

UGANDA: RISK / OPPORTUNITY MAPPING STUDY ON INTEGRITY AND ACCOUNTABILITY IN THE WATER SUPPLY AND SANITATION SECTOR

Executive Summary, August 2009





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Executive Summary

1. Introduction

As part of efforts to support water integrity in the Ugandan water sector, the Ministry of Water and Environment (MWE) in partnership with the Secretariat of the Water Integrity Network (WIN)1, and the Water and Sanitation Program in Uganda (WSP-Uganda)², are preparing an update of the anti-corruption action plan by MWE to improve transparency and accountability in the water supply and sanitation (WSS) sector. The current report on the corruption risk / opportunity mapping study is one of the key inputs for this action plan. The mapping study is complemented by a countrywide baseline survey on how water consumers and providers experience integrity in the provision of water, covering both rural and urban areas. Such baseline studies are used worldwide and are a useful tool to create awareness among policymakers on citizens' satisfaction with government services. Moreover, these studies are important for monitoring and evaluation as they serve as a tool to measure change over time. In Uganda, the Inspectorate of Government, better known as the IGG's Office, carries out regular National Integrity Surveys (NIS) where Ugandan citizens are asked to rate the quality of services and the perceived levels of corruption in selected public institutions. The recently concluded third NIS recommends the need to undertake sector-specific studies for identifying best practice for adoption and scaling up by other institutions.

This sector-specific study maps and assesses the risks related to, and opportunities for, the promotion of good governance in the Ugandan WSS sector (from here on referred to as the Sector). The study restricts itself to water supply and sanitation issues and does not deal with water resources management. The study is underpinned by two main objectives: (i) to advocate for, build understanding of and stimulate action by stakeholders to improve transparency, integrity and accountability in the water sector in Uganda, and (ii) to share experiences and lessons learnt in the area of

¹ Founded in August 2006 at the World Water Week, The Water Integrity Network (WIN) is a an international multistakeholder coalition of members from the public sector, the private sector, academics and civil society dedicated to tackling corruption in the water sector. The WIN's founding members include the International Water and Sanitation Centre (IRC) in the Netherlands, the Swedish Water House, the Stockholm International Water Institute (SIWI), Transparency International (TI) and the Water and Sanitation Program-Africa (WSP-Africa). It is located in the Secretariat of Transparency International in Berlin, Germany.

² The Water and Sanitation Program of the World Bank is an international partnership that supports sector policies, practices and capacities to serve the poor. WSP's overall mission is to help the poor gain sustained access to improved water supply and sanitation services. One important aspect of this mission is the area of good governance and anti-corruption.

improved efficiency and effectiveness of water management in an effort to meet the Millennium Development Goals (MDGs) and Poverty Eradication Action Plan (PEAP) targets.

To realize the above objectives, this study documents ongoing processes in the water sector that aim at strengthening integrity and accountability, while at the same time identifying institutional bottlenecks to effectively fighting corruption. The findings of both this study and the above-mentioned baseline survey will be presented at a national workshop on water integrity slated for September 2009, which will serve as a basis for a revised action plan to improve transparency and accountability in the Ugandan water sector. The initial action plan was agreed by the Water and Sanitation Sector Working Group (WSSWG) at the Joint Sector Review in October 2007. Measures in the action plan include improving the procurement and contract management processes and to investigate a unit cost increase in water service delivery. The Good Governance Sub Sector Working Group (GGSSWG) is responsible for rolling out this action plan.

In carrying out this study, a desk review of key policy documents was undertaken. It was complemented by field trips and unstructured interviews/discussions with key Sector players such as senior officials in MWE, senior managers at National Water and Sewerage Corporation (NWSC), private water operators, lead contractors, development partners (DPs) funding the water sector, users and representatives of civil society organizations (CSOs).

This Executive Summary includes the following sections: (1) an overview of Uganda's water and sanitation sector; (2) a Corruption Risk Map of the WSS sector; and (3) and a Prioritized Anti-Corruption Plan for the WSS sector.

2. Overview of Uganda's Water and Sanitation Sector

In Uganda, access to improved water supplies³ in rural areas stands at 63% with significant regional disparities among different regions. Access ranges from as low as 12% in Kaabong District in North-Eastern Uganda to over 90% in Kabale District in South-Western Uganda. Approximately half of the country's districts are still below the national average of 63%. The functionality⁴ of improved rural water supplies currently stands at 82%. In urban areas, access to safe water stands at 61%; this breaks down to 72% in 23 large towns, while for 160 small towns it averages 46%. The average percentage of people having access to improved sanitation is 69% in rural

³ Percentage of people within 1.5 km (rural) and 0.2 km (urban of a perennial water source that is safe for human consumption (i.e. borehole, shallow well with hand pump, protected spring, treated piped water supply).

⁴ Percentage of improved water sources that are functional at time of spot-check (rural water supply), or ratio of actual hours of water supply to the required hours of supply (urban water supply).

areas, and 77% in urban areas (Sector Performance Report 2008). These data are summarized in Table 1.

	Percentage	Population [Million]	Water [%]	coverage	Sanitation [%]	coverage
Rural	86.2%	21.04 ¹	63		69	
Urban	13.8%	3.36	61		77	
Total	100%	24.4 ²	63		70	

Table 1: UGANDA: Summary of Water and Sanitation Coverage

- 1. Population census 2002 for rural population, in Sector Performance Report 2008, p.7
- 2. Uganda Bureau of Statistics, Uganda Population and Housing Census 2002 Final Report

The Sector is comprised of a number of institutions as outlined in Figure 1. Several institutions participate directly in development of policy and in the provision of water and sanitation services at the national, district and community levels. These are: the cross-sectoral Water Policy Committee (WPC) and, within MWE, the Directorate of Water Resources Management (DWRM), Directorate of Water Development (DWD), and National Water and Sewerage Corporation (NWSC). Several other ministries at national level have important roles that complement the mandate of MWE, which is the line ministry for the water sector.

