



# **CSO POSITION PAPER ON THE WATER AND ENVIRONMENT SECTOR BUDGET FY2017/18**

---

*The paper is based on the analysis of the FY 2017/18 Ministerial Policy Statement for the Water and Environment sector FY2017/18*



Developed by the Civil Society Budget Advocacy Group and Submitted to the Parliament Committee on the Water and Environment sector.

May 2017

## About CSBAG

The Civil Society Budget Advocacy Group (CSBAG) is a coalition of 85 civil society organizations (CSOs) jointly formed in 2004 by Uganda Debt Network, Forum for Women in Democracy (FOWODE), Uganda National NGO Forum and OXFAM GB in Uganda. CSBAG brings together CSOs at national and district levels to influence government decisions on resource mobilization and utilization for equitable and sustainable development. CSBAG members are committed to working together and to providing collaborative support to civil society budget work in Uganda.

## Acknowledgement

CSBAG would like to appreciate Water Aid Uganda, Uganda Water and Sanitation NGO Network (UWASNET), Volunteer Efforts for Development Concerns (VEDCO), Food Rights Alliance (FRA), Environmental Alert (EA), AMREF Health Uganda, Busega Youth Development Committee, Kwize Organization, Gulu Women Development Initiative, CAVODIC in Apach for participating in the development of the position paper.

---

## 1.0 INTRODUCTION

The mandate of the water and environment sector is to promote and ensure rational and sustainable utilization, development and effective management of water and environment resources for socio-economic development of the country. This is delivered through two sub-sectors of Water Supply and sanitation (WSS) as well as Environment and natural resources (ENR). The WSS sub-sector is responsible for water resources management, rural water supply and sanitation, urban water supply and sanitation, and water for production.

The ENR sub-sector is responsible for environmental management; management of forests and trees; management of wetlands and aquatic resources; and weather and climate. *The Cross-cutting sector mandate* in areas of sanitation and Water for Production requires close coordination with other line ministries of Health, Education, and Agriculture (MWE SPR 2016).

The mainstream institutional arrangement consists of: the Ministry of Water and Environment with the Directorates for Water Development, Water Resources Management and Environmental Affairs; de-concentrated support structures including; Technical Support Units, Water Supply Development Facilities and Water Management Zones and four semi-autonomous agencies: (i) National Water & Sewerage Corporation; (ii) National Environment Management Authority, (iii) National Forestry Authority; and (iv) the Uganda National Meteorological Authority.

### 1.1 Macroeconomic outlook

An additional funding of UGX 67.46bn has been allocated to the Ministry of Water and Environment to support water for production as a way of increasing food security. This will include construction of irrigation schemes and multi-purpose water facilities mainly in drought prone areas. The additional funding is largely based on internal sector reallocation such as budget cuts on consumptive items/ recurrent expenditures including a 50% cut on provisions for vehicles.

Sector performance on loans has remained poor over the years. Four of the six loans implemented in the Water and Environment sector had exceeded their original lifespan by March 2016 but had less than 70% disbursement (GAPR 2016). For instance, the Lake Victoria Environment Management Project (LVEMP) II which had

65% disbursement over a period of five financial years against the original lifetime of three years and payment of a commitment fee of USD 1,148,388. The commitment for North Eastern Towns Water and Sanitation project with funding from BADEA was signed on 22nd July 2002 and by 30th June 2015, 38% (USD 3.54 million) of the loan amount committed USD 9.41 million was disbursed. The original lifetime of the program expired and USD 73,180 commitment fee was paid.

