Implementation of Water Supply & Sanitation Programmes under PRSPs

Synthesis of research findings from sub-Saharan Africa

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Front cover photograph: Community well, Uganda (ODI/Marialivia Iotti)
Back cover photograph: Children collecting water, Uganda (WaterAid/Geoff Crawford)

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Acronyms and abbreviations

ADB	African Development Bank
CBM	Community-Based Management
CIDA	Canadian International Development Agency
DA	District Assemblies
DDF	District Development Fund
DDP	District Development Plans
DFID	Department for International Development
D-WASHE	District Water, Sanitation, and Health Education
DWA	Department of Water Affairs
DWD	Directorate of Water Development
EA	Enumeration Area
EU	European Union
FY	Financial year
GDP	Gross Domestic Product
GFS	Gravity-fed Scheme
GIS	Geographic Information Systems
GPS	Global Positioning System
HIPC	Highly Indebted Poor Countries
HQ	Headquarters
ICWP	Improved Community Water Point
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
KFW	Kreditanstalt für Wiederaufbau
LG	Local government
LGBFP	Local Governments Budget Framework Paper
LGDP	Local Government Development Programme
MAC	Ministry of Agriculture and Cooperatives
MASAF	Malawi Social Action Fund
MDG	Millennium Development Goal
M&E	Monitoring and evaluation
MEWD	Ministry of Energy and Water Development
MFNP	Ministry of Finance and National Planning
MK	Malawi Kwacha
MLGH	Ministry of Local Government and Housing
MoF	Ministry of Finanace
MoFED	Ministry of Finance and Economic Development
MoWD	Ministry of Water Development
MoWED	Ministry of Energy and Water Development
MPRSP	Malawi the PRSP
MTEF	medium-term expenditure framework
MWLE	Ministry of Water, Lands and Environment
NGO	Non Governmental Organisation
NORAD	Norwegian Agency for Development Aid
NRA	National Roads Authority
NSA	Non-State Actors
NWASCO	National Water Supply and Sanitation Council
NWDP	National Water Development Project
ODI	Overseas Development Institute
O&M	Operation and Maintenance
OP	Office of the President
PAF	Poverty Action Fund
PEAP	Poverty Eradication Action Plan
PDC	Parish Development Committee
PIP	Public Investment Programme
PPA	Participatory Poverty Assessment
PPE	Pro-Poor Expenditure
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
SC	Save the Children

SSA	Sub-Saharan Africa
SWAP	Sector Wide Approaches
TA	Traditional Authority
TNDP	Transitional National Development Plan
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WP	Water Point
WPD	Water Point Density
WSP	Water and Sanitation Program
WSS	Water Supply and Sanitation
WSSD	World Summit on Sustainable Development
WWF	World Wide Fund for Nature

I. Introduction

Background to the research

This working paper presents a synthesis of findings from a research project entitled 'WatSan & PRSPs: strengthening the design, finance and delivery of water supply and sanitation programmes under PRSPs in sub-Saharan Africa'. The project was coordinated by the Overseas Development Institute (ODI), in partnership with WaterAid and in collaboration with the Water and Sanitation Program (WSP)-Africa, as well as with researchers and policy specialists in the region.

The research detailed here addresses both policy and practice issues surrounding the implementation of Poverty Reduction Strategy Papers (PRSPs) from a water sector perspective. The importance of access to improved water and sanitation services for poverty reduction is well established and recently enshrined in the Millennium Development Goals (MDGs). The water sector therefore provides a good example and test of PRSP delivery and development at national level, towards international goals.

The emergence of PRSPs in the late 1990s reflects a growing consensus on the importance of poverty reduction as a central objective of debt relief, government expenditure and donor support, and the PRSP framework has subsequently become a centre piece for policy dialogue in all countries receiving concessional lending from the World Bank and IMF. A number of core principles of PRSPs can be identified (see **Box 1**).

These reflect a growing recognition that development strategies imposed from the outside are generally not effectively implemented. They also represent part of a broader shift in aid provision away from individual projects towards more programmatic forms of aid, and away from policy conditionality towards a more partnership-based approach.

Box 1: Core principles of Poverty Reduction Strategies

Poverty Reduction Strategies are intended to be:

- country-driven: drawn up on the basis of broad consultation and participation;
- results-oriented: each PRSP is to include performance targets and a system for monitoring, to link pro-poor policy and results;
- comprehensive: since poverty is a multi-dimensional phenomenon, each PRSP is to set out a statement of the full range of interventions necessary to address poverty;
- prioritised: choices of the best anti-poverty interventions are costed in relation to the available public revenues, as managed through the national budget;
- partnership-oriented, with collaboration between state and non-state actors, and between donors and governments;
- based on a long-term perspective: PRSPs are pluri-annual, with also production of second and subsequent PRSPs in a cycle (see further below in this section II).

Source: Evans, A. (2002)

This growing disillusionment with project aid and policy-based lending in the 1980s and 1990s led to proposals for a new type of budget support. Central to these partnerships is the idea of mutual obligations through a structure of mutual accountability. PRSP frameworks are intended to form a basis for implementation of nationally owned strategies, to build accountable and capable government and ensure effective poverty reduction (ODI, 2002). PRSPs and associated processes are becoming increasingly important in framing the policy agenda within developing countries and focusing it on poverty reduction. As such PRSPs in many ways form the 'keystone of a new aid modality' (DFID, 2002).

Following the drafting of interim and full PRSPs in countries across sub-Saharan Africa, the spotlight of interest has shifted to PRSP implementation. Successful implementation of Water Supply and Sanitation (WSS) elements in PRSPs will be important for translating the MDGs into action at country level, specifically those goals relating to water supply and sanitation which were consolidated at the World Summit on Sustainable Development (WSSD) in 2002.

The purpose of this project has been to review progress of PRSP implementation in terms of WSS objectives through in-depth case studies in three countries (Zambia, Malawi and Uganda). These studies have examined the extent to which promises made in PRSPs are being delivered: specifically whether resources allocated in PRSPs to WSS priorities, are converting into expenditure on WSS-related outputs, and thereby contributing to poverty reduction objectives.

Status of WSS under PRSPs in sub-Saharan Africa

The research reported here built upon earlier reviews of the status of WSS under PRSPs in sub-Saharan Africa (SSA). The Water and Sanitation Program – Africa conducted an initial desk review of WSS in PRSP initiatives in SSA in 2001. Further detailed studies were subsequently conducted in five African countries: Zambia, Malawi, Uganda, Madagascar and Kenya (ODI/WaterAid 2002) and a regional workshop was convened in Nairobi in 2002 to compare country experiences and identify common issues emerging (see **Box 2)**.

The scoping studies and workshop concluded that WSS had been inadequately reflected both in terms of the process of PRSP preparation and the content of emerging PRSPs in SSA, with the exception of Uganda where the level of priority afforded to WSS in the PRSP was significantly higher (ODI, 2002). Whilst engagement with these processes is increasingly important for stakeholders in different sectors, it seems water sector stakeholders have failed to mobilise and engage with PRSP processes as effectively as their counterparts in other sectors.

Box 2: WatSan in PRSPs: Key observations and opportunities from initial studies

Lack of Integration of Water Supply and Sanitation (WSS) with Poverty Reduction Strategies (PRSs)

- The WSS sector has not been effectively incorporated into most PRS processes in the countries in the region, with the possible exception of Uganda;
- A key reason for this exclusion is **the weak poverty diagnosis with the sector**. The workshop emphasised the need to improve diagnostic procedures, and also explored new approaches, such as the concept of Sustainable Livelihoods;
- Weak diagnosis also reflects the weak base of sector information, which focuses largely on physical facilities and tends to neglect sector-level monitoring and evaluation (M&E) systems. Even in national poverty impact assessments water-related indicators are poorly defined, and sanitation is generally not covered at all;
- There is an absence, or weak representation, of water and sanitation in PRSPs compared to education, health and agriculture, due to **the weak links between central ministries, local authorities and sector actors at the local level in planning and priority setting;**
- The WSS sector has not effectively used the programmatic and sector-wide approaches which would enable a better integration with PRSs and the medium-term expenditure framework (MTEF). This is partly due to the sector's institutional complexity and the fragmented nature of its financing arrangements.

Opportunities which PRSPs present for Improving Sustainable Water Supply and Service Coverage

- The PRSP is not a one-time document, but is part of **an ongoing and evolutionary process**, by which a well-defined set of procedures presents an opportunity for WSS to be integrated into PRSs and development programmes;
- While seizing this opportunity, it is important to ensure that the PRSP and the linked HIPC resources are not seen as substitutes for the implementation of the critical sector reforms which will enable investments to benefit the poor in a sustainable manner;
- PRSPs have not triggered water sector reform, but have shown the need to convert broad reforms to coherent **implementation strategies which link water sector initiatives with planning and budget processes**.

Source: WSP, 2002 **NB: Emphasis added**.

Factors behind poor integration

There are a number of factors behind the poor integration of WSS in PRSPs. Experience suggests that successful processes rely on a combination of institutional capacity to develop and implement policy, and political commitment to poverty reduction (Booth, 2003). Donors can play an important role in building institutional capacity, and improving the incentives for government actors to engage by providing support through budget systems but ultimately if the political will is lacking then the resulting strategies are unlikely to be effective. PRSPs essentially provide a mechanism whereby donors and civil society can work to ensure poverty reduction remains on the agenda. As such it is increasingly recognised that political processes are just as important as technical aspects (Piron & Evans, 2004).

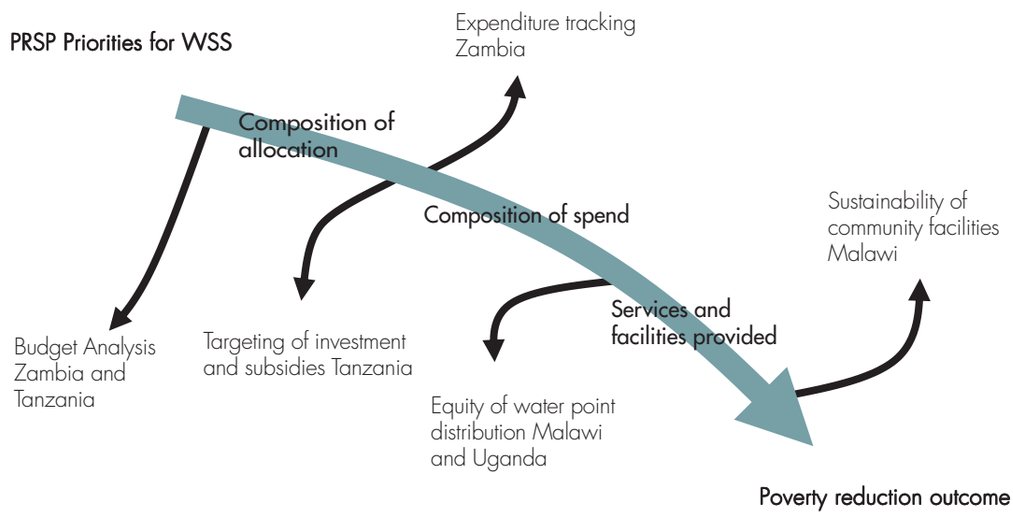
A major premise in the PRSP 'experiment' is that participatory processes consolidate and even generate political commitment. While experience in Uganda suggests that civil society lobbying can be instrumental in building political preference for WSS (WaterAid Uganda, 2003), a complex range of factors affect the emergence of opportunities for influence (Williamson, 2003a). While PRSP processes provide opportunities for political dialogue they are ultimately technical planning instruments and cannot by themselves address deeper issues of political and social change (Piron & Norton, 2004).

It is interesting to contrast the generally poor integration in practice of the WSS sector with other sectors, notably education and health, which almost universally have significant mention in PRSP documentation and are subsequently benefiting more in terms of resource allocation in budget processes. Williamson (2003a) examines the integration of WSS under PRSPs in Uganda, Zambia and Malawi and compare it to generic experiences in the education and health sectors, providing recommendations on how WSS actors can better align themselves with the budgetary process. The national budget is the mechanism for implementing PRSP objectives through provisions and actual expenditure under the annual budget (PRSPs are framed for 3-5 years).

WSS in Uganda, for example, achieved higher budgetary priority than in Malawi and Zambia and health and education have tended to gain higher priority than WSS in all the study countries. It is possible to identify a number of key factors underlying success and failure of WSS as compared with health/education (Williamson, 2003a):

- *Progress in sector reforms* – in general health and education sectors are further ahead in the development of SWAPs than WSS. Institutional fragmentation, which manifests itself in plans produced by different parts or "sub-sectors" of the sector (rural WSS, urban WSS, water resources management etc.) which are not planned in coordination and not mutually supporting, is an obstacle in the water sector. By avoiding some of the usual divisions between sub-sectors, Uganda has made some progress in moving towards a SWAP which has in turn meant WSS has been better able to engage with PRSP processes.
- *Political commitment to poverty reduction and budgetary reforms* – greater political commitment to poverty reduction in Uganda provided a greater incentive for individual sectors to align themselves with the PRSP. Experience in Uganda suggests that civil society lobbying can contribute to ensuring WSS is a political priority. In terms of political 'clout', health and education sectors are generally more powerful with larger budgets and thus in a stronger position when lobbying for budgetary resources. Whether they have made a better case for investment in terms of poverty reduction, or it is simply taken for granted that such

Figure 1: Scope of WatSan & PRSPs research by WaterAid/ODI



expenditure is poverty reducing, is not clear.

- *Greater on-budget funding* – a greater proportion of funding available for education and health comes from government revenue whereas WSS has historically depended heavily on project funding, i.e. external to national revenues. In Uganda there has been a shift in funding available for WSS from projects towards programme-based support. This has resulted in stronger links to the Ministry of Finance (MoF) and greater incentive to engage in the budgetary process. In contrast the WSS sector in Zambia and Malawi remains heavily dependent on multiple fragmented donor projects.

If the PRSP and budgetary process can demonstrate that strategic, pro-poor interventions will generate more resources for the sector, then there is a greater incentive for sector stakeholders to engage. Donor behaviour is thus key – varying levels of commitment to budget support among different donors send mixed messages to water sector stakeholders.

Despite heralding the Ugandan example in terms of alignment and prioritisation of WSS within the PRSP and budget, it should be noted that sectoral reforms in Uganda have yet to yield substantial improvements in efficiency and effectiveness. Case study analysis reveals, for example, that funds are not yet reaching the most deserving communities (see later). Nevertheless establishing a single overarching framework for all sector activities is an important first step. There is a growing realisation in the water sector that PRSPs are here to stay, cannot be ignored and that constructive engagement is therefore essential.

Engagement in the PRSP process is not however a pre-requisite for tackling inefficiency and ineffectiveness in the water sector; this should be pursued in its own right. However if these issues are addressed then the sector is likely to be able to make a stronger case for funding under the PRSP. While sector alignment is more difficult in the absence of a strong PRSP process, as is the case in Malawi and Zambia, it is not impossible. Even in the context of a weak PRSP, a coherent sector programme is arguably better than the usual status quo of fragmented, inefficient donor projects (Williamson, 2003a).

Scope of the studies

The second phase of research has looked at progress to-date in PRSP implementation in three countries – Zambia, Malawi and Uganda. WaterAid also carried out an additional study in Tanzania, and other linked studies have been commissioned by WSP-Africa in the region.

Each case study focused on different aspects of PRSP implementation but together they cover the full spectrum of issues tracing the process from identification of priorities through to poverty reduction outcomes (see **Figure 1)**.

The case studies summarised here sought to examine key stages along the journey from Water Supply and Sanitation 'allocations' in PRSPs to budget allocations and actual expenditure on sector outputs and in so doing highlight the kind of events or factors which may disrupt and delay the flow of funds and their translation into desired poverty reduction outcomes.

Alongside the key issue of how promises in PRSPs are converting into expenditure on WSS-related outputs and thereby contributing to poverty reduction objectives – including amongst the poorest countries – three questions were included in the research:

1. Are WSS sectoral plans/processes converging with PRS plans/processes and is resourcing of PRSs converging with national budgeting processes?
2. How may capacity for action by central and decentralised government be strengthened to deliver on promises made in PRSPs, and how can external

donors support this effort?

3. From a donor perspective, how can budgetary support to PRS be combined with contribution to water policies and achievement of water-related poverty reduction outcomes on the ground?

Zambia

The study in Zambia focused on the process by which resources are allocated to WSS priorities under the Zambian PRSP. It examines the composition of allocations under different budget-lines and compares these with actual expenditure. The study highlights a number of issues and problems surrounding decision-making, allocation and release of budgetary funds, resulting in underutilisation and poor targeting of available resources. It identifies a number of bottlenecks relating to the highly centralised nature of resource allocation processes and notes that these problems are further compounded by the existence of multiple donor projects which are poorly integrated with national and district level plans. The study goes on to examine possible means of improving efficiency and effectiveness through decentralised planning and resource allocation.

Photo © WaterAid/Jon Spaull

Malawi

The study in Malawi examined the flow of sectoral resources from national to district level and from district authorities to beneficiary communities. It focused in particular on factors affecting the equity of water point distribution; constraints to sustainability; and the linkages between access to water and poverty. The study shows that the process of budgetary reform still has some way to go in Malawi and highlights shortcomings in sectoral planning and budgeting processes – which remain poorly defined – partly as a result a large proportion of funds flowing into the sector remain off-budget and beyond the control of government. In theory Malawi is currently undergoing a process of administrative and fiscal decentralisation but in practice the Ministry of Water Development (MoWD) remains highly centralised. District authorities have little control over the allocation of sectoral resources and analysis of the location of existing water points which shows glaring gaps in the map and raises serious concerns as to the equity and sustainability of current investments. The study proposes a number of ways in which these issues can start to be addressed.

Uganda

The Uganda study examines whether PRSP and national sector goals are actually being achieved on the ground by Ugandan local governments in rural areas, and how improvements in planning, monitoring and evaluation in those local governments could potentially improve the efficiency and effectiveness of service delivery. Despite the sectors slogan of "*some for all, not all for some*" the study presents strong evidence that water services are being delivered increasingly inequitably, whilst sanitation and sustainability remain secondary concerns. It goes on to examine the underlying factors and why WSS planning and M&E systems contribute to this breakdown between policy objectives, planning and implementation.

II. Key themes and issues emerging

The country studies show that WSS related objectives and costings in PRSPs are in many instances being lost, or disregarded in the process of national budget preparation and execution. 'Activation' of the pluri-annual promises in PRSPs ultimately depends upon satisfactory operation of the annual budgeting cycle. If existing service gaps are to be addressed and progress towards MDGs enhanced, there needs to be improved coordination within the sector and the final destination of sectoral resources needs to be carefully identified.

Uganda, with its Joint Sector Review process supported by donors, and its relative advances in development of systems for sector performance assessment and performance benchmarking of local governments, points to possible ways forward.

PRSP preparation and implementation

As noted above Uganda has progressed much further in terms of budgetary and sectoral reforms than Malawi or Zambia. The strength of the overall PRSP process and the credibility of the Ministry of Finance, as the driver of the process, are key factors affecting the opportunities and incentives for sectors to align themselves with the PRSP. A credible PRSP framework includes an institutional environment which provides incentives for alignment, clear roles and responsibilities of different institutions in planning, budgeting, implementation and accountability and review, and also standards for donor behaviour (Williamson, 2003a).

