



**THE REPUBLIC OF UGANDA**

**Ministry of Health**

**ENVIRONMENTAL HEALTH DIVISION**

# **Strengthening Budget Mechanisms for Sanitation in Uganda**



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## Foreword from the Ministry of Health

The World Health Organisation reports that “*economic costs of avoidable disease, when taken together, are staggeringly high*”, and that “*societies with a heavy burden of disease tend to experience severe impediments to economic progress.*”

In Uganda, about 75 percent of the disease burden is linked to poor personal and domestic hygiene and inadequate sanitation. To this end, the 9<sup>th</sup> Health Sector Joint Review Mission in November 2003 formulated eight Undertakings to be achieved in the next 12 months. The first of these Undertakings states:

*Establish a sub-sector working group for sanitation to coordinate and liaise with sanitation stakeholders and operationalise the MoU; **outlining budget mechanisms for sanitation at all levels**; and testing models in selected districts and urban councils (as was adopted by the Water and Sanitation Sector).*

That both the Health and Water and Sanitation sectors committed themselves to achieve similar Undertakings during the past twelve months highlights the importance that the Government of Uganda places on Hygiene Promotion and Sanitation. This is again reflected in the latest revision of the Poverty Eradication Action Plan (PEAP), in which hygiene and sanitation are regarded as the key platforms for reducing the exceptionally high rates of Infant and Maternal Mortality (I&MM). Infant mortality and morbidity rates have actually been on the increase despite substantial investments by the government in poverty eradication over the past decade.

Uganda’s fertility rates – the highest in the world – coupled with the disturbing I&MM rates and burden of disease, all impose more onerous challenges in combating poverty, disease and ignorance. Clearly, there is need for urgent substantive and innovative efforts to reverse this negative trend. But there is hope, as has been proven in a number of developing countries. Indeed, there are some notable achievements right here in Uganda, for example in Busia District, where the trend is being reversed through holistic approaches towards a faecal-free environment, “total sanitation” and through home improvement campaigns.

The Ministry of Health is currently drafting the second Health Sector Strategic Plan (HSSP II) for the period 2005–2010. There is now greater emphasis on “prevention” rather than “cure”, and a new structure known as the “*Cross-Cutting Cluster*” is being designed to give dominant roles to hygiene promotion and sanitation. The objective of the new synergistic structure is to achieve far greater integration and collaboration between departments and divisions within the Health Ministry in order to gain greater efficiency, impact and cost savings. In addition, thanks in great part to the establishment of the Sanitation Working Group during the past year (the Environmental Health Division acts as Secretariat), there is already tremendous improvement in inter-sectoral and inter-ministerial cooperation and engagement of most stakeholders concerned with hygiene promotion and sanitation.

This *Report on Strengthening Budget Mechanisms for Sanitation in Uganda* is a most timely and clear response to the above-mentioned critical issues currently facing this country. It makes a strong case for improving hygiene practices and sanitation in Uganda, and points to the urgent need to strengthen budget mechanisms for sanitation at all levels.

For the Sector-Wide Approach to planning (SWAp), a transparent process is key in allocating financial resources to projects within the Medium-Term Budget Framework (MTBF). This requirement is all the more important for development partners who provide sector or general budget support to the Government of Uganda.. It is therefore my earnest hope that this Report will help to bring out these issues more vividly and draw the attention of policy makers and other stakeholders to more focused strategic planning.

I extend my sincere appreciation to all those who contributed immensely to the production of this report, especially Mike Thomson, the consultant from Delta Partnership. I particularly thank the Water and Sanitation Programme (WSP-Africa) of the World Bank for funding and guiding the development of this report through the direction of Meera Mehta and other WSP colleagues.

Lastly, I would like to encourage all key stakeholders to support and implement the Report's recommendations so that we can improve the situation of Uganda's hygiene promotion and sanitation within the quickest possible period. After notable progress in our globally-recognised fight against HIV/Aids here in Uganda, we should certainly be capable of urgently addressing this life-threatening challenge that impacts so negatively on every one of us.



For. Prof. Francis Omaswa  
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Ministry of Health

## **List of abbreviations**

BOO	Build, own, operate
BOP	Best operational practice
CGO	Community based organisation
DFID	Department for International Development
DHI	District Health Inspector
DWD	Directorate for Water Development
EHD	Environmental Health Division
FDS	Fiscal decentralisation strategy
GoU	Government of Uganda
HPAC	Health Policy Advisory Committee
HSSP	Health Sector Strategic Plan
JSR	Joint sector review
KCC	Kampala City Council
LC	Local Council
LGDP	Local Government development programme
MDG	Millennium development goal
MoES	Ministry of Education and Sport
MoFPED	Ministry of Finance, Planning and Economic Development
MoGLSD	Ministry of Gender, Labour and Social Development
MoH	Ministry of Health
MoU	Memorandum of understanding
MoWLE	Ministry of Water, Lands and Environment
NGO	Non government organisation
NWSC	National Water and Sewerage Corporation
O&M	Operation and maintenance
PEAP	Poverty eradication action plan
PHCCG	Primary health care conditional grant
RUWASA	Rural water and sanitation programme
SFG	School facilities grant
SIP	Sector investment plan
SSWG	Sanitation sub-sector working group
SWAp	Sector wide approach
ToR	Terms of reference
TSU	Technical support unit
UShs	Uganda shillings
US\$	United States dollar
UWASNET	Uganda water and sanitation network
WSCG	Water and sanitation conditional grant
WSP-AF	Water and sanitation programme, Africa
WSS	Water and sanitation sector

## **1 EXECUTIVE SUMMARY**

### **1.1 Introduction**

The Government of Uganda has identified sanitation as a major potential contributor to the achievement of national Poverty Eradication Action Plan objectives and Millennium Development Goal targets. The September 2003 Joint Sector Review of water and sanitation identified a need to review sanitation budgeting and financing mechanisms as part of an overall strengthening of the sanitation sub-sector. This is expanded upon more in section 2.

The terms of reference for this study identified three sanitation sub-sectors: household / institutional sanitation in urban and rural areas (non-piped); urban sanitation in larger urban areas and small towns (piped); and hygiene promotion in urban and rural areas. The study has used the definition developed and agreed at a sanitation stakeholder workshop in Jinja, Uganda in February 2004. This includes:

- Safe disposal of human excreta (faeces and urine)
- Good personal and domestic hygiene practices
- Safe disposal of solid and liquid waste
- Safe collection, storage and use of water, especially for drinking
- Control of insect and rodent vectors such as flies, mosquitoes, rats etc.

### **1.2 Current institutional arrangements and resource flows**

#### **Current institutional arrangements**

The overall review of responsibilities presented in section 3 reveals that:

- A significant proportion of sanitation related activities are undertaken by parties external to the sanitation Memorandum of Understanding between the Ministries of Health, Education and Sports, and Water, Lands and Environment
- Ministries and some NGOs prepare and disseminate hygiene promotion materials – there is more scope for sharing these
- Ministry of Health field workers combine both hygiene promotion and sanitation enforcement functions (but anecdotal evidence suggests that on the enforcement side, bad sanitation practices rarely lead to prosecutions)
- Responsibility for setting sanitation policies, developing guidelines, setting regulations and monitoring is particular widely split across institutions (although the Ministry of Health tends to do more work in these areas)
- A broad range of institutions are involved in toilet construction



- Fewer institutions are involved in urban sewerage and solid waste management functions
- There are apparent overlaps between central and local government responsibilities for many activities

It should be emphasised that having a responsibility does not preclude the involvement of other partners to assist in a sanitation related activity.

### **Current financial resource flows**

With respect to funding, section 3 also sets out the multitude of 'on-budget' sources of finance provided by mechanisms such as conditional grants, development programmes and equalisation grants, as well as a range of potential 'off-budget' finance sources from the private sector, credit organisation, non government organisations and communities. Over the past three years or so, there has been a significant change in the way international development partners support sanitation (and other) programmes in Uganda – most money is now channelled as general budget support, rather than being assigned to specific projects as it was in the past.

Under current budget mechanisms, it is difficult to obtain estimates of how much money is spent on sanitation activities, and many assumptions have to be made. However, in the time available for this study, the following assessments have been made based on estimates developed:

- Total sanitation expenditure appears to have fluctuated over the past 5 years – once inflation is taken into account, there is no compelling evidence to suggest that overall funding levels have risen or fallen in real terms for the period as a whole
- It is estimated that on-budget resources have ranged from about US\$ 11 to 17 billion per annum, another US\$ 1 billion or so may have been contributed by NGOs each year (this figure needs further review), and additional amounts of up to US\$ 5 billion per annum have recently been targeted on improving sanitation in Kampala
- Since 1998/99, the estimated amount of total on-budget sanitation finance going through the budget for the Department of Water Development has fallen from 46% to 18% whilst the proportion under the Ministry of Education has risen from 14 to 47%; the proportion under the Ministry of Health has stayed fairly constant at 16 to 17%
- Over the past 5 years, it is estimated that between 37 to 63% of on-budget funds have gone towards the construction of latrines in schools (mainly in newly constructed primary schools)
- Over the same period, there appears to have been some movement from large towns towards small town / rural focused expenditure – by 2002/03, approximately one and a half times as much on-budget money was targeted at the latter
- On equity grounds, there are some arguments for spending an even higher proportion of money in rural areas as approximately 85% of Ugandans live in these places (and additional people live in small towns) – but this would need to be balanced by the fact that the cost of providing someone with adequate sanitation in urban areas is higher

- There are also equity issues surrounding the allocation of resources in urban areas, since the majority of on-budget expenditure there is spent on piped sewerage – quite often, less than 10% of the urban population actually have access to this
- Analysis of the types of on-budget sanitation spending suggest that for the 5 years until 2002/03: piped urban sewerage has accounted for 13 to 21% of the total; latrine construction (predominantly in primary schools and public places) for 47 to 62%; hygiene promotion for 20 to 27%; solid waste collection, vector control etc. for 2%; management and training for 2 to 8%

It could be argued that there is a very unbalanced allocation of resources for sanitation based on who benefits from expenditure. Around three quarters of funds appear to have been targeted on a very small percentage of beneficiaries through school and public latrines and sewerage. Only an estimated quarter has been targeted at the vast majority of people who reside in rural households or poor urban areas. This needs to be reviewed through a sector-wide sanitation strategy as discussed further in sections 5 and 6.

### **Comparison of responsibilities with funding flows**

An overall comparison of responsibilities with funding sources suggests that more resources and budget mechanisms are particularly needed to finance:

- Continuous sanitation and hygiene promotion
- Construction of latrines in older primary schools and in secondary schools
- Maintenance and rehabilitation of latrines in schools
- Sanitation services, drainage and waste disposal facilities for the urban poor

At present, it is difficult to get 100% accurate data to assess resource flows (fund allocation and utilisation) for sanitation and there is an important need to improved data collection systems.

## **1.3 Constraints and opportunities for better resource use**

### **Scope for increasing the amount of sanitation resources**

In order to encourage an increase in the amount of resources for sanitation, the following actions are suggested in section 4:

- Revise guidelines for the water and sanitation conditional grant so that more priority is given to sanitation activities
- Enforce the guidelines that state that water points should only be provided if there is adequate improvement in hygiene practices
- Revise the guidelines for the primary health care conditional grant, emphasising the importance of environmental health and how this can contribute to improved health outcomes and to reducing future curative health expenditure

- Review the scope for subsidisation of sanitation (as part of the wider water and sanitation sector policy study)
- Prepare and implement guidelines so that the 8 regional Technical Support Units can more effectively support sanitation
- Provide training to District Health Officers to prepare better sanitation plans and budgets
- Explore partnerships with NGOs and private sector companies to support hygiene awareness programmes
- Encourage greater use of community resources and pilot innovative approaches to this, for example through the use of micro-credit facilities
- Take advantage of opportunities to work within on-going health programmes such as malaria control and guinea worm eradication, and to use Area Health Support Teams to promote sanitation

#### **Scope for improving the use of sanitation resources**

Section 4 also sets out some ideas for making better use of resources provided for sanitation. These include:

- Assess the likely impact of spending a higher proportion of resources on hygiene promotion and enforcement and adjust conditional grant guidelines accordingly
- Develop an improved strategy for improved hygiene education in schools
- Consider reviewing allocation criteria for conditional grants so that more money is allocated to those districts / municipalities with lower current levels of sanitation (if support for this is given by local government)
- Pilot and disseminate to local governments new and cost-effective approaches to sanitation that are identified as part of the on-going study by the Environmental Health Division
- Review and lobby for appropriate district reporting formats so that the allocation and impact of sanitation expenditure is easier to assess
- Agree key or 'golden' indicators for sanitation, define targets and cascade these down to local government (these can be taken from the overall water and sanitation performance measurement framework)
- Publish district / municipality performance on sanitation by key indicator in the annual water and sanitation sector report ('performance league tables')
- Identify and cost best models of local government sanitation coordination and disseminate these as part of the 'good practice' models being developed by the Environmental Health Division of the Ministry of Health

- Identify and cost best models of community sanitation monitoring and disseminate these as part of the 'good practice' models being developed by the Environmental Health Division of the Ministry of Health

## **1.4 Estimates of funding gaps and potential**

### **Future resource availability**

Section 5 assesses the amount of resources that are potentially available for sanitation activities under current overall plans.

- In 2002/03, the estimated sanitation expenditure of US\$ 14 billion represented around 6% of the on-budget funds that were potentially available for sanitation (and other) expenditures from all the relevant conditional, development and other grant sources
- The overall GoU potential resource 'pot' (including various budget lines in MoH, DWD, MoES and local government budgets) that can also be accessed for sanitation activities is planned to increase by almost 40% over the next three years, but there will be many competing demands for this money
- If sanitation funding continued to account for around 6% of the potential 'pot' then around US\$ 19 billion would be available from on-budget sources by 2005/06 - if the proportion could be increased to 10%, then US\$ 32 billion would be available by the same date. However, allocation to appropriate sanitation activities for this would require work on measures such as those discussed in the previous section.

Estimates for 2002/03 suggest that of the potential funding sources within each Ministry (including conditional grants) that could be spent on sanitation, the Ministry of Education and Sports spent 12% on sanitation, the Directorate of Water Development 5% and the Ministry of Health 3%. Very small amounts are used for sanitation from the Local Government Development Programme, possibly reflecting low prioritisation of sanitation at the local level.

### **Future resource needs**

Also in section 5, various previous studies that estimate sanitation investment needs are summarised and the aggregated resource requirement is compared to trends and likely availability of funds. The estimated stated annual investment needs for sanitation are US\$ 47 billion and this would represent 20% of the total funds potentially available for sanitation for 2002/03 from the various on-budget sources (but note that this is only one estimate that would need careful review). This would represent a significant increase on the estimated 6% that is currently spent on sanitation from various conditional, development and other grants.

However, it is strongly recommended that the sanitation 'funding gap' is recalculated after developing a sanitation strategy as discussed in section 6.

### **Scope for increasing finance from non-public sources**

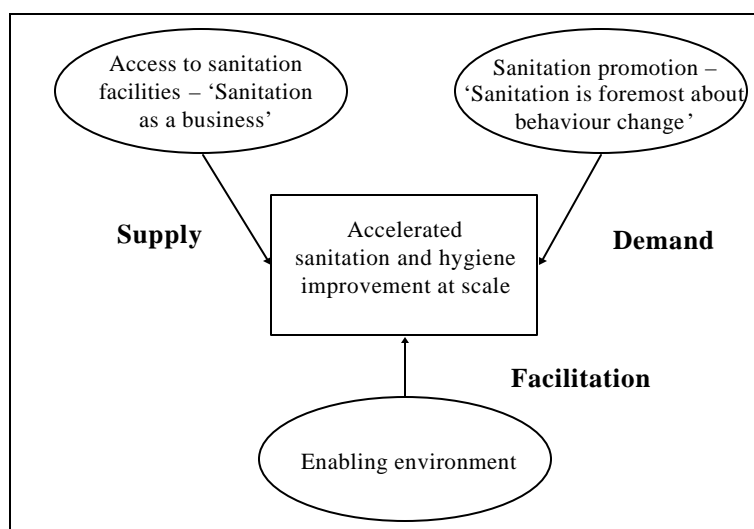
A good way of raising extra funds to plug the potential ‘funding gap’ is to explore the possibility of leveraging more off-budget resources. The scope for this is assessed at the end of section 5. The analysis suggests that there have been limited successes in Uganda, and that further attempts could be made, for example by:

- Piloting the use of a sanitation levy on water sales to fund a broad range of sanitation activities in urban areas
- Encouraging use of micro-credit as a way of raising money for commercial activities, household toilets and community sanitation projects
- Exploring build-own-operate contracts or leasing options for the construction, operation and maintenance of all public latrines
- Exploring partnerships with soap manufacturers to part-fund a national sanitation awareness campaign
- Replicating models for contracting / coordinating with NGOs to provide hygiene promotion services

## 1.5 Strategic directions for budget mechanisms

### A three-dimensional strategic approach for sanitation

Section 6 draws together a lot of the analysis contained in previous sections. To facilitate the development of budget mechanisms, it would be useful to develop a revised strategic framework for sanitation as a whole. The proposed way for doing this is shown in the Figure opposite.



### Sanitation funding requirements based on an integrated strategic plan

Future resource needs can then be determined for each of these three dimensions for accelerating sanitation and hygiene improvement at scale. This might best be done through the development of an integrated and sector-wide strategic plan for sanitation, which sets out:

- Objectives and main components

- Targets for each key component
- Detailed activities, costs and expenditure requirements
- Institutional responsibilities (national, local and across different Ministries and Departments)
- Resourcing requirements at national and local levels

The information and recommendations in sections 4 and 5 of this report would be useful in the development of this strategic plan and the assessment of funding requirements. Another important issue to address will be to clearly distinguish between national and local funding requirements:

- National level activities will be performed through departments in different Ministries and might cover activities such as: media advocacy (EHD), TSU support roles (DWD), Area Support Team activities (MoH) etc.
- Local level activities will be run through local governments at municipality, district and sub-county levels and might cover activities such as: household hygiene promotion by community health workers, toilets in schools etc.

### **Establishing sanitation budget mechanisms**

Once funding requirements are clearly documented, it will be possible to clarify budget mechanisms. For national level activities, it will be essential to understand very clearly the way in which the budgets of each relevant ministry (and department) are organised and to identify existing or new budget lines for different needed activities. For local activities the guidelines and use of different conditional grants will need to be reviewed to assess the potential scope of using these funds. Possibilities within the new FDS budget guidelines will also need to be explored. In this context, it is also necessary to identify ways of providing incentives to local governments to undertake appropriate sanitation related activities.

