



WATER AND ENVIRONMENT SECTOR

THE 9th JOINT GOVERNMENT OF UGANDA – DEVELOPMENT PARTNERS SECTOR REVIEW 2017

AGREED MINUTES

26th – 28th SEPTEMBER 2017
SPEKE RESORT MUNYONYO, KAMPALA

1 Introduction

The Joint Sector Review (JSR) is a forum for performance assessment, setting of priority actions/undertakings and provision of policy guidance to the water and environment sector. The review is largely guided by an annual Sector Performance Report, and a pre-determined theme originating from emerging sector policy and/or strategic issues. The review allows a broad spectrum of stakeholders to get an insight into, discuss, and influence sector developments. The JSR draws conclusions and makes recommendations on the overall key issues in the sector. Any binding decisions during the JSR, such as key actions or undertakings for the forth-coming twelve months or beyond, are subject to formal endorsement by the Water & Environment Sector Working Group.

The JSR critically examines the achievement of annual targets for the key sector performance indicators, agreed actions and attainment of undertakings for the previous year(s), and also formulates new undertakings to be implemented during the following year(s).

The timing of the JSR is linked to the commencement of preparations for the next national budget cycle and the Medium-Term Expenditure Framework (MTEF).

2 Process of the review

The 9th JSR for the water and environment sector took place from 26th to 28th September 2017 at Speke Resort Munyonyo, Kampala. The theme for the review was ***“Exploring Financing Opportunities for Investment in the Water and Environment Sector”***.

The 2017 JSR had the following specific objectives:

1. To assess progress and performance of the sector in relation to the agreed key sector performance indicators and the 2016 JSR undertakings.
2. To provide policy and strategic guidance to the Water and Environment Sector institutions and stakeholders.
3. To develop key actions and undertakings for the forth-coming twelve-month period or beyond.

The overall sector performance for 2016/17FY was presented in the Water and Environment Sector Performance Report, 2017 which was distributed to all participants in the review.

Participants in this year’s review included:

1. Staff of the Ministry of Water and Environment (MWE) with its deconcentrated units including the Water Supply Development Facilities (WSDFs), Technical Support Units (TSUs) and Water Management Zones (WMZs), Umbrella Organisations (UO), sector semi-autonomous agencies, i.e. the National Water & Sewerage Corporation (NWSC), National Environment Management Authority (NEMA), Uganda National Meteorological Authority (UNMA) and National Forest Authority (NFA);
2. Other Government Ministries, Departments and Agencies (MDA), namely the Ministry of Finance, Planning and Economic Development (MoFPED) and the Ministry of Education and Sports (MoES);
3. Members of Catchment Management Committees (Aswa CMC);
4. Officials from selected Local Governments (Arua, Buyende, Hoima, Kabarole, Kibuku, Kumi, Lamwo, Kiryandongo, Moyo, Maracha, Mbarara, Otuke, Oyam, Pallisa, Sironko, Wakiso and Zombo Districts), represented by their elected and appointed officials, namely: District Chairpersons (LC5), District Environment Officers, District Forestry Officers, District Water

Officers (DWO), District Wetland Officers, District Environment Officers (DEO) and Senior Forest officers (SFO);

5. Bilateral Development Partners (Austrian Embassy (Austrian Development Agency/Austrian Development Cooperation), Danish Embassy (Danida), French Development Agency (AFD), Germany (Kreditanstalt für Wiederaufbau (KfW), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and German Embassy), Japan International Cooperation Agency (JICA), and the United States Agency for International Development (USAID));
6. Multilateral Development Partners i.e. the African Development Bank (AfDB), the European Union (EU) Delegation, United Nations Development Programme (UNDP), UNICEF and the World Bank;
7. Civil Society Organisations including: Environment and Natural Resources Civil Society (ENR-CSO) Network and Uganda Water and Sanitation NGO Network (UWASNET), Advocates Coalition for Development and Environment (ACODE), Central Archdiocesan Province Caritas Association (CAPCA), Energy without Borders Foundation, Environmental Management for Livelihood Improvement (EMLI), Environmental Alert, Friends of Environment for Development (FED), Global Green Growth Institute (GGGI), Hoima Environmental Project (HEP), IRC International Water and Sanitation Centre Uganda, International Union for Conservation of Nature (IUCN), Netherlands Development Organisation (SNV), NETWAS Uganda, Rotary Uganda, Sanitation and Water for All (SWA), Uganda Alliance for Development (UAD), Tree Talk Plus, Water for People, World Vision;
8. Uganda Local Governments' Association (ULGA);
9. The private sector, represented by individual contractors and consultants namely Palmer Development Group (South Africa, providing the keynote speaker) and individual consultants;
10. Academia (Makerere University); and
11. Radio, television and print media.

A total of 223 people participated in the 2017 Joint Sector Review.

The review commenced with a plenary opening session on Tuesday 26th September 2017, and thereafter summary presentations were made on performance of the sector during 2016/17FY by three Directorates of the Ministry of Water & Environment (MWE), and the four sector semi-autonomous agencies.

In the morning of the second day, the two umbrella organisations for CSOs in both the water & sanitation sub-sector, and the environment & natural resources sub-sector, as well as the Development Partners (DPs) for each sub-sector provided their formal response to the sector's performance during FY2016/17. Thereafter, four presentations were made focusing on the theme "*Exploring Financing Opportunities for Investment in the Water and Environment Sector*". In the afternoon of the second day, four parallel break-out sessions were held (on Water Development, Environment & Natural Resources, Water Resources Management, and Sector Performance Monitoring). In the break-out sessions, discussions were held on emerging key sector issues and potential undertakings to be implemented during the next 12 months.

The JSR Participants re-convened in a plenary session on the third day during which the recommendations for new undertakings were presented and discussed. In addition, a number of presentations were made. These included results from the field monitoring of sector activities by the Budget Monitoring and Accountability Unit (BMAU) of the Ministry of Finance, a presentation from the Uganda Local Governments' Association (ULGA) and other on-going initiatives in the sector.

There was a cocktail for all participants in the evening of the second day (i.e. Wednesday 27th September 2017).

Finally, a group of schoolchildren from Mbarara Municipal School performed a poem called *"The Great African Sea"*, about Lake Victoria's history regarding the threats of commercial fishing, the introduction of Nile Perch and hyacinth and the accelerating pollution.

Another group of school children, called "Friends of Water from Wakiso District", from Crystalline International School, sang the song *"Big Tree"*, referring to the importance of trees as ecosystems and the impact of deforestation.

3 Opening ceremony

The JSR 2017 formal opening ceremony was chaired by Mr. Alfred Okot Okidi, the Permanent Secretary of MWE, who welcomed all participants to the review. He pointed out that the government budget strategy for FY2018/19 is guided by seven strategic areas with the aim of increasing production and productivity in agriculture, fast tracking industrialisation, ensuring preparedness to deliver first oil by 2020, harvesting tourism potential, and, while mindful of the urgent need to promote environmental protection, efficient urbanisation, equity and socio-economic inclusion of those at the bottom of the economic ladder. Guided by the strategic priorities for FY2018/19, the Sector will continue to innovate and develop technologies that avert the effects of climate change on food security and agribusiness, to promote measures to protect the environment and to enforce the East African Community ban of polythene bags.