Sources of funding to the sector

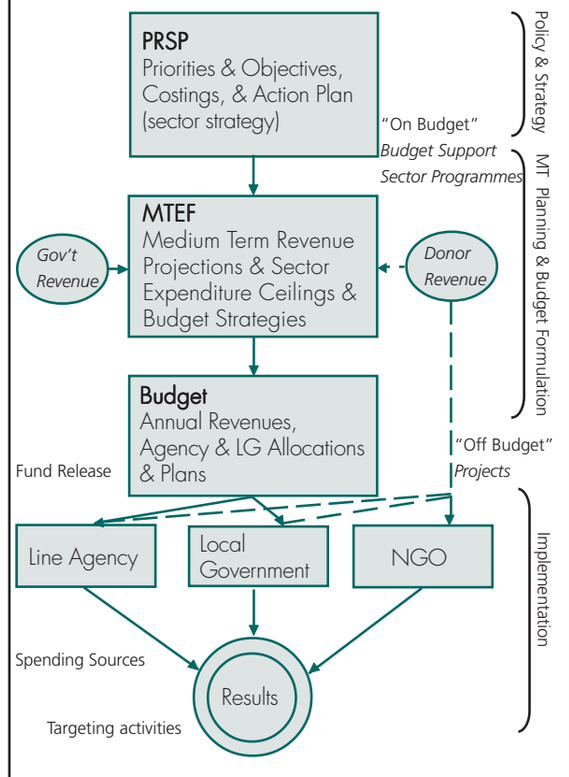
An important function of PRSPs is budgetary. A key role, together with the medium-term expenditure framework (MTEF) is as a platform for financing. Anti-poverty policies and programmes set out in PRSPs are typically organised by sector or theme, itemised into a list of actions and then costed for funding. PRSPs are intended to attract funds from national government and external donors. International donors are encouraged to apply their funds by means of programmatic funding, instead of grants to individual projects, thereby supporting a sector wide approach. WSS interventions are more likely to receive funding if water supply-related needs are clearly articulated and translated into programmes of action. Poor integration of water and sanitation objectives within the PRSP document would be expected to have lasting negative consequences for mobilising financing for the water sector.

However research revealed that sources of funding to the water and sanitation sector are typically diverse and poorly coordinated and flows into the sector are often extremely difficult to quantify precisely. The sector remains donor driven and dominated by major projects which are mostly funded externally. Many of these projects remain 'off-budget' or 'off-plan', or both, reflecting a continued lack of donor agreement on policy and funding priorities both between and within sectors. Consequently national governments struggle to control and account for funds flowing into the sector. The insistence of bilaterals, multi-laterals and NGOs on negotiating separate arrangements with governments, outside of the budgetary process undermines the potential benefits of sectoral and budgetary reforms and causes fragmentation of national budgets e.g. Tanzania, making it more difficult to prioritise sector spending in terms of wider poverty reduction objectives. It also contributes to a widespread perception that the water sector is 'awash' with funds.

National budgeting and processes of sectoral resource allocation

Research shows that administration of national budgetary processes (see **Figure 2**) is generally weak. The studies of WSS resource flows illustrate the mechanics of resource 'leakages'. In Tanzania for example actual expenditure on WSS over the past three years has been lower than projected. In Zambia the highly centralised nature of resource allocation processes causes a number of 'bottlenecks' which have resulted in underutilisation and poor targeting of available resources. National allocations in recent annual budgets have been greater than the resource envelope referred to in the PRSP, but actual

Figure 2: From PRSP priorities to results



Note: arrows indicate intended sequence of decisions and flow. The dotted arrows from 'Donor Revenue' point to the funding options open to donors. 'On budget' aid can be either project or budget support, whilst 'off budget' aid takes the form of projects, and is usually channelled directly to spending agencies.

allocations do not match the budget, and funds released by the MoF to line agencies are often substantially delayed (even where they have been approved). Furthermore, local authorities have little say in decision-making on resource allocation which remains largely centralised.

In Malawi also attempts at budgetary reform have had limited success. The allocation of WSS in the national budget is significantly less than the amount for WSS referred to in the PRSP, and the budgeting and allocation process for the WSS sector is poorly defined. The position of local government in the process of allocation and release of WSS funds seems to be especially weak. Whilst in administrative terms decentralisation may have to some extent taken place, in fiscal (and political) terms it is undeveloped. Instead line ministries competing for funds at the centre are channelling them to their own district agencies.

In all cases allocations are predominantly for physical infrastructure (e.g. number of boreholes). Important issues surround ensuring an appropriate balance between allocations for 'hardware' and provision for 'software' such as sectoral consultations, systems for monitoring and evaluation (M&E) and building capacity for operation and maintenance (O&M). In both Zambia and Malawi recurrent costs tend to be drawn from government revenue whereas development costs depend heavily on donor revenue. This separation, combined with the current donor emphasis on MDG targets, means that budgetary processes have become increasingly skewed towards capital development. Sanitation is also consistently underprovided (see later). This is due partly to the fact that provision of effective sanitation services requires coordinated activities across a number of different sectors (health, education, water).

Planning

Responsibility for lack of coordinated planning does not just rest with national government. In Malawi the existence of multiple projects with different objectives and planning horizons makes it very difficult to develop a coherent sector-wide programme. It arguably weakens the MoWD's ability for planning and implementation and paradoxically discourages donors from engaging in programmatic support.

Analysis of case study districts in Malawi highlights the absence of coordination around district-level plans and reveals that NGO providers and donor projects often fail to share information with national and local authorities on the criteria used to prioritise and target investments. Despite recent efforts to improve coordination among the numerous different agencies operating in the sector, adherence to official government policy, for example on established principles of user financing and management, remains weak.

Equity

In the study countries, funds available for spending on water-related PRSP objectives are presently not well-targeted to the poor. The study in Tanzania shows a marked disparity in terms of improved water supply coverage between regions, e.g. *Lindi* (11%) and *Kilimanjaro* (74%) (de Waal, 2004). In Uganda, safe water coverage data is currently only calculated at the district level. This disguises significant sub-district variations (at sub-county, parish and village level). Using aggregate coverage figures as a proxy for equity is deceptive insofar as it does not guard against inequity in the location of water points within localities. The total number of people being served by new water points is frequently emphasized in government reports, but research shows that while reported percentage coverage may be high, inequity within each geographical area is often pronounced.

The Uganda study also shows that certain areas continue to benefit from investment in new water points year after year, while neighbouring areas are persistently neglected. The level of inequity in distribution within districts actually appears to be increasing rather than decreasing and some areas have, over a long period of time, cumulatively received water facilities more than others, without this information being picked up by the district, or indeed the centre. In Malawi, the study shows that there are currently no systematic sector criteria to guide WSS investments. The sector is fragmented, with planning conducted on a project-by-project basis. In these circumstances, it is very difficult to develop a coherent sector plan.

Many of these problems can be overcome by relatively straightforward improvements to planning and M&E, in local government. A simple technique developed by WaterAid can be used for comparing the equity of service provision at those different levels (see **Box 3)**.

Box 3: Equity assessment tool

Pilot work carried out by WaterAid Malawi, and tested also in Uganda and Zambia, has illustrated the utility of "water-point density mapping" to show the distribution of resources within districts and sub-districts. This mapping uses an equity of distribution indicator which measures the variation in the distribution of resources for water development in a given area, as a way of measuring the difference in access to water services between poor and non-poor areas (e.g. in a whole district). Steps for use of the equity of distribution indicator are: (i) a water point survey using a global positioning system (GPS) noting location and condition of improved community water points, including information on age and provider; (ii) translation of GPS data into maps; (iii) calculation of "improved community water point density" (ICWP), based on census statistics of population distribution in area; (iv) GPS/GIS database created on number & location of water points; (v) calculation of average density in the area, deviation from mean – and equity of distribution.

In Malawi, application of this tool shows that insufficient attention is being paid to the location of new water points. New boreholes (on which the WSS section of the PRSP places great emphasis) are being drilled alongside existing ones, and villages in the rural 'hinterland', which currently have no improved water access, are not benefiting.

The Zambia study shows that WSS financial resources can easily be redirected away from unserved into better-served areas. Urban centres are receiving the lion's share of allocations, sometimes for projects which were not

identified as PRSP priorities.

Sustainability

Sustainability of facilities is also reported to be a major concern in the study countries. Performance on sustainability is often gauged by looking at the number and proportion of functioning and non-functioning facilities. Functionality is, however, only one dimension of sustainability. Keeping a water point operational for a long period requires attention to a range of managerial, social, financial, institutional – and technical issues. For example, the preparedness of water user committees in rural areas to contribute to the establishment, management and maintenance of water points, are elements which are key to sustainability.

Another technique developed by WaterAid is the 'Sustainability Snapshot' for rapid assessment of the likelihood that a water supply system will remain functioning in the future, by looking at the combination of relevant factors ('snapshot' since sustainability is a dynamic process). It can be used in relation to existing water installations or to assess communities' preparedness before they receive a new water point. Stakeholders at each level are asked to rate their confidence in performance according to three thematic areas (finance, technical skills, spare parts & equipment). They choose from sets of three statements in relation to each area (see **Box 4**) and a mark of 1-3 is awarded, depending on which statement is selected, to arrive at a 'score' for sustainability.

Box 4: Sustainability snapshot

Financial
1 No funds available for maintenance when needed
2 Fund available but not sufficient for the most expensive maintenance
3 Fund available and sufficient for the most expensive maintenance

Technical skills
1 Technical skills not available for maintenance when needed
2 Some technical skills for maintenance, but not for all
3 Technical skills for all maintenance processes available

Equipment and spare parts
1 Not available when needed
2 Available but not for all repairs
3 Available for all repairs

Detailed analysis of sustainability issues in Malawi reveals inconsistent formation, training, support and development of water point committees. Many committees were found to be ill-equipped for the tasks they were assigned: i.e. operation and maintenance of water points and collection and deployment of maintenance funds. Important issues surround the legal status and authority of water committees. These need to be addressed in order to formalise new roles and responsibilities and improve accountability in water service delivery.

Accountability

The above tools should facilitate better decision-making, and enable different levels of local government to make decisions which are in line with the achievement of sector goals. However, these systems will only be useful if they result in better decisions being made by managers and politicians, and if accountability to the end-user is improved. The Malawi study highlights the current lack of government capacity to regulate, monitor and supervise contractors, resulting in sub-standard work and further contributing to inequitable access.

The well-served communities in the sample districts in Uganda were found to have higher levels of education with influential people in the community – in that they had NGOs operating in their areas – were nearer to administrative centres, had better road networks, and their ability to pay was greater than the least well-served areas. The latter were characterised by a comparatively poor road network, low levels of education, political marginalisation, weak leadership and lack of influential community members.

The equity tool itself does not directly address the political incentives which motivate powerful politicians to ensure their voters are served. This can never be totally overcome, but the incentives for districts to adhere to the national policies, priorities and guidelines can be strengthened. To achieve this, structured performance assessment and benchmarking of districts' implementation of national water and sanitation plans is needed.

Sanitation

Sanitation has for long been the poor cousin of water supply. The findings of the preliminary phase of this project were that in all five African PRSPs reviewed, sanitation was accorded a significantly lower priority than water supply, despite even lower rates of access to sanitation and great need for increasing support to sanitation programmes.

The study commissioned by WSP-Africa in Uganda, for example, notes that work is required to establish clear budget mechanisms for sanitation which effectively allocate resources to all levels of government and thereby to end-users (Thompson, 2004). Responsibilities for sanitation activities are divided amongst no less than five different government ministries at national level. Whilst this reflects the wide relevance of sanitation (e.g. to health, education, water, housing, environment) the study points to the need to clarify respective institutional roles. The diminishing central control over the allocation and use of resources has simply conveyed the issue of prioritisation to another level; whilst districts now have more autonomy on how to spend money, sanitation is often not seen as a priority. Further, there are some indications that the move from projects to programme-based aid may have actually caused a reduction in sanitation financing (at least in the short term).

Monitoring and Evaluation

Establishment and strengthening of a system of M&E of resource flows under PRSPs/budgets will be an essential step in arriving at allocation of funds which is more transparent and less subject to political capture.

M&E should involve the establishment of objectives, and systems for the measurement of performance against those

objectives. Systems for measuring performance, especially at sub-national levels, were found to be weak in all the study countries. Local governments often lack the capacity and resources for even basic routine data collection. This is consistent with the findings of recent ODI research on results-orientated expenditure management (ODI, 2004b). Even more important is that the institutional mechanisms for using that performance data are evaluated and decisions made to improve the application of resources to those objectives, and for improved accountability and ultimately performance. In the case of PRSPs, these include equity of resource use – as well as its sustainability – and value for money. In implementation of M&E, identification of a limited and manageable number of indicators, understood and recognised as key measures by which sub-national entities will report, will help to arrive at a robust system.

The water sector in Uganda is in the process of developing an overall framework for sector performance measurement. A first sector performance report using the new framework was prepared for the Water Sector Review in October 2003. Ten different issues for performance measurement have been identified, and a small number of associated "golden" indicators is being developed. The idea proposed is to produce national performance reports covering one or two of these issues every year. Such performance measurement is key to ensure strong linkage between policy, planning and implementation.

Performance benchmarking

Performance benchmarking systems are increasingly common in developed countries such as the US and the UK, as a means for encouraging local governments to adhere to sector policies and guidelines, and improve service delivery. Under the UK's comprehensive performance assessment process, league tables of council performance are created, and councils are required to publish their own performance, and make it available to the public. If councils perform poorly with respect to national goals and targets, then this is public knowledge.

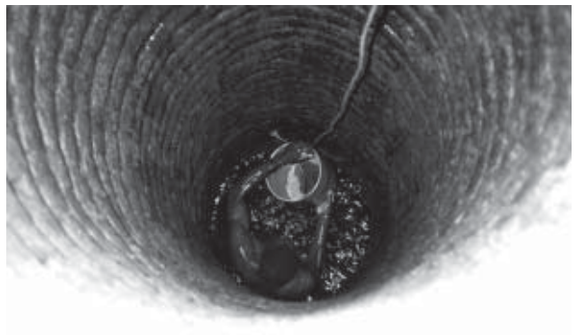


Photo © ODI/Alan Nicol

Such practices are also evolving in Uganda. There is an annual performance assessment of local governments under the Local Government Development Programme (LGDP), where the centre assesses and scores districts' adherence to decentralisation laws, policies and guidelines. Under the system, districts assess sub-county performance and these assessments are verified by central government. Districts and sub-counties are required to fulfil various minimum conditions in order to access a discretionary local development grant. If a local government performs well, it receives an additional allocation.

An important goal in this context is incentivising districts to adhere to national sectoral priorities and objectives, in addition to governance criteria. Measuring district performance relative to the achievement of national WSS goals, and publishing it nationally, could help build incentives for politicians and administrations to adhere to sector policies, priorities and guidelines, including consideration of factors such as equity and sustainability in the planning process. Ultimately, incentives should be geared towards encouraging local governments to make decisions based on evidence and which result in the efficient and effective delivery of sector goals.

III. Zambia case study

Introduction

The study in Zambia focused on the process by which resources are allocated to WSS priorities under the Zambian PRSP. It examined the composition of allocations under different budgets and compared these with actual expenditure. The study highlights a number of issues and problems surrounding decision-making, allocation and release of budgetary funds resulting in underutilisation and poor targeting of available resources. It identifies a number of bottlenecks relating to the highly centralised nature of resource allocation processes and notes that these problems are further compounded by the existence of multiple donor projects which are poorly integrated with national and district level plans. The study goes on to examine possible means of improving efficiency and effectiveness through decentralised planning and resource allocation.

Budgetary problems

It is often assumed that a lack of financial resources is the principal obstacle to providing water supply and sanitation to the world's poorest people. However research in Zambia showed that simply increasing funding is unlikely to benefit the poor unless problems and inefficiencies in resource allocation and targeting are first addressed. The PRSP is essentially a planning tool while the main mechanism for implementing programmes remains the annual budget. Zambia's annual budget processes could be described as 'labyrinthine' and to get an overall picture of financial flows entering the water sector detailed analysis of budgetary processes is required. Using the national Financial Reports of the Ministry of Finance and Economic Development (MOFED), the annual budget process was reviewed from 1999-2003 to identify items relating to WSS (not recurring expenses, but capital items including grants, loans and other investments). This review has revealed a number of issues and problems.

The study contrasted the theory and practice of annual budget processes and highlighted a number of failures some of which have become institutionalised. In particular there has been a persistent failure to plan and approve the budget before the financial year begins in January. For several years now Zambia has started its financial year without any Appropriation Act, and hence has had to rely on presidential provisional warrants in order to authorise release of funds from the treasury. Whereas an Appropriation Act outlines a range of different items of expenditure for approval, presidential warrants are typically used for additional miscellaneous items. Although designed as an ad hoc, emergency solution to problems in budgeting they are used routinely in Zambia at the beginning of the financial year as the budget is often not approved for several months.

Planning is also affected. The budget is not balanced by assessment of proposed government expenditure against savings and revenues and the President's office tends to use previous year's spending as the basis for releases of funds under the warrants. Items with an established 'paper-trail' are easily approved, but it is much more difficult for MOFED to obtain authorisation for new capital investments.

Severe bureaucratic bottlenecks have resulted as individual funding releases must be approved on a case-by-case basis. This has led to a situation of 'perennial crisis budget management' with major delays in the release of funds. These delays have a major impact on capital expenditures and affect both new and existing projects. Delays of several months are common during which time project machinery and personnel often lie idle, increasing project costs and reducing overall efficiency. In the water sector timely release of funds is particularly important as borehole drilling activities are only possible in the dry season. If funds are released late and the window of opportunity (e.g. before the rainy season) is missed, projects may be delayed until the following year. Instead of returning unspent funds many sectoral agencies have found unofficial ways of using them to 'smooth' cash flow problems leading to reduced transparency and accountability in the water sector (e.g. opening side accounts to place funds out of view).

It is important to note that in this situation Parliament has relatively little engagement in scrutinising the budget, or in ensuring that line items or allocations requested by spending bodies are justified and can be balanced against government savings and revenue. Instead expenditures approved by the executive are simply rubber-stamped by Parliament in the form of an 'ex-post supplementary' estimate i.e. the approval comes only after the expenditure has been made.

These generic problems with the budgetary process affect all sectors but the study suggests that they tend to be 'institutionalised' in different ways in each. The success or otherwise of general budgetary reforms therefore depends partly on the extent to which they are aligned with sectoral reform processes.

Progress in budgetary reforms

As well as the PRSP, important planning tools include the Transitional National Development Plan (TNDP) 2002-2005 and the Public Investment Programme (PIP). The most recent tool developed is the Medium Term Expenditure Framework (MTEF) or 'Green Paper', which is described by the Finance Ministry as a tool for broadening consultations during budget preparation in order to demystify the budget process and clarify government-proposed medium-term macroeconomic measures and fiscal frameworks for medium term plans. Under the MTEF, the various line ministries are required to set up Sectoral Advisory Groups, composed of different stakeholders, to provide advice to each ministry on their medium term spending priorities.

These are positive developments but challenges remain in ensuring convergence of these various budget tools with each other and linking them effectively with the annual budget process. The PRSP, TNDP, MTEF and PIP are multi-year instruments, while the budget follows an annual cycle.

As shown in **Table 1** below, the PRSP sets out a total budget for poverty reduction objectives of US$1.2 billion over 3 financial years. This figure is technically an estimate, and not an authorised release, based upon the projected 'resource envelope'. To that extent, the PRSP is a 'wish list' in terms of the amount of resources desired for mobilisation towards poverty reduction. The Ministry of Finance and National Planning (MFNP) is responsible for producing these expenditure estimates based upon submissions made by all spending bodies attached to the national government and taking into account projected tax and non-tax revenues, grants and loans.