It would be also useful to explore other non-public sources such as household and community resources through own construction or connection / user charges, private sector funding through public-private partnerships (e.g. for hand-washing campaigns, through lease for public toilets, etc.) or through micro-finance for household toilets.

### **An integrated budget management framework**

Section 6 also sets out an example national sanitation budget management framework matrix. All key activities are listed down the left hand side and all sources of funds are listed across the top. The framework also contains an assessment of planned outputs at the far right hand side. The advantages of using an approach like this would include:

- It provides a framework for the integration of all institutional budgets

- It helps to illustrate where the funding gaps are
- It provides a better method for arguing for resources from the Ministry of Finance
- It shows how resource use can be linked to outputs and a set of outputs leading to desired sanitation and health outcomes
- It provides a method for monitoring both the use and the impact of funds

A similar budgeting framework could be cascaded down to the district level and below. To minimise the amount of work required at the district level, and to assess performance against the expenditure in the sector as a whole, it might be better to combine sanitation into either a health or water budget management framework matrix. Note that the matrix includes roles and funding sources for all key players in the water and sanitation sector – the Directorate of Water Development, National Water and Sewerage Corporation, Ministry of Health, Ministry of Education and Sports, NGOs, private sector etc. Section 9 contains an outline matrix for use at national and local government levels.

### **Resource allocation principles**

Section 6 discusses three types of resources allocation within the sanitation sub-sector:

- Allocation between the different types of sanitation expenditure
- Allocation between rural, small town and urban sanitation
- Allocation between districts and municipalities

Experience around the world provides evidence that well-targeted investment in hygiene promotion can have a significantly greater impact on sustaining sanitation improvement than public investment in latrine and toilets. Based on the sector-wide strategy, the Sanitation sub-sector working group (SSWG) would be able to agree on broad percentage breakdowns between software activities (such as hygiene promotion) and hardware expenditure on infrastructure. Over time, the proportion of resources devoted to hardware should fall, compensated by more off-budget finance provided by the private sector, NGOs and communities for capital expenditure. This may imply a greater proportion of on-budget sanitation funding via the Ministry of Health.

Data presented in section 3 of this report estimates that in 1998/99 approximately equal amounts of sanitation money was spent on rural / small towns combined and on large towns. By 2002/03, approximately one and a half times as much money was targeted at the former group. The agreement of the allocation between rural, small towns and urban areas is subjective and is to a large extent a political decision. However, the fact that almost 90% of Ugandans live in rural areas, and that the majority of poor people live in rural areas, provides some argument for increasing resource allocation in those places.

It should also be remembered that most urban sector investment benefits those people with piped sewerage who often account for 25% or less of the urban population. Having said this, it is only certain types of sanitation resourcing that can be influenced in this way, such as the overall amounts allocated to any urban and rural sanitation projects. Under the Fiscal Decentralisation Strategy, an increasing amount of resource allocation decisions are being made at the local government level and so lobbying to boost the profile of sanitation at this level will be a main way in which resources can be increased (in both urban and rural areas).

Given the limited available information, it has not been possible to review sanitation resource allocation across the districts and municipalities of Uganda. In reviewing the allocation of resources, various other factors should also be considered. In line with national and sector policy objectives, more money should go to those parts of the country with:

- Higher levels of poverty (to meet poverty reduction strategy goals)
- Lower levels of current basic sanitation (to meet ‘some for all rather than all for some’ policy goals)
- Higher chances of making a significant improvement in performance (in line with public sector efficiency goals)

The SSWG should review how resources are currently allocated between districts as part of the WSCG, PHCCG and SFG, and see how this coincides with poverty levels and with current sanitation profiles. Assuming that it is those parts of the country with lowest sanitation indicators that have the biggest chances of improving performance, there should be lobbying to assign more resources to those places. This will need to be combined with careful monitoring (perhaps using a budget management framework like that presented in section 6) so that efficiency and effectiveness in the use of resources can be checked.

It needs to be emphasised that major resource allocation changes will not occur without changes to the priorities of decision makers at local government levels. The ‘lobbying’ role will therefore be crucial.

Finally, it is worth emphasising that the information contained in this report should be linked into the broader resource allocation review currently being conducted for the Directorate for Water Development as well as the ongoing exercise for preparing the Health Sector Strategic Plan II (HSSP II). A case should be made for a greater and a better allocation of resources for sanitation related activities wherever possible.

### **Development needs**

Section 6.8 sets out suggested development needs in relation to sanitation budgeting and financing. These would benefit from external support and are summarised as:

Issue	Development Needs	
	What	Where
a. Improved information:		



Need for improving the accuracy of sanitation expenditure and outcomes data	Advising on, and reviewing of, the strengthening of the data collection systems by DWD, NGOs, household surveys and local government	SSWG
Need for better estimate of overall national sanitation resource availability	Agreement and completion of a national sanitation budget management framework	SSWG
b. Development of a sector-wide sanitation strategy		
Need to more clearly specify objectives and components for a joined-up sanitation strategy	Development of the three-dimensional model for sanitation: supply, demand and facilitation	SSWG
Need for more realistic preparation and better coordination of investment plans	Integration of schools, urban and rural sanitation investment needs into a single plan with realistic specification of what is achievable given likely resources	SSWG
Need for more effective allocation of resources nationally	Review of resource allocation criteria between urban and rural areas, different types of sanitation expenditure and different parts of Uganda	SSWG
Need to lever more non-public finance	Development of capacity to identify and lobby for off-budget resources	EHD
Need to review subsidisation policy	Input into the proposed study of water and sanitation sector subsidy policy	SSWG
c. Support to local government sanitation plans		
Need to ensure that sanitation improvements can be obtained as economically as possible	Costing of best practice models and selection of those giving good value for money	EHD
Need for better prioritisation, coordination and use of resources for sanitation at local government levels	Preparation and communication of improved district sanitation planning, budgeting and management guidelines	EHD
Need to strengthen regional advisory support for sanitation	Support to Technical Support Units	DWD
Need for greater transparency of sanitation performance	Development of sanitation (and water) performance 'league tables' for each district / municipality	MoWLE / MoH
Need to give incentives for greater expenditure on sanitation	Review of water and sanitation, and primary health care conditional grant guidelines	SSWG
Need to mirror the sector wide approach at the district / municipality level	Development of a system for coordinating all water and sanitation sector wide plans and budgets at the local government level	District / municipality water offices

Key: WSS = water and sanitation sector; SSWG = Sanitation Sub-Sector Working Group; EHD = Environmental Health Division; MoWLE = Ministry of Water, Lands and Environment; DWD = Directorate for Water Development.

### Action plan

Section 6 ends with a suggested action plan, divided into areas of responsibility for key stakeholders.

Sanitation Sub Sector Working Group Actions	When
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<p>(i) Budgeting framework</p> <ul style="list-style-type: none"> <li>• Lobby for separate budget lines for sanitation in local authority budgets under health, water and other sections (under revised FDS)</li> <li>• Lobby for inclusion of sanitation related performance indicators (under revised FDS)</li> <li>• Review, approve and press for strengthening of sanitation activities in PHCCG and WSSCG guidelines</li> <li>• Complete national sanitation budget management framework for 2005/06</li> </ul>	<p>Immediate priority Immediate priority Immediate priority Jan – Mar 05</p>
<p>(ii) Strategy framework</p> <ul style="list-style-type: none"> <li>• Coordinate the development of an integrated sanitation strategy document which includes overall objectives, targets, activities (at national and local levels with their costs) and resource estimates</li> <li>• Coordinate the development of an integrated M&amp;E system that includes the use of 'golden' performance indicators and district level performance league tables</li> </ul> <p>(iii) Resource allocation</p> <ul style="list-style-type: none"> <li>• Identify and influence sanitation resource allocation trade-offs that need to be addressed (rural / urban, inter-district etc.)</li> </ul>	<p>Jun – Aug 04 Sep – Mar 05 Oct – Dec 04</p>
<p>(iv) Resource generation</p> <ul style="list-style-type: none"> <li>• Clearly identify budget lines at national and local levels in relation to the sector-wide strategy</li> <li>• Ensure that there is a push for more non-public funding to support national hand-washing campaigns, construction of public latrines etc.</li> </ul>	<p>Ongoing</p>

<b>Environmental Health Division Actions</b>	<b>When</b>
<p>(i) Strategy framework</p> <ul style="list-style-type: none"> <li>• Revise first draft of HSSP II linking resources needs to objectives, outputs and activities in each of the three strategic areas (enabling environment, promotion of demand, strengthening of supply)</li> <li>• 'Trigger' and manage the development of the integrated sector-wide sanitation strategy through the SSWG</li> <li>• Identify the scope and lobby for the inclusion of sanitation components in other health programmes such as malaria and guinea worm eradication within MoH</li> <li>• Increase the provision of Secretariat support to the SSWG to follow up on key issues and recommendations</li> </ul>	<p>Immediate priority Jun – Aug 04 Ongoing Ongoing</p>
<p>(ii) Increased prioritisation for sanitation at local levels</p> <ul style="list-style-type: none"> <li>• Draft revised guidelines to strengthen sanitation focus within the PHCCG</li> <li>• Train District Health Inspectors in improved planning and budgeting for sanitation</li> <li>• Promote and disseminate cost-effective best operational practice models in districts</li> <li>• Support local government to link best operational practice models (BOPs) to their plans and budgets to ensure long term sustainability</li> <li>• Oversee introduction of incentive mechanisms for better village hygiene</li> </ul>	<p>Immediate priority Jul – Dec 04 Jul – Dec 04 Sep 04 – Mar 05 Ongoing</p>
<p>(iii) Resource generation</p> <ul style="list-style-type: none"> <li>• Continue lobbying for more resources to support national level work (e.g. through HPAC)</li> <li>• Strive to identify additional non-public funding to support national hygiene awareness campaigns (soap manufacturers?) etc.</li> </ul>	<p>Ongoing Ongoing</p>

<b>Directorate for Water Development Actions</b>	<b>When</b>
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(i) Strategy framework <ul style="list-style-type: none"> <li>Contribute to the development of the integrated sector-wide sanitation strategy by the SSWG</li> <li>Review SIP15 draft to ensure that sufficient resources are allocated to sanitation and that they are allocated in the best way (with reference to the integrated strategy)</li> </ul>	Jun – Aug 04 Jun – Aug 04
(b) Increased prioritisation for sanitation at local levels <ul style="list-style-type: none"> <li>Draft revised guidelines to strengthen sanitation focus within the WSSCG</li> <li>Monitor the success of NGO involvement in community mobilisation and hygiene promotion and consider how to expand this role to more households</li> <li>Guide TSUs in the provision of better sanitation support</li> </ul>	Immediate priority Jun – Dec 04  Ongoing
(c) Resource generation <ul style="list-style-type: none"> <li>Strive to identify more non-public funding for public toilets, e.g. through leasing and 'build-own-operate' contracts</li> </ul>	Ongoing

<b>Ministry of Education and Sports Actions</b>	When
(i) Strategy framework <ul style="list-style-type: none"> <li>Appoint a nominated person / continue to contribute to SSWG meetings</li> <li>Contribute to the development of the integrated sector-wide sanitation strategy</li> </ul>	Immediate Jun – Aug 04
(ii) Own strategy <ul style="list-style-type: none"> <li>Review own strategies for improving sanitation and hygiene awareness through schools</li> <li>Review the possibility of supporting improved sanitation facilities in existing schools</li> </ul>	Jun – Dec 04 Jun – Dec 04

<b>Non Government Organisation Actions</b>	When
(i) Strategy framework <ul style="list-style-type: none"> <li>Contribute to the development of the integrated sector-wide sanitation strategy</li> <li>Review own strategies for improving sanitation and hygiene awareness</li> </ul>	Jun – Aug 04 Jun – Dec 04

<b>Local Government Actions</b>	When
(i) Performance improvement <ul style="list-style-type: none"> <li>Raise the profile of sanitation through better publicity of benefits, more integrated planning and budgeting</li> <li>Try out models of best practice and share successes / learning</li> </ul>	Ongoing Ongoing

## **2 Introduction**

### **2.1 Background**

The Government of Uganda (GoU) has identified sanitation as one of the key issues facing the water and sanitation sector (WSS). This is reflected in the progress report on the Poverty Eradication Action Plan (PEAP) and the Millennium Development Goals (MDGs) stating that “increased policy attention” will be given to environmental sanitation, and in the ongoing PEAP revision that also identifies sanitation as needing a high priority at the national level. Progress has been made with the Memorandum of Understanding (MoU) in 2001 that showed agreement on role of the Ministry of Health (MoH), the Ministry of Water, Lands and Environment (MoWLE) and the Ministry of Education and Sport (MoES) regarding different sanitation sub-sectors. The MoU stipulates responsibilities as follows:

- MoWLE – planning investments in sewerage services and public latrines in towns and rural growth centres (and promoting hygiene around new water points)
- MoH – household hygiene and sanitation
- MoES – school latrine construction and hygiene education

The two key issues that require most attention are improving the definition of roles and responsibilities at the district and lower levels and the question of sanitation financing to match and support the institutional responsibilities. This is reflected in one of the undertakings for sanitation in the 2003 Water and Sanitation Joint Sector Review (JSR): “In order to facilitate the operationalisation of the MoU, the sub-sector working group will also establish i) clear budget mechanisms for sanitation at all levels; and ii) test models in selected districts and urban councils to guide future strategy, work plans, budgets, implementation mechanisms and coordination at district level.”

As a practical way forward to implement the sanitation undertakings, the MoH Environmental Health Division (EHD), with technical assistance of the World Bank Water and Sanitation Programme for Africa (WSP-AF) and the UK Department for International Development (DFID), will provide follow up support as part of the overall ‘Program Of Capacity-Building Support In Environmental Health And Sanitation In Uganda’. This program is designed to assist the GoU in achieving its national sanitation and hygiene promotion objectives. The program will strengthen the central functions of the EHD of the MoH relating to policy and legislation development, national co-ordination, monitoring and district support and enhance the effectiveness of implementation in the districts. It ultimately aims to become integrated within the Health Sector Sector-Wide Approach (SWAp) and the emerging Water and Sanitation Sector SWAp. This study of budget mechanisms for sanitation is as a part of this support program.

### **2.2 Scope of sanitation**

The ToR for this study have already identified three sanitation sub-sectors:

- Household / institutional sanitation in urban and rural areas (non-piped)

- Urban sanitation in larger urban areas and small towns (piped)
- Hygiene promotion in urban and rural areas

The study has used the definition developed and agreed at a sanitation stakeholder workshop in Jinja, Uganda in February 2004. This includes:

- Safe disposal of human excreta (faeces and urine)
- Good personal and domestic hygiene practices
- Safe disposal of solid and liquid waste
- Safe collection, storage and use of water, especially for drinking
- Control of insect and rodent vectors such as flies, rats etc.

### **2.3 Report structure**

This report follows an Inception Report dated 14 January 2004 and an Interim Report dated 31 January 2004. It sets out:

- Current institutional arrangements and financial resource flows
- Constraints and opportunities for better resource use
- Estimates of funding gaps and funding potential
- Strategic directions for the development of budget mechanisms including priorities and an action plan

### **2.4 Acknowledgements**

The author of this report wishes to acknowledge the following people for the assistance given in its production:

- Paul Luyima and his team at the EHD, MoH, Uganda
- Sam Mutono and the rest of the Sanitation Sub-Sector Working Group (SSWG)
- Members of the MoH Policy Advisory Committee (HPAC)
- Meera Mehta, Anthony Waterkeyn, Maimuna Nalubega, Andreas Knapp and others at WSP-AF
- Simon Kenny at DFID
- All the other people who gave valuable comment and guidance, including those set out in Annex 1

Special thanks are extended to those who attended the HPAC meeting on 2 June and the SSWG meeting on 4 June. Valuable comments were received on the draft of this report.

### **3 Current institutional arrangements and financial resource flows**

This section sets out an overview of responsibilities for sanitation, the sources of actual and potential funding for sanitation activities, estimates and analysis of past expenditure, a comparison of responsibilities with funding availability, and notes for improving the quality of future financial data.

#### **3.1 The Memorandum of Understanding**

In 2001, the MoWLE, MoH and MoES signed a MoU that set out responsibility for sanitation functions:

MoWLE for planning investments in sewerage services and public facilities in towns and rural growth centres (and for hygiene education around new water points)

- MoH for household hygiene and sanitation
- MoES for school latrine construction and hygiene education

There has been a lot of debate about the impact of this MoU and a commonly held perceived effect is that, although responsibilities are clear, there are:

- Poor mechanisms for coordinating the roles of these three Ministries (and other stakeholders)
- Unclear mechanisms for ensuring that resources follow the responsibilities

These (and other) issues are analysed in more detail below.

#### **3.2 Assessment of current sanitation responsibilities**

A good starting point is to analyse current responsibilities with respect to sanitation functions in more detail. These are set out in Table 3.1. This table shows that, in practice, the responsibilities for sanitation span far wider than the three Ministries that signed the MoU. It also shows that there is overlap in the conduct of many activities – this overlap can sometimes be a good thing as it provides multiple resource opportunities, but it might sometimes lead to an inefficient use of resources. More detail surrounding this data is presented in Annex 3 to the report.

A review of Table 3.1 suggests that:

- A significant proportion of sanitation related activities are undertaken by parties external to the MoU
- The MoH, DWD, MoES, MoGLSD and some NGOs prepare and disseminate hygiene promotion materials – there is more scope for sharing these

- MoH field workers combine both hygiene promotion and sanitation enforcement functions (but anecdotal evidence suggests that on the enforcement side, bad sanitation practices rarely lead to prosecutions)
- Responsibility for setting sanitation policies, developing guidelines, setting regulations and monitoring is particular widely split across institutions
- A broad range of institutions are involved in toilet construction
- Fewer institutions are involved in urban sewerage and solid waste management functions  
There are apparent overlaps between Ministry and local government responsibilities for many activities

### **3.3 Local government responsibilities**

Under the programme of fiscal decentralisation in Uganda, local governments are getting more and more responsibility and autonomy about how funds devolved from the centre are spent. Current responsibilities for sanitation activities at the local government level include:

- District water offices have the responsibility for hygiene promotion around new water points
- District health offices conduct hygiene awareness raising functions in some communities and inspect the environment health of premises
- Community development assistants mobilise community groups and provide some environmental health awareness raising
- Teachers cover hygiene as part of the school curriculum and school inspectors assess sanitation conditions of schools
- Municipalities provide limited refuse collection and disposal services

However, many problems exist in terms of accessing enough funding from an overall amount that must cover many competing demands for resources. Table 3.2 gives an example of some of the issues facing local government in its efforts to improve the provision of sanitation.