Opening remarks were then made by the Lead Development Partners' (DPs) Representatives, first by the Acting Head of Development Cooperation of the German Embassy, Mr. Hans-Hinrich Schnelle, on behalf of the **Water and Sanitation sub-sector DPs**. He highlighted the huge demand for water especially in a rapidly urbanising environment, and stressed the impact of the Joint Water and Environment Sector Support Programme, which has harmonized donor support and put the Ministry in the driver's seat. The DPs consider the joint program as one of the practical ways to ensure aid effectiveness so as to achieve a greater impact, and he hoped that the next joint sector support programme would attract more development partners to jointly develop the sector further.

He acknowledged the efforts made over the last decade to draft the legal framework for an independent water utility regulation authority in order to improve efficiency and protection of customer rights. He expressed his disappointment about the Ministry of Water and Environment's decision to postpone the establishment of an independent regulator so as to ensure transparency and efficiency in the sector, especially as there are new service providers in the water sector. Nevertheless, he was encouraged that the Ministry has improved data management through an innovative web-based system, called the Utility Performance Monitoring and Information Management System (UPMIS). He stressed that it is crucial that the UPMIS should also be rolled out to all the towns managed by the NWSC.

He finally urged that a sustainable financing mechanism for sanitation needs to be developed and implemented, and suggested to consider implementation of a sanitation levy fund.

The Acting Mission Director of USAID, Ms. Laura Gonzales, on behalf of the **Environment and Natural Resources DPs**, stated that the environmental goods and services provided by Uganda's forests, wetlands, and diverse habitats are at the heart of its critical economic sectors, including water, agriculture, and energy. The success of the billion-dollar-a-year tourism sector depends almost entirely on the country's wildlife and natural assets. However, encroachment on wetlands and deforestation continue at alarming rates.

She pointed out that a study by the Climate Knowledge Development Network determined that, in Uganda, the cost of adaptation (i.e. of taking the appropriate steps to minimize or prevent the damage) is high, estimated at around \$406 million USD from 2015-2020, representing 5 percent of net official development assistance received and 3.2 percent of total government revenues, excluding grants. However, it is estimated that the cost of inaction will be between \$3.1 and 5.9 billion USD per year by 2025—more than 20 times the proposed adaptation budget. She therefore concluded that if we do not make the necessary investments now, we will pay for it in the future.

Ms. Gonzales applauded Uganda's commitment to combat climate change and to support the actions and investments that are included in our Nationally Determined Contributions. However, she stressed that the Ministry of Water & Environment, through its Climate Change Department, will not be able to address these issues alone. The commitment and actions to transform Uganda to a resilient, low-carbon economy must be shared; and it must include the integration of environment and natural resources management into all sectors of the economy. Now we must focus on mainstreaming responses to climate change. Innovative, sustainable financing within the sector coupled with strong partnerships between the government with development partners, communities, and private sector actors are critical.

She further mentioned that the requirement for all new water supply projects to include source protection and catchment management will improve the long-term sustainability of these investments. She informed the audience that ENR Development Partners encourage the ministry to develop guidelines, including costed options for natural resources management integration in its water supply investments.

The **Minister of State for Water**, Hon. Ronald Kibuule, in his opening remarks welcomed all participants to the review, and apologised for the absence of both the minister of water and environment, Hon. Sam Cheptoris and the Minister of State for Environment, Hon. Dr. Kitutu Mary Goretti, who were engaged in other State affairs.

He mentioned the various sector achievements in terms of the increasing management of piped schemes by NWSC and gradual expansion of catchment management planning over the country. He also mentioned the ongoing degradation of the environment as manifested by the reducing wetlands and forest coverage, and informed the participants that this degradation can only be halted by enforcement of the respective laws and regulations. He advocated for increasing the sector budget to enable reach the country reach middle-income status by 2020. He thanked the Development Partners, Civil Society and Local Governments for their continued support to the sector, after which he declared the 9th Joint Sector Review of the Water and Environment Sector officially opened. Thereafter, he formally launched the Uganda Water Supply Atlas 2017, the Consolidated Hydrological Yearbook for Uganda 1978-2014, the Hand Book of Rainwater Harvesting Storage Options, and the Water and Environment Sector Strategy for Mainstreaming HIV and AIDS.

4 Sector performance

Day one consisted of plenary sessions, focusing on performance over the previous financial year (2016/17). Physical performance was presented by the Directors of the three directorates of the Ministry of Water & Environment (i.e. Directorate of Water Development, Directorate of Environmental Affairs, and the Directorate of Water Resources Management), and by the Executive/Managing Directors of the sector agencies (NWSC, NEMA, NFA and UNMA). At various moments during the day, feedback was obtained from the participants, and discussions were held on pertinent issues.

A presentation was also made on financial performance of the Sector with a focus on the financial results as presented in the Sector Performance Report 2017. All details on technical and financial performance can be found in the Sector Performance Report 2017.

Ms. Alice Ninsiima (from the **Budget Monitoring and Accountability Unit (BMAU) of the Ministry of Finance, Planning & Economic Development**) presented the findings from the Unit's field monitoring of sector activities for FY2016/17.

The overall physical performance of monitored projects was good, with some exceptions including "*Improved Water Sources for Returned IDPs-Acholi Sub-region*", "*Kampala Sanitation Programme*" and "*Karamoja Small Town and Rural growth Centres*".

The main issues affecting implementation included non-compliance to the public financial management regulations (mischarge of accounts) by the different departments with delayed payments to contractors towards the end of the financial year leading to abandonment of some sites by contractors. . Also, weak planning/budgeting occurred in some projects as manifested in inadequate resources under the approved budget leading to accumulation of arrears. Late commencement of the procurement process also delayed construction works both at local and central government levels. The Kampala Sanitation Programme (implemented by the NWSC) was significantly affected by Government's failure to provide adequate counterpart funding.

Apart from financial management, continuous encroachment on ecosystems by private developers and other community members was seen as a major obstacle to the long-term sustainability of water supply infrastructure. In that regard, the planned de-concentration of some NEMA staff and activities to the regional level (to the Water Management Zones) is opportune.

According to the BMAU, the provision of updates on weather alerts and forecasts was weak, and recommended that the Uganda National Meteorological Authority (UNMA) should utilise multimedia platforms to disseminate weather information to the public. It was also pointed out that much as National Broadcasters Association has been trained so that the community in the rural areas can be reached, there is still a lot to be improved. By 1977, Uganda Met Services had 1,075 rain gauges with 900 reporting regularly, as compared to 325 rain gauges at present, with a very low functionality of 17.5%. The country needs 1,069 functioning rain gauges to achieve 100% coverage in Uganda.

The audience requested the Ministry to respond to weaknesses in the existing performance situation with a strategic approach in the coming 10-year period.

