

# CSO ASSESSMENT OF THE UTILIZATION AND PERFORMANCE OF WASH GRANTS IN UGANDA FY 2018/19 AND FY 2019/20 PROJECTIONS

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**IRC**  
Supporting water sanitation  
and hygiene services for life



Civil Society Budget Advocacy Group



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# INTRODUCTION

**Access to water and sanitation along with hygiene (WASH) services is essential to the livelihoods of all the people of the world, their socioeconomic status notwithstanding. The sixth Sustainable Development Goal (SDG) recognises this and seeks to “ensure availability and sustainable management of water and sanitation for all”. In adopting the SDGs,**

**Uganda along with other member states of the United Nations mainly set out to achieve universal and equitable access to safe and affordable drinking; along with adequate and equitable sanitation and hygiene for all by 2030. The importance of this goal and the associated targets notwithstanding, many people in developing countries such as Uganda remain without access to clean and safe water mostly due to limitations in funding.**

Against such a background, the Civil Society Budget Advocacy Group (CS-BAG) commissioned an analysis of the utilisation and performance of grants under Uganda’s Water and Sanitation (WASH) sub-sector in Financial Year 2018/19. The analysis also profiles the approved funding for the sector in the current fiscal year (FY) 2019/20. This analysis is consistent with CSBAG’s work under the sector since 2013 where it seeks to generate evidence that will inform the WASH sector review process and the budgeting for FY 2020/21.

## **Structure of the WASH Sub-sector in Uganda**

The WASH sector in Uganda comprises of several Ministries, Departments and Agencies (MDAs) of government under the leadership of the Ministry of Water and Environment (MoWE). These include the National Environmental Management Authority, the National Water and Sewerage Cooperation, Kampala Capital City Authority (KCCA), and Local Governments. It also includes Ministry of Education, Science, Technology and Sports (MoEST) along with Ministry of Health as implementation partners. The sector also comprises of the several Civil Society Organisations (CSOs) under the umbrella of the Uganda Water and Sanitation Network (UWASNET).

## The Economic Contribution of the WASH Sub-Sector

WASH services have strong links between the outcomes in the health, education, agriculture and energy sector. WASH services have major impact on the performance of Uganda's economy due to the strong link between the quality WASH services and the intensity of disease burdens. The World Health Organisation links poor quality WASH facilities to the incidence of diseases such as diarrhoea, trachoma and malaria among others. The World Health Organisation estimates that improving water supply can potentially have a reduction of diarrhoea related morbidity by a magnitude between 6% and 25%. Additionally, improved sanitation and hygiene interventions can potentially reduce diarrhoea related morbidity by 32% and 45% respectively.

Additionally, the contribution of WASH can also be computed in terms of the contribution it makes to a country's Growth Development Product (GDP). In Uganda it has been estimated that over the country's vision 2040 planning period (2015 – 2040), increased investment in water supply and sanitation, has the potential to yield an extra 4% growth in GDP per capita by 2040. This has been quantified to amount to an extra USD 50 per Ugandan<sup>1</sup>.



<sup>1</sup> Ministry of Water and Environment, 2016. The Contribution of Water Resource Development and Environmental Management to Uganda's Economy



**PERFORMANCE  
OF WASH  
SUB-SECTOR  
IN FY 2018/19**



Over the FY 2018/19, the WASH sub-sector set out to achieve a number of outcomes in expenditure namely, increase in access to quality safe water and sanitation facilities as well as water for production uses; and Improvement in water resources assessment, monitoring, planning, regulation and quality management. The performance against these two indicators is measured against a set of indicators which also denote the situation of the sector. Performance against the selected set of indicators is summarised in table 1 (See a detailed table of indicators in annex 1).

**Table 1:** WASH Sub-sector Performance against FY 2018/19 Targets\*\*

Indicator	FY 2018/19 Target	FY 2018/19 Performance
<b>Rural Water Supply and Sanitation Programme</b>		
% of people accessing safe water supply within 1000M	72%	70%
% People with access to an improved sanitation facility in rural areas	86%	80%
% Increase in access to an improved sanitation facility	86%	80%
<b>Urban Water Supply and Sewerage Programme</b>		
% of people accessing safe water supply within 200M	80%	77%
% people with access to an improved sanitation facility in Urban Areas	95%	87.5%
% increase in access to an improved sanitation facility	89%	89%
<b>Water for Production Programme</b>		
% of water for production facilities that are functional	30%	86.7%
<b>Water Resource Management Programme</b>		
% increase in number of water resources related investments	25%	5%
% increase in number of water resources related investments from the approved catchment management plans implemented	25%	2%

Source: MoWE Quarter 4 Performance Report

**Colour Codes:** **Yellow** = Target partially met | **Green** = Met/exceeded target | **Red** = Target not met



IN FY 2018/19  
THE WATER AND  
ENVIRONMENT SECTOR  
WAS APPROPRIATED

**UGX 1,318.68**  
BILLION (INCLUDING  
APPROPRIATION IN AID)  
WHICH TRANSLATED

INTO **4%** OF THE  
NATIONAL BUDGET.