**Table 3.1: Sanitation responsibilities**

Sanitation activity	Institution											
	EHD MoH	DW D	TSU	Local Govt.	NWSC	MoES	MoGLSD	Private Sector	House- holds	NGOs	CBOs	
<b>1. Sanitation promotion</b>												
National advocacy campaigns	✓											
District level campaigns	✓		✓								✓	
Hygiene promotion around new water points		✓	✓	✓							✓	
Community hygiene promotion	✓		✓	✓							✓	
Training of health workers						✓						
Preparation of materials	✓										✓	
School based hygiene promotion				✓		✓						
Training of teachers						✓						
Training of community development workers						✓	✓				✓	
Training of masons				✓				✓				
Development of toilet technology models	✓		✓									
Inspection and licensing	✓	✓		✓								
Preparation of sanitation work plans for local government			✓	✓								
Policy development, guidelines, regulation and monitoring	✓	✓		✓	✓	✓					✓	
<b>2. Household, community and institutional toilets</b>												
Rural household toilets	✓								✓	✓		✓
Urban household toilets	✓			✓					✓	✓		
Public toilets in urban informal settlements				✓						✓		✓
Public toilets in public places		✓		✓				✓		✓		
School toilets				✓		✓				✓		
Toilets in health facilities	✓			✓								
Toilets in other institutions				✓								



**Table 3.1: Sanitation responsibilities (continued)**

Sanitation activity	Institution										
	EHD MoH	DW D	TSU	Local Govt.	NWSC	MoES	MoGLSD	Private Sector	House- holds	NGOs	CBOs
<b>3. Urban sewerage and solid waste management</b>											
Residential collection of waste				✓				✓			
Public street collection of waste				✓				✓			
Transportation of garbage to disposal sites				✓				✓			
Treatment and disposal of garbage				✓							
Connections to the sewerage network						✓			✓		
Maintenance of the sewerage network				✓		✓					
Sewerage treatment and disposal				✓		✓					

Note: This table has been completed after discussions with a sample of stakeholders and review of documentation. It should be viewed as an indicative assessment of current responsibilities. TSUs are financed and managed by DWD. More detail is supplied in Annex 3.

Key:

EHD = Environmental Health Division; MoH = Ministry of Health; DWD = Department for Water Development; TSU = Technical Support Unit; NWSC = National Water and Sewerage Corporation; MoES = Ministry of Education and Sports; MoGLSD = Ministry of Gender, Labour and Social Development; NGOs = Non-governmental organisations; CBOs = community based organisations.

**Table 3.2: Illustration of issues facing local government – the case of Masaka**

Examples of good practices leading to good use of funding for sanitation	Examples of problems facing the good use of funding for sanitation
<ul style="list-style-type: none"> <li>• Support from the Technical Support Unit (TSU) to organise joint meetings between water and health officials and to do joint supervisions of construction work around new water points</li> <li>• Joint seminars and training workshops on sanitation with health, water and community development workers</li> <li>• UNICEF is working in 5 sub-counties to promote hygiene and sanitation in schools; it has also trained some Parish Development Committee members in techniques for the promotion of sanitation</li> <li>• The Municipal council has had some success in contracting out the operation of public toilets</li> <li>• One sub-county (Kkingo) claims to have increased pit latrine coverage from 40 to 67% over 2 years, primarily through the extension messages of community development workers</li> </ul>	<ul style="list-style-type: none"> <li>• There is no district water and sanitation committee and this is said to hinder joint planning for sanitation</li> <li>• There is unrealistic coverage data for adequate sanitation and the data that is available is focused around water points</li> <li>• There is a need to manage refuse collection in growth centres and to promote hygiene education around lake landing sites</li> <li>• In the Masaka District Development Plan, there are no specific targets mentioned for improved sanitation – as resources are allocated at achieving targets, then sanitation activities are losing out</li> <li>• The Schools Facilitation Grant is used to fund latrines in new primary schools, but there is no funding for existing schools</li> <li>• There are unfilled posts for health assistants and health inspectors, yet it is claimed that (due to fiscal pressures) there is a ban on the recruitment of new health officers at the moment</li> </ul>

*Source of data: Selection of issues raised in discussions with officers of Masaka District and Municipality Councils, January 2004. Note this table is intended as a case study illustration not as a definitive set of issues that necessarily affect all or even most parts of Uganda.*

The opportunities and constraints for more and improved sanitation funding are assessed in more detail in section 4 of this report.

### 3.4 Mapping of current funding sources

The way that funds are currently made available to sanitation activities is shown in Figure 1.

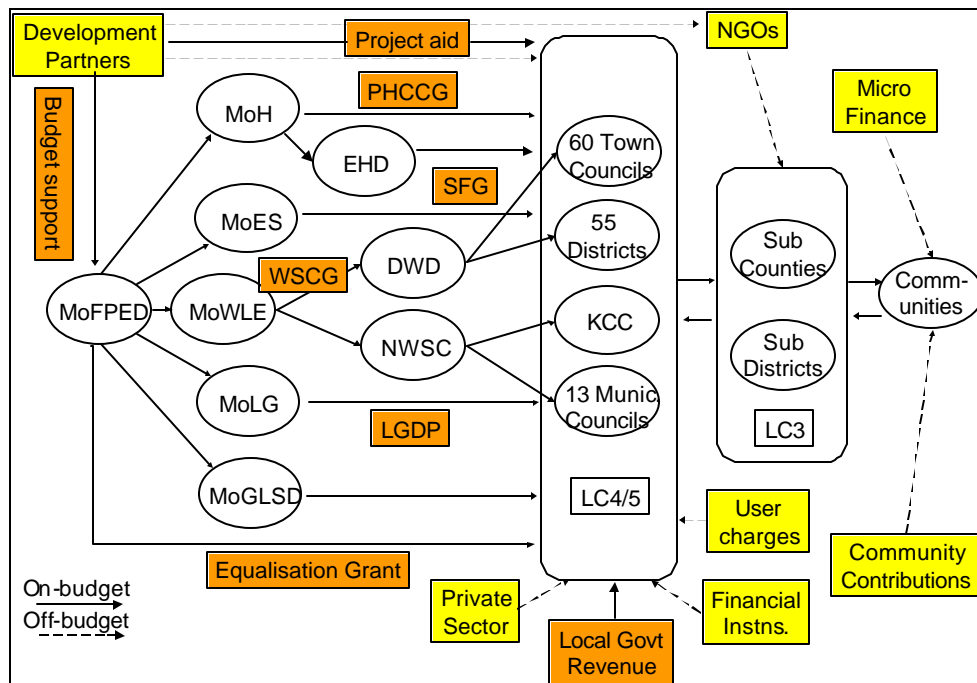
As shown in Figure 1, funding for sanitation activities is obtained from various sources, both 'on-budget' and 'off-budget' (or non-public). However, the decision point for how much is actually spent on sanitation activities is primarily at the local government level.

The main sources of 'on-budget' finance are:

- Budgetary support provided by the international development partners – this is increasing in importance and has been balanced by a reduction in project based support

- The Primary Health Care Conditional Grant (PHCCG) – 50% of this is specifically earmarked for drug purchases, the remainder has to be split across 7 other primary health care programmes, of which environmental health is one
- The Schools Facilities Grant (SFG) – this covers the construction of new primary schools, all of which should receive latrine stances
- The Water and Sanitation Conditional Grant (WSCG) – there is a guideline that states that 5% of this money should be spent on ‘software’ activities including hygiene promotion (but this is not mandatory)
- The Local Government Development Programme (LGDP) – this is money that is set aside for infrastructure development projects derived from a participatory mechanism for identifying community and sub-county priorities
- The Equalisation Grant represents funds set aside for supporting the poorest parts of Uganda

**Figure 1: Indicative sources of funding for sanitation activities in Uganda**



Key:  
 MoFPED = Ministry of Finance, Planning and Economic Development; MoH = Ministry of Health; MoES = Ministry of Education and Sports; MoWLE = Ministry of Water, Lands and Environment; MoLG = Ministry of Local Government; MoGLSD = Ministry of Gender, Labour and Social Development; DWD = Department for Water Development; NWSC = National Water and Sewerage Corporation; KCC = Kampala City Council.  
 PHCCG = primary health care conditional grant; SFG = school facilities grant; WSCG = water and sanitation conditional grant; LGDP = local government development programme.  
 LC3/4/5 = level of local government applicable to the descriptions shown in the circles directly above the LC reference.

Staff resources provided by the MoH (health inspectors and health assistants), MoES (schools inspectors and teachers), MoWLE (water officers) and the MoGLSD (community

development workers) – these people are active in the community and provide varying support to hygiene promotion and sanitation enforcement across Uganda

- Funds generated by local government and spent on a range of activities such as solid waste management and public toilets
- Some project aid such as support to TSUs

The main sources of ‘off-budget’ or non-public finance are:

- The majority of development partner support to sanitation projects – this has fallen significantly over the past three years alongside the move to budget based support
- NGO funded projects (with or without development partner support)
- Micro-finance institutions – these are growing in importance within Uganda (both formal institutions and community run bodies), but there is little evidence of significant finance being directed at sanitation activities
- Private sector / financial institutions – there are low current levels of financing for privately built and run public toilets, the construction of latrine slabs by masons etc.
- User charges – urban consumers who are linked to the piped sewerage network pay a proportion of the cost of this service to the National Water and Sewerage Corporation (NWSC) – anecdotal evidence suggests that this might be around 10%, but further work would be needed to confirm this figure
- Community contributions to sanitation projects – e.g. households provide time and labour for the construction of new water points and for the introduction of improved sanitation practices around the points
- Household expenditure on their own latrine construction

### **3.5 Trends in sanitation on-budget funding**

The current best estimates of on-budget sanitation financing trends are shown in Table 3.3 and Figure 2. The data presented are only indicative as it is difficult to highlight specific amounts devoted to sanitation for various reasons, such as:

- There are many departments and organisations which fund sanitation
- There is often the ‘lumping’ of water and sanitation budgets together
- Many elements of sanitation expenditure have never been estimated before at the national level

**Table 3.3: Analysis of approximate on-budget sanitation funding trends (US\$ million)**

	98/99	99/00	00/01	01/02	02/03
<b>Overall split by institution</b>					
Department for Water Development	4,864	4,208	8,341	2,283	2,410
National Water and Sewerage Corporation	2,268	2,151	2,252	2,186	2,252
Ministry of Health	1,727	1,717	2,141	1,914	2,341
Ministry of Education and Sport	1,462	3,237	4,368	6,277	6,367
Local Government Development Programme	0	0	20	40	40
Local Government	250	250	250	250	250
<b>Total estimated expenditure</b>	<b>10,571</b>	<b>11,563</b>	<b>17,372</b>	<b>12,950</b>	<b>13,660</b>
<b>Overall split by location</b>					
Schools	4,013	6,491	10,979	6,763	6,367
Large town households	3,195	3,075	3,032	2,909	3,088
Rural and small town households	3,363	1,997	3,361	3,278	4,205
<b>Total estimated expenditure</b>	<b>10,571</b>	<b>11,563</b>	<b>17,372</b>	<b>12,950</b>	<b>13,660</b>

**Table 3.3: (continued)**

<b>Overall split by expenditure type</b>					
Urban piped sewerage	2,268	2,151	2,262	2,206	2,272
School latrines	3,338	5,745	10,318	6,714	6,067
Public, institutional and household latrines	1,642	419	430	421	287
Hygiene promotion	2,822	2,757	3,448	2,921	3,591
Institutional support / training	251	241	665	438	1,193
Solid waste, vector control etc.	250	250	250	250	250
<b>Total estimated expenditure</b>	<b>10,571</b>	<b>11,563</b>	<b>17,372</b>	<b>12,950</b>	<b>13,660</b>
<b>Overall split by cost type</b>					
Recurrent costs	4,901	4,119	6,955	4,319	5,699
Development costs	5,670	7,445	10,418	8,631	7,961
<b>Total estimated expenditure</b>	<b>10,571</b>	<b>11,563</b>	<b>17,372</b>	<b>12,950</b>	<b>13,660</b>

*Note: These are very rough estimates and rely on several assumptions. More information is provided in Annex 2.*

On-budget funding does not include amounts of money made available directly to sanitation projects by NGOs, the private sector, micro finance, user fees and community contributions. These sources are discussed later in the report.

### 3.6 Trends in sanitation off-budget / non-public funding

There are a variety of other off-budget and non-public funding sources for sanitation activities. By their very nature, these are difficult to estimate accurately. A list of example recent projects is presented as part of Annex 2. The ones for which funding estimates have been obtained shown in Table 3.4 below.

**Table 3.4: Approximate funding of selected recent off-budget sanitation projects**

<b>Project</b>	<b>UShs billion</b>
Kampala Ecological Sanitation Pilot Project	1.8
South Western Towns Water and Sanitation Project	0.1
Kampala Urban Sanitation Project	11.0
Sanitation Master Plan for Kampala City	2.0
Design of Gaba III	0.3
Kampala Environmental Planning and Management	1.1
<b>Total</b>	<b>16.3</b>

*Note: These funding estimates are very approximate and cover the life of the projects (average of around 3 years).*

The majority of off-budget funding for which data has been obtained relates to projects based in Kampala. If it is assumed that projects last an average of 3 years, funding of around UShs 5.3 billion per year is currently available for sanitation projects based in Kampala.

It is difficult to estimate what other amounts of off-budget funding is currently available to sanitation projects in Uganda. However, discussions with stakeholders suggest that funds provided by the private sector, micro finance and community contributions are small. There have been consistent fund allocations of NGOs over past years, but it is not known how much these have been in total. One estimate is that up to UShs 1 billion per annum may have been spent by NGOs, but the accuracy of this figure is not known. The Uganda water and sanitation network (UWASNET) is currently researching this area further.

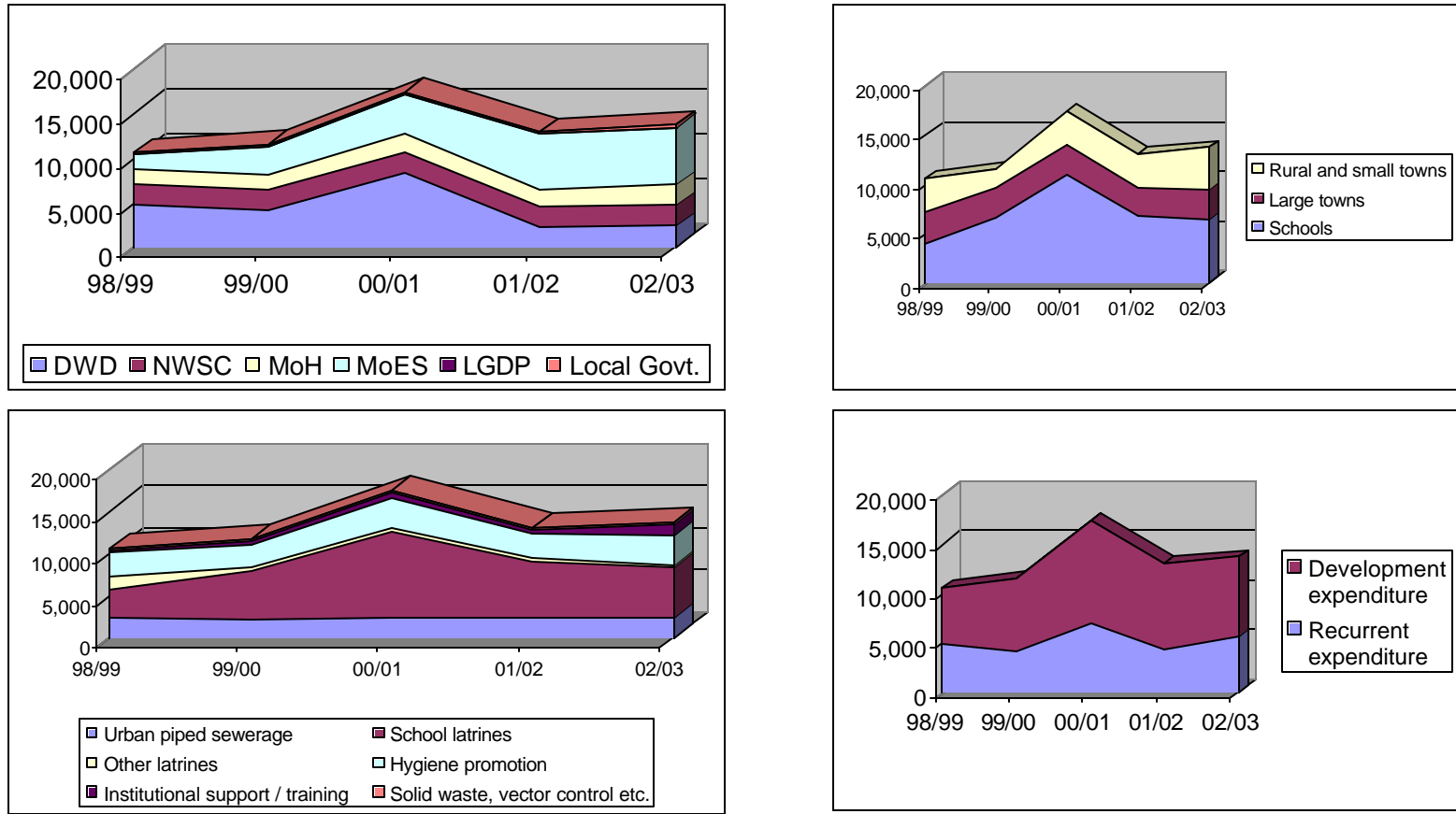
### **3.7 Analysis of resource allocation**

The data that has been obtained on expenditure trends needs to be treated with extreme caution as a lot of it is based on verbal and percentage estimates. However, various overarching conclusions can be made.

#### **Analysis of overall expenditure trends**

Total sanitation expenditure appears to have fluctuated over the past 5 years, with a peak in 2000/01 of UShs 17 billion. This peak coincides with the last year of significant donor project funding – a higher proportion of donor funds are now allocated to general programme support. After considering the effects of inflation, there is no evidence of significant increases or decreases in funding devoted to sanitation activities for the period as a whole. On-budget resources have ranged from about UShs 11 to 17 billion per annum. Another UShs 1 billion or so may have been contributed by NGOs each year, but this figure needs further review. Recently, additional amounts of up to UShs 5 billion per annum are being targeted on improving sanitation in Kampala.

**Figure 2: Estimated on-budget sanitation funding trends by institution, location, expenditure type & cost type (UShs million)**



However, with the move towards less project based aid and greater autonomy for local government expenditure, it is becoming harder and harder (under current budgeting mechanisms) to assess exactly how much money is spent on sanitation.

