



Private sector participation in rural water and sanitation service delivery in Uganda

A CASE STUDY IN FOUR DISTRICTS

Paper written by:

WaterAid Uganda

April 2003

This paper is a summary of a longer report. Copies of the full report are available from WaterAid Uganda and in the In depth section of WaterAid's website at www.wateraid.org.uk

Introduction

Private sector participation is a policy which involves government divesting itself, wholly or partially, of direct service delivery. This is in line with the reforms advocated in the IMF-funded Structural Adjustment Programs (SAPs). In Uganda the reforms were adapted in the 1980s, a time when the country was emerging out of political and economic turmoil due to wars and civil strife.

The reforms have proved successful there, leading to increased support of the reform process and policy development in general with Highly Indebted Poor Countries (HIPC) /debt relief funds. Uganda has received more funding as a result of its good performance linked to the Government's commitment to channelling all the HIPC funds into relevant poverty alleviation programmes.

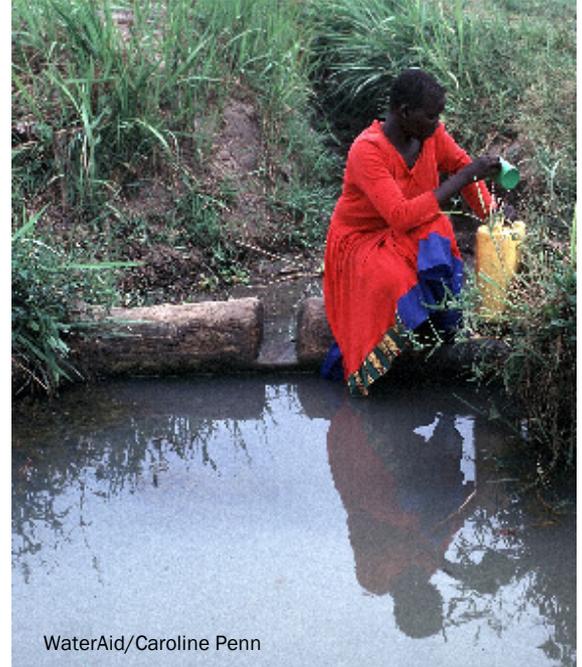
In total the country has received \$2 billion for its anti-poverty programme since 1998. Many of these funds have been conditional on the implementation of private sector participation (PSP), which has improved efficiency and access to services in the water sector. An additional 913 people were connected to water supplies every day between 1998 and 2001 and the total rural water coverage increased from 39% in 1997/98 to 52% in 2001/01.

However, the implementation of the private sector participation policy has introduced certain issues that could in the long run undermine the sustainability of the process and the implementation of the Poverty Eradication Action Plan (PEAP), the pillar of Uganda's development strategy.

WaterAid therefore advocates that the limitations of private sector participation in the water sector should be discussed early enough to allow time to forestall or ameliorate the negative impact on Uganda's anti-poverty and anti-corruption policies. WaterAid has carried out a case study to support its assessment of the private sector participation policy as described in the rest of this paper.

The research approach

The research was undertaken to establish whether PSP was really providing sustainable



WaterAid/Caroline Penn

Only 52% of the population in Uganda have access to a safe water supply close to home

water and sanitation services to the poor. The research was largely qualitative using 12 focus group discussions (FGDs), observations, 48 interviews, informal discussions and workshops. In all the research team interacted with 346 individuals. It was conducted in four districts, Mukono, Kabarole, Mpigi and Wakiso, covering 15 villages where PSP was fairly advanced. Information was collected on the following eight issues:

1. Regulation and monitoring of projects
2. Maintenance of water sources
3. Access to water and sanitation services
4. Community participation
5. Decision making
6. Hygiene implementation
7. The tendering process
8. Private contractors