It is notable from table 1 that majority of the sector targets were either only met partially or entirely missed in FY 2018/19. The sub-sector only met its targets on increasing access to improved sanitation in urban areas as well as the functionality of water for production facilities where it far exceeded the target.

However, major under performance was particularly noted in the management of water resources programme. The programme missed its targets by 80% in its aim of increasing the number of water resources related investments. Additionally, it missed its target by 92% in increasing the number of implemented water resources related investments from the approved catchment management plans.

Analysis of the reasons for variation in performance reveals the unavailability/insufficiency of funds as the major reason behind the failure to meet the targets. However, it is hard to trace the exact effect the insufficiency of funds has had on the outcomes of the sub-sector. This is mainly due to challenges in connecting the narratives on the sub-sector outputs to its outcomes. Currently, the reporting of the sub-sector still places emphasis on the outputs of the year despite the country implementing programme based budgeting (outcome based budgeting) since FY 2016/17. It is therefore imperative that the sub-sector along with the Water and Environment sector as a whole reorients its reporting to outcomes, especially in the fourth quarter (annual) progress reports.

### **Expenditure Performance**

The WASH sub-sector falls under the Water and Environment sector. In FY 2018/19 the Water and Environment Sector was appropriated UGX 1,318.68 Billion (including appropriation in aid) which translated into 4% of the national budget. This allocation represented only 92% increment from FY 2017/18. However, it is important to note that only 4.5% of the total sector budget was allocated to local governments which are at the forefront of WASH service delivery.

The largest proportion of the Water and Environment sector budget went toward WASH services. In particular, the WASH programmes were allocated UGX 1,037.75 Billion in FY 2018/19 which translates into approximately 78.7% of the entire Water and Environment Sector Budget. In comparison to FY 2017/18, this allocation marked an 88.5% increase in the WASH funding levels. Table 2 presents details of the allocations to the WASH programmes.

**Table 2:** Budget Allocations and Performance of WASH Programmes in FY 2018/19 (Billion UGX)

Expenditure Programme	Approved Budget	Releases	Spent	Release Performance	Expenditure Performance
Rural Water Supply and Sanitation	90.14	99.56	90.62	110%	91%
Urban Water Supply and Sanitation	748.43	704.59	691.79	94%	98%
Water for Production	95.59	89.30	86.44	93%	97%
Water Resources Management	44.67	52.83	51.60	118%	98%

Source: MWE Quarter 4 Performance Report

Release Performance denotes the funds released to what was appropriated under the approved budget while expenditure performance denotes the proportion of the released funds that was actually spent.

As indicated in Table 2, the Rural Water Supply and Sanitation programme together with the Water Resources Management both received more funds than what was initially appropriated as approved budgets. This suggests that both programmes benefitted from supplementary budget allocations. On the other hand, the Urban Water Supply and Sanitation programme along with the Water for Production suffered budget cuts, receiving 94% and 93% of the funds appropriated to them respectively.



THE RURAL WATER SUPPLY AND SANITATION PROGRAMME TOGETHER WITH THE WATER RESOURCES MANAGEMENT BOTH RECEIVED MORE FUNDS THAN WHAT WAS INITIALLY APPROPRIATED AS APPROVED BUDGETS.



THE FY 2018/19  
ANNUAL WATER AND  
ENVIRONMENT SECTOR  
PERFORMANCE REPORT  
INDICATES THAT ONLY

**42%** OF THE  
PUPILS IN UGANDA ARE  
ENROLLED IN SCHOOLS  
WITH BASIC HAND  
WASHING FACILITIES.  
ADDITIONALLY,  
THE PUPIL STANCE  
RATIO REMAINS HIGH.