### **Analysis by institution**

Since 1998/99, an increasing proportion of estimated on-budget sanitation expenditure has been obtained via the MoES budget, rising from around 14 to 17% of the total by 2002/03. The share derived from the DWD has fallen from an estimated 46% to 18% over the same period and that obtained from the NWSC has fallen from around 21% to 16%. The share of on-budget finance provided by the MoH has remained fairly constant in the region of 13 to 17%. Local government revenues have contributed less than 3% of funding levels. The estimated amount of funding obtained from the LGDP under the MoLG has been less than 0.3% on-budget finance each year.

### **Analysis by schools, urban and rural areas**

Over the past 5 years, there has been a significant amount of money devoted to the construction of latrines in schools – mainly in newly constructed primary schools. This is estimated to have accounted for between 37 and 63% of total on-budget sanitation related expenditure each year.

Over the same period, there appears to have been a growing movement from large towns towards small town/rural focused expenditure. Excluding schools expenditure, in 1998/99, approximately equal amounts of total on-budget sanitation expenditure was targeted at large towns and small town/rural areas. By 2002/03, approximately one and a half times as much on-budget money was targeted at the latter.

However, on equity grounds, there might still be arguments for spending an even higher proportion of money in rural areas as approximately 85% of Ugandans live in these places (and additional people live in small towns). This argument has to be balanced by the fact that the cost of providing a person with sanitation in an urban area is higher than that in a rural area.

There are also equity issues surrounding the allocation of resources in urban areas, since the majority of on-budget expenditure there is spent on piped sewerage – quite often, less than 10% of the urban population actually have access to this. A greater emphasis on the poor might well call for greater expenditure on basic sanitation, household and public toilets.

### **Analysis by types of expenditure**

This should again be treated as an initial indication only. The following analysis is based on a review of on-budget funding estimates, as an analysis of off-budget funding by expenditure type was not possible in the time available for this study.

For the 5 years until 2002/03, piped urban sewerage has accounted for about 13 to 21% of total on-budget sanitation expenditure. Latrine construction in schools, other institutions, public places and households has taken up 47 to 62% of the expenditure (of these amounts, over 90% has been spent on school latrines). There have been relatively small amounts spent on solid waste collection,



vector control etc. amounting to about 2% of annual expenditure. Overall 'hardware' expenditure has therefore typically taken up 70 to 80% of the overall on-budget sanitation resources.

Hygiene promotion has used 20 to 27% of the funds. However, these amounts have been very difficult to estimate accurately. The figures have been based on estimated proportions of water and sanitation project or grant expenditure related to hygiene promotion, plus specific budget heading such as the production of materials. A further 2 to 8 % has been spent on training, institutional support etc. Around 20 to 30% of total on-budget expenditure has therefore been spent on 'software' activities.

It could be argued that there is a very unbalanced allocation of resources for sanitation based on who benefits from expenditure. Around three quarters of funds appear to have been targeted on a very small percentage of beneficiaries though school and public latrines and sewerage. Only an estimated quarter has been targeted at the vast majority of people who reside in rural households or poor urban areas.

The emphasis on hardware should be confirmed and reviewed, since a higher proportion of well-directed hygiene promotion (and enforcement) expenditure might make a bigger impact on overall health-related sanitation outcomes.

The 2003 Joint Sector Review has pledged to review subsidy policies for water and sanitation and this will also have an impact on the hardware - software split. There should also be a review of the proportion of resources targeted at rural households and poor urban households. One effective way of increasing this might be to employ more health assistants.

### **Analysis by recurrent and development costs**

Over the 5 years reviewed, recurrent costs have contributed to approximately 35 to 45 % of total expenditure with 55 to 65% being devoted to development costs.

### **Analysis of geographical allocation**

During the time available for this study, it has not been possible to conduct an analysis of how resources have been allocated around Uganda. An assessment of the need to improve the geographical allocation of resources is presented in section 6 of this report.

## **3.8 Comparison of responsibilities with funding sources**

The various activities contained in Table 3.1 provide an initial framework for assessing whether there are funds available to deliver the broad range of sanitation- focused functions. Discussions held with a broad range of key stakeholders suggested the following tentative conclusions can be made. A more detailed comparison of responsibilities and funding sources is given in Annex 3.

### **Sanitation promotion**

- Responsibilities for sanitation promotion are very widely spread and budgets tend to form small proportion of overall funding levels
- Hygiene promotion is said to be often given a low priority at local government levels and, because of this, does not receive large amounts of funding
- One stakeholder pointed out that sanitation promotion activities might well be funded even less than is presumed by most – this is because ‘software’ activities on water and sanitation projects are often considered as sanitation related but actually include water related functions such as the training of mechanics
- There are especially big concerns about effective hygiene promotion in urban areas, for example in Kampala – in 1970 when the city had about 400,000 inhabitants, there were 38 health inspectors; in 2004 when the population is now around 1.5 million, there are reported to be only 10 inspectors (there is on-going work to prepare a sanitation master-plan for Kampala which will address key challenges)

### **Household, community and institutional toilets**

- Although there are pockets of NGO support, there are no significant amounts of funding available to subsidise households in the construction of latrines – however, this is because households are expected to supply the resources themselves
- Whilst the SFG provides specified funding for the construction of latrines in new primary schools, there are unclear budget lines for the construction of latrines in old primary schools, in secondary schools and for the maintenance of latrines in schools
- Several agencies share responsibility for the provision of public and institutional toilets (such as Central and Local Government, NGOs and the private sector), but funding allocations tend to be low
- It may be possible to expand the private sector financing for public toilets

### **Urban sewerage and solid waste management**

- Through the NWSC and local government, and possibly in the future through the private sector, there are funds available for the provision of piped sewerage services in urban areas – however, commonly only 10% of the population have access to these services
- There appear to be limited amounts of funding allocated to support the provision of sanitation services for the urban population who do not have access to piped sewerage services – these people commonly include the poorest households in towns
- Local authorities could devote more of their resources to this, but sanitation is often given a low priority by municipalities
- Drainage and solid waste disposal are also key issues in urban areas; in places without piped sewerage systems, there is a problem of where to deposit human waste

- It may be possible to expand the private sector financing for urban sewerage and solid waste management

### **Overall**

The above assessment suggests that more resources should ideally be made available to finance:

At the national level:

- Sanitation and hygiene promotion
- Construction of latrines in older primary schools and in secondary schools
- Sanitation services for the urban poor (with no access to piped sewerage services)

At the local level:

- Sanitation and hygiene promotion
- Maintenance and rehabilitation of latrines in schools
- Sanitation services for the urban poor (with no access to piped sewerage services)

Constraints and opportunities for increasing finance are covered in section 4. Section 5 includes a more detailed assessment of the potential for extra funding.

### **3.9 A note on subsidy policy**

It is useful to note the current policy for subsidisation of sanitation activities. In effect, school latrine and public latrine construction receive a 100% subsidy. Sewerage services also attract a high subsidy (although there are moves towards greater user fee charging). Household hygiene promotion is 100% subsidised, whereas household latrine construction attracts zero subsidy. These should be looked at as part of the planned review of subsidy policy across the whole of the water and sanitation sector.

### **3.10 Scope for improving the accuracy of data**

Finally in this section, it must be emphasised that it has proven very difficult to get 100% accurate data to assess funding flows for sanitation. In fact, it requires a lot of time and effort to get any data at all. There is a pressing need to improve data collection systems for sanitation financing. Steps that can be taken to do this include:

- Check that the refinements currently being made to the DWD management information system give adequate attention to sanitation aspects
- Ensure that systems are in place so that districts and municipalities report on total sanitation expenditures
- Develop a system that summarises all sanitation funding made available by NGOs

- Review household expenditure survey methodology to ensure that all aspects of sanitation expenditure are assessed and synthesised

The need to improve data collection is incorporated into development needs and recommendations set out in section 6.

## **4 Constraints and opportunities for better resource use**

This section assesses the current constraints to, and opportunities for, obtaining more resources for sanitation and for making better use of the money that is available. These points have primarily been obtained through discussion with stakeholders. Ideas are brought together at the end of the section and various recommendations are made.

### **4.1 Constraints**

From consultations and a review of documentation, several constraints are restricting the level and use of resources for sanitation. For greater clarity, these have been divided into sub-sections.

#### **As a result of GoU policy**

The overarching policy context for sanitation provides some constraints on the identification and use of resources.

- The MoU between the three main Ministries with sanitation responsibilities is said by some to have caused less joined-up working between the institutions concerned and a fragmentation / poorer coordination of work (however, others say that it is the decline of the joined-up project approach to water and sanitation that has caused this)
- Note that others say that the MoU has helped to clarify roles so that Ministries take them more seriously
- Health assistants have the best training and skills to promote hygiene awareness, but under the MoU some claim they are restricted to household visits and are not supposed to go to schools, markets and other institutions (however, others disagree with this and will gladly make these visits if costs can be covered) – note that some key sector stakeholders say that health assistants should be encouraged to work outside of households
- There is a perceived policy not to subsidise the provision of household latrines – although a written reference to this could not be found (note that some NGOs still provide subsidies for household latrines and that there is also a JSR undertaking to review subsidy policy in 2004)
- The PHCCG does not specify that any of the money has to be spent on hygiene promotion activities – 50% of funds are earmarked for the purchase of vaccines and medicines, but there is resistance within local government to have any other ring-fencing of monies

#### **As a result of national resource allocation mechanisms**

The way that resources are allocated between major sanitation functions and between different parts of Uganda might also be having a significant impact on the effectiveness of sanitation related expenditure.

- There is no well-developed systematic method for assessing sanitation needs across different parts of Uganda and influencing the allocation of resources accordingly – there are strong arguments to suggest that more resources should be targeted at parts of the country where sanitation conditions are worst, but there is little evidence that this is the case
- An issue that needs to be addressed before resource allocation can be better targeted around Uganda is to resolve the problem of having different targets for improving sanitation within the MoH and the MoWLE, and having different definitions within the Ministries about what adequate or good sanitation actually means – once baseline and target levels of performance are more clearly specified on a district by district basis, these can be used to influence overall resource allocation decisions
- As suggested in section 3, a very high proportion of sanitation resources are currently going to the construction of institutional latrines whereas international evidence suggests that the health returns to hygiene awareness programmes are higher
- A lot of resource allocation decisions are made at the local government level – without changing the priorities of district and municipality decision makers, it will be hard to alter resources allocation mechanisms

### **As a result of recent changes to overall resource allocation processes**

Over the past couple of years, there has been a major switch in the way that GoU and donor resources are allocated not just to sanitation activities, but also to all public sector programmes. Prior to about 2002, a high proportion of government funds and almost all donor funds were directed at specific water and sanitation programmes in specified parts of the country. For example, the RUWASA project targeted a lot of water and sanitation support to rural parts of Eastern Uganda.

This approach has recently been replaced by a system of donor budget support and a Fiscal Decentralisation Strategy (FDS) that allows much more autonomy to local governments on how they allocate resources. This has led to the following constraints in relation to the funding of sanitation activities.

- Before the move towards budget support based aid, many donor funded water and sanitation projects had separate sanitation and hygiene promotion elements – it is argued by some that the GoU has not transferred sufficient resources away from water to sanitation now that most donor project-based aid has come to an end
- Under the big water and sanitation projects, it was common for health officials to be transferred to those projects and to receive allowances for work performed – there were separate budget lines for this within projects, but this is now more difficult to manage

- Over time, the FDS will mean that less and less money can be ring-fenced for sanitation (or anything else) or be subject to conditionality
- Relatively small amounts of the PHC CG are devoted to hygiene promotion work

### **As a result of central government management issues**

Some of the constraints to improved use of resources for sanitation surround management. At the central government level, the issues include:

- There is a guideline stating that 5% of the WSCG should be allocated to sanitation and hygiene promotion around new water points, but there is no effective monitoring system to check whether this happens and some anecdotal evidence to suggest that it does not
- It is common for large water and sanitation project budgets not to show sanitation components separately, meaning that it is more difficult to assess how much is planned to be spent and how much is actually spent on latrines and hygiene promotion activities
- There is no one at the MoES who has a job description that reflects responsibility for the coordination of sanitation activities within schools – one officer has taken on this role, but she is not well supported by the rest of the Ministry
- There is widespread observation that improving sanitation and hygiene practices in Uganda could make a significant contribution to reducing the incidence of disease and save lives – however, the case for this could be made more strongly through a more in-depth analysis of previous work and a synopsis of the experiences in other countries

### **As a result of local government management issues**

There are also management related reasons at the local government level that contribute to the poor utilisation of resources for sanitation, including:

- EHD officials state that there is poor planning by district health inspectors and generally no specific allocation of resources for sanitation and hygiene promotion in district budgets
- Health assistants do not always have good systems for effectively planning hygiene promotion activities
- Health assistants are sometimes distracted from performing hygiene awareness roles by being asked to do other jobs such as providing vaccinations
- Some health and community development staff are lack the facilitation or motivation to effectively carry out their work
- There is often little representation of environmental health professionals at meetings which determine resource allocation for health or water programmes
- District Directors of Health often have little interest in sanitation promotion

- District water and sanitation committees tend not to work well, or do not exist at all – these are often stated as the best forums for coordinating sanitation activities
- In urban areas, poor planning regulations and high pressure on space often leads to the construction of settlements without latrines or toilets
- Various sector stakeholders have commented that there is not enough enforcement of sanitation and hygiene – this did happen in the 1960s when Uganda had over 90% coverage and reported use of household pit latrines

### **As a result of low prioritisation by local government**

Under the FDS within Uganda and the fact that less and less money is being earmarked by central government, there is actually a lot of scope for local governments to devote significant amounts of resources to sanitation activities. However, sanitation is often given a low priority and there is some anecdotal evidence to suggest that less money is being targeted at this area. Some of the issues around this are stated below.

There can be temptations to construct health facilities or new water points rather than to invest in hygiene promotion activities as the former are more visible to the public and politically more advantageous

- Those responsible for resource allocation decisions within district health officers tend to be doctors who place more importance on curative health practices rather than on preventative ones such as hygiene promotion (they have not always been convinced of the credibility of sanitation plans and budgets prepared by District Health Inspectors)
- Health inspectors and assistants often find it difficult to access allowances or means of transport to make visits to communities to perform hygiene related roles
- There is often weak capacity for planning and budgeting
- It has been said by some that sanitation improvement is rarely stated as a priority of communities and therefore tends not to feature in village level development plans – further evidence of this is provided by an analysis of the LGDP which has several million dollars available for community projects, yet is said to be funding only one public latrine and one waste skip in 2004
- There have been various suggestions in interviews that the formation of district water and sanitation committees could act as a lever for negotiating for more resources for sanitation – however, correspondence from the Ministry of Local Government suggests that there is some resistance to this (as it would involve an overlap of roles with other committees)
- Under local government restructuring, allegedly there has been a suggestion to remove the post of District Health Inspector – if this happens, it will reduce the potential for sanitation lobbying even further

## **4.2 Opportunities**

Again, from consultations and a review of documentation, the opportunities for more resources and better resource use for sanitation are set out below.

### **Review of the sanitation policy framework**

- Providing some sort of subsidy for the provision of household latrines (as part of the overall planned review of subsidies in the water and sanitation sector) – however, this should only take place if it can be ensured that the poorest households will be targeted and that the subsidies lead to sustainable behaviour change; both these criteria have proved hard to achieve in many other parts of the world
- Providing incentives for sanitation funding – for example, a condition of receiving funding for water projects could be that sanitation improvements need to be shown beforehand (it has been said that this is already stipulated as part of the Rural Water and Sanitation Strategy OP15 document)

### **Review of resource allocation mechanisms**

- Ring-fencing more of the conditional grants for sanitation activities – there are precedents for this, e.g. 50% of the PHCCG is allocated for the purchase of drugs; however, in the current climate of decentralisation, overall support for this would be unlikely
- One novel idea that might be worth pursuing would be to ring-fence sanitation funding for those districts that have poor latrine coverage and hygiene at present and not to ring-fence funding to districts where performance was deemed satisfactory - conditions could be removed once performance improved over time and this would hopefully give incentives to improve sanitation in the poorer performing districts
- Funding the 'best practice' models of sanitation and hygiene promotion that have recently been identified by the EHD – money could be earmarked for a sample of pilot districts to (hopefully) demonstrate how the 'best practice' models can be effectively implemented more widely (note that some other countries have been able to increase and improve sanitation practices at relatively low cost, e.g. a recent programme within Zimbabwe has cost around 56 cents per beneficiary in year 1 and 22 cents in year 2)
- Sanitation technology options should be reviewed (in line with the 'best practice' work) to ensure that the most cost effective options are chosen, technology is 'appropriate' and frequent re-building programmes are not required
- The method by which resources are allocated to districts could take more account of current differences in access to good sanitation – for example, the October 2003 Annual Health Sector Performance Report shows that pit latrine coverage varies from less than 1% to more than 90% at the district level – this would require negotiations with the Local Government Finance Commission (there is a precedent for this as the Ministry of Health



allocates resources to districts using a complex formula which includes many factors including population, costs of service provision and incidence of disease)

- Under FDS, it is becoming increasingly difficult to 'ring-fence' money for sanitation – there is a need to ensure that sanitation is 'mainstreamed' so that financing is delivered sustainably over time

### **Improved management at the central government level**

- There is scope for improving the coordination and sharing of hygiene promotion work in schools – the MoES has the lead in this, but could be better supported by health and community development workers
- Under the FDS, the line Ministries will set quarterly reporting formats that will be required at the district and sub-county level – there is an opportunity here to give greater and more transparent prevalence to sanitation so that expenditure can be more easily monitored
- As part of the FDS, districts will report against performance on key indicators – one of these is provisionally set as 'percentage of people that use improved sanitation' - this may provide some stimulus to more sanitation financing if clear targets are set and districts are held accountable for the achievement of the targets
- There is scope for introducing performance (water and) sanitation 'league' tables as has been done in the health sector – this will provide some pressures on poorer performing districts to allocate more resources to sanitation

### **Improved management at the local government level**

- Fiscal decentralisation is becoming embedded in local government and there is growing scope for more resources to be targeted at sanitation if this is a priority of districts and municipalities
- Making more and better use of the 8 regional DWD Technical Support Units to promote and support sanitation activities not just around new water points, but more widely
- A major way of better managing sanitation activities at the local government level would be through more effective coordination of the activities of all the key stakeholders involved, for example: (i) If there were District Level sanitation sub-sector working groups to mirror the activities of the national group, this would give a much higher profile to sanitation at the district level (however, this might be difficult to set up as many districts do not even have water and sanitation committees); (ii) Extension staff such as the MoGLSD community development workers and the MoH health assistants could work in a more coordinated manner (as set out by models of 'best practice')

- Village water point committees who are generally responsible for the management of water sources could be held more responsible for monitoring sanitation and hygiene practices as well (they are trained to do this, but do not always perform this role)
- There is scope to integrate sanitation activities within other on-going health programmes such as malaria control and guinea worm eradication, and MoGLSD community mobilisation and empowerment

### Raising the profile of sanitation

Under the FDS, new methods of transferring funds to districts currently being piloted mean that up to 10% of conditional grants can be reallocated between sectors. Therefore, if districts regard sanitation as a particular priority then there will be scope for moving more money into this area (but also into other areas of course). The resources are potentially there if the perceived importance of sanitation can be raised. This might be done, for example, by:

- Funding a national sanitation and hygiene awareness campaign, supported with donor, NGO and private sector investment as much as possible
- Coordinating advocacy programmes between national, local government and community levels
- Targeting politician and key decision makers with information re the benefits of improved sanitation

### Some ideas to explore

The above discussion and analysis provides various ideas for increasing the amount of resources that could be made available for sanitation and for making better use of existing resources. These are brought together in Table 4.1 and Table 4.2.