The Sector consists of four sub-sectors, namely, Rural Water Supply and Sanitation (RWSS), Urban Water Supply and Sanitation (UWSS), Water for Production (WfP), and Water Resources Management (WRM). The RWSS sub-sector covers WSS services for rural communities (with populations up to 5,000). According to the 2002 population census, 86.2% of the population lives in rural areas. The UWSS sub-sector serves large towns and small towns. The 23 large towns are classified as those for which NWSC provides water and sewerage services. The 160 small towns are all gazetted municipalities, town councils, and town boards outside the jurisdiction of NWSC. (Sector Performance Report, 2008).

The NWSC is a parastatal organisation that provides water and sanitation services in 23 towns with a combined population in 2008 of approximately 4.3 million people. Through 202,000 connections, NWSC is achieving a 72% piped water coverage in these towns. The NWSC has 1,413 employees, and a current turnover of UGX 84 billion. The NWSC's total network length amounts to 3,400 km. Overall, NWSC has reduced non-revenue water (NRW) from 60% in 1998 to 32.5% in 2007, but this is said to be on the rise again. Collection efficiency has increased from 60% in 1998 to 92% in 2007.

Private water operators manage piped water services in small towns and rural growth centres; 16 of a total of 22 private operators are coordinated through the Association of Private Water Operators. In addition, private sector firms undertake siting, design, construction, and construction supervision of water schemes under contract with local and central governments. More than 200 NGOs are working in the Sector, of which approximately 150 are coordinated at the national level through Uganda Water and Sanitation NGO Network (UWASNET). The Uganda WASH Cluster embraces over 50 members operating in the Sector from largely UN agencies and international NGOs operating in northern Uganda.

The Sector is funded by development partners (DPs) through loans and grants, the government (from the Treasury), and revenue generated by provision of water and sewerage services. The Sector budget is gradually declining – from 4.9% of the total national budget in 2007/08 (at UGX 130billion) to less than 2% for 2009/10. Apart from this Sector budget, off-budget financing occurs through NGOs, CBOs and some DPs. At current financing levels, there is a question regarding the extent to which the Sector is still a priority to the Government of Uganda (GoU), and extremely prudent choices have to be made in an attempt to meet national targets.

Overall, because: (a) the vast majority of Uganda's population lives in rural areas with high levels of dispersion; (b) large populations are still without access to clean water (37%) and sanitation (30%); and (c) its very fragmented organization, the WSS sector presents a major management challenge. As will be seen in the next section of this report, partly because of these factors, the WSS is also ripe for corruption.

National Level Oversight Agencies **PPDA** OAG Inspectorate of Government National Level Ministries and National Water Utility · Policy setting Regulation Monitoring MoFPED MGLSD **MWE** MoLG MoES MAAIF MoH Overall planning & coordinat Quality assurance & Guidance DWRM/DWD/NWSC · Capacity development Construction of water facilities in urban areas and water for production • Commercial, government, household and industrial customers **District Level** X 22 Service Delivery • Support to Communities Private • Commercial, government, household Operators and industrial customers Local Government DWD X 83 **Community Level** Communities NGOs/CBOs 0&M **PPDA** OAG Office of the Auditor General MLG Ministry of Local Government Public Procurement and Disposal of Assets MoH Ministry of Health MAAIF Ministry of Agriculture, Animal DWD Directorate of Water Development Industry and Fisheries Ministry of Finance, Planning MoFPED Ministry of Gender, Labour and **NWSC** National Water and Sewerage MGLSD and Economic Development Social Development Corporation

Figure 1. Water Sector Institutional Framework

3. <u>Uganda: A Corruption Risk Map of the Water and Sanitation Sector</u>

Directorate of Water Resources

MoES

Ministry of Education and Sports

DWRM

MWE

Ministry of Water and

Environment

According to Transparency International (TI), corruption is defined as the abuse of entrusted power for private gain. 'Grand corruption' in the Sector generally refers to procurement, whereas 'petty corruption' generally refers to bribing lower level utility staff in relation to giving priority to connection requests; repair of leaking or otherwise faulty equipment; reading, billing or

accepting payments for amounts of water lower than that actually consumed.

In developing a corruption risk map for the Uganda's WSS sector, it is useful to take into account the macro perspective (Table 2) as well as the pillars of national integrity, further broken down into seven main elements: executive functions; the legislative and legal framework; the judicial system; the accountability or oversight sector; civil society; the private sector; and media/information⁵. The DPs can also be added to these pillars (See Table 3). Sectoral, institutional and project perspectives are provided in Table 4.

3.1. Macro Perspectives

Uganda is a country afflicted with the scourge of chronic corruption. This is revealed in several reports by international, regional and national non-governmental organizations (NGOs) coupled with frank acknowledgment by the media. For example, Uganda in 2008 scored 2.6 out of a possible score of 10 on the Corruption Perception Index (CPI) of TI (and was ranked 133 out of 180 countries surveyed), which is an indication of the perceived presence of rampant corruption. It bears noting that Botswana, the highest ranked country in Sub-Saharan Africa in the CPI, achieved a score of 5.6 and was ranked 36.

The Third National Integrity Study (NIS) (2008)⁷ established that the most prevalent form of corruption across the whole country is bribery (66%), largely attributed to greed (69.4%). The following risks have been identified: corrupt use of state resources in exchange for electoral support; political interference at all government levels; and lack of political will to fight corruption. One major driver of corruption in Uganda is political patronage, whereby politicians use state resources in a corrupt way to stay in power. One common manifestation of the patronage system is political interference at central and local government levels. In the water sector, cases are reported where water projects are initiated based on political rather than technical considerations. As people in senior positions can benefit most from corruption, the incentives against tackling the problem are large and make political will to fight corruption difficult to create.

