

**MINISTRY OF FOREIGN AFFAIRS / EMBASSY KAMPALA**  
FILE NO.: 104.UGANDA.814.500

**EXTERNAL GRANT COMMITTEE MEETING: 8 MAY 2013**  
AGENDA ITEM NO.: 3

1. TITLE: Uganda: Joint Water and Environment Programme
2. PARTNERS: Ministry of Water and Environment
3. AMOUNT: 450.0 million DKK (FY 2013)
4. DURATION: July 2013 – June 2018
5. PRESENTATION TO THE PROGRAMME COMMITTEE: 20 April 2012
6. PREVIOUS GRANTS: 1997-2002 (5 yrs.) 422.6 mio. DKK, 10th Sept. 1997  
2002-2007 (5 yrs.) 309.4 mio. DKK, 30th Sept. 2002  
2008-2009 (2 yrs.) 80 mio. DKK, 27<sup>th</sup> Jul. 2007  
2010-2013 (3.5 yrs.) 315 mio. DKK, 18<sup>th</sup> Nov. 2009
7. STRATEGIES AND POLICY PRIORITIES: "The Right to a Better Life"
8. DANISH NATIONAL BUDGET ACCOUNT CODE: 06.32.01.12 Developing countries in Africa - Uganda
9. FMI JOB ID NUMBER: 452.504
10. DESK OFFICER: Grace W. Katuramu/Sanne Frost Helt
11. HEAD OF REPRESENTATION: Dan. E. Frederiksen

**12. SUMMARY:**

*36% of Uganda's rural population lack access to safe water, typically the poorest and most vulnerable. Denmark has supported the water sector in Uganda since 1997; since 2008 jointly with 6 other development partners. In that time, rural water coverage has risen from 32% (1997) to 64% (2012). Ensuring the right to water for the rural population and supporting sustainable management of Uganda's water resources now and for future generations is the focus of the future Danish support. 800,000 additional people will get access to safe water annually. The programme is fully aligned to national plans, structures and systems. Fiduciary/governance risks will be mitigated through close monitoring of sector outcomes, processes and inputs and by high-level policy dialogue with Government through the joint budget support facility.*

**OBJECTIVE AND PROBLEM FORMULATION:**

More than 80% of Uganda's population live in rural areas, including the poorest and most vulnerable. Despite tremendous progress in improving access to water in rural areas from 32% in 1997 to 64% rural coverage rate in 2012, 36% of the rural population still lacks access to clean and safe water. The importance of the sector is clearly recognised by Government of Uganda and water features prominently in its National Development Plan (2010-2015) with emphasis on water for production, water for domestic consumption and water resources management and climate change.

Since 2008, development partners in the water sector – Denmark, Germany, Austria, EU and African Development Bank - have supported the Government through a joint programme. This has provided a framework for harmonised and aligned support with strong accountability and ownership by Government. This joint approach will be continued in the second phase.

Following the merger of Water and Environment into one Ministry of Water and Environment in 2008, it has been decided to integrate environment and climate change into the joint programme. This enables clear synergies between water and environment issues. This is not least important at the local level where management of water resources must factor in how environmental degradation and a changing climate affect available water resources.

The Joint Water and Environment Sector Support Programme thus comprises a holistic support towards the entire sector. It focuses on supply of safe water to the rural and urban populations, water for productive – agricultural etc. - use as well as sustainable management and protection of Uganda's water resources. The programme is fully aligned to the goals and targets of the National Development Plan.

Within the joint programme, the Danish support focuses on the right to safe water for rural Ugandans. In order to ensure sustainable supply and utilisation of water now and for future generations, integrated water resources management coupled with climate change adaptation will be supported as the underlying framework. In a Ugandan context this is particularly important because of a high population growth with consequent increased pressure on natural resources in terms of land and water coupled with increasingly unpredictable rainy seasons.

Compared to the current phase, Denmark's support is further focused in terms of fewer partners and thematic dialogue areas. Sustainability of the Danish support will be ensured through consolidation of sector reforms. This will be in the form of decentralisation from central to regional levels in order to enhance delivery efficiency as well as strengthening maintenance of water supply infrastructure through private sector involvement in order to improve functionality. In addition, institutional capacities across Ministry of Water and Environment as well as at Local Government level will be strengthened.

