Private Sector Provision of Water and Sanitation Services in Rural Areas and Small Towns: The Role of the Public Sector

Country Report: Uganda

March 2016
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Exchange rate used: UGX 2,700 / US$
### Abbreviations and acronyms

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<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>APWO</td>
<td>Association of Private Water Operators</td>
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<tr>
<td>CBO</td>
<td>Community-based organisation</td>
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<tr>
<td>DPSP</td>
<td>Domestic Private Sector Participation</td>
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<td>DWD</td>
<td>Directorate of Water Development</td>
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<tr>
<td>FY</td>
<td>Financial Year</td>
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<tr>
<td>GIS</td>
<td>Geographical Information System</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GPOBA</td>
<td>Global Programme for Output Based Aid</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>KMS</td>
<td>Kagulu Management Services Ltd.</td>
</tr>
<tr>
<td>MFPED</td>
<td>Ministry of Finance, Planning and Economic Development</td>
</tr>
<tr>
<td>MWE</td>
<td>Ministry of Water and Environment</td>
</tr>
<tr>
<td>MTEF</td>
<td>Medium-Term Expenditure Framework</td>
</tr>
<tr>
<td>NDP</td>
<td>National Development Plan</td>
</tr>
<tr>
<td>NEMA</td>
<td>National Environment Management Authority</td>
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<tr>
<td>NFA</td>
<td>National Forest Authority</td>
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<tr>
<td>NGO</td>
<td>Non-government Organisation</td>
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<tr>
<td>NRW</td>
<td>Non-revenue Water</td>
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<tr>
<td>NWSC</td>
<td>National Water and Sewerage Corporation</td>
</tr>
<tr>
<td>OBA</td>
<td>Output Based Aid</td>
</tr>
<tr>
<td>PPP</td>
<td>Public Private Partnership</td>
</tr>
<tr>
<td>PWO</td>
<td>Private Water Operator</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedures</td>
</tr>
<tr>
<td>SPI</td>
<td>Strengthening Public Institutions</td>
</tr>
<tr>
<td>SSIM</td>
<td>Strategic Sector Investment Model</td>
</tr>
<tr>
<td>UBOS</td>
<td>Uganda Bureau of Statistics</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UO</td>
<td>Umbrella Organisation</td>
</tr>
<tr>
<td>UWSRA</td>
<td>Uganda Water and Sewerage Regulatory Authority</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>WA</td>
<td>Water Authority</td>
</tr>
<tr>
<td>WASH</td>
<td>Water, Sanitation and Hygiene</td>
</tr>
<tr>
<td>WBG</td>
<td>World Bank Group</td>
</tr>
<tr>
<td>WSP</td>
<td>Water and Sanitation Program</td>
</tr>
<tr>
<td>WSS</td>
<td>Water Supply and Sanitation</td>
</tr>
</tbody>
</table>
Executive summary

This document is the **Uganda Case Study**, one of the case studies from the four countries selected for the *Study on Domestic Private Sector for the Provision of Water and Sanitation Services in Rural Growth Areas and Small Towns: The Role of Public Sector*. The Uganda Case Study aims to identify good practices in Uganda in strengthening public institutions to effectively engage domestic private sector in providing water supply and sanitation services in small towns and rural growth centres\(^1\). The case study was prepared by Economic Consulting Associates Ltd under the guidance of Mouhamed Fadel Ndaw, Sr. Water & Sanitation Specialist at the World Bank.

**Legal, institutional and regulatory structure**

The key legislation in the water sector is the Water Act of 1995. The lead government department responsible for urban and rural water supply is the Directorate of Water Development (DWD), in the Ministry of Water and Environment (MWE). Large urban areas are supplied by the parastatal company, the National Water and Sewerage Corporation (NWSC), while small towns, which are progressively being designated by DWD as Water Authorities (WAs), either supply their own water and sanitation services or contract private water operators (PWOs).

At present, there is a system of regulation by contract. MWE, through DWD, has Performance Contracts with NWSC and with urban councils, many of which have been designated as Water Authorities. Where there is a private sector supplier, the urban councils or Water Authorities in turn have Management Contracts with the PWOs. In principle, the performance and management contracts are all supervised by the Regulation Unit in MWE, but in practice this entity cannot cope satisfactorily with the work load that this entails.

After years of discussion, a new regulatory framework appears to be imminent. In terms of provisions in a revised Water Act which is in the process of being submitted to Parliament, the Uganda Water and Sewerage Regulatory Authority (UWSRA) is to be established as an independent regulator. This will mean that MWE’s powers for regulation of WSS services will be vested in UWSRA and the Ministry will mainly concentrate on its roles of policy-making and implementer of last resort of WSS schemes. Overall, the revised Water Act is expected to be more conducive to participation of the private sector in WSS services, this being in line with the policy objectives of the water reforms that were initiated in 1998.

**Urban development**

Uganda is a country of 35 million people, with 20% of the population (around 7 million people) living in areas that are classified as urban. The urban hierarchy in Uganda is unusual. It has a single large city which is the capital, Kampala, with a population of 1.8 million. The next six largest urban centres are one tenth or less the size of capital, with

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\(^1\) The title and TOR for the study refer to ‘rural growth areas’. In Uganda, reference is more commonly made to ‘rural growth centres’, and the latter is therefore the term that is predominantly used in this report.
Executive summary

five more centres in the 60,000-70,000 range. Below these centres, there are some large towns, and then the small towns which are the focus of this study.

In Uganda, a small town is defined as having a population between 5,000 and 25,000. The process of declaring new towns is formalised - in accordance with the Local Governments Act, the Minister of Local Government, in consultation with district authorities and Cabinet, may declare an area to be an urban council (a city, municipality, town council or town board) after satisfying him or herself that the requirements stipulated in the Law have been met. In situations where new districts are created, their headquarters are automatically declared to be towns.

Population growth rates are high – over the long period to 2050, overall population is projected to grow at 2.8% pa, with urban growth at 4.8% pa. The larger urban centres are likely to have the fastest growth, but the number of small towns is also set to grow rapidly, as are the populations within small towns. As towns grow, they also progress in terms of administrative structures, from Parish and Village Councils, through Town Boards, Town Councils to Municipalities.

Water supply and sanitation service provision

WSS is provided in different ways in small towns at present. The smallest towns are provided by the local administrative structure or by community-based or non-government organisations (CBOs and NGOs). The largest towns fall under the National Water and Sewerage Company (NWSC). It was a significant change when the Government permitted domestic private sector participation (DPSP) in the water sector, since 2000 encouraging private entities to provide water and sanitation services (WSS) in small towns. In 2001, private water operators (PWOs) were providing WSS services in 15 urban centres. By 2013, this number had grown to 132 centres, of which 58 were served by operators belonging to the Association of Private Water Operators (APWO), 53 by other operators and 21 by individuals. NWSC had responsibility for Kampala and 29 towns. In 2014, this changed to NWSC having responsibility for 66 urban councils and APWO members 48 of the remaining 77 towns under DWD with piped water supply.

Amongst the case study countries, the growth in the number and size of small towns is highest in Uganda. The government and NWSC do not have anywhere near the financial and other resources to meet the requirements and the private sector therefore has a critical role to play in filling the gap in small town water supply. The Government of Uganda presently seems unwilling to recognise the scale of the rapidly growing small town WSS challenge and regards the private sector interventions as a stop-gap until NWSC can take over responsibility.

This study recommends that this position be reviewed and active steps taken to allow the private sector to play a more significant and sustained role in providing WSS services in small towns. This will mean, inter alia, PWOs becoming involved in carrying out investment projects – this should build on the experience of those PWOs which participated in externally funded output-based aid schemes to increase access to clean water in towns with existing piped supplies but limited distribution networks. The reforms that will be necessary include extending contract duration and PSP arrangements to allow for cost-covering tariffs (including a rate of return on investments) and independent regulation. It will also mean clustering centres so that PWOs can take advantage of economies of scale in supplying a
number of centres in the same region. In parallel, there would be benefits in regional divisions of NWSC being formed.

Experience with DPSP in water supply

Over the past 13 years, much has been achieved by PWOs in certain key areas, notably expanded connections and improved revenue performance. Technical performance varies, with some centres having longer hours of water supply than others, and more reliable quality. The causes of poor performance also vary, a common problem for PWOs being irregular electricity supplies.

The 2013 WSP study of private sector participation in Uganda’s water sector notes that non-revenue water (NRW) is relatively high (in excess of 20%). In the sample of 19 centres the study reviews in detail, NRW actually rose over a 10 year period, the speculative reasons given relating to the expansion of systems giving rise to more opportunities for technical and non-technical losses, and deliberate un-reporting of sales by PWOs in order to pocket the full amount of revenues and not just the allowed percentage.

Financial performance is superficially sound, in that operating expenses are typically less than revenues, implying that the systems do not require recurrent subsidies. The standard of maintenance is often inadequate, however, with high rehabilitation costs looming in the future, and the resources available for investment are woefully inadequate. The paucity of investment is reflected in low access rates (according to MWE figures, access is around 65% in small towns as compared with 77% in large towns).

Good practices in encouraging DPSPs in WSS

Particularly at the start of DPSP operations in small towns, the establishment of an institution to provide technical support is a potentially significant mechanism to facilitate the work of new PWOs. One particular function would be to backstop the PWOs when a major failure occurs, thereby reducing the risk of severe interruptions in water supplies.

The innovative model which emerges from the Uganda case study is the so-called Umbrella Organisation (UO). The UOs have a promising structure in that the umbrellas are established by and financially supported by government, but they are encouraged to operate like private companies, particularly in respect of being able very quickly to order and deliver spare parts and other critical items in the event of system failure.

Lessons learnt from the Uganda experience

There are many good concepts in the Ugandan approach to DPSP in small town water supplies which other countries would do well to emulate. At the same time, there are also lessons for Uganda from this case study, in that the way the DPSP has been implemented has severely constrained the way in which it operates in practice, and there is obvious room for improvement. The lessons from Uganda and lessons for Uganda (or recommendations or way forward for Uganda) are summarised in the table below. It might be expected that there would be many detailed lessons from DPSP in other countries which are relevant for Uganda, but we have not really found this to be the case. The major lesson from a country
such as the Philippines is at a high level, namely that the private sector can play a much more significant role in the water sector if it is allowed, or better encouraged, to invest and not just to operate supply systems where the assets remain in public hands. This forms the basis for the approach we have adopted in the lessons for Uganda section.
Executive summary

Table 1 Lessons from and lessons for Uganda

<table>
<thead>
<tr>
<th>Issue</th>
<th>Lessons FROM Uganda</th>
<th>Recommendations FOR Uganda</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market making</td>
<td>Opening WSS provision to private participation, providing strong policy backing for this, while managing competition to allow the nascent market to grow.</td>
<td>To date, PWOs have only grudgingly been allowed to operate systems on short-term management contracts. Meeting the challenge of rapid growth, it is necessary to allow and encourage PWOs to play a more significant role.</td>
</tr>
<tr>
<td>Structuring the market</td>
<td>The private sector will be more effective and will achieve economies of scale if dispersion in the small towns market is overcome by a regional strategy, such as clustering.</td>
<td>The time has arrived for Uganda to move to clustering, so that domestic PWOs can provide services to a number of different centres in an efficient manner. Similarly, regional divisions of NWSC could be beneficially formed.</td>
</tr>
<tr>
<td>Policy and legal framework</td>
<td>Clear policy statements, back by a framework law for DPSP would be ideal.</td>
<td>Clearer commitment to the DPSP model and changes to the Water Law would help strengthen the role of PWOs.</td>
</tr>
<tr>
<td>Regulatory framework</td>
<td>Reduce risk and uncertainty with framework for tariff-setting, technical and customer standards.</td>
<td>Establishment of the Uganda Water and Sewerage Regulatory Authority will be a major positive step.</td>
</tr>
<tr>
<td>Bidding process</td>
<td>Foster competition through fair, impartial transparent budding procedures.</td>
<td>Existing Local Council procedures are satisfactory, but bidders should be allowed to do their own due diligence.</td>
</tr>
<tr>
<td>Asset base and investment responsibility</td>
<td>For management contracts, assets must be in good order when handed over to private operator.</td>
<td>Instead of pure management contracts, PWOs should have an enabling environment that encourages investment in water supply systems.</td>
</tr>
<tr>
<td>Finance facility</td>
<td>Revolving credit fund would facilitate PWO operations.</td>
<td>Financing facilities need to be established, which PWOs can access, using water sales revenues as at least partial security.</td>
</tr>
<tr>
<td>Technical support organisation</td>
<td>Publicly funded organisation to provide technical support to PWOs can play a very useful role, especially when DPSP is first introduced.</td>
<td>Umbrella Organisations need to be better resourced to be able to assist a broader spectrum of PWOs, especially new entrants.</td>
</tr>
<tr>
<td>Training</td>
<td>Variety of training is also beneficial when PWOs are becoming established in the market.</td>
<td>There is need for improved coordination of training provided by NWSC, UOs and APWO.</td>
</tr>
</tbody>
</table>
Executive summary

Source: ECA

Other suggestions for improvements in DPSP which have been made are:

- improving monitoring and evaluation of DPSP (including greater use if ICT) so that government interventions can be more precisely targeted;
- encouraging the establishment of asset registers and asset management programmes;
- more focussed support to hygiene, sanitation and pro poor interventions;
- protection of water sources, to counter the tendency that has been observed in the past 5 years of declining water quality in rural and urban areas.
1 Introduction

Economic Consulting Associates Limited (ECA) has been engaged by the Water and Sanitation Program (WSP) of the World Bank to conduct the *Study on Strengthening Public Institutions in Engaging and Regulating Domestic Private Sector for the Provision of Water and Sanitation Services in Rural Growth Areas and Small Towns*.