**Table 4.1: Some options for increasing the amount of sanitation resources**

*For the Water and Sanitation Sector Working Group:*

Idea	Advantages	Disadvantages	Recommendation
Provide subsidies for the construction of household latrines	Directly related to sanitation activities; mechanisms can be developed to target the poor	Evidence suggests that subsidisation of household latrines does not always lead to sustainable behaviour change	WSS working group to assess this as part of the planned overall review of subsidy policy for the water and sanitation sector
Ring-fence parts of conditional grants for low performing districts	This is more in-line with the spirit for the FDS (more autonomy to better performing districts)	Again, it will be difficult to get support for this	WSS working group to develop more transparent mechanisms for comparing performance across districts

*For the Sanitation Sub-Sector Working Group:*

Idea	Advantages	Disadvantages	Recommendation
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Revise the MoU for sanitation	Might be possible to more clearly assign responsibilities in line with funds	Does not address the fundamental issue of increasing the priority given to sanitation	No change in the MoU (in isolation of fundamental changes to the budgetary framework – see section 6 for more discussion)
Provide bigger incentives for sanitation financing	A persuasive rather than a coercive approach	Uncertain way of increasing funds	SSWG to influence and enforce conditional grant guidelines, e.g. the requirement of improving sanitation before the provision of water
Ring-fence parts of conditional grants for sanitation	Clear increase in resources which can allow flexibility between different expenditure headings	There is an overall move away from ring-fencing under the FDS; it will be very hard to get approval	No recommendation for ring-fencing as it is extremely unlikely that this will be accepted; better for SSWG to try to influence guidelines for spending
Ring-fence parts of grants for low performing districts	This is more in-line with the spirit for the FDS (more autonomy to better performing districts)	Again, it will be difficult to get support for this	Again, SSWG to aim to influence guidelines
Reinforce the guidance notes for sanitation spending	This will be relatively easy to do	No guarantee that more resources will actually be spent on sanitation	SSWG to draft revised guidance notes for the WSCG and the PHCCG so that sanitation is given a greater emphasis

**Table 4.1 (continued): Some options for increasing the amount of sanitation resources**

For EHD:

Idea	Advantages	Disadvantages	Recommendation
Support DHIs to prepare better sanitation plans and budgets	Will foster greater support for sanitation at local decision making levels	District health offices have competing resource demands and may still chose to prioritise curative health	EHD to develop materials and to train DHIs in improved planning and budgeting for sanitation
Aim to generate higher amounts of 'off-budget' finance	This will add to resources without putting more pressure on the GoU budget	The amount of additional resources that can be raised is uncertain	EHD to contact private sector companies to support hygiene awareness campaigns (e.g. hand-washing), BOO contracts and leasing for public toilets, and to pilot the use of micro credit to support community level sanitation
Use TSUs to provide more capacity building support on sanitation to districts	A temporary existing structure exists across Uganda	More time on sanitation support would mean less time for water	EHD to prepare guidelines for how TSUs could more effectively support sanitation and DWD to communicate the role of TSUs to the districts
Coordinate and conduct	Economies of scale through conducting a	Time is required for positive impact;	EHD to plan and conduct a national campaign (making as

sanitation and hygiene awareness campaigns Support other health programmes to deliver sanitation messages	national programme; better linkages between national and local Structures already exist to target communities through malaria, guinea worm etc. programmes	immediate results are sometimes difficult to assess  Sanitation messages might be lost among a lot of other information	much use as possible of private sector and NGO resources) and to coordinate national, district and local advocacy EHD to identify the scope for broader sanitation promotion within MoH health programmes and to implement this
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For TSUs:

<b>Idea</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Recommendation</b>
Use TSUs to provide more district sanitation capacity building support	A temporary existing structure exists across Uganda	More time on sanitation support would mean less time for water	TSUs to support piloting of new approaches

**Table 4.2: Some options for improving the use of sanitation resources**

For the Water and Sanitation Sector Working Group:

<b>Idea</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Recommendation</b>
Change district resource allocation criteria	More resources could be allocated to those parts of the country with bigger scope for sanitation improvement	May cause political tensions; might be seen as penalising better performers	WSS working group to review allocation criteria for conditional grants so that more money is allocated to those districts / municipalities with lower levels of sanitation (see section 6 for more discussion) and balance this with a performance rewards approach (making sure that there is also local awareness raising for sanitation)
Improve district reporting formats	Will improve the quality of data for performance monitoring	May be seen as additional bureaucracy	WSS working group to revise district reporting formats so that the allocation and impact of sanitation expenditure is easier to assess
Agree district targets	Will provide a better framework for monitoring progress towards overall sanitation targets	May be seen as central government imposition on local government	WSS working group to agree key or 'golden' indicators for sanitation, define targets and cascade these down to local government
Introduce performance 'league tables'	Greater transparency in performance; this has worked well in the health sector	May be seen as additional bureaucracy / imposition	WSS working group to publish district / municipality performance by key indicator in the annual water and sanitation sector report

For the Sanitation Sub-Sector Working Group:

<b>Idea</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Recommendation</b>
Spend a higher proportion of money on hygiene promotion and enforcement	Likely to have a bigger impact on health outcomes and leveraging household resources	Care needed to ensure best balance of national and local expenditure	SSWG to assess the likely impact of spending a higher proportion of resources on hygiene promotion and enforcement, and to aim to adjust conditional grant guidelines

For MoES:

<b>Idea</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Recommendation</b>
Spend a higher proportion of money on hygiene promotion and enforcement	Likely to have a bigger impact on health outcomes and leveraging household resources	Care needed to ensure best balance of national and local expenditure	MoES to develop a strategy for improved hygiene education in schools

**Table 4.2 (continued): Some options for improving the use of sanitation resources**

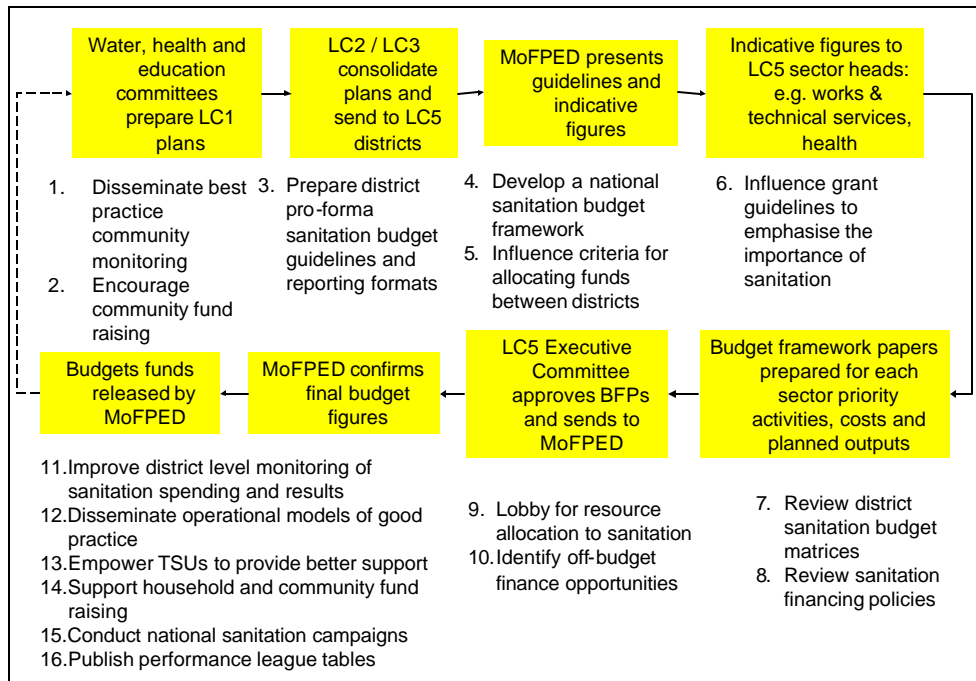
For EHD:

<b>Idea</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Recommendation</b>
Cost and disseminate models of 'good practice'	This is on-going work; will identify cost-effective and appropriate technology methods	Relies on effective implementation of the models	Once models have been tested, EHD to include resourcing estimates as part of the dissemination process; lobby to change conditional grant guidelines accordingly
Improve district level coordination	Would enable better use of existing staff, transport and other resources	There are sometimes a lot of political barriers to break down	EHD to identify best models of coordination and disseminate these as part of the 'good practice' models being developed
Strengthen community level monitoring	Would lead to greater acknowledgement of the benefits of improved sanitation	Can only be done if communities place a priority on sanitation	EHD to identify best models of monitoring and disseminate these as part of the 'good practice' models being developed

### 4.3 Links to the planning and budgeting process

The various ideas outlined above for increasing the amount of resources or improving the use of resources for sanitation can usefully be aligned with overall planning and budgeting processes under the FDS in Uganda. This will assist in assigning responsibilities and in determining timings for various actions. Figure 3 sets out a summary of overall planning and budgeting steps and shows where various actions could best be taken.

**Figure 3: Opportunities for more resources and better use of resources for sanitation, linked to overall planning and budgeting processes**



These steps take place at the times shown in Table 4.3.

**Table 4.3: Timing of planning and budgeting activities**

Approximate Timing	Activities
Aug – Sep	Water, health and education committees prepare LC1 plans
Oct - Nov	LC2/3 consolidate plans and send to LC5 districts
Nov – Dec	MoFPED presents budget guidelines and indicative figures
Dec – Jan	Indicative figures sent to LC5 sector heads, e.g. health, works and technical services
Jan – Feb	Budget framework papers (BFPs) prepared for sector priorities
Feb – Mar	LC5 Executive Committee approves BFPs and sends to MoFPED
Apr	MoFPED confirms final budget figures
July	Budget funds released by MoFPED

## **5 Estimates of funding gaps and potential**

Estimates of future resource needs for sanitation will depend on various factors such as:

- Roles and responsibilities of the various institutions
- Objectives and target levels of performance in the sub-sector as compared to current levels of performance
- Scope for cost savings / better value for money in the sanitation sub-sector
- The extent to which hygiene promotion work needs to be increased

This section assesses the future level of resources that is likely to be available for sanitation under current spending plans. It then sets out sanitation cost estimates and investment needs based on previous studies, a comparison of this with the current funding trends, a brief review of 'best practice models', a suggested framework for more accurately assessing the 'funding gap', a theoretical review of who might pay for elements of the 'funding gap', and an assessment of what additional funding sources might be available.

### **5.1 Future resource availability under current plans**

In section 3, it was estimated that around US\$ 11 to 17 billion per annum over the five years to 2002/03 was spent on sanitation-related activities from 'on-budget' sources. It is interesting to compare this to the total amount of funds that are potentially available for the next few years. This is done in Table 5.1. Note that the table only shows GoU 'on-budget' sources and that the funding sources listed are not earmarked for sanitation (in fact they cover a multitude of overall activities as well). In 2002/03, the rough sanitation expenditure estimate of US\$ 14 billion calculated in Table 3.3 represented around 6% of the funds that were available for sanitation (and other) expenditures of US\$ 231 billion shown in Table 5.1. (next page)

It is encouraging to note that according to the Draft Estimates of Revenue and Expenditure, the overall GoU resource 'pot' that could be used for sanitation activities is planned to increase by almost 40% over the next three years so that there is more and more money potentially available. The challenges are to ensure that sanitation becomes an increasing priority, that money is actually allocated to more sanitation activities, and that funds are used effectively.

### **5.2 Comparison of fund availability with spending by institution**

An interesting piece of analysis is to compare potential funding availability with estimated amounts actually spent on sanitation by institutions and programmes. This is done for 2002/03 in Table 5.2.

**Table 5.1: Indicative sources of future on-budget funds for sanitation related activities**

Funding Source	Budget Projections (Ushs Billion) (released for 2002/03)			
	2002/03	2003/04	2004/05	2005/06
District Water Supply Maintenance Conditional Grant	1.25	1.45	1.58	1.70
District Water Supply and Sanitation Development Grant	24.49	29.60	31.09	34.80
Department for Water Development	0.11	0.15	0.17	0.19
Water Supply and Sanitation Ministerial Development Budget	26.83	29.50	30.42	30.70
<i>Water and Sanitation Sub-Total</i>	<i>52.68</i>	<i>60.70</i>	<i>63.26</i>	<i>67.39</i>
PHC Conditional Grant – Wage	40.12	44.67	44.74	44.77
PHC Conditional Grant – Non Wage	19.05	23.16	27.21	30.06
PHC Conditional Grant – Development	7.58	9.20	12.07	16.71
PHC Conditional Grant - NGO	16.12	17.72	18.40	21.57
<i>PHC Conditional Grant Sub-Total</i>	<i>82.87</i>	<i>94.75</i>	<i>102.42</i>	<i>113.11</i>
<i>Local Government Development Programme</i>	<i>37.87</i>	<i>65.75</i>	<i>67.72</i>	<i>73.31</i>
<i>School Facilities Grant</i>	<i>53.75</i>	<i>59.78</i>	<i>61.02</i>	<i>62.20</i>
<i>Equalisation Grant</i>	<i>4.20</i>	<i>3.53</i>	<i>3.98</i>	<i>4.26</i>
<b>Total Indicative Funds Available (see note)</b>	<b>231.37</b>	<b>284.51</b>	<b>298.40</b>	<b>320.27</b>
Recurrent element	70.69	80.05	84.89	89.64
Development element	160.68	204.46	213.51	230.63

Source of data: Draft Estimates of Revenue and Expenditure (Recurrent and Development) 2003/04, Republic of Uganda.

Notes: The figures give an indication of planned levels of funding available for sanitation **and** the many other activities that are covered by each funding source. The figures do not include any off-budget funding sources made available by donors, NGOs, the private sector, micro-finance and communities.

The breakdown between recurrent and development elements is an estimate.

If sanitation funding continued to account for around 6% of the potential 'pot' then around US\$ 19 billion would be available from on-budget sources by 2005/06. If the proportion could be increased to 10%, then US\$ 32 billion would be available by the same date.

**Table 5.2: Comparison of estimated funding availability and actual spending on sanitation activities for 2002/03 by institutions and programmes**

Institution	Estimated total funding available for sanitation (Ushs Billion) Note 1	Estimated total spending on sanitation (US\$ Billion) Note 2	Estimated spending as a proportion of funding availability
Directorate for Water Development	52.68	2.41	4.6%
Ministry of Health	82.87	2.34	2.8%
Ministry of Education and Sports	53.75	6.37	11.9%
Local Government Development Programme	37.87	0.04	0.001%

Note 1: Figures as per Table 5.1.

Note 2: Figures as per Table 3.3.

The figures shown in Table 5.2 need to be treated with caution as they are based on many estimates. However, for 2002/03, it appears that around 12% of potential funds were spent on sanitation from education budgets, 5% from water and 3% from health. Very small amounts are used for sanitation from the LGDP, reflecting low prioritisation of sanitation at the local level.

### 5.3 Sanitation cost and investment need estimates

From previous studies, it has been possible to get cost data of varying quality for schools, households and urban areas. However, there are gaps and the accuracy of some of the estimates is open to challenge.



## Schools sanitation

WSP has commissioned previous work entitled 'School Sanitation and Hygiene Promotion in Uganda: The Challenge'. This calculated the following unit costs for 2000 shown in Table 5.3.

**Table 5.3: Estimated unit costs for schools sanitation**

Details	Cost estimates		Indicative contributions based on past projects	
	UShs (,000)	US\$	Donor / GoU	Community / School
One block of 5 stance latrines with hand-washing facilities	2,085	1,600	85-91%	9-15%
Rainwater tanks (1,000 litres)	1,800	1,200	87%	13%
Training for 3 teachers	150	100	100%	0%
Production of materials for 3 teachers	45	10	100%	0%

Source: 'School Sanitation and Hygiene Promotion in Uganda: The Challenge', WSP (2000). There appears to be some inconsistencies in the rates of exchange used.

The MoES has calculated the amount needed to provide proper sanitation and hygiene in primary schools as shown in Table 5.4.

**Table 5.4: Sanitation and hygiene investment needs for primary schools**

Activity	Five Year Budget Estimate	
	UShs (million)	US\$ (million)
Sanitation infrastructure	24,300	13.5
Hygiene promotion materials	108,500	60.3
Management and training	27,300	15.2
<i>Sub total</i>	<i>160,100</i>	<i>89.0</i>
Water supply	22,000	12.2
<b>Total</b>	<b>182,100</b>	<b>101.2</b>

Source: *Strategy Paper for the Promotion of Sanitation and Hygiene in Primary Education*, MoES (2001). Figures represent estimates for the five years from 2001 to 2005. These figures suggest that UShs 20.2 billion per annum is required to finance sanitation and hygiene needs for primary schools.

## Household sanitation

The MoH has estimated the cost of a national household sanitation and hygiene promotion programme as shown in Table 5.5. The estimates are based on the targets of raising latrine coverage from 50% to 80% by 2015 and ensuring that 100% of householders with latrines adopt positive hygienic practices.

US\$ 20 million equates to UShs 36 billion over 15 years, or an average of UShs 2.4 billion per annum. It would be interesting to review this figure to see if it were possible to achieve desired objectives at a lower overall cost.

**Table 5.5: Estimated cost of a national sanitation and hygiene promotion programme**

Item	Estimated costs (US\$,000)	
	Per annum	Total for 15 years
Development, production and distribution of promotional materials	300	4,674
Policy, legislation, guidelines and by-laws	50	779
Construction of demonstration grounds	15	264
Design and dissemination of technological options	50	779
Training	500	7,790
Databank and support for research	100	1,558
Local government training, information management, monitoring and evaluation	150	2,340
Construction of demonstration facilities	117	1,823
<b>Total costs</b>	<b>1,282</b>	<b>20,007</b>

Source: Strategy paper on Household Sanitation and Hygiene Promotion, EHD, Ministry of Health (2000). Assumes inflation at 3% per annum.