### 1.2 Sector alignment to NDP II targets and MTEF projections

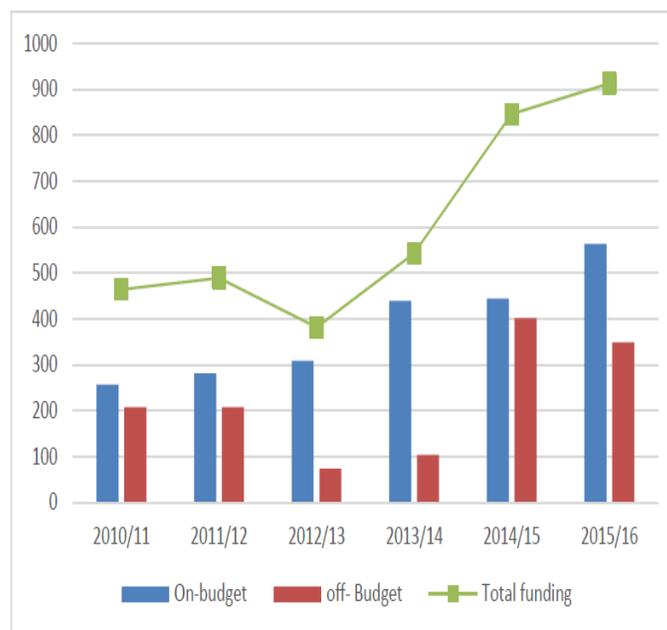
The sector is critical in achieving the NDP II targets as it is recognized as one of the enabling sectors to national economic development as well as the 2016 National Resistance Movement (NRM) re-election Manifesto. The Sector Development Plan covering the period FY 2015/16-2019/2020 is aligned to the second National Development Plan (NDPII). The key NDP II targets include increasing water coverage in urban to 100% and 79% in rural areas; increasing access to improved sanitation from 69% to 90% for rural and 79% to 90% for urban; doubling the cumulative storage of Water for Production to 50mcm.

The analysis of budget performance against NDP II Medium Term Expenditure framework projections shows that the water and environment sector received 689.5bn against the projected 592.7bn in the NDPII for the FY 2016/2017. Similarly, for the FY 2017/2018, the sector will be receiving a budget allocation of 699.13bn in comparison with the projected NDP II Year 3 allocation of 287.8bn. This overall represents a positive outlook of the sector financing in light of the NDP II projections. However, whereas the nominal budget allocation in relation to the NDP projection is increasing, the percentage allocation is reducing from 3.4% (2016/2017) to 3.1%

(2017/2018) and remains an average 3.0% over the medium term.

### 1.3 Trends in Overall Sector Funding Amounts [UGX billion]

The figure shows the allocation of government funding to the water and environment sector over the last five financial years. It indicates a gradual increase in on-budget funding allocation. (SPR 2016)



### 1.4 Sector Funding as a Share of the National Budget

Much as there is a gradual increase in sector financing for the last six financial years, the increase is not in tandem with the increasing sector priorities. This is reflected in a drop from 3.4% in FY 2016/2017 to 3.1% in FY 2017/2018. In addition, the external financing has reduced by 4%, which constrain effective service delivery and reach out to the communities to achieve the set NDP II targets and SD goal of providing safe water

and good standards of sanitation and hygiene by 2030. (MPS 2017/2018).

## 2.0 KEY ISSUES IDENTIFIED/CONCERNS

### 1. Limited financing for sanitation across the sectors of water, health, and education

Despite the importance of sanitation, there are still critical financing and coordination issues at national and local government levels. For instance, the education sector remains underfunded for sanitation service provision in schools with an average allocation of UGX 3/=per child per term against the required allocation of 1500/= per child per term (KCCA and WAU, 2014). This has negatively affected the national targets on access to sanitation in schools currently standing at a pupil: stance ratio of 70:1 against a national standard of 40:1.

Despite this challenge, the Ministry of Education budget allocation will reduce from 12% in the current financial year to 10.4% in 2017/2018. Thus, the education sector has no vote allocation mainstreaming water, sanitation, and hygiene as a quality improvement service. The water and environment sector allocation to urban sanitation will also be reducing by UGX 22.353bn as a result of the closing donor funded projects in Water and Sanitation Development Facilities (WSDFs).