Table 1: Sectoral share of PRSP budget, 2002/04 (3 financial years)

Sector	Cost (Million USD)	Approx. in Billion Kwacha	Share
Roads	229.0	1,145.0	19.0%
Health	200.1	1,000.7	16.7%
Agriculture	173.0	865.0	14.4%
Education	147.0	737.5	12.3%
Energy	114.0	570.0	9.5%
HIV/AIDS	94.6	473.0	7.9%
Tourism	58.7	293.5	4.9%
Water and Sanitation	**42.4**	**212.0**	**3.5%**
Macroeconomic Reforms	38.2	191.0	3.2%
Governance	27.0	135.0	2.2%
Mining	26.6	133.0	2.2%
Transport	22.0	110.0	1.8%
Industry	12.5	62.5	1.0%
Social Safety Net	9.0	45.0	0.7%
Environment	3.0	15.0	0.2%
Monitoring/Eval. Stats	1.5	7.5	0.1%
Gender	0.9	4.8	0.1%
Total	**1,200.2**	**6,000.6**	**100%**

Source: Govt. of Zambia (2002) p.129

Table 2 shows that in recent years expenditure has exceeded revenue leading to a budget deficit or 'financing gap'. It is on this basis that the government of Zambia has appealed for increases in external support. The PRSP is designed to strengthen the case for increased external support by demonstrating that it will be directly used to fund poverty reduction programmes and not anything else. However in order to convince donors, government must also demonstrate fiscal discipline and improved transparency and accountability in resource allocation.

Table 2: Comparison of resource envelope against expenditures (projections in billion Kwachas)

Year	Tot. Resource Envelope	Expend.	Balance for the year	Overall Balance
2002	4999	4999	0	-1168
2003	5176	5607	-430	-1217
2004	5657	5993	-336	-1168

Source: Govt. of Zambia (2002), tables page 124 and 126

The Zambia PRSP allocates (in principle) some US$42.4 million for investment in water and sanitation. A key consideration for donor agencies is how far resources allocated to WSS priorities in PRSPs, are actually converting into expenditure on WSS-related outputs and thereby contributing to poverty reduction objectives?

- Firstly, is the 'resource envelope' sufficient in practice to support projected WSS allocations?
- Secondly, is the WSS allocation in the PRSP reflected/ translated faithfully into annual budgets?; and
- Thirdly, how far are sectoral allocations appropriately targeted?

Factors affecting sectoral investment under PRSPs

The Zambia case study involved a detailed analysis of budgetary allocations and expenditure on water and sanitation since 1999. The following six key findings emerge, as summarised below:

1. WSS allocations are typically greater than the resource envelope defined in the PRSP

The PRSP is supposed to provide an overall framework for all activities in the sector but WSS allocations in Zambia's annual 'estimates of expenditures and revenues' are often greater than the resource envelope defined in the PRSP.

The original PRSP allocated a total of US$42.4 million over three years (2002/04) which equates to approximately Kwacha 212 billion. However, as **Table 3** shows, this figure has already been exceeded in authorisations for the first two years. The combined allocation for 2002 and 2003 is already over K287 billion.

This shows that the budget ceilings laid out in the PRSP are being disregarded and raises questions as to the capacity of the Finance Ministry to exert control over different government spending bodies and effectively monitor expenditure across different sectors.

Donor behaviour is a key factor in determining the availability and flexibility of the resource envelope. Zambia is heavily dependent on external support which accounts for about two-thirds of the US$1.2 billion budgeted in the PRSP (PRSP, 2000: 120-126). However a large proportion of donor money is already 'earmarked' for specific sectors or projects making it difficult for the government to ensure budgetary allocations match those laid out in the PRSP.

2. There is great variance between authorised provision and actual spending

The study also undertook detailed analysis of financial reports available for 1999-2001. Perhaps the most striking feature of these reports is the huge variation between authorised provision and actual spending (see **Table 3**). In 1999 the entire government machinery spent only 9.65% of the total approved and authorised by Parliament for water and sanitation line items. In 2000 the figure rose to 15.65% and in 2001 it climbed sharply (in relative terms) to 24.70% but even this figure remains extremely low.

Table 3: Comparison of total authorised provision and actual spending on water and sanitation line items in the Zambia national budget, 1999-2003 (in kwachas)

Year	Authorised provision for water and sanitation	Actual expenditure for water and sanitation	Percentage of expenditure as compared with the provision
1999	35,974,179,010 ($7.19 m)	3,473,308,922 ($0.64 m)	9.65%
2000	52,213,690,709 ($10.4 m)	8,176,348,001 ($1.63 m)	15.65%
2001	197,587,575,884 (($39.5 m)	48,787,082,154 ($9.76 m)	24.70%
2002	135,696,095,997 ($27.1 m)	No figures available	-
2003	152,107,960,726 ($30.4 m)	No figures available	-

Source: Consolidated from 1999, 2000 and 2001 Financial Reports and 2002, 2003 Estimates of Expenditures.

There are a number of possible explanations for these figures. At first glance one might assume there is insufficient capacity to spend the money allocated. However interviews with officials at national and local government level suggest that existing capacity is in fact largely underutilised. For example a senior hydrologist at the department of Water Affairs in Western Province pointed out that for 2003, their office had requested approx K3 billion for water and sanitation investments but had received just K140 million (4.6%). He pointed out that about K50 million of this was spent on the construction of two boreholes which were finished in just five days. 'We have the personnel and the machinery', he said, 'but they just lie idle for most of the year', paralysed by a lack of funds.

National level planners at the Ministry of Energy and Water Development (MEWD) who consolidate budget submissions also expressed frustration over the disparity between authorised provision and actual releases, arguing that the MEWD has the capacity to implement the budgets/plans it submits to the Finance Ministry and does not understand why releases are not approved. This reflects a lack of accountability in decision-making at this level.

It is interesting to note a nearly six-fold increase in capital expenditure on water and sanitation in 2001, compared to 2000 and 1999 (**Table 4**). 2001 was an election year and the bulk of the releases for that year occurred in September prior to the election in December. Finance Ministry officials suggest that this increased release of funds was due to the need to comply with donor conditionalities to meet HIPC completion point but, while official figures for 2002 and 2003 are not yet available, research suggests that this level of expenditure has not been maintained. The disparity between authorised provision and actual expenditure for water and sanitation means there is a certain element of political discretion in actual funding releases. While overall levels of expenditure on WSS remain low, some agencies and certain districts were found to fare better than others.

Other line agencies have a much better track record in terms of the ratio of actual expenditure to authorised provision, according to statements of persons interviewed, e.g. the Zambia Security Intelligence Service and other agencies attached to the Office of the President. Good relations with the Finance Ministry & National Planning was found to be an important factor in the context of uncertain revenue flows. Another key factor is whether the allocation in question comes from central government revenues or is dependent on external donor sources. This is particularly true of the water sector in Zambia which is dominated by donor projects. Levels of external funding are difficult to predict and big donor projects are subject to delays and even cancellation, especially if the recipient government fails to meet the conditions of the grant or loan. Furthermore donor disbursements are not always 'captured' in government accounting systems which makes it difficult to plan and monitor overall expenditure. Sectoral agencies funded from government revenues, e.g. provincial departments of water affairs, appear to achieve higher than average levels of expenditure (see **Table 5)** although this may partly reflect improved financial reporting.

3. Local authorities have little or no power in decision-making on resource allocation

Decentralisation, according to the PRSP, 'will be developed and implemented *as a matter of top priority'* in order to 'empower local government systems and traditional authorities to assume their rightful place in the country's poverty reduction agenda.' (PRSP, 2002: 36) A further PRSP objective is accountable and efficient public expenditure management; participatory budgeting; greater transparency in public procurement and contracting procedures; strengthening of government finance, accounting and internal audit systems; and improved

Table 4: Levels of capital investment: Comparison of authorised provision and actual spending on WSS capital expenditures, Ministry of Energy and Water Development, 1999-2001 (in kwachas)

Year	Authorised provision for water and sanitation	Actual expenditure for water and sanitation	Percentage of expenditure as compared with the provision
1999	28,220,854,000	553,648,165	1.96%
2000	13,591,979,000	614,906,368	4.52%
2001	34,197,514,000	11,196,941,273	32.74%
2002	15,886,000,000	No figures available	-
2003	13,713,910,425	No figures available	-

Source: Consolidated from 1999, 2000 and 2001 Financial Reports and 2002, 2003 Estimates of Expenditures.

Table 5: Comparison of authorised provision and actual spending of provincial departments of water affairs, 1999-2001 (in kwachas)

Year	Authorised provision for water and sanitation	Actual expenditure for water and sanitation	Percentage of expenditure as compared with the provision
1999	1,642,325,010 ($0.328 m)	1,073,743,419 ($0.214 m)	65.38%
2000	1,403,634,499 ($0.280 m)	1,076,252,150 ($0.215 m)	76.68%
2001	2,117,657,884 ($0.423 m)	1,775,969,919 ($0.355 m)	83.86%

financial management and expenditure tracking efforts (ibid.). These objectives are laudable, but in the case of water and sanitation, there appears little progress made in meeting them, at least to-date.

For example, according to officials interviewed in Kaoma, Mongu, and Kafue Districts, neither the district nor the provincial government have significant involvement in decision-making on financial allocations to water and sanitation projects. 'We don't even know the water projects approved for our district,' said the District Administrator of Kaoma. 'Sometimes, we learn about projects only when we hear the rigs starting to dig for boreholes.'

Officials in Kafue were similarly unable to answer questions on levels of investment in water and sanitation within their jurisdiction because they have no direct roles in decision-making and allocation. Officials in Kafue receive a lump-sum from the MFNP, but they are not sure how what they have received is linked either to the budget or the wider PRSP. None of the district government departments interviewed were found to have information on the financial allocations made by governments to their district for operations. They further suggested that such information is kept only at provincial and national level.

However, interviews with provincial government officials revealed limited involvement at this level too, 'We only know about the projects if the national line agencies copy us their reports. At the moment, that is very rare. In theory the line agencies should report to us, but that has not really happened' (interviews in Western Province).

Ultimately, it is the national line agencies that bid for budgetary allocations, and hence receive those allocations if these are approved. The provincial government is allowed some capital expenditure (i.e. power to spend for investments such as boreholes), but this is severely limited. For example, Western Province prepared a budget submission for 2004 requesting funding for a total of 28 boreholes (4 for each of the seven districts), 21 wells, and the rehabilitation of earth dams. Submissions are based on consolidated submissions made by the District Councils and are submitted by the Provinces to the MFNP. However, despite providing budget inputs, officials complain that they receive little or no feedback on the outcomes even on approved items. This contributes to a situation described as '*one way planning*'.

It is not only government allocations that are not known at district or provincial level – information on donor allocations as well is at best sketchy. In Kafue and Kaoma, district departments were able to provide only minimal information on the extent of donor involvement in WSS activities in their districts.

The Zambia study highlighted a number of problems relating to the lack of genuine decentralisation. Most money and projects are channelled through the line ministries, which would rather deal with their field offices, and not the local authorities. The big donors also operate through the central government bodies, and generally do not track whether resources are administered through district offices as intended. For example, contracts for the construction of water points are tendered and authorised from central offices. Central government has introduced tender thresholds that disallow local government from taking charge of tendering for projects above a certain amount. At the same time the National Tender Board and ministerial headquarters do not have the capacity to manage the demand for tenders creating a bottleneck. As a result only a limited number of contracts are actually awarded each year, when in theory the funding already exists.

Thus, in tracking financial flows to water and sanitation in Zambia, the road leads back to Lusaka, and not to the offices of the district or provincial governments. A review of the water and sanitation budget items in the annual budget from 1999 to 2003 reveals that the two main line agencies involved in water and sanitation provision are the Ministry of Energy and Water Development and the Ministry of Local Government and Housing (MLGH). **Table 6** presents a comparison of capital expenditures for WSS allocated to these ministries, the Office of the President - Department of Water Affairs (OP-DWA) and MFNP. Spending is again seen to be low in comparison with the authorised allocation.

4. Lack of transparency and accountability in budgetary processes, with the result that financial allocations are frequently reprioritised and re-directed away from unserved into better-served areas

If allocations for poverty reduction objectives set out in the PRSP are to be translated into budget allocations and actual spending, public expenditure management needs to be systematised and made more transparent, with opportunities for scrutiny by outside bodies. While the legal framework is clear, Zambian budget processes remain unsystematic and untransparent.

For example, it is not clear whether the tools for the annual budget – i.e. the PRSP, the TNDP, the PIP and the MTEF – are actually being used as tools. For instance, in the annual budget of 2001 (the annual budget passed after the PRSP was approved) there were sharp increases in

Table 6: Comparison of capital expenditure allocations between four key spending bodies on water and sanitation (in million kwachas, rounded off)

Ministry		1999	2000	2001	2002	2003
MEWD	Authorised allocation	28,221	13,592	34,198	15,886	13,714
	Actual Spending	554	615	11,196	no figure	no figure
MLGH	Authorised allocation	5,000	30,320	78,390	65,424	85,606
	Actual Spending13,592	1,762	5,856	31,724	no figure	no figure
OP – DWA	Authorised allocation	1,642	1,404	2,118	2,655	4,400
	Actual Spending	1,074	1,076	1,776	no figure	no figure
MFNP	Authorised allocation	0	5,416	82,475	51,678	48,359
	Actual Spending	0	620	4,083	no figure	no figure

Source: Consolidated from 1999, 2000 and 2001 Financial Reports and 2002, 2003 Estimates of Expenditures.

capital expenditure provisions. MEWD got an additional K17 billion for a Poverty Reduction Programme (boreholes, wells), which is more than half of the ministry's approved allocations for the year. The allocation for MLGH jumped from K30 billion in the previous year to K78 billion in 2001. Even the Ministry of Finance was identified in the 2001 annual budget as a spending body, allocated with more funds (K82 billion) than MLGH or MEWD. The two biggest allocations for the funds allocated through MFNP were K31.8 billion for Lusaka Water Supply Rehabilitation Project, and K31.2 billion for Kitwe Water Supply Rehabilitation and K20.3 billion for the Livingstone Water Supply service, making a total of K83.3 billion which is nearly twice as much as the 42.4 billion 'allocated' in the PRSP.

It appears therefore that after the PRSP was approved, major new line items for WSS appeared in the annual budget. These do not seem to conform to the projects and programmes identified in the original PRSP (see **Table 7).** Research revealed that recent increases in allocations for WSS under the PRSP have been mainly diverted to these new projects and programmes.

Much of the increases in authorised allocations from 2000 came from donor grants. **Table 8** shows that a large proportion of this money earmarked for WSS actually found its way to MFNP (K 24 billion approximately) which is identified as a spending body in annual budgets. The MFNP reported that these amounts were sent to the MEWD, MLGH or relevant agency, but it is not clear whether it is the receiving agency or the Finance Ministry that should principally account for them.

Part of the problem is the lack of clarity in the definition of functions between the MEWD and the MLGH. Under Zambia's water policies, water resources management is the responsibility of the MEWD, while water supply is the responsibility of MLGH. However, there appears to be some confusion in relation to these functions. For example, the budget item 'Water Resources Action Program' had an allocation under the MEWD, and also another under the MFNP, but it proved difficult to get an official explanation as to the rationale behind this allocation of resources.

These findings reinforce the observations of Mwanawina et al (2003) on the Zambian annual budget process. Given the budgeting by presidential warrant that has become so prevalent, and provisions under legislation (namely the Finance Control and Management Act), a great deal of latitude and discretion on the budget lies with the Finance Ministry and the President. This leads to weak legislative oversight, and a general lack of legislative scrutiny of public expenditure management by the executive. The authority of the Ministry of Finance is well-defined, but lacks checks and balances to ensure transparent as well as efficient budget decisions. The roles and the responsibilities of the legislature are relatively well-assigned in principle, but Parliament does not engage critically with the budget in practice. The ex post facto rubber-stamping of deviations from the budget undermines the legitimacy of Parliament's decision-making and oversight role (Mwanawina, et al., ibid). These wider issues surely need to be resolved first, if Zambia is to improve transparency and accountability in sectoral spending, including in the water sector.

Table 7: How WSS Budget is allocated in the PRSP

Policy Actions/ Action Plans	Costs (in USD) 2002/04	Responsible Institution/s
Water Resources Action Programme	1,400,000	MEWD
Integrated Kafue Basin Water Resources Management Program	2,000,000	MEWD
Dam Construction and Rehabilitation Program	24,101,505	MEWD, MAC
Ground Water Exploration & Mapping Program	900,000	MEWD
Capacity Building Program	500,000	MEWD, MLGH,
Complementary D-WASHE Support Program	3,500,000	NWASCO
Rural Water Supply and Sanitation Program	10,000,000	MEWD, NWASCO
Total	**42,401,505**	MEWD, MLGH

Source: Govt. of Zambia, 2002, p. 169

The lack of transparency and accountability leads to a difficult problem – that the underserved areas will lose out in allocations to areas that are already better served, including those areas which know how to assert or enjoy better political access in the scramble for resources. For example, the three biggest allocations authorised in the 2001 budget were for the three biggest cities of Zambia. As noted above, K83.3 billion was authorised for three big urban water supply project in Kitwe, Lusak and Livingstone. These projects were not identified as priorities for expenditure under the PRSP, yet they received large chunks of resources.

There are a total of seven WSS items given allocations in the PRSP budget, as shown above in **Table 7**. Comparison of the PRSP budget to the annual budget allocations in relation to these seven items reveals the following, as set out on **Table 8.**

For one item Water Resources Action Program, there was over-budgeting. For the five next items, there was under-budgeting. For one item (the biggest) the sums allocated appear to be in line with the PRSP plan, but what stands out is that Central and Eastern Province received a huge share of the allocations. In other words, the PRSP plan for WSS budgeting has not been followed in the Annual Budgets.

Overall, the allocations given to these seven PRSP-identified WSS items in the annual budgets are much less in comparison to what was allocated to the Lusaka, Kitwe and Livingstone water supply rehabilitation. In 2002 and 2003, Livingstone WSS Services received another K19.18 billion and K20.38 billion, respectively. Kitwe, got K8.52 billion for 2002 and K14 billion for 2003. Lusaka got another K17.604 billion in 2002, and none for 2003.

Table 8: Comparison of allocations under the PRSP and the budget

PRSP			Budget
Policy Actions/ Action Plans	**Costs (in USD) 2002-2004**	**Responsible Institution/s**	**Actual Allocation**
Water Resources Action Programme	1,400,000	MEWD	In 2002 and 2003 is K2.8 billion and K4.9 billion, respectively. The annual budget has already over shot the PRSP budget on this item.
Integrated Kafue Basin Water Resources Management Program	2,000,000	MEWD	There is no similar item seen in the annual budgets. An allocation of K200 million in 2001, none in 2002, and K60 million in 2003 was given to the closest item: a "Kafue Basin Action Plan".
Dam Construction and Rehabilitation Program	24,101,505	MEWD, MAC	K7 billion in 2002, and K5 billion in 2003.
Ground Water Exploration & Mapping Program	900,000	MEWD	In the annual budgets of 2002 and 2003, this item was given a total allocation of K840 million.
Capacity Building Program	500,000	MEWD, MLGH, NWASCO	No similar item exists in the annual budgets, although there are some capacity building items that are provided for under the budgets of the Provincial Departments of Water Affairs.
Complementary D-WASHE Support Program	3,500,000	MEWD, NWASCO	In 2002 and 2003, the annual budgets provided an allocation of K1.57 billion and K1.7 billion, respectively, for the item "Support to D-WASHE Program". This is roughly the same amount provided in the previous years. In 2000, the annual budget provided K1 billion for D-WASHE support, and in 2001, K1.5 billion was provided.
Rural Water Supply and Sanitation Program	10,000,000	MEWD, MLGH	For this, the biggest WSS budget item in the PRSP, the 2002 annual budget provided for: K4 billion to the MEWD for Rural Water (Boreholes and Wells) K3.1 billion to the MLGH for the Central Province Rural Water Supply Program K6.086 billion to the **MFNP** for the Eastern Province Rural Water Supply Program K7.225 billion to the **MFNP** for the Central Province Rural Water Supply Program K1 billion to the MLGH for the Rural Water Programme. The 2003 budget provided for: K5.4 billion to the MEWD for Rural Water (boreholes and wells) K1 billion to the MLGH for the National Water Rural Supply K3.19 billion to the MLGH for the Central Province Rural Water Supply Program K10.64 billion to the **MFNP** for the Eastern Province Rural Water Supply
Total	42,401,505		

An important concern therefore is whether funds supposedly earmarked for poverty reduction purposes are being re-directed elsewhere or are 'captured' for other objectives that are not necessarily directly pro-poor. Another question that can be raised is whether donors themselves are supporting PRSP objectives or whether in practice they are in fact by-passing and undermining them.