### Rural sanitation

The Rural Water and Sanitation Implementation Strategy and Investment Plan sets out estimates of resource requirements to the year 2015. The sanitation estimates assume that:

- Pit latrine construction costs for households are met by individual households; the programme will only investment in the software components of household sanitation
- Capital investment costs will only cover sanitation facilities in Rural Growth Centres, primary schools and health units
- For every growth centres, there will be four communal type VIP multiple stance latrines
- For every primary school, there will be a five stance VIP latrine
- Users will meet operational and maintenance costs for facilities
- Additional resources are allocated to hygiene education and promotion in both rural households and schools

The total estimated resource needs are summarised in Table 5.6.

**Table 5.6: Total estimated resource needs for rural sanitation from 2003 to 2015**

Description	US\$ million		
	Capital Investment	Programme Investment	Total Investment
District expenditure	16.3	11.4	27.7
National expenditure	0	20.1	20.1
Total programme expenditure	16.3	31.5	47.8
Estimate per year for 12 years	1.4	2.6	4.0

Source of data: Rural Water and Sanitation Implementation Strategy and Investment Plan

The US\$ 20 million for national expenditure is the same figure as that broken down in more detail above in Table 5.4. The total investment of US\$ 4 million per year approximates to US\$ 7.2 billion per year. Again, it would be useful review this figure, to see if cheaper options were possible.

### Urban sanitation

Relative cost estimates of providing safe excreta disposal services in urban areas are provided in the Sanitation Strategy and Master Plan for Kampala City. These are set out below in Table 5.7.

**Table 5.7: Estimated relative costs of excreta disposal in urban areas**

Excreta system	Relative costs per person (note 1)	
	Construction	O&M
Simple pit latrine (unlined)	1	1
Pour-flush	1.4	<1
Twin-pit pour flush	1.5	<1
VIP latrine (lined)	1.3	<1
Twin-pit VIP latrine (lined)	1.4	<1
Latrine with vault	1.8	1.5
Eco-san (dehydrating type)	1.3	<1
Cess pit *	5-25	4-5
On-site septic tank *	5-25	2-3
Conventional sewerage *	20-70	2-3
Simplified sewerage *	10-60	10
Condominial sewerage *	10-50	10
Sewered interceptor tank *	5-70	10

\* These options require a reliable water supply.  
Note 1: These are ratios not actual costs.

The Urban Water and Sanitation Strategy and Investment Plan document estimates that the following resources are required for the next 10 years:

- Capital expenditure of US\$ 7.7m for rehabilitation and US\$ 101m for expansion so that water borne sewerage connections can be increased from 13,800 to 36,000
- Additional expenditure of US\$ 200m for an additional 30,000 connections in Kampala (high investment scenario)
- Capital expenditure of about US\$ 5m for on-site sanitation in public areas

These figures equate to about US\$ 11.4 million / US\$ 20.5 billion (low scenario) and US\$ 31.4 million / US\$ 56.5 billion (high scenario) of investment per year. Once again, an independent review of these estimates is recommended.

## 5.4 Comparison of investment needs with current trends

Sections 3.5 and 5.1 of this report provided an indicative analysis of current sanitation expenditure trends and an overview of likely resource availability. It is useful to compare this with what the sanitation sub-sector estimates of investment needs. This is done in Table 5.8.

This data should be treated with extreme caution, but suggests that investment needs greatly exceed current resource flows, and that there is a 'funding gap' for sanitation. However, it would be useful to independently review investment need estimates to see if the figures could be reduced through the use of more cost effective programmes.

**Table 5.8: Comparison of sanitation expenditure trends with stated investment needs**

Category of investment	Annual Estimates (UShs billion)	
	Expenditure Trend	Investment Needs
Schools sanitation	4 to 11	20 *
Rural sanitation	2 to 5 **	7
Urban sanitation	3 to 4	20 ***
Total	11 to 17	47

Note: Expenditure trends analysed in more detail in sections 3.5 and 5.1 of this report; investment needs analysed in more detail in section 5.2. Very rough estimates.

\* primary schools only

\*\* includes rural and small towns

\*\*\* quoted low case scenario

As the expenditure trend estimates relate to on-budget finance only, it would also be useful to identify the scope for, and to encourage the provision of, more off-budget financing by the private sector, NGOs and communities to help plug the apparent 'funding gap'.

The apparent higher investment needs of urban areas needs to be considered very carefully from an equity viewpoint as almost 90% of Ugandans live in rural areas.

Section 5.1 estimated that in 2002/03, around 6% of the total resources that were potentially available for sanitation were allocated to sanitation activities (UShs 14 billion out of 231 billion). Note that under existing budget mechanisms, there are many other competing demands for resources. Stated annual investment needs of UShs 47 billion would represent 20% of current resource availability for 2002/03 – a significant increase. However, as overall resources are planned to increase over the next three years to UShs 320 billion, this figure of UShs 47 billion would represent around 15% of resource availability by 2005/06. The difficulty is that the money must also support a range of water, health, education and other activities and the chances of plugging the entire 'funding gap' (using the measures stated above) appear slim.

## 5.5 The cost of 'best practice' test models

It might be possible to reduce overall investment need estimates if models of cost-effective good practice can be developed and implemented across Uganda, especially with relation to non-piped household sanitation and effective hygiene education and promotion campaigns. A workshop in Jinja (February 2004) organised by EHD and targeting district extension and TSU staff identified various examples of good practice, including:

- Home and environment campaigns
- 'Win a bull' type campaigns
- Water user committee training

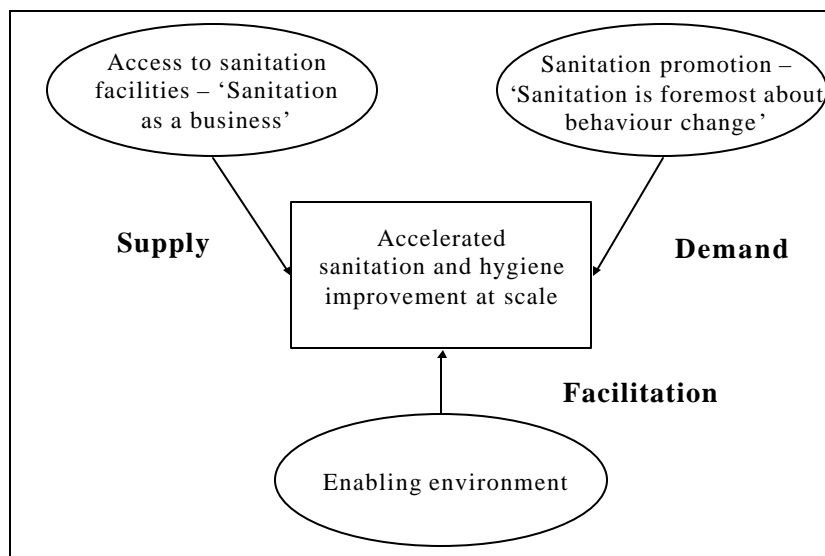
- Community health clubs
- School competitions
- Training of private contractors
- Teacher training / curriculum development

More work is needed to develop and then to cost good practices so that, after dissemination, not only are the practices successful but they also make good use of resources.

### 5.6 The cost of an alternative ‘strategic approach’

Discussions were held towards the end of this assignment about the development of an alternative strategic approach for the prioritisation of sanitation, allocation of responsibilities and costing of activities. Based on emerging best practice internationally, this is composed of three elements as shown in Figure 4.

**Figure 4: A three-dimensional strategic approach to sanitation**



More details about example components of each of these three areas are presented in Annex 3, part B. The overall strategic approach is discussed further in section 6.

### 5.7 Paying for the potential ‘funding gap’

This sub-section provides a bit of theory which is gaining increasing acceptance around the world. The incidence of benefits approach provides a framework for who might pay for sanitation activities, matching payments to benefits received. An illustration of this is shown below in Table 5.10.

The basis concept shown in Table 5.10 is that those who benefit from sanitation are the ones who should pay for it. If the benefit is realised only at the household level, then it is the householder who should pay. If the benefits are obtained by the public at large, then society should pay. It would be worth exploring the principles of this approach more as applied to Uganda.

The next sub-section looks at the scope for obtaining additional off-budget finance for sanitation in Uganda. This could be a way of plugging part of the 'funding gap'. Where most appropriate, principles shown in Table 5.10 have been applied.

**Table 5.10: Nature of benefits and potential sources of funding for sanitation activities**

	Nature and incidence of benefits	Potential resources from Household / community resources	Market based resources (private, market borrowing)	National / Local Government / NGO / donor resources
Sanitation promotion	<ul style="list-style-type: none"> <li>- Largely public benefits due to improved returns on WSS expenditure</li> <li>- Help to lever household / community and market based resources</li> </ul>	<ul style="list-style-type: none"> <li>- Not considered applicable</li> </ul>	<ul style="list-style-type: none"> <li>- Private firms for advertising (e.g. soap manufacturers / distributors)</li> </ul>	<ul style="list-style-type: none"> <li>- National / Local Govt budget allocations / donor / NGO funds for community hygiene promotion, sanitation campaigns, technology research</li> <li>- National / donor funds for supportable development of 'bankable projects'</li> </ul>
Household / institutional / community sanitation	<ul style="list-style-type: none"> <li>- Mainly private benefits for households / communities for improved health, privacy, convenience</li> <li>- Public benefits from 'no open defecation'</li> </ul>	<ul style="list-style-type: none"> <li>- Household / community capital contributions</li> <li>- User charges for public / community toilets</li> </ul>	<ul style="list-style-type: none"> <li>- Borrowing from banks and finance companies</li> <li>- Private financing for community / public toilets</li> </ul>	<ul style="list-style-type: none"> <li>- Targeted subsidies from National / Local Govt or NGOs</li> <li>- Partial / full grants for institutional sanitation from National / Local Govt</li> </ul>
Wastewater and solid waste management	<ul style="list-style-type: none"> <li>- Public benefits at city / river basin level</li> <li>- Relevance of the 'polluter pays' principle</li> <li>- large investments make 'pay as you go' difficult</li> </ul>	<ul style="list-style-type: none"> <li>- Sanitation surcharge on water bills</li> <li>- User charges for solid waste primary collection</li> <li>- User charges for sanitation services</li> <li>- Polluter charges (e.g. for disposal in rivers)</li> </ul>	<ul style="list-style-type: none"> <li>- Private financing through build-operate-transfer, lease, concessions for treatment and disposal</li> <li>- Market borrowing through debt, issuance of municipal bonds</li> </ul>	<ul style="list-style-type: none"> <li>- Partial grants from National / Local Govt for sewerage systems and solid waste facilities</li> <li>- Local Govt / utility allocations from general revenues (e.g. property tax) from recurrent revenues</li> </ul>

Source: 'The Challenge of Financing Sanitation', WSP Africa, 2004 (First Draft).

## **5.8 The scope for increasing finance form non public sources**

There may be scope for leveraging additional sources of finance for the sector from sources other than the GoU, such as through local taxes, micro-credit institutions, the private sector, NGOs, communities and donors (in addition to current levels of support). In the time available for this study, it has only been possible to provide indications of the potential for leveraging these types of funds.

### **Local tax revenues**

Under fiscal decentralisation, local governments are encouraged and indeed expected to raise local tax revenues. Two options for raising local funds for sanitation activities could include:

- A sanitation levy imposed on water sales
- A development tax charged on business, a part of which could be earmarked for sanitation

Both these options are only likely to be realistic in urban areas. A sanitation levy has been tried in some other places such as Burkina Faso and would be an interesting idea to test for raising revenue in Ugandan towns.

### **Micro -credit institutions**

There have been examples in other countries, e.g. in India and Vietnam, of increasing the demand for sanitation through the expansion of micro-credit. However, there are few, if any, examples of micro credit being used in Uganda to finance sanitation activities. For example, the managers of the Eco-San programme were not aware of any scope for financing the construction of these latrines through the use of micro-credit. Also, staff of the Uganda Women's Finance Trust, one of the largest micro-credit bodies in the country were not aware of any sanitation projects funded in this way.

One approach that might be worth trying would be to link commercial loan repayments to community sanitation initiatives in the following way:

- Various members of a community obtain micro-finance loans to support commercial enterprises
- Borrowers repay the loan in instalments
- Each time an instalment is paid, there is also a separate payment into a community sanitation fund

Stakeholders agree that this would be an interesting idea to explore, but no one that we spoke to knew of any examples of this happening before in Uganda.

### **The private sector**

In some countries, there have been successes in mobilising the resources of private companies to fund sanitation programmes. There have already been examples of the private sector supporting sanitation activities in Uganda. For example:

- Private sector companies are manufacturing eco-san latrines
- Small scale masons have been trained to produce sanplats for household latrines
- An agreement was recently made with a company called Picfare to put sanitation messages on the backs of school exercise books
- Some municipalities have allowed the private sector to take on the operation and maintenance of public latrines and to be able to charge the public for this service

There is the potential to expand the financing of public latrines even further through the use of build-own-operate (BOO) type arrangements. An assessment should be made of the scope for the private sector to develop all public latrines in rural growth centres and towns.

Another option well worth following up is to approach soap manufacturers to see if they would be willing to support a national hygiene promotion campaign. An increase in hand-washing could make a very significant contribution to improved hygiene in Uganda. Soap manufacturers would have a vested interest to maximise the growth of soap sales.

### **NGOs**

Over the years, NGOs have been active in a broad range of sanitation activities in Uganda. The NGOs provide additional potential resources, and also a lot of experience and expertise. During visits to districts, we heard about examples of how water offices employ NGOs to perform hygiene promotion work around new water points. The Uganda Water and Sanitation Network (UWASNET) is taking this type of approach a step further and has developed draft guidelines and procedures for the contracting out of hygiene promotion work to NGOs. The contracting out of this work should be closely monitored and, if successful, steps taken to encourage its replication more widely.

### **Communities**

Elsewhere in the world, there have been successes in mobilising a larger proportion of community resources to finance sanitation initiatives. For example, in parts of Vietnam a Women's Union manages credit for household sanitation improvement through savings and credit groups. This project has been successful in that nearly all the improved sanitation facilities have been constructed within three months of the disbursement of funds. However, at present, there is little evidence of a large untapped demand for sanitation services in Uganda. The challenge might well be to create this demand and then to develop financing mechanisms to support it.



## **Donors**

Over the years, donors have supported many water and sanitation projects in Uganda. As shown in section 3, there is still some on-going support to projects, but increasing amounts of donor support is now being channelled as general budget support.

We investigated whether there are any major untapped sources of donor funds that might be available for sanitation related activities. Examples might include 'social investment funds' or 'challenge funds'. However, discussions revealed that there are no major funding sources of this type.

## **Overall assessment**

This sub-section has revealed that there have been limited successes in Uganda in leveraging significant off-budget resources for sanitation financing. Further attempts could be made to do this through, for example:

- Piloting the use of a sanitation levy on water sales to fund a broad range of sanitation activities in urban areas
- Encouraging communities to use micro-credit as a way of raising money for both commercial activities and community sanitation projects
- Allocating build-own-operate contracts for the construction, operation and maintenance of all public latrines
- Approaching soap manufacturers to part-fund a national sanitation awareness campaign
- Replicating models for contracting NGOs to provide hygiene promotion services

## **6 Strategic directions for budget mechanisms**

This section draws together a lot of the analysis contained in previous sections and some general developments in Uganda to present:

- Recent successes and opportunities to build on
- The scope for a three-dimensional strategic approach for sanitation
- The need to assess sanitation funding requirements based on an integrated sanitation strategic plan
- The establishment of budget mechanisms in a more focused way
- A suggested budget management framework for the national and local government levels
- A review of resource allocation principles
- The need to influence overall strategic decision making

- The importance of reviewing sanitation sub-sector guidelines
- Suggestions for improved monitoring and evaluation
- An assessment of institutional and systems development needs
- A summary recommended action plan for strengthening budget mechanisms for sanitation in Uganda

## **6.1 Recent successes and opportunities to build on**

Before discussing the steps for strengthening budget mechanisms, it is useful to summarise general opportunities for improving the profile of sanitation in Uganda. Recent successes have been:

- Increasing recognition of the importance of sanitation by the GoU and organisations responsible for the delivery of sanitation functions
- Formation of the SSWG
- Development of 'district models' for a more integrated sanitation approach (under the EHD capacity building programme)
- Increased use of MoH Area teams and DWD TSUs to raise the profile of sanitation
- Development of contracts with NGOs to provide hygiene promotion functions
- Preparation of the environmental health inputs for the Health Sector Strategic Plan II
- MoH is developing a Cluster Framework for the delivery of an Integrated Basic Health Care Package. MoH is proposing a "Cross Cutting Cluster" involving Health Promotion, Prevention and Community Health Initiatives. Thus a new and more holistic approach where hygiene promotion and sanitation can be integrated very well
- Revision of WSS sector investment plans with a separate section for sanitation

## **6.2 A three-dimensional strategic approach for sanitation**

There is opportunity to raise the profile of sanitation in Uganda even further. After consultation with members of the SSWG and the HPAC, a dimensional strategic approach is now suggested. This can be overseen by the SSWG, with the EHD as the main party to 'trigger' its implementation. The first step will be the development of an integrated and sector wide sanitation strategy that sets out mechanisms for creating an enabling environment, promoting the demand for sanitation and strengthening the supply of sanitation.