Local governments were represented in the Joint Sector Review by the Secretary General of the **Uganda Local Governments' Association (ULGA)**, Mr. George Mutabaazi. He first of all informed participants that the Ministry of Water & Environment had been given an award by ULGA this year for the continuous support to the District Local Governments by the Technical Support Units.

He pointed out that during the annual negotiations with local governments, the Ministry of Water & Environment agreed on a number of activities to support the development of the Sector at local government level during 2018/19FY. These included agreement to allocate funds within the sector budget to operationalise the Tree Fund, as an investment in the forestry sector and also funds for forest restoration. On the other hand, ULGA through the local governments will support the construction of lined pit latrines for schools and communities in the country. Furthermore, local governments shall prioritise construction of water sources in villages that do not yet have a safe water source. Local governments emphasize design and construction of boreholes of at least 6 inches internal diameter for installation of solar pumped systems, in a bid to move away from hand pumps. The Local Governments also pledged to ensure that all procurement for contracts is

completed by the end of the first quarter of the financial year. Finally, all local governments will implement the government directive to cancel land titles in wetlands and forest reserves.

During discussions, it was pointed out that in order to address the issue of lack of District Water Office staff in some districts, and based on formal requests from the respective district authorities, the Ministry of Water & Environment had recruited some staff on contract who were thereafter seconded to work as District Water Officers. However, some of the districts later turned around and rejected the seconded staff, or did not absorb them into the formal district staffing structure. This situation needs to be addressed.

5 Response to Sector Performance

A formal response to the FY2016/17 sector performance were made by Water & Sanitation Civil Society Organisations (CSOs), represented by the Executive Director of **Uganda Water & Sanitation NGO Network (UWASNET)**, Ms. Doreen Wandera. She acknowledged the various achievements made in the Sector, but noted an over-reliance on consultants to implement Sector activities including undertakings, and recommended to rather utilize the ministry staff capacity as much as possible. She mentioned the unclear criteria for transfer of water supply schemes/towns to NWSC, and to the newly gazetted regional water utilities, and recommended to streamline institutional arrangements in towns including take-over processes by NWSC for better coordination and service quality improvements. Capacity development of the newly gazetted regional utilities should be prioritised especially in aspects of business management and systems strengthening.

With regard to water for production, she highlighted the need for a detailed investment plan covering all districts, which should thereafter be integrated into one irrigation master plan by MWE and MAAIF, as well as an improvement in beneficiary data tracking to determine the actual value and usage of the water stored. The CSOs also noted the low Open Defecation Free (ODF) attainment of 18% against 26% last year and the poor sustainability of ODF, which limits the effectiveness of the Community-Led Total Sanitation as a singular approach, and recommended to use a combination of approaches for future sanitation and hygiene improvement efforts. In addition, they advocated to broaden the ODF verification team to include the Technical Support Units (TSUs). She also recommended that future performance reporting on urban sanitation should include data and information from all upcountry towns.

The Vice-Chairperson of the ENR-CSO network, Ms. Salome Alweny, presented the performance of the ENR-CSOs (based on submissions by 75% of the members of the **ENR-CSO network**).

She informed the public that there are new pests and diseases attacking forest plantations, which are claimed to be largely due to climate variability. Therefore the ENR-CSOs recommended that the National Forestry Research Institute should research and come up with options to control these pests and diseases. Other challenges include the inadequate implementation of the laws and policies, especially with regard to the establishment of the National Tree Fund, and the secretiveness surrounding oil and gas development.

She recommended that MWE and the Ministry of Lands, Housing and Urban Development should update the sector stakeholders on the status of implementation of the government directive to cancel illegal land titles in wetlands and forest reserves, and the need to develop and implement a joint work plan with clear strategies, resources and timelines for implementation of the directive. It was however clarified that Cabinet approved the road map by mid-June 2017, and that implementation has started, but that the necessary financing has not been adequately provided.

Mr. Christian Rieck representing Germany, on behalf of the **Development Partners supporting the Water and Sanitation Sub-Sector**, started by saying that the MWE needs to identify the funding gap looking at the trajectory of development with a fast growing population. He highly commended the review of the sector reporting framework in relation to climate change, Sustainable Development Goals (SDGs) and the National Development Plan (NDP-II), and stressed that good quality data is essential to make the monitoring useful for sector guidance. The SDGs are presenting a challenge as the expected standards are high, yet the resources are limited.

He also noted the challenge in coordination between MAAIF and MWE, which would always undermine the efforts made in Water for Production and Water Resources Management. As response, the Permanent Secretary of MWE noted that the Irrigation Policy was formulated by both MWE and MAAIF, as well as the ToR for development of the Irrigation Master Plan, which reflects on the willingness of the two ministries to work together.

Mr. Rieck welcomed the new government exemption of VAT on projects funded with donor support (both loans and grants) with effect from 2017/18FY which will greatly reduce the burden on provision of counterpart funding. However, there is the issue of tax arrears for some of the on-going projects which is still a major challenge and needs to be resolved.

Services to the poor are still lagging behind as many can still not access safe water supply especially in the urban areas. The recent revision of the water tariff by the NWSC aims at reducing the cost of water at public stand posts for the poor with various promising proposals like increasing block tariff with a first block of water sold at pro-poor prices, although many public tap stands are out of service. .

Regarding NWSC Performance, the Development Partners requested for town or area specific segregation in terms of revenue collection and expansion or new investments done using the revenue surplus (profits after deduction of operating costs or expenses). He also stressed that there is need for independent verification or regulation of NWSC services.

The DPs also questioned the accuracy the data for access to safe water in the rural areas, where "*functional - not in use*" and "*non-functional*" sources were included in the estimate for rural access, and where only 59% of the water samples comply with e.coli standards. Also the unspent balance of the District Water and Sanitation Development Conditional Grant of 13% is still very high, and the cause(s) need to be addressed.

To meet the sanitation-related SDG targets, Mr. Rieck said that the sector has to urgently come up with a financing mechanism for on-site sanitation, while toilets need to adhere to agreed minimum standards and be emptyable. He commended the sector for the effort it has put in constructing the Faecal Sludge Management (FSM) facilities, and stressed the imminent importance of exploring ways of supporting the entire sanitation service chain (toilet, emptying, transporting, treating, disposal/reuse) to provide value for money.

He appreciated the taking on board of source protection for new water supply systems, and recommended that source protection of already existing systems should be planned under the Catchment Management Plans. He cautioned that implementation of the 3% contribution by all investments in the water sector needs to be ensured.

In terms of water for production, he reiterated the CSOs concern that the current focus seems to be on construction of infrastructure, but with minimal utilization and its effects/impact on increased food production for the community or region as a whole. There is therefore need for more in-depth analysis on the purpose of the WfP schemes and their intended impacts. Also, there is little information on integration of climate change and environment protection measures during the

process of construction of water for production facilities. Water for production storage is seen as an adaptation measure to the effects of climate change and this should come out strongly in the sector reporting.