5. Donor activities are poorly aligned with PRSP objectives and poorly integrated with government budgeting and accounting systems

As shown in **Table 3**, there were sharp increases in budget allocation from 1999 to 2001. There was about a 45% increase in authorised provisions from 1999 to 2000, while from 2000 to 2001, the increase was nearly 300%. The increases are attributable mainly to donor grants and loans that started in 2000 and appear to have peaked in 2001. These represent only the on-budget donor contributions, and do not include off-budget spending on water and sanitation.

It appears that the low-level of actual expenditure (as compared to authorised provisions) shown in the Financial Reports is attributable to two main factors. Firstly, donors themselves do not always deliver funds to match their pledges for one reason or another. Secondly, they may have made appropriate releases of funds, but these are not channelled through the Government of Zambia's accounting system and are therefore not captured in the Financial Reports.

For the donor-funded items in the 2001 budget – total actual expenditure is only 10.63% of authorised provision. It can also be seen that in the 2001 Zambian national budget, the donor supported items make up 70.84% of the total authorised provisions for water and sanitation. There are some water specialists in Lusaka who estimate that if off-budget donor provisions are included, total donor involvement in financing for WSS could reach up to 85% of total spending on the sector in Zambia.

Photo © WaterAid/Jon Spaull

A key issue that emerges is whether donor decisions on the allocation of finances (for poverty reduction in general and WSS in particular) are in fact supporting PRSP objectives. As can be seen from **Table 8**, there seems to be preference towards allocation of loans and grants to WSS programs in the big cities and much less attention is given to the poorer rural areas. Donors naturally tend only to approve loans for those areas that can repay, which are not necessarily the poorest. Thus, while donors make general commitments of support to poverty reduction, it is not clear whether their individual decisions on the grants or release of finances to specific programs are still guided by the same commitment. For example, the PRSP identified rural water supply as a priority for expenditure. But more money is actually being given to urban water supply rehabilitation, and it is not clear whether this is targeted to the poorest e.g. peri-urban areas.

The MFNP reports that the national government accounting systems are not able to account for donor releases for specific projects in its Financial Reports, because funds spent do not pass through the system. While releases and expenditure may in this way be made more efficient, a consequence is that accountability of donors to national government is limited. While donor support is often subject to conditionalities, donors themselves appear to give low priority to reporting back to national government about how money is actually being spent.

6. The approach to WSS provision is largely an 'engineering solution' with inadequate attention sustainability and sanitation

The approach of both government and donors to WSS provision in Zambia can be characterised as dominated by pursuit of an 'engineering solution', ie: measuring progress in WSS provision mainly in terms of constructed infrastructure. For example, in rural water supply and sanitation, success is measured in terms of the number of boreholes or latrines built. There are items in the annual budget that are for 'software' components, but the major spend is on physical infrastructure.

In financial year 2001, not only did on-budget donor contributions peak, it was also the year when a new item entitled 'Poverty Reduction Programme – Rural Water (Boreholes, Wells)' was introduced in the budget of the MOWED[1]. However analysis of the supplementary budget for 2001 reveals that the K17,873404,000 allocated was not additional money for pro-poor infrastructure but actually came from reallocations within the existing MEWD budget i.e. by shaving off varying amounts from 15 other items of approved expenditure. This could simply be viewed as government reordering its priorities within the sector, but the result has been a greater bias towards infrastructure development.

The study found no clear links between investments in infrastructure and expenditure on 'software' components such as capacity building and training. The low levels of administrative capacity at district level mean that D-WASHE committees are frequently bypassed by contractors hired by central government. The problems of capacity at the district level are evident:

- There was very little evidence of proper bookkeeping in the two districts studied for this research. The questions on financial flows for WSS remain largely unanswered by district officials, including accountants and treasurers. Offers by the researchers to look into the books themselves were turned down. In Western Province, the researchers were shown the folder of

budget submissions from current and previous financial years. There was no consolidated report; only raw unprocessed data was available at provincial level, hence the difficulty of providing answers to the questions.

- Communication between the district authorities and central government water agencies is poor. Even at the provincial level, communication is not effective. Local governments have little knowledge of what goes on in the capital, particularly in the allocation of financial resources.

A key indicator of a commitment beyond the engineering solution is support for so-called 'software' (i.e. non-infrastructure) components of WSS provision. One such software component is support to the D-WASHE committees, for which the PRSP 'allocates' US$ 3.5 million or 8.25% of the total WSS funds. (PRSP, May 2002: 171). However there is conflicting information as to which agency this amount will be channelled through:

- MEWD and NWASCO were identified as the spending bodies for this allocation in the PRSP document;
- MEWD, the MLGH, the Ministry of Health, and NWASCO which have been identified as the responsible institutions in the TNDP;
- In the annual budgets, funding support to the D-WASHE programme is channelled through the MLGH. In 2000, an allocation of K1 billion was authorised, but none was actually spent. In election year 2001, K1.5 billion was allotted, and K 844.6 million was spent. In 2002, K 1.569 billion was allocated, while in 2003, it was K1.7 billion. These do not tally with the TNDP, nor with the Public Investment Programme (see **Table 9**)

Table 9 shows that the amount allotted for D-WASHE support in the TNDP was different from what actually came out in the Annual *Estimates,* and is different again from the amounts indicated in the Public Investment Program. Thus, *while Support to D-WASHE has been given 8.5% of the PRSP allocations for WSS, it has actually been given less than this in the annual budgets***.** The differences in figures in the TNDP and PIP, as well the differences in the identified spending bodies with responsibility for these funds, create more confusion. It thus becomes difficult to accept that government and donors are serious in pushing this software-related budget item to completion.

Finally, despite the repeated reference to 'water *and sanitation'* in the PRSP there is little actual provision for sanitation. One item in the PRSP, for which US$10 million is provided, is the Rural Water Supply and Sanitation Programme (page 171). The objective is 'to provide water supply and sanitation to population in rural parts of the country.' A review of the annual budget shows that this has been interpreted only to mean the construction of boreholes. There are no items in the annual budget specifically for the construction or delivery of sanitation facilities in the rural areas, or for the construction of drainage toilets or other sanitation facilities in peri-urban areas.

Table 9: Comparison of D-WASHE allocations in the annual budgets, TNDP, and PIP (in kwachas)

	2002	2003	2004	2005
Allocations in the Annual *Estimates*	1,569,322,270	1,700,000,000	–	–
Allocations in the TNDP	2,310,112,000	5,067,104,000	2,618,840,000	2,686,768,000
Allocations indicated in the PIP	0	4,227,607,998	8,457,368,796	–
Estimated Annual Allocations in PRSP[1]	5,483,333,333.	5,483,333,333	5,483,333,333	–

NB: The PRSP document gives an overall figure of $3,500,000 for the three year period 2002-2004. Translating this over an average of three years gives an annual figure of approx. $1,166,666(or K5,483,333,333 in Kwacha as indicated above) per year for the D-WASHE Programme

IV. Malawi case study

Introduction

The Malawi case study examines the flow of sectoral resources from national to district level and from district authorities to beneficiary communities. It focuses in particular on factors affecting the equity of water point distribution, constraints to sustainability, and the linkages between access to water and poverty – in selected rural areas. The study shows that the process of budgetary reform still has some considerable way to go in Malawi and highlights shortcomings in sectoral planning and budgeting processes, which remain poorly defined. This is partly because a large proportion of funds flowing into the sector remain off-budget and beyond the control of government. Malawi is in principle undergoing currently a process of administrative and fiscal decentralisation, but in practice the MoWD remains highly centralised. District authorities have little control over the allocation of sectoral resources and serious concerns surround the equity and sustainability of current investments. The study proposes a number of ways in which these issues can start to be addressed.

Water Sector Status under the MPRSP

In Malawi the PRSP (MPRSP) is designed to provide a single and comprehensive national strategy for poverty reduction and forms the basic framework for all stakeholder activities in the water sector. The MPRSP integrates the principles of the MTEF to determine pro-poor expenditure and established ceilings for government expenditure over a three-year planning horizon. **Table 10** summarises indicative resource requirements for the major MPRSP pillars. This forms the basis for annual resource programming in the medium term i.e. until MPRSP targets are reviewed after 2005.

Table 10: Original MPRSP costing

Broad Pillar		2002/03	%	2003/04	%	2004/05	%
Sustainable pro-poor growth	MK (million)	8,013.6	28%	9,421.1	29%	9,330.9	26%
	US$ (million)	114.5		110.8		93.3	
Human capital	MK (million)	13,860.4	48%	15,356.6	47%	17,188.3	48%
	US$ (million)	198.0		180.7		171.9	
Safety nets	MK (million)	1,209.0	4%	1,824.8	6%	2,308.0	6%
	US$ (million)	17.3		25.1		23.1	
Governance	MK (million)	4,040.2	14%	3,783.7	12%	3,952.8	11%
	US$ (million)	57.7		44.5		39.5	
Cross-cutting	MK (million)	1667.4	6%	2,010.6	6%	2,465.8	7%
	US$ (million)	32.8		23.7		24.7	
Monitoring and evaluation	MK (million)	198.2	1%	278.6	1%	270.2	1%
	US$ (million)	2.8		3.3		2.7	
Total MPRSP		28,988.7		32,675.6		35,515.9	
Rate of exchange		70.0		85.0		100.0	
Total MPRSP		414.1		384.4		355.2	

Source: Govt. of Malawi (2002)

Table 11: Pillar 1 Sustainable Pro-Poor Growth

		2002/03	%	2003/04	%	2004/05	%
Source of growth	MK (million)	3,064.0	38%	3,787.0	40%	3,575.0	38%
	US$ (million)	43.7		44.5		35.7	
Enabling environment	MK (million)	4,949.0	62%	5,634.0	60%	5,757.0	62%
	US$(million)	70.7		66.3		57.5	
Rural feeder roads	MK (million)	1,077.0	13%	1,168.0	12%	1,259.0	13%
	US$ (million)	15.3		13.7		12.6	
Access to good WSS	MK (million)	1,066.0	13%	1,068.0	11%	1,077.0	12%
	US$ (million)	15.2		12.5		10.7	
Rural energy	MK (million)	282.0	4%	555.0	6%	681.0	7%
	US$ (million)	4.0		6.5		6.8	
Rural telecommunication	MK (million)	3.0	0%	3.0	0%	3.0	0%
	US$ (million)	0.0		0.0		0.0	
Total Pillar 1	MK (million)	8,014.0		9,421		9,332.0	
	US$ (million)	114.5		110.8		93.3	
Total MPRSP	MK (million)	28,991.0		32,680.0		35,525	
	US$(million)	414.1		384.4		355.5	
Total governement expenditure	MK (million)	41,334.0		43,981.0		46,278	
Rate of exchange		70.0		85.0		100	
Total governement expenditure	US$ (million)	590.1		517.4		462.2	

Source: Govt. of Malawi (2002)

There is a budget line under pillar 1 'Sustainable pro-poor growth' entitled 'access to good WSS'. During the three year planning period 20% of total government expenditure (or 28% of pro-poor expenditure) will be allocated to the activities under pillar 1. **Table 11** shows the activity categories under this Pillar, including 'Access to good WSS'. The planned allocation for rural water supply and sanitation services has been set at 12% or Pillar 1 expenditure (approximately 3% of total government expenditure).

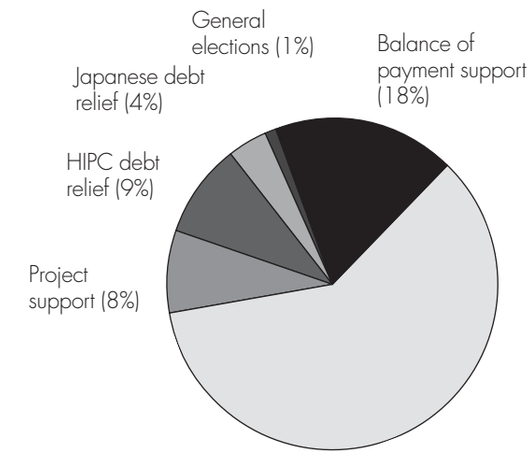
The MPRSP states that provision of and equitable access to potable water supplies and reasonable sanitation facilities are central to poverty reduction. Furthermore, improved access to safe drinking water had been identified as a high priority during district consultations on the content of the PRSP. However, despite its prominence in the PRSP document, it is apparent that the sector has not been given the same priority in subsequent budget allocations. A key aim of this study therefore is to understand why, and to identify ways in which MPRSP planning processes might be strengthened.

Government revenue

Firstly, it is important to note that the resources available to the government of Malawi are limited. Analysis of government revenue shows that, as a percentage of GDP, Malawi's dependence on revenue and grants has steadily increased from 23% of GDP in fiscal year 2001/02 to 25% of GDP in 2002/03 and is expected to increase to 35% of GDP by the end of 2003/04. Domestic tax and non-tax revenue account for nearly 60% of the Governments total revenue for 2003/04 see **Figure 3**.

Under the HIPC initiative, countries that are between 'decision point' (when commitments to debt relief are made) and 'completion point' (when the final debt write-off occurs) are entitled to some interim relief on their debt service payments. In the Malawi case, this, however, depends on the country being 'on-track' with its IMF Poverty Reduction and Growth Facility (PRGF). The clear indications are that it is not on-track. Persistent poor economic performance, fiscal imbalances, expenditure on non-priority areas and governance problems have meant that the full grant has not been disbursed. Consequently donors have virtually cut off non-project aid to Malawi pending a decision by the IMF to review the PRGF. With the PRGF to-date off-track, HIPC debt relief has accounted for less than 10% of total revenue.

Figure 3: Share of revenue 2003/04



Source: MoF, Monitoring Unit

Table 12: Share of HIPC to total revenue

	2001/2	2002/3	2003/4
HIPC (MK million)	1,986	3,232	5,300
HIPC (US$ million)	30	43	53
HIPC share to tot. Revenue	6%	8%	9%
HIPC share to tot. Govt Exp.	7%	5%	9%

Source: Ministry of Finance

Given the limited resources and the massive demand for public investment, the government must prioritise the allocation of resources based on clear criteria, systematically applied. The introduction of MTEF and the PRSP represents an attempt to link annual, medium and long-term plans through the preparation of output-based budgets. The idea is that under the MTEF a subset of key priorities, programmes and projects are identified by the line ministries themselves and the expected benefits, impacts and outcomes set out in a definitive manner. In addition mechanisms have been developed to ring-fence Pro-Poor Expenditure (PPE) against budget cuts in order to avoid fluctuations in the flow of resources to priority areas. **Table 13** sets out the Projected PPE Allocation over the period from 2001/04.

Table 13: Projected Pro-Poor Expenditure allocation (million of MK)

	2001/02	Share %	2002/03	Share %	2003/04	Share %
Agriculture	165.4	3%	543.7	5%	804.1	7%
Water and Sanitation	**280.7**	**5%**	**253.2**	**2%**	**172.9**	**1%**
Rural Feeder roads	801.7	14%	400.0	4%	125.0	1%
Small-scale Enterprises	91.4	2%	184.7	2%	282.4	2%
Technical and Vocational Training	114.1	2%	171.0	2%	162.3	1%
Tourism	35.7	1%	95.1	1%	111.8	1%
Education	1,862.3	31%	5,902.9	52%	6,355.8	52%
Health	2,255.6	38%	2,861.6	25%	3,095.2	25%
Community Services	77.6	1%	152.3	1%	119.8	1%
Safety nets	196.0	3%	323.0	3%	510.6	4%
Good governance	47.0	1%	356.5	3%	411.5	3%
Total PPE	**5,926.8**	**100%**	**11,244.3**	**100%**	**12,151.6**	100%

Table 14: Actual PPE Expenditure in 2002/03 Illustrating the changes within the year against the originally budgeted amounts

	PPE Budget 2002/03 (MK million)	Actual expenditure 2002/03 (MK million)	Actual change	Change as % of original
Agriculture	628.6	856.8	237.2	38%
Water	**275.0**	**216.1**	**-58.9**	**-21%**
Education	4,953.8	5,909.8	956.0	19%
Health	2,767.9	2,865.1	97.2	4%
Gender youth and community services	144.3	151.8	7.5	5%
Police	351.3	356.9	5.6	2%
Other ie feeder roads, mining, tourism	845.5	768.9	-76.6	-9%
Total	**9,966.4**	**11,134.4**		**12%**

Source: MoF, Monitoring Unit

Pro-poor expenditure

Pro-poor expenditure is not additional money, but rather a way of redefining parts of the existing budget. MK 12.15bn was allocated to PPE in 2003/04 representing 21% of total government expenditure. It is important to note that although the total of MK 12.15bn is protected, the allocation of funds within the PPE is subject to change and money can be moved from one sector to another. The study's investigations show that this worked to the detriment of the water sector in FY 2002/03.

Table 14 shows that MK275 million was allocated to the water supply and sanitation sector in FY 2002/03 of which the MoWD received MK216.1 million (or 79% of original allocation). In contrast, in the same year, the education sector increased its share of the PPE budget from 49.7% to 53% and the agriculture sector increased its share from 6.3% to 8%. This trend for WSS seems set to continue in FY 2003/04. Data from the MoF shows that the MoWD had received just MK81.1 million or 47% of its expected annual allocation by January 2004 (see **Table 15).** In total the Ministry of Finance has disbursed K6.9 billion of the K12.15 billion to the relevant ministries for PPE. This represents 56% of the total budget. However the MoWD has received 9% below this average and is in fact the ministry that has received the lowest proportion of its annual allocation.

The annual PPE budgeting process is another area where the water and sanitation sector seems to be losing ground in comparison to other sectors. **Table 16** illustrates how different sectors fared in the FY 2003/04 allocation process.

Table 15: Comparison with other sectors for disbursement of PPE Funds to date in 2003/04

Agriculture	56%
Water	**47%**
Education	64%
Health	51%
Gender youth and community services	58%
Police	60%
Other ie feeder roads, mining, tourism	50%
Total	**56%**

Source: MoF, Monitoring Unit

It can be seen that the water sector effectively underwent a 20% cut, whilst predicted expenditure on Agriculture rose by 78%. This is in a year when 15% more in Kwacha terms was allocated to PPE. The net effect of losing out in the annual resource allocation and the budgeting processes is that the water sector will be receiving 37% less in 2003/04 than it did in 2001/02. In the same period spending on Agriculture in the PPE rose 146%, whilst the total PPE budget rose 29% in Kwacha terms (see **Table 17)**.

There are a number of reasons why this should be the case. The strategies of major donors are a key factor. The European Union, for example, has recently become a major investor in the agriculture sector. Other factors include a general lack of confidence and support for the MoWD (vis-a-vis alternative channels such as the Presidents Office or NGOs), a lack of major donor interest in water, and ineffectual lobbying by the ministry (see below).

