Impact of the Budget Support Instrument on Rural Water Supply in Uganda

This policy note examines the impact of the World Bank’s Poverty Reduction Support Credit (PRSC) Budget Support Instrument in the context of rural water supply and sanitation in Uganda. The policy note is based on a 2004 study commissioned by the World Bank: Towards the MDG in Uganda: A retrospective study of the impact of three years of the BSI on rural water.
## Abbreviations and acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>BoQ</td>
<td>Bills of Quantities</td>
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<td>BSI</td>
<td>Budget Support Instrument</td>
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<tr>
<td>CCC</td>
<td>Community Contribution towards Capital Cost</td>
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<tr>
<td>CDF</td>
<td>Comprehensive Development Framework</td>
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<tr>
<td>DDP</td>
<td>District Development Plan</td>
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<tr>
<td>DRA</td>
<td>Demand Responsive Approach</td>
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<td>DTB</td>
<td>District Tender Board</td>
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<td>DWD</td>
<td>Directorate of Water Development</td>
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<tr>
<td>DWO</td>
<td>District Water Office/Officer</td>
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<tr>
<td>DWSDG</td>
<td>District Water &amp; Sanitation Development Grants</td>
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<td>FDS</td>
<td>Fiscal Decentralization Strategy</td>
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<td>FY</td>
<td>Financial Year</td>
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<td>GFS</td>
<td>Gravity Flow Scheme</td>
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<td>GOU</td>
<td>Government of Uganda</td>
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<tr>
<td>HIPC</td>
<td>Highly Indebted Poor Countries</td>
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<td>HRD</td>
<td>Human Resource Development</td>
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<tr>
<td>LGDP</td>
<td>Local Government Development Program</td>
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<tr>
<td>LGFC</td>
<td>Local Government Finance Commission</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<tr>
<td>MBFP</td>
<td>Medium Term Budget Framework Paper</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MIS</td>
<td>Management Information System</td>
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<td>MoFEP</td>
<td>Ministry of Finance and Economic Planning</td>
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<td>NGO</td>
<td>Non Governmental Organization</td>
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<tr>
<td>O&amp;M</td>
<td>Operation and Maintenance</td>
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**IMPACT OF BSI IN THE CONTEXT OF RURAL WATER SUPPLY IN UGANDA**
NOTE: The Financial Year (FY) of the Government of Uganda (GOU) begins on 1 July and ends on 30 June.
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Safe water sources developed in Uganda through the BSI include protected springs, boreholes and shallow wells.
1. The Budget Support Instrument: Three Years On

This policy note examines the impact of the World Bank’s Poverty Reduction Support Credit (PRSC) Budget Support Instrument (BSI) in the context of rural water supply and sanitation in Uganda.

The foundation of this policy note is a study commissioned by the Bank in 2004, entitled Towards the MDG in Uganda: A Retrospective Study of the Impact of Three Years of the BSI on Rural Water, by Erich Baumann and Ephrem Asebe. Additional input was gained from the World Bank’s Africa Region of the Water and Urban Development Unit, the Ugandan Directorate of Water Development (DWD) in Kampala, district water officials (DWOs) and community members.

1.1. A pioneering lending instrument

Uganda is one of the countries pioneering the testing of the World Bank lending instrument, the PRSC BSI. This new concept in performance contracting, which embodies a redefinition of the World Bank’s relationship with a client government, was launched in September 2000. A critical aspect of this lending instrument is that it puts the Government of the borrowing country in the ‘driver’s seat’.

The underlying principle of the BSI, along with the Sector Wide Approach to Planning (SWAp) is the inclusion of Comprehensive Development Framework (CDF) into the PRSC lending instrument.

The PRSC BSI began operating in Uganda in July 2001 and took effect under the 5-year Operational Plan (OPS) for the Rural Water and Sanitation Sub-sector (RWSS) since 2002.

1.2. The Ugandan context

Despite providing nearly 7.5 million persons with safe water facilities in the last 12 years, it is estimated that only 47–57 percent of Uganda’s rural population have access to safe water. The Sanitation Sector is weak and responsibility for this sector is divided somewhat cumbersomely amongst three ministries.