Further information on macro perspectives is provided in Table 2.

http://www.transparency.org/policy_research/surveys_indices/cpi/2008 (accessed on 5/4/2009)

⁵ See Repucci, Sarah, 2008. National Integrity Scoring System. In Global Corruption Report 2008: Corruption in the Water Sector. London, U.K., Cambridge University Press (pps. 319-320).

⁶ See Transparency International Surveys and Indices at

⁷ Inspectorate of Government, 2008. The 3rd National Integrity Survey (NIS III); Final Report.

3.2. Institutional Pillars of National Integrity

The country is run by the Executive, or the Office of the President and the various national government ministries. An elaborate legal, policy and institutional framework exists at the national level to fight corruption. It is anchored in regional and international anti-corruption conventions. This framework does interface with the Sector, though ineffectively due to constraints in human and financial resources. Sector policies such as the National Water Policy are not aligned with national, regional and international anti-corruption policies, which is a weakness that needs to be addressed. The national anti-corruption framework also needs to establish closer links with the different sectoral policy frameworks.

The Sector is subject to the oversight mandate of a number of national institutions and bodies. This study examines the record of the Sector's institutions from the view point of the Inspectorate of Government (or IGG's Office), Public Procurement and Disposal of Public Assets Authority (PPDA) and the Office of the Auditor General (OAG). Parliament provides oversight through the Public Accounts Committee (PAC), and the Standing Committee on Commissions, Statutory Authorities and State Enterprises (COSASE). These oversight bodies have revealed several corruption risks within the Sector, such as procurement mismanagement and diversion of money. Through setting up an Anti-Corruption Court in December 2008 (which is a Division of the High Court of Uganda), the Judicial System has taken an innovative approach to tackling corruption. Already, it has achieved a high-profile conviction linked with the misuse of a Global Fund grant.

Civil society in Uganda is still weak and cannot effectively hold the Sector to account. This is further compounded by the fact that most people do not their rights and therefore cannot demand water Notwithstanding this, some civil society organisations are involved in initiatives to promote accountability in the Sector. The Network for Water and Sanitation (NETWAS), with assistance from the World Bank Institute, for example, has initiated a program aimed at improving water provision through social accountability, communication and transparency in Uganda. Similarly, the Anti Corruption Coalition Uganda (ACCU) is currently monitoring the sector using grassroots community monitors to ensure value for money in water facilities. Additionally, members of the Uganda Water and Sanitation NGO Network (UWASNET) are engaged in policy monitoring activities.

The private sector's capacity is growing both technically and in number of companies, but the technical capacity to construct and manage water facilities is still limited.

Overall, the media operate relatively freely, and information can be readily accessed through radio, the national newspapers and related websites. However, although the media do cover issues relating to corruption in the WSS sector, investigative skills are poor and follow-up of reported cases limited.

In relation to access to information, the NWSC website is up to-date and provides a wealth of information on performance levels, tenders, contracts, and reports. The website of DWD, containing information on the water sector institutions, departments, water policy, and tenders is however severely outdated (last entry in 2007). Local government websites do not have information on tenders and contract awards.

On top of providing financial support to the Sector, DPs also assist in monitoring progress, lobbying for policy changes, and contributing to joint sector reviews, the annual budgeting exercise, and the Joint Assessment Framework for the Poverty Reduction Support Credit (PRSC) for General Budget Support Operations, among other things. As a result of a progressively larger proportion of donor money channelled through general budget support, the leverage of the DPs in the fight against corruption is present, but limited.

3.3. Sectoral, Institutional and Project Perspectives

At the global level, the Global Corruption Report 2008 on water (GCR 2008)8 concludes that corruption in the Sector affects mainly the poor. The report highlights the impact of corruption in relation to water globally and puts forward practical suggestions for reform. Some of these recommendations such as the use of Integrity Pacts and Client Charters have been incorporated into this study. In addition, a recent World Bank Source Book on corruption in urban water supply and sanitation identifies corruption risks and indicators at the sectoral, institutional, and project levels. At the institutional level, water and sanitation coverage, non-revenue water, collections ratio, and cost recovery are identified as the four key corruption risk areas⁹. Furthermore, a joint publication of TI and the World Bank (2009) details how joint action by concerned people and groups can help in reducina corruption and promoting transparency, integrity accountability in the WSS sector. 10

⁸ Transparency International, 2008. Global Corruption Report 2008: Corruption in the Water Sector. London, Cambridge University Press.

⁹ World Bank, 2008. Deterring Corruption and Improving Governance in Urban Water Supply & Sanitation Sector: A Source Book.

¹⁰ Gonzalez de Asis, Maria, Donal O'Leary, Per Ljung and John Butterworth, March 2009. Improving Transparency, Integrity and Accountability in Water Supply and Sanitation: Action, Learning, Experiences. Washington, DC, The World Bank.

At the regional level, the picture is similar. A regional report, commissioned by Cap-Net, Waternet and UNDP¹¹ identifies a number of corruption risks such as lack of human resources and non-implementation of anti-corruption laws, which are common to the six countries of the region. Many of these risks have also been identified in Uganda by this study.

The Sector in Uganda has a fairly robust institutional and legal policy framework. Apart from the institutional levels described in the preceding overview of the Sector, the following policies and laws are in effect: the Uganda Water Action Plan, National Water Policy (1999), and the Water Act.

Implementation of these policies and laws remains a key challenge. While there is an elaborate body of law, implementation is not as effective. The Third NIS¹² confirms that this is also the case with the anti-corruption legal framework. This may be attributed to lack of capacity of the agencies as indicated above or simply a lack of commitment to fight corruption from the government.