**CHALLENGES AND UNDERLYING REFLECTIONS:**

Water equals life and access to safe water constitutes a human right. It has a positive impact on the overall level of health – not least child and maternal mortality - and productivity of the population and hence a direct bearing on human well-being and economic growth. The water sector in general is characterised by low levels of funding coupled with a high population growth rate of 3.4%. This means that maintaining, let alone increasing the current coverage is faced with serious challenges given that at the current rate, the population doubles every 25 years. With its contribution to the programme, Denmark can contribute to an additional

800,000 rural Ugandans gaining access to safe water annually. This is a significant contribution towards ensuring a healthy population and thereby social progress of a poor rural population able to claim their rights which again translates into broader economic growth.

#### **PROJECT DESCRIPTION:**

The Joint Water and Environment Sector Support Programme has been developed by Uganda's Ministry of Water and Environment and the water and environment sector development partners for the period July 2013 to June 2018. It is a successor to the on-going programme, ending June 2013, during which an increasingly well developed, Government-led sector programme has helped to establish robust structures and implementation capacities. The sector is today known as one of the best performing sectors in Uganda.

The joint programme has a total of eight components and is supported by Denmark, Austria, Germany, African Development Bank (AfDB), EU and FAO. In addition, World Bank and France will provide closely coordinated support to the sector but outside the joint programme.

1. Sector Programme Support and Capacity Development
2. Rural Water Supply and Sanitation
3. Urban Water Supply and Sanitation
4. Water for Production
5. Water Resources Monitoring, Planning and Regulation (central level)
6. Water Management Zones (decentralised level)
7. Natural Resources Management
8. Weather, Climate & Climate Change

The participating development partners have a division of labour. Urban water supply will be supported by Germany, Austria, EU and AfDB whereas rural water supply will be addressed by Austria, AfDB and Denmark. FAO and France provide support for water for production. Denmark and Austria will further focus attention on water resources management and climate change, the former also supported by World Bank. Denmark, Austria and AfDB support institutional capacities across the sector for consolidation of reforms and systems. The latter is important as it will lead to more efficient use of scarce resources due to greater technical proficiency, but also through governance improvements that will increase domestic accountability and the demand for effective services.

Denmark's support to rural water supply will be provided through Sector Budget Support channelled to local governments. At the district level planning for water infrastructure occurs through the regular bottom-up, participatory district planning process in which sub-county development plans are prepared at community level. These then feed into the district development plans in which maintenance of existing and creation of new water sources is determined based on population density and expected growth as well as current coverage rates in order to ensure equity in distribution and access across the district. On an annual basis, around 2,500 new boreholes and wells will be established in rural areas with at least 2.5 million additional people having access to safe water by the end of the programme.

Denmark will also support a better, more sustainable and equitable distribution and utilisation of water resources. Uganda's water resources follow four river basins (or catchments). Four water management zones have been created according to the underlying basins. During the programme, they will be made operational in terms of decentralisation of existing personnel

from central to regional level. Revision of the Water Resources Act and Policy enabling these changes to be effected is currently in process.

The responsibility for water resources is divided between the centre and the water management zone level and both levels will be supported by Denmark. The central level covers strategic and policy issues such as national water resources planning and policy dialogue, provision of water quality laboratory reference services and trans-boundary water resources cooperation. The water management zones in turn focus on implementing the actual activities including rationing of water use through issuance of user permits and licensing, water quality testing and monitoring to ensure that water is safe for human consumption. At the local, water management zone level the water users and stakeholders are supported to prepare catchment management plans. These plans guide the prioritisation for projects which are used by local governments, water management zones etc. to solicit funds through the government system such as hydropower dams funded by Ministry of Energy, water for irrigation funded by Ministry of Agriculture and water boreholes funded through the Ministry of Water and Environment.