STANDING AT **50:1**  
(50 PUPILS PER LATRINE  
STANCE)

However, despite not receiving all the funds appropriated, the Urban Water Supply and Sanitation programme is recorded to have received a supplementary budget allocation of UGX 3.7 Billion towards the construction of the Kibaale Water Supply and Sanitation project. Nonetheless, only UGX 2.2 Billion of the supplementary allocation is reported to have been released to the programme which further explains release performance indicated in table 2.

In terms of spending the released funds, the WASH programmes registered high levels of budget performance with over 90% of the funds released being spent. However, the performance suggests that 9% of the funds released to the Rural Water Supply and Sanitation programme were not absorbed; a slight cause for concern considering the programme missed all its outcome targets as indicated in table 1.

Furthermore, comparing the expenditure performance in table 2 and the outcome performance in table 1 provides an intriguing picture that suggests limited value for money in programme expenditure. The comparison suggests a mismatch between the budget performance and the expenditure outcomes. For instance the Water Resources Management programme significantly underperformed on its outcomes despite receiving more funds than what was initially appropriated. On the other hand, the water for production programme far exceeded its targets for the year despite receiving only 93% of its appropriated budget. These expenditure patterns warrant further scrutiny during the sector review processes.

In addition, major gaps remain in the promotion of sanitation and hygiene among schools. A review of the cumulative outputs at the end of quarter 4 FY 2018/19 suggests limited effort and funding towards the promotion of sanitation and hygiene in schools. In the entire fiscal year, only 5 trainings on production of liquid soap were carried out in primary schools; only 3 blocks of VIP toilets were constructed in primary schools (2 blocks for girls and 1 for boys which were even at roofing level and not completed). The other relevant output to this regard was the "continued setup of technology

fabrication station with Machinery for the production of sanitary pads in target schools” which is ambiguous and does not specify how many schools have benefited.

In addition, review of the Education sector performance information over the fiscal year indicates that there are no performance indicators on the promotion of access to safe water and sanitation in schools. This perhaps explains the persistent poor WASH indicators in schools. For instance, the FY 2018/19 Annual Water and Environment Sector Performance report indicates that only 42% of the pupils in Uganda are enrolled in schools with basic hand washing facilities. Additionally, the pupil stance ratio remains high, standing at 50:1 (50 pupils per latrine stance) at the end of June 2018. This poses a serious question as to effectiveness of the coordination mechanism between Ministry of Water and Environment and the Ministry of Education and Sports to promote sanitation and hygiene in schools.

### Expenditure Performance at local government level

As per the Water and Environment FY 2018/19 Annual Sector Performance report, local governments received a total of UGX 58.55 billion by way of four conditional grants; that is, Rural Water Development and Sanitation Development which are development grants as well as Urban Operation and Maintenance and the Wetland grant which are recurrent grants. The performance against these grants is summarised in Table 3.

**Table 3:** Performance of Conditional Grants to Local Governments

Sub-Sector	Type of Grant	Budget	Released	Spent	% of Release Spent
Rural Water Development	Development	48.29	48.29	44.10	91.3%
	Recurrent	4.47	4.47	4.00	89.5%
Urban Water O&M	Recurrent	2.50	2.50	2.50	100.0%
Sanitation Development	Recurrent	2.00	2.00	2.00	100.0%
Wetlands	Recurrent	1.29	1.29	1.29	100.0%
<b>LG Total</b>		<b>58.55</b>	<b>58.55</b>	<b>53.89</b>	<b>92.0%</b>

Source: Water and Environment FY 2018/19 Annual Sector Performance report

It is notable from Table 3 that on average local governments received all the budgeted funds and spent 92% of the funds that were released to them. While a 92% absorption rate is quite high, the unabsorbed funds equated to UGX 4.66 Billion that was left unspent. These unabsorbed funds were mostly attributed to limited capacity in the environment departments at local government level as well as procurement delays. For a sector with several unmet targets and funding gaps, it is imperative that the limited funds available are fully utilised.

Overall, it is difficult to determine the exact level of budget performance for both the sector MDAs and local governments. This is due to the inconsistency observed in the figures reported within the Quarter 4 performance reports, the Annual Sector Performance Report and the Approved Estimates of Revenue and Expenditure. While the budgeted figures reported in the performance reports are consistent with the approved estimates of revenue and expenditure, they are inconsistent with the Sector Performance Report. The Annual Sector Performance Reports provides no explanation for these discrepancies. For instance, the total sector budget in the Annual Sector Performance Report is UGX 1,939.12 Billion which is a lot more than the UGX 1,318.68 reported in both the Quarter 4 performance report and the approved estimates of Revenue and Expenditure, FY 2018/19, Volume I.

