of government money being misspent, lost or underachieving. The government is committed to continued strengthening of these bodies as a strategic approach to minimising risk and loss. Among those agencies are:

- Office of the Auditor General;
- The Inspector General of Government;
- The Public Accounts Committees of Parliament;
- Internal Audit Departments;
- The Sector and Sub Sector Working Groups; and
- The GGWG within the sector.

In order to carry out continuing strengthening of the Government's ability to minimise risk the Government with the support of donor partners is committed to reform programmes within these organisations. The sector specific strategy involves the Internal Audit Department, the Sector and Sub Sector Working Groups and the GGWG. The Internal Audit Department

necessarily works independently of the two sets of Working Groups. Comments on the effectiveness and possibility of improving the GGWG are discussed elsewhere in the PD.

Corruption or the vulnerability to corruption arising is regarded as a function of the weaknesses and strengths of strategies and actions to mitigate risks elsewhere such as the procurement system. Corruption does not occur in a vacuum. The more transparency there is and the more effective the controls in place are, the less opportunity there is for corruption to occur. Therefore the risks identified in the table below and the mitigation actions if applied effectively will also mitigate opportunities for corruption and corrupt practices.

A special provision has been made in the Joint Financing Agreement (JFA) for additional safeguards for the SBS over and above the provisions of the JBSF. These safeguards are primarily aimed at strengthening sector controls and monitoring during a time of rapid increase in the number of districts. The safeguards are forward looking and intended to have a preventative effect. The safeguards will be carried out by the Rural Water Supply and Sanitation Department working through its TSUs. Reports on the safeguards will be submitted by the WSLD to the DPs. Three major safeguards responding to the major risk areas are identified:

- An annual technical audit of investments and activities funded through the District Water Supply and Sanitation Conditional Grant. The Audit would be based on a sample.
- An annual procurement audit of investments and activities funded through the District Water Supply and Sanitation Conditional Grant. The Audit would be based on a sample.
- A quarterly monitoring of district quarterly reports assembled by the Technical Support Units for the districts under their area of service.

Detailed ToR will be made before the programme commences. Annex 7 outlines a preliminary presentation of more detailed indicators and benchmarks.

Risks	Risk Mitigation Strategies (responsible)
<ul style="list-style-type: none"> • Fiduciary risks cannot be addressed by the Sector on its own (e.g. related to public financial management) • Procurement is ineffective and will continue to present the most substantial fiduciary risk within the sector • Poor planning and implementation, in particular at the decentralised level, will lead to low sustainability and value for money of investments 	<ol style="list-style-type: none"> 1 Establishment of a Good Governance Work Group with broad membership, Good Governance Action Plan (MWE with policy dialogue support from DPs) 2 Sector initiates value for money studies, technical audits etc.(MWE with support from the JPF) 3 Highlighting/ sanctioning of districts that do not comply with guidelines together will support (MWE with MOLG and TSUs for support) 4 Support and monitoring provided to local governments and water authorities (TSUs)

<ul style="list-style-type: none"> • Diversion of funds from service delivery to administration will continue (office establishment and operations) due to the increased number of District Water Offices 	<ol style="list-style-type: none"> 5 Providing a ring-fenced financing mechanism, the JPF, for better tracking of funds as required by a number of DPs. (MWE and DPs) 6 The JBSF and JAF instruments are used and followed up for the SBS funding elements and dialogue with government at a high level and beyond the sector is undertaken (DPs) 7 Internal auditing will be extended on an intensive basis to the de-concentrated entities. 8 Additional safeguards are put into place for the SBS: procurement audit, technical audit, monitoring of quarterly reports (WSLD , Rural Water Supply and Sanitation Department, DPs) 9 Active involvement of civil society and NGOs in monitoring (NGOs and civil society)
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Development of capacity

It is assumed that capacity will be developed continuously and that the training and support offered will be translated into increased capacity and not lost due to poor institutional performance or poor capacity development practice such as not using trainees for the task they were trained for. This assumption will have a major impact on the JWESSP objectives because without capacity the quality of sector interventions will not improve and could worsen. This will impact both the speed at which infrastructure can be implemented but also its quality and later sustainability. The risks that could lead this assumption not to be fulfilled and mitigating action that can be taken are summarised in the table below:

Risks	Risk Mitigation Strategies (responsible)
<ul style="list-style-type: none"> • Insufficient progress of decentralised capacity development, which is closely related to the fragmentation of districts and the resulting thinning of resources 	<ol style="list-style-type: none"> 1 Provide support and capacity building at the local government level (TSUs, WSDFs and other de-concentrated entities) 2 Certain tasks for which it is not realistic to create adequate capacities at the district level will be handled at the regional level; to this end the sector is developing an architecture of complementary de-concentrated

<ul style="list-style-type: none"> • Capacity development is not supported by an enabling framework particularly in the ENR sub-sector (human and budgetary resources, governance arrangements) is too challenging • High vacancy rates and insufficient budget allocations for recurrent costs reduce the impact of training, in particular for the water resources management and ENR sub-sectors 	<p>institutions.(MWE and deconcentrated entities)</p> <p>3 A phased approach will be adopted for the ENR sub-sector: The first phase will focus on capacity development and governance. The transition to phase 2 - implementation support - will depend on progress in terms of implementation capacities (MWE with later support of DPs if available)</p> <p>4 Implementation and follow up of the Capacity Development Strategy including its focus on readiness assessment to ensure good use is made of capacity development resources (MWE with DP support using JPF funding)</p>
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Cooperation within the sector and with other stakeholders

It is assumed that cooperation within the sector and with other stakeholders will improve. This assumption will have a major impact on the JWESSP objectives because without improved cooperation, areas such as sanitation, water for production and water resources management that rely on interagency cooperation, will not progress well. In addition, those areas where mainstreaming is important such as ENR and climate change, will suffer as other sectors will not adopt the practices being promoted. This will impact the effectiveness of sector regulation as well as the speed, quality and sustainability of developed infrastructure. The risks that could lead this assumption not to be fulfilled and suggested mitigating actions that can be taken are summarised in the table below:

Risks	Risk Mitigation Strategies (responsible)
<ul style="list-style-type: none"> • Smooth cooperation between the MWE departments does not take place due to lack of sector leadership and pressure on time and resources, leading to inconsistent approaches and lack of progress in mainstreaming of policies and strategies (e.g. on cross-cutting issues, climate change) • Collaboration with other actors is constrained by competition for funds and mandate and by a lack of leadership in the different sectors. (actors include: the semi-autonomous agencies (NWSC, NEMA, and NFA), the Ministries of Agriculture and Health, local governments, NGOs and the private sector) 	<ol style="list-style-type: none"> 1 The sector will actively promote the development of operational collaboration frameworks (technical commissions, committees or sub-working groups, as appropriate) with all these actors. (Top management leadership in MWE to ensure active department level cooperation) 2 The sector will reach out to other stakeholders and make full use of already existing inter-sectoral coordination instruments (Top management leadership in MWE supported by policy dialogue by DPs working in other sectors). 3 It will be considered to add cooperation and coordination within MWE and within the sector to the job appraisal and job description systems for senior staff (MWE top management and HRM section in MWE)

Political support for sector reforms

It is assumed that political support for crucial sector reforms will continue and strengthen. The sector reforms centre on improved regulation, ensuring adherence to policies on cost recovery and implementing good governance. This assumption will have a major impact on the JWESSP objectives because without political support many of the already vulnerable reforms might lapse or even reverse. This will impact the effectiveness of sector regulation as well as the speed, quality and sustainability of infrastructure. The risks that could lead this assumption not to be fulfilled and mitigating action that can be taken are summarised in the table below:

Risks	Risk Mitigation Strategies (responsible)
<ul style="list-style-type: none"> • Powerful vested interests prevent reforms being implemented as some actors may gain from or prefer the status quo • The de-concentrated structures are misunderstood and do not 	<ol style="list-style-type: none"> 1 The sector ensures advocacy and explain the rationale for the necessary reforms at all political levels, including in particular the Office of the Prime Minister (OPM), the Ministry of Finance (MoFPED) and

<p>obtain the needed political support for their institutional establishment and the development of sustainable financing channels</p> <ul style="list-style-type: none"> • Political support is not provided for compliance with and enforcement of regulations, in particular in WRM and in the ENR sub-sector as well as in sanitation. • Political messages against payment for water services continue to jeopardize the sector’s policies in terms of cost recovery for infrastructure O&M cost. 	<p>local governments (MWE top management, supported by DPs in policy dialogue that is broader than the sector)</p> <p>2 Sector plays an active role in the relevant coordination committees, such as the Water Policy Committee at the national level and the District Water and Sanitation Committees at the local level.(MWE departmental management)</p> <p>3 Communication strategies will be developed either for the sector as a whole for the major sub-sectors. (MWE top management, parliamentary committee on natural resources and DPs working on policy dialogue)</p>
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Funding levels for the sector

It is assumed that funding levels for the sector will not continue their downward trend and will instead show a steady rise in the long term. This assumption will have a major impact on the JWESSP objectives because without an increase in sector funding, sector targets, particularly for rural water supply and sanitation, will not be met and this will in turn reduce the poverty alleviation impact of the sector. Water resources and environmental management are also likely to be critically affected. This will impact the effectiveness of sector regulation in WRM and ENR as well as the speed, quality and sustainability of especially rural infrastructure. The risks that could lead this assumption not be to fulfilled and mitigating action that can be taken are summarised in the table below:

Risks	Risk Mitigation Strategies (responsible)
<ul style="list-style-type: none"> • Water and environment sector performance is not found to be effective by GoU and leads to reduced funding. Availability and reliability of DP support reduces – this is particularly critical for the support to 	<ul style="list-style-type: none"> • The sector will aim to demonstrate sector performance independently from the availability of funding, as this might attract additional support or budget allocations. (All sector actors under MWE leadership)

<p>the ENR sub-sector as support requirements and DP interest do not match.</p> <ul style="list-style-type: none">• Releases of GoU funding are not timely or reliable - this is important for further strengthening of the SBS component of JWESSP funding• There is little additionality of SBS meaning that DP funding is offset and does not lead to additional resources	<ul style="list-style-type: none">• Support to the ENR sub-sector will be designed in a way that it can be adjusted to the availability of funding and new DPs approached (MWE and DPs)• Releases and disbursements were satisfactory in recent years. Delayed reporting by local governments is one of the reasons for late disbursements (To be addressed by TSU support).
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ANNEX 1 SECTOR POLICIES, STRATEGIES AND LEGISLATION

This section summarises sector policies, strategies and legislation based on descriptions that for the most part have been approved by the MWE in official documents such as the Sector Performance report and others. For greater detail the reader is directed to the specific sector policies, strategies and legislation mentioned.

Decentralisation¹⁴

Uganda's constitution (1995) and the Local Government Act (1997) provide for a system of local governments based on a district as a unit under which there is a multi-tier and

hierarchical-system of lower local governments and administrative units. The local governments include: district and sub-county councils in rural areas; city and city division councils in a city; municipal and municipal division councils in a municipality; and town councils in a town. Uganda's sub-national government activity functions through

a unified system of elected authorities at the district level, which has primary local planning and budgeting responsibility, and four lower local government and administrative levels, which have more modest responsibilities. The district (local council or LC5), sub-county (LC3), and village (LC1) councils are required to be elected by universal adult suffrage, with county (LC4) and parish (LC2) levels elected indirectly or appointed ex-officio. District/city councils and sub county councils (municipal divisions and town councils are urban equivalents) are corporate bodies and accounting levels. County councils (municipal councils and city divisions are urban equivalents), parishes (wards are the urban equivalent), and villages (cells are the urban equivalent) are administrative units. Since an amendment to the Local Government Act in 2006, only the village council chairperson is directly elected, and the chair then appoints the rest of the council.

At the national level, the Ministry of Local Government (MoLG) is charged with coordinating, advocating for, mentoring/supporting, and inspecting/monitoring of local governments. The Ministry of Finance, Planning, and Economic Development (MoFPED) plays a key role in designing and executing intergovernmental transfers and financial oversight. The Ministry of Public Service (MoPS) and the National Planning Authority (NPA) also have important functions related to civil-service and planning-system procedures.

The usual range of sectoral ministries (education, health, water etc.) is also important for the local government system. They are responsible for ensuring implementation of national policies and adherence to performance standards, inspection, monitoring, technical advice, support, supervision, and training (LGA 1997 Section 97). Other central institutions

¹⁴ This section is drawn from a number of documents, primarily USAID, 2010, Comparative Study of decentralisation – Uganda study.

responsible for supporting and supervising local governments include the Office of the Auditor General (OAG) and the Inspector General of Government (IGG). Finally, the Local Government Financing Committee (LGFC) is an advisory body on local finance policy matters introduced above.

At the local level, the central government maintains its oversight through the Resident District Commissioner. The Resident District Commissioner is appointed by the President and is responsible for coordinating the administration of government services in a district, advising the district chairperson on national matters, and carrying out other functions assigned by the President or prescribed by Parliament. There are also two local government associations, one that generally covers local governments, the Uganda Local Governments Association (ULGA), and one that focuses on the urban local governments, the Urban Authorities Association of Uganda. These organizations represent the general interests of local governments in national policy discussions.

Since 2005 there has been rapid increase in the number of districts. From the original 35 districts defined in 1995, there are now over 112 districts. This has caused concern as capacity is being fragmented and skills that were built up at the district level are being disbursed. As a consequence a number of districts have no District water officer. In the long run this situation may be beneficial as it leads to services being closer to the people and it will potentially stimulate a broadening of capacity in the sector. However in the short to medium term the increasing number of districts is having an adverse effect on performance. This has strengthened the need for the sector to create and depend on deconcentrated entities which fulfil a regional function, as discussed in Annex 2.

In fact, the Regional Governments Bill of 2009 Section 2(1) provides that two or more neighbouring districts may cooperate to form a regional government to perform functions and services specified in the Fifth Schedule to the Constitution of Uganda. The regional-tier concept, however, is not universally accepted. There are concerns of increasing operating costs.

Under fiscal decentralisation which took place in 2000, grants in Uganda are classified as unconditional, conditional, and equalization grants. In 2000 the funding for rural water supply and sanitation was transferred from MWE to districts whereas the funding for urban water supply and sanitation and water resources management remained at the centre.

Under the present system, the MoFPED allocates through the Medium Term Expenditure Framework (MTEF) and budget circular budget envelopes to sector/line ministries. Using sector working groups, ministries make decisions on where and how funds allocated to the sector will be spent. Ministries often attach conditions on the funds for local government level, sometimes specifying the votes and the proportion of the budget that should be spent on each. ULGA annually negotiate with the sector/line ministries on the conditional grants. Further details on the planning and budgeting processes of local government relevant to the water sector is given in Annex 2.

Over time, however, the balance has been dramatically shifted between unconditional and conditional transfers, with the latter now dominating. Grants have also decreased as share of the total public expenditures and GDP in recent years. The unconditional grant declined from 17 percent of total transfers in 2000/01 to 11 percent in the budget for FY2006/07 and has, in reality, moved toward becoming a “conditional wage grant” for basic local-government administration with no local government discretion to determine local priorities. In the eyes of many observers the local government discretion over spending is minimum.

Capacity Building

In 2012 the sector developed a 5 year Capacity Development Strategy. The objective of the Capacity Development Strategy is that: *The water and environment sector has the capacity to increasingly meet its targets and undertake its mandate benefitting from: a better understanding of its capacity demands; more effective means of delivering capacity in response to the needs and, an increasing ability to positively influence the enabling environment.* In support of this, core strategies aim at: Improving the enabling environment; better understanding the demands and, more effectively addressing the needs through efficient delivery of capacity development have been developed.

The Capacity Development Strategy is founded on guiding principles to ensure that the strategy:

- Operates as a framework at the overall strategic level
- Ensures a common approach between national authorities and development partners
- Is broad in scope covering the Water and Environment sub-sectors plus Climate Change
- Is anchored in national institutions
- Is interpreted broadly and also includes the enabling environment for capacity development
- Builds on the readiness to learn and to change as points of entry for capacity development interventions
- Is output and performance oriented and not focused on inputs
- Is continually informed and adapted by a participatory bottom-up approach involving district, de-concentrated and central levels
- Considers a wide range of delivery options for capacity development
- Ensures technical assistance that is partner-owned, demand-led and results oriented.

The capacity development strategy has developed core strategies to influence the enabling environment, the effective delivery of capacity development services, the institutional framework and how to make best use of external assistance. These are based on a thorough analysis of the capacity related elements of performance gaps in reaching sector goals and outputs with a definition of priority capacity outcome and outputs.

The core strategies for addressing the influence of the enabling environment in capacity development are:

- Focus on enabling environment opportunities and not just constraints
- Accelerate experience exchange with other sector players
- Use national systems including HRD plans and personnel appraisal
- Apply “readiness assessment” at organizational level
- Link CD activities to institutional and sector reforms
- Formalise partnerships outside the sector
- Professionalize sector advocacy and lobby measures

In response to the priority capacity outcomes and outputs the sector will adopt a flexible approach to link effective capacity delivery with improvements in the enabling environment in order to:

- Improve education and continuing professional development through partnerships with a range of public and private providers
- Provide practical and on the job training
- Build awareness (policy makers, service providers, public)
- Develop institutions (systems, procedures, staffing)
- Improve managerial practice
- Promote networking and collaboration

Core strategies for the institutional framework to implement the strategy are:

- Follow the public sector service training policy
- Implement capacity development through operational departments
- Coordinate capacity development through the capacity development committee supported by the Policy and Planning Department
- Implement Capacity Development Plans as the main mechanism for testing readiness and releasing of capacity funding
- Devote up to 15% of joint partnership funds and 6% of total sector funding to capacity development.

Core strategies for making best use of external support are:

- Strengthen national capacity development efforts
- Apply a results oriented focus
- Encourage flexibility and use multiple modalities in the delivery of capacity development
- Sustain external support but avoid dependency
- Provide support to the public sector, private sector and civil society

Environment and Natural resources

Environment and Natural Resource management is governed under the National Constitution 1995, article 237 (2) b which provides that the *Government or Local Government as determined by parliament by law shall hold in trust for the people and protect natural lakes, rivers, wetlands, ground water, natural streams, forest reserves, game reserves, national parks and any other land reserves for ecological and touristic purposes for the common good of the citizens of Uganda*. Other laws that govern the sustainable management of natural resources in Uganda include the Land Act cap. 227 section 44 and section 45; Local Government Act; Water Act; Forest and Tree planting Act of 2003; Wildlife Act; the National Environment Act; and Environmental Impact Assessment Regulation and National Environment (Wetlands, River banks and Lake Shore) Regulation 2000; the National Wetland Policy 1995; and the draft Wetlands Resources Management Bill.

However, some previous government policies, especially in the 1960s and 1970s (the double production policy) encouraged drainage and reclamation of wetlands. Therefore some individuals and institutions acquired land titles in wetlands prior to the Wetland Policy (1995), Constitution (1995), Land Act (1998) and National Environment Act (1995).

In order to rehabilitate these wetlands there is need to compensate these affected persons. Although the proposed wetland bill provides for compensation, there is currently no fund to cater for genuine affected persons. Furthermore the policy of MAAIF of introducing and extending agricultural production targeting wetlands and the policy of issuing illegal titles in wetland poses a serious challenge to conservation objective of MWE notwithstanding conflict between land buyers, land boards and land owners therefore escalating wetland degradation and abuse. The Wetland Advisory Groups established to ensure harmonized land use planning and wetland management objective needs to be strengthened with mandates and facilitation to handle these emerging inter sector conflicts.

Climate change

A draft *National Climate Change Policy* has been prepared (MWE July 2012). The policy is based on the following priority concerns: adaptation, mitigation, and research and observation. Like the East African Community regional policy, this national policy emphasises climate change adaptation as the top priority for Uganda, while mitigation efforts are embraced by the policy as secondary.

The goal of the policy is to ensure a harmonised and coordinated approach towards a climate-resilient and low-carbon development path for sustainable development in Uganda. The overarching objective of the policy is to ensure that all stakeholders address climate change impacts and their causes through appropriate measures, while promoting sustainable development and a green economy. To achieve this overarching objective, the policy builds on a number of more specific objectives:

- To identify and promote common policy priorities to address climate change in Uganda
- To identify and promote adaptation policy responses for Uganda

- To identify and promote mitigation policy responses for Uganda
- To identify and promote monitoring, detection, attribution and prediction policy responses for Uganda
- To support the integration of climate change issues into planning, decision making and investments in all sectors and trans-sectoral themes through appropriate institutional arrangements
- To facilitate the mobilisation of financial resources to address climate change in Uganda

A number of key principles guide policy:

- Mainstreaming and coordinated response to climate change
- Communicating effectively and promoting participatory approaches
- Promoting community-based approaches to adaptation
- Devoting adequate attention to capacity development and institutional set-ups
- Devoting adequate attention to technology needs, development and transfer
- Identifying, developing and influencing financing mechanisms
- Providing a credible delivery structure
- Addressing cross-cutting issues

Water Resources Management

The Government is charged with the responsibility of holding in trust and managing the water resources of Uganda as a common good for all the people of Uganda and for the present and future generations. In particular, the Constitution of Uganda (1995 and as amended), does under Objective XXVIII, provide that, “The State shall promote sustainable development and public awareness of the need to manage land, air and water resources, in a balanced and sustainable manner for the present and future generations”.

In line with the constitutional provisions government put in place an enabling policy and legal framework in the form of the National Water Policy and the Water Act, 2000. The Water Act is operationalized by the Water Resources Regulations (1998), Waste Discharge Regulations (1998). In addition the National Environment Act, 2000 with its accompanying Regulations: Environmental Impact Assessment Regulations 1998, the National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations 1999, and the National Environment (Waste Management) Regulations of 1999, were put in place to ensure sustainable use of environment and natural resources across the country.

The overall policy objective of the National Water Policy (1999) is to consider water as a social and economic good. The primary objective of government is therefore to provide water for human consumption. Any further allocation is reserved to ensure the continued viability of each resource and for the conservation of the environment. For the remaining available water, a market-based approach to water allocation over a period of time will be considered. The policy provides for separation of regulatory powers from user interests, regulated use of all water other than for domestic use, guarantees sustainable provision of clean safe water and provides for equitable access and use of the Nile waters.

The Water Act, which came into force in 1995, aims at the rational management and use of the waters of Uganda, provision of clean, safe and sufficient supply of water for domestic purposes for all persons, orderly development and use of water resources for purposes other than domestic use and to control pollution and promote safe disposal of waste water. The Act vests all rights to water in the government.

Urban water supply and sanitation

The mission and goals of UWSS is guided by the following laws and regulations: The Water Act (1997), The Water Supply Regulations (1998), The Water (Waster discharge) Regulations (1998), The Sewerage Regulations (1999), The Waste Management Regulations (1999), and Environmental Impact Assessment Regulations (1998). The National Water and Sewerage Corporation (NWSC) was initially established in 1972. In 1995, the Corporation was re-established by the National Water and Sewerage Corporation Act, with the primary aim to enable the Corporation to operate on a commercial and viable basis. The NWSC is a public Corporation wholly owned by the Government of Uganda.

The principal business of the Corporation as defined in the National Water and Sewerage Corporation Act is to operate and provide water and sewerage services in areas entrusted to it under the Water Act.

The mission statement for the urban water supply and sewerage component in Uganda is: *“provision of sustainable water and sanitation services to the population and economic activities in the urban areas of Uganda.”*

The main urban water supply strategies are:

- Pro-poor funding and expansion of supply to low income urban dwellers
- Private-Public Partnerships including the Output Based Aid approach
- Effective funding mechanism for small towns’ investments, i.e. the Water and Sanitation Facilities as a facilitating funding mechanism to provide funding as well as supporting the water authorities with implementation management, capacity building and quality assurance for water supply and sanitation investments in rural growth centres and small towns.
- Effective mechanism for O&M back-up support – (a) O&M Grant to Urban Local Governments to strengthen management systems, finance new extensions and major rehabilitations. b) Umbrella Concept for O&M Support to the North, North Eastern and Central Uganda replicating the success in South West, Western and Eastern UOs

- Harmonization of tariffs – through monitoring and regulating the performance of the new tariff policy for small towns water supply services in order to reduce reliance of operations on GoU subsidy while ensuring viable and affordable services, by promoting activities aimed at expanding supply to low income urban poor
- Separation of operations and assets management in small and larger towns
- Commercialising services in small and large towns

Sanitation focus

Urban sanitation is governed by the Public Health Act 2000, which is reinforced by the Environmental Health Policy of 2005. The overall policy objective of the Government of Uganda (GoU) for sanitation in urban areas is 100% hygienic sanitation facilities, based on management responsibility and ownership by the users in the urban population by the year 2015. The mission statement for sanitation is drawn from the National Environmental Health Policy: *“the achievement and maintenance of healthy living conditions in rural and urban areas.”*

The sanitation and hygiene sub-sector developed a 10-year Integrated Sanitation and Hygiene (ISH) Strategy for Small Towns to improve delivery of integrated sanitation and hygiene services in urban areas, which is implemented by the various development projects and programmes in the sub sector. This strategy focuses on on-site sanitation, which is used by over 90% of the population of these towns, rather than sewerage. The strategy is based on three pillars: i) creation of an enabling environment; ii) promotion and communication iii) ensuring access to hardware (sanitation facilities).

Rural water supply and sanitation

The major policies guiding rural water supply and sanitation are:

- The National Water Policy (1999)- promotes an integrated approach to manage the water resources in ways that are sustainable and most beneficial.
- The National Gender Policy (1997) - provides for equal participation of women and men in development activities including water supply and sanitation.
- The National Health Policy (1999) - emphasizes prevention through Primary Health Care (PHC) including Sanitation and Hygiene.

The legal framework guiding the sub-sector is:

- The Constitution of the Republic of Uganda (1995) - guarantees the right of citizens to have access to clean and safe water.

- The Water Statute (1995) and Water Act (1997)- provides for the use, protection and management of water resources and development of water supply and sewerage undertakings.
- The Environment Act (1995)- provides for the sustainable management of the environment including water resources.
- The Local Government Act (1997) revised in 2000- provides for decentralisation of services delivery including water services to Local Governments.
- Water Resource Regulation (1998)- provides for water permits for construction and drilling water sources

Strategies that serve the sub-sector include:

- Operation and Maintenance strategy - emphasises Community Based Maintenance System for rural water supply facilities.
- Self-Supply Strategy- aims at promoting self-help initiatives by individual or communities to improve their water supply with little or no external assistance. Examples of water facilities constructed through self-supply include: brick lined shallow well, with rope-and-bucket, springs and rainwater harvesting tanks.
- Rainwater harvesting strategy- advocates for Domestic Roof Rainwater Harvesting at household level.
- Bulk water supply strategy- aims at bulk transfer and supply of water to serve water stress areas with low groundwater potential.
- Gender Strategy -aims at engendering the investment, operational plans and tools, manuals and studies in all components of the water sector.
- Water Sector Pro-Poor Strategy (2006)
- National Water Quality management Strategy (2006)
- School health Minimum Requirement (2000)
- The Strategy for Water and Sanitation Gender Strategy (2003)
- The Strategy for Water and Sanitation Emergency Response
- The Community Empowerment Strategy The Kampala Declaration on Sanitation (1997)
- The Sanitation Memorandum of Understanding, 2001 between MWE , MoH and MoES
- Long term Strategy for Water Supply and Sanitation in Rural Growth Centres
- Improved sanitation and hygiene strategy (2006)

Sanitation focus

The legislature governing sanitation is the Public Health Act (PHA), enacted in 1964, and incorporated in the Laws of Uganda in 2000. This is the primary legal basis for measures for the preservation of public health, and prevention of a range of diseases. Several districts have shown dissatisfaction with the penalties of the Act and have asked for a review.