It is at the water management zone level that the linkages between environment, water resources and climate change become most relevant. The natural resources such as forests and wetlands provide natural storage for water resources while also providing a natural purification of polluted water. The degradation of these natural resources is detrimental to safe water provision for both human consumption and for production. Roll-out of the new Climate Change Policy and the associated Implementation Strategy, developed with Danish support are of paramount importance in this regard. These will ensure the development of climate change relevant strategies and actions in the water sector, including protection of boreholes and wells to withstand flooding, drought and to take into account fluctuations in water levels.

#### Programme Management and Review Mechanisms

Ministry of Water and Environment is the implementing agency for the programme. The three Ministry directorates and their respective departments are responsible for the implementation and management of the individual components. All support will be managed through national planning, budgeting, accounting and reporting systems and decision making structures. Programme steering and decision making rest with the Water and Environment Sector Working Group, chaired by the Permanent Secretary, Ministry of Water and Environment. The Sector Working Group is also the forum to ensure overall dialogue and coordination between Government, development partners and NGOs. Operational management will be carried out by the sector coordination unit within the Ministry.

Sector performance is monitored through the annual Sector Performance Report based on an advanced sector M&E framework. Joint annual reviews constitute the fora for stakeholder dialogue and consultation on strategic sector issues. Agreed sector indicators (Annex 3) are closely monitored and targets are evaluated annually during the reviews.

#### Technical Assistance

The need for overall capacity development including long term technical assistance has been determined through preparation of a comprehensive Capacity Development Strategy spearheaded by Denmark. The participating development partners contribute towards various aspects of the technical assistance required. Denmark will provide technical assistance in the

areas of Sector Coordination, Financial Management and Water Resources Management; all at central level, but with frequent interaction with the decentralised levels.

#### Principal Stakeholders and Actors

Stakeholders include the public, private and civil society sectors as well as development partners. In the public sector, the main stakeholders are the Ministry of Water and Environment with its three Directorates, the District Local Governments which are legally charged with service delivery under the Decentralisation Act and lastly Ministry of Finance, Planning and Economic Development. Ministry of Water and Environment is among the best performing ministries in Uganda with well-developed systems, structures and capacities. The private sector relevant to the programme is comprised of infrastructure contractors, operators and consultants. Civil society stakeholders include NGOs and CBOs engaged in service delivery, advocacy, accountability etc. as well as water user committees and associations.

#### Sector financial framework

The total sector budget for the period 2013/14 to 2017/18 is DKK 5.3 bill. Out of this, Government of Uganda contributes DKK 2.1 bill., development partners provide DKK 1.3 bill. within the joint programme and DKK 1.9 bill. outside the joint programme as project support. The Danish support towards rural water supply provided as Sector Budget Support is transferred in entirety to the districts. At district level, 70% is used for new infrastructure and 11% for rehabilitation of existing installations. For integrated water resources management, 60% of the programme budget is transferred to the water management zones and 40% caters for central level activities.

#### Links and Synergies with other Danish Support to Uganda

Denmark's support to water links to a number of on-going and planned Danish interventions. Integrated water resources management strengthens the sustainable utilisation of water resources for domestic and productive use, hence supporting the green growth path promoted through the Growth Programme focusing on business and agricultural development. The programme further ties in the significant Danish support to climate change since 2008 by mainstreaming the support into the joint programme. The water support also directly draws upon the Danish funded, multi-donor Democratic Governance Facility to support civil society organisations in their work to engage communities in bottom-up planning processes and holding authorities accountable through monitoring of delivery and quality of civil works. Lastly, HIV/AIDS is mainstreamed in the water sector through the sector HIV/AIDS strategy which guides sector personnel and private sector contractors on mainstreaming HIV prevention into community mobilisation and sensitisation activities etc.

#### **PREVIOUS RESULTS:**

Denmark has supported the water sector in Uganda since 1997 and is currently the largest bilateral development partner to the sector. During this time, rural access to safe water has increased from 32% to currently 64%. Uganda is on-track in terms of achieving the MDG target for rural access to safe drinking water and has set an even more ambitious national target (77%) for itself. On an annual basis, the Danish support has contributed to 800,000 additional Ugandans achieving access to clean and safe water. The sector is known as the best performing sector in the country among others due to a robust performance measurement framework. This is not least due to the concerted and harmonised support from a core group of development

partners. This was confirmed by the midterm review of the current phase which found that the programme had used and strengthened existing systems and supported government policies and strategies.