At the national level, MWE has commissioned a number of studies within the Sector such as value for money studies, a Tracking Study for the Water and Sanitation Sector Cost Variation¹³ and the Fiduciary Risk Assessment for the Water and Sanitation Sector¹⁴. These studies highlight several corruption risks in the water sector. The Tracking Study, for example, identifies expenditure abuse by district officers, procurement mismanagement and poor record keeping, while the Fiduciary Risk Assessment points to corruption in the procurement process at MWE, unaccounted for water at NWSC, and non-adherence to the legal framework for local governments' public financial management. The primary challenge is the slow implementation of the recommendations of these studies by the Sector. The MWE has established the Good Governance Sub Sector Working Group (GGSSWG), which is detailed with overseeing good governance and anticorruption initiatives such as monitoring the implementation of the action plan to improve transparency and accountability. However, the group lacks the mandate or resources to actually implement the recommendations and depends on the technical departments of MWE to do so.

As shown above, the Sector is exposed to a number of opportunities for 'grand' and 'petty' corruption. These are found in the areas of procurement (leading to substandard work due to low quality of materials, workmanship and poor contract management); political interference/ abuse of office;

¹³ Ministry of Water and Environment, Directorate of Water Development, June 2008. Tracking Study for the Water and Sanitation Sector Cost Variation – Final Report.

¹¹ Mapping of Integrity and Accountability in Water Activities and Relevant Capacities in the SADC-region.

¹² Op.cit.

¹⁴ Ministry of Water and Environment, Directorate of Water Development, 2007. Fiduciary Risk Assessment for the Water and Sanitation Sector.

reallocation of Conditional Grants¹⁵ at the district level; connections to the water grid; and distribution and allocation of water points.

The Government of Uganda and MWE have introduced a number of policies which are well intentioned but have had the unintended consequence of creating opportunities for corruption. The decentralization policy is one such example. Reports from oversight agencies such as the Inspectorate of Government and PPDA reveal that decentralization of power to local governments has also led to decentralization of corruption to the districts. In addition, Conditional Grants meant for the rural WSS sector are being diverted to other sectors in some local governments.

At the institutional level, inadequate staffing, poor terms and conditions of service and financial limitations are some of the main causes of corruption in the Sector. The MWE's Directorate of Water Development (MWE/DWD), as the principal regulator in the urban water sub-sector, is constrained by human and financial capacity issues as well as conflict of interest in view of its other roles in service delivery. Because of this apparent conflict of interest, MWE/DWD is, for example, unable to follow up effectively on the performance contracts between MoFPED/MWE and NWSC.¹⁶ The resulting minimal monitoring and regulation creates opportunities for corruption. Overall, the absence of an independent regulator of the Sector is a major constraint to accountability, which results in a situation where the need for improved performance is not emphasized.

The policy to allow private operators in the area of water provision, a role previously restricted to MWE, also allows for possible corruption. According to the Association of Private Water Operators, it is essential that the private operators and the water authorities are closely monitored and supervised to ensure that they deliver quality water services.

The NWSC, as one of the main institutions in the water sector, scored well in the Third NIS¹⁷: it was rated the third best institution by the Ugandan public in terms of providing quality services. Despite instances of petty corruption in commercial operations and increasing levels of non-revenue water (NRW), NWSC represents an island of excellence which can serve as model to fight corruption. Through strong leadership, commitment to fighting corruption, and excellent terms and conditions of service, the NWSC has

¹⁷ Op. cit.

¹⁵ Conditional Grants are allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements. A proportion of the development budget is channeled directly through the Poverty Action Fund (PAF) to districts' Conditional Grants. There are 22 Conditional Grants in Uganda, the resources of which need to be used for specific sectors, the main one for the Sector is the District Water and Sanitation Conditional Grant. For more info on PAF is referred to footnote.

Sanitation Conditional Grant. For more info on PAF is referred to footnote.

16 The Government of Uganda, July 2007. Third Performance Contract for the Period July 1, 2006-30 June 2009 between the Government of the Republic of Uganda and National Water and Sewerage Corporation.

been able to run an effective and efficient operation. ¹⁸. It is, however, acknowledged that the NWSC model requires a lot of financial resources, which may not be readily available.

Most money for the Sector comes as budget support channeled through the GoU systems. Budget support to the Sector has many advantages and it is the preferred mode of funding under the Partnership Principles of the Government of Uganda. ¹⁹ The terms of reference for the development partners' group also call for alignment with the government systems. The main advantage of budget support is that it allows for local ownership of programs so supported. Budget support also reduces transaction costs.

On the other hand, budget support presents its own challenges. It means that the DPs rely on the government systems and this is a risk. Budget support does not afford the same level of control as the Joint Partnership Fund²⁰. Therefore, some donors, including Austria and the EU, also use the project approach in which projects are supervised through regular monitoring and audits of their money.

The use of budget support is, however, going to increase in future. Despite the inherent risks, therefore, it is more important to build the capacity of the government systems to ensure sustainability and efficiency in the use of Sector money.

3.4. Conclusion

Taking into account Uganda's low ranking in TI's Corruption Perception Index, the weaknesses in Uganda's Institutional Pillars of National Integrity (including in the Accountability Sector), the lack of an independent regulator, the above-mentioned institutional challenges and project risks (particularly in procurement), it is concluded that, except for NWSC, Uganda's WSS sector has a high propensity for corruption. However, as noted, even NWSC faces some challenges, particularly in assuring the transparency of some of its operations relating to new connections and reducing further its levels of non-revenue water (NRW).

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 $^{^{18}}$ Information on NWSC's performance is available from the OAG's Annual Report, available on NWSC's website.

¹⁹ Ministry of Finance, Planning and Economic Development, September 2003. Partnership Principles between Government of Uganda and its Development Partners. The Poverty Eradication Action Plan (PEAP) identifies the development objectives for the government and its development partners. Effectively linking donor support with the PEAP is the main rationale for setting up these partner principles. These principles apply to public assistance. The principles place emphasis on the Government of Uganda owning the budget to which the donors channel their assistance.