### **Creating an enabling environment for sanitation**

This can include:

- National coordination and continued EHD strengthening
- Policy, legislation, inspection and regulation
- Performance linked resource allocations
- Other financial incentives and national recognition (awards)
- Information, monitoring and benchmarking to allow comparative monitoring
- League tables to give incentives / 'name and shame'
- Water quality monitoring
- Better guidance to districts about the implementation of effective sanitation programmes
- Dissemination of best practice models
- Promotion of research in environmental health

#### **Promoting the demand for sanitation**

This can include:

- Implementation of the Kampala Declaration for Sanitation
- Demand creation through social marketing and participatory approaches through government extension system
- School sanitation and health education
- Advocacy for sanitation at different levels
- Focus on behavior change (e.g. hand washing campaigns as cost effective interventions)
- Levering more support from NGOs and the private sector for promotion activities

#### **Strengthening the supply of good sanitation**

This can include:

- Training and technical support for small-scale service providers (local masons, producers, etc.)
- Supporting measures for credit access for households and service providers
- Regulation of service providers
- Development and product research for options and tested alternatives

- Demonstration toilets with alternative technologies
- Sewerage systems in cities and large towns
- Leveraging private sector and community resources for the supply of sanitation

### **Determining sanitation funding requirements based on an integrated strategic plan**

Future resource needs can then be determined for each of these three dimensions for accelerating sanitation and hygiene improvement at scale. This might best be done through the development of an integrated and sector-wide strategic plan for sanitation, which sets out:

- Objectives and main components
- Targets for each key component
- Detailed activities, costs and expenditure requirements
- Institutional responsibilities (national, local and across different Ministries and Departments)
- Resourcing requirements at national and local levels

The information and recommendations in sections 4 and 5 of this report would be useful in the development of this strategic plan and the assessment of funding requirements. Another important issue to address will be to clearly distinguish between national and local funding requirements:

- National level activities will be performed through departments in different Ministries and might cover activities such as: media advocacy (EHD), TSU support roles (DWD), Area Support Team activities (MoH) etc.
- Local level activities will be run through local governments at municipality, district and sub-county levels and might cover activities such as: household hygiene promotion by community health workers, toilets in schools etc.

### **Establishing focused sanitation budget mechanisms**

Once funding requirements are clearly documented, it will be possible to clarify budget mechanisms. For national level activities, it will be essential to understand very clearly the way in which the budgets of each relevant ministry (and department) are organised and to identify existing or new budget lines for different needed activities. For local activities the guidelines and use of different conditional grants will need to be reviewed to assess the potential scope of using these funds. Possibilities within the new FDS budget guidelines will also need to be explored. In this context it is also necessary to identify ways of providing incentives to local governments to undertake appropriate sanitation related activities.

It would be also useful to explore other non public sources such as household and community resources through own construction or connection / user charges, private sector funding through

public-private partnerships (e.g. for hand-washing campaigns, through lease for public toilets, etc.) or through micro-finance for household toilets. Mobilisation of such resources would, however, in the initial years require resources for support measures such as: technical and capacity building support to communities and micro-finance institutions / lease institutions, partial grants through output-based aid (say minimum subsidy concessions for public toilets), and partial guarantees for micro-finance institutions to lend for toilets.

### **6.3 Developing an integrated budget management framework**

An integrated budget management framework will support the monitoring of resource allocations to ensure that money is actually made available through the various budget mechanisms to fund the activities set out in the sanitation strategic plan. An integrated budget management framework will help to ensure that:

- All sources of funding (GoU and all other sources) can be inter-woven into one overall sector budget with the maximum of ease
- The integrated budget is linked to the sector outputs noted in both the Health Sector and WSS SWAPs
- There are clearly defined roles and responsibilities for who managed each part of the integrated budget
- There are well developed monitoring and reporting mechanisms
- Budget negotiations with the MoFPED are facilitated

#### **A national budget management framework**

Figure 5 sets out an example national sanitation budget management framework. All key activities are listed down the left hand side and all sources of funds are listed across the top. The framework also contains an assessment of planned outputs at the far right hand side.

The advantages of using an approach like this would include:

- It provides a framework for the integration of all institutional budgets
- It helps to illustrate where the funding gaps are
- It provides a better method for arguing for resources from MoFPED
- It shows how resource use can be linked to outputs and a set of outputs leading to desired sanitation and health outcomes
- It provides a method for monitoring both the use and the impact of funds

#### **Figure 5: Example national sanitation budget management framework**

Activities	On budget funds			Off budget funds			Planned outputs		
	MoH	MoWLE	MoES	Other on-budget	Off-budget	Total	Narrative	No.	Unit cost
<b>Creating enabling environment</b>									
A									
B									
<b>Promoting demand for sanitation</b>									
C									
D									
<b>Strengthening supply of sanitation</b>									
E									
F									
<b>Total budget</b>									

Note: This framework can be completed as part of the development of an overall integrated sanitation strategy document. The letters A to F refer to example activities that are needed under each of the three 'prongs' of the strategy. More details of possible activities are shown in Annex 3. part B. Funding requirements can be then inserted into the matrix together with the outputs that are planned.

### District / municipality budget management frameworks

The budgeting framework could be cascaded down to the district / municipality level and below. It would be useful if each district and municipality could produce a template like the one shown in Figure 3.

**Figure 6: Example district / municipality water and sanitation budget management framework**

Activities	Source of funding										Planned outputs			
	MoH	DWD	NW-SC	Mo-ES	MoG-LSD	Mo-LG	NGO	Don-or	Priv-sector	Comm-unity	Total	Narrative	No.	Unit cost
<b>Rural water supply</b>														
Construction of new water points														
Maintenance of water points														
<b>Water for production</b>														
New dams etc.														
Maintenance of dams etc.														
<b>Sanitation</b>														
Construction of latrines - new schools				35			5				40	Number of latrine stances	400	0.10
Hygiene awareness	60				20		10	10			100	Households with good hygiene	10000	0.01
<b>Total budget</b>														

Note: This is for illustration purposes only – it is simplified and figures are fictitious.

However, to minimise the amount of work required at the district level, and to assess performance against the expenditure of the sector as a whole, it might be better to combine sanitation into either a water or health sector budget management framework like that shown in Figure 6 for water. This sort of management framework would provide an integrated summary of sector financing and outputs, and provide a concise way of monitoring expenditure against results. However, this would require discussion with the MoLG, careful piloting and roll-out at the district / municipality level.

#### **6.4 Resource allocation principles**

This sub-section sets out options for how resources could be allocated across different sanitation budget categories and across Uganda to ensure that money is used as efficiently, effectively and equitable as possible. Principles are needed for the allocation of resources in the following ways:

- Allocation between the different types of sanitation expenditure
- Allocation between rural, small town and urban sanitation
- Allocation between districts and municipalities

Some of these resource allocation decisions will be made at the national level, and some will be made at the local level.

The information contained in this report should be linked into the broader resource allocation review currently being conducted for water and sanitation. A case should be made for a greater and a better allocation of resources for sanitation related activities.

#### **Allocation by sanitation expenditure type**

The indicative analysis in section 3 suggests that expenditure on 'hardware', primarily the construction of latrines, has accounted for 75-80% of sanitation expenditure over the past 5 years in Uganda.

Experience around the world provides evidence that well-targeted investment in hygiene promotion can have a significantly greater impact on sustaining sanitation improvement than public investment in latrine and toilets. Based on the sector-wide strategy, the Sanitation sub-sector working group (SSWG) would be able to agree on broad percentage breakdowns between software activities (such as hygiene promotion) and hardware expenditure on infrastructure. Over time, the proportion of resources devoted to hardware should fall, compensated by more off-budget finance provided by the private sector, NGOs and communities for capital expenditure. This may imply a greater proportion on-budget sanitation funding via the Ministry of Health.

#### **Allocation by rural, small town and urban areas**

The data presented in section 3 estimates that in 1998/99 approximately equal amounts of sanitation money was spent on rural / small towns combined and on large towns. By 2002/03, approximately twice as much money was targeted at the former group.

The allocation by rural, small town and urban areas should reflect various factors including:

- Population levels
- Relative costs of supplying sanitation
- Existing provision of adequate sanitation
- Poverty levels

The agreement of the allocation between rural, small towns and urban areas is subjective and is to a large extent a political decision. However, the fact that almost 90% of Ugandans live in rural areas, and that the majority of poor people live in rural areas, provides some argument for increasing resource allocation in those places. It should also be remembered that most urban sector investment benefits those people with piped sewerage who often account for 25% or less of the urban population. Having said this, it is only certain types of sanitation resourcing that can be influenced in this way, such as the overall amounts allocated to any urban and rural sanitation projects. Under the Fiscal Decentralisation Strategy, an increasing amount of resource allocation decisions are being made at the local government level and so lobbying to boost the profile of sanitation at this level will be a main way in which resources can be increased (in both urban and rural areas).

#### **Allocation by district / municipality**

It is time available to conduct this study, it has not been possible to review sanitation resource allocation across the districts and municipalities of Uganda. The allocation depends on:

- The amount of money allocated to each local government administration based on the formulae behind the PHCCG and the WSCG
- The extent of any NGO or donor investment in sanitation across the country
- The priority given to sanitation by each district or municipality

In reviewing the allocation of resources, various other factors should also be considered. In line with national and sector policy objectives, more money should go to those parts of the country with:

- Higher levels of poverty (to meet poverty reduction strategy goals)
- Lower levels of current basic sanitation (to meet 'some for all rather than all for some' policy goals)
- Higher chances of making a significant improvement in performance (in line with public sector efficiency goals)

The SSWG should review how resources are currently allocated between districts as part of the WSCG and the PHCCG and see how this coincides with poverty levels and with current sanitation profiles. Assuming that it is those parts of the country with lowest sanitation indicators that have the biggest chances of improving performance, there should be lobbying to assign more resources



to those places. This will need to be combined with careful monitoring (perhaps using a management framework like that presented in section 6.2) so that efficiency and effectiveness in the use of resources can be checked.

### **6.5 Influencing strategic decision making**

Sanitation is a cross-cutting issue within Uganda, aspect of which feature as key responsibilities of the MoH, MoWLE, MoES, other line Ministries and local government. There is also private sector, NGO and CBO involvement in the delivery of sanitation related functions. The development of an integrated sanitation strategy will help to coordinate all these players.

Wherever possible there is a need to influence strategic decision making of institutions so that sanitation is given as high a profile as possible wherever it features in individual strategic plans. The SSWG should always be on the look out for opportunities to do this – a forthcoming opportunity is to influence the development of the WSS strategic Investment plans. There is also scope to continue to lobby for a higher profile for sanitation within the MoH through participation on the Health Policy Advisory Committee (HPAC).

### **6.6 Review of sanitation sub-sector guidelines**

This report has already referred to various guidelines that have relevance to sanitation, including those relating to the WSSCG, PHCG, LGDP and the FDS. There needs to be an ongoing review of these and other guidelines (such as those concerning the operation of TSUs) so that the importance of sanitation is reflected as clearly as possible. The SSWG should ensure that this does indeed take place.

### **6.7 Improved monitoring and evaluation**

Monitoring and evaluation of sanitation inputs, outputs and outcomes will be a key task to ensure that the sub-sector remains on track to achieve its desired objectives. An overall mechanism for doing this should be agreed, which might be along the lines of:

- SSWG to evaluate overall sector outcomes and 'golden' or key performance indicators
- Each Ministry to monitor specific outputs that are within its own mandate
- Local government to monitor inputs and the achievement of all outputs in the district or municipality

This mechanism should tie in with overall performance measurement framework being implemented for the WSS as a whole.

More specifically, it is also necessary to improve the quality of financial data made available for monitoring sanitation expenditure. This has already been discussed in section 3.9.

## 6.8 Institutional and system development needs

This sub-section sets out an overview of system and staff training needs so that there can be effective budgetary prioritisation for sanitation and assessment of performance. It builds on various points that have been made earlier in this report. Development needs are shown below in Table 6.2.

**Table 6.2: Summary of development needs for more effective sanitation budgeting mechanisms**

Issue	Development Needs What	Where
a. Improved information: Need for improving the accuracy of sanitation expenditure and outcomes data	Advising on, and reviewing of, the strengthening of the data collection systems by DWD, NGOs, household surveys and local government	SSWG
Need for better estimate of overall national sanitation resource availability	Agreement and completion of a national sanitation budget management framework	SSWG
b. Development of a sector-wide sanitation strategy		
Need to more clearly specify objectives and components for a joined-up sanitation strategy	Development of the three-dimensional model for sanitation: supply, demand and facilitation	SSWG
Need for more realistic preparation and better coordination of investment plans	Integration of schools, urban and rural sanitation investment needs into a single plan with realistic specification of what is achievable given likely resources	SSWG
Need for more effective allocation of resources nationally	Review of resource allocation criteria between urban and rural areas, different types of sanitation expenditure and different parts of Uganda	SSWG
Need to lever more non-public finance	Development of capacity to identify and lobby for off-budget resources	EHD
Need to review subsidisation policy	Input into the proposed study of water and sanitation sector subsidy policy	SSWG
c. Support to local government sanitation plans		
Need to ensure that sanitation improvements can be obtained as economically as possible	Costing of best practice models and selection of those giving good value for money	EHD
Need for better prioritisation, coordination and use of resources for sanitation at local government levels	Preparation and communication of improved district sanitation planning, budgeting and management guidelines	EHD
Need to strengthen regional advisory support for sanitation	Support to Technical Support Units	DWD
Need for greater transparency of sanitation performance	Development of sanitation (and water) performance 'league tables' for each district / municipality	MoWLE / MoH
Need to give incentives for greater expenditure on sanitation	Review of water and sanitation, and primary health care conditional grant guidelines	SSWG
Need to mirror the sector wide approach at the district / municipality level	Development of a system for coordinating all water and sanitation sector wide plans and budgets at the local government level	District / municipality water offices

## 6.9 Action plan

This sub-section sets out an action plan which indicates how an improved budgetary mechanism and strategy for sanitation can be operationalised. This is shown in Table 6.3.

**Table 6.3: Suggested action plan**

<b>(a) SSWG – overall coordination and leadership</b>	<b>When</b>
(i) Budgeting framework	
• Lobby for separate budget lines for sanitation in local authority budgets under health, water and other sections (under revised FDS)	Immediate priority
• Lobby for inclusion of sanitation related performance indicators (under revised FDS)	Immediate priority
• Review, approve and press for strengthening of sanitation activities in PHCCG and WSSCG guidelines	Immediate priority
• Complete national sanitation budget management framework for 2005/06	Jan – Mar 05
(ii) Strategy framework	
• Coordinate the development of an integrated sanitation strategy document which includes overall objectives, targets, activities (at national and local levels with their costs) and resource estimates	Jun – Aug 04
• Coordinate the development of an integrated M&E system that includes the use of ‘golden’ performance indicators and district level performance league tables	Sep – Mar 05
(iii) Resource allocation	
• Identify and influence sanitation resource allocation trade-offs that need to be addressed (rural / urban, inter-district etc.)	Oct – Dec 04
(iv) Resource generation	
• Clearly identify budget lines at national and local levels in relation to the sector-wide strategy	Ongoing
• Ensure that there is a push for more non-public funding to support national hand-washing campaigns, construction of public latrines etc.	
<b>(b) EHD – broad focus on the ‘enabling environment’ &amp; ‘demand promotion’</b>	When
(i) Strategy framework	
• Revise first draft of HSSP II linking resources needs to objectives, outputs and activities in each of the three strategic areas (enabling environment, promotion of demand, strengthening of supply)	Immediate priority
• ‘Trigger’ and manage the development of the integrated sector-wide sanitation strategy through the SSWG	Jun – Aug 04
• Identify the scope and lobby for the inclusion of sanitation components in other health programmes such as malaria and guinea worm eradication within MoH	Ongoing
• Increase the provision of Secretariat support to the SSWG to follow up on key issues and recommendations	Ongoing
(ii) Increased prioritisation for sanitation at local levels	
• Draft revised guidelines to strengthen sanitation focus within the PHCCG	Immediate priority
• Train DHIs in improved planning and budgeting for sanitation	Jul – Dec 04
• Promote and disseminate cost-effective best operational practice models in districts	Jul – Dec 04
• Support local government to link best operational practice models (BOPs) to their plans and budgets to ensure long-term sustainability	Sep 04 – Mar 05
• Oversee introduction of incentive mechanisms for better village hygiene	Ongoing

**Table 6.3 (continued): Suggested action plan**

<b>(b) EHD – broad focus on the ‘enabling environment’ &amp; ‘demand promotion’</b>	When
(iii) Resource generation	
• Continue lobbying for more resources to support national level work (e.g. through HPAC)	Ongoing
• Strive to identify additional non-public funding to support national hygiene awareness campaigns (soap manufacturers?) etc.	Ongoing
<b>(c) DWD – broad focus on ‘the supply side’</b>	When
(i) Strategy framework	
• Contribute to the development of the integrated sector-wide sanitation strategy by the SSWG	Jun – Aug 04
• Review SIP15 draft to ensure that sufficient resources are allocated to sanitation and that they are allocated in the best way (with reference to the integrated strategy)	Jun – Aug 04
(b) Increased prioritisation for sanitation at local levels	
• Draft revised guidelines to strengthen sanitation focus within the WSSCG	Immediate priority
• Monitor the success of NGO involvement in community mobilisation and hygiene promotion and consider how to expand this role to more households	Jun – Dec 04
• Guide TSUs in the provision of better sanitation support	Ongoing
(c) Resource generation	
• Strive to identify more non-public funding for public toilets, e.g. through leasing and ‘build-own-operate’ contracts	Ongoing
<b>(d) MoES</b>	When
(i) Strategy framework	
• Appoint a nominated person / continue to contribute to SSWG meetings	Immediate
• Contribute to the development of the integrated sector-wide sanitation strategy	Jun – Aug 04
(ii) Own strategy	
• Review own strategies for improving sanitation and hygiene awareness through schools	Jun – Dec 04
• Review the possibility of supporting improved sanitation facilities in existing schools	Jun – Dec 04
<b>(e) NGOs</b>	When
(i) Strategy framework	
• Contribute to the development of the integrated sector-wide sanitation strategy	Jun – Aug 04
• Review own strategies for improving sanitation and hygiene awareness	Jun – Dec 04
<b>(f) Local government</b>	When
(i) Performance improvement	
• Raise the profile of sanitation through better publicity of benefits, more integrated planning and budgeting	Ongoing
• Try out models of best practice and share successes / learning	Ongoing

## **Annex 1 – consultations**

### **Stakeholder meetings**

The key stakeholders who were met in conjunction with the completion of this report were:

- Paul Luyima, Justin Otai and Didas Namanya of the EHD(MoH), Rob Yates at MoH
- Richard Cong, John Pinfold, Mr. Parata and others at DWD
- Margaret Kobusinge and Diego at MoFPED, Kate Tibagwe of MoES, Andrew Kizza of MoLG
- Kiwe Sebunya of UNICEF
- Sam Mutono and Justina at Danida
- Simon Kenny, Jenny Yates and Ros Cooper at DFID
- David Isingoma of the NWSC
- Phil Broughton of Speed, Caroline Batanda and Harriet Nabunnya at UWASNET
- Mr. Kirumira, Dr. Mubiru, Anna Tufvesson and Francis Damulira at KCC
- David Mukama, Kasozi Joseph, Mr Godfrey and others at Masaka District and Municipality
- Sister Wandawa Jennifer, Dr. Silver Kalyebbi, Paul Soddo, Mr. Issa, Matte James and others at Mbale District and Municipality
- Meera Mehta and Andreas Knapp, World Bank WSP Nairobi
- Anthony Waterkeyn and Maimuna Nalubega, WSP Uganda

Thanks are extended to all of the above for valuable insights and suggestions.