#### **SPECIAL CONSIDERATIONS AND PRIORITIES:**

The Danish support is guided by “The Right to a Better Life”, the strategy for Denmark’s development cooperation. It has a strategic focus on Green Growth by emphasising sustainable and resource-efficient management of natural resources and by promoting poor people’s right to safe water. With integrated water resources management and climate change adaptation as the underlying foundation for the support, the programme enables prioritisation of water resources between domestic and productive uses; thereby contributing to a green growth path for Uganda.

Denmark’s support applies aid effectiveness principles of ownership, alignment, harmonisation, results and mutual accountability by supporting Uganda’s plans and priorities as outlined in the National Development Plan, aligning to government structures and procedures and harmonising support with other main development partners.

A Human Rights Based Approach is applied by addressing the realisation of the human right to safe water. Duty-bearers (Ministry of Water and Environment and District Local Governments) are enabled to increasingly meet the right of the rural population to access safe water in a transparent, accountable and equitable manner. Right-holders (communities) will be strengthened to actively participate in planning processes as well as to hold the duty-bearers accountable for the utilisation of resources. This support will be provided within the programme through strengthened bottom-up, participatory planning processes at district level and establishment of water user committees. Gender considerations are addressed through the sector indicator on women’s participation in key positions in the water user committees.

#### **BUDGET:**

Danish funds will be provided through four channels: Two main modalities (on budget) – Sector Budget Support (SBS) and the Joint Partnership Fund (JPF) plus two complementary off budget modalities namely Programme Management Support and Technical Assistance.

The SBS modality is applied for the support to rural water supply. This is considered the most effective, efficient and equitable means of delivering water supply nationwide to all 112 districts of the country. The SBS is linked to the Joint Budget Support Framework (JBSF) which enables Denmark to participate in the overall policy dialogue with Government and other development partners within the Budget Support Group. Through the JBSF mechanism the achievement of key sector targets are monitored and assessed annually, creating a direct link between performance and disbursement. In addition, the sector has an advanced and well-functioning performance measurement framework within which water sector indicators (Annex 3) are monitored during joint sector reviews. As a consequence of recent mismanagement scandals in the Office of the Prime Minister, additional safeguards will be introduced to the Danish support to allow for closer monitoring of the flow of funds, follow up on audit findings and achievement of sector targets. This will among other things be done through introduction of additional auditing mechanisms.

The JPF modality is a basket mechanism with the purpose of supporting capacity development across the Ministry structures in addition to studies, piloting of new approaches and oversight of climate change and sector performance. The mechanism is anchored in the Ministry of Water and Environment and agreed plans are formulated by Government in accordance with the Government budget cycle process and presented to and approved by the Sector Working Group. This ensures that approaches are harmonized between development partners. Denmark's contribution to the JPF is ring fenced for water supply, water resources and climate change activities. Support for capacity building covers the entire sector.

	Year					(mio. DKK.)
	2013/14	2014/15	2015/16	2016/17	2017/18	
Component A: Sector Budget Support for Rural Water Supply	58.1	58.1	58.1	58.1	58.1	290.5
Component B: Joint Partnership Fund (basket)						
- Integrated Water Resources Management	27.5	27.5	27.5	27.5	27.5	137.5
- Climate Change Mainstreaming						
- Sector Programme Support and Capacity Development						
Long term technical assistance	1	2	2	2	1	8
Administration/Review	0.8	0.8	0.8	0.8	0.8	4
Total of allocated funds	87.4	88.4	88.4	88.4	87.4	440
Unallocated funds	1	1	3	3	2	10
<b>Total</b>	<b>88.4</b>	<b>89.4</b>	<b>91.4</b>	<b>91.4</b>	<b>89.4</b>	<b>450</b>
<b>Other donors</b>						<b>874.5</b>

The allocation for Component B will be distributed among the sector priorities on an annual basis according to the work plans agreed on in the Sector Working Group.