In 1997, the Government of Uganda (GOU) moved to change the course of basic services delivery to the poor. Through an extensive participatory poverty assessment, a detailed sector analysis, and structured stakeholder consultations at both the central and local government level, the government prepared its first Poverty Eradication Action Plan (PEAP).

In 1998, Uganda was granted debt relief from donor countries and multi-lateral agencies under the Highly Indebted Poor Countries (HIPC) initiative. This led to the formation of the Poverty Action Fund (PAF) in 1998. The PAF

Uganda has one main water basin, with eight sub-basins (Nile River, below). Although rainfall is relatively plentiful, the predictable availability of potable water is a major social and economic problem.
Water Supply and Sanitation (WSS) was identified as a priority sector, hence budgetary resources were tripled.

serves to channel funds made available through the HIPC debt relief initiative and to mobilize further donor resources towards key development sectors.

In Uganda, the PAF is also being used to accelerate the process of decentralization. The majority of PAF funds are channeled directly to the district-level administration in the form of conditional grants, i.e. budgetary resources (conditional grants) are passed on directly to districts against a formula and a set of guidelines. Conditional grants ensure that the funds are all used on the key programs in the PEAP.

The PEAP, and the Poverty Reduction Strategy Paper (PRSP) (the latter developed in 2000), set out a development agenda for Uganda. The PEAP and PRSP identified Water Supply and Sanitation (WSS) as a priority sector; consequently the budgetary resources for the sector were increased threefold. The GOU RWS program represents one of the largest rural water and sanitation programs in Africa with parallel and decentralized implementation in 55 districts.

This program is supported by the World Bank instrument – Poverty Reduction Support Credit (PRSC) – which amounts to USD150 million per year. PRSC contributes directly to the government budget based on selected priority actions (including policy benchmarks and quantitative targets) agreed to between the GOU and the Bank. The PEAP and PRSC articulate the strategy for increasing incomes and improving the quality of life of the poor through accelerated service delivery in eight sectors, one of which is Water and Sanitation.
2. Findings: Implementing the BSI

The BSI, in the context of decentralization and the Sector Wide Approach to Planning (SWAP), is still relatively new and in the process of being established. District Water and Sanitation Development Grants (DWSOG) were introduced only in the Financial Year (FY) 2000/2001. Thereafter, in the first two of the three years under review i.e. 2002/2003 and 2003/2004, some parallel implementation occurred because of the phasing out of traditionally-financed government projects.

2.1. Pace and nature of delivery

Critics of BSI feared that the radical change in implementation method effected by the introduction of the BSI would lead to a considerable setback in the pace of service delivery, because of the need to build capacity at district level.

Despite system changes and the associated learning curve, however, Water Supply and Sanitation (WSS) coverage increased roughly at the same rate (during the period under review) as during the pre- Poverty Reduction Support Credit (PRSC) period.

The new instrument has not (yet) effected an acceleration of service provision. (The average increase in rural population was around 650,000 persons per year; the average number of additional persons served was 645,000. This means the number of un-served persons remained approximately the same.)

The rate of protection of shallow wells has increased, whereas the number of boreholes drilled has declined significantly. Where shallow wells are feasible they are certainly a technology that might give the best value for money. They are, however, not always perennial and their output and water quality has to be closely monitored: shallow wells are more vulnerable to pollution than many other water source types.

2.2. Reliable management information statistics

Baumann and Asebe found a wealth of data on Water Supply and Sanitation (WSS) in Uganda. The GOU’s national Directorate of Water Development (DWD) has developed a Management Information System (MIS) and statistics are available, giving a breakdown of all water points, right down to the last spring. However, the records are not entirely consistent and some discrepancies are evident in the reporting of facilities constructed by agencies other than the government. Improving this MIS will be an important step towards providing more consistent performance indicators with which to evaluate the BSI.
2.3. Theoretical vs. actual coverage

Different research models give conflicting estimates of the number of rural Ugandans with access to safe water. The coverage estimated on design capacity of actual water points – wells, boreholes, springs, etc. – is 47 percent, whereas the most recent household survey indicates a 57 percent coverage. The difference can be explained partly with the high average usage per water point and by the under-recorded contribution from Non Governmental Organizations (NGO).