1.1 Overview of the Study

As stated in the Terms of Reference (TOR), the objective of this study is “to consolidate knowledge so far gained by the World Bank Group and its partners at global level and provide operating procedures and guidance to developing countries and WBG task teams on how to support public institutions in effectively engaging the local private sector to deliver better water and sanitation services especially to the poor in rural growth centres and small towns”.

This study is being conducted in three phases: a desk review phase, field-diagnostic phase and knowledge dissemination phase. The specific objectives, activities and tasks for each phase and the resulting deliverables are summarised in Figure 1.

### Figure 1 Summary of study objective, activities and deliverables

**Overall objective:** “to consolidate knowledge and provide operating procedures and guidance to developing countries and WBG task teams on how to support public institutions in effectively engaging local private sector to deliver better water and sanitation services especially to the poor in rural growth centres and small towns”.

<table>
<thead>
<tr>
<th>Specific Objectives</th>
<th>Activities and Tasks</th>
<th>Deliverables</th>
</tr>
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</table>
| Analyse socio-economic characteristics of small towns & challenges of WSS service delivery | Phase 1 – Desk Review  
  - Analyse the evolution of and challenges faced by small towns  
  - Define what small town means for each region  
  - Identify examples of different initiatives to promote domestic PSP in WSS service delivery and other sectors (health, education, etc)  
  - Develop analytical framework using examples from different countries in each region of the role of public institutions in promoting PSP | Global Desk Review Update (Preliminary) |
| Document good practices of how public institutions create enabling environment for PSP | | |
| Prepare Draft Operational Guidelines to support public institutions create enabling environment for PSP | Phase 2 – Field-based Diagnostic  
  - Identify key enabling factors and approaches to designing public institution reforms conducive to PSP  
  - Learn how to identify, design and implement reforms to strengthen public institutions so as to encourage PSP  
  - Learn what strategies are effective in improving or encouraging PSP | Global Desk Review Update (Final)  
  - Best Practice Report  
  - Strategic Guidance Note and Standard Operating Procedures |
| Organise workshops and discuss lessons learnt on strengthening public institutions in creating enabling environment for PSP | | |
| Finalise Standard Operating Procedures in engaging private sector in WSS service delivery | Phase 3 – Knowledge Dissemination  
  - Distil lessons learnt from case studies from Phase 1 and Phase 2  
  - Present findings in regional workshops | Final Report and Recommendations |
Introduction

The study focuses on piped water schemes in rural and small towns where local private actors increasingly represent a significant group of stakeholders, using lessons learnt and experiences from the selected countries: Bangladesh, Colombia, the Philippines and Uganda.

1.2 Objective of this Country Report

This document is the Uganda Country Report, one of the country reports from the four countries selected for the study. The Uganda Country Report aims to identify good practices in Uganda in strengthening public institutions to effectively engage domestic private sector in providing water and sanitation services.

The identified good practices from this Country Report and from the other three country reports will be used to define a set of key factors and approaches to designing pro-private sector participation reform, which will be described and elaborated in the next set of deliverables: the Strategic Guidelines and Standard Operating Procedures.

The Uganda Country Report was based on a desk study research, followed by field visits to Kampala for the Launch Workshop (9-11 July 2014), which included a visit to a small town privately operated water scheme, and a longer field visit a month later (25-28 August 2014). A list of the institutions visited and interviewed are included in Annex 1.

1.3 Structure of this Country Report

The rest of this Country Report is structured as follows:

- Section 2 provides the basic country background
- Section 3 discusses the pattern of urban development and water/sanitation service provision in Uganda
- Section 4 focuses on Uganda’s experience with domestic private sector participation (DPSP) the water supply and sanitation (WSS) sector
- Section 5 highlights good practice lessons in encouraging domestic private service providers for other countries, and summarises areas to be improved in Uganda itself.

In addition, Annex 1 provides a list of the institutions visited during the main field visit.
2 Country Background

This section provides a background summary of Uganda, including its economic, social and administration profiles, the current situation in the water supply and sanitation sector and current development of Public Private Partnership framework in the country.

2.1 Administration, Economic and Social profile

Uganda is a landlocked country in East Africa with a population of approximately 35 million people\(^2\). Some of the larger municipalities such as Entebbe, Jinja, and Masaka and the country’s one big city (the capital, Kampala) are located on or close to the shores of Lake Victoria. Figure 2 shows the map of Uganda.

![Figure 2 Map of Uganda](source: CIA World Factbook)

Population and population growth

Uganda’s population pyramid is broad based, which is characteristic of populations with a young age structure between 0 and 19 years, given that population cohorts tend to reduce as the age increases. The population of Uganda is increasingly becoming younger with the proportion of the children (under 18 years) having increased from 51% in 1969 to 56% in

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\(^2\) The preliminary total issued by the Uganda Bureau of Statistics (UBOS) from the 2014 census is 34.9 million.
Country Background

2002\(^3\). Youth unemployment has remained a pervasive feature of Uganda’s economy, with the majority of the youth population currently employed in the informal sector. It is estimated that almost 700,000 individuals enter the labour market each year owing to rapid labour force growth of 4.8% per year. With nearly 60% of Uganda’s population below the age of 15, the size of the labour force is expected to rapidly increase in the near future, increasing pressures to expand productive employment opportunities.

Population growth rate in Uganda is among the highest in the world. Only a few countries in Sub-Saharan Africa have higher population growth than Uganda’s annual population growth of 3.1%, these including Niger, Burundi and South Sudan\(^4\). Part of reason for Uganda’s continuously high population growth is its falling infant mortality rate: in 2012, 45 per thousand infants as opposed to 81 per thousand in 2002. If the population growth rate were to remain steady at 3.1% per year, by 2030 Uganda will have a population of 57 million.

Figure 3 shows Uganda’s urban and rural population in the last 13 years. With urban growth being faster than rural growth, fertility rates are likely to moderate and the overall rate of population growth will then slow down in the coming decades.

![Figure 3 Uganda urban and rural population](source: World Development Indicators)

Indeed, over a longer period (2014-2050), the United Nations projects a lower average annual growth rate of 2.8%, resulting in total population of 104 million in 2050. Urban growth is expected to increase more rapidly than rural growth (4.8% per year and 2.2% per year).

\(^3\) Ministry of Finance, Planning and Economic Development (MFPED), 2014
\(^4\) Order differs in alternative data sources. 3.1% per year is the implied intercensal growth rate (at last census in 2002, total population was 24.2 million). The highest average annual population growth was 3.9% observed during the intercensal period of 1959-1969.
Country Background

year respectively), so that by 2050 a third of the population (33 million people) will live in urban areas.\(^5\)

**Economy and economic activities**

Real gross domestic product (GDP) growth averaged 7% per year in the 1990s and the early 2000s, but from 2006 the country witnessed more economic volatility and GDP growth slowed to an average of just about 5%. Uganda’s economic outlook is positive, but downside risks abound. An increase in public investment is likely to see the economy grow faster, at a rate of approximately 6.2% in FY14-FY15, and the intention is to maintain this upward trajectory into the near future\(^6\).

Uganda’s economy has become more diversified, with manufacturing, tourism and other services making significant contributions to GDP. In terms of livelihoods, however, the majority of the population still depend on agriculture, which is also an important sector for generating export revenues (mainly from coffee, tea and fish). Besides fertile soils and reliable rainfall, Uganda possesses substantial natural resources such as forests and wildlife and largely untapped mineral deposits (gold, copper, cobalt, crude oil and natural gas). Due to political instability in the past, that to a reduced extent still plays a role today, the exploitation of natural resources has faltered. The current National Development Plan for the period 2010/11-2014/15 strives to achieve a more balanced economy. Besides agriculture, the primary growth sectors are forestry, tourism, mining, oil and gas, manufacturing, construction, transport, communication and housing development (plus real estate activities).

As of 2013, Uganda’s GDP per capita was US$572 (US$1,410 in purchasing power parity terms). With this GDP per capita, Uganda ranks among the 15 poorest countries in the world, and is far from the middle income status it aspires to achieve. The country’s HDI value of 0.484 further enforces this view - only 23 countries perform worse in the HDI assessment in 2013. Despite declining poverty rates, the absolute number of poor has decreased relatively little due to high population growth with the country’s population doubling since 1990. Poverty remains omnipresent in Uganda and shapes the lives of the majority of its citizens.

As one of the world’s most underdeveloped countries marked by significant levels of political instability in the last decades, Uganda did not achieve continuous development of infrastructure. This holds particularly true for the water supply and sanitation (WSS) sector although significant progress - particularly in urban areas - has been made since the introduction of the 2004 Poverty Eradication Action Plan.

**Water supply and sanitation services**

Figure 4 shows that in the urban areas, access to safe water supply is around 95%, while in the rural areas, this is only around 70%. In terms of access to safe sanitation services, both urban and rural areas show very low coverage at around 33%.

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\(^5\) UN World Urbanisation Prospects, 2014.  
These percentages, however, are different from the figures quoted by the Ministry of Water and Environment in the Sector Performance Report 2013, as shown in Figure 5 below. The government figures show lower access levels for safe water (64% rural, 70% urban), but much higher figures for access to improved sanitation (71% rural, 82% urban).

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**Figure 4 Access to improved water supply and sanitation services in Uganda**

![Access to improved water supply and sanitation services in Uganda](source)

**Figure 5 Performance of WSS sector in Uganda**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Achievement</th>
</tr>
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<tbody>
<tr>
<td>1. Access % of people within 1 km (rural) and 0.2 km (urban) of an improved water source</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>61</td>
</tr>
<tr>
<td>Urban</td>
<td>51</td>
</tr>
<tr>
<td>2. Functionality % of improved water sources functional at time of spot-check (rural/WFP); ratio of the actual hours of water supply to the required hours (small towns)</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>83</td>
</tr>
<tr>
<td>Urban</td>
<td>93</td>
</tr>
<tr>
<td>WFP</td>
<td>-</td>
</tr>
<tr>
<td>3. Per Capita Investment Cost Average cost per beneficiary of new water and sanitation schemes (USD)</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>$35</td>
</tr>
<tr>
<td>Urban</td>
<td>$93</td>
</tr>
<tr>
<td>4.1 Sanitation % of people with access to improved sanitation</td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>58</td>
</tr>
<tr>
<td>Urban</td>
<td>-</td>
</tr>
</tbody>
</table>

UBOS has a further set of figures, showing an increase in the proportion of population accessing improved drinking water from 62.6% in 2002/03, to 67.6% in 2005/06, and to 73.8% in 2009/10. During the same period, the proportion of population accessing an improved drinking water source in urban areas increased from 86.9% in 2002/03 to 92.3% in 2009/10. In rural areas, the proportion of population accessing an improved drinking water source increased from 57.6% in 2002/03 to 69.5% in 2009/10.