Ms. Shawna Hirsch, USAID's Environment & Natural Resources Unit Leader in Uganda, representing the **Development Partners supporting the Environment and Natural Resources (ENR) sub-sector**, applauded the departure from departmental reporting to thematic areas which is a very good initiative as the country, in line with the value chain approach adopted by the National Development Plan, and the move from output based budgeting to programme based budgeting. This type of planning and reporting is what is needed in terms of improved coordination to avoid duplication. She highly appreciated the improved performance from the previous year in terms of absorption capacity and marked improvement in reporting especially for the ENR subsector. It would be useful to demonstrate how the results attained under the ENR sub-sector contribute to the desired medium and long-term goals set out in the NDP-II and Vision 2040. The Sector Performance Report (SPR 2017) presents a grim picture of the reduction of the national forest cover from 15% in 2013 down to 9.1% in 2017, but without highlighting the efforts to tackle the drivers of deforestation to enable effective engagement with all stakeholders.

She also reiterated the need for improved coordination within the ENR sub-sector to avoid overlapping mandates and potential duplication of efforts (e.g. in inspections), while enforcement remains a challenge. This should be adequately addressed in the final draft of the National Environment Management Policy and Act before they are approved by Cabinet and Parliament. She also hoped that the newly developed ENR gender mainstreaming strategy would be used to capture data on gender and human rights based approach for future planning and reporting.

She commended the on-going work on demarcation and restoration of Central Forest Reserves (CFRs) and wetlands. However, she was concerned that the total achievements are still very low, and that the areas under wetland management plans are not increasing. She noted from the Sector Performance Report (SPR 2017) that only 30% of approved projects in or around wetlands are compliant with the Environmental Impact Assessment (EIA) approval conditions, and welcomed recommendations from the sector on restructuring the EIA review and approval process and harmonization of enforcement measures. NEMA needs to focus on, and increase inspections and audits where EIAs are approved for use of wetland ecosystems.

She noted that the platinum indicator shows an overall decline in forest cover, which means that the rate of tree planting is far much less than the rate of forest loss. She pledged USAID's continued support to the forestry sector, but encouraged other development partners and the government to increase their support for forestry activities.

Ms. Hirsch commended UNMA for achieving ISO Certification in Aeronautical Meteorology. However, there are still other aspects to be addressed, including access to and use of climate information by farmers, and the very low district coverage and functionality of weather stations. She therefore recommended continued support by all DPs to UNMA as their services are cross-cutting since the weather information is required by all the different sectors of the economy.

6 Exploring new financing options for the Sector

The JSR participants were informed that the process of reviewing/development of a Sector Strategic Investment Plan (SSIP) is on-going and will be completed by January 2018. The SSIP will inform us which resources will be required to attain the SDG targets and national goals, and the finance gap, for which alternative financing options will be required.

During the same session, a presentation was made on the methodology and results of a study which was carried out to establish the **contribution of water and environment management services to Uganda's economy**. The findings from the study were aimed to be used as evidence to lobby or dialogue with government to increase the much-needed funding to the Sector. The study used three funding scenarios: business as usual, moderate (adding 50% to the current funding), and high investment (to reach the DFP II and Vision 2040 targets).

According to the study findings, agriculture is the main user of water in the economy, while the manufacturing produces the most water-intensive products. Moreover, manufacturing depends most on electricity, which in Uganda is primarily hydropower. Achieving social goals of improved public health will rely heavily on water for faecal sludge management. Investment requirements in the Sector are approximately 8.4 US billion, and require front-loading, and thereafter smoothen to comparable portions with other sectors over the period up to 2040. The study also lists the important cumulative health cost savings, as well as additional available labour hours due to provision of water for the moderate and high investment scenarios. Other increases in wealth were also calculated in terms of economical and health benefits (with increased forest cover under the two scenarios, while improved water quality will also impact in monetary terms on fish catch, and there will be high gains in terms of wetland restoration and increase in coverage). The benefits to the national Gross Domestic Product (GDP) directly exceed the investment costs by 8 times.

Mr. Ian Palmer (Private Consultant) made a key note presentation to the JSR on **future potential options for financing water supply and sanitation services in Uganda**. He showed that we need 6% of our GDP to reach SDG goals 6.1 and 6.2, whereas government of Uganda currently only allocates 1.2% of our GDP to the Sector. In terms of borrowing, normally, countries have to shift the concessional loans to economically weaker areas, which is outside the large urban areas, and increase the commercial borrowing in the urban areas. In Uganda, by far the larger part of the population, currently 28 million people, live in the economically weaker rural areas.

In terms of future service provision obligations, we first need to serve the unserved, the so-called backlog population, both in terms of water and sanitation; in terms of urban water supply, these are 5.6 million now plus an additional 8 million in the coming decade, while an additional 2 million people need sewerage, and some 5 million currently and an additional 7 million in the coming decade require effective faecal sludge management.

In terms of current sector funding modalities we are challenged. Concessional financing, (which is currently at 30% of the budget in Uganda, and 10% overall in developing countries), is not expected to increase or grow in the foreseeable future. Tariff increases have limits in terms of affordability, and water in Uganda is already costly. Consequently, other options, other than tariff increases need to be looked into, including improving revenue and reducing costs by reducing pollution, unaccountable water, and implementing smart operating systems, and having thousands of small systems using a standardised technology with renewable energy (solar pumping).

For some reasons, commercial interest rates are presently extremely high in Uganda. The use of commercial finance by NWSC will however be essential for Uganda, so that concessional finance can be released for the smaller systems. Output-based aid (OBA) can be an important way of incentivising commercial borrowing, and can be used to improve micro-lending. Blended finance, meaning combination of finance from revenues, loans and grants can be very effective (a case in point being NYEWASCO, a local urban water provider in Kenya, where 80% loans are used). Mr. Palmer also touched upon the innovative approach of establishment of a revolving fund for small towns in Uganda. Service providers, now including the Umbrellas themselves, make regular contributions to the fund and can draw down on this for small scale capital investments.

Public-Private Participation (PPP) is an option as well but is best suited for large scale schemes for bulk water supply. Large scale concession contracts are unlikely to happen in Uganda, but BOT type contracts have some potential in the case of a bulk water supply. Faecal sludge management forms a classical example to implement with Public Private Partnerships using blended finance.

In Uganda, a greater attention to Land-Based Financing for urban areas is necessary. Other options include green funding for development of WRM, storage and pumped abstraction, whereas commercial funding is used for treatment and distribution of water.

Mr. Moses Masiga of the Biodiversity Finance Initiative gave a presentation on **Exploring Financing options for the ENR Sub-Sector**. Mr. Masiga indicated that whereas Vision 2040 had a longer list of priorities that included agriculture and water resources, the priority sectors under the NDP II were reduced to only three, being Agriculture, Tourism and Minerals, and Oil and Gas, whereas Water and Environment were not priorities under NDP II. He indicated that the justifications used for a low priority ranking for water and environment was the low GDP contribution. Under the aggregation of GDP performance in the National Statistical Abstract, Mr. Masiga indicated that the ENR sub-sector would lie in the grouping of Agriculture, Forestry and Fishing, while water was split between Agriculture, Forestry and Fishing, and Industry. He indicated that records showed that the annual GDP growth for services and industry was consistently higher than the total national aggregate.