Table 16: Actual PPE in 2002/03 against budgeted amounts for PPE in 2003/04

	Actual expenditure 2002/03 (MK million)	Budget 2003/04	Actual change	Change as %
Agriculture	856.8	1,543.6	677.83	78%
Water	**216.1**	173.0	-43.14	**-20%**
Education	5,909.8	6,727.2	817.40	14%
Health	2,865.1	3,064.7	199.55	7%
Gender youth and community services	151.8	139.9	-11.86	-8%
Police	356.9	434.0	77.07	22%
Other ie feeder roads, mining, tourism	768.9	766.4	-2.51	0%
Total	**11,134.4**	**12,848.7**	1,714.35	**15%**

Source: MoF, Monitoring Unit

Table 17: Changes in PPE budgets for two years between 2002/03 and 2003/04

	Budget 2002/03	Budget 2003/04	Actual difference	Change as %
Agriculture	628.6	1,543.6	915.03	146%
Water	275.0	173.0	-102.04	-37%
Education	4,953.8	6,727.2	1,773.4	36%
Health	2,767.9	3,064.7	296.75	11%
Gender youth and community services	144.3	139.9	-4.36	-3%
Police	351.3	434.0	82.67	24%
Other ie feeder roads, mining, tourism	845.5	766.4	-79.11	-9%
Total	**9,966.4**	**12,848.7**	**2,882.35**	**29%**

Source: MoF, Monitoring Unit

Under the original PRSP indicative resource requirements for WSS were equivalent to about 1.7% of GDP. However, the annual budget allocation for WSS has in fact fallen by 37% during the past two years, from 1.4% of GDP in 2001/02 to 0.87% in 2003/04.

MoWD expenditure

Out of a total government expenditure of MK 56,737 million in 2003/04, 3% or MK 1,771 million was allocated to water supply and sanitation.

Of this MK 1,771 million:

- MK1,623 million was allocated to development expenditure;
- MK148 million was allocated to recurrent expenditures (**Table 18**).

MoWD budget sources

Traditionally, the water and sanitation sector has been donor-led. Domestic, bilateral and multilateral financial support was mobilised from institutions such as KFW, JICA, CIDA, NORAD, the World Bank, UNICEF, EU, ADB, and NGOs towards investment in water and sanitation. A wide range of grants and loans have been directed towards water resources development, urban and rural water supply and sanitation, capacity building at all levels, water quality monitoring and environmental protection.

Currently funding is mainly from government, donors, and from NGOs (both local and international). There are a number of organisations that are funding the sector through multilateral and bilateral agreements with the government. Government funding comes through the MoWD, the District Assemblies and also via other sectors such as health and agriculture although the latter are mainly for institutions. Several NGOs also provide resources directly to districts. But at present there is very little coordination of resources flowing into the sector.

Domestic, bilateral and multilateral financial support in 2003/04 amounted to MK1,613 million. This can be roughly categorised into who provided the funds, the degree of MoWD control and how it was used.

Where the provider is for example, World Bank/Malawi government, as referred to in **Table 19**, this implies that the costs are shared. A normal ratio of funding would be 90:10. The level of control (fiscal and administrative) the MoWD has over the development budget expenditure varies from total control to virtually no control. Although assessing the degree of control is a subjective process based on the knowledge of the programme, it is interesting to reflect on where the control lies.

Table 19: The MoWD development budget by provider[2]

African Development Bank	444,478,555	27.6%
African Development Fund/ Malawi Government	239,894,849	14.9%
World Bank	187,265,396	11.6%
World Bank/Malawi Gov.	264,817,399	16.4%
Japanese Government	5,264,470	0.3%
Kreditanstalt fur Wiederaubau	2,956,871	0.2%
Malawi Government	187,115,499	11.6%
Malawi Government/UNDP	121,468,219	7.5%
Malawi Government/UNICEF	55,641,098	3.4%
Norwegian Government	81,565,380	5.1%
UNICEF/NORAD	22,732,005	1.4%
Total	**1,613,199,741**	

Table 18: Summary of recurrent and development expenditure (2003/04)

Sector	Development	Recurrent	Total	Share (%)
WSS	1,623,199,741	148,572,519	1,771,772,260	3%
Education	2,302,000,000	6,412,180,412	8,714,180,412	15%
Health	1,905,104,460	3,654,299,584	5,559,404,044	10%
Agriculture	966,657,772	1,636,409,259	2,603,067,031	5%
Economic Planning	1,950,634,750	92,000,000	2,042,634,750	4%
Road Infrastructure (NRA)	2,910,215,210	1,152,267,140	4,062,482,350	7%
Government services (OPC)	995,015,715	868,708,863	1,863,724,578	3%
Others	2,709,850,847	27,410,364,737	30,120,215,584	53%
Total	**15,362,678,495**	**41,374,802,514**	**56,737,481,009**	**100%**

Source: MoF, Monitoring Unit

With projects funded by the Japanese government for example, the MoWD suggests and agrees areas where water points are needed, but then have virtually no control over any other aspect of the project (an example of the third category in **Table 20**). With the World Bank funded National Water Development Project (NWDP) a separate unit was set up with staff seconded from the Ministry, but which fell outside the management structure of the Ministry. This is an example of expenditure where the MoWD has partial control and some influence over the work – the second category in **Table 20**. The MoWD does implement some projects directly, such as the drilling of boreholes and rehabilitation of rural piped schemes using HIPC money. This would be the type of project where the MoWD was considered to have full control (the first category in **Table 20**).

Table 20: The MoWD development budget by degree of control

MoWD in full control	185,803,185	12%
MoWD with partial control and some influence	1,396,443,210	87%
MoWD with little control or influence	30,953,346	2%
Total	1,613,199,741	

The MoWD has full control of only around 12% of their development budget, with the rest of their budget being restricted in some way. The existence of multiple projects with different objectives and planning horizons makes it very difficult to develop a coherent sector-wide plan or programme. The recent creation of a Ministry of Economic Planning and National Economic Council and uncoupling of national policy and investment co-ordination from the sectoral ministries has resulted in a decline in the planning capacity of sectoral ministries (including MoWD) and water sector investments in Malawi remain highly fragmented. Theoretically the MoWD is responsible for the coordination of sectoral investments, but this analysis highlights significant constraints to effective coordination.

The lack of a coherent sectoral investment plan, combined with weak capacity within the MoWD for planning and implementation, discourages donors from engaging in programmatic support. This is not in line with the new scheme of aid delivery under PRSPs. This vicious cycle is difficult to break, based as it seems to be on a low degree of trust which donors have in the capacity of the Ministry to effectively manage its responsibilities.

Theoretically the MoWD is responsible for the coordination of sectoral investments but this analysis highlights significant constraints to effective coordination. With knowledge of each project it was possible to divide the budget into different uses. The results are given below.

2.5% of the budget shown in **Table 21** is a reflection of the low level of importance that the ministry and donors give sanitation.

Table 21: The MoWD development budget by use

	MK	% of total
Admin/capacity building	152,383,026	9.4%
Boreholes	305,556,263	18.9%
Piped water	159,666,380	9.9%
Water resources	312,965,158	19.4%
Urban	641,950,383	39.8%
Sanitation	40,678,531	2.5%
Total	1,613,199,741	

Performance assessment

In theory the introduction of MTEF in Malawi represents an attempt to move towards performance-related budgeting. There is general agreement that the government needs to do a better job of measuring its performance. Performance information can take several forms including:

- The outputs, or activities, of government programs or services;
- The outcomes, or effectiveness of government programs or policies;
- The efficiency (cost per output) or cost-effectiveness (cost per outcome) of government programs or services.

Capital investment decisions are typically based on a range of criteria including local need, financial (covering income and expenditure associated with the project), economic (wider economic framework in terms of costs and benefits and affordability), technical criteria (relating to the nature of investment and how and when it can be implemented), environmental (including the relevant environmental cost and benefits of a project), commercial and institutional (that impact on the timing or the success of the project), social and political criteria (especially in support of or opposition to a proposed project).

The MPRSP currently includes a number of rather crude targets relating to 'Good access to WSS'. These include: increasing the proportion of households with access to potable water to 84% (from 65.6% in 2001); increasing borehole functionality to 100% (from 60% in 2001); and increasing coverage for sanitary excreta disposal from 81.4% to 100%.

To achieve poverty reduction through the PRSP process it is essential that a system exists whereby those not served can be targeted. This Malawi study has observed that no systematic criteria are used to guide investment planning and finance. The sector currently does not have such a system or in fact any system to monitor the progress the sector is making in achieving such targets as the MPRSP and the MDGs.

With this in mind WaterAid Malawi, together with the Salima District Assembly, has developed a GIS/GPS based mapping process which enables the unserved to be identified. This offers a real opportunity for improving area, district and national planning and monitoring procedures. It has also led to a process that quantifies the equity with which water points have been distributed (see Sugden & Stoupy, 2003). The findings show that there are huge disparities in service levels with many communities

continuing to remain unserved despite substantial overall investment in the sector in recent years. Other communities in contrast have received additional water facilities despite already being served at a level above those recommended by the MoWD (see later).

Off-budget and off-plan working

One of the spin-offs of the mapping process is a database containing up-to-date information about which organisations are installing water points and where they are placing them. With this data it has been possible to breakdown the water points into providers. In total 33% of the country has been surveyed and it has been found that 25% of water points come from sources which are included in the MoWD budget (i.e. from the MK1,613 million) and 75% were provide *outside* the MoWD budget. **Table 22** below provides a breakdown of the organisations working within the sector and indicates by range the approximate number of water points they have installed in the last five years.

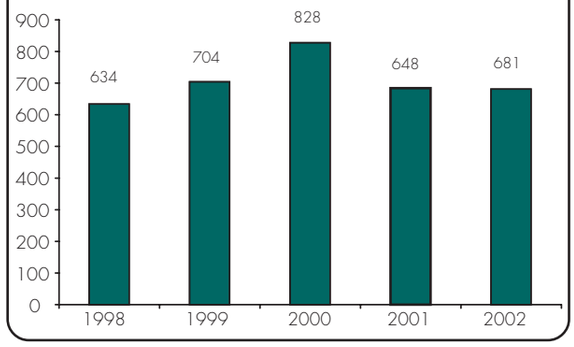
In addition to 'off-budget' expenditure being significantly greater than the money coming through the MoWD, it is also 'off-plan' i.e. outside of MoWD planning procedures – and beyond its control. This further compounds the problem of coordination within the sector and indicates that reforms to the budgetary process instituted under the MPRSP are likely to have only limited impact on sectoral performance.

Table 22: Providers of water points between 1998 and 2002 in area surveyed

Under MoWD budget	**25%**
Government	greater than 1,000
JICA	100 to 250
National WDP	50 to 100
3000 BH	50 to 100
KFW (GITEC)	less than 50
COMWASH	less than 50
Other	less than 50
Outside MoWD budget	**75%**
MASAF	greater than 1,000
MWM	greater than 1,000
Various other organisations	500 to 1,000
EU	250 to 500
World Vision	250 to 500
Inter Aide	100 to 250
GTZ	100 to 250
Private	100 to 250
Action Aid	100 to 250
Plan International	50 to 100
Various Religious Institutions	50 to 100
Proscarp	50 to 100
UNICEF	50 to 100
Africare	50 to 100
CPAR	50 to 100
SCF_UK	50 to 100
OXFAM	50 to 100
ADRA	50 to 100
CCF	50 to 100
Ekwendeni Mission	50 to 100
OPC	less than 50
WaterAid	less than 50
Presidential Fund	less than 50

Tracing off-budget expenditure is difficult but by using information on the dates new water points were installed it is possible to show overall trends in sectoral investment. **Figure 4** shows trends in the total number of water points installed in the survey area (18% of Malawi) between 1998 and 2002.

Figure 4: Number of new water points installed between 1998 and 2002 within the survey area (18% of Malawi)



In the survey area a total of 3,495 water points were installed over the five-year period between 1998 and 2002. If this is extrapolated, based on population figures, to a national level, then a total of approximately 19,225 new water point would have been installed within Malawi, at an average of around 3,835 per year. This investment is from all sources, not just the money in the MoWD budget. As the target within the MPRSP document is for '2,500 boreholes' per year it can be seen that the investment over the preceding 5 years may be as much as one and half times (153%) indicative MPRSP requirements.

This clearly shows that the main problem in Malawi is not the level of investment, but rather the location of the new water points and the methods used for targeting the poor. Stoupy & Sugden (2003) show that, if new water points are better targeted to unserved areas, the water supply MDG could be achieved in Malawi without requiring major increases in capital investment.

Table 23: Number of new water points installed via MoWD budget

	2002/03	2003/04
WVI (UNICEF)	10	15
Gitec	120	176
CPAR (UNICEF)	10	10
JICA	100	77
COMWASH - from CIDA	6	0
MoWD (HIPC)		150
Unicef district support	1	16
Total	**247**	**444**
Percent of target	10%	18%

Non-state actors

To gain an estimate of past and expected Non-State Actor (NSA) activity within the sector, a brief survey was undertaken by the researchers looking at new and rehabilitated water points and piped water schemes. The results of the survey show that progress towards the MPRSP targets would be poor if only those water points installed through the MoWD are considered (**Table 23**). However, the picture is greatly improved if the work of all NSAs within the sector is also considered (**Table 24**).

Table 24: Number of new water points installed by NSAs

	2002/03	2003/04	2004/05
Malawi Red Cross		35	50
EU Micro Projects	200	200	200
WaterAid	39	63	60
CCAP	600	600	500
CCAP	7	13	10
WVI (own funds)	248	110	140
WVI (UNICEF)	10	15	15
GTZ (Machinga)	0	60	0
InterAide	125	125	125
Gitec	120	176	130
Emmanual International	15	33	0
CPAR	30	30	30
Plan International	90	26	40
JICA	100	77	100
COMWASH	6	0	0
Oxfam	41	42	40
MoWD (HIPC)	0	150	0
Unicef district support	1	16	20
Total	1,632	1,771	1,460
Percentage of target	65%	71%	58%

This shows that overall levels of sectoral investment are in fact substantial, despite the current economic climate in Malawi. Actual figures may be even higher as some of the organisations known to be active in the sector did not respond to the questionnaire in time to be included in the study.

The Malawi case study investigated the underlying reasons for current trends and disparities in allocation of sectoral resources, and identified existing constraints (technical, financial, institutional) to more equitable resource distribution. WaterAid Malawi aims to use these findings to bring sector stakeholders together and develop a more transparent and equitable systems for resource allocation and strengthen the district capacity to co-ordinate, plan and monitor the water sector in their districts.

Management of the water sector within districts

As referred to above, Malawi is in principle going through a decentralisation process aimed at devolving administration and political authority from the central ministries in Lilongwe to the districts. Structures at district level have been established and Councillor elections have taken place. In theory, the structure is in place for ministries to decentralise their responsibilities to the district and for them to take a more guiding and regulatory role. In practice, the pace of change has been slow and the flow of resources from central government and donor agencies to districts currently amounts to little more than a trickle.

To allow for transparent use of funds, each district has a District Development Fund (DDF) into which money can be deposited and is governed by strict rules laid down by the Ministry of Local Government. The key to the decentralisation process is therefore the development of three-year District Development Plans (DDPs), including the identification of key areas for resource allocation within districts, and receiving money to carry out the plans and the transparent – as well as accountable use of the money. In theory, the consolidated output of all district plans should form the basis of the national level plan.

The Malawi case study examined the actual processes of DDP development and implementation from a water sector perspective in two case study districts of Salima and Machinga. The decentralisation process is still relatively new; although the act was passed in parliament in 1998 it has yet to be fully recognised by either the donors or the central ministries. The MoWD was supposed to be one of the first ministries to devolve its functions, but to-date it remains highly centralised. The official date for commencement of fiscal decentralisation was July 2003, but at the time of writing in January 2004 no money had been released from the MoWD to District Assemblies. This situation has resulted in considerable uncertainty. District staff generally still feel more accountable to ministry HQ in Lilongwe than they do to the District Assemblies whose authority is undermined by lack of resources. This situation has arguably led to a (at least temporary) decrease in effectiveness while uncertainty persists.

The study found that procedures for development of the DDPs are well-defined but that links downwards to respective village level and upwards to national level planning processes remain weak. For example, expenditure categories defined at different levels are not always the same, which makes allocation of funds unsystematic. Analysis of DDP plans in case study districts shows that although water is given high priority in DDP plans, it often receives much lower priority in terms of actual levels of expenditure. The main reason for this is that priorities of donors, NGOs and government departments are often different and tend to override priorities identified in the DDP. District Assemblies currently lack both the capacity and authority to coordinate and regulate sectoral investments.

In the districts sampled, accounting for funds deposited in the DDF leaves much to be desired. Tracking where the money has actually been spent is difficult due to the lack of any systematic monitoring procedures. As a result, donor confidence in DDFs remains understandably low. In both case study districts, HIPC funds earmarked for the water sector are currently not directed through the DDF and District Assemblies are not involved in the process of selection, implementation or monitoring these investments. Instead, HIPC funds are controlled and disbursed by MoWD central and regional offices. WaterAid Malawi is one of only a few agencies actively working with and through district assemblies in an attempt to strengthen the capacity of district authorities for decentralised planning and management of water sector developments.

The current predominance of NSAs undermines the

Table 25: Sources of funding for 1,218 water points installed in Salima and Machinga between 1998 and 2002

Fund provider	New water points	
	Machinga district	Salima district
On MoWD budget		
Government	182	30
GITEC	28	0
Japan cooperation	10	1
National WDP	1	23
Sub Total	221	54
Off MoWD budget		
MASAF	176	190
unknown	142	62
World vision	32	2
OPC	27	0
EU	23	11
OTHER	23	0
Religious institutions	22	9
GTZ	11	0
Concern Universal	6	0
Proscarp	6	9
SCF UK	6	56
ARC	3	0
Private	3	0
Danida	2	2
DFID	1	0
District Assembly	1	2
USAID	1	0
WaterAid	1	21
ActionAid	0	63
Presidential fund	0	21
MADZI (local NGO)	0	3
Red Cross	0	3
African Muslim Agency	0	1
MAKDA	0	1
Self help	0	1
Subtotal	486	457
On MoWD Budget	221 (31%)	54 (11%)
Off MoWD Budget	486 (69%)	457 (89%)
District Total	**707**	**551**

effectiveness of budgetary and policy reforms at district level. The relationships between different NSAs active in the water sector and District Assemblies (DA) can be categorised as follows:

1. Completely isolated – no formal or informal relationship with the DA or MoWD at local or national level, operates entirely independently e.g. the Muslim Agency
2. General national agreement with MoWD – agency establishes a formal agreement with the MoWD at national level which enables them to work in any district. District authority involvement varies but is typically limited e.g. MASAF
3. Local agreement for a multi-sectoral approach – agencies establish formal agreements with DA to work in a number of different sectors but the agreements generally do not specify how resources will be allocated e.g. ActionAid
4. Local agreement specifically on water supply provision – district wide or area specific agreements with district authorities to provide water supplies but agencies maintain autonomy in resource allocation decisions e.g. SC UK
5. Local agreement specifically on water supply provision, resources allocated by the DA – formal agreements with DAs to support district authorities (technical and financial) to plan and implement water supplies within a specified area e.g. WaterAid.