Government of Uganda owning the budget to which the donors channel their assistance. ²⁰ The Joint Partnership Fund (JPF) is a fund replenished by a group of development partners. Funds are released on a quarterly basis against approved work plans and budgets. The funds will be transferred directly from the funding partners to a dedicated JPF fund account. The financial management systems for the JPF are separate from the GoU. The procedures, reporting formats and channels are, to the highest extent possible, aligned with the GoU planning and budgeting procedures. The support is reflected in the Medium-Term Expenditure Framework (MTEF) and reported quarterly to the MoFPED through the MWE.

Uganda: A Corruption Risk Map of the Water and Sanitation Sector

The main findings of this study are reflected in the risk maps below, at the macro; pillars of integrity; and sectoral, institutional and project levels.

Table 2. A Corruption Risk Map of the WSS Sector: Macro Perspectives

Category	Components	Status	Corruption Risk(s)	Comments/Suggestions
Overall National Integrity Perspective	Corruption Perception Index (CPI)	CPI = 2.6 out of 10. Uganda is ranked 133 out of 180 countries. ²¹	Score indicates the existence of rampant and chronic corruption.	The best country scored 9.3 and the worst 1.0. Botswana, the best country in Africa, scored 5.6 and was ranked 36. Uganda has scored less than 3 over the last three years.
	National Integrity Survey 2008 (NIS-III)	Most prevalent form of corruption across the whole country is bribery (66%), largely attributed to greed (69.4%).	In the WSS sector, bribery can influence contracts award as well as contract management (e.g. through certification of substandard work). Bribery can also play a major role in 'petty' corruption.	Greed has replaced low salary as reason for corruption as stated in the NIS-I (1998).

²¹ Transparency International, 2009. Corruption Perception Index 2008.

Table 3. A Corruption Risk Map of the WSS Sector: Institutional Pillars of National Integrity

Category	Components	Status	Corruption Risk(s) and/or Constraints in Addressing Corruption Risk	Comments			
Institutional Pillars of National Integrity	I – Executive F	- Executive Functions					
	(Office of the President and President and Country. for electoral at all governments at all governments are country.		Corrupt use of public resources in exchange for electoral support; political interference at all government levels; lack of political will to fight corruption.	Water projects are initiated/allocated based on political rather than technical considerations.			
	II – The Legisla	ative and Legal Framework					
	Elected Legislature	Examination of the audited accounts showing the appropriation of the resources granted by Parliament to the Sector.	Backlog of audit reports to handle.	The Public Accounts Committee has embarked on clearing this backlog.			
	III – The Judic	ial System					
	Directorate of Public Prosecutions	Mandated to handle and prosecute all criminal cases in Uganda.	Inadequate funding and understaffing.	Some overlap of functions with the Inspectorate of Government.			
	Anti-Corruption Court	A division of the High Court of Uganda mandated to try anticorruption cases.	There are questions whether administrative deterrence actions are more effective than securing convictions.	Since its founding in December 2008, the AC Court has heard 2 cases, including a high profile Global Fund scandal, resulting in convictions of accused persons.			

Table 3. A Corruption Risk Map of the WSS Sector: Institutional Pillars of National Integrity - continued

Category	Components	Status	Corruption Risk(s) and/or Constraints in Addressing Corruption Risk	Comments
	IV – Accountab	oility/Oversight Sector*		
	Inspectorate of Government (IGG's Office)	Mandated to monitor the use of Poverty Action Fund resources and to investigate suspected misuse or poor management of public money including for water and sanitation activities.	Inadequate funding, understaffing, court delays, hostile witnesses, lack of computerized data in other institutions, resistance by other institutions to addressing corruption issues.	
	Public Procurement and Disposal of Public Assets Authority (PPDA)	Carries out procurement audits and surveys across all government agencies.	Insufficient human and financial capacity, limited national coverage.	
	Office of the Auditor General (OAG)	Provide an independent oversight of government operations through management audits. The AG undertakes an audit of the MWE and local governments as well as NWSC every financial year.	OAG has inadequate human and financial capacity which delays submission of reports.	

Table 3. A Corruption Risk Map of the WSS Sector: Institutional Pillars of National Integrity - continued

Category	Components	Status	Corruption Risk(s) and/or Constraints in Addressing Corruption Risk	Comments
	V - Civil Societ	y .		
	Civil Society Organizations Potential watchdog for governance and against corrupt practices in the Sector.		There are recent initiatives from civil society to monitor corruption issues, but most CSOs lack capacity to do this effectively.	Most CSOs in the water sector are mainly involved in service delivery and not anticorruption initiatives. These NGOs should be exemplary and comply with the NGO Quality Assurance Mechanism. ²² NGOs taking responsibility for monitoring governance and anti-corruption issues in WSS include ACCU and TI-Uganda, NETWAS and selected UWASNET members.
	VI- The Private	e Sector		
	Private Corporations	Construction, supervision and management of water resources/schemes.	Involved in bribery to get contracts, and to get paid. Inflate costs. Limited technical capacity to construct and run water facilities.	The private sector is growing but there is limited technical capacity. There is a need to promote anti-corruption measures targeting the private sector.

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The QUAM is a tool developed by NGOs to promote self-regulation, transparency and accountability through the adherence to generally acceptable ethical standards and operational norms.

