

Innovative practices in planning and implementation of Danish support to Water Sector Development

From Project Concepts to Sector Wide Approach

The case of Uganda

Background

As a result of the long-standing cooperation between Denmark and Uganda in the water and sanitation sector during the past 10 years some 1.5 million people have benefited from improved water supply and sanitation (WSS), and important contributions have been made to water resources management and institutional reform. This means that Danish support to water sector development in Uganda has made a substantial contribution to the efforts to meet targets on water during the initial reference decade for MDG monitoring. Danish support to water sector development is based on a holistic approach linking investment in water infrastructure with support to IWRM related development with a view to ensure environmentally sustainable sector development. Measurable improvements have been gained in the capacity of the Directorate of Water Development and the Water Resources Management Department (DWD/WRMD). The capacity of districts, sub counties and towns in the eastern area of Uganda has increased measurably as has the capacity of private sector contractors and communities to develop and operate safe water and sanitation facilities. Danish assistance throughout has been planned on the basis of GOU priorities and Danish policy concerns, such as poverty orientation, popular participation, gender focus and environment. Danish support has been consolidated during 1998-2002 by the introduction of the first phase of Water Sector Programme Support

Description of the initiative

The second phase of the Water Sector Support Programme (WSPS2) has been formulated in close adherence to national objectives that emphasise the sustainable provision of safe water and hygienic facilities based on management responsibility and ownership by users. The WSPS2 focuses strongly on **poverty reduction**. The emphasis is on assisting the poorer rural areas and the smaller towns where 85% of the poorest people live and where coverage of water and sanitation is lowest.

The innovative element of the new programme is the introduction of a robust and government led **Sector Wide Approach** to planning (SWAp) processes in the rural and the urban sub sectors as well. These considerations imply a radical realignment of Danida support to water sector away from previous donor-specific project approaches. Funding under the new scheme will take place either through sector earmarked budget support or through basket funds that pool financing with other donors which include Swedish International Development Agency (Sida), the Department for International Development (Dfid), Netherlands Development Organisation (SNV) and other local partners including NGOs and the private sector. In particular, the assistance from Danida and Sida has been closely coordinated as countries are core-funders of the sector. Main National Agency is the Ministry of Water, Lands and Environment, Directorate of Water Development. The SWAP involves close coordination with the Ministry of Finance. The present phase has a duration of 5 years and an overall budget frame of DKK 300 million (50 million USD). Starting date was 1st January 2003.

The rationale for Sector Wide Approach

Sector Wide Approach is where all significant sector investments are channelled towards the same objectives are following a consistent strategy that is guided by a consolidated investment plan. The existence of a robust national framework for the sector and the reflection of the same in a national are the main prerequisites for the introduction of SWAP. Uganda's National Water Policy (1999) and the PEAP provide just that important background. The SWAP allows development partners to contribute to a national programme of development instead of piecemeal project specific development. It increases donor coordination and reduces the likelihood of overlapping and duplication of initiatives. It further enhances the possibility of the government to ensure uniform practices and reduces the administrative burden of dealing with a number of donors applying different policies and administrative practices – in particular in relation to financial management. Funding modalities under SWAP may range from budget

support to basket funding delivered as sector or programme earmarked support. It also includes the possibility of funding activities through NGOs and private sectors, but under modalities where the recipient government is maintaining access to information on disbursement and some control over how donor funds are being utilised. The main benefit of SWAP is that it should lead to more efficient use of limited funds from donors, from national budgets and from user contributions to water sector development maximising the overall contribution in achieving the national MDG targets.

The introduction of SWAP is fully in line with the current policy of the GOU with the aim of achieving the following characteristics:

- establishment at the national level of a harmonised strategy and common approaches for a given sector
- participatory approach to planning and follow-up activities
- improvement of cost-effectiveness and sustainability of services provided, and
- improvement of monitoring, transparency and reporting.

Mainstreaming/Sustainability

In line with the stipulations of Uganda's **Poverty Eradication Action Plan (PEAP)** and the associated Poverty Reduction Support Credit (PRSC) – together forming the of Uganda - the WSPS2 will aim at assisting Uganda in meeting the water related **Millennium Development Goal** by substantially increasing the number of people served by sustainable water and sanitation systems. The SWAP will further enhance IWRM activities on the basis of the existing Uganda Water Action Plan funded by Danida under previous project and programme assistance.

The SWAP is closely connected with the policy of decentralisation and thus adding to the principle of managing water at the lowest possible level. The decentralisation process is expected to result in increased political accountability given that investment decisions to a still larger extent will be taken at the levels of local governments.

For the RWSS investments the accountability will be secured through the Poverty Action Fund and later the planned Fiscal Decentralisation Systems. As an extra control mechanism, tracking and value for money studies will be reported on during the joint GOU-donor annual reviews led by the participating donor countries on a rotating basis. For the other support areas, the funds will be transferred into basket funds, which will be managed by the government and a lead donor using project fund modalities

Replication of the Initiative

Although it is early to make a final judgement of the SWAP approach, and in spite of 'teething problems', the positive experiences from Uganda have already had notable impact on the way in which Denmark is formulating water sector programme support in other countries. The Uganda model has become the driving force in the development of new water sector programme support to Kenya and later to Zambia, where Denmark in response to its WSSD commitments has decided to expand its support to water sector development. The SWAP principles have also been considered for future inclusion in the newly agreed 2nd WSSP to Ghana.

Denmark is working actively to introduce and share the SWAP experiences with other donors as one of many approaches, which would lead to better coordination among donors. The Harmonisation in Practice Initiative (HIP) led by the 'Nordic+' Countries is an attempt to operationalise the recommendations of the DAC Harmonisation Guidelines (The Rome Declaration) and for promoting the principles of SWAP – not limited to the water sector.

As lead country for the Africa Water Supply and Sanitation Component of the EU Water Initiative Denmark has been advocating for the principles of SWAP and Harmonisation as one of the expected outcomes of the emerging dialogue between European donors and African countries under the so-called 'Country Level Dialogue'.