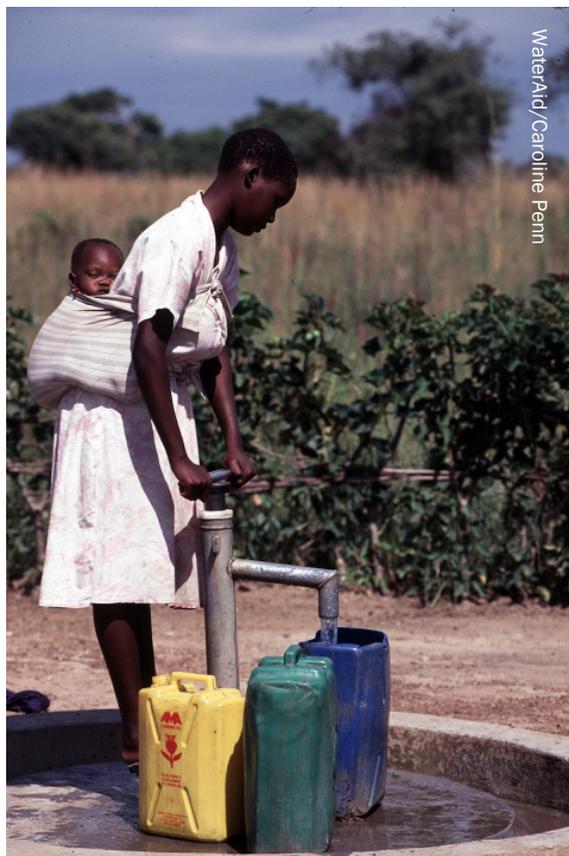
The case study summary is presented under two main headings; background information and findings from field research.

Background information

Drivers of Private Sector Participation

Under the HIPC initiative, the government

WaterAid – water for life
The international NGO dedicated exclusively to the sustainable provision of safe domestic water, sanitation and hygiene education to the world's poorest people.



WaterAid/Caroline Penn

continues to implement macroeconomic structural adjustment policies with emphasis on PSP. In the water, environment and sanitation sector government responsibilities and roles are revised from direct implementation to the facilitation of the introduction of PSP, quality assurance, regulation and contract management. The decentralisation policy devolves implementation from district level to the sub-county/community leaving the district public administration staff to provide support and capacity building. The private sector is expected to be a viable resource in the areas of design, construction, operation, maintenance, training, capacity building and commercial services.

In support of the above reforms both local and external funding to the water sector has dramatically increased since the start of the implementation of the PEAP in 1997, which identified water and sanitation as development priorities. The funds are disbursed through the Poverty Action Fund to the districts as conditional grants.

Overall the funding has led to an increase in water supply coverage, from 40% in 1997 to 50% in 2000. The main facilities provided are boreholes and protected springs in rural and peri-urban areas, water tanks and latrines in primary schools and specific development activities in small and large towns. It is estimated that with available funds, 58% coverage of the rural population will be achieved by 2005. However, more funds are being mobilised by government to achieve a target of 65%.

The Institutional framework

The water and sanitation sector is guided by several policies and guidelines executed through

different structures. The overall aim is to ensure good practice.

Policy implementation in the water sector is based on the Demand Responsive Approach (DRA) which requires that communities participate in decisions regarding water and sanitation such as the identification of type of facility and its location, repair and maintenance. This approach also places an obligation on the community to contribute 10% of the construction costs and contribute towards maintenance and repair. This is intended to instill a sense of ownership on the part of the community but also to ensure the services provided are based on local needs, priorities and affordability.

The important structures at district level are local councils, the private sector, local government staff and grass-root structures like the water and sanitation committees (WATSANs), Water User Groups and Small-Scale Service Providers (SSPs). The district is responsible for the compilation and approval of work plans and budgets derived from sub-counties, submitting them for the approval of the Central Government, and also for overall monitoring and accountability. The lower level councils assist in mobilising and sensitising communities, assisting them to identify appropriate projects and monitoring and reporting on their implementation. Health and Community Development Assistants employed by local government assist the communities to form Water User Committees (WUCs) before construction starts.

Communities comprise of villages of about 100 households, averaging six to seven members each. Water sources belong to either an individual household or a community. Water collection is mainly the responsibility of women and children. Difficult terrain and water scarcity are the major water source problems especially in three of the districts studied, namely Mukono, Mpigi and Wakiso districts. The communities are supposed to monitor and report the private sector activities to the Sub-County office which in turn reports to the district on a quarterly basis.