Although there is no separate policy on sanitation, the Ministry of Health (MoH) published the Environmental Health Policy in 2006, spelling out the roles and responsibilities for sanitation in line with the sanitation Memorandum of Understanding signed in 2001 between MWE, MoH and the Ministry of Education and Sports (MoES). The Policy takes into account the adoption of the sector wide approaches in the development of the Health and Water sectors, and the decentralisation of governance and service delivery with local governments responsible for setting their own development and spending priorities. The Policy recognises that although traditional approaches based on inspection, advice and enforcement of the PHA have worked in the past, there is need to place more emphasis on community mobilisation and proactive assistance in order to accelerate change. One of the guiding principles of the Policy is that interventions should be planned and implemented on an equitable basis.

Although the Environmental Health Policy was widely disseminated, it has not been widely used; aspects of the policy are mainstreamed in different documents and plans. The main operational document, at least at the national level, is the 10 year Improved Sanitation and Hygiene (ISH) Promotion Financing Strategy, which serves as a roadmap for the attainment of the sanitation targets. It is based on a three pronged approach of: (i) increasing demand for improved services, (ii) improving the supply of services to facilitate households to acquire improved sanitation and hygiene (ISH), and (iii) addressing the enabling environment.

The National Development Plan (2010) highlights several strategies to improve sanitation in the country, in line with the three pronged approach of the 10 year financing strategy of sanitation.

Under the ISH Strategy, creation of demand for improved sanitation includes ISH promotion and social marketing, as well as enforcement of the PHA. Several district local governments have developed by-laws as a backup to the PHA. In order to improve the supply of services, the strategy recommends development of pro-poor technologies as well as improving the private sector supply chain. Strategies for improving the enabling environment include creating a rewarding and competitive environment for the private sector, improving multi-sectoral coordination of ISH at all levels, and enhancing Government efforts to improve civil service performance.

Recognising the unique nature of the Karamoja region, the stakeholders working in the region, in partnership with MWE, prepared a separate sanitation strategy for Karamoja. The strategy seeks to address the scattered settlement patterns well as the nomadic nature of the people. The Strategy also recommends mainstreaming sanitation in all existing programs in

the region as well as developing Information, Education and Communication materials especially for the region.

Water for Production

Sub-Sector Legal and Policy Framework

The Constitution of Uganda (1995) and The Local Governments Act Cap 243 are the two most important legal documents that guide the environment in which the sector operates. The sector itself is governed by Water Act Cap 152 and accompanying regulations [Water Resource Regulations (1998), Waste Discharge Regulations (1998), and the Water Supply Regulations (1999)]. Other relevant legal acts and statutes that influence the sector include: The Environment Management Act Cap 153, the Children Statute (1996), the Land Act (1998).

The National Water Policy of 1999 sets out the overall policy framework and this is supported by the Uganda Water Action Plan (1995); the National Health Policy and Health Sector Strategic Plan (1999), the National Gender Policy (1997), the Plan for Modernisation of Agriculture (2000), Wetland Policy (1995) and the country's Strategic Interventions Programme for Export Promotion

In accordance the mandates on the water for production, Ministry of Water and Environment is responsible for development of off-farm infrastructure (development of water sources and transmission mains) and the Ministry of Agriculture, Animal Industry and Fisheries is responsible for on-farm water use and management (development of primary distribution and tertiary networks for irrigation systems and other on-farm irrigation infrastructure and works and management of systems) as well as providing extension services.

Sub-Sector Strategies

The WfP guiding principles are consistent with the framework for Uganda's comprehensive development as stipulated under the Poverty Eradication Action Plan (PEAP) and the National Development Plan (NDP) as explained in the subsequent subsections:

a) Poverty Reduction Focus

The overall purpose of the WfP strategy is to reduce poverty in Uganda, through provision and management of adequate and sustainable water supply for increased productivity, to stimulate economic development and to provide security. Addressing the water demands of the households, small-scale farmers, commercial farmers and vulnerable groups will support activities that directly support both the PEAP and the PMA goals of poverty reduction. Development of infrastructure for WfP is generally beyond the capacity of the average household. Even the private sector is incapacitated because of the high investment cost.

b) Demand-Responsive Approaches

As a key principle, government support provided under the water for production strategy is based on demand from water users. The Demand Responsive Approach (DRA) depends on informed decision-making by the water users. Action-orientated information concerning the technology options, the need for O&M cost recovery, O&M requirements are essential if DRA is to succeed. The users, after receiving appropriate information/advice, decide on what type of facilities they want, pay their share of the construction costs that is estimated as minimum 30%¹⁵, and manage the O&M of the facilities. The local governments (districts and Sub-counties) are responsible for influencing and regulating demand by (a) promoting appropriate demand and (b) supporting poor communities.

c) Sustainability

This is the prime objective for all WfP interventions. Sustainability aspects including the technical, institutional, environmental, economical and social dimensions guide i) policies, regulations and standards; ii) technology and design options; iii) implementation arrangements, capacity-building strategies and; iv) ultimately the speed of achievement of the sub-sector targets.

The main foundation of sustainability is the Community Based Maintenance System (CBMS). The principles behind the CBMS are:

- Users are responsible for O&M of facilities,
- The private sector will in principle provide all technical services for O&M – including the provision and distribution of spare parts,
- The role of central and local governments is mainly to regulate, monitor and facilitate the performance of the private sector and water user communities in water use management.

Government supports the cost of major rehabilitation expenses in the interim period. However, in the long-term it is expected that communities and private sector will increasingly co-finance and ultimately take over the investment and all O&M expenses with the exception of bulk water transfer systems.

d) Cost-efficiency

The cost-efficiency of investments in WfP is central to all elements of the strategy and remain critical in assessing proposals by local governments and water users for support and funding. The financial and economic aspects of an intervention are clearly assessed, analysed and compared with alternative investment options prior to implementation. Only the most efficient approaches for provision and management of WfP are supported. Efforts are being made to demonstrate appropriate technologies and train water users in their installation and management.

e) Decentralisation and Management at the Lowest Appropriate Level

In line with the Local Governments' Act (CAP 243) and Water Policy (1999), responsibilities for identification, planning, implementation and management for WfP interventions are decentralised to the lowest appropriate levels. It is important to define the "lowest appropriate" level for each of WfP activity by considering the water resource planning, allocation and environmental considerations; technology and level of investment; implementation and O&M requirements.

Funds shall appropriately be channelled directly to districts as conditional grants for implementation (especially for valley tanks up to a capacity of 10,000m³. Dams and Bulk water systems shall remain the responsibility of the centre due to their complex nature) and central ministries (responsible for water supply provision and water use management) for sector coordination, setting standards, preparing guidelines, monitoring, sector reporting, sector-relevant research and development of large-scale multipurpose water use interventions. Guidelines for planning, implementation and operation of WfP components of the District Water Supply and Sanitation Development Grants (DWSDG)/ Poverty Action Fund (PAF), Local Government Development Programme (LGDP) and/ or Northern Uganda Social Action Fund (NUSAF) as appropriately prescribed under the Fiscal Decentralisation Strategy (FDS) shall be prepared to assist the local governments.

f) Privatisation and Private Sector Involvement

Government is firmly committed to the privatisation process. Involvement of the private sector, which is considered to represent a viable resource for design, construction, O&M, training, capacity-building and commercial services, shall be promoted. The private sector shall be encouraged to mobilise resources and financing for sub-sector development. All construction work shall be performed by the private sector on the basis of contracts awarded through the competitive bidding process. The MWE is providing construction equipment for all districts and this may change the contracts of actual work done by the private sector players without necessarily eliminating their role in WfP.

In cases where NGOs/ CBOs offer comparative advantages, they shall be engaged to offer the mobilisation, design, implementation and/ or O&M services, using the appropriate public procurement systems. Government shall issue guidelines for water resource allocation, extraction and utilisation; water use management and O&M to assist the stakeholders.

g) Gender Responsive Approach

The overall guiding principle and approach to gender is that men and women should have equal rights, equal access to and control of resources and equal influence. The key concern is that the majority of farmers are female, accounting for most of the agricultural output, but most government interventions in agriculture have generally targeted males and male-headed households. In line with and supporting the PMA policy on gender responsiveness, the WfP strategy acknowledges structural gender inequalities by increasing support, training and empowerment to vulnerable groups such as female subsistence farmers. Gender equity is strived for in programme planning, and gender issues are part of any social analysis carried out together with communities.

h) Environment and Health concerns

Environmental and health concerns are incorporated and addressed in WfP investments through Environmental Impact Assessments in accordance with the Environment Act Cap 153, 3rd Schedule. Important environmental issues in relation to WfP are implications on the water resources (water quantity and quality), land and ecological sustenance. The health aspects considered are concerned with occupational health related to rural industries, small-scale and commercial aquaculture or irrigation projects.

i) Sector Wide Approach to Planning (SWAP)

Interdisciplinary collaboration to facilitate a broader over-view of the *water supply and water use management* aspects of the sub-sector are promoted. The top-down approach was replaced by the creation of a demand-driven, bottom-up, multi-stakeholder sector wide approach to planning and implementation, supported by improved institutional coordination, decentralisation and capacity building through an extensive promotion, strengthening of central and local institutions, full involvement of users, community management of public services and participation of women at all levels.

The strategy emphasises “A Package Approach” for WfP that not only includes construction and installation of water supply and reticulation systems, but also the software aspects associated with mobilization, community-based planning and monitoring, private sector back-up support, efficient water utilisation, hygiene and sanitation, environmental awareness, gender responsiveness, and the requisite capacity building at user level for sustainable use and O&M of the facilities.

ANNEX 2 INSTITUTIONAL FRAMEWORK

The institutional framework for the sector presented below is based on the overall description provided in the Sector Performance Report 2012.

A2.1 Core institutions relevant to the sector

National level

The Water Policy Committee was established under the Water Act Cap 152 and Water Resources Regulations (1998) of Uganda to assist and advise the Minister of Water and Environment and to promote inter-Ministerial and inter-sectoral coordination over a wide range of water resources management and development issues. The Water Policy Committee provides an avenue for promoting IWRM at national level and guiding the strategic management and development of water resources of the country. The Water Policy Committee also coordinates the preparation of national water quality standards; and mediations and undertakes conflict resolution between national authorities on water resources matters.

The Policy Committee on the Environment was established by the National Environment Act Cap 153 as a sub-committee of cabinet. It is chaired by the Prime Minister and consists of ten ministers responsible for natural resources; agriculture and fisheries; finance and economic planning; education; health; land, housing and urban development; local Government; gender and community development; wildlife; and trade and industry. The Policy Committee on Environment provides policy guidance and oversight to the National Environment Management Authority (NEMA). It also harmonises the sectoral roles and responsibilities over the range of environmental issues across its jurisdiction. The committee plays a critical role in integrating environmental considerations into the policies, plans and programmes of the respective sectors and sub-sectors under its jurisdiction.

The Ministry of Water and Environment (MWE) has the responsibility for setting national policies and standards, managing and regulating water resources and determining priorities for water development and management. It also monitors and evaluates sector development programmes to keep track of their performance, efficiency and effectiveness in service delivery. MWE has three directorates: Directorate of Water Resources Management (DWRM), Directorate of Water Development (DWD) and the Directorate of Environmental Affairs (DEA). The mandate of the MWE regarding sanitation and hygiene activities is stipulated in the Memorandum of Understanding that was signed by MoH, MoES, and MWE. The role of MWE is limited to development of public sanitary facilities and promotion of good practices of hygiene and sanitation in small towns and rural growth centres.

With respect to water for production, MWE is the lead agency for water for production and development off-farm. Ministry of Agriculture Animal Industry and Fisheries (MAAIF) is the lead agency for water use and management for agricultural development on-farm. The mandate of Ministry of Tourism, Trade and Industry covers water use and management of

industries, commerce, wildlife and tourism. The mandate of MEMD is water use and management for hydropower generation.

The Directorate of Water Resources Management is responsible for developing and maintaining national water laws, policies and regulations; managing, monitoring and regulation of water resources through issuing water use, abstraction and wastewater discharge permits; IWRM activities; coordinating Uganda's participation in joint management of transboundary waters resources and peaceful cooperation with Nile Basin riparian countries. The directorate comprises three departments namely Department of Water Resources Monitoring and Assessments, Department of Water Resources Regulation and Department of Water Quality Management.

While the traditional institutional arrangements for water resources management have been centralised, de-concentration of these functions to regional and local levels has been initiated. Thus, the institutional arrangements for management of water resources in Uganda are now three levels namely;

National level institutions including:

- DWRM with its role/responsibilities of guiding water resources management and development in Uganda carried out through its 3 Departments.
- Water Policy Committee which is a legal entity responsible for advising the Minister and government regarding the integrated and sustainable management and development of water and related resources.

Regional/transboundary level institutions including:

- The Water Management Zones (WMZ) where some of the central level water resources management functions will be de-concentrated as a way of moving closer to the stakeholders. The country has been divided into four WMZs (Victoria, Albert, Kyoga and Upper Nile) based on hydrological (water) basins and this is a regional level top down framework through which water resources will be managed and developed.
- Transboundary level institutions such as Lake Victoria Basin Commission (LVBC) and Nile Basin Initiative (NBI) under which parts of Ugandan catchments fall. LVBC is a legal entity, linked to the East African Community, responsible for the sustainable management of the water resources of Lake Victoria basin under which parts of Uganda fall. Similarly, the Nile Basin Initiative is a transitional institutional arrangement responsible for sustainable management and development of the Nile basin water resources. 98% of Uganda lies within the Nile basin and thus almost all its water resources are part of the Nile. Active participation of Uganda in the Nile Basin Initiative activities is therefore key to the sustainable management and development of Uganda's water resources.

Local level institutions including:

- Catchment Management Organisations (CMOs) which are based on water sub-basins or catchments and form parts of WMZs. CMOs will be the local level bottom up frameworks through which stakeholders will participate in water resources management.

Districts which are the lowest level institutions where implementation of catchment based water resources management plans will be implemented.

The Directorate of Water Development (DWD) is responsible for providing overall technical oversight for the planning, implementation and supervision of the delivery of urban and rural water and sanitation services across the country, including water for production. DWD is responsible for regulation of provision of water supply and sanitation and the provision of capacity development and other support services to Local Governments, Private Operators and other service providers. DWD comprises three Departments; Rural Water Supply and Sanitation; Urban Water Supply and Sanitation and Water for Production. The Regulation Unit of MWE is regulating urban water supply services.

The Directorate of Environmental Affairs (DEA) is responsible for environmental policy, regulation, coordination, inspection, supervision and monitoring of the environment and natural resources as well as the restoration of degraded ecosystems and mitigating and adapting to climate change. DEA comprised the four departments of Environmental Support Services (DESS), Forestry Sector Support Department (FSSD), Wetlands Management (WMD) and the Department of Meteorology (DOM). DEA works in collaboration with the National Environmental Management Authority (NEMA) and the National Forestry Authority (NFA).

Under the National Forestry and Tree Planting Act, 2003, NFA is mandated to manage Central Forest Reserves in partnership with private sector and local communities; advisory, research and commercial services on contract; supply of quality seeds; and national forest inventory and other technical services. The Forestry Sector Support Department (FSSD) is charged with formulation and oversight at appropriate policies, standards, and legislation for the forest sector; coordination and supervision of technical support and training to local governments; inspection and monitoring of local governments; monitor NFA using a performance contract; coordination of the National Forest Plan (the sector's investment plan) and cross-sectoral linkages; resource mobilisation for the sector; and promotion, public information and advocacy for the sector.

The Climate Change Unit (CCU) was created in 2008, directly under the office of the Permanent Secretary within the Ministry of Water and Environment. The main objective for the establishment of the CCU is to strengthen Uganda's implementation of the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol (KP).

The National Water and Sewerage Corporation (NWSC) is a parastatal that operates and provides water and sewerage services for 23 large urban centres across the country including Kampala. NWSC's activities are aimed at expanding service coverage, improving efficiency

in service delivery and increasing labour productivity. Key among its objectives is to plough back generated surpluses for infrastructure improvements and new investments.

The National Environment Management Authority (NEMA): NEMA responsible for the regulatory functions and activities that focus on compliance and enforcement of the existing legal and institutional frameworks on environmental management in Uganda. NEMA's mandate covers both green and brown issues of environmental management. It oversees the implementation of all environment conservation programmes and activities of the relevant agencies both at the national and local Government level.

The National Forestry Authority (NFA) is responsible for sustainable management of Central Forest Reserves, supply of seed and seedlings, and provision of technical support to stakeholders in the forestry sub-sector on contract. NFA is a semi-autonomous business entity and generates most of its own revenues and finances its activities, i.e. NFA's support is contingent upon payment for its services.

Ministry of Agriculture Animal Industry and Fisheries (MAAIF) have a dual role with MWE for WfP. MAAIF is responsible for supporting, promoting and guiding the on-farm production of crops, livestock and fisheries so as to ensure improved quality and quantity of agricultural produce and products for domestic consumption, food security and export. Under the supervision of MAAIF, are autonomous agencies to handle specific tasks; i) National Agricultural Research Organisation to carry out research, trials of technologies and increasingly takes up responsibilities for dissemination of results through collaboration with extension and advisory services institutions and ii) the National Agricultural Advisory Services (NAADS) initiated under the Programme for Modernisation of Agriculture (PMA) to develop privatised extension services for farmers based on a demand-responsive approach.

A number of other line ministries have important roles in the sector as described briefly below.

- The Ministry of Health (MoH) is responsible for hygiene and sanitation promotion for households through the Environmental Health Division (EHD).
- The Ministry of Education and Sports (MoES) is responsible for hygiene education and provision of sanitation facilities in primary schools. It also promotes hand washing after latrine use in the schools.
- The Ministry of Gender, Labour and Social Development is responsible for gender responsiveness and community development/mobilisation. It assists the sector in gender responsive policy development, and supports districts to build staff capacity to implement sector programmes.

- The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) spearheads agricultural development. This includes the on-farm use and management of water for production (irrigation, animal production and aquaculture).
- The Ministry of Lands, Housing and Urban Development was created in June 2006 and is responsible for the management of land affairs including physical planning, surveys and mapping, valuation, land registration, urban development and housing as well as the Uganda Land Commission.
- Uganda Wildlife Authority under Ministry of Tourism, Trade and Industry (MTTI) manages the forests in National Parks and Wildlife Reserves, especially under the Uganda Wildlife Act, 1996 (CAP 200).
- The Ministry of Finance, Planning and Economic Development (MoFPED), mobilises funds, allocates them to sectors and coordinates development partner inputs. MoFPED reviews sector plans as a basis for allocation and release of funds, and reports on compliance with sector and national objectives.

Over 200 NGOs are working in water supply and sanitation. The Uganda Water and Sanitation NGO Network (UWASNET) is a national network organisation established in 2000, with the aim of strengthening the contribution of NGOs/CBOs in achieving the Water and Sanitation Sector goals. Currently it has an active membership of over 170 active NGO and CBO. There is a strategic framework for cooperation between local Governments and NGOs for water and sanitation. It guides Local Governments and NGOs on how to jointly plan and implement community mobilization/software activities with respect to water supply and sanitation. It also provides guidance to districts on how to procure NGOs to undertake software activities. It is envisaged that beginning financial year 2009/10, districts with gaps in capacity and staffing, will out-source software works to NGOs without any legal restriction or huddles.

Civil society organizations (CSOs) are active in service delivery and advocacy for sustainable forest sector development. They work especially at the grassroots levels, mobilising and sensitising local people, supporting active local participation in managing forests and trees, providing forestry advisory services, and advocating for the concerns of the underprivileged in national development processes. Most of the local NGOs/CBOs working in the forestry sub-sector operate under an umbrella organisation, the Uganda Forestry Working Group (UFWG), with Environmental Alert housing UFWG's Secretariat. An estimated 200 Civil Society Organisations (CSOs) are involved environment and natural resources. There is currently no networking or coordination body for NGOs and CSOs working on environment and natural resources issues.

De-concentrated level

In response to the increasing number of districts and the need to provide support to local government, MWE have established a number of deconcentrated entities which are outlined in brief below:

Water Sector Development Facility (WSDF)

Four WSDF branch offices are currently established: Mbarara (South West); Lira (North); Mbale (East) and, Wakiso (Centre). Each branch office is headed by a senior staff member of the Urban Water and Sanitation Department (UWSD). In two cases (South West and North) the branch offices are supported by contract employed staff financed through the JPF. The branch office carries out all the contract management functions of the UWSD, including procurement. Simplified functions include:

Implementation management

- Zonal level planning and scheme identification
- Feasibility study and detailed design of piped schemes where financed through MWE
- Tendering, procurement and supervision of construction contracts
- Financial management and reporting

Capacity building

- Support to Town Councils for water authority function, establishment of water and sanitation boards and selection/appointment of private operators
- Support to UOs

The head of the WSDF branch office is delegated as the accounting officer for the funds under their responsibility. A government bank account is set up to receive funds and enable local disbursement. In two branch offices, a separate bank account has also been set up to receive DP funds from the JPF. The WSDF branch office in South West has piloted different approaches to the management and supervision of investments in Small Towns and RGCs and developed an interim operations and procedures manual that has now been adopted by MWE as a national manual.

Technical Support Units (TSU)

TSUs were set up in 8 locations around the country in 2002 with a ninth TSU being established in the North East for Karamoja in 2009. At present there are approximately 35 professional staff employed in the 9 units. The TSUs were established to build capacity at the districts following decentralisation of rural water supply and sanitation and the channelling of government grants to the sub-sector via the DWSCG. Simplified functions of the TSU include:

Supervision/ monitoring:

- Quality assurance
- Monitoring of adherence to guidelines, standards

Capacity building of local governments

- Planning, budgeting and reporting
- Procurement and contract management
- Financial management and reporting
- Software activities implementation including establishing management structures at user levels
- Sanitation and hygiene promotion
- Support to record keeping, management information systems including the WATSUP
- Promotion of coordinated capacity building including inter-district efforts
- Promotion of effective private sector use
- Support to local governments and NGOs in service provision and integrated water resources management

The TSUs were intended to be temporary and to gradually withdraw from well performing districts. The TSU functions were originally contracted out to private sector companies and/or NGOs but more recently the staff have been hired on individual contracts by the MWE and paid through the JPF. Over time, TSU's roles have also expanded to provide support to RGCs and also water resources and water for production. The total cost of the TSUs is approximately UGX 3.4 Billion per year which is equivalent to approximately 5% of the DWSCG.

The TSUs and the WSDFs will need to cooperate closely. The TSUs will build capacity at the District Local Governments and Town Councils. In this way they will help to ensure that the clients of the WSDF are in a position to plan their water and sanitation needs, make best use of the implementation management support provided by the WSDF and ultimately ensure that the new facilities function well. The WSDF will also be involved in capacity building particularly at Town Councils and thus the efforts of the TSUs and WSDF will need to be closely coordinated to avoid duplication and ensure consistency of approach.

Umbrella Organisations (UO) – *note: these are not part of the de-concentrated entities of MWE as they are not government bodies.* UOs are currently established to serve members in 3 regions: the South West, Mid West and East, with two other umbrellas (for the Centre and North) recently made operational. The first UO was originally set up under an ADC financed project in the South West to support the O&M of schemes in Small Towns and RGCs.

The regionally-based, UOs are associations of the Water Supply and Sanitation Boards (WSSBs)/ Water and Sanitation Committees and at present support a total of 162 RGCs with piped water supplies as well as 18 small towns. The UOs provide O&M back up as well as training, technical, legal, financial and organisational support including supervision of rehabilitation and extension works and water quality monitoring. According to their current mandate, they also support and supervise monitoring and reporting procedures. These tasks could overlap with the Water Authority Division mandate which would in future probably take over such tasks with the UOs focussing on support rather than supervision. The UOs have also assumed a role in capacity building of Private Operators (POs) as their members are crucially dependent on private operator performance. At the same time they support the supervision of the POs. Apart from this potential conflict of interest, there is overlap with the Association of Private Water Operators (APWO) which ought to take the primary role in capacity development. A number of sector commentators note the problem of distortion of roles by providing support for capacity building of POs through UOs instead of the APWO.

Simplified functions of the UOs include:

Capacity building

- Represent members and advocate their interests
- Assist members monitor service delivery performance and adherence to sector standards
- Promote innovative and sustainable technologies in water supply and sanitation
- Promote women's participation
- (Capacity building of local water providers in planning, business development and management, technical operations and maintenance – where not duplicating AWPO)

Direct support to members:

- Provide backup support services in technical and contract management issues.
- Provide support services for: water quality monitoring; spare part management (including making bulk parts available for purchase)
- Support procurement of services and construction works for extensions
- Channel O&M grants to RGCs

UO support operations are financed through the JPF and to a very limited extent through member fees (5% of recurrent costs). The total cost of support services are approx. 0.6 UGX Billion per year (JPF work plan 2009/10). UGX 0.36 Billion are allocated to the UOs from the government's O&M conditional grant to cover the cost of extensions and major physical repairs. Concerns have been raised about the channelling of public subsidies to the UOs and

the sustainability of UOs. UOs are set up as associations although the government can come in to support their operations. It is considered better to leave them as associations.

Water Management Zones

The concept of the WMZs are described earlier. WMZ offices are planned to be established in the 4 WMZs (Victoria, Albert, Kyoga and Upper Nile). The main purpose of the planned WMZs is to de-concentrate water resources management closer to where action is needed in order to mobilise local community efforts and other stakeholders to achieve catchment-based Integrated IWRM. This will also ensure effective coordination with other water resources related activities being implemented at district level such as environment, forestry and water supply.

Simplified functions are shown include:

Regulation

- Zonal assessment of permit applications;
- Zonal compliance monitoring
- Regional level laboratory services

Monitoring and supervision

- Zonal monitoring and data management;
- Zonal water resources mapping, assessment and planning;
- Contribution to national assessments, planning and coordination including environmental impact assessments and international waters

Capacity building

- Support to catchment stakeholders in a local water resources management

WMZs are supposed to be a permanent operational arrangement for effective water resources management and development. Catchment-based Water Resources Management (WRM) activities have been mainly undertaken on a pilot basis and thus the WMZ offices are not yet fully operational. The Directorate of Water Resources Management (DWRM) has undertaken a detailed study to finalise the framework for Catchment based WRM in order to rollout the WMZs. The study involved assessing the required financial, human and logistical resources based on reform strategies and pilot studies. As part of the roll out, four staff at Principal Officer level have already been designated as interim heads of the WMZs, each heading a team of four staff members. A recent study (Cowi, 2010) suggests that in the long-term some 20 professional staff will be needed for each WMZ office in order to fully comply with the national mandate and each should be headed by an Assistant Commissioner. In the interim it

is acknowledged by the DWRM that much can be done as a first step with an establishment of 3 to 4 professional staff per WMZ, provided they are well facilitated.

Water resources development is subject to regulation by the Directorate of Water Resources Management (DWRM) via its WMZ offices. At the same time the WSDF may in the medium- to long-term provide a source of funding for water resource development works. There is thus a need for close coordination between the WSDF Branch Offices and the WMZs. Ideally therefore, the WSDF Branch Offices and the WMZ offices should be physically located in the same building, or as close as possible.