On the basis of these trends, Uganda is on track to achieve the millennium Goal number 7 to ensure environmental sustainability by halving, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

### 2.2 Urban Water Supply and Sanitation profile

#### Legal framework

The key document in Uganda’s legal framework for the WSS sector is the Water Act. It provides for the use, protection and management of water resources and supply. It provides for the formation of water and sewerage authorities and facilitates the devolution of water and sanitation responsibility to the local level. The most important objectives of the Water Act are the promotion of the rational management and use of water and the supply of safe water in sufficient quantities for domestic purposes. Table 2 summarises Uganda’s WSS legal framework.

<table>
<thead>
<tr>
<th>Name of laws/regulation</th>
<th>Description</th>
<th>Relevance to water sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Constitution of the Republic of Uganda, 1995</td>
<td>The Constitution is the supreme law of Uganda and all other laws and regulations must not be in conflict or inconsistent with it.</td>
<td>Lays the foundations for the Water Act, other existing legislation in the Water Sector, the amendments to existing law or new legislation necessary for the establishment of an urban water and sanitation regulatory entity. Contains a number of national objectives and principles, which all laws, including water and sanitation sector laws, must comply with.</td>
</tr>
<tr>
<td>The Water Act, 1995 (Cap 227)</td>
<td>The Water Act is the principal water and sanitation sector law. It was enacted in 1995 based on recommendations of the Water Action Plan which included those relating to the reform of the then existing water sector legal and institutional framework.</td>
<td>Provides for rational management and use of water in Uganda as well as orderly development of water supply and sewerage undertakings, and use of water resources. Provides the basis for the current regulation and institutional framework for urban water and sanitation services.</td>
</tr>
</tbody>
</table>
### Country Report: Uganda

#### Country Background

<table>
<thead>
<tr>
<th>Name of laws/regulation</th>
<th>Description</th>
<th>Relevance to water sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The National Environment Act, 1995 (Cap 153)</strong></td>
<td>The National Environment Act was made in 1995. It is the principal legislation governing the environment in Uganda. Its objective is to provide for sustainable management of the environment including protection of natural resources such as water.</td>
<td>The Act provides a framework for protection of water as a natural resource and for the control of water pollution and promotion of safe storage, treatment, discharge and disposal of waste which may pollute water or otherwise harm the environment and human health. The Act establishes the National Environment Management Authority (NEMA) and outlines its mandates.</td>
</tr>
<tr>
<td><strong>The National Water and Sewerage Corporation Act, 1995 (Cap 317)</strong></td>
<td>The Act establishes and governs the legal status, mandate, powers and functions of the National Water and Sewerage Corporation (NWSC).</td>
<td>The Act constitutes the NWSC as a water authority to provide water and sewage services in areas entrusted to it under the provisions of the Water Act.</td>
</tr>
<tr>
<td><strong>The Land Act, 1998 (Cap 227)</strong></td>
<td>The Land Act puts in place a legal framework for the land management and use. It provides for land tenure and proprietary rights and interests in land of both owners and occupiers. All rights to water resources on or under land are vested in the government and not the owner of the land.</td>
<td>The Act provides a legal framework for location and protection of water sources, siting of water connections and distribution networks as well as water supply and sewerage installations.</td>
</tr>
<tr>
<td><strong>The Public Health Act (Cap 381)</strong></td>
<td>The Act is the principal sector law regulating all aspects of public health.</td>
<td>Aspects of public health regulated under the Act, include water, sanitation, sewerage and drainage.</td>
</tr>
<tr>
<td><strong>The Local Governments Act, 1997 (Cap 243)</strong></td>
<td>The Act implements the Government’s policy of decentralization and devolution of powers and services delivery to district councils and other lower governments.</td>
<td>The Act entrusts the provision and maintenance of water supplies with the district councils and makes local governments crucial players in the provision of water supply and sanitation services.</td>
</tr>
<tr>
<td><strong>The Public Procurement and Disposal of Public Assets Act, 2003</strong></td>
<td>The Act regulates all procurement and disposals of public assets by the government and its agencies.</td>
<td>The Act sets out a detailed national legal and institutional framework for all aspects of public procurement of goods and services (including water and sanitation services) as well as disposal of assets. For instance, contracting of private water operators and subcontracting of services by NWSC have to be done in accordance with this Act.</td>
</tr>
</tbody>
</table>
Country Background

<table>
<thead>
<tr>
<th>Name of laws/regulation</th>
<th>Description</th>
<th>Relevance to water sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Public Enterprises Reform and Divestiture Act, 1993 (Cap 98)</td>
<td>The Act was adopted in 1993 to implement the Government’s policy and programs of reform and divestiture of public enterprises.</td>
<td>The definition of public enterprise would cover and apply to an autonomous regulator as a statutory agency of government in the water and sanitation sector. The Act specifically mentions the status of NWSC in regard to divestiture. Accordingly, government is required to retain the majority of the shares or stake in NWSC and disposal of the reminder to other persons. In this regard, private equity in NWSC is allowed under the Act.</td>
</tr>
</tbody>
</table>


WSS sector reforms, oriented mainly to the urban sector, were initiated in the late 1990s to address notoriously poor performance of the sector in the past. The driving factor of the reforms was the need for improved quality and efficiency in service delivery. Management of the sector was ineffective, as evidenced by excessive staff structures and operating costs, extremely poor housekeeping and operational organisation, total lack of best practices, inappropriate tariffs due to political influence, and limited basic business systems. Other reform drivers include the low coverage and functionality of water facilities, rising population growth rate, and urbanisation.

The changes introduced during the reforms were very significant, not least allowing the private sector to enter the water sector, and the encouragement that was given for the establishment of domestic private sector water operators to cater for the WSS needs of small towns. Much has been achieved throughout the sector in improving water and sanitation service access and delivery in the new millennium, but there have not been any policy revisions or changes in legislation since 1998. To rise to the new challenges of the 21st century, Uganda’s WSS sector now needs an updated policy and legal framework to consolidate the sector reforms and lay the basis for the next phase of development. In this context, it is to be noted that the government has started to revise the Water Policy and Water Law. The regulatory study conducted in 2013 by ECA recommends the amendment of the Water Act to include the establishment of an autonomous regulatory authority for the WSS sector.

WSS Sector Policies and Targets

Uganda’s national plan for WSS services is currently presented in the National Water Policy paper from 1999. It lays out policies to improve co-ordination and collaboration among the sector stakeholders to achieve efficient and effective use of financial and human resources. It also lays out goals for consistent planning and implementation within the context of decentralization, government policies on private sector participation and the role played by NGOs and civil society7.

7 DWD, Guidelines and Procedures for Gazetting Towns to NWSC, 2012
Sector targets are established in the Urban Water Supply and Sanitation (UWSS) Sub-Sector Reform strategy. Four major goals have been defined (that predominantly apply to the urban WSS sector):

- **Service Coverage**: Expand service coverage in order to give 100 percent of the population in urban areas access to safe water and appropriate sanitation by the year 2015, in line with the maxim ‘Some for all, rather than all for some’.

- **Sustainability**: Achieve sustainability of service delivery. This includes efficiency improvements and the reduction of government subsidies if they remain necessary.

- **Affordability**: Ensure that a basic adequate level of service is affordable through low-cost service delivery and the implementation of a subsidy and tariff system, which is equitable and beneficial to the poor.

- **Water as a social and economic good**: It remains an underlying objective to ensure that water - as a social and economic good - is managed in the best way, bringing consequent benefits in terms of infrastructure, economic development, and health to Uganda.

**Institutional and Regulatory Framework**

Uganda has a reasonably straight forward institutional arrangement in the WSS sector, with a central ministry responsible for all things related to water. The responsible agency is the Directorate of Water Development (DWD), in the Ministry of Water and Environment (MWE). This is one of three directorates in the Ministry of Water and Environment (MWE). DWD is tasked with sustainably developing water resources – including rural areas, large towns, small towns and RGCs water supply – and ensuring there is efficiency and effectiveness in service delivery. DWD mobilises and manages resources for infrastructure development, including facilitating the establishment of point sources (shallow and deep wells, water for production, valley tanks, dams, etc.) undertaken by various actors including districts (through budgetary conditional grants), CSOs, self-supply, etc. In urban water supply, DWD has been at the forefront of establishing piped water schemes in small towns and RGCs. Large urban areas are supplied by the parastatal company, the National Water and Sewerage Corporation (NWSC), while small towns, designated by DWD as Water Authorities, either supply their own water and sanitation services or contract private water operators (PWOs).

**Figure 6** illustrates the main elements of the current institutional set up of the Ugandan urban WSS sector. Figure shows the changed set-up that is envisaged when the proposed new regulator (the Uganda Water and Sewerage Regulatory Authority – UWASRA) is in place and there are regional utilities operating under NWSC.
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Figure 6 Current institutional arrangement of the WSS sector in Uganda

Source: Ministry of Water and Environment, Towards Autonomous Regulation in the Urban Water and Sewerage Sector in Uganda, September 2012

Figure 7 Transitional and future institutional arrangements of the WSS sector


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**Country Background**

**Executive Functions**

The Ministry of Water and Environment (MWE) has the responsibility for setting national policies and standards, managing and regulating water resources and determining priorities for water development and management. The MWE has the responsibility to monitor and evaluate sector development programmes in order to keep track of the performance, efficiency, and effectiveness in service delivery. In addition, the MWE is fully responsible for Sewerage.

While sanitation is a shared responsibility of the MWE, the Ministry of Health (MoH), Ministry of Education and Sports (MoES) are also active in this sector, especially in terms of raising awareness and educating the communities on the importance of safe sanitation practices.

The Ministry of Finance, Planning and Economic Development is also a key stakeholder in the WSS in terms of allocating and monitoring financial and physical performance of government budget to the sector.

**Regulatory Functions**

Uganda’s water sector adopted the regulation by contract approach, in that the main regulatory tool used are performance-based contracts between the Ministry of Water and Environment, and the National Water and Sewerage Corporation (NWSC) in large urban areas, or the Water Authorities in small towns. The MWE, through the Directorate of Water Development oversees the performance of Municipal Town Councils, Water Authorities, and private operators.

Uganda lacks an independent regulator. For the urban water sub-sector, as of 2014 the process of creating an independent regulation authority is on-going. The Ugandan government is working towards establishing an independent regulator to strengthen regulatory functions in the WSS sector, including the design, oversight and enforcement of contracts, tariff setting and capital investment planning.

In the absence of an independent regulation authority, the sector has adopted strategies to fill the regulatory gap until an independent regulator is constituted. At present, regulation is performed by a regulatory unit within DWD. This regulatory unit is supported in its work by various sector institutions:

- **DWD (Directorate of Water Development):** sets and enforces service standards, issues abstraction and discharge permits, conducts water quality monitoring, supervises Water Supply and Sewerage Authorities including NWSC, controls capital investment programs.

- **NEMA (National Environmental Management Agency):** is the principal agency for environmental management, and delegates some powers to DWD.

- **NWSC (National Water and Sewerage Corporation):** is supposed to be regulated by DWD, but it “Self regulates” in many respects. The head office regulates Area Operation Offices through incentive-based delegated management contracts.
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- Uganda Bureau of Standards (UBOS) sets national standards such as drinking water quality.
- National Forest Authority (NFA) oversees the sustainable management of forests and their linkages to water sources, while the Ministry of Health (MOH) is in charge of monitoring water quality.
- Minister of Water and Environment (MWE) approves tariffs, and further signs Performance Contracts with Water and Sewerage Authorities and NWSC.

Tariffs are proposed by the operators. In the case of small towns, tariffs are proposed by operators and local government officials using a clear business tool. The Minister of Water and Environment approves tariffs and signs performance contracts with Water and Sewerage Authorities and NWSC. One of the current problems is that delays in revising tariffs are common because approval by the Water and Environment Minister usually takes time.

After years of discussion, the new regulatory framework does now appear to be imminent. Provisions to create UWSRA have been included in the revised Water Act, which MWE has already forwarded to the Solicitor General for legal opinion and technical advice before it is sent to cabinet for action. The establishment of the independent regulator will essentially mean that MWE’s powers for WSS services will be vested in the regulatory body (UWSRA) and the Ministry will mainly concentrate on its executive powers for policy formulation and implementation, as is depicted in Figure 7 above. Overall, the revised Water Act is expected to be more conducive to participation of the private sector in WSS services in line with the policy objectives of water reforms that were initiated in 1998. One specific aspect which will be welcomed by PWOs will be predictable procedures and timetables for tariff revisions.