Whereas Industry and Services sectors were shown to have a higher annual GDP growth, the statistics indicated that the GDP contribution for Agriculture, Forestry and Fishing was consistently close to one-quarter of the total national GDP, while that for industry declined to only one-fifth of total GDP and that for services ranged between 46 and 47% of GDP. A comparison of budgetary allocation to GDP contribution showed that the industry sector was most favoured with a ratio of percentage of budgetary allocation to GDP contribution of over 150%, services sectors had a ratio of percentage of budgetary allocation to GDP contribution of 125% while Agriculture, Forestry and Fishing had a budgetary allocation to GDP contribution of less than 35%. He also considered the performance of economic multipliers for the three sectors and found that if the backward and forward linkages between the Agriculture, Forestry and Fishing sectors were considered, then the sector's performance was not significantly inferior to that of the industry sectors. He therefore concluded that, if the justification for the low allocation to ENR was its GDP performance, and given the inequitable allocations across the sectors, there was a case for increasing Government budgetary allocation for the ENR sector. If only, he noted, it allows the sector to increase its own revenue generation. He referenced the example of Uganda Wildlife Authority, which relied on budgetary subventions for 80% of its budget in 2002/03, but by 2012/13, was able to fund more than 80% of its budget. He indicated that investments in the Water and Environment Sector may be those that will allow the sector to improve its performance and contribution to GDP as well as own revenue generation.

Mr. Masiga then presented financing solutions for funding biodiversity management in Uganda. He indicated that financing solutions work through supporting existing and potential synergies, leveraging and building capacities, and establishing long-term sustainable financing that can be imbedded within a country's policy, legislative and institutional frameworks. Solutions that were developed based on biodiversity finance include (i) implementing environmental fiscal reforms, (ii) reinforcing environmental compliance by integrating biodiversity offsets to address the residual impacts of development projects, (iii) sustainable livelihood and access to capital incentives so as to encourage ecosystem-based approaches, (iv) development of a Biodiversity and Business Platform to enhance investments by the private sector, (v) promotion of the use of natural capital and ecosystem accounting, (vi) establishing and promoting a market-based incentive structure for a sustainable forest products industry for the national forest product value chain, (vii) business

planning for sustainable financing of Central Forest Reserves would promote sustainable, feasible and financially viable forest management, and (viii) economic incentives for private and communal land stewardship to ensure conservation and sustainable natural resource use.

The audience suggested to plough back Non-Tax Revenue from EIAs to local governments. However, those funds are used by NEMA to add to the insufficient funding (UGX 8 billion) provided by GoU. NEMA argued that the Sector still needs to pursue the environmental levy. Other internal rearrangements of funding to the ENR Sub-sector were discussed as well, including the need for guidelines on how forestry may use resources from the District Water and Sanitation Development Conditional Grant. Other people argued to instead follow up on the status of a separate ENR Conditional Grants, also as a means to sustainably fund District Forestry Services. The Director Environment Affairs appreciated the willingness indicated in a proposal by the MD National and Sewerage Corporation to index the tariff for water to provide a percentage for catchment management. He also cautioned on the budget ceiling structure of Government, which does not change for the Water and Environment sector.

Another way of internally funding natural resource management that has been stimulated in the Sector is through mainstreaming ENR in plans and budgets. The audience wondered which tools are available to monitor the efficiency and effectiveness of this mainstreaming, as being able to monitor this will also help in attracting funding. MoFPED's representative also recommended that ESAs indicate which sector activities need to be implemented to grant permission for implementations, so as to ensure that ENR and WRM is mainstreamed.

Ms. Maris Wanyera, Acting Director, Debt & Cash Management, **Ministry of Finance Planning & Economic Development (MoFPED)**, then made a presentation on **sector financing options for the water and environment sector from the macro-economic perspective**.

She stressed that for all sectors including the water sector, the GoU has concerns on the poor absorption of borrowed funds as a result of lack of counterpart funding and poor project preparation or readiness, which results in the need to pay commitment fees adding up to the cost of borrowing. The key lesson according to the MFPEd, is that as a social sector, the Water and Environment sector should only borrow on concessional terms. She continued by summarising the various new finance opportunities.

New financing opportunities include *Climate Change Funds* (Green Climate Fund, Adaptation Fund, Global Environment Facility), but they come with constraints, including that they are earmarked for climate projects, that they are characterised by lengthy validation processes that the funds available for large infrastructure projects are at concessional terms, and that they can only be implemented by accredited institutions.

Several Development Partners use *blending of funds*, including the EU, AFD (France) and KfW (Germany). The grants are tied to loans of specific lending institutions and are often a type of export credit (loans are tied to specific companies and procurement procedures). This means that they come with constraints in terms of commercial interest, that funding is tied to specific projects, that there are limited bidding opportunities for national companies and local/ GoU procedures are often not used, and that it does not support Buy Uganda Build Uganda (BUBU).

Many Multilateral actors (African Development Bank, World Bank, European Union) and bilateral partners (Japan) also offer funding for *regional projects*. Often this consists of a combination of grants and loans Compared to other countries in the region, Uganda is making less use of regional projects. This is because regional coordination often results in delayed implementation, and there is the issue of value for money, as well as competition with funding to prioritized national project

priorities. Other options include Export Credit Financing, Contractor Facilitated Financing, and Infrastructure Bonds; the Infrastructure Bonds are not what Uganda is looking into in the short term, it is seen as expensive especially for social projects. Finally there are Private Public Partnerships, where a government or private business venture is funded and operated through a partnership of GoU and the private sector.

She also outlined the process for formulation and approval of new projects in Uganda. All new project proposals should be approved by the Sector Working Group (for ownership by the sector ministry) before they are submitted to the Ministry of Finance, Planning and Economic Development. Capacity building and consultants should be avoided unless the sector proves they need it, while borrowing should be for investment purposes. Conditions for Parliament approval now requires President's clearance. The sector ministry has to provide proof of availability of the necessary counterpart funds within the sector ceiling to meet the cost of land acquisition, and the implementation of Resettlement Action Plan (RAP) and Environment & Social Impact Assessment (ESIA). The MFPED requires to follow the PIMS procedure, seek development committee approval, have evidence of availability of counterpart funds in the MTEF and follow the PFM Act (Sections 36 and 44).

Ms. Wanyera concluded by saying that government prefers to use domestic funding if it is available. She informed the sector to have studies and bankable projects ready.

The audience requested to know the (commercial) financing options for the rural areas, and heard that the newly developed revolving fund is the main option for now. Other discussions included the need to raise the sector's budget ceiling, and the audience was informed that this would happen once large projects are being implemented.

7 Emerging sector issues

Sustainable forest management

National Forestry Authority (NFA), when presenting the performance of Central Forest Reserves over the last financial year, also discussed innovative approaches to maintaining and increasing forestry cover. First of all, there are opportunities in terms of 50,000 hectares of land available for licensing to private tree farmers to increase tree cover, while a minimum of 42 sites were identified for promotion of ecotourism development by the private sector, and they recommended to have partnership arrangements with local governments, CSOs, the private sector and local communities to reduce encroachment and restore degraded forests. The forestry sector could also harness the development of new financing mechanisms including payment for Ecosystem Services, and the government should be promoting biomass/energy efficient technologies for cooking to reduce forest loss. Sustainable, green charcoal production was discussed as a solution, using early maturing trees of many types and sizes.