District level

Local Governments (Districts, Town Councils, sub-Counties) are empowered by the Local Governments Act (2000) to provide water services and manage the Environment and Natural Resource base. Local Governments, in consultation with MWE appoint and manage private operators for urban piped water schemes that are outside the jurisdiction of NWSC. The District Water Offices manage water and sanitation development and oversee the operation and maintenance of existing water supplies in the District. The District Environment Office is responsible for the environment and natural resources. District Forest Services of local Governments (LGs/DFS) manage Local Forest Reserves (LFRs); carry out support and quality control of forest extension for private and community forests; develop and enforce bye-laws; strengthen forestry in production and environment committees and district development plans; as well as land administration, surveying, and approval of Community forests; among others.

Local Governments receive funding from Central Government in the form of conditional grants as follows:

- District Water and Sanitation Conditional Grant
- Environment and Natural Resources Conditional Grant to cover forestry, wetlands and lands was established in 2004. Although funds for forestry were allocated for 2004/05 FY, it was not accessed and has subsequently ceased. There is limited funding for wetlands management under the grant.

Local Governments can also mobilise additional resources for water and environment related activities.

The District Environment Committee coordinates the activities of the district councils relating to the management of the environment and natural resource base.

District Water and Sanitation Coordination Committees (DWSCCs) were established in almost all districts. The DWSCC membership consists of administrative and political leaders, technocrats and NGO/CBO representatives at district level. The role of the DWSCC is to oversee the implementation of WSS programmes, strengthen collaboration and coordination

with other sectors (health, education, social development and agriculture) and other players (private sector, NGO and CBOs and civil society). In 2008/9 DWSCCs were active in all districts except in Bugiri and Kalangala.

Private sector

Private Sector Firms undertake design and construction in water supply and sanitation under contract to local and central Government. Private hand pump mechanics and scheme attendants provide maintenance services to water users in rural and peri-urban areas. Private Operators manage piped water services in small towns and rural growth centres. Private Forest Owners including Local Communities with registered forests are legal forest management authorities. In addition, the private sector plays an important role in terms of commercial tree plantation development as well as promoting wood based industries and trade.

Community level

Last, but by no means least, communities are responsible for demanding, planning, contributing a cash contribution to capital cost, and operating and maintaining rural water supply and sanitation facilities. A water user committee (WUC), which is sometimes referred to as a Water and Sanitation Committee (WSC) should ideally be established at each water point. With respect to the environment and natural resources, over the year's community members have been encouraged to form user groups at local level, i.e. Beach Management Units (BMUs), Forestry Resource User Group, Land Committees and Environment Committees. These structures are intended to enable oversight of the environment and natural resources at the lowest level.

A2.2 Brief overview of sector planning, budgeting and reporting in Uganda

The water and environment sector in common with all other sectors under public administration in Uganda, undertakes planning and budgeting in line with the broad sector planning, budgeting, monitoring and reporting processes, as required by the relevant overall government macro-economic planning and policy frameworks and supervising institutions, such as the National Planning Authority (NPA), Office of the Prime Minister (OPM), MoFPED and the Ministry of Public Service (MoPS). This coordination task is mainly executed under the Policy, Planning and Support Services, and encompasses administration and management of finance, procurement, auditing, budgeting, human resources development and regular monitoring and evaluation of all development programs, including the donor-funded projects in the Ministry of Water and Environment and decentralised activities in the Local Governments .

Starting from the 2008/09 budget cycle, the preparation of sector Budget Framework Papers (BFPs), the Ministerial Policy Statements (MPS) and Budget Estimates are centered on the notion of "Vote" and "Vote Functions (VFs)". A Vote is a Government Ministry, Department

and/or Agency (MDA) within a given sector (such as water and environment), that receives funds from MoFPED to implement sector programmes. A Vote Function is a set of programmes, projects, and Local Government Grants, whose responsibilities and outputs contribute towards the attainment of a single/specific strategic objective in a given sector,

To-date, the sector has three standalone Votes namely

- Vote 019 (Ministry of Water and Environment),
- Vote 150 (National Environment Management Authority, NEMA) and
- Vote 157 (National Forestry Authority, NFA).

Under Vote 019 are seven Vote Functions, namely

- VF-01 (Rural Water and Sanitation),
- VF-02 (Urban Water Supply and Sanitation),
- VF-03 (Water for Production),
- VF-04 (Water Resource Management),
- VF-05 (Natural Resource Management),
- VF-06 (Weather, Climate and Climate Change and Policy) and
- VF-07 (Planning and Support Services).

Under each VF are programmes and specific projects perceived to achieve a given strategic objective with maximum efficiency. These projects are specified in the MPS.

Preparation of the Sector Budget Framework Paper and the Ministerial Policy Statement

As part of the budget preparation process, MWE participates in consultative regional workshops for the Local Government Budget Framework Papers during which districts are introduced to new policy issues and budget priorities for the Water and Environment Sector. The ministry communicates and disseminates the operational guidelines and allocation formulae for the four grants (i.e. the District Water Development Grant, District Sanitation and Hygiene Grant for district sanitation, Urban Water Supply O&M Conditional Grant and the Environment and Natural Resources Grant for Wetlands Management).

The consolidated sector Budget Framework Paper and the Ministerial Policy Statement for the water & environment sector are prepared for each financial year using the Output Budgeting Tool. These documents show the planned outputs (by vote and vote function) with annual targets and performance indicators, medium term plans, major capital investments, actions for

improved sector performance, key expenditure allocations and unfunded outputs for each financial year.

The consolidated sector MPS as the principal document for presenting details of the Water and Environment Sector budget estimates is prepared and submitted to Parliament in June for the following financial year. The MPS guides the approval process for the activities and resources proposed for the implementation of the planned sector outputs for each financial year. The Natural Resource Parliamentary Committee under which the sector falls studies the report and makes recommendations for consideration by the sector in order to improve service delivery. Key priority areas agreed to be addressed during the next Financial Years include:

- address the low sustainability of water supply facilities including low functionality through up-scaling of community involvement in planning. Monitoring the design and quality of construction of new water supply facilities to ensure adherence to technical specifications, and also rehabilitation of some of the non-functional old facilities.
- focus on developing appropriate water supply technologies in the water stressed areas to ensure equity in access to facilities for water supply and sanitation.
- improve functionality of urban piped systems; promote renewable energy efficient alternatives for pumping water in the town schemes where feasible, and
- commence restoration of some of the degraded ecosystems and up-scale compliance monitoring and capacity development especially among lead agencies and local government level. Tree planting will take place on bare hill tops, river banks, lake shores and, watersheds for better wetland management.

Each district prepares and submits to MWE, annual workplans and budgets for the DWSCG. Formerly the workplans and budgets are reviewed by MWE and where found to be of adequate quality were endorsed and passed to MoFPHEd for financing. This practice has been changed so that whilst reports are still provided to MWE, the release of funds is automatic and would require a significant intervention and evidence to be presented by MWE to interrupt funding. Instead if there are issues that do not justify interruption, then they are taken up with the relevant district authorities.

Preparation of quarterly progress reports

To ensure that progress is in tandem with the Sector Performance Contract, quarterly progress reports are compiled at operational level using the Output Budgeting Tool (OBT) indicating the physical and financial performance under each Vote function. The MWE receives copies of the quarterly district reports and comments on them where justified.

This information is submitted to MoFPED and OPM at strategic level to facilitate compilation of the Government Semi-annual Performance Report in March of each year, and consequently the Government Annual Performance Report.

Water and ENR Performance Measurement Framework

The water sector has had a long standing system of sector performance measurement known as the golden indicators. These form the basis for the annual sector reviews and internal sector reporting. The Planning and Policy Department, in collaboration with the Directorate of Environment Affairs, started establishment of baseline data of the platinum indicators for the Environment and Natural Resources Performance Measurement Framework.

To complement the performance measurement framework and strengthen the data behind it, MWE, in collaboration with Uganda Bureau of Statistics (UBOS), has embarked on compilation of the Water and Environment Sector Statistical Abstract (WE-SSA). The WE-SSA aims to facilitate decision-making by bringing together key statistics required by the MWE sector for quick reference, during planning (incl. update of the sector investment model and SIP) and performance assessment. It is the first Statistical Abstract for the sector. The compilation process involves extracting, cleaning-up and packaging existing sector administrative data, which has been harnessed and presented in various reports over the years. The Abstract provides a range of datasets, including general information on the country, sector finance and data on key physical outputs and outcomes resulting from the funding.

ANNEX 3 KEY EXPERIENCES AND RESULTS OF THE PREVIOUS PHASE OF SUPPORT

This annex draws from the JWSSPS MtR and the analysis presented in the Inception report for preparation of the JWESSP(2011).

The JWSSPS MtR conducted between November 2009 and February 2010 highlights a number of issues and findings that are highly relevant for the preparation process of the future JWESSP. The following summary of the findings and recommendations is based on the Final Report where the comments of MWE and DPs are already taken into consideration.

General effectiveness and pertinence of JWSSPS - the report states that it is problematic to apply standard evaluation techniques for a sector-wide intervention and that a full impact evaluation was beyond the scope of the MtR. However, the *JWSSPS* "is found to be an efficient way to align the DPs in order to have less overlaps, more transparency, and pooled TA." "Results achieved by the sector are well covered in SPRs and overall, the JWSSPS seems to be working effectively." "It has made use of and has strengthened existing government systems, has followed government policies and strategies and respected divisions of responsibility, and has avoided the unilateral introduction of innovations." "The implementation modalities are fully aligned with government procedures, and the Programme has harmonised the contributions of the Development Partners according to the requirements of the Paris Declaration."

Per capita investment costs - are described to be reasonable by international standards. The unit costs of investments made by local governments (using DWSCGs) are found to be roughly the same as for investments made by NGOs for the same type of technology.

Inadequate Progress is being made on safe water coverage – the poor progress in meeting the key sector target – is mainly explained by the fact that the current level of sector funding the sector is just able to keep up with population growth and maintain the present coverage (rural water: 65%) but not to increase coverage. If the official sector targets are to be reached this requires a substantial increase in funding.

Ineffectiveness of capacity building at the local government level as a result of the increasing fragmentation of districts.

Key recommendations that are relevant for the JWESSP preparation are:

- *DPs and GoU should discuss funding constraints in relation to achieving the sector targets.*
- *Continue targeted capacity building for district governments; the capacity of the TSUs should be adjusted to cope with the increasing number of districts.*
- *Follow up on recommendations from the value for money audits.*

Sector Performance Measurement Framework – this has been developed since 2004, essentially consisting of a set of indicators ("Golden Indicators") and targets, reporting and review mechanisms, and a related database and Management Information System (MIS), is

generally seen as appropriate. The MWE Sector Performance Report (SPR) “*provides a comprehensive and detailed overview of the sector*”. With the recent improvements of the MIS and the Water Atlas Up-date Project (WATSUP) “*the mechanisms and instruments should be in place for proper and satisfactory progress and performance monitoring and reporting of the sector activities and achievements.*”

However, an adequate set of indicators to monitor the performance of the water resources management functions of DWRM was still under development at the time of the MtR. The benchmarks proposed for the JWSSP were found to be too complex to work in reality.

Funding modalities: The MtR clearly states that “*all the implementation and funding modalities set out in the JFA are still relevant to the Programme.*”

- JPF is seen as a financing modality that is aligned with government programming and financial management procedures but allowing for sector level decision making with a direct link to sector reforms, sector targets and sector structures. The MtR states that “*continuation of the JPF modality is viewed favourably by both the Development Partners and the MWE for reasons of reliability and timeliness of funds release.*”
- Sector Budget Support (SBS) modality, on the other hand, is described as a step towards General Budget Support as funds are not effectively earmarked and budget allocation decisions are not made at the MWE level but through the general budget process. This has to be seen in the context of a continuous decline of budget allocations to the water and environment sector, whereas the Joint Financing Agreement (JFA) stipulates a GoU commitment to ensure that “*funding to the Water and Sanitation Sector through the MTEF is progressively increased*”.

Funding of de-concentrated sector support structures such as the WSDFs, Technical Support Units (TSUs), and Water Management Zones (WMZs), “*for which central funding is not guaranteed in any budget line*”. These emerging entities are still in the process of institutional consolidation – a situation that has not substantially changed since the MtR.

Important MtR recommendations regarding financing modalities are:

- *JPF should be retained until the intermediate level institutions (i.e. TSU, WSDF, WMZ) are recognised and adopted by government as formal budget entities.*
- *The DPs should strive to provide non-earmarked, rather than earmarked, support to the JPF.*
- *DPs should continue to identify their criteria for selecting sub-sectors - and/or macro-level support initiatives, and assess progress towards the effective implementation of the Sector Budget Support Framework, before adopting a transition from JPF to SBS funding modalities.*
- *Provision for recurrent costs incurred by the JPF programme investments need to be signalled during annual sub-sector planning and preparation of the MTEF so that future recurrent costs of the investments can be budgeted for annually by MoFPED. MWE*

should enhance its policy formulation and advisory capacity and engage more fully with the requirements of the SBS modality.

Fiduciary Risk Assessment (FRA) - a FRA of the sector had been carried out within the framework of the JWSSPS design in 2007 which identified, as described in the MtR report, *a multitude of fiduciary risks and recommended mitigation measures. This FRA concluded that: (1) the GoU has a sound legal and regulatory framework; (2) the main problem is lack of compliance with the regulations; (3) Fiduciary risk is still high both at central and LG levels... To some extent the size of this list has made it difficult to sort the wheat from the chaff.*

One of the major concerns mentioned is that the new Districts use a significant part of the DWSCGs for setting up their offices and infrastructure rather than for service delivery.

Many of the fiduciary risks cannot be addressed by the Sector on its own - *including sector budget allocations, lack of political leadership, strengthening of laws against corruption, and addressing audit queries on District Local Government expenditures. The Review Team also understands that this is now the responsibility of the actors in the Joint Sector Budget Framework.*

The reaction of the Sector to set up a Good Governance Thematic Group and develop a Good Governance Action Plan including regular progress reporting seen as appropriate to address those issues that can be handled at the Sector level. Progress is being made and *although DPs were initially the driving force for anti-corruption measures within the sector it is well supported internally.* Nevertheless external support of the Good Governance agenda and funding of related VfM studies, workshops and audits through the JPF is seen as essential.

The resulting recommendation is therefore:

- *External support is needed to drive the Good Governance agenda and this may be made more effective by lobbying for enhanced transparency and accountability at central levels through the Local Government DP group.*

Sustainability of infrastructure investments is an important issue - the MtR reports commendable efforts but states on-going problems both at the level of urban/piped water facilities (cost recovery, private operator contracts, regulation, non-revenue water) and rural water supply (lack of maintenance related to the neglect of software components by districts, non-availability of spare parts).

The MtR Team concludes that *the long term functionality and sustainability of infrastructure requires a more systematic financial and technical approach* and recommends to:

- *Explore the institutional and funding arrangements for TSU, UOs and WSDF with a view of mainstreaming the O&M support structures into government decentralized structures.*
- *MWE should consider restructuring by creating an O&M Unit within the rural water department of DWD.*

Coordination and functionality of water for production. WfP is a high priority of GoU. The MtR report states recent progress (e.g. update of the WfP Strategy, improved coordination mechanisms) but highlights a number of substantial concerns, including very low functionality of existing WfP facilities, dramatic cost overruns of the pilot projects and still insufficient linkage with the MAAIF to ensure joint planning and operational cooperation.

Important recommendations are that:

- *The coordination between MAAIF and MWE needs to be strengthened further and be clearly elaborated at operational level if WfP is to succeed. If need be, a special allocation from JPF could be set aside to be used in elaboration of this working relationship.*
- *Closer links between DWRM and WfP Department are needed to ensure that sustainable water for multi-purpose use programmes is based on sound water resources assessment studies.*
- *At least O&M cost recovering collection systems according to the volume of water used by beneficiaries have to be developed and put in place for sustainability of the investment.*
- *The indicator for the WfP sub-sector (“golden” indicator 6) should be refined to give an indication of the actual usage of the new/rehabilitated water retention, storage and distribution infrastructure.*

Sanitation component of JWSSPS envisaged support to improving sanitation and hygiene in four complementary ways:

- Support to local governments through a specifically established conditional grant for sanitation (under the health sector ceiling)
- Support to NGOs to raise community awareness on personal hygiene (funds to be channelled directly to the NGOs).
- Support to the WSP capacity building project
- Improving urban sanitation with a special focus on slum areas (provided via the JPF of the MWE).

The status at the time of the MtR was that:

- The sanitation conditional grant has been endorsed by MoFPED and an amount of UGX 2 billion for FY 2012/13 is being released to the districts.
- Support to NGOs has been channelled through UWASNET, funds which are used “to pay mainly NGO staff salaries.”

“At national level there are no clear sectoral guidelines for sanitation financing. Different line ministries expect other ministries to prioritise funds for sanitation and hygiene within their own sector ceilings.”

The MtR team therefore recommends that:

- *An inter-ministerial working group, probable led by Ministry of Local Government, should be set up to implement the budget line for Sanitation.*
- *Implementation of the integrated budget line be combined with the reform of the sanitation MoU. In addition to the ministries already identified in the existing MoU, the MoLG, MoGLSD and local governments should be included in the revised MoU.*

Coordination in Environment and Climate Change - The MtR states a clear need to strengthen the institutional linkages between DWRM, DEA and the Climate Change Unit (CCU). There is need to work in a synergetic manner within MWE as there are *common interest and even overlapping activities between the two directorates*, in particular related to water resources management and climate change. Since climate change adaptation in Uganda is strongly concerned with water management issues a better integration of the activities of the CCU and the DWRM is essential.

DWRM (as a Directorate) and CCU are still relatively new institutions and need on-going capacity building and consolidation. To assist efforts for better coordination the JPF funding mechanism should be extended to cover the CCU, according to the MtR.

Funding of the WRM sub-sector – *WRM is particularly sensitive to budgetary cuts in as much as recurrent costs represent the bulk of the total operational expenditures. At the commencement of the JWSSPS in 2007, it was assumed that GoU would gradually ensure sufficient human resources and funding to water resources management through the Consolidated Fund and that core funding to DWRM operations through the JPF should be tapering off. The situation is, however, that DWRM still depends considerably on JPF funding to the extent that the DP support through the JPF currently constitutes some 65% of the total DRWM budget. Continued assistance and further TA and capacity building under the JPF is therefore seen as inevitable to ensure sustainability and completion of the institutional reform process, including the process of deconcentration/decentralisation enabling synergy with other MWE activities.*

The resulting recommendations are as follows:

- *The funding of DWRM activities through the JPF mechanism should continue to the end of the programme period (note: referring to JWSSPS; however, the reasons for on-going JPF support will not have changed by the end of the JWSSPS).*
- *MWE should approach DANIDA and other DPs with the aim of having the existing and new funding possibilities for water related climate change adaptation activities channelled through the JPF for the benefit of both CCU/DEA and DWRM.*

ANNEX 4 POLICY DIALOGUE

Table 4.1 Dialogue outline for RWSS

Rural Water and Sanitation – Issues	Justification for being a dialogue issue	Typical DP Action /messages [<u>Aim</u>]
<p>District capacity – how to overcome resources being spread very thinly through creation of new districts?</p>	<p>The provision of SBS gives an entrance point for this discussion. It is of vital importance but the topic is also political in nature and beyond the sector. This makes DPs a natural ally and conduit for messages to high political levels on the impact on sector performance of district fragmentation. DPs could achieve a communication impact that the sector alone might not be able to do.</p>	<ul style="list-style-type: none"> • Argue that a greater number of districts will require an acceptance of higher overhead costs and a lull in the build-up of capacity and sector results. Therefore an understanding and adjustment of ambition level is needed. • Argue that greater resources are needed for rural water supply and sanitation both in terms of a bigger cake for the sector but also a bigger share of the cake for the districts. Advocacy partnership with ULGA will be potentially valuable [<u>Aim</u>: greater resources devoted to compensate district fragmentation and stagnating coverage]
<p>Value for money – what are causes of rising unit costs and are procurement problems being resolved?</p>	<p>Additional funds for the sector to meet targets will not be forthcoming unless the evidence for efficiency is overwhelming in the view of the Ministry of Finance and here unit costs play a crucial role as evidence.</p> <p>Procurement problems at especially district level are alarming as recent reports (SPR 2010/11) make clear. There are mitigating measures being taken and it is important the sector follows up vigorously. This is a difficult issue to solve, requires efforts</p>	<ul style="list-style-type: none"> • Demand value for money studies. Influence TOR to ensure well targeted studies; comment on draft report when they are received in order to ensure quality analysis • Demand report on progress of follow up of earlier value for money studies including those that have highlighted district procurement weaknesses. [<u>Aim</u>: value for money assessments are regular and indicate an improving tendency]

Rural Water and Sanitation – Issues	Justification for being a dialogue issue	Typical DP Action /messages [Aim]
	<p>partly outside the command of the ministry. DPs can exert pressure on more regular reporting on follow up of studies showing procurement shortcomings.</p>	
<p>Functionality – is the community based maintenance strategy working? does it need adjustment? are there problems in the implementation of the strategy that are being dealt with?</p>	<p>Responsibility for functionality lies with the users. This makes it diffuse and requires that i) users have a cohesive and well informed demand and ii) politicians do not undermine user responsibility by promising free maintenance. It is a topic where the sector needs support beyond its own boundaries as even the private sector who are key to the spare part chain are involved. DPs are well placed to bring this issue to various forums including the political level, the ministerial level (as there is still a ministry responsibility for monitoring and encouraging good maintenance) and the district government level.</p>	<ul style="list-style-type: none"> • Keep the debate on functionality alive by ensuring that discussion on sector performance and reaching of targets is qualified by consideration of functionality. • Argue for an assessment of the community based maintenance strategy and a diagnosis of where there are constraints • Bring knowledge and insight from other countries on use of appropriate technology, governance mechanisms and integrated approaches that take account of water availability, environment and climate change (as low functionality is often due to inadequate water resources planning) <p>[Aim: functionality reaches at least the golden indicator targets and if possible exceeds them]</p>
<p>Additionality – are the funds being put into the system of district water and sanitation conditional grants leading to an increase in the funding levels?</p>	<p>There is a danger that substantial DP funding to rural water and sanitation is offset by the government and does not have the intended effect of reversing stagnating coverage levels.</p>	<ul style="list-style-type: none"> • Argue that greater resources are needed to for rural water supply and sanitation both in terms of a bigger cake for the sector but also a bigger share for the districts. Advocacy partnership with ULGA is potentially valuable. <p>[Aim: greater resources devoted to RWSS if not a one-to-one additionality then at least a two to</p>

Rural Water and Sanitation – Issues	Justification for being a dialogue issue	Typical DP Action /messages [Aim]
		one, that is that RWSS funding is increased by at least 50% of the DP funding compared to historical levels]

Table 4.2 Dialogue outline for UWSS

UWSS – Issues	Justification for being a dialogue issue	Typical DP Action /messages[Aim]
<p>Weak regulation of Urban water and sanitation services – what are the root causes and have agreed plans to improve regulatory performance been implemented? If not what response has there been?</p>	<p>A regulatory framework is in place but in many cases it is not being implemented as planned – in the long run this will mean that the urban facilities will suffer from deferred maintenance and will need expensive rehabilitation. Water quality will also suffer.</p>	<p>Point to systematic areas of weakness and argue for more effective use of performance contracts with rewards and sanctions for non-compliance: [Aim: that performance contracts are signed and honoured with water quality being monitored]</p>
<p>Capital investments in the urban sub-sector are not always pro-poor sensitive. The majority of the urban poor often remain without access to piped water after a new system has been constructed or rehabilitated. Installed system capacity often remains severely underused for a long period of time.</p>	<p>In particular after the UN General Assembly Resolution (A/64/L.63/Rev.1) on the right to water and sanitation, both, DPs and GoU are committed to a Human Rights Based Approach (HRBA) in the water and sanitation sector. This requires sensitive approaches in particular in the urban sub-sector.</p>	<p>Argue for investment policies in line with the principle of “some for all instead of all for some” and scheme designs which allow access to quality services for the urban poor at costs/tariffs lower or equal to the rest of the population. [Aim: that key principles of the Pro-Poor Strategy 2006 and the HRBA are implemented]</p>

UWSS – Issues	Justification for being a dialogue issue	Typical DP Action /messages[Aim]
<p>Limited supervision capacity of WSSBs – what improvements have been implemented especially in terms of controlling the costs of production, operation and maintenance and water quality.</p>	<p>The WSSBs are in the front line of making sure that management contracts with service providers are well supervised and monitored. This is the main tool for ensuring sector performance and it needs to become more systematically used and monitored so that WSSBs take it seriously.</p>	<p>Argue for evidence being presented of more effective supervision of management contracts by WSSBs [Aim: that management contracts are signed and honoured.]</p>
<p>Absence of an integrated approach to ensure functionality of sanitation services – are there sufficient incentives to ensure an integrated approach.</p>	<p>Several different parties have to work together to ensure that sanitation is dealt with adequately. At present the incentive environment is not sufficient to ensure that this happens – an integrated management plan that all can be held accountable to is missing.</p>	<p>Argue for sanitation, storm water and solid waste management plans being in place in each urban centre [Aim: that integrated management plans are in place]</p>

Table 4.3 Dialogue outline for WRM

WRM – Issues	Justification for being a dialogue issue	Typical DP Action /messages[Aim]
<p>Decentralised WRM strategy and implementation – are there enough funds to continue this approach? can it be scaled up? will it have enough impact at the present scale?</p>	<p>Decentralised/deconcentrated WRM is new for Uganda. There is not an entirely unanimous consensus on the strategy and there are mismatches with the funding available. An experimental “action research” approach is being adopted as theoretical analysis is unlikely to yield</p>	<ul style="list-style-type: none"> • Undertake a close technical discussion on the progress of the WRM strategy and its implementation but without interfering in the direct operations • Encourage harmonization of the approaches adopted by MWE and other support efforts such as those of the World Bank. <p>[Aim: a strategy is arrived at by the end of 2015 that is fully funded and</p>

WRM – Issues	Justification for being a dialogue issue	Typical DP Action /messages[Aim]
	more than it already has done.	proven to work]
<p>Compliance and enforcement – is there evidence of improving compliance?</p>	<p>WRM is dependent on compliance and enforcement which is a weak point in Uganda as it is in many countries. The public at large and the political establishment have not fully internalized the importance of WRM. This is normal in the development path of a country like Uganda but also economically and environmentally inefficient. DPs can add their voice to those calling for a longer term view that will ultimately benefit all.</p>	<ul style="list-style-type: none"> • Pay attention to the golden indicators on compliance and enforcement and develop a deeper understanding of the data and what it means so that a technical dialogue can be held on the subject with the MWE. • Be prepared to bring clear cut infringements and bypassing of laws to the attention of the political levels i.e. the DPs will present evidence a high level consultations where found relevant. • Form advocacy partnership with organizations that argue against impunity for those who transgress WRM regulations and argue for imposition of penalties. [Aim: golden indicators on compliance and enforcement are reached or exceeded]
<p>Funding levels – how is advocacy for greater funding and proof of value for money progressing?</p>	<p>The debate on funding levels both in terms of the size of the sector cake and the share for WRM has become sterile and repetitive. DPs can potentially provide new impetus and catalyse interest groups to renew attempts to secure greater resources for the WRM sub-sector and encourage the sector to more effectively put its case and provide evidence of value for money and continuous performance improvement.</p>	<ul style="list-style-type: none"> • Argue that greater resources are needed for WRM both in terms of a bigger cake for the sector as a whole but also a bigger share for WRM sub-sector • Argue for the sector to provide more evidence on value for money and efficiency of operations • Strengthen Implementation of the communication strategy • Bring external expertise and knowledge on quantifying the cost-benefit of the sector and benchmarking on WRM expenditure with other countries e.g. OECD work on cost of WRM governance.