Service Provision

The Ugandan National Water and Sewerage Corporation (NWSC) is the main provider of metered water in Uganda, with a total capacity of 318,842 m³ per day. In 2013, NWSC operated in 23 towns, 19 of which have water treatment workstations. NWSC has subsequently taken over number of towns formerly supplied by PWOs or municipalities. In 2014, the situation has changed to NWSC having responsibility for 66 urban councils and APWO members 48 of the remaining 77 towns under DWD with piped water supply.

Small town water supply cover urban centres as well as town boards and rural growth centres with more than 500 people. In 2014, there were 123 gazetted water authority areas and, in addition to the APWO-managed schemes, over 200 piped water supply systems in small towns and rural growth centres managed by individual private operators and local governments.

Financing Framework

In the process of allocating the government budget, Uganda utilises a Medium Term Expenditure Framework (MTEF). The MTEF is a three year rolling budget framework used...
to guide public sector resources allocation, including development aid. At the beginning of the budget process, sectors are provided with medium-term resource ceilings, which, in aggregate are consistent with the achievement of macroeconomic objectives. Sector working groups then allocate these ceilings to institutions within the sector over the medium term with respect to the achievement of the sector policy objectives.

These allocations are articulated in the budget framework paper (BFP), which represents the government’s medium term budget strategy. The first year of the MTEF forms the basis of the annual budget allocations, which are voted by parliament. In the WSS sector, the DWD is in charge of investments using government allocated funds to improve water supply infrastructure (see Box 3).

**Box 1 Uganda Water Sector Investment Plan**

As part of the water sector reform, the Government of Uganda acknowledged the need for a national strategy and investment plan. The first water sector investment plan was developed in 2005, which covers all of the water subsectors (urban water supply, rural water and sanitation, water for production and water resource management).

In 2009, an updated water sector investment plan was prepared with the objective to guide all future investments in the sector to improve its fiscal and physical effectiveness for more efficient achievement of the sector targets and goals.

The water sector investment plan was prepared by the Ministry of Water and Environment (MWE), which is responsible for the overall water sector policy development and for setting the sector targets in general.

The calculation of investment requirements is based on the Strategic Sector Investment Model (SSIM) that provides estimates of the investment needs according to sector targets. The SSIM is structured to provide detailed estimates per sub-sector and summaries for the water sector as a whole. The SSIM is linked to a GIS database for visualising and aiding decision making on investment priorities.

The SSIM is structured so that targets can be set in accordance with the national planning framework with 5-year and 10-year National Development Plans (NDP) and the Vision 2035 targets by providing investment estimates with target setting in year 2015, 2020 and 2035.


According to *Uganda’s long and medium-term fiscal strategy for socioeconomic transformation* (2013), government spending on public infrastructure (total investment) in the period up to 2040 will amount to US$ 38.8 billion. This reflects average annual expenditure of US$ 1.37 billion, of which water and sanitation infrastructure investments constitute only 3% - this is equal to US$ 40 million per year. While the urban water sector receives 40% of the entire budget, only 15% is allocated to small towns.

In practice, as shown in Figure 8, for the financial year 2013/14 the budget allocation to the sector of water and environment was UGX 383.9 billion (US$ 142 million)- constituting 2.9% of the total national budget. The projected budget allocation to the sector is expected to increase to UGX 419.42 billion (US$ 155 million) in the financial year 2014/2015 although its
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share of the total budget is likely to remain at 2.9%. These figures refer to the total allocation to water and environment, with the major part of the allocations being earmarked for recurrent expenditure. On average, capital expenditure constitutes about 38% of total expenditure and net lending.

**Figure 8 Uganda Budget Allocation by Sector**

<table>
<thead>
<tr>
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<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Security</td>
<td>1,048.50</td>
<td>1,150.75</td>
<td>8.0</td>
<td>8.1</td>
<td></td>
</tr>
<tr>
<td>Works &amp; Transport</td>
<td>2,510.66</td>
<td>2,389.24</td>
<td>19.2</td>
<td>16.7</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>382.68</td>
<td>473.69</td>
<td>2.9</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>1,761.59</td>
<td>1,942.05</td>
<td>13.5</td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>1,127.48</td>
<td>1,272.18</td>
<td>8.6</td>
<td>8.9</td>
<td></td>
</tr>
<tr>
<td>Water &amp; Environment</td>
<td>383.86</td>
<td>419.42</td>
<td>2.9</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>Justice, Law and Order</td>
<td>625.73</td>
<td>807.76</td>
<td>4.8</td>
<td>5.7</td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td>698.8</td>
<td>734.56</td>
<td>5.3</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>Energy &amp; Mineral Development</td>
<td>1,675.72</td>
<td>1,829.39</td>
<td>12.8</td>
<td>12.8</td>
<td></td>
</tr>
<tr>
<td>Tourism, Trade &amp; Industry</td>
<td>54.81</td>
<td>63.86</td>
<td>0.4</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Lands, Housing &amp; Urban Dev’t</td>
<td>29.99</td>
<td>96.62</td>
<td>0.2</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Social Development</td>
<td>44.42</td>
<td>54.11</td>
<td>0.3</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>ICT</td>
<td>15.43</td>
<td>17.01</td>
<td>0.1</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Public Sector Management</td>
<td>1,093.85</td>
<td>1,210.73</td>
<td>8.4</td>
<td>8.5</td>
<td></td>
</tr>
<tr>
<td>Public Administration</td>
<td>398.34</td>
<td>510.79</td>
<td>3.0</td>
<td>3.6</td>
<td></td>
</tr>
<tr>
<td>Parliament</td>
<td>237.59</td>
<td>237.59</td>
<td>1.8</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Interest Payments</td>
<td>975.34</td>
<td>1,082.87</td>
<td>7.5</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL (excl. taxes on Gov’t imports)</strong></td>
<td><strong>13,064.79</strong></td>
<td><strong>14,292.63</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: MFPED, Background to the Budget 2014/15 Fiscal Year. *Maintaining the Momentum: Infrastructure Investment for Growth and Socio-Economic Transformation, 2014*

Donor funded activities in the WSS sector play a significant role in Uganda’s efforts to develop its WSS services. Civil Society Organizations’ (CSOs) financial contribution and investments are derived largely from donor support, community contributions, and to a limited extent from income-generating activities. CSOs in Uganda made a total investment of UGX 32.4 billion during the 2012/2013 financial year⁹. Regrettably, CSOs’ investments in WASH has declined in recent years in an environment that saw donor funding fall in general – in 2010/2011 UGX 17.8 billion was invested in WASH projects as compared to UGX 34.1 billion in 2007/2008.

⁹ MWE, *Water and Environment Sector Performance Report 2013*
2.3 Public Private Partnership profile

National Public Private Partnership framework

Public private partnerships (PPPs) in many countries have played an important role in relieving financial and organisational constraints in the public sector, resulting in more rapid expansion of public services than would otherwise have been the case. To date in Uganda, the role of PPPs has been quite limited. The high profile examples are power generation under Eskom, power distribution under Umeme, the Bujagali hydropower project, Electricity for Rural Transformation, the Kalangala infrastructure services project, and the Vegetable Oil Development Project.

Recognising the potential of PPPs in sectors such as health and education as well as infrastructure, the Ugandan government developed a PPP Policy which was approved by Cabinet in March 2010\(^\text{10}\). PPP projects are perceived by the government as central to Uganda’s efforts to improve infrastructure and boost competitiveness. To provide a legal framework to implement the policy, the Ministry of Finance Planning and Economic Development (MFPED) developed a PPP Bill, which was approved by Parliament in 2012\(^\text{11}\).

The PPP Act came into effect in 2014. The law covers the management of PPPs, defines PPP processes, procurement rules and methods, distinguishing between competitive and non-competitive bidding methods. The Investment & Private Sector Department of MFPED is the coordinator and implementer of the PPP framework – in effect the PPP unit.

Local government Public Private Partnership framework

For private sector participation in small town water provision, it is significant that the definition of a “contracting authority” in the PPP Act is restricted to “a Ministry, department of Government or any other body established by Government and mandated to carry out a public function, but does not include a local government”. The exclusion of local government is consistent with the PPP policy which states that “local government authorities shall be responsible for identifying, developing and managing PPP projects” but they will have to consult with MFPED on policy issues and the PPP Unit for appropriate project support.

With the assistance of UNDP, the Ministry of Local Government has nonetheless gone ahead to produce PPP Guidelines for Local Governments\(^\text{12}\). Local government initiated PPP arrangements, not least in the water sector, are after all an existing reality. The Guidelines

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\(^{10}\) Ministry of Finance, Planning and Economic Development, Public-Private Framework Policy: Promoting Quality Services to the Public, 2010

\(^{11}\) A description of the contents of the PPP Law and the full text is available at http://parliamentwatchuganda.org/public-private-partnerships-bill/

\(^{12}\) In his introduction, Minister Mwesigye somewhat disingenuously states that “the PPP Policy gives contracting authority to local government authorities among others and it is within this spirit” that the PPP Guidelines for Local Governments have been prepared. http://www.ug.undp.org/content/dam/uganda/img/Research%20and%20Publications/PPP%20Guidelines%20Final.pdf.
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present the legal framework, lay out the principles of PPP, discuss different options (ranging from service contracts to design-build-finance-operate models), how pro-poor concerns can be addressed in PPP arrangements and the steps required to initiate a PPP and to handle unsolicited PPP applications, with emphasis on stakeholder involvement. This is all pulled together in a detailed discussion of the PPP cycle.

These Local Government PPP Guidelines are anomalous because they are not backed by the law. Not surprisingly, it is reported that there has been little application of the Guidelines, as local government cannot be contracting authorities anyhow. The Guidelines are nonetheless a useful step forward – they are readily available on the UNDP website for anyone who wishes to take advantage of the wealth of information on PPPs they contain, and they will be available and ready to be used in earnest if and when the law is changed (as seems likely at some point in the future) to allow Local Governments to be contracting parties.
Urban Development and WSS Provision

3 Urban Development and WSS Provision

This section looks at the dynamics of the urban hierarchy and how this affects public service provision, in particular water supply and sanitation service provision in small towns and rural growth centres.

3.1 Dynamics of the Urban Hierarchy

Uganda has an unusual urban hierarchy. There is only one city, the capital, Kampala, which has a population of 1.8 million. The next largest urban centres are one tenth or less the size of capital: Gulu (147,000), Lira (119,300), Mbarara (97,500), Jinja (94,000), Bwizibwera (79,200), Mbale (76,500) and five more centres in the 60,000-70,000 range (Mukono, Kasese, Msaka, Entebbe and Njeru). This ‘flat’ structure is like Rwanda, where second city Butare (90,000) is roughly one tenth the capital Kigali (800,000), but stands in contrast with countries such as Kenya where there are significant secondary cities. The population of the capital Nairobi (4 million) is a larger proportion of the total national population (around 9%, as compared with 5% for Kampala), but the population secondary cities start at a third: Mombasa (800,000) and Nakuru (260,000), followed by three centres in the 200,000-220,000 range (Eldoret, Kisumu and Thika).

The administrative hierarchy for urban centres in Uganda is as follows:

- Capital City Authority
- Division Urban Council
- Municipality
- Municipal Divisions
- Town Council
- Town Board

Municipalities, town councils and town boards are together classified as urban councils. Below these structures are Parish and Village Councils.

The administrative classification differs in some respects from the planning hierarchy which is described in the next section.

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13 Figures refer to 2014, data is from World Population Review, and will need to be updated when the full census results come out. Other sources have different figures. UBOS 2002 Census figures included Masaka (61,300), Kabale (45,757), Arua (45,883), and Mbarara (69,208). [http://worldpopulationreview.com/countries/uganda-population/major-cities-in-uganda/](http://worldpopulationreview.com/countries/uganda-population/major-cities-in-uganda/)
Definition of small towns and rural areas

In Uganda, small towns represent areas with population greater than 5,000 people and less than 25,000. Rural growth centres (RGCs) are classified as having a population that is between 500 and 5,000. Rural areas have low population density, with conglomerations being less than 500 people.