Field observations corroborated the higher coverage estimate: the actual number of people served at the water points visited was considerably higher than the respective theoretical/design capacity. The practice of stretching the design capacity of systems in order to meet the principle of ‘some for all’ could negatively affect the functionality of the systems.

2.4. Funds release, reporting and accountability

Rural water is a protected sector, i.e. once a budget allocation has been approved, at least 95 percent has to be disbursed. This condition was met in the first two years of the BSI. The districts comply with the reporting requirements and the level of financial accountability is good. There were no reports of major problems regarding reporting on, and accounting for, monies spent. Reports are usually completed and submitted via the Technical Support Unit (TSU). During FY 2003/2004, however, the Ministry of Finance and Economic Planning (MOFEP) was slow in releasing funds.

Instead of the required 95 - 100 percent disbursement, the districts were expected to receive approximately only 86 percent of funds by the financial year-end. (At the time of the review, mid May 2004, about 51 per cent of the funds had been released.) The late release of DWSDG funding has adversely affected the districts in their effort to meet their targets set out in their work plans.

A further negative spin-off from the delays in funds release involves both contractors and the potential recipient communities. Through the planning and preparation process, community expectations are raised and contractors are selected. When a planned project does not proceed, both contractors and communities are disappointed and dissatisfied. Budget reductions can contribute to a lack of trust between communities and the private sector on the one hand and the districts’ management on the other. (The Letter of Understanding, which commits all parties to implementation of the district work plan, needs to be enforced.)

2.5. District-level governance

The essential elements for effective functioning of the BSI have been put in place at district level, including guidelines, policies, and human resources. Valuable experience has already been gained.
Planning processes
The districts appear to have enough capacity to implement the District Development Plans (DDP). These are three-year rolling plans, which are submitted via the Technical Support Unit (TSU) to the Directorate of Water Development (DWD) and eventually approved by the Ministry of Finance and Economic Planning (MOFEP). The District Water Offices (DWOs) seem to be quite capable of meeting the requirements for planning, managing and supervising the development activities under the District Water and Sanitation Development Grants (DWSDG). Reporting and planning according to the guidelines does not seem to be problematic.

The sub-counties are consulted during the planning process, but the district administration normally handles the contracting and financial matters. However, if the planning horizon were to be extended it would be feasible for the DWOs to take over responsibility for design and construction—particularly in Rural Growth Centers (RGCs). Both the DWD and TSU could provide technical assistance with on-the-job training in the preparation and use of tender and contract documents. Moreover, if higher ceilings were given for water grants, the districts—supported by TSU—could handle a higher investment volume.

Striving for equity
The BSI aims to close the wide gap in coverage between districts, and also within districts among the sub-counties. Equity of supply may be difficult to achieve in the immediate future as the equitable allocation of resources is challenging at both central and district level. A Demand Responsive Approach (DRA) and community input regarding technology choice, is limited. The selection of sites or recipient communities is also affected by political influence. However, strong demand is evident and communities visited clearly articulated the positive impact of safe water on their lives. Appropriate monitoring could assist in the challenges posed in the allocation mechanism.

Managing supply in Rural Growth Centers
RGC are cultural and economic hubs in Uganda. They are the first point of interaction between rural and urban economies, and the place where the rural entrepreneurs link up with their urban counterparts. The size and number of RGCs is growing rapidly and simple piped water systems are planned.

Currently, Gravity Flow Schemes (GFS) are handled at district level with support from the TSU. RGC construction is dealt with by the DWD and tendered through the Contracts Committee. Planning and tendering takes time, usually six to eight months. Under the present regime of DWSDG, which are only approved for 12 months, it is unlikely that the DWO and District Tender Board (DTB) could handle such large contracts in this unrealistically brief timeframe.