WRM – Issues	Justification for being a dialogue issue	Typical DP Action /messages <u>[Aim]</u>
		<p>[<u>Aim</u>: Resources allocated to WRM are on an increasing trend]</p>

Table 4.4 Dialogue outline for climate change mainstreaming and adaptation

Climate change– Issues	Justification for being a dialogue issue	Typical DP Action /messages <u>[Aim]</u>
<p>Slow progress on mainstreaming – are the opportunities and obstacles well understood and being addressed?</p>	<p>Mainstreaming requires a high level of inter-agency cooperation and political consensus. These areas are difficult for a particular agency or ministry to achieve alone. External pressure and support from DPs can contribute to creating an environment that favours mainstreaming and effective coordination.</p> <p>The Climate Change Policy and Strategy is new and effective coordination by the CCU and implementation by the respective MWE departments is crucial to ensuring that the policy and strategy become credible.</p>	<ul style="list-style-type: none"> • Monitor the level of mainstreaming (perhaps suggesting regular screening of climate change integration in core sectors – suggest development of a means of verification for effective mainstreaming) • Ensure that all DP support has itself integrated climate change e.g. in terms of reference of technical assistance and job descriptions and skill sets of programme officers at the donor representations • Encourage use of JPF funds for holding training in mainstreaming in different sectors. • Encourage DPs involved in different sectors to take up the issues of mainstreaming and coordination within their policy dialogue <p>[<u>Aim</u>: climate change mainstreaming is improved using sector identified means of verification]</p>
<p>Climate change policy – is the policy being implemented as intended?</p>		
<p>Coordination – are the coordination mechanisms working as intended?</p>		

Table 4.5 dialogue outline for sector performance and capacity development

Sector performance and capacity development – Issues	Justification for being a dialogue issue	Typical DP Action /messages <u>[Aim]</u>
Anchorage of capacity development and coordination of reforms – have decisions been made on anchorage of capacity and reforms?	Anchorage of capacity in the sector is not clear and is not well established – a dialogue with external parties could help trigger a decision. As capacity development is a significant area of DP support and influential on the effectiveness of that support it is relevant for DPs so become involved.	<ul style="list-style-type: none"> • Raise the issue of anchorage (see note on analysis of anchorage options) [Aim: an early anchorage decision is made]
Implementation of the capacity development strategy – is the strategy leading to more effective use of capacity development support?	A systematic results orientated approach to capacity development is not yet established in the sector – to become established external support, pressure and demand for information will be needed	<ul style="list-style-type: none"> • Demand that progress reports on CDS to be presented by the CD committee to the WESWG. • Consider that the lead donor or delegate attend CD committee meetings as invited observer. [Aim: regular reporting on CD with analysis and reflection on the progress]
Introducing political economy and institutional performance – are readiness assessments and other results based tools being used to ensure better use of capacity development support?	Political economy insights and readiness assessments are not routinely used in the sector although they are accepted as being vital to success. Like for other dialogue issues, external interest and pressure will tend to assist those that argue for a broader and more systematic approach to capacity development.	<ul style="list-style-type: none"> • Review and provide feedback on readiness assessments and other results oriented tools in the CD progress reports [Aim: readiness assessments are regularly used and led to more effective capacity development linked to implementation of reforms]

Sector performance and capacity development – Issues	Justification for being a dialogue issue	Typical DP Action /messages [Aim]
<p>Linking performance to expenditure and comparison with the SIP – is expenditure policy loyal (effectiveness)? and does the sector gain the required level of results from the funds made available (efficiency)?</p>	<p>As DPs provide increasing SBS there is a need to ensure that there is a coherence between policy goals and funding. The two areas that are important here within the DANIDA funded elements are RWSS and WRM. (Funding for environment is also important as it is grossly underfunded and not part of the SIP)</p>	<ul style="list-style-type: none"> • Advocate for the sector performance report to more explicitly compare actual expenditure with the SIP and where necessary adjust or update the SIP. • Ensure that the allocation within the JWESSP is policy loyal. <p>[Aim: sector expenditure is policy loyal and funding is directed towards the most important policy goals]</p> <p>Allocation within the JWESSP is an issue.</p>

ANNEX 5 SECTOR PERFORMANCE MEASUREMENT FRAMEWORK

Platinum indicators but without targets for the ENR sub-sector are shown in table 5.1. The golden indicators and targets to 2014/15 for the water supply, sanitation, water for production and water resources management sub-sectors are shown in table 5.2.

The more precise definition of the indicators and the method of data collection and processing are summarised in the Sector Performance report 2012 and provided in more detailed reports held by the MWE management information system.

Table 5.1 Platinum indicators for the ENR sub-sector

No.	Platinum indicator	Baseline value
1.	% of Uganda's land area covered by forest	18%
2.	% of natural forest under strict nature reserve	to be determined
3.	% survival of tree seedlings past year 3	60%
4.	% of rural households that travel more than 1.0km to collect firewood	to be determined
5.	% of forest reserves under management plans	to be determined
6.	% of developers complying with certificate of approval conditions	60%
7.	% of solid waste disposed of safely in the 9 municipalities	50%
8.	% meteorological rainfall observation network coverage of country	60%
9.	% of Uganda's land area covered by wetlands	10.9%
10.	% of Uganda's wetlands used under management plans	0.9%

ANNEX 6 TOR FOR WATER AND ENVIRONMENT SECTOR WORKING GROUP

TERMS OF REFERENCE

For the Water and Environment Sector Working Group

(WESWG)

Background

The Mission of the Ministry of Water and Environment is to promote and ensure the rational and sustainable utilization, development, effective management and safe guard of water and environment resources for social welfare and economic development.

With the adoption of the WSS Sector Wide Approach to Planning (SWAP) in 2000/01, a sector coordination mechanism was established at the centre and in most district local governments. The Environment Sub-sector developed a Sector Investment Plan in 2007.

The coordination at the centre has mainly been done through the Water and Sanitation Sector Working Group (WSSWG) and annual Joint Sector Reviews/Joint Technical Reviews which are attended by a wide range of stakeholders. The annual reviews have been held since 2000 and provide an opportunity for the sector to review the sector performance trends.

These developments have encouraged the GoU and its DPs to seek increasingly aligned and harmonised modalities of cooperation. Greater alignment to government systems with the aim of strengthening them also implies greater harmonisation between the DPs.

With the creation of the MWE in 2006 the WSSWG continued under this Ministry together with, but separated from, an Environmental SWG. MOFPED instructed in their Budget Call of March 2008, that these working groups should be merged into one Water and Environment Sector Working Group. The Ministry decided after consultation with the DP group to establish a merged WESWG.

During 2006/07, the GoU led a process to develop a Joint Water Supply and Sanitation Programme Support (JWSSPS) for the 5-year period 2008-2012. The JWSSPS programme combines the support from a number of sector DPs who have agreed to pool their resources together. To ensure effective coordination it was been decided to establish sub- sector working groups, so while the WESWG has the overall responsibility, the water

and sanitation sub sector group had the responsibility for coordination and management of the water and sanitation sub-sector activities of the JWSSPS. The environment sub-sector working group ENR sub- Sector Group was established from the present ENR working Group.

At the end of JWESPS June 2013 a successor programme JWESSP 2013 – 2018 has been prepared further integrating the environment and water sub-sector. It also adds more cross-cutting functions thus making it necessary to revise the sector working group setup to incorporate the various developments.

The existing thematic groups under the sector working sub-group and under the subsector working groups will continue but some new and cross ministerial groups have been added. The following groups will report to WESWG from the start of the JWESSP (2013-18): (Sanitation, Finance subgroup, Water and Sanitation Sector subgroup, Good Governance, Catchment Management subgroup, De-concentrated structures coordination subgroup, Environment and Natural Resources Subsector working group and Climate Change Subgroup. Thematic groups formed around specific issues, like the JSR undertakings, report to the WESSP through the respective subsector working groups. For the WSS Subsector Group, also the WSDF steering Committee Subgroup reports to the WESSP through the WSS subsector group. These groups have their own TORs and new sub-sector groups can be created as and when required either as regular sub-groups dealing with cross departmental issues or as specific thematic groups dealing with cross cutting areas. The permanent sector working group governance setup is shown on the attached “JWESSP 2013 – 2018 Sector Working Group and Subgroups” chart, Annex A and under Annex B “Brief description of the subsector and subgroups”

2. Objectives:

1. To ensure efficient and effective long-term¹⁶, medium term¹⁷ and annual planning, implementation, monitoring and policy guidance for the Water and Environment Sector.
2. To provide guidance in resource allocation under the sector to the different sub-sectors, including both on-budgets under the Medium Term Expenditure Framework (MTEF) and off-budget resources.
3. To coordinate the implementation of all water and environment programmes /projects/activities in view of national priorities, policies and strategies.
4. To provide overall management and coordination of the subsector and subgroups.

¹⁶ 10 years and above

¹⁷ 5-year period

To guide the centre and local governments in the delivery of all the services provided by the Ministry of Water and Environment in line with the policy and legal framework for the Sector.

3. Membership

The Water and Environment Sector Working group (WESWG) comprises the Permanent Secretary, MWE (Chairperson) and officials from DWD and DWRM (Directors, Commissioners, Director of Environmental Affairs, NEMA, NWSC (MD, CM (Eng. Services) and P/Economist), US/F&A (MWE) Asst. Commissioner (Planning Unit, MWE), MFPED (Desk officer for Water, URU), MoH (EHD), MoLG (Inspectorate), MoES (primary schools), MoGLSD, MPS(Mgt Services), MAAIF (Crop& Livestock services), NEMA, Sector Development Partners, NGO Private Sector representative (APWO), Local Governments' representative (ULGA). The Secretariat is the Sector Liaison Division).

4. Functions

4.1 General Functions

The Water and Environment Sector Working Group (WESWG) functions include the following;

- 1) Provide high level policy and strategic dialogue and guidance to the water and environment sector.
- 2) Guide the preparation of strategic investment plans and any necessary review(s) of the same.
- 3) Approve all new programmes/projects before they are forwarded to the Ministry of Finance, Planning and Economic Development.
- 4) Assist in the mobilization of resources, especially development partner support for the sector.
- 5) Approve general criteria to guide the allocation of GoU and Development Partner resources (on-budget) for the sector.
- 6) Approval of resource allocations between sub-sectors and programmes/projects local governments, and any other service providers under the sector through 'approval' of the Medium Term Budget Framework Paper and detailed annual work plans and budgets.

- 7) Monitor and review progress/performance against sector objectives/targets and resource utilization.
- 8) Hold annual Joint GOU/Donor sector reviews and assess the progress of implementation of agreed undertakings through annual Joint Technical Reviews.
- 9) Follow up findings and recommendations of the Annual Sector Performance Report and identify policy issues to be addressed and ensure the required timely reporting to Government and Donors.
- 10) Ensure that regular performance audits, value for money and/or tracking studies as well as regular field monitoring visits are carried out.
- 11) Approve TORs and appoint participants of the various subgroups and ensure that the established subgroups report as required according to their TORs.

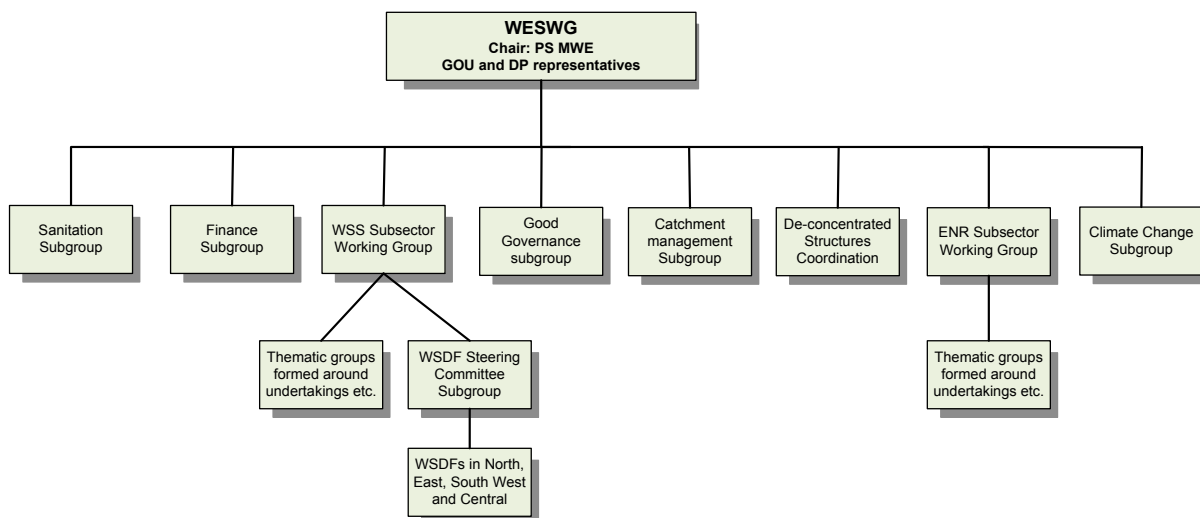
5 Reporting and coordinating arrangements

The following attached chart shows the organizational setup of the WESWG and its subgroups plus thematic and other sub groups.

The WESWG shall as a minimum meet twice per year or as requested. It is envisaged that more meetings will be required to ensure the effective coordination and reporting by the various cross-ministerial subgroups, which do not report to the two main subsector working groups, for water and sanitation and for environment and natural resources.

Annex A

JWESSP 2013 – 2018 - Sector Working Group and subgroups



Annex B: Brief description of the sub-sector/subgroups:**WSS Subsector Working Group;**

The Water and Sanitation Sub- sector Working Group (WSSWG) coordinates and monitors the subsector activities at sub-sector level to ensure efficient and effective coordination and implementation of the water and sanitation activities and agreed JSR undertakings.

ENR Subsector Working Group;

The ENR-SWG, like any other SWG established by MoFPED is required to monitor resource allocation and implementation progress for all programmes in the subsector. Therefore, in the course of the financial year, the ENR-SWG focuses on monitoring the implementation of sector plans and programmes through routine monitoring and subsector review meetings. It also provides strategic guidance and support supervision of the subsector activities and agreed JSR undertakings.

Sanitation Subgroup:

The Sanitation subgroup coordinates sanitation activities within the Ministry and also coordinates with the National Sanitation Committee, which also reports to the WESWG.

Finance Subgroup:

The Finance Subgroup's mandate is to receive and vet all new proposed development projects within the Ministry to ensure that the submitted project is viable in technical and financial terms. The finance subgroup will submit the projects to WESWP for approval after all requirements have been adequately met.

Good Governance Subgroup:

The Good Governance Subgroup was established to improve transparency, integrity and accountability as the key to better water and environment governance and delivering better services as well as fighting corruption. The sector has developed a strategic approach, including clear priorities for intervention and for measuring progress on tackling corruption through Good Governance Action Plans which are prepared for and approved by the WESSP.

Catchment Management Coordination Subgroup:

The subgroup is established to ensure that the various stakeholder departments and organisations, which includes both cut across the Ministry Departments and stakeholders outside MWE are effectively involved and coordinated to ensure that the benefits of catchment based planning and management approach are obtained.

De-concentrated Structures coordination Subgroup:

The subgroup is established as an outcome of previous JSR undertakings pointing out the necessity for a well-coordinated approach to provide efficient and cost effective services to

the local communities on a regional basis. The de-concentrated structures include; Technical Support Units (TSU), Water and Sanitation Development Facilities (WSDF), Water Management Zones (WMZ), Umbrella Organisations (UOs), ENR Regional Technical Support Units (RTSU) and others to be defined.

Climate Change Subgroup:

The Climate Subgroup is established to independently report to the WESWG due to its cross cutting nature and to ensure that climate change issues are mainstreamed into the various activities of Ministry departments, other line ministries and organisations.

Water and Sanitation sub-sector Performance against the eleven golden indicators

Indicator		Achievements					
		10/11	11/12	12/13	14/15	18/19	
1. Access % of people within 1 km (rural) and 0.2 km (urban) of an improved water source	Rural	65%	64%	66%	77%	77%	
	Urban	66%	69%	69%	100%	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 towns)	Rural	83%	83%	82%	90%	95%	
	Urban	91%	84%	86%	95%	98%	
	WfP	24%	67%	70%	90%	95%	
3. Per Capita Investment Cost Average cost per beneficiary of new water and sanitation schemes (US\$)	Rural	\$47	\$44	52	\$45	\$45	
	Urban	\$40	\$38	70	\$85	\$85	
4.1 Sanitation % of people with access to improved sanitation (Households).	Rural	69.8%	69.6%	73%	77%	77%	
	Urban	81%	81%	82%	100%	100%	
4.2 Sanitation: Pupil to latrine/toilet stance ratio – schools (from DHI reporting)		66:1	69:1	50:1	40:1	40:1	
5. Water Quality % of water samples taken at the point of water collection, waste discharge point that comply with national standards.	Protected Source - Rural	E.coli (from WQD)	93%	93%	95%	95%	95%
	Treated Drinking Water Supply - Large Towns	E.coli (from NWSC)	100%	100%	100%	100%	100%
		Colour (from NWSC)	72%	88%	95%	100%	100%
	Wastewater (from WQD)	BOD ₅	26%	40%	55%	60%	79%
		Phosphorus	-	-	45%	50%	65%
		TSS	61%	45%	65%	67%	70%

Indicator	Achievements					
	10/11	11/12	12/13	14/15	18/19	
6. Cumulative water for production storage capacity (million m ³)	26.5	27.2	28.0	29	33	
7. Equity Mean Sub-County deviation from the National average in persons per improved water point	114	160	120	150	150	
8. Hand washing % of people with access to (and using) hand-washing facilities.	Household (rural)	24%	27%	29%	50%	80%
	School	33%	35%	38%	50%	80%
9. Management % of water points with actively functioning Water & Sanitation Committees (rural/WfP)/Boards (urban).	Rural	71%	72%	80%	95%	97%
	Urban	71%	73%	90%	95%	97%
	WfP	68%	79%	80%	75%	97%
10. Gender % of Water User committees/Water Boards with women holding key positions.	Rural	81%	82%	85%	95%	97%
	Urban	39%	45%	50%	95%	97%
	WfP	48%	57%	60%	75%	97%
11. Water Resources Management Compliance % of water abstraction and discharge permits holders complying with permit conditions (note that before FY 2011/12, indicator referred to permit validity only; this year, for wastewater discharge, % compliance was taken).	Wastewater discharge	46%	22%	53%	55%	70%
	Surface water abstraction	73%	60%	70%	75%	85%
	Groundwater abstraction	67%	60%	70%	75%	80%

Source of information mentioned between brackets. 2018/19 targets are not official but estimated using pro rata attainment and bearing in mind that it becomes increasingly more difficult to reach targets the nearer they are to 100%. These targets will need to be reset in 2015 as part of the normal SPR process.

ANNEX 7 ADDITIONAL SAFEGUARDS FOR SBS

Rationale – The unit cost of government implemented RWSS are similar to those of NGOs which is an indication that government implementation is not less efficient than that of NGOs. Nevertheless there is still significant scope for improvement. A number of value for money studies (AHC, 2011) have shown that the 15 steps of the public procurement cycle are not properly adhered to many districts and supporting documentation is often missing. The bidding and evaluation phases are particularly weak. Similarly technical audits have also shown that there are still issues on adherence to technical specifications especially for catchment protection, fencing, drainage and water quality testing.

With the rapid increase in districts there have been capacity and supervision shortfalls which are likely to continue for some years to come. In response there is a need for the sector to intensify its supportive and monitoring efforts. One of the main shortcomings in the past has been that the findings of relevant studies have not been systematically followed up on meaning that it is not known if the recommendations and corrective action have been implemented as intended.

The safeguards outlined here are intended to provide a regular and structured means of intensifying monitoring and supervisory support. This support will be provided by MWE through the TSUs to the Districts. The safeguards are intended to be preventative in nature but will also allow corrective action to be taken where appropriate.

Safeguards – There will be three safeguards:

- An annual technical audit of investments and activities funded through the District Water Supply and Sanitation Conditional Grant. The Audit will be based on a sample.
- An annual procurement audit of investments and activities funded through the District Water Supply and Sanitation Conditional Grant. The Audit will be based on a sample.
- A quarterly monitoring of district quarterly reports assembled by the Technical Support Units for the districts under their area of service.

Sampling – Experience has shown that better results from procurement and technical auditing can be obtained from a small focussed sample. Thus it is suggested that only 12 districts are selected. These should be selected according to the following criteria:

- High/low RWSS expenditure
- High unit cost of boreholes
- Established and new district
- Poor performance in earlier studies
- At least one district from each TSU
- At least one third of the districts should be repeat districts from earlier studies

Within each district at least 15 contracts should be examined.

Indicators and benchmarks – The sector will need to formalise systematic sub-indicators for RWSS performance. Based on international practice and earlier studies the following indicators and benchmarks are proposed:

Procurement related indicators

Performance area	Indicator
P1 Procurement planning	P1.1 Procurement plan evident in the approved work plan
P2 Bidding	P 2.1 Solicitation documents prepared and approved
	P 2.2 Confirmation of funding available
	P 2.3 Approved selection criteria
	P 2.4 Solicitation documents issued
	P 2.5 Bidder responses filed
	P 2.6 Bid receipt issued and bid opened
P3 Evaluation and negotiation	P3.1 Evaluation team selected and approved
	P3.2 Bids evaluated, results documented in accordance with criteria
	P 3.3 Negotiations held and minutes issues
P4 Contracting	P4.1 Contract manager identified
	P4.2 Standard form of contract used
	P4.3 Payment schedule satisfactory
	P4.4 Notification and acceptance of award
	P4.5 Contract issued to highest scoring eligible bidder
P5 Implementation	P5.1 Payments made according to schedule
	P5.2 Contract variations formalised
	P5.3 Contract management record keeping
	P5.4 Retention kept until end of defect period

Indicator to be scored as: compliant / not compliant / no documentation.

The benchmark is 100% availability of documentation. Less than 5% non-compliance by contract value.

The indicators above should be reviewed together with the Procurement and Disposal Unit of the Ministry of Public Services.

Technical audit indicators

Performance area	Indicator
T1 Planning	T1.1 Feasibility and design report
	T1.2 Users consulted and involved
	T1.3 Design and technology appropriate and least cost
	T1.4 Community contribution paid
T2 Implementation	T2.1 Quality control documentation in place
	T2.2 Water quality tests confirm adherence to standards
	T2.3 Construction supervision carried out by qualified technical staff
	T2.4 Completion certificate issued after defects period
	T2.5 Facility in compliance with specifications
T3 Post construction	T3.1 Facility used as intended
	T3.2 WSSC committee operational
	T3.3 Cost recovery system in place

Indicator to be scored as: compliant / not compliant / no documentation.

The benchmark is 100% availability of documentation. Less than 5% non-compliance by contract value

The indicators above should be reviewed against the regulatory framework being developed for small towns and rural growth centres.

Reporting – the audits should be carried out by independent consultants. Once the methodology is well established, the TSU should carry it out on a sample basis for the districts in their area.

The audit reports should be submitted to the RWS department, WSLD and SBS donors.

Follow up and response – A DWSSCG procurement and technical audit committee should be set up led by the Commissioner of RWS Department and with the participation of the lead DP. The audit committee should:

- Approve the final TOR
- Approve the inception report which details the selection of districts
- Comment on the audit reports and provide a sector management response
- Ensure that the audit reports are submitted to the respective districts and obtain a district management response from the districts
- Take a decision on which recommendations of the final audit report should be followed
- Make a follow up list for quarterly review of status of implementation of recommendations.
- Submit an annual report to the WESWG and good governance working group on the main findings and status of implementation of recommendations (including recommendations carried over from previous years).

ANNEX 8 ACTIONS TO BE TAKEN IN ADVANCE, DURING INCEPTION AND IMPLEMENTATION

Table Annex 8.1 Timing of actions to be taken

When	Action (section §) [WHO]
In advance before 1 July 2012	<ul style="list-style-type: none"> • Link theme concept to the output based budgeting of the MPS (§6.2, 10)[WSLD/lead DP*] • Access good governance group arrangements, revise TOR and determine realistic inputs of the staff (§4)[MWE/lead DP] • Officialisation of the Capacity Development Strategy and formalisation of the recommended institutional arrangements i.e. CD coordination committee and institutionalisation of the CD plans. (§5)[MWE/lead DP*] • Finalise TOR for advisers (§11) [WSLD/lead DP] • Finalise TOR for procurement audit and technical audits for SBS[WSLD/lead DP]
Inception (end December 2013)	<ul style="list-style-type: none"> • Confirm policy dialogue actions (§2.5.3) [lead DP] • Confirm policy reform actions and benchmarks (§10)[MWE/lead DP] • Adjustment to WRM and UWSS indicators (§10) [DWRM/DWD/lead DP*] • Identify suitable indicators for JWESSP (§10) [WSLD/lead DP] • Discuss the issue of approval of workplans by MWE [§8.2) [MWE/Lead DP]
Implementation before mid term	<ul style="list-style-type: none"> • Incorporate ENR sector into the MWE HIV/AIDS strategy (§4) [WSLD/lead DP*]

*=Lead DP only monitors. Note: Lead DP will often delegate to other DPs.

COMPONENT PROFILES

COMPONENT PROFILES

OVERALL SECTOR COORDINATION AND MANAGEMENT

1 - Sector Programme Support

13. POLICY, STRATEGY AND LEGAL CONTEXT

The policy, strategy and legal context for the SPS component is well developed compared to other sectors in Uganda. The context is given in volume 1. Given the well-established context, the SPS component is mainly aimed at consolidating sector reforms and the building blocks of the national sector framework such as the SIP, the sector performance measurement framework, the various sector coordination activities and the capacity development strategy.

14. INSTITUTIONAL CONTEXT AND RESPONSIBILITIES

The SPS component reaches across all directorates of the MWE and also across to local government, other sectors as well as civil society and the private sector. It has therefore been decided to anchor the SPS component in the WSLD. Although the core functions of the WSLD will not change it is likely that the organizational setup will change so that it will be more aligned to the way it actually works, which is to report more centrally to the MWE top management rather than to the Commissioner –Rural Water Dept. as is currently the case.

The WSLD does not and cannot act alone in carrying out its functions. It works very closely with all the technical department heads including the Policy and Planning Department. As far as possible the WSLD, in line with its liaison role, will catalyse and mainstream the SPS and reform related activities so that they are undertaken which will for example take the lead role in implementing the capacity development strategy.