Table 3. A Corruption Risk Map of the WSS Sector: Institutional Pillars of National Integrity - continued

Category	Components	Status	Corruption Risk(s) and/or Constraints in Addressing Corruption Risk	Comments
	VII- The Media	a / Access to Information		
	The Media/Access to Information Resources	Expose alleged corruption cases in the Sector but limited follow up. Access to information provided by the various actors varies. NWSC's website is up to date and provides a wealth of information. The website of DWD is outdated (last entry in 2007). Local government websites do not have information on tenders and contract awards.	Overall the media operate relatively freely (Global Integrity Index 2008). ²³	While the media do report many cases of corruption, they need to strengthen their investigative reporting skills.
	VIII - The Dev	elopment Partners		
	Development Partners	Financial support to the Sector; monitoring of progress.	Have limited leverage over the Sector in terms of driving the anti-corruption agenda through the use of common funds (such as SWAps); increasing portion of general budget support. Increasing portions of General Budget Support are directed towards non-service delivery initiatives.	Development partners need to continue to engage with the Sector, and raise the need for good governance and implementation of anticorruption initiatives.

^{*} Most relevant have been selected; other institutions mentioned in Main Report include the Directorate of Ethics and Integrity of the Office of the President.

²³ Global Corruption Report 2008: Corruption in the Water Sector. London, U.K., Cambridge University Press.

Table 4: A Corruption Risk Map of the WSS Sector: Sectoral, Institutional and Project Perspectives

Category	Components	Status	Corruption Risk(s)	Comments
Sector Governanc	e			
	Independent Regulatory Body	Non-existent.	Lack of effective regulation results in absence of emphasis on need for improved performance, and provides opportunity for corruption. The current designated regulator (MWE) is unable to follow up on Performance Contracts between MFPED/MWE and NWSC due to a conflict of interest.	Due to the risks described, an independent regulator needs to be set up to regulate the Sector.
Institutional Gove	ernance			
	Ministry of Water and Environment	Manages and regulates water resources and determines priorities for water development and management. It also monitors and evaluates sector development programmes to keep track of their performance, efficiency and effectiveness in service delivery. Is autonomous in setting up water boards. In 07/08, MWE spent UGX140 billion in procurement. Also involved in construction of water facilities in urban water supply and water for production.	Non-adherence to procurement regulations; poor contract management; abuse of office; poor budgeting; political interference; limited human resource capacity. Audit queries are not adequately addressed; enforcement of required actions through Public Accounts Committee is inadequate.	- Institutional reforms of the Sector required as a result of MWE's changed functions from implementation to policymaking, supporting and monitoring are still to be completed. - Corruption in the area of procurement is one of the biggest problems in the water sector; MWE lacks capacity to monitor procurement corruption. Integrity pacts should be promoted to address this. -The MWE should promote consumer/client charters to strengthen consumer rights.

Table 4: A Corruption Risk Map of the WSS Sector: Sectoral, Institutional and Project Perspectives - continued

Category	Components	Status	Corruption Risk(s)	Comments
	National Water and Sewerage Corporation	Responsible for water and sanitation services in 23 towns of Uganda. Non-revenue water from 60% in 1998 reduced to present 32.5%, now rising. Collection efficiency 92% (from 60% in 1998).	Water connections; non-revenue water; embezzlement.	NWSC is a well run institution. It does have some corruption risks such as non-revenue water and instances of bribery to get new connections. Many times these issues can be addressed in conjunction with corporate-wide strategies to improve performance.
	Local Government	Funding from MWE in the form of Conditional Grants. Responsible for planning, budgeting, implementation and supervision of water and sanitation activities for the rural population. Local governments, in consultation with MWE, appoint and manage 22 main private operators for urban piped water schemes that are outside the jurisdiction of NWSC.	Non-adherence to procurement laws and regulations as well as to sector guidelines; increasing overhead costs as a result of new districts (No. of districts steadily rising from 56 in 2005 to the present 82); political interference; weak internal expenditure controls; low technical capacity of government staff especially in supervision, procurement and financial management; low government staff salaries.	 Water officers are overwhelmed with activities as not all the positions are filled. IGG reports inadequate monitoring and supervision of PAF²⁴ projects by mandated officers due to various reasons including inadequate capacity and sheer fraud.

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²⁴ PAF stands for Poverty Action Fund. Established by the GoU in 1998 under the Medium-Term Expenditure Framework (MTEF), the PAF is a virtual ring-fenced fund aimed at protecting resources for key poverty reducing areas including water, health, education and rural infrastructure. Initially it comprised debt relief savings with additional support from development partners and the Government of Uganda. Transfers are made through the government systems.

Table 4: A Corruption Risk Map of the WSS Sector: Sectoral, Institutional and Project Perspectives - continued

Category	Components	Status	Corruption Risk(s)	Comments		
Project Financing						
	Ministry of Water and Environment; NGOs; District Representatives; DPs.	Various development partners administer funds to projects throughout the country using various funding modalities with related but different types of checks and balances of project management units to mitigate corruption. Part of these projects constitutes on-budget support, part off-budget.	Though greater control by development partners is exercised through regular monitoring and audits, payment of bribes, political interference and poor contract management still occur, depending partly on the funding modality.	Advantages of general / sector budget support as well as project support need to be weighed against their disadvantages; and increased corruption risk of budget support needs to be mitigated through checks and balances at appropriate intervals.		

4. <u>Uganda: A Prioritized Anti-Corruption Plan for the WSS Sector</u>

Below are a number of recommendations based on study findings as well as international best practice on how to promote integrity in water and sanitation sector operations. Many of these recommendations require an adequate budget to be implemented. The Ministry of Water and Environment (MWE), in consultation with other actors, should thus cost and budget for the activities contained in the action plan so that it is able to carry out the proposed actions. In view of the declining budget allocation to the sector, the MWE needs to prioritise which recommendations it can take forward with its limited human and financial resources situation.

These recommendations are intended to serve as a basis for revising the MWE/DWD Development Action Plan (developed in April 2007) to improve transparency and accountability in the Sector. The recommendations below have been outlined in descending order with the most critical/important first. In addition, Table 5 indicates the possible timelines when the recommendations can be implemented, that is, immediately or subsequently and by whom. It should also be April noted that while the 2007 Action Plan limited recommendations to improving transparency and accountability within MWE, this report provides recommendations for all the major WSS stakeholders.