The private sector does the construction work through contracts which are most often awarded using an open tendering process, although selective bidding is also used at the discretion of the District Tender Boards (DTBs). The private sector participants range from large to small, foreign to local, companies or NGOs, and may operate across districts or sub-counties. Water vendors form part of the private sector. They sell water at a fee negotiated at individual level and operate mainly in rural growth centres in areas with no formal water connections or systems.

Findings from the field research

The contracting process and related issues

The research teams interacted with district and sub-county officials, private sector

representatives, local councils and communities. They established that the types of companies eligible for PSP contracts are not yet clearly defined by the District Tender Boards. The projects contracted are: construction of water supply and sanitation facilities; supply of goods e.g. training materials, pumps and pipes; repair and maintenance; consultancy services; training and production of promotional materials.

Two forms of tendering exist; open bidding entailing a series of clearly defined steps and selective bidding, which leaves selection decisions at the discretion of the DTB. According to district officials, selective bidding is mainly used for urgent cases or for sub-county projects not exceeding Ushs 500,000. A contractor may be awarded more than one facility in different sub-counties over the year without their capacity to carry out that volume of work first being assessed. This has contributed to sub-standard work and/or failure to make good the defects. Payment is after completion of a single project less a retention fee of 10% of total cost to cover any repairs necessary within the first six months.

PSP contracting Issues

Issues regarding the contracting process are described below:

i. The emphasis on hardware vs software: The PSP contracts exclusively cover hardware components of water supply and do not provide for community mobilisation, management and training. This causes difficulties for sustainability, sanitation and hygiene, thus undermining improvements in health.

ii. Technical competence of the private companies: Contracts are awarded to companies that lack the capacity and experience to execute the works. The tendering process focuses on the submission of documents rather than the verification of technical competence. In contrast, donor-supported projects provide more stringent conditions for award of contracts eg interviews with prospective contractors.

iii. Supervision of projects: Supervisory staff are lacking and/or not technically qualified in most companies. In addition, most companies are new in the water sector and the DTBs do not evaluate companies' capacity to execute a given volume of work. Also, due to the lack of knowledge of the contractual details, the sub-county cannot fulfill its role of supervision.

iv. Lack of capacity building in government: The leaders who are supposed to monitor projects lack contract information or even technical knowledge about the facilities eg stocks held in their inventories. Worse still there is no training undertaken to equip them for their roles.

v. Repair and quality issues: The FGDs revealed the quality of work is generally poor as evidenced by frequent breakdowns in some of the villages visited. The contractors do not always honour their contractual obligation to make good the defects during the stipulated liability period and yet there was no evidence that this condition is enforced by the DTB.

vi. Lack of transparency in selective tendering: It was difficult to determine projects qualifying for this type of tendering, apart from the sub-county

projects, not exceeding Shs 500,000.

vii. Non-prioritisation of sanitation and hygiene:

The emphasis is on construction of water supply facilities. The FGDs revealed there were hardly any hygiene and health education activities except in four villages where NGOs carried out some activities. The lack of health education has resulted in dirty sources and containers, overgrown bushes, silting trenches etc.

Findings from the communities

Community interviews revealed the following PSP issues:

i. Community awareness of PSP activity is extremely low.

There was lack of understanding, on the part of communities, government staff and local leaders, of the private sector processes and the pertinent inter-relationships. Local leaders are not sharing information with communities. This has complicated project monitoring and reduced community ownership as reflected in their reluctance to pay the 10% contribution. This in turn has rendered the DRA policy ineffective and financially affected some sub-county budgets who have had to foot the CCCC bill. Mobilisation for NGO projects on the other hand is very elaborate.

ii. There is little participation in decision-making

The communities are not aware of their entitlements to participate in decisions to acquire a facility, its site selection or type of technology. There is also a long lapse between requests for facilities and response leaving the community in doubt as to whether eventual provision of facilities is in response to their request.