There are two types of small towns in Uganda. Most of Uganda’s small towns are located along the main highways and have relatively poor infrastructure, such as the road network going into the hinterland. These towns were not planned and have poor or non-existent services such as garbage collection. The second category of small towns is those that develop with establishment of local governments’ administrative headquarters such as district and sub-county headquarters.

Uganda’s small towns are characterized by informal economic activities that range from subsistence agriculture and trade in livestock products or agricultural produce to petty trade and transport services (bicycle, motor cycle, and cars). Economic activity in small towns is commonly hampered by poor levels of infrastructure and a lack of public services. This is true for roads, urban physical planning, WSS services, health services, and education. However, the level of information access has improved dramatically in recent years, due to the rapid spread of mobile phones.

Dynamics of the Urban Hierarchy

Whether a centre is classified as a small town changes with growth in the number of inhabitants above the threshold levels mentioned above. A rural area becomes a rural growth centre when the population rises above 500, then graduates to a small town above 5,000 and to a large town when the population exceeds 25,000. In accordance with the Local Governments Act, the Minister of Local Government, in consultation with district authorities and Cabinet, may declare an area to be an urban council (a town, municipality, town board) after satisfying him or herself that the requirements stipulated in the Law have been met. In situations where new districts are created, their headquarters are automatically declared to be towns.

The main driver for an increasing percentage of Uganda’s total population living in urban areas is the economic advantage people from rural areas perceive in moving to an urban area. This ‘pull factor’ includes hope for factory work, jobs related to the exploitation of natural resources and work opportunities in the public sector. High population growth in the rural areas and the corresponding shortage of land are ‘push’ factors for Uganda’s urbanisation.

On a global level, Uganda has a small urban footprint, with Kampala being by far the largest urban center in the country. Figure 9 shows the spread of urban centers in Uganda (red dots) along with a 2km buffer, i.e. areas surrounding the urban centers, shown in yellow shades. It can be seen that the concentration of urban centers is higher around Kampala (largest red area in the map). This is consistent with the hypothesis that urbanisation in Uganda is mostly economically driven. Urban centres around Kampala in general have more industrial and commercial activities, and are better connected than the rest of the country than more remote urban centres.
Figure 9 Uganda’s urban footprint

Source: Somik Lall “Planning for Uganda’s Urbanisation”, World Bank

Figure 10 Concentration of manufacturing activity in Uganda

Source: Somik Lall “Planning for Uganda’s Urbanisation”, World Bank
Urban Development and WSS Provision

This is the result of the factors which influence manufacturing location decisions. These include information sharing, process and product innovation as well as the availability of business, financial and legal services. The result is a high level of concentration of manufacturing in Kampala and to a lesser extent along regional transport corridors. This is illustrated in Figure 10 above.

As the development of infrastructure and public services has been consistently neglected in past decades, Uganda’s continued urbanisation has severe consequences for the availability and quality of public services and infrastructure. Services have not grown at the same rate as the population occupying a respective urban area, and urbanisation has thus led to a decreased level of public services overall and inadequate infrastructure being available to urban populations.

Levels of Government

There are two levels of government in Uganda: Central Government and Local Government. Local government structures are further categorized as follows:

- In rural areas, the local government is the District Council, with lower levels of local government including County Councils, sub-county councils, Parish, and village councils.
- In urban areas, the local government is the City Council, Division Urban Council, Municipal Councils Municipal Divisions, and Town Councils. City Councils are the urban equivalent of District Councils.

Currently, Uganda has one city, 22 Municipalities, 174 Town Councils, and 205 Town Boards. These figures are not static; they keep changing inter alia because new districts are frequently declared and according to the Local Governments Act Cap. 243, whenever a new district is created, its headquarters automatically becomes a Town Council.

Public Service Provision

The Local Governments Act provides for functions and services of central and local government. In general, the central government is responsible for setting policy and national standards, while the local governments are responsible for the implementation of policy.

The district and city councils are responsible for major functions and services, including but not limited to: primary, secondary, trade, special and technical education; hospitals (other than hospitals providing referral and medical training); health centres, dispensaries and aid posts; the construction and maintenance of feeder roads; agricultural extension services, land administration and surveying; community development; and the provision and maintenance of water supplies.

The Local Governments Act also states that the district level governments are allowed to enter into contracts with private companies in order to fulfil their responsibilities in providing public services.
In terms of WSS service provision, the Water Act provides that the Minister responsible for water may appoint any person or public bodies to become Water Supply and Sewerage Authorities (WSSAs, or more commonly abbreviated as WAs). In most cases these are municipal councils or town councils, or district councils in rural areas. The WAs have Performance Contracts with the Ministry of Water.

For small town water supplies, as mentioned earlier in Section 2.2, there are two parallel tracks – those generally larger centres which are supplied by NWSC, which reports through a Performance Contract to the Ministries of Water and Environment and MFPED, and those which fall directly under the WAs. Some WA schemes are run by the local authorities themselves, or by community groups, while others are contracted to PWOs through Management Contracts which are monitored by the Directorate for Water Development. PWOs are appointed on the basis of a transparent and competitive bidding process, which is managed at the local level according to prescribed local government procurement processes. The WSSA appoints a 5 member Board to supervise the PWO on its behalf.

3.2 DPSP in Water Supply and Sanitation Service provision

Small towns with private service providers

Private operators provide water services that are related primarily to the operation and maintenance of the systems. The assets are owned by the government of Uganda through the Ministry of Water and Environment. The number of towns supplied by PWOs has grown significantly since the idea was introduced early in the new millennium. Figures are given in the next section.

Private sector involvement in the provision of local services is not restricted to the water sector. In Uganda, the private sector is also involved in the provision of services such as health and education. Education, for example is categorised as pre-primary, primary, secondary, vocational and tertiary education. Pre-primary is sole responsibility of the private sector, but guided by the National Education System. While primary education is universally free, the number of privately owned primary schools has increased significantly, and so is the privately owned number of Universities. According to the Ministry of Education and Sports, 57.3% of the education facilities in the country are provided by the central government and local governments while 34.7% are provided by the private sector.

A basic monitoring and evaluation mechanism is in place in Uganda in the form of a reporting framework that has to be followed by stakeholders providing WSS services. Local Governments - in consultation with the MWE - appoint and manage private operators for urban piped water schemes that are outside the jurisdiction of NWSC. Local Governments at district level submit quarterly and annual reports on the progress of activities and expenditure to MWE/DWD (copied to MFPED). Information in the reports is based on findings from the monitoring and evaluation that is undertaken at district and sub-county level throughout the year. The information that is of interest in this study relates to urban local government contracting of WSS services and related regulation and reporting, principally. PWO-WAs and WAs-MWE.
Based on the reports submitted by local governments the MWE/DWD presents a Sector Performance Report (SPR) that summarizes the achievements in the WSS sector and evaluates the performance against the ten golden indicators. Although the focus is on rural rather than urban, the SPRs include considerable analysis and comparison of the performance of Local Governments at district level\(^\text{14}\).

**Small towns without private service providers**

Small towns without private service providers are of two types – the large towns which are supplied by NWSC and, at the other end of the scale, centres that usually have very low populations. The second type include small towns as previously defined (5,000-25,000) and also isolated rural growth centres (500-5,000) with population levels which are often close to the 500 cut-off level. In such centres, economic activities are dominated by agricultural production (crop and livestock) at subsistence level. Low skilled non-farm activities that include little investment such as fishing and informal cross-border trade are secondary economic activities in these rural areas.

Piped water supply is not uncommon in RGCs and, with conditional grants to districts augmenting service provision by civil society, there is room for the private sector particularly in O&M of such WSS systems. Private service providers are usually not only missing from the WSS sector in the rural areas but also from all other aspects of economic life. WSS services in rural areas are instead often provided by NGOs and CBOs. This includes construction of communal facilities (such as a shared borehole), community mobilization, capacity building and hygiene promotion.

\(^\text{14}\) SPRs can be downloaded from http://www.mwe.go.ug/index.php?option=com_docman&task=cat_view&Itemid=223&gid=15
4 Experience with Domestic Private Sector Participation

4.1 Overview of DPSP experience in the water sector

Numbers of private operators

In Uganda’s urban areas, the provision of water by private water operators (PWOs) has been important since 2001, when 15 centres were supplied by PWOs. Table 3 shows the 2013 distribution of responsibility for water provision across the cities (1), municipalities (22) and town councils (164) in 2013. Of the 187 centres identified in the table, 30 were provided by NWSC, 1 by a sugar company and 24 by Water Authorities. The remaining 132 centres are served by private water operators (58 by operators belonging to the Association of Private Water Operators - APWO, 53 by other operators) and by individuals (21 centres).

<table>
<thead>
<tr>
<th></th>
<th>City</th>
<th>Municipalities</th>
<th>Town Councils</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numbers in 2013</td>
<td>1</td>
<td>22</td>
<td>164</td>
<td>187</td>
</tr>
<tr>
<td>o/w without piped supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NWSC</td>
<td>1</td>
<td>18</td>
<td>11</td>
<td>30</td>
</tr>
<tr>
<td>Water Authorities</td>
<td></td>
<td></td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>AWPO Private Operators</td>
<td>4</td>
<td>54</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Other Private Operators</td>
<td></td>
<td>53</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>Individuals</td>
<td></td>
<td>21</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Sugar Company</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>22</td>
<td>164</td>
<td>187</td>
</tr>
<tr>
<td>o/w gazetted</td>
<td>4</td>
<td></td>
<td>100</td>
<td>104</td>
</tr>
</tbody>
</table>

Source: Ministry of Water, reporting APWO data (APWO= Association of Private Water Operators)

The figures in the table are a sub-set of the total numbers. The number of Urban Councils in Uganda mid-2014, as confirmed by the Ministry of Local Government, was 198 (made up of 1 city, 22 Municipalities, 175 Town Councils) and 205 Town Boards. The number of small towns as described by the Ministry of Water and Environment was 376 of which 123 were gazetted. Amongst the urban councils, 143 had piped water supplies and 55 did not; responsibility for water was divided between NWSC (66 centres) and DWD (132 centres).

Contractual relationship and business model

As previously explained, the private water operators (PWOs) have management contracts with the water authorities (WAs). The PWOs are specifically excluded from having investment responsibilities. They operate on the basis of revenues collected according to a
Experience with Domestic Private Sector Participation

schedule of tariffs set by PWO and local governments, but approved by the Ministry of Environment and Water, with the contracts generally stipulating that the PWO has the right to retain of the order of 85% of collected revenue, while the reminder goes to the Water Authority. Retained fees vary depending on what PWOs propose in their business plans, which are later incorporated in the management contracts. The intention is that about two thirds of the WA share (10% if the WA amount is 15%) is to be set aside in a bank account earmarked for major maintenance and small investments, while the remaining one third (~5%) goes to the WA to meet its own running costs.

Asset ownership and sources of finance

The assets are owned by the government and investment responsibility is assumed by MWE. The resources available for investment from the national budget and donors fall well short of requirements and hence supply systems are often inadequate to cater for the rapidly growing populations in the towns. The private operators are therefore often in a difficult position of trying to provide services with an inadequate asset base at their disposal. The case of Mpigi which is described in the box below, is a case in point.

Box 2 Mpigi town water supply

The source of water for Mpigi town is a swamp, from which the water has to be pumped to a full-scale treatment works, after which it is pumped to storage tanks which feed the distribution system. The costs of supply are much higher than other centres where no (minimal) treatment and less pumping are required.

The infrastructure was built in 2008 by the Department of Urban Water Supply and Sewerage. Trandint Ltd, one of the largest and most successful PWOs, was given the first management contract for Mpigi and this was renewed in 2012 for a period of 5 years. As of mid-2014, there were 1,602 connections, including kiosks which provide water to low income households. Production is around 80 m3 per day or 50 litres per connection. This is extremely low in relation to the purported capacity of the Mpigi system, which is 1,200 m3/day. It is estimated that only 30% of the town’s residents are supplied with water by the utility. Shallow wells are the main alternative source of supply.

The three main problems identified by the operator are the high costs of production; unreliable grid power which disrupts production, limits sales and reduces revenues; and the low level of access indicating that the underlying demand for water far outstrips current supply capacity. According to the operator, the management contract precludes Trandint Ltd from making investments to address the supply-demand imbalance: it would anyway be difficult to recover the costs of the investment in the short duration contract period. The community has assisted in trying to expand the supply system and the operator has proposed that an out-based aid (OBA) approach be adopted to accelerate the expansion of the system.