‘The 12 month budget keeps us on our toes, but we struggle with delays in disbursement and the spend or lose ruling.’ Board (DTB) could handle such large contracts in this unrealistically brief timeframe.
Technology choice patterns
With the introduction of the BSI, a considerable shift towards the use of low cost technologies has taken place. Shallow wells and protected springs are prime examples of effective low cost technologies, but these sources are not always perennial and may soon be fully exploited. These facts have negative implications for water security and leave boreholes as the main alternative for the future. DWOs tend to favor low cost solutions. But the one-year timeframe for implementation curtails the involvement of villagers in the planning and contracting process.

Procurement process
DWOs initiate the procurement process immediately after their budget is approved. But the 12-month project cycle is too short and negatively affects the procurement process. The procedure requiring the pre-qualification of contractors is neither fully transparent, nor effective.

Due to cases of conflict of interest, supervision of works by the district technical staff can be awkward and ineffective. This may result in poor quality of work and contract management, which puts the sustainability and efficacy of water supply at risk.

The role of the DWD as a regulatory agency will continue to be critical. Many of the policies and guidelines are established, but need to be adapted to meet targets. It is vital that this department continues to develop in accordance with changing needs.

Community development & mobilization
Sub-counties are responsible for village-level mobilization and many Water User Committees (WUC) have been formed. Some of the communities visited showed a strong commitment to maintaining their scheme; the level of mobilization is, however, uneven. The seven critical criteria to be eligible for PAF funding are seldom formally fulfilled. Communities are sometimes slow to pay their Community Contribution (CCCC) and/or do not pay the specified amount. Regarding Operations and Maintenance (O&M), some communities already perform minor repairs themselves. Appropriate training and incentives could be used to promote this practice.

The implementation of the BSI has resulted in skills development and retention at village level; career paths are developing at district level in the WSS. The inclusion of women in WUC, as seen in Kumi, is a particularly positive sign.

O&M: Who owns and maintains what?
Uganda is in the fortunate position that many of the key aspects of an O&M strategy are already in place. The LGDP funds include a component for O&M, which goes directly to subcounties.

However, precisely how much of this money is spent on O&M and monitoring is however difficult to establish. The scope for cost recovery from communities must be realistically measured against notions of affordability within the largely subsistence economies of the rural areas. The concept of paying for water is not
widely accepted, given both the levels of poverty and access to ‘free’—if unsafe—water sources.

Willingness and affordability aside, many villages are ill prepared to take full responsibility for O&M. Expanding community involvement in O&M and other aspects of running the rural water schemes is hampered by ambiguity concerning the ownership of schemes, i.e., do they belong to the state, the district or to the user/maintainer-community? In other words, the ownership question should be addressed more fully at a policy level, in order to strengthen O&M.

Moreover, in order to realize the full benefits of decentralization and the BSI, a more comprehensive and effective O&M strategy is needed. This will enhance both the well-being of communities and the sustainability of the water schemes.

2.6. Spending on rural water supply

Decentralized funding releases

The District Water and Sanitation Development Grants (DWSDG) increased unevenly in the period under review.

It is clear that reforms to the allocation mechanism are needed: an increased and more predictable flow of monies to the districts is imperative. Moreover, equity will continue to be elusive while large disparities in spending are evident. Although previous allocations were based on need, the nature of criteria used is unclear. Many of the donor-supported projects did not stop immediately when the BSI started. Accordingly, in FY00/01 and FY01/02, some districts received only a small portion of the DWSDG. When the donor-support ended, these districts received much higher grants.

The amount of money allocated varies considerably—amongst the districts—per unserved person. For example, Iganga District received UGS 155 per unserved person, whereas the Rukungiri and Kayunga Districts received as much as UGS 394.7 and UGS 633.5 respectively. Equity of allocations is receiving attention through the Fiscal Decentralization Strategy (FDS).