iii. Mechanisms to ensure sustainability are weak

The lack of transparency has undermined trust and discouraged community sustainability mechanisms like contributions for repairs and preventive maintenance. The district supervisory staff e.g. community Development and Health Assistants are inadequate which undermines the mobilisation and monitoring activities and community capacity building to enhance their negotiating power. In nine out of 24 villages the WATSAN committees are not in place and most are not doing their job. Women members are confined to gender stereotyped activities and often not consulted on construction.

iv. There are constraints on monitoring private sector activities by local leaders

The main constraints are:

- ◆ Lack of awareness of the contractual obligations eg the defects liability period
- ◆ Lack of information and guidelines on monitoring, rendering community leaders ineffective
- ◆ Absence of a monitoring structure

The process is largely top-driven often not responding to community complaints, which has compelled some communities to provide their own alternatives, for example in Kabarole district Mwibaale village. Conflicts between contractors and the community have also resulted from lack of information on PS contracts.

v. Environmental issues are not always addressed

Siting of new structures in proximity to old facilities tends to reduce water flow and/or completely dry out the old facility as experienced in Mwibaale

village. The residents are then left with no alternative in case of a breakdown of the new facility.

A discussion of the findings

Overall the research findings indicate that PSP has been instrumental in expanding water supply coverage. In the districts visited, 12 out of 15 villages had a protected water source provided by the private sector. Interaction with the private sector has injected efficiency in the government system as a whole. However, the mechanisms applied tend to undermine sustainability.

On the whole the contracting process is not transparent and brings on board incompetent companies. The emphasis is on “hardware” as opposed to “software” components and has entrenched a supply-driven approach in the PSP process as the communities are not sensitised to question or reject whatever is installed in their localities if it does not meet their needs or interests. There is no obligation or incentive for the private contractor to sensitise the community and there are cases where a supplier has installed what appears to be convenient and not what the people demanded. This approach waters down the importance of pre-construction community mobilisation and active community participation, thus excluding the poor from the crucial stages of project selection, implementation, supervision and monitoring. Thus they remain passive beneficiaries rather than customers.

Further, the staff responsible for mobilising the communities and providing supervisory support do not themselves have adequate information on the private sector contracts and generally lack technical competence in the field. Sanitation and hygiene promotion activities are not given the same weight as the water supply in both hardware and software terms due to inadequate numbers of mobilisers. Parallel to this the

contracting companies themselves lack experience and technical competence and often do sub-standard work, leading to frequent breakdowns which are often not redressed.

There are financial and sustainability implications arising out of the above problems, both at local government and community levels. Lack of transparency has stirred up a reluctance to raise the operation and maintenance fees. Some communities have been compelled to meet repair costs during the defects liability period and others have abandoned the new facilities altogether and reverted to their old unprotected water sources.

Recommendations

In order to ensure that the poor are also served and that the water and sanitation services provided are sustainable, the following roles are recommended to be fulfilled by each stakeholder as follows:

Central government should:

1. Provide detailed guidelines for project planning and implementation
2. Provide funding for software activities eg resource packs, training etc

District level government should:

1. Award contracts through open bidding and stress technical competence
2. Ensure software components are included and strictly supervise contract
3. Provide tender information to the community
4. Provide technical assistance to sub-county extension personnel
5. Train and facilitate communities to form management structures and carry out monitoring and evaluation
6. Ensure hygiene and sanitation are included and implemented in sub-county work plans.
7. Ensure work is successfully completed before payment

Sub- County Level should:

1. Involve the community in selection of site and type of service and sensitise them on their powers and entitlements
2. Provide community tendering and contract information
3. Train them in monitoring, evaluation and maintenance of the facility
4. Ensure timely repair of water sources
5. Set up by-laws to encourage 10% contributions in kind

Communities should:

1. Identify WATSAN problems and demand services from their district
2. Participate in decisions on siting and technology and monitor implementation,
3. Report repairs and breakdowns to the sub-county promptly
4. Monitor and maintain water sources through community structures

WaterAid Uganda
Plot 90
Bugolobi
Kampala
Uganda

Tel. + 256 41505795
www.wateraid.org.uk

UK charity registration
no. 288701