15. KEY ISSUES, CONSTRAINTS AND STRATEGIC PRIORITIES

Specific challenges that are anticipated for the new JWESSP that the SPS will address include:

- Ensure coherence of the capacity development approach, with a holistic view on individual and institutional capacity development needs and the necessary enabling environment. In the past, capacity development has been partly successful (where not jeopardized by external factors such as the increasing number of districts) but a new baseline, a review of the approach against the overall sector framework is necessary.
- Coordinate technical assistance, in particular long-term technical assistance, ensuring that all TA provided under the JWESSP follows agreed principles
- Ensure dialogue, communication and coordination between the JWESSP components and implementing Departments;

- Promote the integration of the “new” components (ENR sub-sector) into the JWESSP, ensuring that they benefit from a transfer of know-how and experience in terms of programme management;
- At present there are no sector support structures for the ENR sub-sector at the regional level. The new JWESSP should therefore develop adequate mechanisms to build adequate capacities at the decentralised level (local government and support through regional structures).
- Ensure that JWESSP requirements in terms of planning, reporting and performance reviews are met by all stakeholders involved in implementation;
- A performance monitoring framework for the JWESSP should be developed to include specific indicators and milestones to measure the effectiveness and efficiency of the JWESSP/sector itself. At present is only known the inputs (funding, human resources, TA), some outputs (e.g. number of water points constructed) and the final outcome at the beneficiary level (Golden Indicators), which depends strongly on available funding. Additional indicators are needed to monitor whether the sector is performing effectively and efficiently (independently from the level of funding), to measure the progress of institutional and capacity development with respect to partner commitments, etc.
- Identify synergies between the De-concentrated entities of the various components, and ensure that these potential synergies are used (e.g. shared use of office premises, transport, shared staff)

16. OBJECTIVE AND SUMMARY OF COMPONENT ACTIVITIES

The objective of the SPS component is *“consolidation of sector reforms and essential planning, coordination and capacity building elements of the national sector framework so that the sector is more effectively achieving its policy goals as set out in the NDP and sector policies“*

The activities include a wide range of cross cutting tasks including:

- to ensure effective operational planning, coordination and reporting on JWESSP activities, under the guidance of the Water and Environment Sector Working Group;
- to ensure follow up on institutional and sector reforms as well as the Good Governance Action Plan;
- to coordinate performance reporting in line with the Sector Performance Measurement Framework;
- to ensure cooperation within the MWE as well as coordination and liaison with other sector stakeholders;
- to initiate and organise sector studies, audits, evaluations, Joint Sector Reviews, workshops and other events related to sector coordination, performance review and further development;
- to ensure that due attention is given to cross-cutting policies (e.g. gender and pro-poor policies);
- to coordinate capacity development activities across the programme, including technical assistance.
- to promote the integration of the “new” ENR components into the joint programme.

To support prioritisation of these activities a number of priority areas (themes) have been selected:

7. Effective sector planning and coordination
8. Strengthened M&E systems and MIS for enhanced programme management and accountability
9. Enhanced transparency, good governance and value for money
10. Capacity development and institutional sector reform
11. Community management and cross-cutting issues (gender and HIV/AIDS)
12. Enhance the contribution of Civil Society Organisations to the Water and Environment Sector through effective coordination

These themes will be further developed during the inception phase to form an outline for the 5-year plans that can serve as an inspiration and framework for the 1 year MPS and JPF plans and budgets. In the meantime and based on the preparation work done for the JWESSP, expected 5-year outcomes are given below:

Theme	Expected 5 year outcomes
1. Effective sector planning and coordination	<ul style="list-style-type: none"> • Sector workplans, budgets, reports are coherent, well-coordinated and lead to effective implementation • ENR and WSS sub-sector participate fully at sector working groups
2. Strengthened M&E systems and MIS for enhanced programme management and accountability	<ul style="list-style-type: none"> • Improved Information level and access leads to well informed decision making by all sector actors • Accountability is enhanced through greater transparency of information and accuracy of reporting data
3. Enhanced transparency, good governance and value for money	<ul style="list-style-type: none"> • Value for money in the sector improves as a result of implementation and follow up on VfM study recommendations • Good governance working group is vibrant, its mandate and role is recognised and appreciated by all sector actors as well as OPM and MoPFED***
4. Capacity development and institutional sector reform	<ul style="list-style-type: none"> • Capacity development plans based on the capacity development strategy are developed for all expenditure units in the sector (districts and departments)*** • Capacity development indicators shows that performance gaps related to capacity shortfalls are declining *** • Major sector reforms are consolidated
5. Community management and cross-cutting issues (gender and HIV/AIDS)	<ul style="list-style-type: none"> • Sector gender strategy is implemented and leads to greater equity for women and an enhanced sector performance* • HIV/AIDS practice in the sector improves and is recognised as exemplary ***
6. Enhance the contribution of Civil Society Organisations to the Water and	<ul style="list-style-type: none"> • Civil society is a well-informed, vibrant and critical partner of government in reaching sector goals • Funding of physical infrastructure towards achieving sector

Environment Sector through effective coordination	goals is on an increasing trend and well-coordinated at local government level. **
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*outcomes that are measureable through the sector performance measurement framework (golden or platinum indicators)

**outcomes that are measureable through other performance measurement frameworks e.g. MoFPED or Ministry of Public Services

*** outcomes measured by strategy processes e.g. Capacity development strategy, good governance action plan, pro-poor strategy, Gender strategy, Climate change implementation strategy etc.

17. SUPPORT STRATEGY AND MAIN MODALITIES

The support strategy for the component will be to provide a mixture of technical assistance, funds for studies and capacity building and for DPs to undertake policy dialogue activities within and beyond the sector to assist in consolidation of reforms.

A major element of the assistance will be support to implementation of the capacity development strategy. The capacity development strategy is for the whole sector and is broad in its consideration of both water and environment sub-sectors including climate change. It is encompassing in its consideration of stakeholders and include actors outside of government. The approach is broad at the analytical level but also includes activities addressing local governments, non-government stakeholders, semi-autonomous agencies and possibly actors from other sectors (agriculture, health), as appropriate. Accordingly, delivery of capacity development will include a combination of measures, including a training programme, mentoring, interventions aimed at improving institutional performance and creating an enabling environment, as well as technical support (long-term TA and targeted short-term inputs). The programme also includes the development of standardised training programmes and the certification and accreditation of training programmes.

In addition, JWSSPS support to capacity building and institutional development, including support in the form of technical assistance, will be provided to other JWSSPS components. Details on such support are provided under the respective sub-sector components.

The main modality of support will be through the JPF, complemented by TA in kind and the DP managed »Programme Management« budget line. Technical cooperation should be responding to GOU/JWESSP priorities) and be results oriented. It should be closely coordinated to ensure consistent approaches. The coordination will need to be anchored in MWE even if it serves the sector as a whole. Coordination of areas such as support to sanitation, water for production and support to climate change will go beyond the sector. It is planned to anchor the coordination of technical assistance to be under the WSLD.

Long-term Technical Assistance (TA) has been appreciated in the past and will continue to be provided during the JWESSP period. TA will mainly be used to support building emerging

institutions (such as the De-concentrated entities) and frameworks (such as the regulatory or O&M framework) as well as to support the overall coordination and management of the programme. TA will be provided in a coordinated, integrated manner and avoiding that advisors fill gaps or take over routine tasks, or focus on control. It is likely that there will be a certain shift of emphasis of some TA support from the central to the regional level, until the de-concentrated entities are consolidated.

The JWESSP should also provide a pool of short-term experts that is available for all sub-sectors, through appropriate framework contract(s), so that time and effort for procurement is minimised. The number of TAs and the on-going need for TA in each domain will be reviewed regularly by the WESWG -. The need for TA in the ENR sub-sector is significant. The viable number of TA for the ENR sub-sector cannot only be determined based on the needs but has to take into account DP commitments. The need for short-term consultancies will be identified from within each sub-component but will be coordinated at the Liaison unit.

18. MANAGEMENT RESPONSIBILITIES AT COMPONENT LEVEL

The overall management of the component will be under the head of the WSLD. The WSLD will be responsible for component workplans, budgets and reporting to be submitted as part of the JPF procedures. Individual actions will be carried out by the relevant departments and districts and where relevant will be integrated into the workplans and budgets and reports of those entities.

The component is closely linked to all other components. External to the MWE and other components, the component is linked to the broader cross sector activities such as the capacity building programmes of the Ministry of Local Government, the Office of the Prime Minister as well as donor management efforts such as the Joint Budget Support Framework.

19. ASSUMPTIONS AND RISKS

The main assumptions are that:

- MWE departments agree on a joint Liaison Department, and that this is accepted in the context of on-going public sector reforms
- The new Liaison Department gets adequate resources to fulfil its broad mandate; it also needs strong leadership as well as support from all government actors.
- Vacant positions are filled as a prerequisite for capacity development in the respective departments
- All DPs are supportive to a fully coordinated and integrated TA approach
- Continued political support for institutional reforms as well as for the transparency, accountability and governance agenda
- Enhanced cooperation and coordination with other Ministries will be successful and will be characterised by willingness to cooperate on both sides

A potential risk is that some actors who benefit from the status quo might not always support the agenda to enhance transparency, accountability and governance.

20. SUMMARY OF BUDGET

Themes	SPS	JPF	GOU	Total
1	Effective sector planning and coordination	3.5	1.5	5.0
2	Strengthened M&E systems and MIS for enhanced programme management and accountability	6.0	3.0	9.0
3	Enhanced transparency, good governance and value for money	5.0	2.0	7.0
4	Capacity development and institutional sector reform	7.0	2.8	9.8
5	Community management and cross-cutting issues (gender and HIV/AIDS)	1.5	1.0	2.5
6	Enhance the contribution of Civil Society Organisations to the Water and Environment Sector through effective coordination	2.2		2.2
	Total	25.2	10.3	35.5

In the five years SPS component budget is included earmarked funding for WSDF-C and RWSS under item 1), 2) and 4)

The above Component Budget contributes to the JWESSP outcome in:

- Effective support and coordination of the Water & Environment Sector
- Availability and accessibility of quality information to stakeholders and timeliness of submission of monitoring / MIS information and quarterly and annual progress reports by component managers
- Contributes to the implementation of the Good Governance Action Plan with quarterly reporting on progress of implementation of recommendations
- Enhancing sector performance as measured by the % of achievement of the Capacity Development strategy 2012-17.
- Contributes to increase % of functional community management committees/ structures for water facilities/resources (**Golden indicator 9**)
- Contributes to % of community management structures/ committees with women holding key positions. (**Golden Indicator 10**)
- Making key water and sanitation stakeholders knowledgeable about HIV/AIDS prevention and care strategies
- Increasing the %age of NGO/CSOs contributing to WES targets.

2 - Rural Water Supply and Sanitation

Note – several parts of this component profile are longer than the other components –this is in order to respond to appraisal demands for additional information.

1. POLICY, STRATEGY AND LEGAL CONTEXT

The policy, strategy and legal context for the RWSS component is closely related to Uganda's decentralisation and local financing framework. The RWSS component is supported by the detailed guidance provided in the District Water and Sanitation Conditional Grants (DWSCGs) guidance document which sets out the sector specific conditions of the grant made available to local governments including the subsidy rules, the technical standards that the rural infrastructure should adhere to and the strategy for community based operation and maintenance. In terms of financial management and procurement the procedures all follow GoU systems as laid down in the local government act.

Together the DWSCG manual, the sector strategies and the financial and administrative systems of decentralised government provide a comprehensive and detailed set of strategies and guidance for the sub-sector.

2. INSTITUTIONAL CONTEXT AND RESPONSIBILITIES

Since decentralisation the local governments are responsible for service provision in water and sanitation, without having any significant sources of income to finance the necessary investments. The bulk of RWSS investments is therefore being funded using DWSCGs which are channelled from the treasury directly to the districts. MWE is involved in planning and monitoring, receives reports and provides technical guidance and support.

The centre will aim to ensure that policy principles (such as user participation) and quality standards are adhered to, and that all population groups (including women, the poor) and all regions of the country benefit from the investments. The centre will also ensure the quality of reporting (flow of information from the districts to the centre, and feedback back to the districts) and will follow-up on accountability, governance and value for money issues. Monitoring of quality standards and compliance with specifications needs to be strengthened.

Support through the regional TSUs will be financed via the JPF. With the growing number of districts the tasks of the TSUs have even increased rather than phasing out as originally expected. TSUs are therefore likely to be expected to become a permanent deconcentrated structure, which implies that a permanent institutional solution should be developed, rather than a project type arrangement based on contract staff. Transaction costs will be minimised by making use of synergies with other deconcentrated structures.

It is important that the TSU are mainstreamed - the proposed ministry structure has a provision of eight Principal Engineers in charge of eight units. This is governments' commitment to increasingly take over responsibility for staffing of the Technical Support Units in the rural sector. It is necessary to maintain the current levels of staffing to TSUs until

the new structure is approved. Currently, out of 35 TSU staff, 9 are covered by government and Government will increasingly take over the responsibility of staffing in the units but in the meantime the development partners' support is still essential to avoid interruption of service.

In terms of the scope of the component: Rural water supply in villages with populations below 1500 is typically via point sources (deep boreholes and shallow wells fitted with hand pumps, protected springs), gravity flow schemes with public taps, and rainwater harvesting tanks. The systems are community managed with support from the respective Local Governments. In line with the administrative responsibilities within MWE, piped water supply of rural growth centres (RGCs, 1500 to 5000 inhabitants) will be handled as part of the UWSS Component, together with the small towns.

3. KEY ISSUES, CONSTRAINTS AND STRATEGIC PRIORITIES

Specific challenges that are anticipated for the new JWESSP that the RWSS component will address include:

- Accelerating the progress of capacity development at district level which has been much slower than expected, as the necessary technical and contract management skills are lacking in many districts. This is mainly due to the continuous splitting of districts, which has thinned the available human and financial resources, jeopardized the institutional consolidation of districts, and increased administrative costs.
- Further operationalizing the community based O&M strategy so that the functionality of the point sources increases and robust cost recovery practices are adopted
- Increasing the equity of the services so that the marginalised areas often in remote parts of the districts or far from available sources of water are also addressed through implementing the pro-poor strategy 2006.
- Improving the sanitation and hygiene situation of the districts through implementing the ISH strategy.
- Increasing the value for money through effective design, procurement, contracting and supervision so that NGOs, DPs and government are encouraged and confident of providing additional funding to RWSS.
- Ensuring that the sector policy on subsidies and community operations are well understood and shared by all concerned so that political and other messages are consistent and supportive of the sector strategy.

Thus the strategic priorities can be summarised as:

- Ensuring a high functionality and value for money
- Increasing water coverage and ensuring equity
- Ensuring sanitation and hygiene are not left behind

Further details are outlined below:

3.1 Functionality and value for money

Functionality rate of rural water supplies as of June 2010 was 81%. Analysis of the trends has shown that over the past 7 years the functionality rate has remained slightly above 80%. Although this is within the stated objective of 80 – 90% functionality it has stagnated. It should also be noted that functionality is not uniform – varying from district to district and within district.

The main cause of non-functionality of rural water facilities is lack of maintenance beyond the communities' capacity, corrosion of pump parts, lack of spare parts and vandalism of installations especially pump heads. Another key aspect that has led to reduced functionality is shortcomings in the Community Based Maintenance System Policy partly due to:

- i. The ever increasing cost of genuine spare parts that at times make it difficult for the communities to afford in time of need and the prevalence of unregulated duplicate (faked) spare parts in the markets.
- ii. The policy assumes voluntarism by water source committees and caretakers that has over the years been declining.
- iii. The present policy that has not addressed the challenges of limited available banking facilities in the rural areas. Water and Sanitation committee members responsible for keeping money collected from users as operation & maintenance fees do it in their homes and have limited financial management skills.
- iv. Water user groups not contributing as expected due to local level political influence.
- v. Ineffectiveness of hand pump mechanics in operation and maintenance activities.

Most of the existing boreholes have served the community without any major form of rehabilitation. Ideally a major overhaul of boreholes should be an undertaking of the Ministry every 10 years (at most). This activity however, was last implemented nearly 20 years ago. Presently some of the existing infrastructure is quite old and due for rehabilitation and /or replacement.

For piped water supply systems, a number of gravity flow schemes are experiencing higher demands than their design capacities due to growing populations and the fact that connections are unmetered leading to uncontrolled use and wastage of water. This scenario has led to some pipelines and taps running dry and rendered non-functional.

Proposed strategies for functionality Improvement

The Ministry has proposed national approaches that shall lead to increased functionality of rural water supply facilities to levels above 95%. The approaches being proposed comprise; one-off undertaking, periodic undertakings and continuous undertakings. Functionality rates of over 95% will be attained and maintained nationally by undertaking the proposed approaches.

(i) Review of the Community Based Maintenance System

The Ministry shall support formation of Hand Pump Mechanics Associations (HPMA) at district level. The associations shall undertake hand pump repairs in all sub-counties of

respective districts. They will be trained and equipped with tools and materials to facilitate hand-pump repairs in their areas of operation; they shall also be required to enter into performance contracts with clearly defined targets within sub-counties and districts. The justification for this approach has been adopted from some best operating practice cases that have been documented in some parts of the country leading to functionality levels of over 95%.

(ii) Provision of Spare Parts for Hand pumps

This approach seeks to maintain framework contracts for supplying spare parts. The spares will be procured at regional levels and distributed to the respective sub counties by the supplier/manufacturer. At the sub county the spares will then be accessed by the respective users through the HPMA.

(iii) Overhauling the Existing Borehole Infrastructure

The Ministry seeks to rehabilitate the existing facilities to improve on their efficiency. The rehabilitation shall be based on the level of non-functionality of the existing deep boreholes as of June 2011. Private sector firms will be hired to assess the rehabilitation requirements under supervision of the Ministry.

(iv) Rehabilitation of the Old Gravity Flow Schemes

A number of gravity flow schemes constructed in the 80's and early 90's have outlived their design life. As a result of the rapid population growth some of these systems are unable to meet the basic daily water needs of the users. There is need to re-design the schemes by identifying additional water resources to meet the growing demand and to expand and/or rehabilitate the infrastructure installed to cope with the growing demand.

(v) Metering of Rural Piped Water Schemes

In the rural areas that are supplied with piped water systems either through gravity or pumping, cases of water wastage and misuse have been documented. This has resulted in denying other users the service thereby rendering some people un-served. The Ministry proposes to meter all connections to monitor any leakages and also introduce an appropriate fee to stimulate responsible and efficient use of the water by the rural communities.

(vi) Decommissioning of Non-Functional Water Sources

In the course of implementing one of the key undertakings of the Joint Sector Review 2010, it has been realized that a number of point water sources in rural areas have been non-functional for over 5 years. These wells have been assessed and verified by the Ministry and some have been earmarked for decommissioning. However in so doing, the affected community will require a replacement source. Under this approach, the Ministry is proposing to; rehabilitate non-functional boreholes with a downtime of over 5 years that had initially been earmarked for decommissioning but can provide services to users and replace decommissioned boreholes.

3.2 Water Coverage and equity

From 2005 to-date there has been no significant increase in coverage due to high population growth rates, the escalating unit costs associated with the new investments and declining sector funding. Access to safe and clean water has stagnated at 65% by June 2011. The gap between the total rural population and the rural population being served is significant and increases annually thus creating high water demands. There are wide variations in coverage between districts ranging from 12% in Kaabong to over 90% in Kabale and there are variations within districts. Approximately 50% of districts are below the national average of 65%. The districts with low coverage are typically water stressed and can only be served with high cost technologies. The current annual conditional grant does not match the annual population growth resulting in insignificant change in the national water coverage.

However it should be noted that the technologies used to serve this rural population are not entirely applicable in all areas of the country. The most successful technological options are only used in areas where they are applicable; boreholes are the most widespread technology whereas valley tanks are the least implemented. New water installations will therefore have a large proportion of expensive technologies such as deep borehole drilling and piped water systems.

Furthermore it is worthwhile to note that a value for money and cost variation study undertaken by the Ministry during the year 2008 demonstrated that unit costs of the different technologies in the rural water sub-sector are on the increase as a result of construction cost inflation, low economies of scale characteristic of local government contracts and increase in overheads due to increasing number of districts. The locations where the geological and hydrological conditions allow for cheaper technologies such as springs and shallow wells have to a large extent been utilized as earlier mentioned, or have poor yields as result of prolonged and frequent droughts. The technology per capita costs per district are increasing as expensive water supply options are implemented.

Proposed delivery approaches to accelerate water coverage

The approaches are aimed at creating quick impact and address current inequities at national and district level by targeting the underserved in concentrated settlements, water stressed areas and areas with low water yielding sources.

(i) Development of Large Piped Water Supply Schemes

This shall involve development of bulk water transfer schemes from permanent surface water sources for multi-purpose use. This approach is a high cost intervention that will enable equity in coverage especially in water scarce areas. Such sources have yields able to meet water needs for large areas that traverse local government boundaries and are therefore economically viable to develop as one off large capacity schemes.

(ii) Promotion of Integrated Rainwater Harvesting

Promotion of integrated rainwater harvesting shall cover water needs for human consumption, small cottage agricultural processing industries, small scale irrigation and water for livestock at household level. This shall be achieved by storing combined harvest from roof tops and ground catchment during the rainy seasons for use during the dry months of the year.

(iii) Development of Solar powered Mini-Piped Water Schemes

This approach requires relatively higher initial capital investment at the start but with accrued benefits from reduced costs of operation & maintenance over the life-time of the systems.

This entails development of small piped water schemes consisting typically; a high yielding borehole equipped with a solar powered submersible pump, storage tank and a limited distribution pipe network. The mitigating measure here is to have multiple water dispensation points to reduce on water collection times by decongesting crowding at hand pumps.

(iv) Promotion of Appropriate Technology

Promotion of appropriate technology by undertaking action research, development, and promotion of appropriate technologies in the water supply and sanitation sector. To this effect, a centre has been set up in Mukono and is currently in operation.

3.3 Sanitation and hygiene

The main thrust will be to implement Improved Sanitation and Hygiene (ISH) financing strategy which represents a ten-year national strategy for financing improved Sanitation and Hygiene aimed at achieving national targets.

The strategy is defined within the framework of Poverty Eradication Action Plan (PEAP), the Health Sector Strategic Plan (HSSP), Water and Sanitation Sector Investment Plan (SIP 15) and the Ministry of Education and Sports sector plan. The strategy has three major objectives: (i). Improved latrine coverage, (ii). Improved hand washing practice and (iii). Improved safe water chain management. Prepared following high level of research and sector understanding, the strategy document is key for sector policy development, sanitation and hygiene programming and a key tool for district and sub county planning. The strategy is built on three pillars of demand creation, enhancement of the supply chain and creation of an enabling environment for sanitation promotion and sustainability.

The strategy is been used by the districts in identification of low performing areas and hence setting targets and prioritizing of activities based on the three pillars of demand creation, supply chain and enabling environment. The strategy has been used through workshops to establish the existing enabling environment for sanitation promotion, scale up and sustainability; identification of facilitating and hindering factors to the enabling environments and coming up with district action plans. It has also been used in the development and revision of guidelines for utilization and management of the sanitation conditional grant.

4. OBJECTIVE AND SUMMARY OF COMPONENT ACTIVITIES

The objective of the RWSS component is “*contribute materially to the coverage of rural water supply and sanitation and to build capacity amongst all stakeholders so that the NDP and sector goals and policies can be reached*” (SPR 2012).

The activities include a wide range of cross cutting tasks including:

- Capacity building across the sub-sector as guided by the capacity development strategy
- to construct facilities including gravity schemes in water stressed areas
- rehabilitate schemes and ensure improved functionality through supporting hand pump mechanic associations, promoting a spare part chain, training and performance monitoring
- Promote innovative and appropriate low cost technologies
- Provide technical support to local governments in improving designs, workplans and contract management
- Conduct sanitation and hygiene campaigns and implement the ISH strategy

To support prioritisation of these activities a number of priority areas (themes) have been selected:

6. Improved access and equity
7. Improved functionality of water sources
8. Promotion of appropriate technology for rural water supply
9. Support to Local Governments and other stakeholders (NGOs, institutions)
10. Improved sanitation and hygiene practices

These themes will be further developed during the inception phase to form an outline for the 5-year plans that can serve as an inspiration and framework for the 1 year district, MPS and JPF plans and budgets. In the meantime and based on the preparation work done for the JWESSP, expected 5-years outcomes are given below:

Theme	Expected 5 years outcomes
1. Improved access and equity	<ul style="list-style-type: none"> • Coverage of rural population with access to improved water source meets sector goals as set out in the sector performance framework* • Mean sub-county deviation from the national average meets sector goals for equity as set out in the sector performance framework*
2. Improved functionality of water sources	<ul style="list-style-type: none"> • Functionality of rural water supplies improves and meets sector goals as set out in the sector performance framework* • Increase in the proportion of districts that have functional committees to a level that meets sector goals as set out in the sector performance framework*
3. Promotion of appropriate technology for rural water supply	<ul style="list-style-type: none"> • Appropriate technologies adopted in rural areas at scale where suitable and providing a cost or maintenance advantage

Theme	Expected 5 years outcomes
4. Support to Local Governments and other stakeholders (NGOs, institutions)	<ul style="list-style-type: none"> • District water offices fully staffed with competent professionals** • Procurement duration and compliance to government norms meets standards set by the central authorities** • Districts have a functional management information systems
5. Improved sanitation and hygiene practices	<ul style="list-style-type: none"> • Increase in proportion of rural people with access to improved sanitation * • Increase in proportion of rural people with access to hand washing facilities *

*outcomes that are measurable through the sector performance measurement framework (golden or platinum indicators)

**outcomes that are measurable through other performance measurement frameworks e.g. MoFPED or Ministry of Public Services

*** outcomes measured by strategy processes e.g. Capacity development strategy, good governance action plan, pro-poor strategy, Gender strategy, Climate change implementation strategy etc.

To a large extent the outcomes of each theme are part of the already existing RWSS monitoring system which is composed of the national M&E system, the detailed monitoring of district workplans and budgets and for donor support via SBS the JBSF system. This is further complemented by the monitoring undertaking by MoFPED and MoLG as well as periodic value for money studies undertaken under the JPF/MWE as well as the actions of the good governance group. Establishing new routine monitoring should not be done until the present systems are working better. Where merited, additional studies can be launched.

5. SUPPORT STRATEGY AND MAIN MODALITIES

The support strategy for the component will be to provide a mixture of funds provided through SBS for physical implementation at local government level as well as technical assistance, funds for studies and capacity building and for DPs to undertake policy dialogue activities within and beyond the sector to assist in consolidation of RWSS reforms. The strategies and practices of the sector are documented in the community based handbook as well as other documents such as the ISH strategy and the community based O&M strategy.

Selected strategies for the sector are outlined in greater detail below reflecting areas where additional details are justified:

Strategy of the RWSS delivery mechanism

The District Water and Sanitation development conditional Grant will continue to be disbursed to Districts directly by Ministry of Finance, Planning and Economic Development

as a continuation of the current programme. Emphasis shall be on exploring to full potential the viable low cost options and leaving the high cost like piped water development to the central government.

The inadequate staffing status in the District Water Offices has continued to be a major hindrance to water sector services delivery. Records indicate that a number of water offices are being run by one unqualified officer who is not efficient in all the different activities expected of him. Districts are encouraged to recruit qualified staff on contract basis by utilising the grant (as a midterm measure) for a period not exceeding two years before regularising them. With more resources channelled through the sector budget support, there is need to strengthen the monitoring capacity by all the implementing agencies and line ministries to ensure proper accountability to the DPs.