#### Recommendation:

- CSBAG recommends that OPM fast tracks the review of the sanitation MoU including operationalizing an institutional home for sanitation with leveraged financing from the three sectors of water, health and education

### 2. Limited access to safe and clean water

Access has been limited by the high rate of population increase in urban areas estimated at 5.74% versus the investment made. With a total population of 34.9million (UBOS 2014), 82% live in rural areas. With the current water coverage at 67%, nearly 9 million people in rural areas do not have access to safe water. In urban areas where 15% of the total population lives, nearly 1.4 million people do not have access to safe water.

Budget allocation to rural water and sanitation for FY2016/2017 was UGX 0.619bn and FY2017/18 stands at UGX 0.581bn (MPS 2017/2018). This indicates a decline in funding in the vote function yet over 9 million people in rural areas still lack access to safe water and improved sanitation.

According to the NBFP 2017/18, what is required for urban water supply and sanitation is 239.446bn but according to the MPS 2017/18 UGX 173.968bn was allocated. This reflects a shortfall of 65bn. Therefore, it is unlikely for the sector to meet its target of increasing access to water supply from 77% to 100% in urban areas through piped water coverage in both small and big towns in FY2017/18

#### Recommendation

- We recommend that government Bridges the funding gap especially for urban water supply and sanitation (UGX 65bn) to cater for the rapid urbanization that requires piped water infrastructure and proper management of fecal sludge
- Finds alternative sources of funding through private sector partnership given that most donor-funded projects in the sector have closed.

### **3. Limited access to improved sanitation and hygiene**

#### **a. Urban sanitation and hygiene**

It's estimated that **39%** of the urban population has access to toilets installed with a hand washing facility and some of the hand washing facilities lack soap and/or water. Over 90% of the urban population in Uganda mainly relies on on-site sanitation (pit latrines and septic tanks), which requires emptying and proper disposal of the faecal sludge. For instance, 28% of faecal sludge received at the Lubigi treatment plant, originates from outside Kampala. (SPR 2016).

#### **b. Rural Water and Sanitation**

Rural water and sanitation receive funding mainly from the District Water and Sanitation Condition Grant (DWSCG). During FY2014/15 the DWSCG received UGX 2bn compared to UGX1.4Bn in FY2015/16 indicating a decline. The grant is used to construct public sanitation facilities in markets and rural growth centers as well as support software activities, including promotion of sanitation, in communities.

#### **Recommendations**

- Parliament compels sectors of education and health to budget for their respective sanitation components as a pre-condition for their budget approval
- MWE undertakes appropriate reallocation to increase budget for sanitation in rural areas
- The sector should provide a separate budget for promotion, regulation, and enforcement of lined pits as an appropriate sanitation technology option that allows for emptying and reuse of faecal sludge.

### **4. Limited financing for Operation and Maintenance of Water Facilities**

As of June 2016, functionality water sources stand at 86% compared to 88% in 2015. This indicates a decline of 2% in the functionality of water sources partly resulting from low financing for Operation and Maintenance (SPR 2016).

Effective Operation and Maintenance is very important in ensuring sustainable functionality of water points. Routine maintenance of facilities greatly minimizes the need for major repairs of water points. FY 2017/2018 budget has reduced allocation to O&M by UGX 2.2bn (MPS 2017/2018)

The decline of budget allocations to operation and maintenance of water facilities indicates that the objective of achieving functionality and effective utilization of existing water for production facilities for multi-purpose use in order to enhance production and productivity as well as mitigation of the effects of climate change may not be achieved

#### **Recommendation:**

- The District Water Office has only one source of funding namely the District Water and Sanitation Conditional Grant which is inadequate. There is need for increased funding for operation and maintenance of rural water sources in the district

### **5. Resilience, mitigation, and adaptation to climate change**

Climate change is one of the least funded sector issues, with an average of UGX 2.8bn for the current financial year and next. Equipping communities for resilience to climate change is allocated 3.026bn in

FY 2017/18. The most critical areas for climate change financing in water include:

- Promotion of water harvesting and efficient water utilization among individuals, households, institutions and sectors.
- Ensuring availability of water for production in water-dependent sectors in order to increase their resilience to climate change impacts.
- Promoting integrated Water Resources Management (including underground water resources) and contingency planning for extreme events such as floods and droughts.