Rural/urban delineation affects delivery statistics

Excellent demographic data is available in Uganda. But definitive statistics (regarding the numbers of rural Ugandans served) are obscured by the fact that the stated numbers of persons served do not take into account those living in Rural Growth Centers (RGCs). The RGCs are not financed with District Water and Sanitation Development Grants (DWSDG), rather the water supply investments are managed directly from the Directorate of Water Development (DWD). During the period under review, safe water supply was extended

<table>
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<th>The releases, in Ugandan Shillings (UGS) comprised</th>
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<tr>
<td>2000/01</td>
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<td>2001/02</td>
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<td>2002/03</td>
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Mr Boniface Kagwa is the caretaker of a protected shallow well in the Odeperio Village in the Palisa District. He maintains the pump, greasing and oiling parts. Mr Kagwa usually earns a small monthly stipend paid entirely by the users’ contributions. The community also pays for minor repairs and parts.
More and more rural people live in these settlements which are classified neither as ‘urban’ nor are they any longer strictly ‘rural’ annually to a further 210,000 persons living in RGCs. Thus the statistics on coverage may include some under-reporting. Investments indicate the following typical cost per capita:

<table>
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<th>Overall investment for Rural Water including Small Towns:</th>
<th>Amount spent in million$ FY 2002/03</th>
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<tr>
<td>Funding Source</td>
<td></td>
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<tr>
<td>GOU</td>
<td>20.6</td>
</tr>
<tr>
<td>Donor</td>
<td>19.1</td>
</tr>
<tr>
<td>Total</td>
<td>39.7</td>
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The numbers of persons served were:
- Rural: 730,000
- Small towns: 210,000
- Total: 940,000

- USD 18.6 under DWSDG (largely used for hardware);
- USD 7.0 for support to the Rural Water and Sanitation. Sub-sector (RWSS) (nearly all software);
- USD 3.6 financed by others (mix of hardware and software);
- USD 76.7 for small towns (mix of hard- and software).

Some 34.3 percent of the total spending went directly to the districts, while 65.7 percent remained with the DWD. However, the distinction between rural and urban is not clear.

Cost escalation and spending
During the period under review, the cost of RWS per capita has risen slightly despite the fact that more low cost technologies were used. Moreover, the gap between the actual spending and the projected cost increased, based on the unit prices as used in the 5-year Operational Plan (OP5). This suggests that the financial performance has worsened.

Reasons for this development are unclear from the available data. As in previous years, full cost transparency was not achieved. Cost efficiency and value for money, therefore, are issues that will need future attention. If the per capita cost is indeed escalating in real terms, i.e. above the inflation rate, it will be difficult to accelerate the pace of service delivery.

Chart 2 illustrates the coverage forecast. With no Operations and Maintenance, 5 percent of all systems fall in disrepair per year.

2.7. Role of the private sector
The private sector can play a significant role in increasing service delivery, but this sector also faces challenges. For example, the procurement system is often viewed as costly and lacking in transparency. Private sector stakeholders’ perception of the BSI is mixed – in part because the cost of doing business has increased. Profit margins are regarded as slim,

IMPACT OF BSI IN THE CONTEXT OF RURAL WATER SUPPLY IN UGANDA
in part due to fierce competition and small lot sizes. It appears that tendering guidelines, designed to prevent corruption, are cumbersome or 'over designed' and this contributes significantly to the private sectors' perceived cost of doing business.
3. Recommendations

This review of the implementation of the BSI in the context of Rural Water Supply (RWS) in Uganda has indicated more strengths than weaknesses in the first three years of operation. What follows in this Policy Note is a set of recommendations to improve the implementation both of the BSI and the decentralization process, the goal of which is to increase the efficacy, cost-efficiency and sustainability of RWS.

3.1. Further support to the PRSC

Further support should be given to the Poverty Reduction Support Credit (PRSC) Budget Support Instrument (BSI) in Uganda. The functioning of the BSI is expected to improve as the new Fiscal Decentralization Strategy (FDS) process develops: the FDS formula for equitable distribution of funds amongst districts is quite simple and easy to apply. It is clear, however, that if Poverty Eradication Action Plan (PEAP) targets are to be met, the rural sector will need a substantially increased share – 35 percent rather than 25 percent – of government resource allocation.