The Ministry shall increase efficiency and effectiveness in use of funds disbursed to districts through close supervision by area based technical support units to ensure equitable use of resources. The TSU roles shall be expanded to provide for critical analysis of local government plans and budgets, verification of reports and quality assurance of facilities constructed

Additionality of DP support provided via SBS

The issue of additionality is recognised as very complex and difficult to measure as there is no counterfactual evidence and the sector is fungible. It is an issue of importance to both the sector and the DPs that support the sector. The main approach is to look for additionality of funding to increase sector outputs and to measure attainment of those through the golden indicators and the JAF indicators. This approach will be continued. The issue will be taken up as a policy dialogue issue for the DPs and it will be monitored as part of the adherence with the Joint Financing Arrangement (JFA).

Strategy for achieving equity

The strategy for equity is part of the pro-poor strategy, the gender strategy and the community based management strategy which is being revised. It is also built into the DWSSCG system of allocating funds to address unmet needs based on local democracy.

Strategy for enhancing good governance and ensuring value for money

The RWSSD annually analyses and reports on the per capita investment costs at district level separate from expenditure on operations and maintenance. This is one of the requirements of the good governance action plan for the water and environment sector. (See further details under Volume 1, Chapter 12)

Strategy related to public toilets

Operation and maintenance of public toilets remains a challenge but the ministry has developed O&M guidelines and shall promote management responsibility to be undertaken by the local councils receiving the facility as an addendum of the private management of public

place (Markets/Bus Parks/Fish Landing Sites). The ministry will therefore, continue to construct public sanitation facilities in public places based on demand and signing an O&M agreement between the district and the receiving lower government council and the community.

Strategy related to school sanitation and hygiene

School sanitation and hygiene education activities aim at building the capacity of the teachers, children and representatives of parents in sanitation and hygiene promotion for behaviour change. Construction of the toilets still remains the mandate of the Ministry of Education and Sports. The following activities shall be undertaken

- Training of school teachers (Head teacher, senior woman teacher and science teacher) in school sanitation and hygiene education.
- Formation and training of school Health Committees (Representatives of the parents from around the school, school teachers and pupils' representatives)
- Formation and training of school health Clubs (Pupils' representatives of Lower and upper primary, head girl, head boy, and sanitation prefects)
- Conducting of interclass and inter school competitions with rewards.
- Conduct radio talk shows and drama performances
- Production of school Information, Education and Communication materials (IEC) in form of posters, booklets, pamphlets and documentaries on best practices.

Coordination of the school sanitation and hygiene education activities at community level shall be carried out through;

- Outreach activities by the pupils led by the School Health Committee
- School drama and Radio talk shows
- Child to parent approach
- School sanitation days
- In the case of water source management for a source shared by the community and the school, the Water user Committees shall include a pupil representative

Strategy on use of Private sector for sanitation and hygiene

Private sector groups are involved in construction of water sources and latrines, soap manufacturing, supply of parts and materials, capacity building, and consultancy services for supervision of construction. Private individuals and companies also provide a range of sanitation related services ranging from pit digging to production of sanitary facilities like san plats and slabs for pit latrine construction; traders who stock sanitary fittings for waterborne toilet facilities and plumbers who install them. In urban areas, particularly in Kampala, they are also involved in provision of services such as cesspool emptying, solid waste collection and transportation for final disposal.

Suppliers who recognize and wish to capitalize on the opportunity to provide better sanitation products and services exist. However, they still lack the capacity (both in skills and capital) to drive down their costs and expand their operations. Further challenges exist in terms of supply

chain integration, infrastructure limitations, lack of awareness and demand, and inadequate financial resources. None the less, the opportunities for market creation around household sanitation are promising with the right mix of patience, iteration, and targeted support programme development. These were the finding of the WSP/WB study of private sector participation in the water and environment sector.

A critical factor for success of private sector participation shall be the inclusion of financing extension towards both the entrepreneurs and households who wish to purchase improved latrine products. Once the sanitations products and services are on the market, financial education, communication and marketing skill and credit programs have to be introduced for:

- Consumers: Product financing—through Micro Finance Institutions (MFI) loans or savings and lending groups—to allow lower-income households or households with irregular income streams to purchase a latrine or its products.
- Supply-chain actors: Working capital and/or inventory financing will allow local entrepreneurs and others in the supply chain to maximize scale by ramping production and distribution efforts more quickly and cost-effectively.

The sanitation financing arrangements will be developed and test multiple ways to increase access and reach scale. The partners will then document, formalize, and promote the viral adoption of the most successful models across the scale-up regions.

6. MANAGEMENT RESPONSIBILITIES AT COMPONENT LEVEL

Overall management and coordination of the component activities will be ensured by the Department of Rural Water Supply and Sanitation, DWD. The implementing agencies for decentralised RWSS investments will be the district local governments (District Water Officer under the Chief Administrative Officer (CAO).)

In response to further detail required by the appraisal mission and because the management and coordination responsibilities of sanitation and hygiene are complex more detail is given below:

The main sector players are:

The Ministry of Health (MoH) is the lead agency that takes responsibility for development of the policy on sanitation and hygiene promotion and ensuring its implementation by concerned stakeholders. The MoH is responsible for hygiene and sanitation promotion for households. The Environmental Health Division (EHD) is the main part of the MoH responsible for the development of strategies and for the provision of support to the decentralised structures. The role of the EHD of the MoH is to:

- Advise on the development and revision of relevant standards, technical guidelines and legislation.
- support the coordination of national sanitation activities,
- provide technical support and operational guidance to local government environmental health services,

- advocate for sanitation to receive due attention in the national planning and resource allocation,
- monitor progress towards environmental sanitation goals and
- conduct sanitation related studies to fill knowledge gaps.

The Ministry of Water and Environment (MWE), through the Directorates of Water Development (DWD) supports districts in implementing decentralized sanitation programmes in the districts. MWE is responsible for the planning and provision of sanitation/hygiene facilities in Rural Growth Centres (RGCs) & public places as well as hygiene and sanitation education & promotion in areas around the water facilities constructed. In practice, these activities are undertaken at District Local Government level. DWD has established regional Technical Support Units (TSUs) to support District Local Governments build their capacity to implement their sector mandates.

The Ministry of Education and Sports (MoES) is responsible for hygiene promotion and sanitation in primary schools. It works to ensure that schools have the required sanitation facilities and provide hygiene education to the pupils, including hand washing with soap after latrine use.

The Ministry of Gender, Labour and Social Development (MoGLSD) is responsible for gender responsiveness and community development/mobilisation. It assists the sector in gender responsive policy development, and supports Districts to build staff capacity to implement sector programmes.

The Ministry of Local Government (MoLG) has the mandate of establishing, developing and facilitating the management of self-sustaining, efficient and effective decentralized government systems capable of delivering the required services to the people. It aims to foster good governance and integrated social and economic development.

The Ministry of Finance, Planning and Economic Development (MoFPED) mobilises funds, allocates them to the sub-sector and coordinates development partner inputs. MoFPED reviews sector plans as a basis for allocation and release of funds, and reports on compliance with sector and national objectives.

The National Water and Sewerage Corporation (NWSC), an autonomous parastatal entity established in 1972, is mandated to provide water and sewerage services in large urban centres (City council, Municipalities and Town councils) across the country. NWSC's activities are aimed at expanding service coverage, improving efficiency in service, delivery and increasing labour productivity. Service users connected to the piped sewerage network pay a proportion of the cost of this service to the NWSC.

The National Environment Management Authority (NEMA) established by The National Environment Statute 1995, is the body charged with overall responsibility for coordinating and monitoring all environmental management issues in the country. The National Environmental Statute is a framework law. Its effective implementation depends on its

operations relating to other laws. These include, among others, the Public Health Act, the Water Statute, the Local Governments Act, and the Factories Act, which have provisions related to the environment and specifying the lead agencies. NEMA however is mandated to co-ordinate and monitor, and may propose policies, strategies, guidelines and standards. Where the lead agencies have failed in their responsibilities, NEMA is further mandated to enforce the law (e.g. close a factory, stop dumping of waste at a given site) and take remedial measures as in ordering the culprit to make good the damage done to the environment.

Local Governments take the primary responsibility for delivering basic services to communities. Key service delivery responsibilities of local governments include primary education, (and some services at the secondary and tertiary levels), primary health care and district hospitals, rural water services, as well as provision of sanitation and hygiene related services. In principle, planning at the local government level is supposed to proceed in a bottom up manner. Villages are supposed to prepare a community action plan based on local needs and priorities. These are incorporated into parish plans, which in turn are incorporated into sub-county plans. The District Technical Planning Committee then prepares an integrated district plan which is ratified by the District Council.

The District Health Inspectors, who are the highest level persons at the district level responsible for hygiene promotion, work under and report to the District Health Officer, while the Health Assistants, who are the lowest persons, facilitate communities in planning for/coming up with their hygiene and sanitation needs during the bottom up planning process.

District Water and Sanitation Coordination Committee (DWSCC): This body undertakes coordination of sanitation and hygiene promotion activities within the district. It is an important organizational structure that brings together key sector players from the various district departments (health, water development, community development, education, administration) and NGOs in planning and implementing water, sanitation and hygiene activities. District and town councils are being encouraged to set up District and Town Water and Sanitation Committees (DWSCC/TWSCC) to oversee and provide effective coordination of water sector activities in the respective Local Governments.

NGOs and Private Sector Organisations: NGOs/CBOs are active in the provision of improved sanitation and hygiene services, creating demand, construction of facilities, training of community leaders, and promotion of technology options, social marketing of sanitation products and technologies as well as advocacy and lobbying. There are over 200 national and international NGOs working in the water and sanitation sector, registered with Uganda Water and Sanitation NGO Network (UWASNET) the NGO umbrella organization. Formed in 2001, the aim of the network is to improve access to safe water and better sanitation through strengthening the contribution of NGOs and CBOs. The key strategy, is information/knowledge sharing, advisory services, organisational strengthening and improvement of technical and management skills for better service delivery, Through UWASNET, NGOs are represented on key policy fora such as the National Sanitation Working Group.

Coordination

Efforts shall be made to strengthening district coordination and collaboration through functional District Water and Sanitation Coordination committees to:

- Ensure inter departmental collaboration and coordination and also that districts have integrated work plans with NGOs.
- All work plans and activities follow the guidelines from MWE
- There shall be increased monitoring by the TSUs to ensure efficient and effective coordination and collaboration among all stakeholders at all levels.

External to the MWE and other components, the component is very closely linked to the sanitation promotion initiatives and mandate of the Ministry of Health, Ministry of Education and Sports as well as the Ministry of Gender Labour and Social development and also the decentralised structures from district to sub-county and the supportive role taken by the Ministry of Local Government. The component is also linked to the activities of many NGOs operating in the rural areas as well as the private sector e.g. hand pump mechanics and their associations.

7. ASSUMPTIONS AND RISKS

The main assumptions are that:

- The consolidation of new districts will make progress and staffing of District Water Offices will be adequate to ensure that implementation according to policy and quality standards is possible with support from the TSUs;
- Disbursements within the public financial system will be timely, and districts will have the capacities to report on time so that the problem of delayed disbursements is avoided;
- GoU budget allocations will take the increased administrative cost resulting from the increased number of districts into account.
- There are no political messages against payment for water, so that O&M expenditures are effectively borne by the users and JWESSP funds can be used for new infrastructure and for major rehabilitations.

Governance issues and low capacities at the district level have been identified as the key fiduciary risks of the Component, mainly in conjunction with procurement and contract management. A recent value for money study (2011) found that compliance with procurement and contract management standards is poor. Strong follow action will be required on this point.

8. SUMMARY OF BUDGET

Themes	Rural Water Supply and Sanitation	JPF	GOU	Total
1	Improved access and equity	18.0	43.32	61.32
2	Improved functionality of water sources	4.7	12.09	16.79
3	Promotion of appropriate technology for rural water supply	4.8	8.75	13.55
4	Support to Local Governments and other stakeholders (NGOs, institutions)	10.0	7.95	17.95
5	Improved sanitation and hygiene practices	4.0	2.23	6.23
	Total	41.5	74.34	115.82

In addition to this budget there is approximately UGX 64 billion to be provided annually as DWSCG.

3 - Urban Water Supply and Sanitation

1. POLICY, STRATEGY AND LEGAL CONTEXT

The policy, strategy and legal context for the UWSS component is defined by the water act (1997) and a series of downstream regulations that guide the sector in the areas of water supply, waste water management and sewerage. To support the overarching policy goals which aim at 100% coverage of water supply and sanitation in urban areas by 2015, a number of strategies on pro-poor service delivery, involvement of the private sector, commercialisation of water utilities have been developed. Urban sanitation is multi-sector and is ultimately governed by the Public Health Act 2000, which is reinforced by the Environmental Health Policy of 2005. In support of these acts, the sanitation and hygiene sub-sector has developed a 10-year Integrated Sanitation and Hygiene (ISH) Strategy for Small Towns.

2. INSTITUTIONAL CONTEXT AND RESPONSIBILITIES

The lead agency for UWSS is MWE. The roles and responsibilities of MWE are as follows:

- Financing, managing and monitoring the expansion of coverage by developing new piped water systems based on the maxim - "some for all rather than all for some"
- Provision of back-up support to local governments for the O&M of facilities
- Rehabilitation of water supplies, sanitation and sewerage service facilities
- Coordinating and monitoring Public Private Partnerships (PPPs) in urban water operations,
- Developing, monitoring and enforcing the compliance with policies, regulations, standards and guidelines for UWSS
- Strengthening the operations and management of piped water supplies
- Asset inventory planning.

The management of water supply services in small towns is mainly through Performance Contracts between the MWE and Water Supply and Sewerage Boards (WSSB) that are responsible for a gazetted Water Supply and Sewerage Area (WSSA). The WSSB engage Private Operators through Management Contracts. NWSC is mainly responsible for the large towns and currently operates in 23 towns.

To provide support to small towns and growth centres the sector has developed , the Water and Sanitation Development Facilities WSDFs and Umbrella Organisations.

The four regional Water and Sanitation Development Facilities (WSDFs) receive project applications from local governments / communities, verify and rank them to inform financing decisions that are taken based on a transparent set of criteria. Implementation is subject to a number of prior conditions to be fulfilled by the beneficiary communities, including improvements on sanitation. Local governments are involved in the implementation process throughout the project cycle. Currently the WSDFs work as deconcentrated units of MWE. Accounting and procurement responsibilities are delegated from the centre (PS of the MWE)

to the branch managers of the WSDFs. In the medium to long term is planned to establish the WSDFs as a semi-autonomous fund. This would also allow for other funding modalities than grant funding, such as various PPP models.

Sustainable service provision and reliable O&M of existing water supply schemes outside the area of jurisdiction of NWSC is being supported by regional Umbrella Organisations that provide technical and managerial support services, training and water quality monitoring to the water schemes in their respective area. Umbrellas are formally membership associations but depend essentially on public funding, funding that is justified by high functionality rates and better sustainability of the investments made.

The main source of funding for both WSDFs and Umbrella Organisations is the JPF. Each of the four WSDFs is likely to receive substantial funding through the JPF, through earmarked contributions (KfW, AfDB, and EU). Due to the amount of earmarking there is no non-earmarked JPF contributions expected within the programme period. The JWESSP will follow-up on the institutional consolidation process and will provide long-term technical assistance during 2-3 years to the WSDFs.

Regulation will be enhanced by strengthening the Regulation Unit that has been established at the central level, building adequate monitoring capacities and developing a consistent regulatory framework. For the small towns segment this includes advice and technical support on regulatory issues, such as tariff guidelines and guidance/templates for performance and management contracts.

3. KEY ISSUES, CONSTRAINTS AND STRATEGIC PRIORITIES

Specific challenges that are anticipated for the new JWESSP that the UWSS component will address include:

- Weak regulation of Urban water and sanitation services
- Limited supervision capacity of WSSBs
- Increasing costs of production/m³
- Absence of an integrated approach to ensure functionality of sanitation services
- Poor O&M practices
- Weak capacity for water quality monitoring
- Underutilization of installed system capacity in schemes in RGCs and Small Towns
- Access for the urban poor in line with the pro poor strategy

Some of the issues that have arisen during appraisal and formulation and which will be specifically addressed by the component include:

Selection of small towns and rural growth centres in unfavourable areas

There are several reasons for developing infrastructure in certain small towns and rural growth centres under “un-favourable conditions” likely to result in high unit costs. These reasons include: topography, availability of water resource, raw water quality, cholera prone area, technical solutions required with affordable operation and maintenance cost. To ensure

transparent and cost effective implementation, the selection of small towns and rural growth centres water supply schemes to be implemented under WSDF follows a guideline for evaluation of applications that is outlined in the WSDF Operations Manual (2009). The planned update will review the process, criteria, maximum scores and weights to guarantee transparency, reflect need and ensure cost effectiveness. It is crucial that the feasibility studies assess different options and provide justifications for dismissing as well as for the recommending options. This approach is intended to lead to a transparent and informed decision on the economically most viable option to be designed and implemented. All designs for piped water supply schemes follow the Design Guideline (currently being updated) and are approved by the DWD Design Review Committee.

Improving access for the urban poor

The sector's approach to improve access for the urban poor is as follows:

- Application of the existing Pro-Poor Strategy (2006): Public water points in the form of authorised yard taps or water kiosks (or possibly - wells fitted with a hand pump) should be established at an intermediate distance of 400 meters in all areas of a small town which are underserved, in order to serve the part of the population (i.e. the poor and disabled), who cannot afford individual yard and/or house connections.
- Application of Design Guideline (currently being updated) which seeks to minimise costs and ensure equity in the scope of services provided.
- Approval of all designs by the DWD Design Review Committee which seeks to control costs and ensure equity in design before tender stage.
- Operationalization of regulation at deconcentrated level to e.g. enforce proper operation of public kiosks as per management contract between WA/WSSB and Private Operator. According to the Pro-Poor Strategy (2006) "The aim is that the poor who use public water points should not pay more for water than other better served customers. There is a need to constantly survey how well the tariff is serving the needs of the poor and to update accordingly."

4. OBJECTIVE AND SUMMARY OF COMPONENT ACTIVITIES

The mission statement for the urban water supply and sewerage component in Uganda is: *"provision of sustainable water and sanitation services to the population and economic activities in the urban areas of Uganda."* (SPR, 2012)

The overall policy objective of the Government of Uganda (GoU) for water and sanitation in urban areas is 100% coverage of water supply and hygienic sanitation facilities, based on management responsibility and ownership by the users in the urban population by the year 2015.

The activities to be undertaken include a wide range of tasks including:

- Capacity building across the sub-sector as guided by the capacity development strategy with a focus on water boards and private operators

- Conducting feasibility studies, designs, implementation management, construction and commissioning of water supplies and sanitation facilities (including sludge and seepage management facilities).
- Technical and managerial support to operation and maintenance of water and sanitation facilities
- Support to water quality monitoring
- Performance monitoring and regulation of large towns, small towns and rural growth centres
- Tariff reviews and adjustments
- Consolidate and continue improvements to the regulatory framework
- Promotion of urban sanitation

To support prioritisation of these activities a number of priority areas (themes) have been selected:

5. Increase water supply service coverage for small towns and rural growth centres in a poor sensitive manner
6. Improve O&M of urban piped water supply systems
7. Establish effective regulation of urban water supply and sanitation services
8. Improved Urban Sanitation and Hygiene Services

These themes will be further developed during the inception phase to form an outline for the 5-year plans that can serve as an inspiration and framework for the 1 year district, MPS and JPF plans and budgets. In the meantime and based on the preparation work done for the JWESSP, expected 5-years outcomes are given below:

Theme	Expected 5 years outcomes
1. Increase water supply service coverage for small towns and rural growth centres	<ul style="list-style-type: none"> • Coverage of urban population with access to improved water source meets sector goals as set out in the sector performance framework* • Proportion of schemes with use of system capacity which is less than 50% reduced to 10%*** • Urban poor access water within 400 meters paying less or equal compared to standard customers***
2. Improve O&M of urban piped water supply systems	<ul style="list-style-type: none"> • Functionality of urban water supplies improves and meets sector goals as set out in the sector performance framework* • Proportion of water utilities with revenues exceeding O&M costs increases***
3. Establish effective regulation of urban water supply and sanitation services	<ul style="list-style-type: none"> • Proportion of private operators complying with regulatory obligations increases*** • Proportion of water authorities complying with performance contract obligations increases*** • Proportion of WSSBs that meet the minimum qualifications increases***

Theme	Expected 5 years outcomes
4. Improved Urban Sanitation and Hygiene Services	<ul style="list-style-type: none"> • Increase in proportion of urban people with access to improved sanitation * • Increase in proportion of urban people with access to hand washing facilities* • Environmental sanitation conditions in urban centres improved

*outcomes that are measurable through the sector performance measurement framework (golden or platinum indicators)

**outcomes that are measurable through other performance measurement frameworks e.g. MoFPED or Ministry of Public Services

*** outcomes measured by strategy processes e.g. Capacity development strategy, good governance action plan, pro-poor strategy, Gender strategy, Climate change implementation strategy etc.

5. SUPPORT STRATEGY AND MAIN MODALITIES

The support strategy for the component will be to provide a mixture of funds provided through JFP for physical implementation at WSDF level as well as technical assistance, funds for studies and capacity building to assist in consolidation of UWSS reforms and improvement of the regulatory framework. The strategies and practices of the sector are documented in the WSDF manual as well as other documents such as the ISH strategy for small towns, and the pro-poor strategy.

As there is a concern that i) the large variety of sources of finance including external funds could fragment the sector approaches and that ii) support to both the umbrella organisations the regulatory function could introduce conflicts of interests. Strategies for dealing with these issues are outlined in detail below:

Use of the common basic implementation principles for all sources of finance

The development of water and sanitation activities in the small towns and rural growth centres has been streamlined through the WSDF framework under the JPF. Standard operations manual, budgeting and monitoring tools and specific projects selection criteria, among others, were developed and are guiding the implementation process. These tools were developed based on experiences from WSDF in South Western Uganda. They have provided a sound platform for all three newly created WSDFs in northern, eastern and Central Uganda. The most relevant guiding documents of WSDF intervention are: (i) WSDF Operations Manual, (ii) JPF Manual and (iii) Design Guideline (currently being updated).

The basic implementation principles for the component will follow the WSDF Operations Manual and implementation practice. The demand driven approach requiring e.g. an

application, process and criteria for evaluation of applications, fulfilment of community obligations, appraisal procedure of applications for household connections, 100% sanitation coverage before commissioning) should be adopted by all projects in small towns and rural growth centres— regardless of the financing and implementation modality applied. DWD will update where necessary and ensure that all implementation follows the basic implementation principles and make them a requirement to be applied by all future interventions in the urban water sector, regardless whether through JPF or not.

DPs are willing to contribute to and continuously consolidate the national WSDF model in order to address (i) particular needs of incoming JPF donors as well as (ii) challenges of different regions of the country. Thereby the national WSDF model should become more attractive to donors who want to support infrastructure development in small towns and rural growth centres that ultimately (i) JPF donors provide un-earmarked support and (ii) in-coming donors join the JPF.

Separation of support functions to umbrella organisations and the regulatory functions.

There are two separate theme areas: support to O&M (theme 2) and support to regulation (theme 3). The support activities will thus be kept separate between these two very different areas of intervention. The interface between UOs as support units for their member schemes and improving de-concentrated regulation (not limited to enforcement of performance contracts) will be managed by:

- Establishing borders between mandates of regulation and support of member schemes to fulfil obligations and deliver high quality outputs
- Regular communication and interaction e.g. UOs to communicate to regulation unit when they see urgent need for regulator's action e.g. risk of failure caused by negligence of assets

6. MANAGEMENT RESPONSIBILITIES AT COMPONENT LEVEL

The overall component management and oversight will be ensured by the Department of Urban Water Supply and Sewerage of DWD. Important implementation authorities (planning, project appraisal, procurement and accounting) have been delegated to the four WSDFs. WSDF operations are based on the WSDF Operations Manual approved by the Permanent Secretary. According the WSDF study recommendations, there will be a national WSDF steering committee established in DWD to coordinate the WSDF activities at the centre level.

Ultimately the Water Authorities, WSSBs and private operators will be responsible for ensuring the provision of adequate services under the regulation of the regulation unit established in DWD. In future the regulatory function may be transferred to an independent authority.

External to the MWE and other components, the component is linked to the decentralised set up for Urban areas and the supportive actions taken by the Ministry of Local Government. It is also closely linked to the Ministry of Health in its sanitation functions (supportive and

regulatory). It is also linked to the NWSC as in a number of towns there will need to be close coordination with NWSC to ensure that the towns are served in the most rationale way possible. The component is also very closely linked to private sector operations and the UOs.

7. ASSUMPTIONS AND RISKS

The main assumptions are that:

- Operation and maintenance costs can be managed so that sustainable tariffs are affordable for consumers
- The political context for affordable tariff increases allows greater cost recovery to be achieved in the sector.
- The enabling environment for effective contract management and procurement continues to improve including better governance.
- Temporary regulation arrangements are in place and effective awaiting the approval of an independent regulatory authority.
- The enabling environment for enforcement of UWSS regulations improves
- Political support increases for expenditure on improved sanitation in small towns and rural growth centres
- DPs support the strategies and operating modalities of the sub-sector

8. SUMMARY OF BUDGET

Themes	Urban Water Supply and Sanitation	JPF	GOU	Total
1	Increased Water Supply Service Coverage for Small Towns and Rural Growth Centres	150.00	48.60	198.60
2	Improve O&M of urban piped water supply systems	41.00	10.80	51.80
3	Establish effective regulation of urban water supply and sanitation services	29.00	6.52	35.52
4	Improved Urban Sanitation and Hygiene Services	14.45	1.80	16.25
	Total	234.45	67.72	302.17

4 - Water for Production

1. POLICY, STRATEGY AND LEGAL CONTEXT

Water for Production (WfP) refers to development and utilisation of water resources for productive use in crop irrigation, livestock, aquaculture, rural industries and other commercial uses. WfP enjoys considerable support at the political and strategic level. The NDP puts clear emphasis on economic growth and production, to which WfP is seen as a direct contribution. It is therefore expected that during the JWESSP period considerable investments will be made to construct additional VTs and dams, using both GoU budget and to a lesser extent DP funding.

The GoU is currently focusing its rural development strategy on improved services for livestock(cattle), mainly in the cattle corridor, introduction and further development of aquaculture and introduction of irrigated agriculture. This is envisaged to be done through rehabilitation of dams/valley tanks, construction of dams/valley tanks and provision of bulk water transfer systems for multi-purpose use (including irrigation). The National Development Plan 2010 (NDP) priority investment area for WfP aims at an increase of about 50% of the irrigated area (from 14,418 ha to 22,000 ha) and a similar increase of the percentage of livestock supplied from man-made sources (from 36% to 50% in the cattle corridor and from 21% to 30% outside the cattle corridor). Other objectives are to strengthen the management of water catchment areas around WfP facilities; to increase water supply systems for rural industries (to facilitate agro-processing and other industrial activities); and to increase water supply for multi-purpose use in water stressed areas of the country (i.e. bulk water supply). The National Irrigation Sector Framework Master plan for Uganda provides detailed information on the potential and plans for introducing irrigation.

2. INSTITUTIONAL CONTEXT AND RESPONSIBILITIES

The current mandate in Water for Production facilities in Uganda is a shared responsibility between MWE and MAAIF. MWE is responsible for “off farm” activities while MAAIF is responsible for “On Farm”. “Off-farm” refers to development of water sources and transmission (bulk transfer) through closed conduits or canals to farm gates while “On-farm” refers to development of primary distribution and tertiary networks for irrigation systems and other on-farm irrigation infrastructure and works and water use management.