Unallocated funds are to among others cater for testing of new technologies and for civil society support in the event that a multi-donor basket for civil society support within the programme materialises.

#### SIGNIFICANT RISKS:

The joint programme document contains a comprehensive and detailed list of potential risks and mitigating measures to be applied. Of particular relevance for the Danish support are:

1. Fiduciary and governance risks particularly relating to flow of funds between central, regional and district level as well as procurement. Following the 2012 scandal involving mismanagement of funds provided to the Office of the Prime Minister, Government has introduced a range of strengthened measures to control funding flows and close identified loopholes. A comprehensive Fiduciary Risk Assessment/Funding Options Analysis clearly recommended maintaining SBS as main modality for support to rural water supply, but with strengthened safeguards. Mitigation efforts include strengthening monitoring of 1) outcomes/outputs in terms of whether sector targets are met, 2) actions/processes including conducting technical/procurement/value for money audits and monitor follow up

on annual audit findings as well as 3) the input/funding issues to closely follow the flow and level of funds from Denmark to districts, development in unit costs etc.

2. Decreasing and inadequate sector funding which jeopardises already made achievements and attainment of agreed sector targets. This is further aggravated by the high population growth and creation of new districts. Mitigation efforts will include ensuring greater efficiency in the sector through capacity building combined with high level dialogue with Government within the Joint Budget Support Framework as well as at sector level. As an additional measure, Denmark will seek to introduce a clause on additionality in the Joint Financing Agreement/Bilateral Agreement between Denmark and Uganda.
3. Increasing number of districts leads to a fragmentation of the district capacities and human resource constraints. Currently there are 112 districts. The President has recently announced a temporary stop to creation of additionally 23 districts planned. Creation of new districts affects establishment of water infrastructure given that a portion of the District Conditional Grants is allowed to be spent on administrative start-up costs for the water office in a new district. This matter is effectively beyond the scope of the sector; however mitigation efforts involve requiring Government counterpart funding to cater for the administrative set-up in new districts and strengthening the technical support units to reinforce their support to the water offices particularly in the newly created, often administratively weaker.

## ANNEX 1 - PARTNERS:

### **Ministry of Finance, Planning and Economic Development**

The Ministry mobilises funds, allocates them to sectors and coordinates donor inputs. The Ministry reviews sector plans as a basis for releasing allocated funds, and reports on compliance with sector objectives.

### **Ministry of Water and Environment (MWE)**

The Ministry has three directorates: Directorate of Water Development, Directorate of Water Resources and Directorate of Environment Affairs. The Danish support goes to the first two directorates plus the Climate Change Unit which is a separate unit. The Ministry has the overall responsibility for initiating national policies and for setting national standards and priorities for water and sanitation development and management. The Ministry shows strong efforts to foster integrated planning with other relevant line ministries (e.g. Memorandum of Understanding on Sanitation and Memorandum of Understanding on Water for Production).

- **Directorate of Water Development** is the Government's lead sector agency for water supply and sanitation. It is responsible for i) regulation, ii) law making and policy, iii) overall planning, iv) financial assistance and funding v) overall monitoring as well as evaluating functions and vii) provides support services and capacity development to Local Governments and other service providers. The Directorate has organised itself around three departments: Rural water supply and sanitation, Urban water and sanitation and Water for production.
- **Directorate of Water Resources** is responsible for i) monitoring and assessing the quality and quantity of water resources; ii) storing, processing and disseminating water resources data and information to users; iii) providing advice and guidance to water development programmes; iv) providing advice on management of trans-boundary water resources relating to Lake Victoria and the River Nile under the auspices of the East African Community, Nile Basin Initiatives and the African Ministers' Council on Water; and, v) regulating water use through issuing of water permits and providing water quality analytical services. The Directorate is comprised of three departments namely; Water Resources Monitoring and Assessment, Water Resources Planning and Regulation and Water Quality Management.
- **Directorate of Environment Affairs** is mandated to handle environment management issues. It is responsible for i) Environment Policy formulation, ii) regulation, iii) monitoring, and iv) coordination across ministries as well as v) provision on oversight on agencies in the Environment and Natural Resources sub-sector. The Directorate is comprised of four departments: Environment Support Services, Wetlands Management, Forestry Support Services and Meteorology.