A number of challenges were mentioned, including that most of the forests were on private land where most deforestation occurred, and is still taking place.

Participants discussed the need for massive tree planting, which would require access to planting material at regional and local levels as well as capacity building on forestry management. Also the need to improve on the survival rate of seedlings was discussed. Finally, the audience discussed that the use of gas for cooking would need to be stimulated through subsidies by government, and that we should involve the energy sector in addressing the country's deforestation.

WASH and Refugee Settlements in Uganda

Ms. Jane Maonga, Humanitarian WASH Sector Coordinator, UNHCR, presented the status of Water, Sanitation and Hygiene (WASH) in refugee settlements. Out of 39 development partners working to improve WASH for refugees coordinated by the "*National WASH sector platform*", only 4 are national NGOs; altogether serving a population of 1.42 million refugees settled in 3 of the 4 water management zones in Uganda. Normally, the WASH sector platform partners work through the Office of the Prime Minister (OPM), but there is now a draft Memorandum of Understanding with MWE.

She gave the statistics for WASH for refugees in Uganda: 73% of the refugee population in Uganda gets water through sustainable water systems. Currently, 19,276m³ out of minimum daily water requirements of 24,880m³ is supplied (UNHCR standard: 20l/p/d), whereas the other 27% of the water supplied to the refugees (5,232m³/day) is delivered through (costly) water trucking, as an emergency water supply. The supply of services to the refugees is hampered by the influx of up to 7,000 people per day arriving from South Sudan, and the fact that the refugee settlement model does not take into consideration the availability of water.

The host community support towards WASH is in the range of 3% - 5% of total support in West Nile, and an average of 20% for other regions in Uganda. Current latrine coverage for refugees is 36%, and there is an urgent need for faecal sludge management especially for institutional latrines.

Currently there are 80 piped schemes to supply the refugee communities country-wide, whereas a total of 130 have been planned for. No tariff is yet being applied, apart from in the South-Western part of the country, where the long-term refugees are living, and where also Water User Committees have been established.

The presentation sparked a lively discussion. The shift from point sources to piped supplies was applauded in view of the contamination by faecal matter in point sources where the population pressure is relatively high.

Participants were worried about the apparent absence of addressing environmental degradation in the planning and management of refugee camps, and questioned whether EIAs were done for the water treatment plants. Another concern by the audience was that solid waste is apparently not taken care of sufficiently, and that waste water treatment lagoons need to be provided. The Town sanitation planning may be a good approach to address sanitation challenges. Addressing the immediate and long-term water supply challenges resulting from environmental degradation and deforestation in these catchment areas was seen as critical to ensure stability, food security, and livelihoods.

Omissions in addressing environmental concerns was explained by UNHCR to be mainly the result of initial inadequate coordination with the MWE. In addition, there is an OPM Refugee Response Development Partners Group, where the Sector will have the opportunity to come in and coordinate WASH and ENR activities.

Finally it was clarified that environmental protection and water quality are part of the MWE's mandate, and consequently, the Ministry should immediately attach its staff (under the Water Management Zones) to UNHCR to address environmental and water quality concerns in refugee areas. The audience was also informed that a joint workshop was held with MWE, UN organisations and USAID on WASH for refugees, where follow up actions had been formulated regarding developing a master plan for WASH for refugee settlements in a coordinated way, including O&M aspects, setting up an Umbrella organisation and introducing tariffs.

Scaling up Town Sanitation Planning Approach

Ms. Trinh Kyomugisha made a presentation on town sanitation planning (TSP) as a basis for comprehensive planning and prioritizing investments, building ownership by the Local Governments, and act as a resource mobilisation tool for sanitation. The specific objective of TSP is to improve capacity of Local Governments in towns to plan and implement sustainable sanitation interventions. A town sanitation plan is in fact a 10-year strategy developed by a sanitation task force while engaging with stakeholders, and is based on a baseline survey. The process is led by the Ministry of Water and Environment. Piloting started in Northern Uganda. Sanitation improvements in the pilot towns include more support from the politicians, improved enforcement of by-laws and standards, and dedicated budgets for the sanitation plans. The strategy for scaling up includes integration of TSPs in the new projects under WSDFs and MWE as well as upgrading / extension projects.

WASH in Educational Institutions

Mr. Musa Birungi of the Basic Education Department of the Ministry of Education and Sports (Education DPs) reported on a study done on school sanitation in 30 districts, which concluded that over 85% of schools have access to an improved water source, of which 15% were not functioning at the time of visit, with a poor operation & maintenance of WASH facilities. 98% of sampled schools had latrines, of which 15% were not functional. Only 2% of girls' latrines had litter bins for pads disposals, and 60% of the latrines were very dirty, less than 30% of latrines had water nearby, and 72% of rural schools had no good latrines. These statistics include both private and public schools.

In response to the above findings, guidelines were developed for a 3-Star Approach for planning and implementation of WASH in schools. This model is based on an incremental improvement of the sanitation situation. Incremental milestones are that children wash their hands after use of toilet, and that improved sanitation and menstrual hygiene facilities, as well as drinking water is available. A 3- star school meets the national standards for WASH. The approach guidelines were approved by the MoES and are recommended for wider dissemination to help in promoting WASH in educational institutions.

The audience subsequently discussed penalties and motivation factors. The 'stick' is by the inspection wing in the MoES, whereas the 'carrot' is that well performing schools receive an award. It was also recommended by the review (and noted by MoES) that the management of faecal sludge needs to be addressed as well to cover the whole chain.

Financing for ENR sub-sector at central and local government levels

The JSR noted the inadequate funding for the Local Governments, especially the Natural Resources Departments. It was therefore recommended that a specific project for strengthening the capacities ("re-tooling") of local governments' ENR sector be developed, and that a lobby will be started for an increase of the ENR conditional grant to local governments for internal reallocations within the Sector budgets, with an initial proposed amount of UGX 500 million.

8 Status of Undertakings for FY 2016/17

A total of 12 undertakings were adopted during last year's water and environment Joint Sector Review which was held in September 2016. Thematic groups and subgroups were formed to implement the undertakings; they prepared action plans with indicators/outputs to monitor progress of implementation of each undertaking, which were subsequently approved by the Water and Environment Sector Working Group (WESWG). Progress made on implementation of the 12

undertakings shows that only four undertakings were achieved (i.e. Nos 5, 7, 8 and 10), one undertaking covering also FY2017/18 is on track (No 11), five undertakings were partially achieved (Nos 1, 2, 3, 4, 9 and 12) and delayed mostly as a result of insufficient resources for their implementation, whereas one has largely not progressed at all (No 6) following lack of funds.