Photo © ODI/Tom Slaymaker

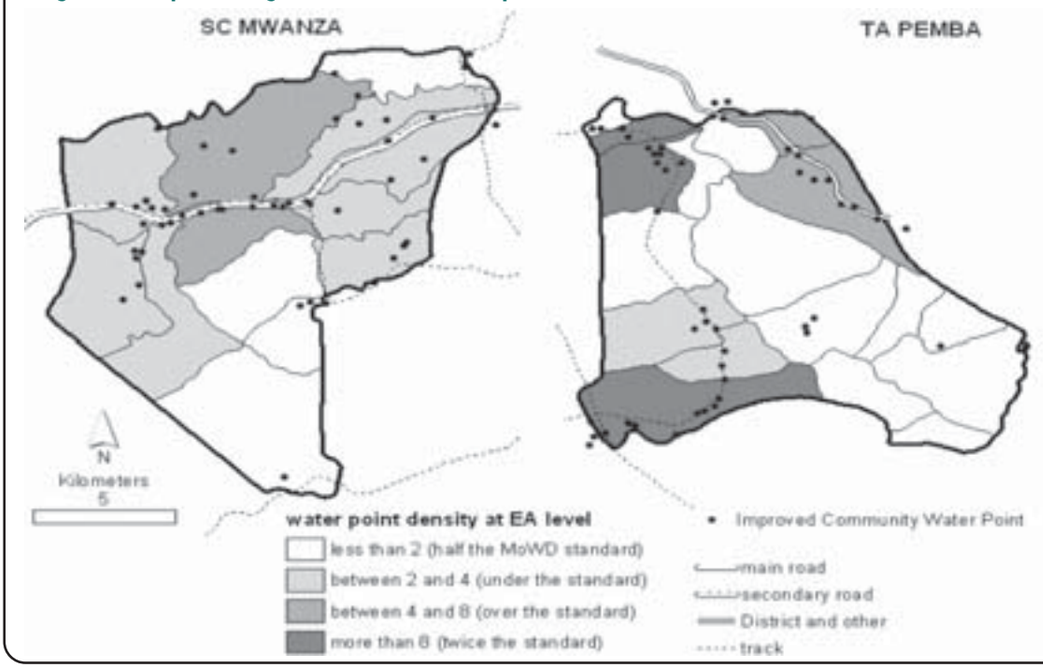
One consequence of the fragmented nature of water sector developments in the case study districts is a lack of policy coherence. Different agencies adopt different interpretations of the national water policy leading to considerable confusion among beneficiary populations regarding institutional roles and responsibilities in management and financing of water sector developments. It is also a key factor underlying poor coordination of sectoral investment leading, in some cases, to duplication of effort, and in others to neglect of those most in need. A further significant issue highlighted by the mapping exercise is the use of technology inappropriate to hydro geological conditions, which further undermines scheme sustainability and sectoral efficiency.

The Malawi case study also explored the impact at community level of these problems of poor coordination and planning and weak monitoring and regulation of policy. These are analysed firstly in terms of equity and secondly in terms of sustainability.

Table 26: Functionality of water points by technology at district level

District code	District/ TA	Functional borehole (%)	Functional shallow well and vonder rig (%)	Functional rural piped (%)
103	Nkhata Bay	78.4	57.1	16.0
105	Mzimba	63.2	57.3	73.3
205	Salima	77.9	73.5	32.8
206	Lilongwe	81.5	58.7	33.4
302	Machinga	76.8	66.0	72.5
303	Zomba	77.0	56.0	63.7
304	Chiradzulu	80.4	77.1	62.2
308	Mulanje	81.5	76.6	23.9
	Surveyed area	**75.9**	**64.6**	**41.6**

Figure 5: Map showing distribution of water points in Mwanza and Pemba



Equity

Equity of distribution is an important consideration if poverty reduction objectives impacts are to be achieved. WaterAid Malawi has developed a systematic approach to mapping the distribution of Improved Community Water Points (ICWP) using a combination of basic GPS units and a simple questionnaire (Stoupy & Sugden, 2003). This information is combined with population data and disaggregated by Enumeration Area (EA). The resulting ICWP density maps show the number of water points per 1000 people. The MoWD target is 4 per 1000 or one water point for every 250 people. However the resulting maps reveal highly uneven distributions with investments typically clustered in specific areas, typically close to roads (see **Figure 5**).

Such maps provide a very powerful visual representation of inequities in resource allocation and form a valuable tool for improved decision making. WaterAid is currently working with local authorities to produce district level maps (see Annex).

Figure 6: Equity of investment

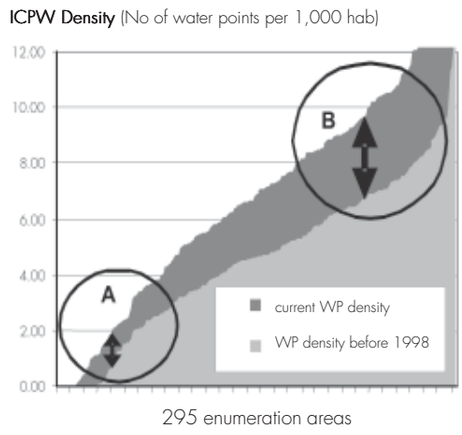


Figure 6, for example, illustrates equity of investment in Mulanje South District. It shows 295 EAs arranged in order of increasing water point density. As such it indicates patterns of investment in different areas. It shows clearly that some EAs are well below the recommended density of 4 per 1000, whilst others are well above. It shows that 67% of the population in Mulanje live in areas with a water point density of less than 4 per 1000, while 8% live in areas with a water point density of greater than 8 per 1000.

The darker upper shaded area shows how the density in each enumeration area has changed over the last five years. Closer examination reveals that recent investment in already well served areas (B) has been significantly greater than in poorly served areas (A). It also shows that a number of EAs have remained unserved despite substantial overall investment, while already well-served areas have continued to benefit from new investment.

Sustainability

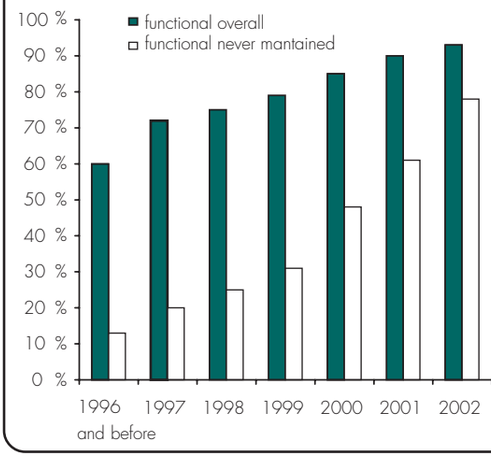
The long-term benefits of improving equity in the distribution of water sector investments will depend on those investments being sustainable. Experience shows that achieving sustainability requires attention to a complex mix of managerial, social, financial and technical issues many of which are interdependent. Survey data covering eight out of 28 districts (29%) shows the percentage of functionality of water points by technology type (**Table 26).**

It appears that boreholes (76%) are generally more 'sustainable' than gravity fed rural schemes (42%) but it should be noted that there has been substantial investment

in boreholes over the past five years. As a result 44% of boreholes are less than five years old and are yet to reach the stage of their life when major repairs are required.

It is interesting also to note the rate at which water points fall into disrepair or are abandoned. **Figure 7** below, derived from the water point survey, shows the functionality of hand pumps against the date of installation and whether the hand pumps have ever been maintained.

Figure 7: Percentage of functional handpumps dependent on installation date and maintenance



With 40% of hand pumps over 6 years old not working (and can be considered to be abandoned) it is clear that investment is not being maximised. Any donor looking at these figures should think twice before considering investing in the future. The research identified a wide range of different factors contributing to non-functionality. These can be broadly grouped into three main areas i.e. availability of funds to maintain the water point, access to technical skills and access to spare parts. WaterAid Malawi have thus devised a 'sustainability snapshot' as a tool for rapid appraisal of investment priorities (see **Box 5)**.

The snapshot was applied in 39 communities in two case study districts of Salima and Machinga. The issues were explored in some depth in each location but the results can be summarised as follows:

- Only one community (4%) was thought to have ready access to enough money to fund the most expensive maintenance processes.
- 70% of communities in Salima and 50% in Machinga were thought to have enough ready money available to fund simple repairs, but not enough for the most expensive maintenance processes.
- 26% of communities in Salima and 50% in Machinga had no ready money available to fund even simple repairs.

There is a dilemma over ensuring adequate community funds are available to cover water point maintenance costs. People are often reluctant to contribute towards the maintenance of a water point when it is working ('Why do you need maintenance money, its working alright?') but are equally reluctant to contribute towards the maintenance of a water point when its broken ('Why should I pay, its not working and I'm not getting any water?'). Cash flow is a major problem in many rural areas, especially if the water point breaks at the wrong time ('Its the hungry season, can I pay in June?'). There is also often a lack of trust within the communities over any form of money collection. No matter how well intentioned, if a person has access to the community maintenance fund and they need to feed their children, they will take the money. It's not always a question of dishonesty; it can be more one of need. These problems are compounded by the lack of access to credit or banking facilities.

Box 5 Sustainability snapshot

The surveyors are asked to decide which of the statements is most applicable to the community being assessed with regard to the availability of sufficient fund skill and spare parts to keep their water point working.

Financial

1. No funds available for maintenance when needed
2. Funds available but not sufficient for the most expensive maintenance
3. Funds available and sufficient for the most expensive maintenance

Technical skills

1. Technical skills not available for maintenance when needed
2. Some technical skills for maintenance, but not for all.
3. Technical skills for all maintenance processes available

Equipment and spare parts

1. Not available when needed
2. Available but not for all repairs
3. Available for all repairs

From this the areas of strengths and weakness with regard to community management can be derived and a programme or project can be guided as to the area's on which it needs to concentrate its efforts.

Study revealed that spare part supply was not as big a problem as anticipated.

- 31% of communities had access to all type of spare parts;
- 41% of communities knew only where to buy the fast wearing spare parts;
- 28% of communities did not know where to buy spare parts at all.

It is interesting to note that a good reliable source of spare parts seems to be more important than distance the communities have to travel to buy them. However, the lack of methods to communicate information to communities on where spare parts can be purchased is a major problem.

In terms of skills the snapshot showed that:

- 17% of communities have access to the skill necessary to carry out the most difficult repair processes;
- 82% of communities in Machinga and 74% in Salima were thought to have to access to the skill necessary to carry out the simple repairs;
- 19% of communities in Machinga and 9% in Salima

were thought not to have access to the skill necessary to carry out even the simple repairs.

It should be noted that one CBM training session does not result in a sustainable water point. Furthermore the timing of training is all-important. This usually occurs at the wrong time, as the critical period is usually 2-3 years after installation. Communities can sometimes hire skilled people, but this increases the cost of maintenance and compounds money collection problems. There are opportunities for private sector organisations to support communities in handpump maintenance, but these services need to be regulated. One of the biggest problems is that skilled/trained people may leave the community and are difficult to replace.

These results show that the key factor affecting sustainability in the communities surveyed is availability of maintenance money and not spare parts or technical skills. Developing a transparent and trusted system for collection and management of user contributions is particularly important.

V. Uganda case study

Introduction

The Uganda study examines whether PRSP and national sector goals are actually being achieved on the ground by Ugandan local governments in rural areas, and how improvements in planning, monitoring and evaluation in those local governments could potentially improve the efficiency and effectiveness of service delivery. Despite the sectors slogan of '*some for all, not all for some*' the study presents strong evidence that water services are being delivered increasingly inequitably, whist sanitation and sustainability remain secondary concerns. It goes on to examine the underlying factors, including why WSS planning and M&E systems contribute to this breakdown between policy objectives, planning and implementation.

In Uganda, Water and Sanitation has been made a major priority of the government and the sector was given a high profile within the Poverty Eradication Action Plan, Uganda's PRSP. The government has set ambitious objectives to ensure that the entire population has access to safe water and sanitation by 2015, in line with the Millennium Development Goals. Since 1997 the sector has developed a set of coherent policies and strategies, with relatively clear institutional responsibilities and financing mechanisms. On the strength of these reforms, and the high priority of water needs expressed by the poor in participatory poverty assessments, the sector has received substantial increases in funding from the government which has chosen to allocate a significant proportion of its own revenues, including HIPC debt relief to water.

Now the challenge is to ensure that the strategies and reforms actually achieve their expressed objectives. In the rural sub-sector, there is concern emerging over the performance of local government in their new role of planning for and actually delivering services. Despite reported national increases in safe water coverage from 39% in 1996 to 51% in 2003, there are still major questions over the value for money, equity and sustainability of water and sanitation services being delivered in rural areas.

Progress in budgetary reforms

Uganda is rightly considered a leader in reform of the water and sanitation sector in Africa. Coherent legal, policy and financing frameworks have evolved, which have included the development of strong coordination mechanisms through a sector wide approach, decentralized service delivery modalities, and the sector's full integration in the PRSP[3].

The policy and legal framework for the water and sanitation sector was set out in the 1995 Water Statute, which established the principles of community managed water and sanitation services, through the formation of Water User Committees and Associations, as a means of improving sustainability of facilities. However, further reforms in the water and sanitation sector were necessitated by Uganda's decentralisation policy which emerged in the mid 1990s. A new Water Policy was finalised in 1999, consistent with decentralization policy, and elaborating on the principles of the demand responsive approach.

A rural water and sanitation reform process was initiated in 1999 in order to put into operation the principles of the new Water Policy. This culminated in the finalisation of the Rural Water and Sanitation Sector Investment Plan setting out the investments required to meet sector goals by 2015. The objective of the rural water and sanitation sector as stated in this plan is as follows:

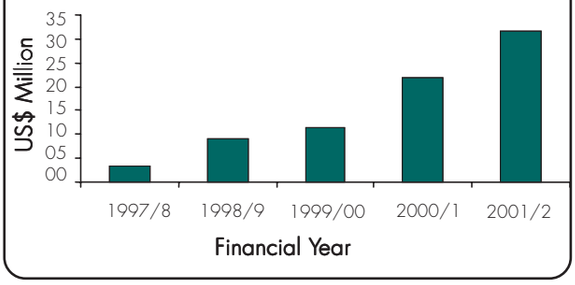
'*Sustainable safe water supply and sanitation facilities, based on management responsibility and ownership by users, within easy reach of the rural population by the year 2005 with an 80% - 90% effective use and functionality of facilities. Then eventually to…100% of the rural population by the year 2015'* (MWLE-DWD, 2000)

A five year Rural Water and Sanitation Operational Plan was completed in 2002. This plan sets out in detail both the operational modalities that guide implementation for the rural water and sanitation sub sector, investments needed and their cost over the five year period from 2002 until 2007. This applies not just to water and sanitation infrastructure, but covers also institutional requirements for delivery at local government levels, and programme support at central government level.

Meanwhile, as poverty reduction moved up the political agenda, the water and sanitation sector began to emerge as a government priority, starting with the preparation of the 1997 Poverty Eradication Action Plan (PEAP). This recognition led to the sector receiving a significant boost in funding from the HIPC debt relief initiative in 1998, and being included in the Poverty Action Fund (PAF), the budgetary mechanism through which debt relief funds and other earmarked donor budget support were channelled. The national Uganda Participatory Poverty Assessment (PPA) was carried out in the late 1990s, as a precursor to revising the PEAP, and safe water emerged as one of the key priorities of the poor. This reinforced the priority of the WSS in the 2000 PEAP, which also served as Uganda's PRSP. Subsequently, the Government of Uganda allocated over $11 million extra to the sector from a second round of debt relief awarded through the enhanced HIPC initiative, more than doubling the government own budget allocations, excluding donor projects. These funds were exclusively allocated to rural water and sanitation and channelled directly to local governments via earmarked conditional grants.

This combined with further budgetary increases in subsequent financial years meant that between 1997 and 2002 government budget allocations to the water and sanitation sector rose from just over $3 million to $31 million, or from 0.5% to 2.8% of the Government of Uganda Budget over the same period (**Figure 8**). Much of this was allocated to rural water and sanitation.

Figure 8: Government of Uganda water and sanitation budget allocations, excluding donor projects



The combination of a coherent reform process, the development of sector investment plans, and the evolution of sector financing provided the key ingredients for improved coordination in the sector. This provided the basis for the development of a sector-wide approach by the government and donor and NGO partner agencies. Government funding is now by far the largest contribution to the rural sub-sector, and this encouraged many donors to consider moves towards budget support.

Annual joint reviews of progress are now held to review and discuss the performance of the sector against established operational and investment plans and strategies. At these reviews various actions to be undertaken by government and donors alike are discussed and agreed. Donors collectively rather than individually identify and agree issues which they wish to raise with government.

Progress in implementation

This section examines the extent to which equitable and sustainable rural water and sanitation services, the basic objective of the Rural Water and Sanitation Operational Plan, are being provided in Uganda. The study focused on two case study districts of Tororo and Wakiso.

Officially, national safe water and sanitation coverage increased from 39.4% in 1996 to 51% in 2003. These figures are based on assumed coverage which is measured by multiplying the number of point sources by the recommended number of people that should be served by each type of source, and comparing this to the level of population in the country or district.

For example it is assumed that one borehole serves 300 people and a spring 200 people. There is a wide variation in coverage throughout the country from 25% in the least served district to 75% in the best served.

Data problems

Another important problem to note here is that there are significant inconsistencies between the data held at the district and that held by central government. In both districts studied, the local administration reported to have about twice as many safe water points than were in the central government Management Information System, as **Table 27** shows. This means that safe water coverage is likely to be underestimated nationally, but it is this data which is used to calculate allocation of funds to districts.

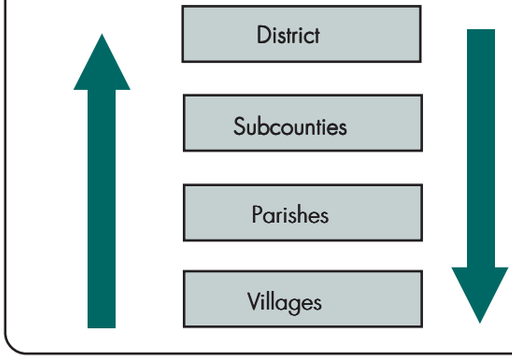
Currently safe water coverage data is only calculated at the district level but there are important levels of local government in Uganda below the district – i.e. sub-county, parish and village, where this is not done. National level figures and financial allocations do not therefore take account of equity in service provision *within* districts.

Table 27: Inconsistent data in local governments and DWD

	Wakiso		Tororo	
Type of technology	DWD Data	LG Data	DWD Data	LG Data
Deep borehole	121	254	324	601
Shallow well	229	394	-	21
Motorised drilled well	-	23	-	-
Protected spring	270	457	20	98
GFS taps	28	8	-	-
Community tank	15	-	-	-
Other	2	-	-	-
Total	665	1136	344	720

The Uganda study applied a simple technique developed by Sugden (2003) in Malawi for comparing the equity of service provision at different levels (as described in Chapter IV). It simply involves the calculation of the number of water points for every thousand people in each geographical area (whether district, subcounty or parish). This is called the Improved Community Water Point (ICWP) Density Mapping, referred to henceforth as Water Point Density (WPD). The national Water Policy states that each water point should serve no more than 300 people. This equates to a target WPD of 3.3 per 1000 people.