## **Climate**

- **e Change Unit** is currently a project under the Ministry of Water and Environment. It was established as a unit in 2008 and reports directly to the Permanent Secretary. In the proposed restructuring of the Ministry it will be a department under the Directorate of Environment Affairs. Its mandate is to i) coordinate climate change activities within and across sectors, ii) develop the capacity for climate change mainstreaming awareness within the sector at all levels, iii) facilitate adaptation activities in Uganda and iv) ensure climate proof development planning within all departments.

## **Local Governments**

The Local Governments are responsible for implementing the rural water supply and sanitation plus the water for production. The funds flow directly from Ministry of Finance, Planning and Economic Development. In addition they are responsible for implementation and Operation and Maintenance with the users/customers, with whom they closely cooperate.

At district level, District Water and Sanitation Coordination Committees have been established. Their membership consists of administrative and political leaders, technocrats and NGO/CBO representatives. The role of the Committees is to oversee the implementation of Water and Sanitation programmes and to strengthen collaboration and coordination with other sectors.

## **NGOs/CBOs and Private Sector Organisations**

NGOs and CBOs play an important role in implementing Water and Sanitation schemes and in assisting and encouraging communities to assume responsibility for Operation and Maintenance. They closely interact with users/customers and often support communities as their “honest brokers” to the local and central government. About 200 NGOs/CBOs are registered under their umbrella organization Uganda Water and Sanitation NGO Network. The Government is increasingly recognising the contributions and involvement of the civil society organisations to sector performance.

Under this phase limited contribution towards will be provided through the government under component 1 mainly to coordinate NGO input to the sector performance monitoring framework. The Uganda Water and Sanitation Network (UWASNET) will be encouraged to apply for funding under the Democratic Governance Facility to which Denmark contributes. Mainly to build the capacity of their constituency in bottom up planning processes and furthering the knowledge of the available means to hold duty-bearers accountable for failure to protect, respect and fulfil rights as well as monitoring of amongst others water infrastructure at the district and lower levels.

## **Private Sector**

Private sector firms undertake design and construction in water supply and sanitation under contract to local and central Government. Private hand-pump mechanics and scheme attendants provide maintenance services to water users in rural and peri-urban areas. Private Operators manage piped water services in small towns and rural growth centres. Private Forest Owners including Local Communities with registered forests are legal forest management

authorities. In addition, the private sector plays an important role in terms of commercial tree plantation development as well as promoting wood based industries and trade.

## ANNEX 2 - BACKGROUND FACTS:

Uganda's GNI per capita was 510 USD in 2011 (World Bank). The country has demonstrated remarkable economic growth during the 1990's and in the last 10 years it has been around 7 per cent on average. However, due to the financial crisis, the growth rate topped in 2009 at 7.2 per cent, and has since dropped to 3.4 per cent in 2011/12, with World Bank predictions of 4.5 per cent for Financial Year 2012/13 accompanied with an inflation rate of around 6 per cent. The economic benefits of the recent discovery of an estimated 3.5 billion barrels crude oil are yet to be realised, and production may not commence before 2017, as this is dependent on the establishment of a national oil refinery. However, Uganda's continued cooperation in trade with the East African Community has resulted in an increase in the export of goods and services to Tanzania and Kenya by 161 per cent. Uganda has an estimated population of 36.8 million with one of the world's highest population growth figures of 3.3 per cent (World Bank). Thus, the population growth affects the economic growth rate as it is partly crowding out the GNI per capita growth, which has been estimated at 4 per cent 2000-09.

Between 1992 and 2010 Uganda succeeded in reducing the poverty rate from 56 per cent of the population to 24.5 per cent having thus successfully met its 2015 target. In spite of these positive trends around 46 per cent of the population still live in extreme poverty in Northern Uganda (2.84 mill.) as a result of more than 20 years of conflict which ended in 2006.