The progress of implementation for the undertakings is summarised below:-

Undertaking No. 1 - Address the drivers of environmental degradation by mainstreaming ENR considerations across government sectors by focusing mainstreaming actions on the high profile/high impact sectors of agriculture, infrastructure, lands, energy and water in order to achieve reduced contributions to degradation by these sectors by the end of FY 2016/17.

Implementation of this undertaking commenced two years ago. The following activities were achieved: preparation of SWOT and Impact Response Matrix for mainstreaming, development of ToRs and arranging team for the sectoral consultations, and development of road map for sectoral consultation for mainstreaming. Other activities will require another year to be completed. The undertaking has thus been partially achieved, and will be rolled over to the next financial year.

8.1 Water Resources Management

Undertaking 2: Operationalise the proposed coordination, implementation and funding mechanisms for catchment-based IWRM by the end of FY2016/17.

The proposed coordination structure includes an advisory committee and a technical committee at the WMZ level, whereas at the district and community level, existing structures will be used. Proposed funding included use of Non-Tax Revenue (NTR), 3% of water supply investments, voluntary contributions, leveraging local grants etc. Implementation of the undertaking has delayed, and the scope of implementation has reduced to pilot implementation at catchment level in 14 catchments and at community level in 10 hotspot catchments. The undertaking has been partially achieved and will be carried forward to be completed by the end of next financial year.

Undertaking 3: Finalise the National Framework for Drinking Water Quality Management and Regulation by the end of FY 2016/17.

The undertaking is being implemented with support from a consultant, of which the procurement process was delayed. A departmental meeting was held to review the draft framework, and a stakeholder workshop was held to present the draft framework including policy and legal aspects. The undertaking is partially achieved, pending are the preparation of the final framework, finalising the amendments to the Water Policy and Water Act, and endorsement of the final framework by the Water and Environment Sector Working Group and the Water Policy Committee. This will be completed by the end of next financial year.

Undertaking 4: Develop a strategy for providing at least one safe water source per village in line with the Presidential Directive by the end of FY 2016/17.

The guidelines given to all the District Local Governments (DLGs) aim for at least one source per village. A database of all villages without a water source has been generated, although there is a challenge with the names of about 15% of the villages (i.e. the names given by the district local governments for some of the villages differ from those in the Uganda Bureau of Statistics (UBOS) database. Pending activities are a stakeholder consultation on the strategy, developing a costed implementation strategy. The undertaking has therefore been partially achieved and will be carried forward to be completed by the end of next financial year.

Undertaking 5: Re-organise Umbrella Organisations focusing on financing mechanisms and management responsibilities for piped water systems by the end of FY 2016/17.

An Umbrella reorganization study report and private water utility (PWU) legislation was drafted, as well as a white paper for the PWU Bill. Financing criteria and financial management guidelines for the implementation of the Revolving Facility were prepared. Cashless systems were developed and piloted in the area of Central and Eastern Umbrellas. Monthly reporting on performance including financial data have been entered in the UPMIS for a number of schemes in all regions of Uganda. Finally, the Umbrellas of Water and Sanitation were gazetted as Water Authorities in the 6 Regions of Karamoja, Eastern, Northern, South Western, Central and Mid-Western. The undertaking was achieved.

Undertaking 6: Strengthen Utilization of Water for Production storage by end of FY 2016/17.

The wording was changed to *“Develop a system and procedures for assessment of utilization of water for production storage, by the end of FY 2016/17.”*

In addition to the above undertaking, there was a Presidential Directive to prepare guidelines to enhance utilisation of existing storage water for micro-irrigation, which used all the resources. The undertaking was not achieved.

Undertaking 7: Review the water tariff regime to strengthen pro-poor provisions with respect to public institutions, rural areas and water vending by the end of FY 2016/17.

A desk study was carried out on the current tariff regimes for public institutions, rural areas and water vending. Main challenges for implementing the undertaking included limited data on tariffs especially from vendors, and data on the impact of pre-paid meters for the poor in urban areas. Next steps will include the formulation of amendments to the existing tariff policies to include the introduction of block tariffs to cater for the poor, and involvement of stakeholders to review the pro poor strategy, tariff policy and Business Planning Tool. In short, the undertaking was substantially achieved

Undertaking 8: Develop a strategy on Cholera elimination in the 16 cholera-prone districts by end of FY 2016/17.

A strategy was already developed by the Ministry of Health through the National Cholera Task Force (for the period 2017/18 – 2021/22). The task force reviewed the National Cholera Guidelines and the preparedness and response plan. A rapid WASH sanitation analysis for the cholera prone districts was done. Implementation of recommended actions commenced in five districts. The undertaking was achieved.

Undertaking 9: Develop a strategy to scaling up Town Sanitation Planning (TSP) in a phased approach, harmonised with District Investment Plans, by end of FY 2016/17.

A consultant documented lessons learnt, harmonized the Sanitation Plans and District Investment Plans and developed a strategy to scale up the TSP process in a phased approach. Following lack of sufficient funding, training of WSDF officers and other relevant officers who will carry out the TSP implementation will be done in the coming financial year, followed by rolling out the implementation of the TSP nationally. The undertaking was mostly achieved.

Undertaking 10: Review Sector Performance monitoring framework – to incorporate the water quality monitoring, good governance, human right to water, climate change, Sustainable Development Goals (SDGs), and the National Development Plan (NDP II).

The review of the sector performance monitoring framework has been completed. The undertaking has therefore been substantially achieved. The follow-up activities include institutionalisation and implementation of the revised monitoring indicators.

Undertaking 11: Finalise the development of costed CD plans for the departments of the MWE + agencies and embark on implementation by the end of FY2016/17 ON COURSE

All activities were achieved, only that there were insufficient resources for conducting capacity needs assessment and developing CD plans for the remaining sector agencies (NEMA and NFA). It should be noted that there may be inadequate resources for implementation of the CD plans, in view of the withdrawal of key DPs that have been supporting CD under the Joint Partnership Fund (JPF).

Undertaking 12: Develop a strategy to systematically build the capacity of middle and lower level sector personnel in leadership and managerial skills to address emerging sector demands by the end of FY2016/17.

An analysis of the staff database revealed the demographic characteristics of human resources in the MWE to facilitate the succession planning exercise. Identified future leaders at the level of Principal Officers and Assistant Commissioners identified the CD gaps and highlighted the CD interventions. A strategy was developed to address succession planning in the sector, focusing on systematically building the capacity of middle and lower sector personnel in leadership and management skills.

In the coming period, a coaching and mentoring programme for MWE personnel will be developed, followed by its implementation. The undertaking was substantially achieved.

9 Undertakings for FY 2017/18

Undertakings 1, 2, 3 and 4 of the previous year were partially achieved and retained to be completed in FY2017/18, sometimes with some modifications and additional related actions. Previous year's undertaking 6 on development of a system and procedures for assessment of utilization of water for production storage reverts to the Water for Production Department for ongoing action and is not taken forward as an undertaking into FY 2017/18.

Previous year's undertakings 5, 7, 8, 9, 10, 11 and 12 were substantially achieved.