Box 6: Rural local government levels



WPD calculations in Tororo and Wakiso districts demonstrate that otherwise encouraging national and district level coverage figures are masking inequitable service delivery, and weak operation and maintenance systems within districts themselves. WPD per district was calculated using district level data which is considered more up to date. This stands at 1.40 per 1000 people in Wakiso

Box 7: Calculating water point density per 1000 population

$$WPD = \frac{\text{Number water points} * 1000}{\text{Population}}$$

Figure 9: Water point density in sub-counties in Tororo district

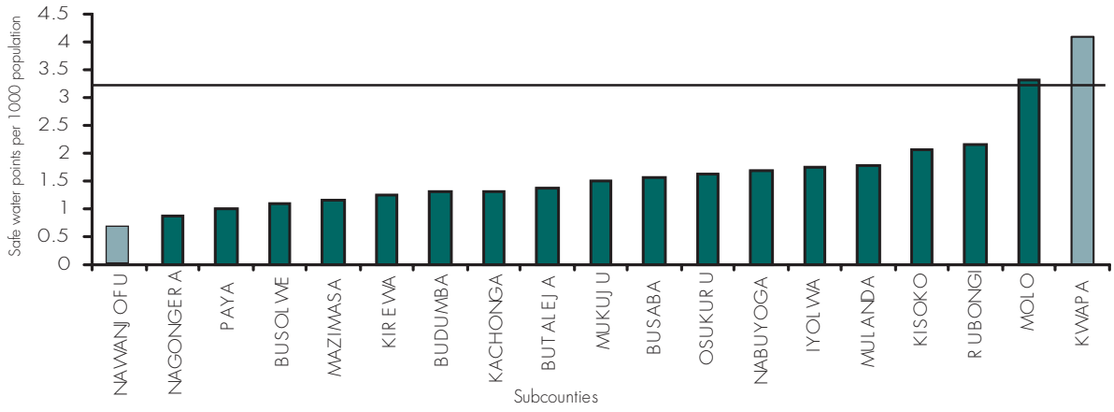


Figure 10: ICWP density in subcounties in Wakiso district

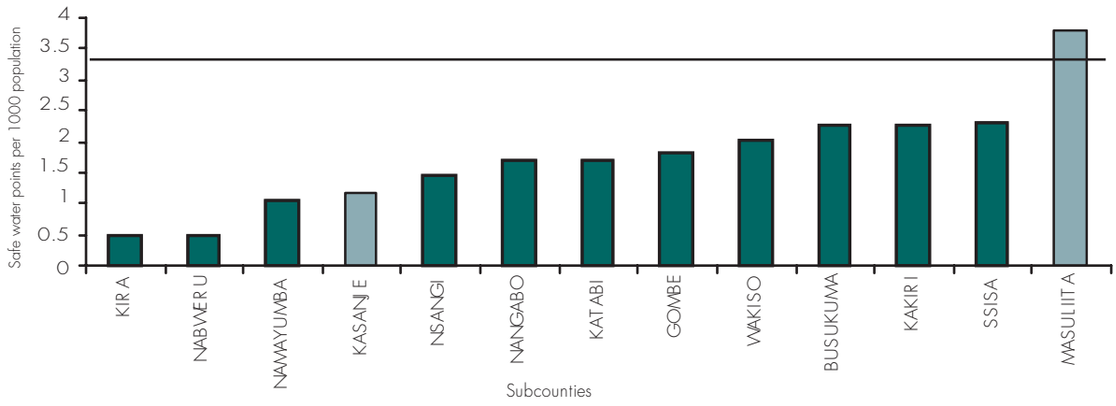


Figure 11: WPD by parish in Kasanje, a poorly served subcounty in Wakiso

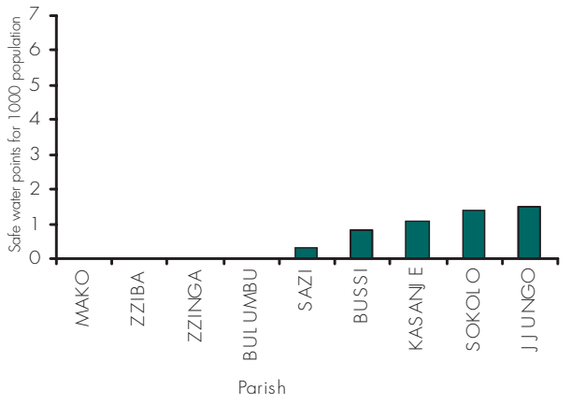
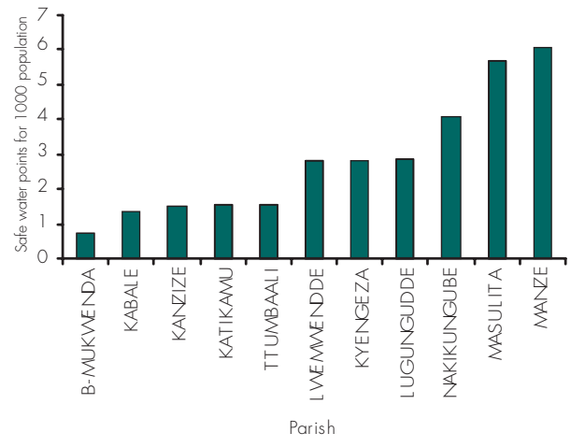


Figure 12: WPD by parish in Masulita, a well served subcounty in Wakiso



and 1.57 for Tororo (in both cases less than half the national requirement set out in the National Water Policy). It is important to note that this figure excludes subcounties in Wakiso which are on the outskirts of Kampala and benefit from piped water systems. Outside urban areas, water and sanitation service levels in Wakiso are very low.

The WPD was then calculated for all subcounties in each district. **Figures 9** and **10** show significant variations in WPD across subcounties in each district[4]. In Wakiso the values varied between 0.47 in Kira subcounty and 3.59 per 1000 people in Masulita subcounty, whilst in Tororo the variation was between 0.67 in Nawanjofu subcounty and 4.09 in Kwapa subcounty. In each case there is only one subcounty in each district which meets the recommended service levels set out in the 1999 National Water Policy.

For each district one well served and one poorly served subcounty were chosen and WPD then calculated at parish level. This revealed even greater variation in WPD between parishes than between subcounties. For example, in Kasanje subcounty (a poorly served subcounty in Wakiso District which had a WPD of 0.69) there were four parishes which did not even have a single improved water point between them, whilst the best served parish had an WPD of almost 1.5 water points per thousand (see **Figure 11)**. Even in Masulita subcounty, a relatively well served subcounty with a WPD of 3.79, the WPD varied from between 0.77 in the worst served to 6.5 water points per 1000 people in the best served (see **Figure 12)**. Similar variations were observed in the well served and poorly served subcounties selected in Tororo districts.

Table 28: Increasing inequity the deeper you dig

	Mean WP Density	Average Deviation fr. Mean	Rel Dev. Fr. Mean WPD
Subcounties in Wakiso District	1.73	0.63	36%
Parishes in Kasanje S/c	0.57	0.57	100%
Parishes in Masuliita S/c	3.79	1.88	47%
Subcounties in Tororo District	1.66	0.55	33%
Parishes Kwapa S/c	1.61	1.36	73%
Parishes in Nawanjofu S/c	0.60	0.61	101%

Greater variability indicates increasingly inequitable service provision. By using and adapting another simple technique developed by Sugden (2003), a comparison can be made, and a proxy indicator for the *relative equity of service provision* at those different levels calculated. Therefore for each of the districts, the average deviation from the mean subcounty WPD was calculated for each subcounty. This average deviation is expressed as a percentage of the mean subcounty WPD (**Box 8**). In Tororo and Wakiso the average deviations were 33% and 36% of the mean subcounty WPD respectively.

Box 8: An indicator for equity?

Relative WPD Deviation (%) = (100 x Average Deviation from Mean WPD) /Mean WPD

The exercise was then repeated for parishes within each subcounty confirming even greater variation in distribution of water points between parishes. Average parish variations ranged from 47% to 101% of the mean parish water point density. This means that the relative inequity in distribution of water points is universally greater between parishes than between subcounties.

There was also evidence that some parishes continued to benefit from new water sources year after year (see figure below for Kwapa and Nawanjufo subcounties), and similarly the same villages in those parishes.

All this data point to increasing inequity the lower one delves into the distribution of water points. This indicates that district subcounty planning processes are open to political capture, with politicians being able to ensure certain areas benefit from new water facilities more than others.

Figure 13: WDP for successive years in Kwapa subcounty

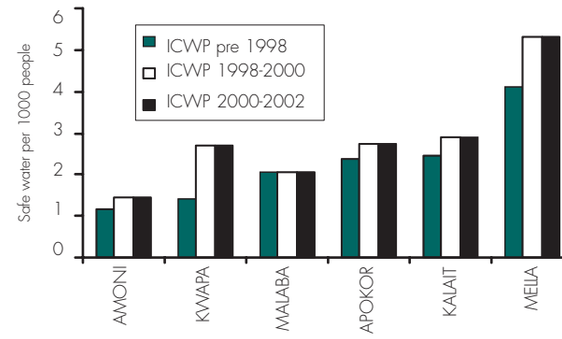
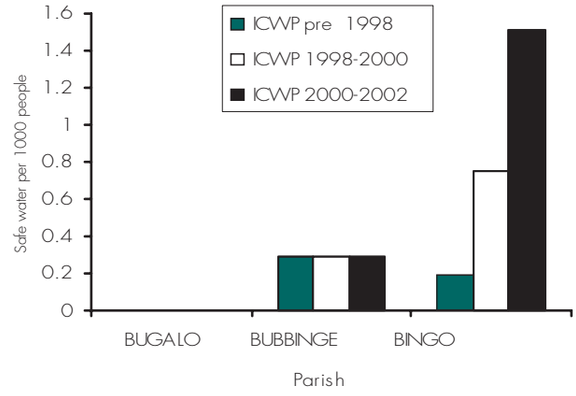


Figure 14: WDP in successive years in Nawanjofu subcounty



Therefore despite the reported national increases in coverage, earlier pointed out, equity in distribution is not being achieved. Furthermore, the level of inequity in distribution between subcounties and parishes has actually increased over the years. The slogan 'some for all, not all for some' does not therefore appear to be being realized.

A key observation of the Uganda research is that the socio-economic status of the well-served subcounties was generally better than the least served ones. They appear to have higher levels of education, have influential people in the community (in that they had NGOs operating in their areas), were nearer to administrative centres, had better road networks and their ability to pay was greater than the least well served areas[5]. The least served areas were characterized by comparatively poor road network, low levels of education, political marginalisation, weak leadership and lack of influential community members. This suggests that socio economic status of a subcounty is probably a major factor in both the ability of it to attract new water and sanitation facilities in the first place, and capacity to operate and maintain the facilities once established.

In summary, despite the small sample in this study, it is possible to draw some important conclusions from this analysis of Tororo and Wakiso. It appears that the distribution of existing facilities is inequitable, and that the new facilities being constructed appear to be worsening not improving

the situation. The levels of inequity get greater at lower levels of local government.

The Uganda report goes on to consider ways in which tools for quantifying equity and sustainability used in the study could form the basis for action by local governments. In particular, ways in which such analysis could help to address some of the fundamental weaknesses in planning, monitoring and evaluation of performance in the water sector at subcounty, district and national levels. It suggests that they could also help central government to measure the performance of local governments with respect to national objectives, and reward good performance.

Towards better targeted planning and budgeting for WSS interventions within districts

Although equity and sustainability are stated objectives in national level policy, local planning and budgetary decisions made by districts and subcounties in Wakiso and Tororo do not appear to reflect these goals. This means that there is a breakdown somewhere between policy, planning, budgeting and implementation. But where, and why?

By examining the strengths and weaknesses of the planning and budgeting and implementation systems, the Uganda study argued that the breakdown is largely down to a combination of poorly coordinated planning processes, and inadequate performance measures and tools that can be used in these processes. This ultimately means that there is inadequate incentive for technocrats and politicians to adhere to national sector policy priorities, and improve service delivery performance.

There are well established systems for planning and budgeting in Ugandan local government, and these are supported by specific guidelines prepared for the water and sanitation sector. The district wide planning and budgeting process is supposed to be bottom up and participatory, although the quality of this participation varies.

If the planning procedures are followed to the letter, the district guidelines could, and probably should result in equitable distribution of water points. They emphasize a bottom-up approach engaging lower levels of local government and communities in planning decisions and recommend prioritisation of areas with low coverage and unserved communities, incorporation of hygiene education and community mobilisation and provision wherever possible of a range of water technology options (MWLE-DWD, 2000).

Planning issues

However, the guidelines for planning evidently are not being fully followed in the case of Tororo and Wakiso. Although many elements of the *process* stipulated in the guidelines take place, the criteria for making decisions are not always followed. This is due to a mix of technical and political issues, which means that ultimately there are few incentives for districts to implement the guidelines rigorously. Politicians influence the allocation of water sources in both districts, and this has apparently compromised equity in distribution, with powerful politicians continuing to extend services in their parishes which are often already well-served, leading to further concentration of water facilities. In a decentralized political set-up, politicians necessarily should be involved in decision making, however this should be within the bounds of national policy.

Box 9: Planning & budgeting process

The planning and budget cycle begins in October of each financial year where in a series of regional budget workshops convened by the ministry of finance, the planning and budgeting process is outlined and grant ceilings are presented to local governments.

The process progresses to the districts which are then expected to produce a draft Budget Framework Paper by December, outlining the Local Governments medium term budget strategy. It is from the final LGBFP that the districts and sub-counties proceed to prepare water sector workplans (MWLE- DWD 2002). Whereas the planning cycle guidelines propose consultative meetings with the community to commence in early February, the actual consultations start a lot later.

At the district level, the planning process starts with a sub-county consultative meeting involving Sub-county executive committee, parish development committee (PDC) members and subcounty administration. Funding levels for respective sectors for the fiscal year are communicated and PDCs are given planning formats. PDCs then conduct village consultative meetings with the general community where WSS priority activities are set. The PDC committee in a separate meeting integrates all the village plans into one Parish development plan using priority-ranking method. In the same manner, the sub-county executive committee guided by the extension staff uses the parish plans for developing sub-county plans. These plans are then submitted to the district for incorporation into a district plan.

Other stakeholders in the sector like NGOs and CBOs were also facilitated with planning formats in Wakiso District.

The key sector planning criteria of geographical coverage is not very useful below district level for ensuring equity, and can be subject to various interpretations. In Wakiso, the district were found to emphasise fair geographical distribution so as to spread resources across sub-counties in the district (regardless of existing coverage figures) and to fulfill political demands (i.e. give equal shares to politicians). The relative populations of different areas is generally not taken into account, although this information is collected at the grassroots level. Conversely, in the annual reports, the total number of people being served by new water points is emphasized – in line with political demands at national level. The above practice satisfies political demands, but has caused persistent inequities in distribution of WSS facilities.

As demonstrated earlier, using coverage figures as a proxy for equity is deceptive because it masks inequity in the location of water points within subcounties. Hence some parishes can over a long period of time cumulatively receive water facilities more than others, without this information being picked up by the district or indeed the centre. Thus, while percentage coverage figures may be high, inequities within the geographical area might also be high.

Explicit tools to promote equity in the planning process need to be introduced at the district and lower levels. As illustrated earlier the Water Point Density is very easy to calculate, and use as a criteria to ensure more equitable distribution of facilities between subcounties in a district, and parishes within a subcounty.

Typically a subcounty will only be allocated enough funds to cater for a handful of new water points each financial year. WPD should therefore be a major criteria for deciding in which parish water points should be constructed. If a list of the Water Point Densities in each of the parishes were presented to the subcounty council (e.g. Kasanje **Table 29**), it becomes very difficult for a politician from a well served parish (such as Jjungo in this case) to argue for more water points, when three neighbouring parishes have no improved water points. This data could also be supported by the presentation of GIS maps to subcounty planning committees and councils, showing the actual location of existing water points within the parishes.

Table 29: Water point density in Kasanje subcounty

Parish	Population	Total numb. water points	Water point density per 1000 people
Mako	2,153	0	0
Zziba	2,209	0	0
Zzinga	1,613	0	0
Bulumbu	3,873	0	0
Sazi	3,393	1	0.29
Bussi	7,327	6	0.82
Kasanje	4,581	5	1.09
Sokolo	2,871	4	1.39
Jjungo	4,007	6	1.5
Total	**32,027**	**22**	**0.57**

Budgeting issues

The study also revealed problems in the selection of technology and planning at lower levels. Often lower local governments do not have choice over the technology mix which is determined by the district. For example, a subcounty may be offered two boreholes by a district during the planning process. While the subcounty may prefer to construct a larger number of shallow wells at the same cost, under the current system 'technical choice' amounts to 'take it or leave it'. Districts tend to have a natural bias towards more costly technologies e.g. boreholes, as these involve greater sums of money and more control. This means that efficiency of service delivery may be undermined.

Another key observation is the dwindling participation of communities in the planning process. The guidelines require communities to participate in planning every year even when it is obvious that the chances of an individual community getting a water point in the annual budget are remote. This leads to so-called 'participation fatigue'. However, consultations for new water points with communities need not be an annual event. It is straightforward to ascertain the communities which need water points and those that are served and WPD mapping helps obviate the need for unnecessary and repetitive consultation.

The study also showed that while information necessary for planning O&M is routinely collected (and clearly shows the magnitude of the problem), there are no resources allocated for O&M activities. Similarly there is little or no budget for routine software activities, to support and monitor Water User Communities and ensure that they are prepared to maintain boreholes. Nor is there adequate provision for periodic major repairs. In both districts, the repair of boreholes is mentioned in the three-year development plan as one of the strategies for increasing access to safe water, but O&M is neither itemized in the activity schedule nor is it budgeted for. Instead all the financial allocations are intended for the construction of new sources. Resources for 'borehole rehabilitation' under conditional grants have been extended to DWD since 1999/2000[6]. However evidence of rehabilitation at the district level is minimal. O&M plans, proposed in recent DWD guidelines, were not yet in place in case study districts. While there are limited attempts to put into operation the policy guidelines on O&M, the division of roles between community, subcounty and district for operation and maintenance remains unclear, and no funds are currently allocated to this purpose.

Clearly greater emphasis needs to be placed on the need for the district and subcounty to plan for operation and maintenance, including major repairs and rehabilitation of water points, instead of the current emphasis on new facilities. Currently the district water conditional grant is by name a 'capital development grant', however it is being used to finance both recurrent and development activities. Clearer division of the grant into a recurrent and development component, which could be specified by central government, would help ensure there is no undue bias towards new investments.

Photo © WaterAid/ Caroline Penn

Sanitation is given similarly low priority in the planning process. Although about 20% of the WSS funds are meant to be targeted for hygiene and sanitation activities, this is generally only spent on latrine construction in public places like markets, schools and health centres. Hygiene promotion is more the remit of the health and education sectors, and this is given inadequate priority relative to delivery of other aspects of services. Ultimately the software aspects of sanitation involve few really tangible results, and

hence is rarely a politically attractive option when allocating funds.

Towards coordinated and focused monitoring and evaluation

Ultimately it is monitoring and evaluation mechanisms which ensure that services are being provided and sustained as planned. This is important for ensuring aspects of equity and sustainability are actually taken care of, measured, and that managers are able to make better decisions to improve service delivery during the financial year and in future plans and budgets.

In Uganda the district water and sanitation grant planning and operational guidelines stipulate procedures under which districts generate and analyze information for planning and reporting on progress. Case study research shows that whilst there is some flow of information between political, administrative and interdepartmental structures in evidence, emphasis is put on vertical accountability to central government. Information is not used effectively for managerial decisions and there is little proactive feedback to the end users from districts. There is also limited coordination and information sharing between the district water office, extension workers and other stakeholders (civil society). Furthermore the relationship between the private sector and the benefiting communities is not clearly defined, thus constraining communities' ability to monitor especially construction activities. Consequently, the overall quality of information gathered is poor, and its use for decision-making weak.

Photo © WaterAid/Caroline Penn

District Water Offices have all been provided with facilities such as computers, to facilitate data storage and analysis of data and there have been limited attempts to equip stakeholders with basic skills and tools for M&E, which greatly affects their level of involvement and contribution in M&E. It was observed that there is adequate staff at the district to carry out the monitoring and evaluation process, but they lack the specific skills and adequate, predictable funding to carry out routine monitoring activities. Only PAF funds were allocated to monitoring and evaluation, available without augmentation from other sources. This was attributed to the low revenue base at the district and sub counties. It was also noted that the use of PAF monitoring funds was ineffective, in many instances monitoring is only done when PAF funds arrive, the timing of which is irregular, otherwise nothing takes place.

Reporting and management information systems at the district and sub-county level clearly need to be improved, including development and modification of monitoring instruments, improving the process of collection, recording, analysis and storage, production of information for planning, reviews and reports. More practical, structured tools need to be developed for measuring the relative equity and sustainability of investments (including sanitation) and other issues such as value for money. Ultimately in-year monitoring and evaluation activities need to serve a management purpose and result in improvements in service provision. Mechanisms for critical reflections of WSS performance by all stakeholders including managers and civil society need to be created, alongside downward reporting systems to end users.

Measuring and monitoring equity

The study recommends that districts should carry out equity analysis of parishes on an annual basis, as outlined earlier. This could involve:

- The calculation of WPD in all subcounties and parishes in a district;
- The calculation of the relative variation in water point density across subcounties in the district, and across parishes in each subcounty.

These measures could provide an important input into planning, within districts and subcounties by allocating more resources to those areas with lower WPDs. Local governments could then aim to reduce the relative variance in Water Point Density year on year.