The inconsistencies are also noted within the sector performance report itself. For instance, Table 9 and 10 of the report, which are on adjacent pages, present different figures on the levels of absorption among local governments. In table 9, the local governments are reported to have spent UGX 46.42 Billion (79.3%) of the UGX 58.55 Billion they received; while table 10 indicates that the local governments spent UGX 53.89 Billion (92%) of the UGX 58.55 Billion they received. This will improve on the quality of information available for the policy actors and makers in the sector to work with.

### Expenditure outlook in FY 2019/20

In FY 2019/20, the Water and Environment Sector was allocated a total budget of UGX 1,105.73 Billion which marks a 16% (UGX 212.95 Billion) reduction from the FY 2018/19 funding levels. In particular, the WASH programmes were allocated a total budget of UGX 828.8 Billion which despite accounting for two-thirds of the entire sector budget, mark a 20% (UGX 208.95 Billion) reduction in the funding of WASH services when compared to FY 2018/19. The distribution of the FY 2019/20 funding is summarised in table 4.



THE LOCAL GOVERNMENTS ARE REPORTED TO HAVE SPENT UGX 46.42 BILLION (79.3%) OF THE UGX 58.55 BILLION THEY RECEIVED. WHILE TABLE 10 INDICATES THAT THE LOCAL GOVERNMENTS SPENT UGX 53.89 BILLION (92%) OF THE UGX 58.55 BILLION THEY RECEIVED.

**Table 4:** Comparison between the Approved FY 2019/20 and FY 2018/19 WASH Budget

Expenditure Programme	Approved FY 2018/19 Budget (UGX Billion)	Approved FY 2019/20 Budget (UGX Billion)	Budget Changes (% change across the years)
<b>Central Government</b>			
Rural Water Supply and Sanitation	90.14	124.91	39%
Urban Water Supply and Sanitation	748.43	477.38	- 36%
Water for Production	95.59	121.70	27%
Water Resources Management	44.67	46.25	4%
<b>Local Government</b>			
Rural Water Supply and Sanitation	56.42	56.04	- 1%
Urban Water Supply and Sanitation	2.5	2.50	0%

Source: Ministry of Finance – Approved Estimates of Revenue and Expenditure

The reduction in the WASH budget has mostly affected the Urban Water Supply and Sanitation programme which as indicated in table 3, experienced a 36% reduction in its funding levels. In addition, the rural water supply and sanitation programme at local government level also experienced a reduction of 1% in their funding levels despite facing major funding gaps.

Despite the reduction in funding for the WASH sub-sector, especially in urban water supply and sanitation, it is notable from the FY 2019/20 Ministerial Policy Statement that the outcome targets have increased all across the WASH sub-sector. It is difficult to see how the sector will attain 96% access to safe water and sanitation facilities in urban areas in light of the 36% reduction in funding experienced.



## CONCLUSIONS AND RECOMMENDATIONS

The WASH sub-sector has experienced mixed performances across both the sub-sector outcomes and the expenditure outcomes. We note a mismatch between expenditure performance and the sub-sector's outcomes which suggests a limited value for money. This is mostly due to the missed targets despite the presence of supplementary expenditure and

high levels of budget performance (utilisation of the received funds). That notwithstanding, the reductions in funding experienced in FY 2019/20 are bound to make the attainment of the higher outcome targets even harder to attain. We therefore recommend that;

- **Funding for the WASH sub-sector is increased in the coming financial years, if the country is to meet its sustainable development outcomes.** As empirical research has indicated, increased investment in water supply and sanitation has the potential to yield an extra 4% growth in GDP per capita by 2040. This has been quantified to amount to an extra USD 50 per Ugandan.
- **The WASH sub-sector along with Water and Environment Sector should start placing emphasis on the sector/sub-sector outcomes in their reporting.** There should be a clear link between the expenditure and the sector outcomes. Currently, the reporting of the sub-sector still places emphasis on the outputs of the year despite the country implementing programme based budgeting (outcome based budgeting) since FY 2016/17.
- **The WASH sub-sector should place emphasis on access to improved sanitation and hygiene facilities in schools by making it an outcome area of its own.** A review of the cumulative outputs at the end of quarter 4 FY 2018/19 suggests limited effort and funding towards the promotion of sanitation and hygiene in schools.
- **The Water and Environment Sector ought to ensure consistency between the budget and expenditure figures reported in all its budget documents.** This will improve on the quality of information available for the policy actors and makers in the sector to work with.
- **The Ministry of Water and Environment along with the Ministry of Education** should come up with a clear coordination for increasing access to WASH facilities in Schools.

