

## **DP Response to the Sector Performance Report 2018**

Distinguished Guests, Dear participants (*all protocol observed*)

My name is Joyce Magala of the Austrian Development Agency. I am standing here in my capacity as the Chairperson of the Water and Sanitation Development Partner Group for financial year 2017/18.

First of all, I thank the sector for producing yet another sector performance report which has been developed through joint input from the whole Ministry and all sector agencies as well as umbrella organisations of civil society. We have however noted that the report was produced rather and we have not been able to exhaustively review it in the few days provided. We hope this delay will remain an exception. Furthermore, we have noted computation errors and discrepancies in amounts stated in the tables as opposed to the amounts given in the narrative. For example table 3 on budget performance by votes and table 5 on off-budget performance.

We have taken note of the modest progress made in many of the undertakings but also the challenges encountered in monitoring of the key performance indicators. We understand that monitoring of some of the indicators comes at a cost. However, this investment is necessary in order to get an objective assessment of sector performance.

We also note that there are significant challenges encountered while implementing Undertaking No.8 which relates to handover of water supply schemes to both NWSC and Umbrella Organisations. We hope that in the next financial year, the capacity of the Water Utility Department which is responsible for this function will be strengthened in order to address such bottlenecks that are constraining progress on such key performance indicators. We hope that during this JSR, we shall formulate undertakings which are truly relevant and achievable.

With regards to the overall sector budget for 2017/18 as compared to last financial year, it appears that the sector budget was increased substantially from UGX bn 1,098 to 1,770. However on close scrutiny of the budget structure, the increment is a result of inclusion of Appropriation in Aid (AIA) with effect from FY 2016/17 in the sector budget. However, this AIA is in principle revenue generated at source and mainly used by NWSC to maintain water supplies and therefore not available to finance other investments in the sector. In reality, with exclusion of AIA, the annual budget was only increased modestly from UGX bn 744 to 881 (approx. 18%). Such analysis needs to be done and reflected in the chapter on sector financing.

We acknowledge the progress made in seeking additional funding for the sector. The strategic investment plan which was revised, is a good tool to lobby for additional financing. In addition we applaud the progress made towards accreditation of the Ministry to the Green Climate Fund. As mentioned yesterday, a study into the option for NWSC to access commercial financing/bonds was done. This presents a good opportunity to attract more funding to the sector, thus thinking outside the box.

We also acknowledge the initial work achieved towards business planning for UAs. Furthermore, the increase in revenue collection from piped water schemes through NWSC and UAs as a result of reforms in the urban water supply sub sector is commendable. As DPs, we acknowledge the two water utility options (NWSC and UAs) as serving different markets. In that regard, a strategic framework for O & M is required which goes beyond Undertaking No.8. It is necessary to have a countrywide tariff setting mechanism for all piped water schemes. We envisage optional funding sources including subsidies, a revolving fund facility and a growing professionalization of the Umbrella Authorities. This would also help to control the ad-hoc pricing of water by vendors which currently has an adverse effect on the poor.

As we seek for additional funding we look forward to optimum efficiency in terms of absorption as articulated by the officials from the National Planning Authority.

The report reflects a notable decline from 89% to 77% in the Ministry's procurement performance as compared the previous financial year. This is attributed to delayed initiation of procurements and failure to complete procurements in a timely basis. The Ministry should pay greater attention in this area in order to optimise efficiency in utilisation of existing resources.

On another note, there seems to be insufficient attention paid to the regulation function of the Ministry yet this function is critical in the success of utility management in the sector. We recommend the sector should accord increased attention regulation in order to promote effective utility management.

Regarding KPIs for urban water supply, we note considerable progress in reporting via the UPMIS by UAs much as this is still work in progress. We urge NWSC to also follow the Ministry's reporting system through UPMIS.

On urban sanitation, we would be pleased to hear more about the outcome of the clustering approach of towns for faecal sludge treatment plants and the entire chain of faecal sludge management.

We recognise the progress made by the sector in development and implementation of the catchment management plans which will not only ensure integrated planning within the sector but also ensure sustainable utilisation of water resources.

We remain concerned about the quality of drinking water where 1/3 of the sampled water sources in rural areas and small towns is not fit for drinking as well as 13% in the large towns managed by NWSC.

With regards to the refugees and host communities, the DPs are pleased to see how government has taken leadership to ensure coordinated water and refugees' response plan. We note that this will affect future investments and funding flows, improve cost efficiency and sustainability as we transition into development support in the refugee impacted areas. The great volumes of water required for the 1.5 million additional people in the refugee settlements will undoubtedly affect available water sources. We look forward to a comprehensive monitoring framework being put in place to safeguard sustainable water abstraction rates.

Moreover there is a big role for UWASNET to be supported to ensure compliance of NGOs to sector standards and principles and to report through the network.

With regards rural water supply, we observe a decrease in the number of people served over the period yet there is an exponential increase in population, many of whom live in rural areas. With stagnating funding to district local governments, what is the way forward in terms of technological options aimed at achieving higher service levels? (E.g. solar powered mini schemes).

In terms of capacity building we note the sector has made progress in terms of developing capacity building plans. We recommend the sector should focus strive to harmonise the implementation of the capacity building initiatives across the sector.

Finally we have noted the omission of the section on "critical issues" which normally helps to identify key undertakings for the sector. We encourage the sector to have an in-depth reflection of the issues affecting performance in order to facilitate development of relevant and achievable undertakings for this year.

Finally, I take this opportunity on behalf of the DPs and ADA in particular, to thank the MWE and all stakeholders for the cordial working relationship during this year. It has been a challenging year but with joint effort, we have registered notable achievements which should be safeguarded. As we hand over the Chair to Unicef, we remain committed to the sector reforms to promote improved quality of service delivery.