The process of transition should also be characterized by continuous support; district level structures need to be developed to match growing responsibilities. The role of the Directorate of Water Development (DWD) as the regulator is highly important: inter-district co-ordination and close collaboration between the DWD and District Water Offices (DWO) should lead to optimal district structures. The FDS has already begun to give more autonomy to the districts, particularly regarding the setting of planning priorities. The shift of control to local governments needs support, especially regarding the establishment of better mechanisms for Monitoring and Evaluation (M&E). The FDS will also enable districts to tackle bigger projects – such as Rural Growth Centers (RGC) and Gravity Flow Schemes (GFS).

3.2. Rural Growth Center (RGC) management

Responsibility for the investments in mechanized systems for RGCs should be transferred from the Directorate of Water Development (DWD) to the District Water Officers (DWO). Technical aspects can be addressed by institutionalizing technical support to the DWO, and this can be provided by the Technical Support Unit (TSU) or private sector consultants.

The economic and social aspects of RGC management should be in the hands of the DWO. Piped systems mean changing over from simple Operation and Maintenance (O&M)
structures to a more complex operation regime. It will be necessary to speed up service delivery. It may also be necessary to direct more resources to like higher cost technologies.

3.3. Planning horizon

Mechanized water systems cannot be planned and implemented in one year. The planning horizon must be extended, included in the District Development Plan (DDP), and fully integrated with the budgeting process.

3.4. Technical support

In order to deal with the more complex technical aspects of Small Piped Systems (SPS), a technical support structure for the execution of an investment project will be required. There is also some risk ahead as the standard of works must be improved and unit costs reduced. The roles and responsibilities of the various players – including the DWO, private sector consultants, DWD and TSU, District Councils, communities and private sector operators – need to be more clearly defined.

3.5. Setting up supply chains

An innovative approach was developed and adopted in Uganda to support the establishment of sustainable supply chains for hand pumps. Other service provisions could also benefit from such innovative approaches. The overall investment for Rural Water including Small Rural Towns in FY02/03 was:
- GOU: 37,064,702 UGS
- Donor: 19.1 million USD

The graph below illustrates the spending in Rural Water Supply:

Chart 3: Spending in RWS per Capita
3.6. Drilling

The contracting process for drilling needs to be improved: uniform rates for drilling could be adopted. An agreed price list for Bills of Quantities (BoQ) items could be used for contracting drilling firms, because this approach simplifies and shortens the contracting process.

Standardized costing could enable districts to jointly contract the same drilling company and thereby achieve an economy of scale. Competitive bidding on a piece-meal, contract-by-contract basis would cease – and the pace of drilling would improve.

3.7. Procurement

The DWD should formulate, issue and enforce practical guidelines for procurement processes. These guidelines should make decentralized procurement more flexible, with the aim of improving the quality and sustainability of water source protection.

In districts and sub-counties, the purchase of services and equipment should be done with the aim of creating sustainable infrastructure and a healthy public-private partnership, i.e. the lowest price may not be the optimal choice in the long-term.

3.8. Sector Wide Approach to Planning (SWAP) and planning process in the districts

Many districts and sub-counties run several projects in parallel. They are financed through Local Government Development Programs (LGDP), bi- or multi-lateral donors, NGOs, or other government ministries (the latter is most evident with regard to sanitation). All these projects require separate accounts, reporting, etc. and project cycles are not synchronized. Self-supply is part of the solution.

3.9. Three year budget guarantee

The district administrations currently prepare the District Development Plans (DDPs) on a three-year rolling basis. It is recommended that these three-year rolling plans be approved in principle at central level. Approval must include a commitment – on the part of both central and local government – to adhere as closely as possible to the budget and outputs of the funding plans.

3.10. Equity amongst districts

The BSI and Financial Decentralization Strategy (FDS) mechanisms aim to close the wide gap in coverage between districts, and also within districts among the sub-counties. But equity is likely to be elusive in the immediate future, and self-supply must indeed be promoted in districts where the most isolated 10 percent of the rural population lives.