# ANNEX

## Annex 1: Detailed WASH Performance over the NDP II Implementation Period

<b>Performance Indicators</b>		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
(n/a = not applicable, ND = No Data)					
<b>Water Supply</b>					
Basic water: Percentage of population using an improved drinking water source	Rural	67%	70%	70%	69%
	Urban	71%	71%	77%	79%
Safely managed water: Percentage of population using safely managed drinking water services located on premises	Rural	n/a	ND	ND	ND
	Urban	n/a	ND	20%	57.20%
Percentage of villages with a source of safe water supply	Rural	n/a	64%	66%	66%
	Urban	n/a	ND	ND	ND
Percentage of towns with pro-poor facilities where people pay less or equal to the house connection tariff in the service area	STs	n/a	ND	38%	31%
	NWSC	n/a	ND	83%	ND
Functionality: rural: % of water sources functional at time of spot-check	Rural	86%	85%	85%	85%
urban: % piped water service availability	STs	n/a	92%	93%	94.30%
	NWSC	n/a	ND	ND	ND

<b>Performance Indicators</b> (n/a = not applicable, ND = No Data)		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Management - rural: % of water points with actively functioning Water & Sanitation Committees	Rural	87%	88%	89%	89%
Management – piped schemes: % of piped water schemes with formal contract-based management structure	STs	n/a	ND	ND	100%
% Non-revenue water (piped schemes)	STs	n/a	ND	42%	33%
	NWSC	28%	31.30%	30.70%	30.73%
Customer satisfaction: NSWC's customer satisfaction index	NWSC	88%	84%	85%	86%
Financial Sustainability: Ratio between total revenue collection and O&M costs	STs	n/a	ND	158%	79%
Per Capita Investment Cost: Average cost per beneficiary of new water and sanitation schemes (USD)	Rural	32	32	68	75
	Urban	65.5	54	58	41

<b>Performance Indicators</b> (n/a = not applicable, ND = No Data)		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Drinking water quality: % of water samples taken that comply with national standards (Point water sources / Piped schemes)	Rural	41.0%	59.0%	64.0%	59.0%
	STs	n/a	ND	89.0%	93.3%
	NWSC	99.0%	99.6%	99.3%	99.6%
<b>Sanitation and Hygiene</b>					
Basic sanitation: Percentage of population using an improved sanitation facility not shared with other households	Rural	n/a	ND	ND	16.6%
	Urban	n/a	ND	36.3%	37.4%
Safely managed sanitation: Percentage of population using safely managed sanitation services	Rural	n/a	ND	ND	7.1%
	Urban	n/a	ND	26.0%	42.8%
Open defecation: Percentage of population practicing open defecation	Rural	n/a	ND	8.0%	22.9%
	Urban	n/a	ND	12.6%	12.1%

<b>Performance Indicators</b> (n/a = not applicable, ND = No Data)		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Hand washing: Percentage of population with hand washing facilities with soap and water at home	Rural	36.0%	37%	36.5%	36.0%
	Urban	39.1%	40%	39.6%	40.0%
Schools: Percentage of pupils enrolled in schools with basic hand washing facilities	Schools	34.0%	35%	40.0%	42.0%
<b>Water for Production</b>					
Cumulative Water for Production Storage Capacity (million m <sup>3</sup> )		37.2	38.9	39.3	41.124
Irrigation: Proportion of irrigation potential utilized		n/a	ND	ND	ND
Irrigation: Proportion of actual water abstraction to total irrigation water requirement		n/a	ND	ND	ND
WfP Functionality: % of water for production facilities that are functional at time of spot-check		84%	85%	86.70%	87.20%

<b>Performance Indicators</b> (n/a = not applicable, ND = No Data)	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
WfP Management: % of water for production facilities with actively functioning Water User Committees	81%	83%	84%	84%
<b>Water Resources Management</b>				
Compliance with permit conditions: % of permit holders complying with permit conditions	72%	71%	72%	73%
Proportion of wastewater safely treated	n/a	ND	ND	79%
Proportion of bodies of water with good ambient water quality	n/a	ND	ND	ND
Water use efficiency: Gross Value Added by irrigated agriculture per vol. of water used [USD/ m3]	n/a	ND	ND	ND
Level of water stress: Water withdrawal as a proportion of available water resources	n/a	ND	ND	ND

Source: Water and Environment Sector Performance Report

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