Nine completely new undertakings were identified, of which one will be addressed within the Environment and Natural Resources and Climate Change Subsector Working Group thematic working group, and the other eight in the Water and Sanitation Subsector Working Group. The following undertakings were thus adopted for the 2017 JSR:

Environment and Natural Resources

Undertaking 1: Continue with the implementation of the ongoing undertaking of mainstreaming ENR and Climate Change into agriculture, infrastructure, lands, energy and water sectors in order to achieve reduced contributions to degradation by these 5 sectors by the end of FY 2017/18.

Undertaking 2: Commence implementation of new Sector Performance Measurement Framework in the ENR Sub-Sector by the end of FY 2017/18.

Water Resources Management

Undertaking 3: Integrate climate change adaptation and source protection measures in the water and environment sector work plan and budget for implementation in the financial year 2018/19.

Undertaking 4: Operationalize the proposed coordination, implementation and funding mechanism for catchment based IWRM in at least eight catchment in the four zones by the end of FY2017/18.

Undertaking 5: Finalize and pilot the national framework for drinking water quality management and regulation in the four WMZ by the end of financial year 2017/18.

Water Supply and Sanitation

Undertaking 6: Improve utilisation of existing water for production facilities and expand the data management system to amongst others demonstrate increased agricultural production by the end of FY 2017/18.

Undertaking 7: Establish the Bulk Water Unit by the end of FY 2017/18.

Undertaking 8: Implement criteria for transfer of water and sanitation schemes to NWSC and regional umbrella utilities and also demonstrate their respective performance improvements by the end of FY 2017/18.

Undertaking 9: Finalize and commence implementation of the one source per village /cell strategy (Central, NWSC, District Local Government) by the end of FY 2018/19.

Undertaking 10: Reinstate a budget line for software activities under the district water and sanitation conditional grant by the end of FY 2018/19.

Undertaking 11: Develop a framework for provision of water and sanitation services, including environment and source protection activities for refugees and host communities by the end of FY 2017/18.

Undertaking 12: Commence implementation of new Sector Performance Measurement Framework in the Water and Sanitation Sub-sector by the end of FY 2017/18.

Policy and Institutional Issues

Undertaking 13: Set up a project preparation and financing taskforce under each of the departments under MWE by the end of FY 2017/18.

Undertaking 14: Finalize the accreditation requirements for the Ministry of Water and Environment as the National Implementing Entity (NIE) for access to financing from the Adaptation Fund (AF) and the Green Climate Fund (GCF) by the end of FY 2017/18.

10 Closing ceremony

The Lead Development Partner Representative for the water and sanitation sector, and co-chair of the Water and Environment Sector Working Group, was handed over to the Austrian Development Cooperation. Similarly, the United States Agency for International Development (USAID) handed over the Lead Donor position for the environment and natural resources, and co-chair of the Water and Environment Sector Working Group to the United Nations Development Programme (UNDP).

Mr. Guenther Engelits, in his capacity as the In-coming Chair for the water and sanitation sub-sector, informed the audience that the sector needs more development partner support to ensure and increased funds allocation from the GoU to ensure adequate funding. Austria shall remain a partner in the sector, and will continue to advertise the advantages of supporting the water and environment sector through joint programmes. Austria's collaboration with the sector has always been very open and constructive. He hoped that the earlier commencement of the development of undertakings (before commencement of the review) will create ownership by the MWE and lead to more effective and timely implementation.

He hoped for effective involvement and participation of the sector development partners in the budget process for FY2018/19. One of the tasks of the lead development partner is continued advocacy for other DPs to join the sector. He appealed for all sector stakeholders to document and publish good results, which can be shared with the future/potential sector development partners. He also advocated for more space for informal discussions during future JSRs.

Thereafter, UNDP in its capacity as the incoming chair for ENR, represented by Ms. Almaz Gebru, UNDP Country Director, made some closing remarks. She noted that the theme of this year's review on exploring financing options for the Water and Environment sector is very timely, as without addressing financial management and governance issues in the sector, realising sector goals and its contribution to national development and achievement of vision 2040 will be constrained. She was therefore pleased to note the renewed commitment towards implementation of 3% of the cost of water infrastructure for water source protection and catchment management. Government funding to ENR has remained modest and there is therefore need to increase resource mobilization including building partnerships with civil society and the private sector especially financing local governments to perform their functions in environment and climate change management. Pilots on payment for ecosystem services and community environment funds have demonstrated potential for mobilizing additional funding from private sector and government utility service providers.

New financing opportunities (such as the Green Climate Fund) requires innovative ways of addressing bottlenecks to service delivery, demonstrate efficiency and value for money of the little resources available. We must continue to demonstrate transparency, accountability and timely delivery of mobilised resources if we are to tap into new financing opportunities.

The recent UN summit on refugees hosted by Government of Uganda showcased the comprehensive refugees and host communities model for addressing humanitarian and development nexus. In this regard, she applauded the sector for steps being taken to address the emerging water and environment issues in refugee settlements and looked forward to working together in maintaining Uganda as good home for all of us. Although the environment and natural resources sub-sector has institutional and coordination challenges, she was pleased with the steps being taken towards harmonizing functions among agencies and addressing governance issues in the sub-sector through the revised National Environment Management Policy and Act.

The Minister of State for Environment, in her closing speech, which was read by the Permanent Secretary, MWE, marked the formal closure of the 2017 Joint Sector Review. She said that the fact that the theme of this year's review indicates how high the financing challenge stands on the Sector's agenda for the sector to be able to keep up with the very fast growing population. Public-Private-Partnerships (PPPs) and market finance will therefore be required to complement concessional funds and the internally generated funds. Secondly, the Sector needs to further improve on reporting on progress in line with NDP-II and SDG targets. The Sector also has to improve coordination with the agriculture, health, local government and education sectors, and strengthen regulation of sector services across the country. The Sector also needs to focus on communication, to capture and disseminate our best practices which can be scaled up or replicated to improve service deliver. The formulation of new projects over the next 12 months is crucial to attracting new funding, like the Green Fund, as well as blending of funding. She reiterated that mainstreaming ENR and CC needs to be done in all our activities.

She thanked both USAID and Germany for their good work done as now outgoing chairs, and welcomed the new incoming chairs. She thanked the media and organisers of the event, and officially closed the JSR.

11 Conclusion

The Thematic Groups responsible for implementing the undertakings should provide detailed work plans before the next Water and Environment Sector Working Group meeting. Budgets should accompany the work plans if additional on-budget resources are needed to implement the activities of the work plans.

All parties agreed to implement the undertakings and key actions by coming up with Thematic Group members, lead institutions, milestones, actions with indicators and time frame for achievement of results.


Mr. Alfred Okot Okidi

Permanent Secretary
Ministry of Water and
Environment

On behalf of the **Government
of Uganda**

Signed:


Ms. Onesimus Muhwezi

Team Leader Environment and
Climate Resilience
UNDP Uganda

On behalf of the **Development
Partners, Environment and
Natural Resources**

Signed:


Ms. Joyce Magala

Advisor Water and Sanitation,
Austrian Development
Cooperation

On behalf of the **Development
Partners, Water and
Sanitation**

Signed:

Kampala, 5th October 2017

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