### **Ministry of Health Policy Advisory Committee presentation**

Elements of the draft of this report were presented to the MoH Policy Advisory Committee on 2 June 2004. Many thanks are extended for the valuable comments that were received.

### **Sanitation working group presentation**

Elements of the draft of this report were also presented to the following members of the Sanitation Sub-Sector Working Group on 4 June 2004.

<b>Name</b>	<b>Organisation</b>	<b>Contact telephone</b>
Paul Luyima	Ministry of Health	077 431 190
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Tushabe A. A.	DWD	077 443 308
Paul Samakula	NETWAS	077 820 528
Agnes Bitature	UNICEF	234 591
D. M. Mukama	TSU 7	077 435 634
F. Acuba	DWD	075 625 837
Finn Forsberg	Swedish Embassy	077 707 102
Anna Tufvesson	KCC (TA)	077 528 251
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Eng. John Twinomujuni	DWD	077 229 446

Thanks are extended to all the above for valuable comments.

## Annex 2 – sanitation expenditure estimates

This appendix sets out estimates of sanitation related expenditure over recent years in Uganda. The data needs to be treated with caution as it is based in estimates, some of which are very approximate.

### Estimated on-budget sanitation related expenditure for the period 1998/99 to 2002/03

A. Within DWD budget	Note	UShs million				
		98/99	99/00	00/01	01/02	02/03
<b>Sanitation in primary schools</b>						
Donor contributions	1 R/D	820	684	4,818	0	0
Latrines in schools	1 D	779	1,277	1,130	318	0
Operating expenses	1 R	143	235	175	160	0
Water tanks	1 D	342	591	488	8	0
		2,084	2,787	6,611	486	0
<b>Water &amp; envi. sanitation programme</b>						
Estimated 10% of budget to sanitation	1 R/D	13	4	0	0	0
Estimated 10% of budget to sanitation	1 R/D	2	2	0	0	0
		15	6	0	0	0
<b>RUWASA</b>						
Estimated budget to sanitation	1 R/D	1,352	3	2	0	0
Estimated budget to sanitation	1 R/D	13	12	13	0	0
		1,365	15	15	0	0
<b>School &amp; community water supply &amp; san. prog.</b>						
Latrine construction	1 D	0	0	2	0	0
		0	0	2	0	0
<b>District water &amp; san. conditional dev. grant</b>						
Contribution to latrine construction	1 D	0	0	6	3	0
Public latrine construction	2 D	0	0	400	398	267
Hygiene education around water points	3 R	0	0	620	768	980
School and household campaigns	4 R	0	0	687	628	857
		0	0	1,713	1,797	2,104
<b>Other funds</b>						
Latrine construction	5 D	400	400	0	0	0
Hygiene education	5 R	500	500	0	0	0
School and household campaigns	5 R	500	500	0	0	0
		1,400	1,400	0	0	0
<b>Rural water supply sector operational plan</b>						
Inst. support to households & schools	6 D	0	0	0	0	306
		0	0	0	0	306
<b>Total estimated expenditure under DWD</b>		<b>4,864</b>	<b>4,208</b>	<b>8,341</b>	<b>2,283</b>	<b>2,410</b>

B. Within Ministry of Health budget	Note	UShs million				
		98/99	99/00	00/01	01/02	02/03
<b>Central EHD costs</b>						
National sanitation initiative	7 R	77	77	300	253	381
Donors	7 R	34	19	212	25	5
		111	96	512	278	386
<b>UNICEF Support to EHD</b>						
Development of communications strategy	8 R					15
Development of rapid assessment tools	8 R					7
Finalisation of environmental health policy	8 R					7
Launching of national sanitation guidelines	8 R					2
		0	0	0	0	31
<b>School of Hygiene</b>						
Non wage costs	9 R	140	145	153	160	170
		140	145	153	160	170
<b>Primary health care</b>						
Large towns	10 R	177	177	177	177	210
Small towns and rural areas	10 R	1,299	1,299	1,299	1,299	1,544
		1,476	1,476	1,476	1,476	1,754
<b>Total estimated expenditure under MoH</b>		<b>1,727</b>	<b>1,717</b>	<b>2,141</b>	<b>1,914</b>	<b>2,341</b>
<b>C. Within Ministry of Education budget</b>						
Schools facilities grant - latrine construct.	11 D	1,462	3,237	4,368	6,277	6,067
Schools sanitation coordination office	12 R	0	0	0	0	300
<b>Total estimated expenditure under MoES</b>		<b>1,462</b>	<b>3,237</b>	<b>4,368</b>	<b>6,277</b>	<b>6,367</b>
<b>D. Within NWSC budget</b>						
Sewerage operating expenses for large towns	13 R	806	689	790	724	790
Capital depreciation estimated for large towns	14 D	1,462	1,462	1,462	1,462	1,462
<b>Total estimated expenditure under NWSC</b>		<b>2,268</b>	<b>2,151</b>	<b>2,252</b>	<b>2,186</b>	<b>2,252</b>
<b>E. Local Government Development Prog.</b>						
Large towns sanitation	15 D	0	0	10	20	20
Small towns and rural sanitation	15 D	0	0	10	20	20
<b>Total estimated expenditure under LGDP</b>		<b>0</b>	<b>0</b>	<b>20</b>	<b>40</b>	<b>40</b>
<b>F. Local Govt. solid waste, vector control etc.</b>						
Large towns	16 R/D	200	200	200	200	200
Small towns and rural	16 R/D	50	50	50	50	50
<b>Total other Local Government expenditure</b>		<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Total estimated expenditure (A to F)</b>		<b>10,571</b>	<b>11,563</b>	<b>17,372</b>	<b>12,950</b>	<b>13,660</b>

Note: Please see list of notes at the end of this table.

### **Notes - assumptions behind the budget data**

The data contained in the above table is based on best estimates, but these are very approximate and need to be treated with caution.

1. Estimates from analysis supplied by DWD
  2. Analysis supplied by DWD (estimate for 2000/01)
  3. Verbal estimates obtained from DWD based on 5% of all money targeted at water points
  4. Verbal estimates obtained from DWD for campaigns, radio etc.
  5. Very rough estimates to smooth out funding in line with overall opinions
  6. 'Support to the Water and Sanitation Programme', a proposal to SIDA, June 2002
  7. Funds actually received by the EHD according to the Deputy Financial Officer  
In 2001/02, US\$ 600m was budgeted for as the GoU contribution, but only US\$ 253m was received
  8. UNICEF letter supplied by the EHD
  9. Verbal estimates obtained from Principal of the College - figures exclude salaries
  10. Based on an estimated 2% of PHCCG spent on sanitation for 2001/02 and 2002/03  
and estimates of same figure for earlier years  
An estimated 12% of the total for large towns, 88% for small towns and rural areas
  11. Estimates by Ministry of Education Planning Department based on 8.7% of total grant
  12. Estimated figures supplied verbally by Education Planning Department
  13. Estimates prepared for this study by NWSC
  14. Adapted from estimates prepared for this study; based on 5% depreciation of land, buildings and plant,  
and 20% depreciation on vehicles and equipment, averaged for the first three years of the period
  15. Very rough estimates based on discussions at the MoLG
  16. Very rough estimates based on discussions with officials of KCC, Masaka and Mbale Municipal  
Councils
- R = Recurrent costs  
D = Development costs  
R/D = Estimated 50% recurrent and 50% development costs



**List of example recent off-budget sanitation projects**

<b>Project</b>	<b>Name of sponsor</b>	<b>Area of operation</b>	<b>Level of Investment</b>
Kampala Ecological Sanitation Pilot Project	SIDA	Kampala City	US\$0.9m = US\$ 1.8b
South Western Towns Water and Sanitation Project (SWTWS)	Austrian Government/ GOU	Kisoro, Kabale Rukungiri, Ntungamo, Kanungu, Bushenyi districts	US\$0.4m = US\$ 0.8b, say 10% for sanitation
Environmental Conservation Trust of Uganda (ECOTRUST)	USAID, World Wildlife Fund (WWF)	Bushenyi	?
Production and promotion of Ecosan pans	Crestank (Private Sector)	Industry located in Kampala but promotes Ecosan countrywide	?
Rural Water and Sanitation Project (RUWASA)	DANIDA	Jinja, Kamuli, Iganga, Mukono Tororo, Pallisa, Kapchorwa, Mbale, Busia, Bugiri	?
(Kampala Urban Sanitation Project (KUSP)	French Development Agency (AFD)	Kampala City	Project budget is 5.0 Mill. Euros = US\$ 11.0b
Sanitation Master Plan for Kampala City	KfW	Kampala City	DM 2.0m = US\$ 2.0b
Design of Gaba III	KfW	Kampala City	1.2m Euros = US\$ 2.6b, say 10% for sanitation
Kampala Environmental Planning and Management (KEPM)	Belgium Government	Kampala City	5.0 Million Euros = US\$ 11.0b, say 10% for sanitation
Sanitation Project	Plan (International) Uganda	Kampala City, Luwero and Tororo district	?
School sanitation project	Uganda Resource Management Foundation (URMF)	Mbarara (Ruti). Constructs Enviroloo toilets in schools	?
Sanitation Project	Community Integrated Development Initiatives (CIDI)	Kampala (Makindye Division) Fund VIPs	?
Community Sanitation Project	Save the Children (UK) Great Britain	Kampala (Kawempe Division) Fund VIPs.	?
Sanitation project	LODOI Development Foundation	Pallisa.	?
Community Sanitation project	Canadian Physicians Aid Relief	Arua and Lira.	?
Ecosan project	Gisolola Twubake Association	Kisoro District	?
Wash Campaign	UWASNET	Water and Sanitation Collaboration Council (WSSCC) Geneva and GOU	?

Source of data: Field interviews conducted by Reev Consult International, June 2003.

### Annex 3 – sanitation activities, institutional mandates and funding sources

#### A – Analysis by sanitation promotion, household / institutional sanitation, urban sanitation

<b>1. Sanitation promotion activities</b>	<b>Main institution responsible</b>	<b>Other institutions involved</b>	<b>Current main source of funding</b>	<b>Sources for potential additional funding</b>
National advocacy campaigns	EHD		MoH	Private sector
District level campaigns	EHD	TSU, NGOs	Local Govt	Private sector
Hygiene promotion around new water points	DWD	TSU, Local Govt, NGOs	WSCG	NGOs
Community hygiene promotion	EHD	TSU, Local Govt, NGOs	PHCCG	NGOs
Training of health workers	MoES	-	MoES	MoH
Preparation of materials	EHD	NGOs	MoH	NGOs
School based hygiene promotion	MoES	Local Govt	MoES	MoH, NGOs
Training of teachers	MoES		MoES	NGOs
Training of community development workers	MoGLSD	NGOs, MoES	MoGLSD	NGOs
Training of masons	-	NGOs, Local Govt	NGOs	Donors
Development of toilet technology models	EHD	TSU	MoH	Private sector
Inspection and licensing	EHD	DWD, Local Govt	MoH	-
Preparation of sanitation work plans for local government	Local Govt	TSU	Local Govt funds	-
Policy development, guidelines, regulation and monitoring	EHD	DWD, NGOs, Local Govt, MoES	Central and Local Govt funds	Donors
Coordination of sanitation	Sanitation working group	-	Central Govt funds	-
Lobbying	EHD	NGOs	MoH	Donors
Applied research	EHD	NGOs	MoH, NGOs	Donors
<b>2. Household, community and institutional toilet construction and maintenance activities</b>	<b>Main institution responsible</b>	<b>Other institutions involved</b>	<b>Current main source of funding</b>	<b>Sources for potential additional funding</b>
Rural household toilets	Households	EHD, NGOs, CBOs	Households	Micro credit, CBOs
Urban household toilets	Households	NGOs, Local Govt	Households	Micro credit, CBOs

Public toilets in urban informal settlements	Local Govt	NGOs, CBOs	Local Govt funds, LGDP	Private sector, NGOs
Public toilets in public places	Local Govt	NGOs, private sector	Local Govt funds, LGDP	Private sector, NGOs
School toilets	MoES	Local Govt, NGOs	SFG	NGOs, private sector
Toilets in health facilities	MoH	Local Govt	MoH	NGOs, private sector
Toilets in other institutions	Central/ Local Govt	-	Relevant Central or Local Govt department	NGOs, private sector
<b>3. Urban sewerage and solid waste management activities</b>	<b>Main institution responsible</b>	<b>Other institutions involved</b>	<b>Current main source of funding</b>	<b>Sources for potential additional funding</b>
Residential collection of waste	Local Govt	Private sector	Local Govt	Private sector
Public street collection of waste	Local Govt	Private sector	Local Govt	Private sector
Transportation of garbage to disposal sites	Local Govt	Private sector	Local Govt	Private sector
Treatment and disposal of garbage	Local Govt	-	Local Govt	Private sector
Connections to the sewerage network	Households	NWSC	Households	Private sector
Maintenance of the sewerage network	NWSC	Local Govt	NWSC	Private sector
Sewerage treatment and disposal	NWSC	Local Govt	NWSC	Private sector

Note: This table has been completed after discussions with a sample of stakeholders and review of documentation. It should be viewed as an indicative assessment of responsibilities and funding sources.

Key:

EHD = Environmental Health Division; MoH = Ministry of Health; DWD = Department for Water Development; TSU = Technical Support Unit; NWSC = National Water and Sewerage Corporation; MoES = Ministry of Education and Sports; MoGLSD = Ministry of Gender, Labour and Social Development; NGOs = Non-governmental organisations; CBOs = community based organisations. WSCG = water and sanitation conditional grant; PHCCG = primary health care conditional grant; SFG = school facilities grant; LGDP= local government development programme.

**B – Analysis by enabling environment, promotion of sanitation demand, strengthening sanitation supply**

<b>1. Sanitation enabling environment</b>	<b>Main institution responsible</b>	<b>Other institutions involved</b>	<b>Current main source of funding</b>	<b>Sources for potential additional funding</b>
Inspection and licensing	EHD	DWD, Local Govt	MoH	-
Preparation of sanitation work plans for local government	Local Govt	TSU	Local Govt funds	-
Policy development, guidelines, regulation and monitoring	EHD	DWD, NGOs, Local Govt, MoES	Central and Local Govt funds	Donors
Coordination of sanitation	Sanitation working group	-	Central Govt funds	-
Lobbying	EHD	NGOs	MoH	Donors
Applied research	EHD	NGOs	MoH, NGOs	Donors
<b>2. Promotion of sanitation demand</b>	<b>Main institution responsible</b>	<b>Other institutions involved</b>	<b>Current main source of funding</b>	<b>Sources for potential additional funding</b>
National advocacy campaigns	EHD		MoH	Private sector
District level campaigns	EHD	TSU, NGOs	Local Govt	Private sector
Hygiene promotion around new water points	DWD	TSU, Local Govt, NGOs	WSCG	NGOs
Community hygiene promotion	EHD	TSU, Local Govt, NGOs	PHCCG	NGOs
Training of health workers	MoES	-	MoES	MoH
Preparation of materials	EHD	NGOs	MoH	NGOs
School based hygiene promotion	MoES	Local Govt	MoES	MoH, NGOs
Training of teachers	MoES		MoES	NGOs
Training of community development workers	MoGLSD	NGOs, MoES	MoGLSD	NGOs
<b>3. Strengthening of sanitation supply</b>	<b>Main institution responsible</b>	<b>Other institutions involved</b>	<b>Current main source of funding</b>	<b>Sources for potential additional funding</b>
Training of masons	-	NGOs, Local Govt	NGOs	Donors
Development of toilet technology models	EHD	TSU	MoH	Private sector
Rural household toilets	Households	EHD, NGOs, CBOs	Households	Micro credit, CBOs
Urban household toilets	Households	NGOs, Local Govt	Households	Micro credit, CBOs
Public toilets in urban informal settlements	Local Govt	NGOs, CBOs	Local Govt funds, LGDP	Private sector, NGOs

Public toilets in public places	Local Govt	NGOs, private sector	Local Govt funds, LGDP	Private sector, NGOs
School toilets	MoES	Local Govt, NGOs	SFG	NGOs, private sector
Toilets in health facilities	MoH	Local Govt	MoH	NGOs, private sector
Toilets in other institutions	Central / Local Govt	-	Relevant Central or Local Govt department	NGOs, private sector
Residential collection of waste	Local Govt	Private sector	Local Govt	Private sector
Public street collection of waste	Local Govt	Private sector	Local Govt	Private sector
Transportation of garbage to disposal sites	Local Govt	Private sector	Local Govt	Private sector
Treatment and disposal of garbage	Local Govt	-	Local Govt	Private sector
Connections to the sewerage network	Households	NWSC	Households	Private sector
Maintenance of the sewerage network	NWSC	Local Govt	NWSC	Private sector
Sewerage treatment and disposal	NWSC	Local Govt	NWSC	Private sector

Note: This table has been completed after discussions with a sample of stakeholders and review of documentation. It should be viewed as an indicative assessment of responsibilities and funding sources.

Key:

EHD = Environmental Health Division; MoH = Ministry of Health; DWD = Department for Water Development; TSU = Technical Support Unit; NWSC = National Water and Sewerage Corporation;

MoES = Ministry of Education and Sports; MoGLSD = Ministry of Gender, Labour and Social Development; NGOs = Non-governmental organisations; CBOs = community based organisations.

WSCG = water and sanitation conditional grant; PHCCG = primary health care conditional grant; SFG = school facilities grant; LGDP = local government development programme.

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The Sector Finance and Resource Flows reports are based on country studies on water and sanitation sector financing in Africa. The aim is to provide assistance to sector leaders, policy makers and development partners to help African countries meet the Millennium Development Goals on water and sanitation through: rationalizing allocation of public funds, leveraging non-public resources and improving targeting of required subsidies.

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Sector Finance and Resource Flows Assessments for Water Supply – A pilot  
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Ethiopia Water Supply Sector Resource Flows Assessment

### PRSP Publications

– Available online at [www.wsp.org](http://www.wsp.org)

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in Sub-Saharan Africa (SSA)

Water supply and Sanitation in Poverty Strategy Papers in Sub-Saharan Africa:  
Developing a Benchmarking Review and Exploring the Way Forward

Factors behind the Poor Integration of the Water and Sanitation Sector in PRSPs in  
Sub-Saharan Africa-Lessons from Uganda, Malawi and Zambia-Brief (with ODI at  
[www.odi.org.uk](http://www.odi.org.uk))

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Meeting the Financing Challenge for Water Supply and Sanitation (Full Report)

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To help the poor gain sustained access to  
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