4.1. Strengthen Political Will

According to the GCR 2008, political leadership from the top is necessary to create momentum and legitimacy to drive institutional reform, including any anti-corruption effort. Without this, any anti-corruption strategy is bound to fail and not gain any traction. This political will and commitment should be demonstrated right across the length and breadth of both central and local governments. It is therefore essential that the MWE top leadership and the Water Policy Committee commit themselves to supporting implementation of the action plan set out below. Provided it was given the mandate and resources, day-to-day implementation of the action plan could be overseen by the GGSSWG, which is chaired by MWE. To monitor the implementation of the action plan, it is recommended that the GGSSWG prepare and publish an annual report on its status, including a set of corrective actions to address any identified shortcomings.

4.2. Set up an Independent Regulator

The WSS sector should establish an independent regulator. Currently, the MWE has the regulatory oversight function of the Sector. However, there is a conflict of interest situation in view of the fact that the MWE is also the executing Ministry. An independent regulator would be able to act in an impartial and objective way in, for example, setting tariff rates. As a first step, terms of reference and a budget should be put in place for a feasibility study to set up an independent regulator for the Sector.

Pending the setting up of an independent regulator, it is strongly recommended that the Ministry allocates money to ensure that it is able to monitor Performance Contract performance by both NWSC and other urban water authorities outside the towns managed by NWSC as well as at the local government level.

4.3. Enforce Sector Guidelines

The MWE should adhere to, and enforce, the sector-specific schedules/quidelines. This measure was identified by MWE as an important way of ensuring that the issues identified in the action plan are implemented. These guidelines set out sector policies and strategies, district annual work plans, budgets and reports, sector standards, principles and procedures, district water and sanitation Conditional Grant allocations, co-financing by communities and operation and maintenance policies for rural water supply and sewerage systems. Enforcing the Sector guidelines requires both human and financial resources. Enforced guidelines will facilitate taking action after irregularities have been observed, or corruption detected during regular follow up and evaluation activities. The enforcement (including sanctions and rewards) is, therefore, expected to lead to performance improvement at both central and local government levels. The MWE should report to the public annually on how the guidelines are being enforced as well specifying steps to continuously improve performance.

4.4. Improving Procurement and Project Implementation within MWE

Based on MWE's Cost Variation Study as well as its Fiduciary Risk Assessment, several recommendations are made to improve its performance in procurement and project implementation.

- (a) Ensure adequate staffing and budget (with a specific budget line) for its Procurement and Disposal Unit.
- (b) To stem procurement-related problems, strengthen monitoring and evaluation throughout the ministry including ensuring adequate staffing and budget.
- (c) Ensure adequate staffing and budget (with a specific budget line) for its internal audit function. This will facilitate enhanced systems review and inspections, value for money audits, and post-contracting monitoring and evaluation.

4.5. Implement Integrity Pacts and Codes of Conduct in Public Procurement in the WSS Sector

The Sector, starting with MWE, should adopt the use of Integrity Pacts (IPs). IPs are typically developed for public procurement processes and include a signed promise between the government and all interested bidders that neither side will offer, demand or accept bribes during the bidding and execution of contracts. It is further proposed that an independent monitor be appointed to follow up on the implementation of the IPs. This would provide an entry point for civil society to monitor compliance with IPs.

The Sector's private sector contractors should use their existing associations (Association of Private Water Operators, Uganda Institute of Professional Engineers), or form new associations (e.g. for hydrogeologists and water resources specialists) to develop codes of conduct in which they commit themselves jointly to zero tolerance of corruption and to high quality work. These codes of conduct could also be extended to the public officials in the Sector.

4.6. Provide Training in Procurement at Local Government Level

To improve procurement performance at the district level, the PPDA, MWE and civil society organisations should sponsor coordinated training/capacity building of district officials and private water operators in procurement. This includes training in record keeping and management since poor record keeping facilitates corruption.

4.7. Strengthen the Capacity of Civil Society and the Media to Hold the Sector to Account

In accord with a recommendation of the GCR 2008, there is need to consciously strengthen the capacity of civil society and the media to engage with the Sector and hold it to account. In doing this, civil society and media need to be exemplary and lead by example. DPs are particularly advised to support civil society organisations (CSOs) especially in the areas of capacity building for monitoring sectoral performance (including central government projects), policy engagement, research and advocacy. DPs are also advised to fund CSOs directly and not through MWE as they do currently with the Uganda Water and Sanitation NGO Network (UWASNET).

In the short run, both CSOs working in governance (such as the Anti Corruption Coalition Uganda (ACCU), Transparency International – Uganda) and in the water sector (such as NETWAS and selected members of UWASNET) could be supported. The World Bank in collaboration with TI has recently published a training manual, which could be useful for training CSOs, the media and other interested parties in governance issues in the Sector. To carry out this recommendation, it is proposed that a training plan be developed, costed and funded as well as an organization identified to implement it.

4.8. Optimise Access to Information to Hold the Sector to Account

The water sector should adopt the use of consumer/client charters, which set out standards of service that the consumer is entitled to and against which the consumers/users can measure the performance of service providers and hold them to account. The Ministry of Public Service has developed a template for client charters which could be modified to suit the specific needs of the Sector. For these charters to be effective, however, the population needs to be educated on their rights and duties. The experience of the community score card and service providers self assessment card currently in use on Wobulenzi Town is another innovative way of improving accountability between users and service providers that should be replicated across the country. An important avenue for building awareness is through the media. The media need to build skills in investigative journalism, and should be supported accordingly.

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²⁵. Op.cit.