Measuring and monitoring sustainability

The sustainability snapshot, developed by Sugden (2003) and used in both the Malawi and Uganda study, provides a valuable tool for rapid appraisal. It could be further developed and tested based on functionality, affordability, managerial issues, and include other factors as appropriate. It can be used both as an entry point to in depth discussions, or simply as a mechanism for getting quick information from a member of the Water User Committee at a water point, when carrying out an assessment of the physical condition of a water source.

This could be a routine function of subcounty extension workers, who would have a target of assessing the functionality and sustainability of all the safe water points in one financial year. Although the data on individual water points may not always be reliable, the aggregated data would provide valuable information on issues and problems affecting sustainability in different parishes and subcounties. The district could then verify subcounty information and carry out more in depth discussions at a few water points. Such a system would need to be piloted and tested more widely.

There also needs to be more rigorous implementation of sectoral policy e.g. on capital contributions, and monitoring of implementation. Subcounties, for example, should be required to produce evidence to the district that contributions have been collected and banked, before investments are carried out in their areas, as was the case

Box 10: Possible indicators in a sanitation snapshot

Sanitation Facilities

1 No latrine in existence for the household
2 Latrine available, but dirty and poorly maintained
3 Clean, well maintained latrine.

Use of Latrine

1 Family members rarely use the latrine
2 Family Members sometimes use the latrine
3 Family Members always use the latrine

Hand washing

1 Family members rarely wash hands after relieving themselves
2 Family members sometimes wash hands, not always with soap
3 Family members regularly wash their hands with soap and water

Maintenance of safe water chain

1 Family members rarely clean containers for collecting and storing water
2 Containers sometimes cleaned, but not always
3 Containers always cleaned before collecting water, usually with soap

under donor funded projects.

Sanitation performance

Districts and subcounties need instruments where they can capture sanitation performance regularly and easily, just as with sustainability. However as sanitation is a household responsibility it is very difficult to collect comprehensive data, which is borne out in the impractical nature of current data collection formats.

Sampling would be the only way to collect quality data on a regular basis. One way may be to develop a tool for sanitation along the lines of the sustainability snapshot (see **Box 10**) for gaining an impression of the hygiene and sanitation practices of different communities. Such a 'sanitation snapshot' could be used to assess themes such as existence of facilities, understanding of hygiene issues, and behavioural change.

A system for measuring sanitation performance is only valuable if it goes hand in hand with planning for and allocating adequate funds towards activities which result in improvement of sanitation practices. Emphasis should be placed on strengthening the linkages between the district water office and other departments e.g. health and community services, for example, thorough joint implementation and coordination of activities.

Box 11: Possible tools for monitoring and measuring equity, sustainability and sanitation performance

- Relative Variance in Water point density by subcounty and district
- Functionality, finance, skills and spare parts through the sustainability snapshot
- Latrine coverage and use, hand washing, and safe water chain through the sanitation snapshot

A major problem often cited is facilitation. The functioning of proper performance information systems costs money, and is a routine activity that should be carrying on throughout the financial year. Firstly subcounty extension workers require adequate operational funding to collect performance information from communities on sustainability and sanitation issues, as well as their routine mobilization activities. Currently this is not occurring on the ground. The use of community extension workers in such ways needs prior agreement of sector departments at the district and national levels.

These systems are ultimately only going to be useful if they result in better decisions being made by managers and politicians, and if accountability to the end-user is improved. Local governments need to be encouraged to publish their performance at subcounty and below, giving regular feedback to beneficiaries. Civil society organizations and NGOs can be involved in monitoring. Sectoral and cross sectoral managerial decision making forums need to be made more functional. Even with slightly different institutional arrangements water and sanitation services require coordination within a district.

Aligning local incentives with central objectives through local government performance assessment

The proposals outlined above are largely technical, which if applied should facilitate better decision making, and enable different levels of local government to make decisions which are in line with the achievement of sector goals. However, they do not directly address the political incentives that motivate powerful politicians to ensure their voters are served. This can never be totally overcome but the incentives for districts to adhere to the national policies and guidelines can be strengthened.

District performance assessment

In order to align incentives with national policies routine monitoring and evaluation could be supplemented by structured performance assessment or benchmarking of districts' implementation of national water and sanitation priorities, including measures for equity and sustainability. Performance benchmarking systems are common in developed countries such as the US and the UK, as a means for encouraging local governments to adhere to sector policies and guidelines. Under the UK's comprehensive performance assessment process league tables of council performance are created, and councils are required to publish their own performance, and make it available to the public. If councils perform poorly with respect to national goals and targets, then this is public knowledge.

Such practices are not new in Uganda. There is an annual performance assessment of local governments under the Local Government Development Programme (LGDP), where the centre assesses and scores districts adherence to decentralisation laws, policies and guidelines. Under the system districts assess subcounty performance and these assessments are verified by central government. Districts and subcounties are required to fulfil various minimum conditions in order to access a discretionary local development grant. If a local government performs well

they get an additional allocation. **Box 12** shows that failure to perform with respect to the legal framework bore a high cost in Mubende District.

Box 12: The political cost of failing to perform in Mubende district

Several subcounties failed to reach the minimum standards in the internal assessment of the administrative capacity of subcounties, conducted by Mubende District Administration. This means that these subcounties were not able to access the local development grant in the following year from the Local Government Development Programme.

This was widely publicised within the district, and the public did not like it. In the 2001 local government elections, all those leaders of subcounty councils who presided over failing subcounties were voted out of office. Incentive enough to perform?

The Ministry of Health in Uganda has also started a system of measuring and ranking district performance in primary healthcare, and publishes a district league table in the Annual Health Sector Performance Report. This combines indicators of processes such as the timeliness of internal reporting from health centres, and output information such as immunization rates and outpatient attendance. It also includes one indicator on sanitation – household latrine coverage, however the source for this data is unclear. Although there are no financial rewards or penalties, the league table is made public, and this has provided an incentive for district directorates of health services, and politicians to improve performance.

National performance measurement framework

The water sector in Uganda is in the process of developing an overall framework for sector performance measurement nationally, and a first sector performance report[7] using the new framework has been prepared for the Water Sector Review in October 2003. Ten different themes for performance measurement have been identified, and it is proposed that 'national performance reports' cover one or two of these themes every year. These are encouraging developments as such performance measurement is key to ascertaining whether there is strong linkage between policy, planning and implementation.

Currently, assessment of districts in the sector is mainly through review of performance against previous sector plans and reports which focus on new infrastructure and leaves out other key elements of performance. District performance is only compared in terms of coverage. In the 2003 sector performance report there appear to be few specific proposals for a structured system for periodically assessing the performance of districts relative to policy objectives. Three to five golden indicators are proposed which could be used in assessing district level performance.These indicators may be able to provide some important information on the achievement of sector goals, but would not be specific enough to provide concrete incentives to local technocrats and politicians to start

Table 30: Developing a district balanced scorecard in the water and sanitation sector

Performance Area	Goal	Possible Performance Measures in WSS
Achievement of mission The extent to which objectives and goals are being realised	Sustainable safe water supply and sanitation facilities, based on management responsibility and ownership by users, within easy reach of the rural population by the year 2005 with an 80% - 90% effective use and functionality of facilities. Then eventually to ..100% of the rural population by the year 2015.	• District water coverage • District Water Point Density • Average and relative variation in WPD • Functionality of existing water points • Household Latrine Coverage • Institutional Latrine Coverage
Efficiency The value for money of services being provided	Water and sanitation services delivered efficiently to the population, using appropriate low cost technologies where possible	• Unit costs of constructing different facilities • Average per capita investment cost • The technology mix (proportion of low cost technologies) • Collection of capital contributions
Customer Perspective How well are customers being served?	The population actively engaged in decision making over WSS facilities, managing and using high quality sustainable water and sanitation facilities	• Community engagement in the planning process • Results from the sustainability snapshot • Results from the sanitation snapshot • Water quality & quantity
Service improvement How has and what is the likelihood that services will improve?	Local Governments making improvements in the deliverable of efficient, equitable and sustainable water and sanitation services	• Improvements in safe water coverage over the last two years • Improvements in equity over the last two years • Improvements in unit costs over the last two years • Quality of work plans

ensuring that services are delivered more equitably and sustainability.

One assessment method used elsewhere, which could be particularly relevant in the water sector, is called the balanced scorecard technique (Estis, 1998). The technique, which is based on corporate methods which evolved in the 1980s and 1990s, involves identifying objectives, measuring four aspects of performance and scoring performance accordingly. See **Table 30**, with ideas for the Ugandan water sector.

Under each performance area there is a goal and set of performance measures. In the Ugandan context, districts' performance in each of the performance areas would be documented and scored, using the performance measures identified. The performance measures would be more comprehensive than the 5 golden indicators[8] and would attempt to describe each goal in each performance area.

This technique could be used by district water offices to carry out assessments of subcounty performance. The DWD, using a combination of staff from regional technical support units and headquarters, could then carry out an assessment of districts using a similar technique, verifying some of the subcounty assessments that will have taken place, along the lines of the existing LGDP assessment.

The resulting scores from districts would help identify good and bad practice in local governments. It would enable district water offices to target technical support to individual subcounties which are performing poorly. Similarly it would allow the Directorate of Water Development to differentiate the types of technical support it provides to districts.

Most importantly it would also address the incentives of districts to adhere to national priorities. Publishing performance at the district and national levels would help build incentives for politicians to adhere to sector policies and guidelines, and use factors such as equity and sustainability in the planning process.

This could also be linked to the size of development grants a given district can access. For instance a minimum condition for accessing capital grant funds could be collection of community capital contribution, and demonstrating certain levels of functionality. This would ensure more appropriate balance between capital and recurrent investment by encouraging politicians and technocrats to ensure that factors such as equity, sustainability and sanitation are given priority by local governments in advance of new investments. Ultimately incentives should be geared towards encouraging local governments to make decisions which result in the efficient and effective delivery of sector goals.

Uganda has achieved much in its reform of the water and sanitation sector, and these must be recognized. National systems for planning and financing the sector have been established, alongside modalities for decentralized service delivery. Coordination has improved within the sector with common systems for programming and reviewing sector performance through a Sector-Wide Approach. The Sector is truly a high national priority and this is borne out in the large increases in government budget allocation and the integration priority lent to the sector in the PRSP.

However the study highlighted significant problems in the equity and sustainability of rural water and sanitation service delivery, which need to be addressed if national PRSP goals for the sector are to be achieved. It has also demonstrated that these problems could be overcome by relatively straightforward improvements to planning and monitoring and evaluation in local governments. The use of tools for assessing equity and sustainability, using WPD, GIS mapping and the 'sustainability snapshot', could sharpen planning decisions and focus monitoring and evaluation. This, combined with a district performance assessment system which covers other aspects of performance such as efficiency, should help align political and administrative incentives behind the achievement of sector and PRSP goals.

VI. Conclusions and recommendations

Factors behind poor integration of WSS within PRSPs

The research highlighted a number of important factors behind current relatively poor integration of WSS as compared with other sectors:

Progress in sector reforms – in general health and education sectors are further ahead in the development of SWAPs than WSS. Institutional fragmentation which manifests itself in plans produced by different 'sub-sectors' (rural WSS, urban WSS, water resources management etc.) which are not planned in coordination and not mutually supporting is an obstacle in the water sector. In Uganda, by adopting themes not already 'owned' by one particular agency, some of the usual divisions between sub-sectors were avoided. This has enabled some progress in moving towards a SWAP which has in turn meant WSS has been better able to engage with PRSP processes.

Political commitment to poverty reduction and budgetary reforms – greater political commitment to poverty reduction in Uganda provided a greater incentive for individual sectors to align themselves with the PRSP. Experience in Uganda suggests that civil society lobbying can contribute to building political preference for WSS. In terms of political 'clout', health and education sectors are generally more powerful with larger budgets and thus in a stronger position when lobbying for budgetary resources. Whether they have made a better case for investment in terms of poverty reduction, or it is simply taken for granted that such expenditure is poverty reducing, is not clear.

Greater on-budget funding – a greater proportion of funding available for education and health comes from government revenue, whereas WSS has historically depended heavily on project funding, i.e. external to national revenues. In Uganda there has been a shift in funding available for WSS from projects towards programme-based support. This has resulted in stronger links to the MoF and greater incentive to engage in the budgetary process. In contrast the WSS sector in Zambia and Malawi remains heavily dependent on multiple fragmented donor projects.

Strengthening sectoral processes

These findings point to the need for 'systemic' strengthening of sectoral processes if confidence is to be created in programmes led by government, rather than individual projects selected by donors, and there is to be consolidation of poverty-reduction via PRSPs. Not only are sector plans poorly aligned with wider poverty reduction strategies but decision making processes surrounding the allocation of resources within the water sector are currently often weak. There is evidence in Malawi and Zambia that weak sectoral planning is causing donors to bypass sectoral programmes and opt for the 'old' scheme of project-by-project funding. Whilst donor funding of 'off-budget' projects/programmes runs generally contrary to the philosophy of PRSPs, in the current state of preparedness of the water and sanitation sector (at least three of the four study countries), budget support seems at present an unattractive proposition – except to the extent it is specifically directed towards remedying the 'system' failures outlined in this report.

At the same time, in-country, better sector plans and implementation mechanisms are required for the water and sanitation sector to make its case for public resources more forcibly, whether from government or donors. In Malawi, the water sector is failing to attract and retain national, public funds from the Ministry of Finance and this failure is (in part at least) due to existing water strategies being inadequately planned and costed as compared with those in other sectors – which are better able to make their case for funds.

The problem in Malawi is symptomatic of the failure of stakeholders to mobilise as a sector in response to the PRSP process which was largely separate and de-linked from sector review processes. As a result, sectoral policies have not been sufficiently represented and championed and there is little sense of sectoral ownership over the resulting PRSP. From a WSS perspective, therefore, the process has, currently at least, lost momentum.

Under existing PRSPs WSS is categorised variously under 'infrastructure' or 'social/human' pillars but its contribution to wider economic growth and social development objectives is generally poorly understood or articulated. The water and sanitation sector needs to address itself to mainstream concerns for promoting broad based economic growth. Further research is required to improve our understanding of the impact of WSS investment on growth and specifically how it can best be combined with investment in other sectors to maximise poverty impact. In Tanzania, for example, methods for analysing the benefit incidence of water sector investments are currently being developed (de Waal, 2004). Further development of analytical tools and support for this kind of detailed sector analysis is essential if the poverty-reducing potential of future WSS investment is to be realised.

Joint Sector Reviews

The prospects in Uganda look better, thanks to the Joint Sector Review process which has made considerable advances over the last three years and has succeeded in generating a momentum for sector reforms which is supported by government, donors and other stakeholders in the water sector.

The original motivator of sector review was the Ministry of Finance. The key to generating and maintaining the dynamic has, it seems, been to focus on relatively few high-level policy objectives (nine, grouped under five themes),

instead of trying to manage a long list of disparate action points at a technical level. Also, to choose cross-cutting or 'intra-sectoral' themes instead of the habitual sub-sectors (e.g. rural WSS, urban WSS, water resources management etc.), with the themes being of relevance and interest to all stakeholders, without one sub-sector being able to claim that they 'own' the agenda.

The bi-annual review meetings, in March and September, have now established themselves as key dates in the sectoral calendar, both in-country and for visiting missions (e.g. World Bank and African Development Bank). Alongside the big sector forum – comprising some 200 representatives of all institutions and organisations interested in the sector – which deals with the policy issues, there are sub-groups taking forward the technical agenda in relation to each of the five themes. The decision-making body is a sector working group comprised of 20-25 members (government, donor and others) which acts as formal governance body. The meetings of the large forum have been facilitated by external agencies (with careful management of the agenda, with submission of papers in advance and focused interventions) and the substantial costs of managing the process supported with donor funds. Donor funds have also been used strategically to fund timely studies designed to improve understanding of the blockages to effective and efficient sector performance. This has enabled the respective government decision-making agencies and the sector stakeholders to prioritise and target improvements in delivery mechanisms or decision-making systems more effectively.

Coordinated and predictable donor support

According to one active participant, consistent donor participation has been an essential ingredient in the Uganda Joint Sector Review with a donor working group established to discuss and agree common positions on key strategic issues, i.e. far beyond an initial function of information-exchange. If, as in Uganda, the government takes the lead in expressing the desire to develop coherent sector policies, strategies and plans, this provides impetus to donors to coordinate themselves. Once a critical mass of donors interested in a sector-wide approach was established, with a rotating lead donor, other donors were invited to coordinate, and project-based finance became less likely to be 'parachuted' into the country without any link to sector plans.

In Zambia, donors provide 70-80% of allocations to WSS, and are therefore in a strong position to drive through similar sectoral and budgetary reforms. According to the project research, on-budget donor support is up to 70% of total spending in the sector, and including off-budget finance, it could reach as much as 80%. With this leverage, some of the donors have been pushing for sector reforms but in the continued absence of genuine political commitment progress is likely to remain slow.

In Malawi research shows that donor agencies are bypassing central government and funding districts directly, resulting in multiple fragmented projects with diverse objectives poorly aligned with decentralised planning processes and priorities. Such donor behaviour actively undermines the capacity of local government to coordinate and plan sectoral development and lines of accountability are blurred as beneficiary populations are unable to hold either donors or government to account.

Civil society groups have a potentially important role to play in monitoring sectoral developments and lobbying government to give WSS greater priority. They also have a role to play in strengthening co-ordination within the sector. In Zambia, a multi-stakeholder forum for rural water supply and sanitation, which grew out of the involvement of its members in the PRSP process, has been established by the Ministry of Local Government with the active support of WaterAid. In Malawi, WaterAid is promoting Water Point Density mapping as a tool for improved planning and coordination between different sector agencies at national level. It is also supporting local authorities to map the equity of water point distribution in their areas. The resulting maps enable district governments to plan and request resources on the basis of clear evidence, and to resist political patronage in the allocation of their limited resources for water and sanitation provision.

Improving performance through monitoring equity and sustainability

The research has demonstrated the utility of simple tools for planning and monitoring progress in sectoral development, notably WPD mapping and the 'sustainability snapshot'. The Uganda research suggests that a similar 'snapshot' technique could be used for monitoring sanitation investments. These rapid low-cost techniques could make a significant contribution towards improved transparency and accountability and form a basis for performance monitoring either within government or by donors or independent civil society groups.

The Uganda study highlighted significant problems in the equity and sustainability of rural water and sanitation service delivery, which need to be addressed if national PRSP goals for the sector are to be achieved, but it also demonstrated that these problems could be overcome by relatively straightforward improvements to planning and monitoring and evaluation in local governments (eg. against a limited set of standard indicators to be measured in all districts). The use of tools for assessing equity and sustainability combined with a district performance assessment system which covers other aspects of performance such as efficiency, should help align political and administrative incentives behind the achievement of sector and PRSP goals. However, this is only likely to be effective in the context of a sustained commitment to addressing capacity and resource constraints currently facing local governments.

VII. References

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Endnotes

[1] There have been budget allocations for rural water supply in previous years, but it was only in 2001 when it was entitled 'Poverty Reduction Programme'.

[2] Note the origin of a large proportion of the water supply is 'unknown'. The information was collected as part of the process of collating a district water point inventory, which involved asking community members who had installed the water point for them. If they were unclear, the answer was recorded 'unknown'. Even with this proviso, it can be clearly seen that the vast majority of the water points have been installed outside the DDP budget.

[3] In a major 'benchmarking' review of progress towards incorporation of WSS in PRSPs in twelve African countries, carried out by WSP-Africa, Uganda showed the best performance in 'poverty diagnostics, sector reform, monitoring and evaluation and sector financing'.

[4] In both districts urban subcounties with access to piped water schemes were excluded.

[5] Source: Participatory Rural Appraisal tool to identify social characteristics of an area

[6] As described in MWLE-DWD 2000

[7] MWLE 2003, 'Measuring Performance for improved service delivery'

[8] These could be used to assess overall 'Achievement of Mission'

Annex

Figure 15: Improved Community Points Density Mapping – Salima District