The GoU has recently established an Inter-Ministerial Technical Committee which aims to harmonize policies, plans, programmes and projects of WfP. This committee was established through Cabinet Decision 286 (CT 2011) dated 21 September 2011. The committee consists of three members from the MWE, three from the MAAIF, one from the Office of the Prime Minister (OPM) (chair), one from the National Planning Authority and one from the Ministry of Finance. This committee aims to meet on a quarterly basis and addresses the urgent need to coordinate investments and works in the WfP sector between the two main ministries (MWE & MAAIF). Since it is chaired by the OPM and the Ministry of Finance is also a member of this committee it is expected that improved coordination will result.

3. KEY ISSUES, CONSTRAINTS AND STRATEGIC PRIORITIES

Specific challenges that are anticipated for the new JWESSP that the UWSS component will address include:

- Low functionality of water for production facilities
- Low coverage of water for production facilities
- Increasing unit costs for service delivery
- Feasibility studies that don't optimize economic and social use of water resources

The two core issues are functionality and cost effectiveness – the strategies in place to address these issues are outlined below:

Functionality

MWE has carried out a number of activities to ensure sustainability of WfP facilities including:

- Mobilisation and sensitisation - MWE carries out mobilisation and sensitisation activities in the districts to sensitise beneficiaries on the importance of providing land and access routes to the facility, participatory involvement during implementation of WfP projects, effective utilisation of WfP facilities, and proper hygiene and sanitation.
- Capacity Building - A three tier training approach to build capacity is used; this includes training of trainers (District and Sub-County extension Officers), training of the management committees/associations and training of the end-users/community members.
- MWE carries out training in fifteen districts to enhance capacity, raise awareness of all stakeholders at District and Sub-County level as well as management committees and water users. It focused on roles and responsibilities, formation of by-laws, gender aspects, and features of WfP facilities. Change in sexual behaviour is also included as part of the training to try and reduce the spread of HIV/AIDS. As a result of this training, there have been a number of achievements, including an increase in the proportion of actively functioning committees.
- Establishment of appropriate management structures for WfP facilities: The status of the different management structures for WfP facilities varies. For most facilities constructed with funding from Central government or District Local Governments, a Community Based Management System (CBMS) is implemented where Water User Committees/water boards are formed.
- Development of a number of tools to better convey the messages across to the stakeholders in an effort to improve O & M of the facilities. MWE uses participatory Information, Education and Communication (IEC) materials, posters, brochures and the developed water for production drama to mobilise, sensitise and build stakeholders' capacity on operation and maintenance of WfP facilities.

Cost effectiveness

WfP schemes have strong political support and in some areas of the country are essential elements in ensuring poverty reduction and sustainable economic and social prosperity.

However they are also very complex facilities where the costs and benefits and management arrangements need to be very carefully considered. Studies have shown that there are risks that unnecessarily large investments are made in dams; WfP infrastructure is not adequately used and maintained; the interests of other water users and potential environmental impacts are not taken into account; and the machinery purchased by government requires a lot of support to be adequately maintained.

For enhanced planning, coordination and follow-up for water storage facilities (dams) it is recommended to (i) institutionalise cooperation with MAAIF and (ii) develop a checklist-type of procedure where the planning and coordination requirements are firmly defined and anchored. This will include IWRM-based planning at the WMZ level. It is expected that the issue of low functionality of WfP infrastructure will be partly resolved by introducing these enhanced procedures as responsibilities, beneficiaries and ownership will be established more clearly.

Implementing these planning and cooperation procedures at the regional and local level requires capacity developing, making use of existing support structures such as the TSUs (for technical support), the WMZs (for water resources management) and possible the WSDFs (for demand-driven funding of WfP projects).

In terms of irrigation development, an integrated approach will be promoted that takes factors such as the development of local institutions and skills, market access, extension on crops and irrigation methods and potential environmental impacts into account.

4. OBJECTIVE AND SUMMARY OF COMPONENT ACTIVITIES

The overall goal for the development of Water for Production is: “To promote development of cost-effective and sustainable water supply and water management for increased production and contribution to the modernisation of the agricultural sector in Uganda with a focus on poverty reduction and minimal environmental impacts”. (SPR 2012)

The activities to be undertaken include a wide range of tasks including:

- Capacity building across the sub-sector as guided by the capacity development strategy
- Rehabilitation and improvement of WfP facilities
- Information, education and communication of communities and farmers using WfP facilities
- Post construction support to O&M of WfP facilities
- Feasibility studies, designs, contract management, construction and commissioning of the WfP facilities.

To support prioritisation of these activities a number of priority areas (themes) have been selected:

5. Improving functionality of Water for Production facilities and the prospects for sustainability (O&M framework)
6. Construction of new dams and valley tanks to increase livestock production

7. Construction of new dams and valley tanks for irrigation development
8. Construction of new bulk water transfer systems for multipurpose use

These themes will be further developed during the inception phase to form an outline for the 5-year plans that can serve as an inspiration and framework for the 1 year district, MPS and JPF plans and budgets. In the meantime and based on the preparation work done for the JWESSP, examples of typical 5-year outcomes are given below:

Theme	Expected 5 years outcomes
1. Improving functionality of Water for Production facilities and the prospects for sustainability (O&M framework)	<ul style="list-style-type: none"> • Functionality of WfP facilities improves and meets sector goals as set out in the sector performance framework* • Increase in the proportion of WfP facilities that have functional committees to a level that meets sector goals as set out in the sector performance framework* • Increase in the proportion of WfP facilities that are managed by the private sector.
2. Construction of new dams and valley tanks to increase livestock production	<ul style="list-style-type: none"> • Improved livestock productivity • Increased cumulative water for production storage capacity to a level that meets sector goals as set out in the sector performance framework*
3. Construction of new dams and valley tanks for irrigation development	<ul style="list-style-type: none"> • Improved crop productivity • Higher incomes and improved livelihoods resulting from provision of WfP facilities
4. Construction of new bulk water transfer systems for multipurpose use	<ul style="list-style-type: none"> • Increased cumulative water for production storage capacity to a level that meets sector goals as set out in the sector performance framework*

*outcomes that are measurable through the sector performance measurement framework (golden or platinum indicators)

**outcomes that are measurable through other performance measurement frameworks e.g. MoFPED or Ministry of Public Services

*** outcomes measured by strategy processes e.g. Capacity development strategy, good governance action plan, pro-poor strategy, Gender strategy, Climate change implementation strategy etc.

5. SUPPORT STRATEGY AND MAIN MODALITIES

At the current time, relatively little support will be provided to WfP by the JWESSP although there are some substantial projects that will support WfP outside the JWESSP. Support through the JWESSP will be provided via the JPF and will focus on Theme 1 (functionality) and theme 2 (construction of WfP facilities for livestock production). One of the main focuses of the support will be to improve quality of feasibility studies and cooperation between different government agencies at national and local level.

6. MANAGEMENT RESPONSIBILITIES AT COMPONENT LEVEL

The Commissioner, Water for Production Department will chair the component management team/Water for Production Sub-sector Working Group quarterly meetings to provide steering and management support. The alternate chair shall be the Commissioner/Farm Development, Directorate of Crop Resources, Ministry of Agriculture, Animal Industry and Fisheries. The Commissioner/Water for Production Department shall chair monthly Departmental meetings.

A coordinating officer for the MAAIF inputs shall be selected at the beginning of the component implementation for the purpose of coordination of activities at MAAIF. The coordinator will coordinate relevant officers responsible for inputs in the fields of fisheries, livestock, rainwater harvest and soil moisture conservation, and irrigation.

External to the MWE and other components, the component is closely linked to MAAIF and the decentralised structures from district down to sub-county. There are also potential linkages with the Ministry of Energy and Mineral Development where large bulk water use is likely. The component is also linked to private operators (force account delivery) as well as the private sector involved in the supply chain.

7. ASSUMPTIONS AND RISKS

The main assumptions are:

- That the private sector is willing to participate in the management of the WfP facilities and where relevant contribute according to the cost sharing models devised.
- That the beneficiary communities are willing to contribute towards the operation and maintenance
- MWE and its partners will ensure good coordination at national and local levels with all government and non- government entities
- That independent feasibility studies of high quality will be conducted and the recommendations will be followed

8. SUMMARY OF BUDGET

Themes	Water for Production	JPF	GOU	Total
1	Improving functionality of Water for Production facilities and the prospects for sustainability (O&M framework)	8.00	10.00	18.00
2	Construction of new dams and valley tanks to increase livestock production	5.50	20.00	25.50
3	Construction of new dams and valley tanks for irrigation development		30.00	30.00
4	Construction of new bulk water transfer systems for multipurpose use		72.68	72.68
	Total	13.50	132.68	146.18

5 - Water Resources Management

1. POLICY, STRATEGY AND LEGAL CONTEXT

The Government is charged with the responsibility of holding in trust and managing the water resources of Uganda as a common good for all the people of Uganda and for the present and future generations. The Constitution of Uganda states that “The State shall promote sustainable development and public awareness of the need to manage land, air and water resources, in a balanced and sustainable manner for the present and future generations”.

In line with the constitutional provisions, government put in place an enabling policy and legal framework in form of the National Water Policy and the Water Act, 2000. The Water Act is operationalised by the Water Resources Regulations (1998), Waste Discharge Regulations (1998). In addition the National Environment Act, 2000 with its accompanying Regulations: Environmental Impact Assessment Regulations 1998, the National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations 1999, and the National Environment (Waste Management) Regulations of 1999, were put in place to ensure sustainable use of environment and natural resources across the country.

The water resources management objectives formulated in the NDP are to (i) ensure that Uganda fully utilizes its water resources for development and guarantees her water security; (ii) ensure sustainable utilization of water resources to maximize benefits for the present and future generations; and (iii) support the sustainable exploitation of water resources for economic activities. To assist in achieving these objectives, the Ministry of Water and Environment has adopted the principles of Integrated Water Resources Management (IWRM) which will be implemented through a catchment-based approach to water resources investment p planning and management.

2. INSTITUTIONAL CONTEXT AND RESPONSIBILITIES

MWE through its Directorate of Water Resources Management (DWRM) is the lead agency for water resources management. At the central level, DWRM is structured in three departments: Water Resources Monitoring and Assessment, Water Resources Planning and Regulation, and Water Quality Management.

Although water resources management is a central level function, it has been realized that effective planning and management of water resources needs to be carried out at the lowest appropriate level and based on hydrological catchments or basins. This has been the driving force behind the concept of Water Management Zones (WMZs). A number of operational level water resources management functions will be undertaken at WMZ level to improve efficiency and effectiveness in performing these functions while responding to stakeholder needs and challenges in timely manner. Taking responsibility for and executing these functions at WMZ level is expected to be a gradual process in which the WMZ staff gradually takes on greater responsibility as their capacity is enhanced.

DWRM at the central level will retain day-to-day responsibility for development of policy and legislation and national water resources management and development strategy and plan, coordination of water resources related activities and programs at the central level, coordination of Uganda's participation in transboundary waters management, technical backstopping of the zonal offices particularly in the development and testing of new water resources management technologies etc.

3. KEY ISSUES, CONSTRAINTS AND STRATEGIC PRIORITIES

Although the legal and policy framework and the necessary knowledge base for water resources management are essentially available there is a need for improvements and consolidation to take stock of new challenges and developments in the water sector such as WMZs, CMOs, Climate Change, dam safety, reservoir regulation, transboundary WRM etc. The key challenges however are to operationalise IWRM at the catchment level and to improve compliance with water laws, regulations and water permits conditions.

The key issues to be addressed by the JWESSP through this component include:

- Reviewing and further development of the policy and legislation for water resources management
- Coordinating water resources management interventions and stakeholders at national level including consolidating implementation of the catchment based water resources management.
- Coordinating and continued participation in transboundary water resources programmes (Nile Basin Initiative, Lake Victoria Basin Commission, IGAD etc.).
- Continuing with support to the Water Policy Committee (WPC) to enable it to provide leadership in integrated and sustainable management and development of water and related resources in Uganda.
- Continuing with implementing the water resources management communication strategy to improve visibility of water resources management
- Strengthening national level water resources monitoring and information management systems (Water Information and Decision Support System etc.)
- Continue with implementing the National Water Quality Management Strategy including upgrading of the National Water Quality Laboratory, support to the regional (WMZ) laboratories and, development of new strategies, guidelines and standards
- Leading the process of preparation and implementation of the national water resources management and development strategy including climate change adaptation, in Uganda.
- Strengthening water resources regulatory framework through development of new laws and regulations, developing licensing system for groundwater development, establishing a reservoir regulation and dam safety management framework, and improving national level compliance and enforcement of water laws and water permit conditions.

4. OBJECTIVE AND SUMMARY OF COMPONENT ACTIVITIES

The objective of DWRM is “to manage and develop the water resources of Uganda in an integrated and sustainable manner in order to provide water of adequate quantity and quality for socio-economic needs for both the present and future generations.” (SPR 2011).

Previously these functions have been concentrated at the central level. They are being deconcentrated and new roles and responsibilities are being defined at both national and zonal level. The direction and guidance for these changes comes from the National Level.

The objective of this component is to support the DWRM at the national level to implement various WRM reform recommendations, provide the necessary support and guidance to the WMZs in transition, and promote Integrated planning, management and development of water resources of Uganda in line with the national water policy, Water Act and various regulations. At National Level the emphasis is changing from implementor to that of setting policy, strategies, standards and guidelines and training and capacity building of WRM Zones and other stakeholders. The DWRM at National Level is required to monitor, supervise and quality assure the work being undertaken “on the ground” by the WRM Zones.

In addition however the DWRM National Level will continue to be responsible for key technical functions and related activities, that are national and strategic in nature and which cannot be deconcentrated to the zones.

To support these activities the national component theme areas are therefore best reflected by the National Level structure of the DWRM, found as follows:

1. Water resources coordination and sector reform (focussing on the overall efficiency and effectiveness of the reformed directorate).
2. Water resources planning and regulation (focussed on a) integrated planning, allocation and use of Ugandan’s water resources, and (b) ensuring a robust WRM regulatory framework
3. Water resource monitoring and assessment (focussed on ensuring the provision of WRM data of quality and its use)
4. Water Quality Management (focused on the development of laboratory capacities and tools for effective WQ management)

These activities within these themes will be further developed during the Inception Phase to form an outline for the 5-year plans that can serve as an inspiration and framework for the 1 year district, MPS and JPF plans and budgets. In the meantime and based on the preparation work done for the JWESSP, expected 5-years outcomes are given below:

Theme	Expected 5 years outcomes
1. Water resources coordination and sector reform	<ul style="list-style-type: none"> • Sector reform recommendations are implemented • Directorate operations at national and lower levels reflect a Catchment Based Approach to WRM • Evidence of increasing use of IWRM approaches in the

Theme	Expected 5 years outcomes
	planning, management and development of water resources in Uganda. Uganda's interests in international waters are safeguarded through effective transboundary cooperation
2. Improved Water resources planning and regulation	<ul style="list-style-type: none"> • A continuous increase in:* <ul style="list-style-type: none"> ○ the proportion of major polluters, abstractors regulated according to the water laws and regulations. ○ the proportion of major water reservoirs and water bodies that managed and regulated according to the water laws and regulations • Compliance status in respect to water abstraction and effluent discharge reported on a regular basis.*
3. Improved water resource monitoring and assessment	<ul style="list-style-type: none"> • WRM information widely accessible through an annual WRM status report and hydrological year book • maintenance of a National WRM data quality assurance/management system • increasing use of current data in WRM planning • availability of water resources particularly in threatened catchments is well defined
4. Improved water quality management	<ul style="list-style-type: none"> • A continuous increase in the analytical and quality assurance capability of national and regional water laboratories • increasing use of water quality information in support of WR catchment planning. • The establishment of systems providing oversight quality assurance of water services laboratory operations • Water quality information is published and influences early decision making such that preventative action is taken.

*outcomes that are measureable through the sector performance measurement framework (golden or platinum indicators)

**outcomes that are measureable through other performance measurement frameworks e.g. MoFPED or Ministry of Public Services

*** outcomes measured by strategy processes e.g. Capacity development strategy, good governance action plan, pro-poor strategy, Gender strategy, Climate change implementation strategy etc.

5. SUPPORT STRATEGY AND MAIN MODALITIES

The support strategy will be to provide a mixture of funding through the JPF for studies and recurrent costs and direct in-kind technical assistance. In the long run the intention is that that funds for recurrent expenditure would be provided through the GoU using normal government systems. In the meantime, the component provides direct support via the JPF justified by the rationale that this will allow collecting data that otherwise be lost and will also ensure that MWE is able to take early preventative action to stop the irreversible deterioration of water resources.

The strategy of the JWESSP is to provide support at a scale that will not distort the ambition level of the sector so that the range of functions undertaken can be realistically sustained in the future without the danger of spreading limited resources too thinly to achieve cost-worthy results. This requires difficult decisions to be made on what functions to prioritise as there are not enough funds to do all that is needed. In line with the approach of not supporting activities that don't have a realistic prospect of being sustained, WMZ, CMO and Catchment Management Plans shall be formalised before support activities start. However, it is recognised that WMZ is a de-concentrated structure of DWRM aiming at involving stakeholders in water resources planning, management and development. WMZ are therefore not separate from DWRM per se. MWE has the mandate to de-concentrate its resource and does not in principle require further officialisation of this arrangement. However, the CMOs and the Catchment Management Plans that will be prepared through a stakeholder driven process are separate from DWRM and do require formalisation. The Water Policy and Act are being reviewed to provide for these structures and the legal instrument to the effect is already drafted for signature by Minister and all will be done before the programme starts.

6. MANAGEMENT RESPONSIBILITIES AT COMPONENT LEVEL

The Director, DWRM in close collaboration with the 3 Commissioners will have the overall responsibility for managing and implementing the component on a day-to-day basis.

Different Departments will be responsible for implementation of their thematic areas through the departmental structures.

The component is linked to other donor supported water resources related projects and will be closely coordinated with the support provided by other projects such as those funded by the World Bank (Water Management and Development Project), GIZ, the Nile Basin Initiative and others. The component is closely linked to most other ministries that are water using or water influencing with which it has a planning, regulatory and supportive/guiding role. It is closely linked to NEMA with whom it works on approval of EIAs.

7. ASSUMPTIONS AND RISKS

The main assumptions are:

1. Internal management and administrative constraints in the MWE/DWRM are resolved so the full capacity of DWRM can be made effective
2. Technical staff can be recruited and vacancies filled
3. There is adequate stakeholders involvement and political support for effective implementation of water resources planning, regulation and enforcement activities by DWRM are realised.
4. The GoU recognises the value of WRM and allocates an increasing budget to this function and formalises the new institutional structures

5. Partners in the transboundary management of water cooperate in the sustainable management of regional water resources.
6. External support through projects and the JPF is well coordinated

8. SUMMARY OF BUDGET

Themes	Water Resources Management	JPF	GOU	Total
1	Water resources coordination and sector reform	1.95	2.01	3.91
2	Improved water resource monitoring and assessment	1.95	1.75	3.40
3	International and transboundary water resources management	0.85	0.58	1.13
4	Water resources planning and allocation	1.00	0.99	1.92
5	Compliance and enforcement of water laws, regulations and permit conditions	2.80	2.30	4.47
6	Drinking water quality and water safety plans	1.45	1.19	2.31
7	Effective water quality management tools and information systems	0.75	0.59	1.15
8	Functional Water Quality Testing Laboratories	1.75	1.19	2.31
	total	12.50	10.61	23.11

6 – Water Resources Management Zones

1. POLICY, STRATEGY AND LEGAL CONTEXT

Water policy in Uganda has been based on the integrated water resource management (IWRM) approach since the Water Action Plan in 1995, the Water Policy in 1999 and the Water Act Cap 152. The 2005 Water Sector Reform Study and the 2006 Joint Sector Review (JSR) both recommended the implementation of IWRM at the catchment level.

The National Water Policy (NWP) provides an overall policy framework and defines the Government's policy objective as: *“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 for all social and economic needs of the present and future generations and with the full participation of all stakeholders”*. The NWP promotes an integrated approach to the management of the water resources in ways that are sustainable and most beneficial to the country. The approach is based on the continuing recognition of the social value of water, while at the same time giving much more attention to its economic value and to the importance of the participation of stakeholders in its management and development.

The Ministry agreed in the 2006 JSR to pilot participatory IWRM in priority catchments and based on these experience and the lessons learned, the strategy to roll out IWRM at the catchment level was developed in 2010. Catchment level IWRM should enable not only more effective water management but accelerated development and sustainable water use as well, but how it is implemented turns out to be decisive in achieving this policy objective. To implement the catchment based integrated water resources management framework DWRM has created four regional units called Water Management Zones (WMZs).

These WMZs are a part of DWRM although they are regionally based. DWRM's intention is for the WMZs to carry out many of its IWRM functions, including planning, monitoring, water allocation and water regulation. Taking responsibility for and executing these functions is expected to be a gradual process in which the WMZ staff gradually takes on greater responsibility as their capacity is enhanced.

2. INSTITUTIONAL CONTEXT AND RESPONSIBILITIES

MWE through its Directorate of Water Resources Management (DWRM) is the lead agency for water resources management. At the central level, DWRM is structured in three departments: Water Resources Monitoring and Assessment, Water Resources Planning and Regulation, and Water Quality Management.

Although water resources management is central level function, it has been realized that effective planning and management of water resources needs to be carried out at the lowest appropriate level and based on hydrological catchments or basins. This has been the driving force behind the concept of Water Management Zones (WMZs). A number of operational level water resources management functions will be undertaken at WMZ level to improve

efficiency and effectiveness in performing these functions while responding to stakeholder needs and challenges in timely manner.

At present all four WMZs – Victoria, Albert, Kyoga and Upper Nile – are formally established and staffed but need consolidation and operational strengthening. One of the focal areas of work will be the preparation of Catchment Management Plans, with effective stakeholder participation, in priority catchments of the country.

WMZs will have a key role in the operationalization of different WRM tasks, including operation and maintenance of the surface water, groundwater and water quality monitoring networks; operating and maintaining regional water quality laboratories; undertaking specific water resources assessments; water resources planning and allocation, implementing water and catchment management regulations and permitting systems through assessing applications for various water permits (groundwater and surface water abstraction, drilling, wastewater discharge), reviewing environmental impact assessment reports, monitoring compliance to water laws, regulations and permit condition; and raising awareness about the role and importance of water resources management. In each WMZ, a Water Resources Information System that includes a Decision Support System is planned to capture all the data and information needed for water resources planning and allocation at WMZ and catchment level. This initiative brings the above IWRM functions closer to stakeholders and doing so tends to increase the focus onto real problems, to improve the analytical underpinnings (for example, hydrologic analysis and water resource assessment, multi-sector water balance) of programs and projects and provides an opportunity for stakeholders to participate in the formulation of plans and the development of new water infrastructure. These functions will be performed in close liaison with the central level where higher level water resources management functions are implemented.

DWRM at the central level will retain day-to-day responsibility for policy and legislation, national water strategy, coordination at the central level, transboundary waters and technical backstopping of the zonal offices particularly in the development and testing of new technologies (for example, new analytical tools, models, information management systems, etc.).

3. KEY ISSUES, CONSTRAINTS AND STRATEGIC PRIORITIES

The key issues, constraints and strategic priorities that the component will address are:

- Making the new institutional framework for catchment based WRM fully operational, including institutionalising coordination mechanisms between the centre and the WMZs.
- Creating necessary capacities in the deconcentrated WRM structures (WMZs, CMOs, etc.) to promote effective management of water resources
- Developing integrated catchment management plans using a participatory approach and based on solid technical analysis supported by the National Water Resources Assessment and WR development and management strategy.
- Operationalising catchment-based WRM building on the experience of the pilots, starting with “hot spot” catchments where urgent problems need to be addressed and keen stakeholder interest in WRM can be assumed.
- Ensuring the mainstreaming of CC aspects and adaptation to CC in water resources management at WMZ and catchment levels through preparation and implementation of Catchment Management Plans.

4. OBJECTIVE AND SUMMARY OF COMPONENT ACTIVITIES

The objective of the component is to support catchment based planning, management and development of water resources of Uganda for meeting the socio-economic needs of the present and future generations of Uganda in a sustainable manner.

The main activities of the component which reflect the core functions of the WMZs are:

1. Decentralised water resources management, (in respect to both quantity and quality) including monitoring and assessment, licensing and regulation and information management.
2. Stakeholders driven catchment based water resources planning, management and development. This will include the preparation and implementation of catchment investment and management plans that include climate change adaptation measures in “hot spot” catchments.

To support these activities a number of themes areas have been selected:

1. Operational water resources monitoring and information management, licensing and regulation at WMZ level
2. Integrated catchment-based water resources planning.
3. Implementation of catchment based water resources management plans

These themes will be further developed during the inception phase to form an outline for the 5-year plans that can serve as an inspiration and framework for the 1 year district, MPS and JPF plans and budgets. In the meantime and based on the preparation work done for the JWESSP, expected 5-years outcomes are given below:

Theme	Expected 5 years outcomes
1. Improved WR management, at the WRM Zones	<ul style="list-style-type: none"> • Water resource management decisions made at catchment level are increasingly evidence based using studies and WRM information made available to decision makers • A continuous increase in* <ul style="list-style-type: none"> ○ The proportion of major polluters, abstractors regulated according to the water law and regulations. ○ the proportion of major water reservoirs and water bodies that are managed and regulated according to the water law and regulations. • WRM monitoring data quality and consistency improves over time • A continuous increase in the analytical and quality assurance capability of regional water laboratories
2. Integrated catchment-based water resources,	<ul style="list-style-type: none"> • Evidence of increasing catchment based planning supporting the determination of water related investments • Catchment based water resources management/IWRM approach increasingly evident in terms of public participation in the

Theme	Expected 5 years outcomes
planning	development of CMPs <ul style="list-style-type: none"> • An increasing proportion of the investments and activities that are identified and guided by the catchment management plans
3. Implementation of catchment based water resources management plans	<ul style="list-style-type: none"> • Increasing WRM support activities and investments directed toward improving water management and improved quality through activities including source protection, catchment conservation and improved regulation other means • Climate change adaptation measures identified in catchment management plans are implemented in priority catchments

*outcomes that are measureable through the sector performance measurement framework (golden or platinum indicators)

**outcomes that are measureable through other performance measurement frameworks e.g. MoFPED or Ministry of Public Services

*** outcomes measured by strategy processes e.g. Capacity development strategy, good governance action plan, pro-poor strategy, Gender strategy, Climate change implementation strategy etc.

5. SUPPORT STRATEGY AND MAIN MODALITIES

The support strategy will be to provide a mixture of funding through the JPF for studies and recurrent costs and direct in-kind technical assistance. In the long run the intention is that that funds for recurrent expenditure would be provided through the GOU using normal government systems. In the meantime, the component provides direct support via the JPF because with the rationale that this will allow collecting data that otherwise be lost and will ensure that MWE is able to take early preventative action to stop the irreversible deterioration of water resources.

The support is provided at a scale that will not distort the ambition level of the sector so that the functions be realistically sustained in the future without the danger of limited resources being spread too thinly. This requires difficult decisions to be made on prioritisation. The WRM and WMZ components will prioritise catchment based water resources planning, management and development on a hotspot basis so that critical catchments have sufficient resources to ensure that priority issues are identified and the necessary actions are identified and implemented.