Flaws in the planning process may lead to outcomes outside the principle of putting unserved areas – or the poorest people – first. However, with appropriate monitoring, the planning process could address this through changes in the allocation mechanism.

A strategy of a staggered introduction of FDS over two years would result in a more even-
handed distribution. It is recommended that, in year one and two (i.e. 2004/05 and 2005/06), 50 percent of funds be distributed according to FDS formula and 50 percent distributed in proportion to past allocations.

After this two-year period, the Local Government Finance Commission (LGFC) should review the impact of this strategy on equity and propose whether further transitional arrangements are needed in applying the FDS in FY 2006/07. Protected sectors like water and sanitation must receive their full budget allocation. It is clear that a higher proportion of state resources must be channelled to rural needs within those sectors.

3.11. Releasing funds optimally

It is recommended that central government and donors do their utmost to ensure that the budgeting process is realistic and, particularly, that protected sectors do actually receive the full budget allocation. This will obviously increase the likelihood of meeting targets for access to a safe and sustainable water supply. It will also have positive implications for the relationship between the district administration and communities, and the district administration and the private sector.

3.12. Monitoring

It is recommended that the monitoring system be aligned with an agreed, standardized, baseline. Once data has been consolidated, the present system is quite adequate for monitoring. Improving the DWD’s Management Information System (MIS) is necessary to provide consistent performance indicators for evaluation of the BSI.

At district level, it is important to set up a monitoring system for all facilities – including facilities built by means of District Water & Sanitation Development Grants (DWSDG), other Local Government Development Plans (LGDP), donor funds, NGO funds, or other means of funding. The monitoring system will then better indicate a holistic picture of how many systems are in place and how well they are functioning.

3.13. Operation & Maintenance (O&M) Strategy

The cost effectiveness of preventive maintenance is beyond doubt. Uganda is in the fortunate position that many of the key aspects of the strategy are already in place. Therefore, the maintenance strategy needs only be extended to promote regular routine maintenance for all new and existing facilities. Neglect of O&M has the potential to undermine and even negate the positive impact of all other initiatives.

Communities have a keen appreciation for the need and value of safe, accessible water sources. There is a clear understanding of the link between safe water and the reduction of vulnerability to disease. The motivation of the WUC to maintain the facilities is critical if existing investments are to meet the expected service life.
Chart 4: Progress towards meeting RWS service coverage targets

The graph above illustrates significant progress in meeting service coverage targets in the MDGs, Sector Investment Plan (SIP) and Poverty Eradication Action Plan (PEAP) targets for Rural Water Supply (RWS) under the Poverty Action Fund (PAF).
4. Conclusion

The BSI has taken root in Uganda. A bridge has been crossed: there is no reason for returning to the old way of executing development projects without participation of the poor and local government institutions. The BSI has proven to be a good pro-poor instrument.

The essential elements for effective functioning of the BSI have been put in place at district level, including guidelines, policies, and human resources. Valuable experience has already been gained and must be built upon; the shortcomings of the BSI should be improved gradually. The graph below illustrates the forecast up until 2015, including cost reduction, self supply options and increased funding.

Uganda can meet the Millennium Development Goals (MDG) if the BSI process continues to be refined, and Poverty Eradication Action Plan (PEAP) targets are also within reach. The outlook for the next 12 years indicates that the MDG are indeed within reach, however, targets set in the Sector Investment Plan (SIP) and PEAP appear less attainable.

Chart 5: Coverage foremost 2003 - 2015
The graph above illustrates the forecast up until 2015, including cost reduction, self supply options, increased funding and with or without systematic O&M.

The outlook indicates that both the MDGs and the more ambitious SIP targets are indeed achievable if increased funding can be combined with reduced unit costs, self-supply options and systematic O&M. Even the Poverty Eradication Action Plan (PEAP) targets could be within reach. With continued refinement, indications are strong that the BSI process will further enhance accountability and efficacy of Rural Water Supply (RWS). Continued and improved implementation of the BSI thus offers the optimal approach to meet all these targets.
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