Trandint has experience from other towns it manages (Busembatia, Kachumbala and Luwero) of expanding the distribution network through participating in projects which were supported by the Global Program for OBA (GPOBA). In the OBA approach, the investment costs of new connections are pre-financed by a local bank, with payment being made to the PWO when an independent verification agent has ensured that the connection has been made and water is being supplied to new customers. The incentive
Experience with Domestic Private Sector Participation

for the PWOs is to expand their customer base and profitability by reducing overhead costs per unit of water sold through expanding the volume supplied. Source: Information gathered during field visit

Competent operators, such as Trandint are frustrated about not being able to undertake investments which would alleviate the constraints they face, and are aware that NWSC would be in a position to do so if and when the national utility takes over the town. Given the positive experience Trandint has had in other towns with the output based approach described in the box, the operator is puzzled that the Government is not willing to pursue an OBA approach in Mpigi.

4.2 DPSP in Rural Growth Centres

The development of water and sanitation facilities is an important step to making rural growth centres (RGCs) viable, with the resultant role of reducing migratory pressures to the larger cities. Once the infrastructure has been handed over, the local community through the Water Board and the scheme operator, becomes responsible. In many cases in RGCs, the scheme operator is private (either an individual or a micro-enterprise).

As indicated in Figure 11, the Umbrella organisations are a component of the support to the scheme operator. Indeed, the Umbrellas typically play a crucial role in assisting with system operation and stepping in with significant support when there are breakdowns.

Figure 11 The Umbrella service delivery model

Source: Katharina Gerlinde Aspalter “WaSH Safety Plans and their Application in Rural Growth Centres in Uganda” Austrian Development Cooperation (OEZA)

4.3 Performance of DPSPs

Over the past 13 years, much has been achieved by PWOs in certain key areas, notably:

- Expanded connections – from 4,883 connections in financial year 2001/02 to 54,352 connections in APWO towns in 2012-13. This has fallen to 27,767 connections in 2013/14 due to 38 of the larger centres being taken over during the course of the years by NWSC.
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- Improved revenue performance – customers are metered and billed, and revenues collected often for the first time. Average collection efficiency is around 90%.

- Tariffs are often low enough for affordability not to be a big issue, but this is not always the case. Small town tariffs vary from as low as UGX 800 (Budadiri) to as high as UGX 4,500 (Sembabule). The average tariff for small towns is UGX 2,214 – relatively higher than the average UGX 2,046 that NWSC charges for domestic connections.

Technical performance varies, with some centres having longer hours of water supply than others, and more reliable quality. The causes of poor performance also vary, a common problem for PWOs being irregular electricity supplies. The 2013 WSP study of private sector participation in Uganda’s water sector notes that non-revenue water (NRW) is relatively high (in excess of 20%)\textsuperscript{15}. In the sample of 19 centres the study reviews in detail, NRW actually rose over a 10 year period, the speculative reasons given relating to the expansion of systems giving rise to more opportunities for technical and non-technical losses, and deliberate un-reporting of sales by PWOs in order to pocket the full amount of revenues and not just the allowed percentage.

There is evidence of poor financial management and lack of audit in many PWO enterprises, but financial performance is generally superficially sound, in that operating expenses are typically less than revenues, implying that the systems do not require recurrent subsidies. The standard of maintenance is often inadequate, however, with high rehabilitation costs looming in the future, and the resources available for investment are woefully inadequate. The inadequacy of investment is reflected in low access rates (according to MWE figures, access is around 54% in small towns as compared with 75% in large towns).

4.4 Key Achievements and Success with DPSP

In Uganda, there is a sharp division of opinion between public and private institutions on the achievements, constraints and future role of PWOs. In this section and the next, we summarise the views, as we understand them, of the public institutions on the one hand and the private operators on the other. Our own conclusions are given in Section 5.

4.4.1 Public Institutions’ Perspective

The public sector view, as espoused by MWE and NWSC, is that the private sector is playing a stop-gap role in providing water services in small towns until such time as NWSC can take the towns over and absorb them into their structure.

The Ministry is willing to acknowledge that PWOs have often done not just a useful but also a good job, and that the PWO interventions have assisted in achieving goals of improved access and higher levels of service provision. NWSC, on the other hand, is more critical of

\textsuperscript{15} See http://www.wsp.org/sites/wsp.org/files/publications/Private-Sector-Participation-in-the-Ugandan-Water-Sector-Review.pdf
PWO interventions. The problems identified by NWSC with PWOs are documented in the next section.

4.4.2 Private Operators’ Perspective

The leading PWOs, which belong to APWO, are articulate about the positive role they have played in supplying water in small towns. According to the APWO submission to the annual Sector Performance Report, as of mid-2014 there are a total of 20 Independent Private Water Operators (PWOs) managing 48 town water supply systems (out of total of 123 gazetted small towns), through management contracts. The decline in number of towns managed by PWOs since 2013 is due to the transfer of some towns to National Water and Sewerage Corporation, an exercise that has so far seen 38 towns transferred from the PWOs to NWSC during the 2013/14 financial year (FY). APWO members currently serve a population of 1,030,641 in the small towns with a total number of 27,767 connections as compared to 54,352 in the previous FY. The collection efficiency for the FY 2013-14 was 89% of the billed revenue and the average Non Revenue Water is at 25%.

![Figure 12: APWO members’ performance indicators over 13 years](source: APWO (drawing in DWD and Ministry of Water and Environment data))

The bigger operators do not need and do not receive support from the public support entities (notably the Umbrella Organisations), although there are some exceptions. APWO raises resources from its development partners and projects (such as WAVE-plus) for capacity building for its members in various areas including Non-Revenue Water Management, Water Quality Testing and Monitoring, Customer Care and Commercial Orientation, Financial Management and Operation & Maintenance. Some of the provision of capacity building is from public institutions (MWE and NWSC).
For the smaller operators, the Umbrella Organisations do provide an important source of technical support and provide training. Capacity building is also offered by NWSC and APWO. As a member-based organisation APWO has limited resources, as evidenced by a lean secretariat (which is currently funded by an external project, i.e. EU-Vitens)

4.5 Key Constraints and Challenges

4.5.1 Public Institutions’ Perspective

NWSC has a harshly critical perspective on the PWOs, claiming that many of the operators find ways to minimise financial outlays and maximise the revenues which accrue to them, at the expense both of service provision to existing customers and the overall sustainability of the systems. When NWSC takes over towns, they operate under a proper governance framework. By systematically carrying out the O&M that is truly needed, complementing this with strategic capital investments, and tightening revenue collection, NWSC claims to achieve rapid, substantial improvements in performance which fully justify the intention for NWSC to progressively take over responsibility for water provision in all small towns in Uganda.

4.5.2 Private Operators’ Perspective

By contrast, the PWOs feel that they are unnecessarily and unfairly penalised by the presumption that they are fulfilling only a stop-gap role in the water sector. Although this may only apply to a sub-set of the PWOs, at least some of them would like to be given the opportunity to compete with NWSC by being allowed to make investments in the systems they are operating. They would thereby be able to expand their market and make their enterprises more profitable, while at the same time advancing the Government’s goals of enhanced access and improved service delivery.

The sort of situation that is encountered is described in Box 3 for Bugiri. While the operator, KMS, is discouraged from investing and would anyway struggle to find the finance to do so, if and when NWSC takes over it will have the resources and the long-term horizon needed to invest to reinforce and system and make it properly viable. Modest investments to increase storage capacity, improve metering and begin to address the very high level of losses would have immediate beneficial impacts on the bottom line. Further investments could then be made to extend the distribution network to improve access and this would, through economies of scale effects, further enhance scheme viability.

<table>
<thead>
<tr>
<th>Box 3 Bugiri town water supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water in the town of Bugiri is supplied by a private operator (Kagulu MS Ltd, henceforth KMS). The Bugiri Town Council contracted KMS for a 3 year period which will come to an end in February 2015, at which point the operator expects that the town will be taken over by NWSC. KMS has 6 full-time staff, plus 2 part-time staff, to run the operations at Bugiri. The firm also runs schemes in other towns and has about 40 staff members in all.</td>
</tr>
</tbody>
</table>
KMS has a sophisticated billing and management information system which is used in all the towns in which it provides services.

Bugiri town has a population of around 25,000. It is supplied with water from 3 boreholes, only 2 of which are functioning. There are 954 connections (32 house connections, 795 yard taps, 16 public kiosks and 111 institutions). Domestic consumers are the main customers. Demand is strongest during the dry season, because at other times of the year people are able to obtain water from shallow wells, which are common in the area.

The pumps that are available are capable of supplying 360 m$^3$ per day. Demand is higher than this and would be considerably higher if all the residents of the town had access to piped water. At say 40 litres per capita per day for all purposes, including losses, pumping capacity would have to be 1,000 m$^3$ per day. The current pumping constraints are exacerbated by power supply problems. Power surges during the day force pumping at night, but there is only 250 m$^3$ of storage capacity.

Losses are large – water sold is about 40% less than water produced. This is not just because of leaks. Large amounts of water have to be used to flush the system when the water is dirty, and bills for many customers are based on estimates because of inadequate metering.

KMS considers its achievements to be the attainment of 12 hour per day supplies, a significant increase in revenue collection and improvements in water quality. The biggest complaint of the operator is the lack of incentives to invest in the system, followed by delays in increasing tariffs. The viability of the operations in Bugiri were threatened by a long tariff approval delay, but eventually the tariff was increased to UGX 1,900/m$^3$ or UGX 2,242/m$^3$ including VAT.

Source: Information gathered during field visit

The most significant threats and problems identified by the PWOs are:

- **NWSC** – PWOs consider NWSC taking over a town before the end of their contract as a major threat\(^\text{16}\).

- **Tariffs** – long delays in approving tariff increases, with no indexation formula in place, which results in the real value of tariffs and revenues declining. Even after approval by the Ministry, the Water Authority may delay or resist tariff increases.

- **Investments** - failure by the authorities to provide the investments agreed in the business plan and hence constraints on meeting service level targets set in the performance contracts. In some instances, it is claimed that the capital assets at the start of the contracts were in poor shape and this had also compromised the performance of the PWOs.

\(^{16}\) This threat was frequently raised, but apparently there is only one instance of this actually happening in practice.
Experience with Domestic Private Sector Participation

- **Power** – poor quality power and frequent outages are a perennial problem for small town water supply systems. Systems requiring a high level of pumping are obviously most affected.

- **Contract length** – performance contracts are only for 3 years and this is too short a period for PWOs to invest and expand water services, even if they were given the go ahead to make capital investments. APWO calls for the contract length to be increased to 5 years – in other countries this would still be regarded as far too short (in the Philippines, for example, concessions have a 20-25 year duration).

- **Finance** – PWOs lack access to sources of finance. This is an important aspect of the ‘unbalanced playing field’, in that NWSC when it takes over a centre has its own resources, superior access to investment funds from the national budget, and no artificially imposed time limit on earning a return on the investments that they make. Access to finance should improve for PWOs when the regulatory framework is strengthened.

In APWO’s view, some key players and the beneficiaries of the service have unjustifiably shifted the blame for poor performance to private operators. “Timely approval of the business plans with realistic cost recovery tariffs would give a lasting solution” enabling PWOs to continuously improve their performance in water service provision. This may well be true for the bigger, well organised and competent APWO members – the criticisms raised about PWOs often refer to the larger number of small operators with little experience and, it is claimed, scant ability. The bigger operators are poised to take on more challenging service obligations. They would like to see some form of clustering of small towns, which would allow PWOs to take advantage of economies of scale, simultaneously providing services to a number of different centres in an efficient manner.

### 4.6 Private sector involvement in provision of safe sanitation

The private sector has not played a significant role in sanitation services. This is mainly because it has not been policy to have private provision, and some of the PWOs interviewed complained that they would like to be allowed to get involved in the sanitation sector.

There have been a few pilot projects, one of which was in the towns of Mityana and Kayunga, where the private sector was authorised to manage public toilets and empty latrines. Being able to leverage the management skills of the private operators was found to be important.