Climate change adaptation measures integrated into the catchment management plans. FY2017/2018 UGX 1.035bn is located to cater for demarcation of wetland boundaries, restoration of degraded wetlands and promote measures that reduce vulnerability to climate change. (MPS 2017/18)

#### **Recommendation**

- Approval of sectoral budgets should be based on compliance requirements for climate change mainstreaming based on the NPA guidelines
- Government should increase development budget allocation to climate change agencies, for instance, Uganda National Metrological Authority to ease prediction and attribution of weather and climate shocks using locally generated revenue but also fast-track implementation of national and global climate change policy commitments through climate change mainstreaming in all sectors

#### **6. Effective environment restoration and protection**

The Environment and Natural Resources (ENR) sub-sector face multiple challenges to maintain and protect the environment and sustain the ecosystem services which contribute to social and economic development. According to the Sector Performance Report 2016, there has been a decline in the forest plant cover from 24% in 1990 to 11% in 2015 mainly resulting from deforestation. The impacts of deforestation have greatly contributed to climate change reflected in the long dry spells and flooding in urban areas.

Budget allocation to the subsector increased from 83.167bn in FY2016/2017 to 132.193bn for FY2017/18 indicating government's priority to the protection and restore of the Environment. (MPS 2017/18)

#### **Recommendation**

- Operationalization of the Tree fund and Strengthen the laws and regulations to restoration and improvement of forest ecosystems

#### **7. Lack of a national irrigation policy to improve Water for production**

Despite the increase in volumes of water for production from 31.7m cubic meters in 2015/2016 to 37.2 m cubic meters, most water-stressed areas continued to suffer the effects of drought manifesting in loss of animals and crops leading to food insecurity (MWE 2016). Despite all this, there is continued and deliberate lack of coordination between the two Ministries of Agriculture and Water to finalize the development of a National Irrigation Policy to offer strategic direction on improving water for production.

### **Recommendation:**

- CSBAG recommends that Parliament and cabinet intervene as a matter of urgency in resolving the current institutional dispute over conflicting mandates between the two Ministries of Water and Agriculture in order to fast track development of a national irrigation policy and master plan while at the same time putting in place an Independent Irrigation Agency.

### **Conclusion**

The water and environment sector play a key enabling role for the functionality of other development sectors towards achieving national aspirations in the NDP II and Vision 2040 as well as our global commitments as a country stipulated in the new sustainable development goals(SDGs) and the Paris Climate Change Agreement among others. It is high time government implemented the National Coordination Policy to ensure cross-sectoral integration and an effective sector-wide approach to policy implementation by mainstreaming water and environment issues in relevant sectoral plans and budgets. This needs to be legislated and appropriately monitored with necessary capacity building for relevant institutions to integrate water and

environment concerns.

### **References**

Ministry of Finance Planning and economic development, Ministerial Policy Statement Financial year 2017/2018

National budget framework paper financial year 2017/18

---

### **FOR MORE INFORMATION CONTACT**

CIVIL SOCIETY BUDGET ADVOCACY GROUP (CSBAG)  
P.O BOX 660, NTINDA, PLOT 11 VUBYA CLOSE NTINDA NAKAWA STRETCHER ROAD  
EMAIL: [CSBAG@CSBAG.ORG](mailto:CSBAG@CSBAG.ORG), WEB: [WWW.CSBAG.ORG](http://WWW.CSBAG.ORG)