To facilitate public access to information, MWE should ensure that its website that is under redesign is operational in the near future. The website should carry all key policies, regulations, projects, and tender calls and awards. The Public Accounts Committee (PAC) queries and responses could be posted as well as the monitoring and evaluation (M&E) reports, which should be made available on a timely basis. The NWSC should also include on its website its connection policy and Standing Committee on Commissions, Statutory Authorities and States Enterprises (COSASE) queries and responses. It is also imperative that both MWE and NWSC should have programs/persons in place to inform the public where and how to obtain information and thereby comply with the Access to Information Act. These documents should also be available in hard/soft copies when requested and posted on notice boards for the public.

Local governments (LGs) should be encouraged to set up websites on which they can upload information on tenders and contract awards. It is imperative that the websites operated by these agencies are interactive, that is to say the sites should have provision for citizens and civil society organisations to provide feedback through citizen journalism, including I-Reporter²⁶. Citizens or CSOs would be able to post reports, comments, pictures or videos of what is happening on the ground. It is essential, however, that the WSS Sector institutions put in place mechanisms to follow up what is reported on the websites. Without this feedback and follow up on what is posted on the website, people will stop using the site. Given the large number of LGs, it is recommended that a pilot program be set up with 4 LGs to develop experience in the design and operation of interactive web sites.

4.9. Strengthen NWSC's Corporate Governance Including the Internal Audit Function

While being the outstanding performer in the WSS sector, to maintain its leadership role NWSC is urged to further strengthen its corporate governance through subscribing to a code such as the South African code for corporate governance (King 3 Report)²⁷. Applicable to all businesses, including public companies, the King code provides guidance on issues such as corporate citizenship; risk management; integrated sustainability reporting and managing stakeholder

²⁶ Journalistic tasks performed by people who are neither professional journalists nor employed by a news organisation, for instance through Internet. The goal is to present current information in context so people can make meaning.

²⁷ King Committee on Governance, February 2009. Draft Code of Governance: Principles for South Africa – 2009. Johannesburg, Institute of Directors.

relationships. This code can also assist in addressing the risks identified in the Fiduciary Risk Assessment, notably strengthening capacity and independence of the internal audit department in the field of systems reviews and value for money audits. The NWSC should also adequately address the audit queries raised by the Office of the Auditor General in its audit reports. The King code is already providing guidance on corporate governance to many water sector organizations in Southern Africa including the Water Utilities Corporation in Botswana and the Metolong (Water) Authority in Lesotho.

4.10. Introduce Sanctions by Development Partners for Non-compliance to Anti-corruption Undertakings

The major institutions in the water sector should follow up any corruption cases reported by the IGG, the OAG, and the PAC. The MWE, NWSC and local government should also ensure that action is taken against any official involved in abuse of office. Apart from undertakings under the World Bank Poverty Reduction Support Credit (PRSC), there is no sanction for not complying with the undertakings made at the joint reviews involving the DPs.

The DPs should, through the SWAp process, promote the institutionalisation of rewards for compliance and sanctions for non-compliance with anti-corruption commitments in the implementation of the MWE/DWD Development Action Plan. The sanctions could take the form of budget cuts to the Joint Water and Sanitation Programme Support (JWSSPS). The possibility of sanctions may spur the water sector to comply with the undertakings. Sanctions can also be used to send a clear message to those officials involved in any corruption-related cases that the Sector takes corruption issues seriously. New anti-corruption activities, including capacity development, should be wholeheartedly supported by the DPs, through provision of relevant funding.

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Table 5. UGANDA: A Prioritized Anti-Corruption Plan for the WSS Sector

Activity No.	Description	Monitoring Indicator(s)	Immediate or Subsequent Implementation	Overall Priority	Responsible Agency
1	Strengthen Political Will	Annual Report of the GGSSWG	Immediate	High	MWE
2	Setting up an Independent Regulator for the Sector	Regulator in place Feasibility study for the regulator	Subsequent	High	The Executive in consultation with the Sector
3	Enforce Sector Guidelines	Annual Report on Enforcement of Sector Guidelines	Immediate	High	MWE
4	Improve Procurement and Project Implementation within MWE	Timely submission of audit reports; M& E reports. Reduction in the number of negative observations in audits sponsored by the OAG and PPDA relating to MWE's performance in procurement and project implementation.	Immediate	High	MWE, NWSC, PPDA
5	Implement Integrity Pacts and Codes of Conduct in the WSS Sector	Codes of Conduct and Integrity Pacts in place. Projects with Integrity Pacts ranked in the top 10% of audited projects.	Subsequent	High	MWE, NWSC, Local Governments, PPDA, Transparency International - Uganda
6	Provide Training in Procurement at the Local Government Level	Training attendance sheets; quality contracts in place; presence of records. Reduction in the number of procurement complaints.	Immediate	High	MWE, Local Governments, PPDA
7	Strengthen the Capacity of Civil Society Organizations (CSOs) and the Media to hold the WSS Sector to Account.	Costed out and Financed Capacity Development Plan. Capacity development activity reports. CSO monitoring reports; media coverage of governance issues in the WSS sector.	Immediate	High	Sector

Table 5. UGANDA: A Prioritized Anti-Corruption Plan for the WSS Sector - continued

Activity No.	Description	Monitoring Indicator(s)	Immediate or Subsequent Implementation	Overall Priority	Responsible Agency
8	Optimise Access to Information to Hold the Sector to Account	Consumer/client charters; Updated websites of MWE/DWD and NWSC; New websites (initially 4) for Local Governments.	Immediate	High	MWE, NWSC, Media, Development Partners
9	Strengthening NWSC's Corporate Governance including the Internal Audit Function.	System reviews; internal audit and value for money reports.	Subsequent	Medium	NWSC, PPDA
10	Introduce Sanctions for Non- compliance with Anti- corruption Undertakings	Implementation of MWE's action plan; agreement on type/trigger of sanctions; implementation of sanctions in case of non-compliance.	Subsequent	Medium	Development Partners