In a 2012 study of sanitation interventions in 6 towns in Northern Uganda, it was noted that public toilets operated by private water operators were better managed than those operated by other parties. Similarly, in faecal sludge management collection trucks operated by the private sector were found to be more likely to be operating than those operated by municipalities. The recommendation made was that the Department of Water Development support and encourage properly managed public-private partnerships in provision of cesspool emptying services.
5 Lessons Learnt

The lessons learnt from the Uganda case study naturally fall into two different categories:

- **Lessons for other countries** – there are many good concepts in the Ugandan approach to DPSP in small town water supplies which other countries would do well to emulate.

- **Lessons for Uganda** – the way the DPSP has been implemented in Uganda has severely constrained the way in which it operates in practice.

We identify in this section the aspects that are likely to be useful to other countries wanting to introduce DPSP, while also summarising conclusions and recommendations on how DPSP could be made more effective within Uganda itself.

5.1 Good practice in encouraging DPSP in other countries

For countries similar to Uganda that decide to promote DPSP in the supply of water and sanitation services for small towns, attention should be given to the following focus areas:

- **Market making** - opening WSS provision to private participation was a bold and very significant step when it was made more than a dozen years ago. In Uganda’s case, the market was structured to give only a limited role in the WSS sector, via management contracts for small towns, but this was nonetheless an important start. Other countries may decide to be bolder and allow broad DPSP in WSS and can make this successful by providing strong policy backing, while managing competition to allow the nascent market to grow.

- **Structuring the market** - The private sector will be more effective and will achieve economies of scale if dispersion in the small towns market is overcome by a regional strategy, such as clustering.

- **Policy and legal framework** – following on from clear policy statements in favour of private participation in water supply, a framework law should be put in place to lay out clearly the legislative framework for DPSP in the WSS sector.

- **Regulatory framework** – to reduce uncertainty and risk for the private operators, a regulatory framework needs to be put in place which, in particular, defines required technical and customer service standards and spells out the methodology and arrangements for tariff-setting.

- **Bidding process** – procedures should be put in place to facilitate competition between rival operators bidding for the right to provide services in one of more towns. The procedures should be fair, impartial and transparent. Bidders should have the right to do their own due diligence, and not just rely on an information pack provided by the bid authority.
Lessons Learnt

- **Asset base and investment responsibility** (main components of PPP) - particularly for a management contract, the assets at the start must be in good condition, and must be maintained that way throughout the life of the contract or licence period, either through investments to be made by the PWO or by the public sector.

  The system must be proportionately designed, so that O&M costs can be recovered from users with affordable tariffs. Who owns the assets is likely to be of secondary importance, but must be clearly specified, along with asset maintenance and investment responsibilities and there must be adequate provision for the requirements to be fulfilled. Investment requirements may well include system expansions to increase sales, take advantage of economies of scale and hence enhance viability. Output-based aid programmes can help to accelerate distribution system expansion while also improving overall community access to clean water.

- **Finance facility** - the establishment of a revolving credit fund, which can be accessed by PWOs using their revenues from water sales as security, would greatly facilitate PWOs being able to operate systems efficiently and meet whatever investment requirements are imposed upon them.

- **Technical support organisation** - particularly at the start of DPSP operations in small towns, the establishment of an institution to provide technical support would be another mechanism to facilitate the work of new PWOs. One particular function would be to backstop the PWOs when a major failure occurs, thereby reducing the risk of severe interruptions in water supplies. The Uganda Umbrella Organisation model has a promising structure in that the umbrellas are established by and financially supported by government, but they are encouraged to operate like private companies, particularly in respect of being able very quickly to order and deliver spare parts and other critical items.

- **Training** - governments can also support the introduction of DPSP by providing training to existing and potential PWOs and their staff members. Training can be conducted through the technical support organisation, established water companies, technical institutes etc. It is important that the training be oriented to meet the real needs of the trainees and that there is coordination between training entities so as to avoid duplication and maximise synergies.

5.2 Areas to be improved in Uganda

It might be expected that there would be many detailed lessons from DPSP in other countries which are relevant for Uganda, but we have not really found this to be the case. The major lesson from a country such as the Philippines is at a high level, namely that the private sector can play a much more significant role in the water sector if it is allowed, or better encouraged, to invest and not just to operate supply systems where the assets remain in public hands. The recommendations in this section are therefore based on consolidating on what Uganda has achieved by making a greater commitment to engagement with the private sector, rather than on radical proposals to do something completely different to the past.
Lessons Learnt

From the international and regional viewpoint, much has been achieved in Uganda in DPSP in small town water supplies, but the PWOs could have played a bigger and more effective role than they have been allowed to do. The potential of DPSP has not been fully developed because of ambivalence on the side of the Government of Uganda.

- On the one hand, PWOs have been encouraged to take over water supply provision in small towns because NWSC cannot take on all the small urban centres.
- On the other hand, DPSP is viewed as a stop-gap until NWSC can take over, and an unsatisfactory one at that because the profit-oriented private sector should not invest in water assets and cannot be trusted to fulfil public service obligations.

Having participated in this project and had the opportunity to study the DPSP context and the actual performance of the PWOs, our over-arching conclusion is that the private sector has an important on-going role to play in meeting the needs of the population in the ever-growing number of small towns in Uganda.

To maximise the potential of the DPSP model, we recommend that the Government makes a firm policy commitment to the PWO model and makes this commitment evident through the following key structural changes to the market for PWOs:

- Allow, indeed encourage, PWOs to make investments in the water supply and distribution systems they are contracted to manage.
- Allow local authorities to be PPP contracting authorities as defined in the PPP Act, thereby bringing PPP arrangements for small town water supply under the rubric of the national PPP law.
- Extend the duration of the contracts (or licenses, which will be the legal form when the regulator is in place) to at least 5 years.
- Increase the resources in the Trust Fund and allow PWOs to borrow at low rates of interest, with their water revenues securing the loans.
- Encourage commercial banks to become involved in lending to PWOs.
- Reinvigorate the OBA approach to expanding distribution and increasing the number of connections. Various donors are likely to be interested in supporting this with grant financing.

Many of the Government’s perceived risks in private sector involvement in water will be mitigated by the Uganda Water and Sewerage Regulatory Authority once this is formed. As the establishment of the Authority is imminent, this is a good time for GoU to strengthen its policy commitment to DPSP.

Besides these high level recommendations for a change in approach, there are specific recommendations to be made about improving each of the items in the list of ‘best practice’ from Uganda that was provided in the previous section:
Lessons Learnt

- **Market making** - as explained in more detail above, meeting the challenge of rapid growth in small towns, it is necessary to overcome the grudging stop-gap acceptance of PWOs and instead allow and encourage PWOs to play a more significant role, particularly in respect of having longer contracts and being permitted to invest in the supply systems.

- **Structuring the market** – After more than a decade of management contracts with PWOs in separate centres, the time has arrived for Uganda to move to clustering, so that domestic PWOs can provide services to a number of different centres in an efficient manner. Similarly, regional divisions of NWSC could be beneficially formed.

- **Policy and legal framework** – besides articulating a commitment to the DPSP model, as described above, changes in the Water Law should be considered to provide a clearer legislative framework for DPSP in the W&S sector. The PPP Law, which is yet to receive the assent of the President, could also be modified so as to include local governments in the definition of a PPP “contracting authority”.

- **Regulatory framework** – the establishment of the proposed Uganda Water and Sewerage Regulatory Authority will go a long way to reducing uncertainty and risk for the private operators, and assuring the authorities that the business of the PWOs is being conducted in an ‘above board’ manner. The Authority will define and enforce technical and customer service standards and provide a tariff-setting predictability.

- **Bidding process** – the bidding process that is conducted by the Local Councils according to established procedures is satisfactory, but bidders should have the right to do their own due diligence, and not just rely on an information pack provided by the bid authority, which is the current practice.

- **Asset base and investment responsibility** (main components of PPP) – in the present situation where it is pure management contracts which are on offer, the assets to be managed are not always in good condition at the start of the contract and there are inadequate provisions for the necessary investments to be made during the life of the contract or licence period. Furthermore, systems are not always proportionately designed, making it difficult for O&M costs to be recovered from users with affordable tariffs.

As outlined above, we recommend that the PWOs be encouraged to make investments in the supply and distribution system, and to ensure they can earn a return on their investment. The contract or licence period would have to be longer – a minimum of 5 years has been suggested. When NWSC takes over a centre, it is able to carry out small investments which immediately improve viability, for example expanding storage capacity so that water can be consistently supplied despite electricity supply interruptions, and making distribution expansions to provide higher levels of access and increase sales. The overall impact is to enhance the economies of scale of the business and hence improve viability.
Lessons Learnt

In order to emulate NWSC, the PWO’s need much more of a level playing field. The GPOBA and IFC projects have provided useful pilots, and this experience can be adapted and built on in the future.

- **Finance facility** – as highlighted above, one of the main elements required to level the playing field and fulfil the potential that DPSP has to offer in Uganda would be to have a revolving credit window in the Trust Fund. This needs to be accessed by PWOs using their revenues from water sales as at least partial security. A recent study on disincentives for investment reveals that the revenue from water sales may be inadequate to be used as collateral. The study proposes an intermediary to aid PWOs and WAs raise funding for WSS, and work should proceed on establishing such an intermediary. Commercial banks should also be encouraged to lend to the PWOs, initially perhaps with credit enhancements in place but in the long term, when the practice is established, it might be possible to have direct commercial bank lending.

- **Technical support organisation** – the Umbrella Organisations understandably concentrate their scant human and financial resources on the weakest small town water supply operations. The UOs need to be better resourced inter alia to provide a greater degree of support to the PWOs, particularly new entrants. To provide rapid response when emergency breakdowns occur, the UOs need to have stocks of spare parts, pumps etc.

- **Training** – there are a number of organisations providing training for PWOs (including NWSC, the UOs and APWO). There is need for improved coordination between training entities so as to avoid duplication and maximise synergies. We recommend that a PWO Forum be created to discuss training coordination and other matters of mutual interest to the various institutions involved in DPSP. Quarterly meetings of the Forum would probably be sufficient.

Other suggestions for improvements in DPSP which have been made are:

- improving monitoring and evaluation of DPSP (including greater use if ICT) so that government interventions can be more precisely targeted;

- encouraging the establishment of asset registers and asset management programmes;

- more focussed support to hygiene, sanitation and pro poor interventions;

- protection of water sources, to counter the tendency that has been observed in the past 5 years of declining water quality in rural and urban areas.
The list of key stakeholders consulted is based on the meeting schedule for the main field visit to Uganda (25-28 August 2014). The Uganda Case Study also benefitted from the Launch Workshop, held from 9-11 July 2014, being held in Kampala. This included a visit to a small town privately operated water scheme – an additional scheme was visited during the August visit.