In line with the need to sustain catchment based water resources management the structures of WMZ, CMO and Catchment Management Plans shall be formalised before support activities start. At present WMZs, CMOs and Catchment Management Plans are not formalised in the official approved structure of MWE. However, it is also recognised that WMZ is a de-

concentrated structure of DWRM aiming at involving stakeholders in water resources planning, management and development. WMZ are therefore not separate from DWRM per se. MWE has the mandate to de-concentrate its resource and does not in principle require further officialisation of this arrangement. However, the CMOs and the Catchment Management Plans that will be prepared through a stakeholder driven process are separate from DWRM and do require officialisation. The Water Policy and Act are being reviewed to provide for these structures and the legal instrument to the effect is already drafted for signature by Minister and all will be done before the programme starts.

The JWESSP support will be closely coordinated with the support provided by other projects such as those funded by the World Bank, GIZ, the Nile Basin Initiative and others.

Prioritisation of catchment Management Plans in hotspot catchments

Some 5 hotspot catchments have already been prioritised based on a technical assessment of the severity of WRM challenges and in consultation with involved stakeholders and community representatives. These hotspot catchments are already known and prioritized. Allocation of funds for development of catchment management plans will be initially prioritised for these 5 catchments but it is expected that there will be sufficient resource to also engage in up to 5 more high priority catchments in the next 5 years. In this way the component will have a greater additional impact, provided constant attention is paid to making sure that there sufficient funds to ensure that resources are not spread too thinly.

Implementation of investments – ensuring a mainstreaming approach

The investments that will be supported will be those identified by stakeholders and presented in the Catchment Management Plan. The plan belongs to the stakeholders in the catchment and everything that will be done will be done on behalf of the stakeholders represented by the Catchment Management Committee. Implementation of the various investments will therefore be spearheaded by the relevant departments or ministries either through the local government offices or where they don't exist through the national offices. During formulation of the WB WMDP it was proposed that funds for any investments below Shs 500m will be handled by the WMZs and the funds availed to the relevant local government offices for their implementation while those above this figure will be handled through the relevant national level departments/offices. The WMZs and the CMC will remain responsible for efficient use of the investment funds, and ensuring that the investments projects are implemented in line with the CMP while the different departments will provide the technical services for their implementation and management.

Consolidation and economic functioning of de- concentrated offices of MWE

All the de-concentrated offices of MWE in the 4 WMZs should work from the same premises to ensure economies of scale. Investments in laboratories (planned under the World Bank project with limited support from JPF) will be done following the preparation and approval of a business plan for the laboratories to ensure that the planned extent of operations is

sustainable. Where business plans are already done they should be reviewed to ensure that the financial sustainability and availability of trained staff are in place.

6. MANAGEMENT RESPONSIBILITIES AT COMPONENT LEVEL

Overall coordination and implementation of the component will be the responsibility of the Director, Directorate of Water Resources Management. Day to day management of the component will be delegated to one of the senior staff at Commissioner or Assistant Commissioner level. However, close linkages and involvement of all the DWRM heads of departments will be ensured for purposes of coordination of central and WMZ level activities.

At the regional level, the heads of the Water Management Zones will be the project focal points and coordinate all the project activities within their zones. They will work closely with their respective staff to handle activities within the catchments and the overall zone. The DWRM departments and their respective divisions will provide technical and implementation support services to each of the WMZs. The project will also support the enhancement of the capability of these WMZ to carry out their functions.

The Component Manager working very closely with the relevant Heads of DWRM Departments will be responsible for monitoring the performance indicators for this component. They will be responsible for collating and presenting the information on component progress in results monitoring/implementation progress reports. However primary data collection and reporting on progress will be the responsibility of the heads of the WMZ who will prepare inputs into the reports regularly. Each WMZ and DWRM Department will also use these regular reports for internal and broader sector reporting (e.g. as part of the quarterly reports prepared by the sector and presented to the sector working group), planning, decision-making and supervision.

The component is linked to other donor supported projects and will be closely coordinated with the support provided by other projects such as those funded by the World Bank, GIZ, the Nile Basin Initiative and others. Like the WRM component the component is closely linked to the decentralised structures and all other sectors that are water using or water influenced.

7. ASSUMPTIONS AND RISKS

In addition to the assumptions under the WRM component the main assumptions for this component are:

- WMZs will be fully staffed and in time formalised as de-concentrated entities that are fully recognised by government
- Budget allocations increase to allow WMZs to sustainably carry out their mandates

- Catchment stakeholders cooperate and see the value of catchment management plans in guiding development
- Catchment management plans are integrated into other development tools and plans e.g. EIAs, land use plans and sector specific initiatives e.g. agricultural development plans, mining etc.

8. SUMMARY OF BUDGET

Themes	Water Management Zones	JPF	GOU	Total
1	Improved WR management at the WRM Zones	6.20	7.41	13.61
2	Integrated catchment-based water resources planning.	4.00	3.18	7.18
3	Implementation of catchment based water resources management plans	6.50	5.30	11.80
	Total	16.70	15.90	32.60

7 – Environment and Natural Resources Management

1. POLICY, STRATEGY AND LEGAL CONTEXT

Environment and Natural Resources management (ENR) is governed under the National Constitution 1995, article 237 (2) b which provides that “the Government or Local Government as determined by parliament by law shall hold in trust for the people and protect natural lakes, rivers, wetlands, ground water, natural streams, forest reserves, game reserves, national parks and any other land reserves for ecological and touristic purposes for the common good of the citizens of Uganda”. Other laws that govern the sustainable management of natural resources in Uganda include the Land Act cap. 227 section 44 and section 45; Local Government Act; Water Act; Forest and Tree planting Act of 2003; Wildlife Act; the National Environment Act; and Environmental Impact Assessment Regulation and National Environment (Wetlands, River banks and Lake Shore) Regulation 2000; the National Wetland Policy 1995; and the draft Wetlands Resources Management Bill.

2. INSTITUTIONAL CONTEXT AND RESPONSIBILITIES

The institutional framework of the ENR sub-sector essentially consists of

- The Directorate for Environmental Affairs (DEA) and its departments (Environmental Support Services, Wetlands, Forestry, Meteorology) under the MWE;
- Two semi-autonomous agencies: NEMA¹⁸ (National Environment Management Authority) and NFA (National Forestry Authority); it is also planned to establish a National Meteorological Authority;
- District Environmental Offices (DEO) and District Forestry Services (DFS) at the local government level.

The Department for Environmental Support Services (DESS) within DEA/ MWE is in charge of policy formulation, regulation, inspection, monitoring, coordination across line ministries, and oversight on agencies in the ENR sub-sector with respect to their functions.

NEMA, the National Environment Management Authority, is a semi-autonomous agency with regulatory functions and overseeing the implementation of environmental programmes and activities. The full clarification of roles and responsibilities between MWE Departments, NEMA and other institutions is a sector undertaking since several years but still pending.

The Department for Wetlands Management (WMD) within DEA/ MWE is the lead agency with respect to wetlands and is mandated to formulate the policy and legal framework, set

¹⁸ NEMA, the National Environment Management Authority, is a semi-autonomous agency established in 1995 as “the principal Agency in Uganda responsible for the management of the environment by coordinating, monitoring, regulating, and supervising all activities in the field of environment”. These responsibilities are partly overlapping, at the coordination, policy and regulatory level, with DEA/DESS responsibilities.

standards and guidelines, mobilize resources, provide technical guidance and ensure supervision of the sub-sector stakeholders including local government.

The Department of Forestry Support Services (FSSD) is the regulatory and overseeing body for forestry at the central level while the National Forest Authority (NFA) is mainly in charge of managing the Central Forest Reserves

3. KEY ISSUES, CONSTRAINTS AND STRATEGIC PRIORITIES

The key issues for environment in Uganda are an increasing trend in degradation driven by rapid population growth and resulting pressure on natural resources combined with ineffective enforcement of laws and regulations and a low political awareness for environmental sustainability. Furthermore, the sector is not well equipped to deal with upcoming issues such as gas and oil exploration, for which there is little experience or knowhow. Currently, the Environment and Natural Resources (ENR) sub-sector has no operational regional structures. Environment management capacities at the local government level are weak and lack any substantial source of funding. The impacts of climate change are not being adequately monitored and adaptation measures are limited to a few pilot projects.

This unsatisfactory situation results from the fact that the ENR sub-sector has been seriously underfunded and understaffed for many years and has suffered from institutional instability and in some cases poor management. In 2010 an institutional analysis of the ENR sector found that for years there has been much too little GoU funding for the ENR sub-sector which depended on limited DP support; that there are unclear roles and responsibilities between different institutions in the ENR sector, in particular between DEA and NEMA; and that institutional capacities of the DEA departments are low, with significant staff vacancies and lack of adequate working equipment.

The strategic priorities are to ensure that:

- Sector players in ENR cooperate and coordinate their activities
- Environmental laws and regulations are observed and enforced
- Comprehensive economic valuation of ecosystems in place
- District forest service and environmental service units are fully operational
- ENR governance improved

4. OBJECTIVE AND SUMMARY OF COMPONENT ACTIVITIES

The component will be guided by the NDP objectives, which are to” ...restore degraded ecosystems (wetlands, forests, rangelands and catchments) to appropriate levels and ensure sustainable management of environmental resources and minimize degradation..” The ENR Sector Investment Plan (2007) formulates similar strategic objectives and result areas but needs to be updated to reflect the new scope of the sector (no longer including lands, fisheries and wildlife), incorporate the National Forest Plan (2010-2020), and elaborate more detailed models with clear scenarios and assumptions to establish the investment requirements.

The main activities of the component centre around increasing the institutional capacity of the environment sector bearing in mind the limited budget allocated.

To support the overall objectives of the component a number of priority areas (themes) have been selected:

- 1- Strengthen the institutional capacity of DEA and its departments to implement their mandates
- 2- Improve environmental compliance and observance of environmental laws
- 3- Strengthen forestry governance, regulation and compliance
- 4- Enhance the sustainable use of wetlands for optimum ecological value and social benefits
- 5- Enhance the potential of the natural resource base and restore degraded forests/wetlands
- 6- Strengthen environmental management aspects related to oil and gas exploration and production
- 7- Facilitate establishment of the Uganda National Meteorological Authority
- 8- Provide support over a three years period for REED+ to generate knowledge about trends in forestry resources in Uganda through conducting Assessment of land use, forestry policy, carbon levels and governance.

These themes will be further developed during the inception phase to form an outline for the 5-year plans that can serve as an inspiration and framework for the 1 year district, MPS and JPF plans and budgets. In the meantime and based on the preparation work done for the JWESSP, expected 5-years outcomes are given below:

Theme	Expected 5 years outcomes
1. Strengthen the institutional capacity of DEA and its departments to implement their mandates	<ul style="list-style-type: none"> • Sector players in ENR cooperate and coordinate their activities
2. Improve environmental compliance and observance of environmental laws	<ul style="list-style-type: none"> • Environmental laws and regulations are observed and enforced • ENR governance improved
3. Strengthen forestry governance, regulation and compliance	<ul style="list-style-type: none"> • District forest service and environmental service units are fully operational • Proportion of forest reserves under management plans increases
4. Enhance the sustainable use of wetlands for optimum ecological value and social benefits	<ul style="list-style-type: none"> • Wetland coverage increases to meet the goals set out in the performance measurement framework*

Theme	Expected 5 years outcomes
5. Enhance the potential of the natural resource base and restore degraded forests/wetlands	<ul style="list-style-type: none"> Livelihoods of populations dependent on natural resources are sustained and improved
6. Strengthen environmental management aspects related to oil and gas exploration and production	<ul style="list-style-type: none"> Exploitation of oil and gas is carried out in accordance to environmentally sustainable principles
7. Facilitate establishment of the Uganda National Meteorological Authority	<ul style="list-style-type: none"> The authority becomes operational within the planned transition period
8. Provide support over a three years period for REED+	<ul style="list-style-type: none"> Provide support over a three years period for REED+ to generate knowledge about trends in forestry resources in Uganda through conducting Assessment of land use, forestry policy, carbon levels and governance. (Note this activity is for a 3 years period)

*outcomes that are measureable through the sector performance measurement framework (golden or platinum indicators)

**outcomes that are measureable through other performance measurement frameworks e.g. MoFPED or Ministry of Public Services

*** outcomes measured by strategy processes e.g. Capacity development strategy, good governance action plan, pro-poor strategy, Gender strategy, Climate change implementation strategy etc.

5. SUPPORT STRATEGY AND MAIN MODALITIES

The medium-term scope of support will strongly depend on the availability of dedicated funding for the ENR sub-sector. Water sector DPs have agreed to extend JWESSP support to limited capacity building activities but are unable to allocate significant funding for implementation activities.

The main DP funding modality will be the Joint Partnership Fund (JPF) while the key GoU contribution will be filling of vacant staff positions and allocating budget for the recurrent costs.

Other sources of funding, including more substantial conditional grants for the districts, will be mobilised as capacity development progresses. This might include sector budget support to contribute to channel funding to local governments, as under the RWSS component

Given the significant gap between the sub-sector challenges and the existing institutional capacities, capacity development and increase in funding will have to go hand in hand.

Initially the focus will be on internal capacity development within DEA and its Departments, including strategy formulation, development of management, reporting and M&E skills and the related information systems, and procurement of essential equipment.

As programme implementation progresses the focus will increasingly be on enhancing the environment and natural resources to contribute to environmental services, livelihoods and economic development in Uganda.

The linkage to field implementation and support to local governments will mainly be developed through existing MWE structures, in particular the Water Management Zones (WMZs) to which ENR officers will be delegated.

6. MANAGEMENT RESPONSIBILITIES AT COMPONENT LEVEL

Component management will be located at the level of DEA. For this purpose a reporting and M&E unit will have to be created within DEA that will be responsible for component specific management and reporting activities.

The SPS Component (JWESSP liaison function) will support capacity development and will ensure adequate representation of the ENR sub-sector in overall sector planning and management. The operational responsibility for the activities under the different theme areas will be assumed by the respective departments. Details of the cooperation arrangements with the Water Management Zones will be worked out during the start-up phase of the programme and in the WESWG subsector working group, the Catchment Management Subgroup.

The semi-autonomous agencies – NEMA, NFA and in the future the Meteorological Agency – with their separate governance and financial management structures will not directly be implementing agencies and will not handle JWESSP funds. However, it is acknowledged that ENR sub-sector activities are inseparable from the mandates and activities of the agencies. The agencies will therefore be closely involved and consulted in all planning and strategy development processes and may benefit from participation in certain types of capacity development activities.

The component is sourcing support –for activities that include: on-going Strategic Environmental Assessment (SEA); oil spill contingency planning; developing the enforcement, monitoring and compliance strategy. It is also linked to the activities of NGOs including ACODE and WWF which are actively working on FLEGT programmes that will complement the JWESSP funded governance activities to be implemented by FSSD. The component is also linked to the FIEFOC project and the component compliments activities proposed under Uganda's REDD+ plans. External to MWE and other components the component is closely linked to the decentralised structures from district to sub-county.

7. ASSUMPTIONS AND RISKS

The key assumption is that adequate funding will be made available for the sub-sector, as highlighted above.

Even with sufficient funding, the significant challenges of capacity development are not fully under control of the JWESSP, as there are other actors and decision makers involved: District local governments, decision makers on funding allocation, semi-autonomous agencies, etc. Legal changes and effective enforcement need time and may encounter reluctance from various sides. The related risks will be minimised by developing a holistic approach and capacity development strategy.

Specific risks are related to:

- Success in generating political support and public awareness through advocacy and communication activities
- Smooth cooperation with the agencies, NEMA and NFA, even though they are not directly involved in JWESSP implementation
- Clarification of overlapping roles and responsibilities, including revision of the related legal and regulatory arrangements
- Political support for addressing good governance issues
- Adequate staffing (staff numbers and qualifications) of DEA and its departments, in line with the support to be absorbed.

8. SUMMARY OF BUDGET

Themes	Environment and Natural Resources Management	JPF	GOU	Total
1	Strengthen the institutional capacity of DEA and its departments to implement their mandates		5.00	5.00
2	Improve environmental compliance and observance of environmental laws		6.00	6.00
3	Strengthen forestry governance, regulation and compliance		4.50	4.50
4	Enhance the sustainable use of wetlands for optimum ecological value and social benefits		7.00	7.00
5	Enhance the potential of the natural resource base and restore degraded forests/wetlands		5.00	5.00
6	Strengthen environmental management aspects related to oil and gas exploration and production		5.60	5.60
7	Facilitate establishment of the Uganda National Meteorological Authority		2.00	2.00
8	Provide support over a three years period for REED+	1.95		1.95
	Total	1.95	35.10	37.05

8 – *Climate change*

1. POLICY, STRATEGY AND LEGAL CONTEXT

Uganda ratified the UNFCCC in 1993, and acceded to the Kyoto Protocol in 2002. Uganda is also a partner state in operationalisation of the East African Climate Change Policy 2011.

To guide Uganda's immediate climate change adaptation actions, a National Adaptation Programme of Action (NAPA) was developed in 2007. Currently, the National Development Plan (2010/11 to 2014/15) recognises Climate Change as an enabling sector that provides a conducive environment and framework to support performance of other sectors, with four objectives:

- To develop national capacity for coordination and implementation of climate change adaptation and mitigation activities in the country in support of social welfare and national development
- To ensure climate proof development planning.
- To promote low carbon economic development
- To meet Uganda's international obligations of implementing climate change convention (UNFCCC) and its Kyoto Protocol (KP)

Recently a national climate change policy has been approved (2012), this policy sets out a number of objectives and guiding principles and is supported by a costed implementation strategy.

2. INSTITUTIONAL CONTEXT AND RESPONSIBILITIES

Climate change adaptation in Uganda is led by the CCU, created in 2008 within the MWE, directly under the office of the Permanent Secretary. At present, the unit has 3 Principal Programme Officers for CC Adaptation, Mitigation and Outreach. Inter-institutional and inter-ministerial coordination is ensured by a Policy Committee and a Technical Committee. Under the recently approved policy it is foreseen that the CCU will be promoted to the level of a governmental department (the CCD) under the Ministry of Water and Environment.

Other Key Coordinating Ministries and Authorities. In addition to the CCD, three national ministries or authorities will have a specific role to play in national coordination to ensure policy implementation: The Ministry of Finance, Planning and Economic Development, The National Planning Authority, and The Ministry of Local Government.

Other Ministries, Departments and Agencies. Each of the numerous ministries, departments and agencies with a role to play in the implementation of the policy responses outlined in the national policy will designate a departmental focal point and will be accountable for the implementation of the prescribed policy responses that concern them. The

Implementation Strategy (October 2012) details the accountabilities of the various ministries, departments and agencies concerned around indicative climate change programmes.

At the Decentralised Level. A similar management arrangement will be mirrored at the district level. While the climate change focal point will be anchored within the Natural Resources Department of the District Local Government, all departments will ensure that climate change issues are integrated into District Development Plans. Provision will be made in district-level Indicative planning figures for each sector to ensure they can address climate change policy priorities, along with the setting of relevant performance indicators. The existing Environment Committee at the district level will act as a mechanism to ensure cross-sectoral coordination.

Collaboration and Coordination. In addition to the CCD's facilitation function, this coordination will require multi-stakeholder mechanisms. Two such mechanisms will be established: a National Climate Change Policy Committee will coordinate policy implementation and ensure information flow on resource allocation for the implementation of the policy, and a National Climate Change Advisory Committee will ensure working level coordination and provide technical input to the National Climate Change Policy Committee. The work of these two coordination mechanisms will be guided by the Implementation Strategy. The objective of the Implementation Strategy will be to enable more effective planning and coordination.

3. KEY ISSUES, CONSTRAINTS AND STRATEGIC PRIORITIES

The key issues related to climate change include:

- Inadequate disaster risk management as a result of impacts made worse by climate change.
- Uganda's position in international climate change negotiations is not strong enough to represent and effectively articulate and influence the global negotiations the interests of Uganda
- Water supply endangered in quality and quantity because of climate change
- Inadequate mainstreaming of climate in other important sectors such as energy and agriculture.

The constraints in especially the enabling environment include:

- Conflicting sectoral policies and legal instruments
- Conflicting interests of involved entities
- Media less interested in preventative aspects of WRM
- Climate change is given low priority by policy and insufficient allocation of resources
- Poor public information and transparency
- Awareness of climate change challenges low or biased
- Cooperative sharing of responsibilities and mainstreaming weak

The strategic priorities are outlined in the new national climate change policy and as policy principles include:

- Mainstreaming and coordinated response to climate change
- Communicating effectively and promoting participatory approaches
- Promoting community-based approaches to adaptation
- Devoting adequate attention to capacity development and institutional set-ups
- Devoting adequate attention to technology needs, development and transfer
- Identifying, developing and influencing financing mechanisms
- Providing a credible delivery structure
- Addressing cross-cutting issues

Specific priorities outlined in the new national climate change policy for policy direction include:

- Provide adequate support for policies and programmes that take into account the interactions between population dynamics, climate change and development
- Provide proper support for the information sharing and research that is required to better understand the impacts of climate change in Uganda and the vulnerabilities of particular groups and populations
- Support education, awareness raising and capacity development for a range of stakeholders (government, academics, civil society and private sector) contributing to the national development process, from the local level to the national level
- Promote research and development, transfer and diffusion of technology through the use of appropriate information sharing, incentive schemes and support mechanisms, as relevant to the various sectors concerned
- Mainstream gender issues in climate change adaptation and mitigation approaches in order to reduce the vulnerability of women and children to the impacts of climate change and recognise their key role in tackling this issue.

Within water, environment and agriculture the following sector specific adaptation priorities have been identified:

Agriculture and Livestock: To promote climate change adaptation strategies that enhance resilient, productive and sustainable agricultural systems; to promote value addition and improve food storage and management systems in order to ensure food security at all times, as a factor of resilience

Water: To support on-going efforts to ensure that climate change concerns are integrated into national efforts for sustainable and long-term conservation, access and effective utilisation and management of water resources

Fisheries and Aquaculture: To strengthen efforts to promote integrated fisheries resource management and improve aquaculture in order to ensure sustainable fisheries production

Forestry: To ensure the sustainable management of forestry resources so that they can continue to provide global services, including mitigating climate change, while supporting the sustainable development needs of communities and the country

Wetlands: To promote long-term wetland conservation and restoration of degraded wetlands so that they can continue to provide global services, including mitigating climate change, while supporting the sustainable development needs of communities and the country

Biodiversity and Ecosystem Services. To effectively address the challenges posed by climate change impacts on biodiversity and ecosystems, so as to ensure ecosystem health and provision of ecosystem services that are crucial to sustainable and resilient development

4. OBJECTIVE AND SUMMARY OF COMPONENT ACTIVITIES

The overall objective of the component is to support the attainment of the national climate change policy objectives which are “to ensure that all stakeholders address climate change impacts and their causes through appropriate measures, while promoting sustainable development and a green economy.” The policy builds on a number of more specific objectives:

- To identify and promote common policy priorities to address climate change in Uganda
- To identify and promote adaptation policy responses for Uganda
- To identify and promote mitigation policy responses for Uganda
- To identify and promote monitoring, detection, attribution and prediction policy responses for Uganda
- To support the integration of climate change issues into planning, decision making and investments in all sectors and trans-sectoral themes through appropriate institutional arrangements
- To facilitate the mobilisation of financial resources to address climate change in Uganda

The main activities of the component centre around increasing the institutional capacity of the environment sector bearing in mind the limited budget allocated.

To support the overall objectives of the component a number of priority areas (themes) have been selected:

- 1- Develop institutional capacities for climate change management in Uganda
- 2- Establish the knowledge base for climate change mitigation and adaptation
- 3- Operationalise the Climate Change Policy
- 4- Coordinate, initiate and monitor climate change implementation activities in Uganda

These themes will be further developed during the inception phase to form an outline for the 5-year plans that can serve as an inspiration and framework for the 1 year district, MPS and JPF plans and budgets. It is likely that now that the national climate change policy has been approved and the implementation strategy prepared that the themes and activities will be further realigned to fit in with the new work plan that the CCU will develop for implementing the new policy. At present the activities to support the new climate change policy are all

contained in theme 3. In the meantime and based on the preparation work done for the JWESSP, expected 5-years outcomes are given below:

Theme	Expected 5 years outcomes
1. Develop institutional capacities for climate change management in Uganda	<ul style="list-style-type: none"> • CCU is effectively assuming its institutional role • Capacity of relevant partners organisations is increased to enable achievement of the outcomes of the national climate change policy
2. Establish the knowledge base for climate change mitigation and adaptation	<ul style="list-style-type: none"> • Stakeholders are well informed as a result of CCU providing an effective information clearing house
3. Operationalise the Climate Change Policy	<ul style="list-style-type: none"> • The climate change implementation strategy is translated into workplans and budgets allocated in the various different implementing agencies. **
4. Coordinate, initiate and monitor climate change implementation activities in Uganda	<ul style="list-style-type: none"> • Climate change activities are well coordinated using the* framework of the climate change implementation strategy***

*outcomes that are measurable through the sector performance measurement framework (golden or platinum indicators)

**outcomes that are measurable through other performance measurement frameworks e.g. MoFPED or Ministry of Public Services

*** outcomes measured by strategy processes e.g. Capacity development strategy, good governance action plan, pro-poor strategy, Gender strategy, Climate change implementation strategy etc.

5. SUPPORT STRATEGY AND MAIN MODALITIES

The JWESSP will provide capacity development support by providing technical assistance and funding for the preparation of studies, guidelines and plans as well as for monitoring, and awareness training activities. This type of support will be channelled through the Joint Partnership Fund (JPF).

6. MANAGEMENT RESPONSIBILITIES AT COMPONENT LEVEL

Component management will be done by the CCU, who will be in charge of monitoring, reporting and coordination of the component activities. To the extent possible this should be done as part of the monitoring of the climate change implementation strategy.

Capacity development activities beyond the CCU will be planned and implemented in cooperation with the SPS Component (WSLD/HRD) and with the departments in charge of the components concerned.

CC adaptation and mainstreaming activities will typically be implemented by the line departments in charge, with guidance and coordination to be provided by the CCU. It is not foreseen that CCU transfers funds onwards but the respective components/departments will plan and budget for the agreed CC interventions.

The component is closely linked to other programmes supporting the unit (e.g. EU-FAO project, BTC and GIZ support). By its nature and especially because of the mainstreaming responsibilities the component is closely linked to all sectors and to the decentralised structures from district to sub-county.

7. ASSUMPTIONS AND RISKS

The main assumptions are that

- vacant staff positions will be filled with staff of adequate qualification
- institutional cooperation will be effective to facilitate mainstreaming of climate change policies and the development of practical guidelines for the different sub-sectors.

A potential risk is that CCU capacities are absorbed by high-level / international commitments related to the climate change agenda, leaving few resources left to achieve tangible impact within Uganda. It is therefore important to establish clear operational responsibilities. The new policy and implementing strategy provide a framework for ensuring accountability across different institutions.

8. SUMMARY OF BUDGET

Themes	Climate Change	JPF	GOU	Total
1	Develop institutional capacities for climate change management in Uganda	2.50	20.00	22.50
2	Establish the knowledge base for climate change mitigation and adaptation	0.50	4.58	5.08
3	Operationalise the Climate Change Policy	1.00	8.50	9.50
4	Coordinate, initiate and monitor climate change implementation activities in Uganda	1.00	8.50	9.50
	Total	5.00	41.58	46.58