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<th>Contacts</th>
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<tr>
<td>National level institutions</td>
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<tr>
<td>MWE</td>
<td>Eng. Herbert Nuwamanya, and Team</td>
<td>Broad range of topics to discuss with the Ministry, including the specific issues mentioned below:</td>
<td>25/08/2014. 10 am at MWE: Tel: +256772578223</td>
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<tr>
<td></td>
<td>Eng. Dominic Kavutse</td>
<td>• Role of umbrella organization (UOs) in providing a backup support to local governments on water management. • implication of clustering, • Private Water Operators (PWO)’s taking on sanitation (opportunities and challenges). • policy on NWSC taking over small towns • Comment on the adequacy of water supply policies: What are the national water supply policies? How adequate are these policies? How are these policies translated into programs? How effective are these programs in improving water supply services and participation of private sector? • Which agencies are currently responsible for the institutional roles (planning, financing, regulation, implementation, Operations and maintenance, monitoring and evaluation, program support such as training, community mobilization, hygiene promotion, and institutional development?)</td>
<td>26/08/2014. 2 pm at MWE: Tel: +256772412853</td>
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List of Key Stakeholders Consulted

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<td>• Where are the gaps in carrying out these functions? How effective are these institutions in carrying out these roles? What is needed to strengthen any major weaknesses in institutional capacity?</td>
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<td>• Describe the general processes followed in the formulation of national policies. Indicate how policies are created and established, what legal form they take, which ministries are usually involved, and the role of the public in the process.</td>
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<td>• National water supply and sanitation policies in Uganda is considered to be strong in concept, mainly well developed at the national level, and based upon sound, state-of-the-art methodologies: How strong and effective are these policies at national and local government level. To what extent are they creating an effect on the delivery of improved and expanded water supply and sanitation services?</td>
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<td>• Comment on the provision of resources to carry-out water supply and sanitation-related policies. Is there a broad-based support for the policies in terms of establishment of relevant implementing institutions and government resources allocations on capital and recurrent budgets?</td>
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<td>• How important is this broad-based support in enhancing the formation and implementation water supply and sanitation policies in Uganda? How is it influenced?</td>
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<td>• What additional political support is needed to ensure better outcomes of existing policies and reforms?</td>
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<td>• How is the current/existing political climate influencing support and implementation of national water supply policies at national and local government.</td>
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<td>• Do you normally participate in the organization, planning, costing, formulation of tariff policy and funding? Comment on how if necessary, subsidies to private operators are allocated?</td>
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<td>• Is the allocation of subsidies stable, transparent and well-targeted? Do you also make a contribution to required funding of private operations?</td>
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<td>• In case of infrastructure projects with or without private involvement, how vital is the requirement of assessing the degree to which costs can be recovered from end users before embarking on investments? In case of shortfalls, what other sources can the implementing agencies count on?</td>
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<td>• Are there mechanisms in place to ensure effective consultations between the public and private partners regarding the objectives of infrastructure policies and fair play?</td>
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<td>• Overall what charges/tariff would you recommend enhancing and strengthening private sector participation in service delivery in the water sector, particularly at the local level i.e. rural growth centres and small towns?</td>
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| **Umbrella organisation (UO)**    | Moses Bujure          | • Do the umbrella people operate from the Ministry? They have Ministry email addresses. Look forward to learning much more how they operate, exactly what support they provide to PWOs and how this support is resourced.  
• Has there been the creation of national budget items indicative of political will to support national water supply and sanitation policies?  
• What strategies are in place to insure policy implementation by those directly involved in service provision, especially the private operators?  
• Do all relevant institutions agree with the policies? Is there a shared vision of water supply and sanitation policy? How long have policy agreements been in place?  
• Does the general public (men, women and children) know about the policies and agree with them? Do they accept the basic principles underlying policies? Do the policies accurately reflect a focus on the underserved populations?  
• Have the current policies been well accepted? If so, what specific factors led to the acceptance of the policies? What methods were used to involve stakeholders and to obtain acceptance of the policies?  
• Following acceptance, are the policies now being applied and supported? Do stakeholders retain commitment and feel                                                                 | 25/08/2014.  
2:30 pm at Ben’s office, Ntinda, plot 56, Matters Road:  
Tel: +256772531690                                                                                           | 25/08/2014.  
2:30 pm at Ben’s office, Ntinda, plot 56, Matters Road:  
Tel: +256772640364                                                                                           | Note: Acceptance means that there are indications                                                                 |
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<td>empowered? Are they active in supporting and implementing policies and regulations?</td>
<td>that the public supports the policies and wants them to be implemented. The policies should also have a legal basis; that is, they should be supported by laws, legislative acts, official decrees, or official regulations. Without a legal basis, the policies can be seen as lacking a supporting regulatory environment and may be subject to arbitrary actions.</td>
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<td>Does the existing legal framework adequately govern sanitation? Are existing regulations appropriate? Or do existing regulations conflict with desired outcomes for water supply policy, sanitation programs, and the key target groups?</td>
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<td>Are national sanitation policies based on appropriate levels of legality? Are there barriers or obstacles resulting from the legal basis for sanitation?</td>
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<td>Are these policies sufficiently comprehensive to allow institutions to develop strategies and action plans to act upon them? Are the roles and responsibilities clear and appropriately assigned to institutions?</td>
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<td>Do the policies explicitly target the three main population groups: urban poor in large cities, residents of small towns, and inhabitants of rural communities? Alternatively, are these three groups clearly included in the intent of the policies? Are there other population groups with special needs?</td>
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<td>Are there programs and budgets for the targeted groups to enable implementation of the policies?</td>
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<td>How are the private operators complying with service quality standards, environmental standards and agreed tariffs?</td>
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<td>Are private operators respecting and supporting local efforts to</td>
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<td>develop adequate regulation. If no, why?</td>
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<td>• What is the level of supervision and enforcement of contractual arrangements with private operators? Is there control of compliance with standards, approval of tariff levels and their periodic &amp; extraordinary revisions, collection and provision of information on quality of services (to promote benchmarking).</td>
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<td>• What is the nature of outreach to small-scale informal providers and private providers, especially in terms of capacity building and conflict mediation instance?</td>
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<td>• Is corruption still a big problem in service delivery? To what extent are infrastructure projects free from corruption at all levels and in all project phases?</td>
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<td>• Do you normally receive complaints on how private contracts are awarded? How are they designed to guarantee procedural fairness, non-discrimination and transparency?</td>
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<td>• How do you rate the level of communication between private sector participants and the consumers that is essential in developing mutual acceptance and understanding of the objectives of the parties involved water supply service delivery?</td>
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<td>• Overall what charges/tariff would you recommend enhancing and strengthening private sector participation in service delivery in the water sector, particularly at the local level i.e. rural growth centres and small towns?</td>
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<tr>
<td><strong>Private Operators</strong></td>
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</table>
| **Association of Private Water Operators (APWO)** | Sarah Omodi (and team) | • Give short overview on the operations of APWO. How do APWOs impact on the training of small-scale water operators.  
• Which NGOs and private operators are currently operating in various local governments on WASH and other development programmes? What is the current level of collaboration with the local government administration/water office? Is there currently any active collaboration between water, health and education (and with other sectors) regarding water supply, Sanitation and hygiene activities?  
• Was there a water point monitoring survey/study carried out recently? If so, when? What aspects did it include (e.g. get data collection format)? Does the water office have data? If yes, in which format? What is the data used for? Could we get access to the data? How? Is there a contact person that we could get in touch with regarding the data? What additional data would the water office like to obtain to support the monitoring of scheme sustainability?  
• Is it possible to get local government data on scheme numbers and functionality rates, ideally by lower level local governments and any data on sanitation, and the total population in each Local Government? | 26/08/2014. 9:00 am at APWO offices Ntinda: Tel: +256702334084 |
### List of Key Stakeholders Consulted

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<td>• What is the current capacity of the water office (human resources-number of employees and their position, vehicles, time, operation budget/expenditure, access to computer, internet); who, among the water office staff has computer skills, including excel or access?</td>
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<td>• Existence of water users association:</td>
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<td>• Existence of water users association by laws:</td>
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<td>• Legal status of water users association:</td>
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<td>• Existence of a water scheme management group</td>
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<td>• Water scheme management group trained:</td>
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<td>• Management activity in terms of number of meetings in past 12 months</td>
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<td>• The proportion of active and long-term members of the community water management committee</td>
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<td>• Adequacy of participation in terms of number of active members in management group (people who come to half or more of all meetings in past 12 months)</td>
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<td>• Whether excessive turnover and elections are a problem as indicated by the number of active members who have been member for more than 12 months</td>
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<td>• Whether contract design and bidding process is in accordance with overall institutional and regulatory settings?</td>
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<td>• Are contractual arrangements with private sector respected?</td>
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<td>• What is being done to enhance the benefits of private sector participation in infrastructure?</td>
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<td>• Overall what are the challenges inherent in current development</td>
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<td>in the urban sub-sector; how are they likely to affect private operators in the water sector? Suggestions on how such challenges can be mitigated?</td>
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| German International Cooperation (GIZ) | Anna Kristina Kanathigoda | • Comment on the level of adoption of internationally agreed standards (such as anti-corruption conventions, ISO norms and ILO principles) in the Uganda’s water sector.  
• Do private operators in water supply have the capacity to uphold these principles?  
• What drives development partners’ contribution to funding of public and private agencies in water sector?  
• What are the relevant risk mitigation schemes in place that leverage additional funds to the water sector and operations at national and local governments?  
• In case of infrastructure projects with or without private involvement, how vital is the requirement of assessing the degree to which costs can be recovered from end users before embarking on investments? In case of shortfalls, what other sources can the implementing agencies count on?  
• To what extent are development partners empowering authorities responsible for privately-operated infrastructure projects?  
• Do these authorities have the capacity to manage the commercial processes involved and to partner on an equal basis with their private sector counterparts? | 26/08/2014.  
12:00 pm at Bugolobi office:  
Tel: +256774424167 |
## List of Key Stakeholders Consulted

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| National Water and Sewerage Cooperation | Dr. Silver Mugisha, and Team | - The existence, functionality, and type of the water schemes in the country  
- Short overview of tariff policy/ regime.  
- The nature of tariffs and how it is set i.e. amount per household per month/ per container/ other or any measure of the relative cost of water. This helps to gauge of whether scheme is actively managed.  
- Status of the existence and reach of spare parts chain in the country  
- To what extent is there a wider water resource protection around the scheme? (resource protection can be in form of buffer zone protection, terracing, tree planting, other ridging and bunding, artificial recharge, sand dam construction, and others, please)  
- Has there been routine water quality (taste and color) check?  
- Does the community raise funds to maintain water and sanitation facilities? How are funds raised (pay per use (jerry-can); flat rate per household, others, specify?)  
- Do these funds adequately cover operation and maintenance? Do these funds cover capital replacement costs?  
- Is there space for dialogue between the different stakeholders, including active participation of communities in discussions on service level, technology choice, prices?  
- What is being done to enhance the benefits of private sector participation in infrastructure?  
- Views of NWSC on the cooperation relationship with domestic private sector; is the later playing an effective role in the urban sub-sector? What incentives are required to | 28/08/2014.  
9:00 am at NWSC offices Jinja Rd:  
Tel: +256717315109 (to be confirmed) |
### List of Key Stakeholders Consulted

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<td>Field Trip</td>
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<td>streamline and strengthen this role?</td>
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| Kagulu Company | Sam Ogot, and Team | - Type of water sources: The links between water supply and water resources (Spring, Hand-dug well, Rain water harvesting, Borehole, Surface source intake with treatment (River Dam))  
- Extraction system used: reliability of technologies and spare parts requirements (e.g. Hand pump, Windmill, Solar, Electrical, Diesel, Treadle pump, Rope pump, Windlass)  
- Number of public water points in scheme  
- Describe the level of service provided by the scheme (i.e. water points per thousand people)  
- Describe growth in the number of households (and yard connections) connections  
- An estimated measure of actual use rather than an engineering estimate of coverage. (Usage in dry season is a measure of sustainable provision; wet season usage is a measure of user’s preference for a safe source when unprotected sources are available. [a quarter, half, three quarters, all])  
- Proportion of people using scheme in a settlement  
- What are the main reason people do not use this scheme? (i.e. location, cost of water, water quality, water quantity, excluded by Water and Sanitary Health committee)  
- Is the scheme working and providing water today? If no, how long (in days) has it not been working?  
- Year that the water point or scheme was first constructed or | 27/08/2014.  
11:00 am, in Bugiri District, 130 km East of Kampala:  
Tel: +256774371535 |
### List of Key Stakeholders Consulted

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<td>-handed over to the community or the first day of use.</td>
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<td>• How reliable has the technology/scheme been since the year of first construction? (Very poor (nearly always broken down); Poor (only functioning 50% of the time); Fair (functioning up to 80% of the time); Very good (nearly always working)), and; If poor or very poor, why?</td>
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<td>• How do you normally resolve problems of the scheme not working? Who normally supports you (only internal intervention, outside intervention, government intervention, others, specify……..),</td>
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<td>• Based on time to fill 20/25 litre jerry-can at 1 stroke per second, identify changes in water resources (schemes) and/or faults in technology</td>
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<td>• Current Status of scheme [Functioning, functioning but faulty, not functioning, abandoned (dry)]</td>
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<td>• Main hardware problems to help identify required back-up or rehabilitation. The question is whether source damaged, pump broken, pump stolen, storage tank out of use, pipe broken or under construction.</td>
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<td>• Is there a community water management committee for the scheme? A measure of whether the policy of community water scheme management is in place.</td>
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<td>• Challenges in determining Tariff amount and management of funds by WASH committee. Suggested solutions to challenges.</td>
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**Wrap-up meeting**
## List of Key Stakeholders Consulted

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<td>Peter Robinson,</td>
<td></td>
<td>28/08/2014. 11:30 am, Peter's Hotel:</td>
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<td>Ben Kamugasha</td>
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