The Second round of Presidential and Parliamentary multi-party system elections, which had been restored in 2005, were held on February 18th, 2011. Current President Museveni and his Party (NRM) gained 68 per cent of the votes cast, 42 election points ahead of former Forum of Democratic Change (FDC) and opposition leader Kizza Besigye (26 per cent). Next Presidential and Parliamentary Elections are scheduled for 2016.

Corruption is still a major challenge both at political level and within the civil service and both national and international indicators suggest that corruption in Uganda is significant. Out of 180 countries surveyed by Transparency International, Uganda slipped 19 places within two years (from 111 in 2007 to 130 at the close of 2009) in the Corruption Perception Index. In 2010 Uganda was ranked as number 127 reflecting stagnation in the corruption trend. This positive trend, however, reached its turning point in light of the recent scandal involving the Office of the Prime Minister, the Ministry of Finance, Planning and Economic Development and the Bank of Uganda, in which funds of 22.9 mill. Euro (of which Danida contributed 10 mill. DKK) for the Peace, Recovery and Development Plan for Northern Uganda (PRDP), were misappropriated. This has resulted in an unprecedented coordinated disciplinary response by Development Partners to temporarily suspend aid through Government. A seven point plan of conditions to be fulfilled before disbursements can recommence has been put in place, and is currently being monitored between Government and development partners.

Uganda has progressed well in the integration of human rights into national politics over the past 10-15 years. While Uganda passed an Anti-Torture Law in 2012, overcrowded prisons and police brutality still remain a problem. Freedom of expression in the media is very liberal in Uganda, but in the run-up to the last elections an increase in harassment against journalists was witnessed.

### ANNEX 3 - INDICATORS:

The below matrix contains the Ministry of Water and Environment indicators and targets for the water sub-sector, commonly referred to as “The Golden Indicators”. They form the basis of the comprehensive performance measurement system for the sector. Similar indicators (The Platinum Indicators) have been developed for the environment sub-sector. They are however not as well developed and monitored and are not relevant for the monitoring of the Danish support to the programme.

At present the targets only reach 2014/15 as this coincides with the government’s 3 year planning cycle and the 2015 MDG targets. Targets for 2018/19 will be set in 2015.

Indicators 1, 2, 3, 5, 7, 9, 10 and 11 constitute the prime indicators for the Danish support to the sector.

Indicator		Achievement								Targets			
		04/5	05/6	06/7	07/8	08/9	09/10	10/11	11/12	11/12	12/13	14/15	
1. <b>Access</b> % of people within 1 km (rural) and 0.2 km (urban) of an improved water source	Rural	61%	61%	63%	63%	65%	65%	65%	64%	64%	66%	77%	
	Urban	-	51%	56%	61%	66%	67%	66%	69%	68%	69%	100%	
2. <b>Functionality</b> % of improved water sources that are functional at time of spot-check (rural/WfP). Ratio of the actual hours of water supply to the required hours (small towns)	Rural	82%	83%	83%	82%	83%	80%	83%	83%	82%	82%	90%	
	Urban	No data	93%	82%	89%	89%	90%	91%	84%	85%	86%	95%	
	WfP	-	-	35%	23%	23%	26%	24%	67%	33%	70%	90%	
3. <b>Per Capita Investment Cost</b> Average cost per beneficiary of new water and sanitation schemes (US\$)	Rural	\$31	\$35	\$38	\$44	\$43	\$41	\$47	\$44	\$52	52	\$45	
	Urban	\$72	\$93	\$58	\$93	\$64	\$46	\$40	\$38	\$77	70	\$85	
4.1 <b>Sanitation</b> % of people with access to improved	Rural	57%	58%	59%	62%	68%	70%	69.8%	69.6	73%	73%	77%	
	Urban	-	-	-	74%	73%	77%	81%	81%	85%	82%	100%	
4.2 <b>Sanitation:</b> Pupil to latrine/toilet stance ratio – schools		57:1	61:1	69:1	47:1	43:1	54:1	66:1	69:1	50:1	50:1	40:1	
5. <b>Water Quality</b> % of water samples taken at the point of water collection, waste	Protecte d Source - Rural	e. coli	Sample data only				70%	57%	93%	93%	93%	95%	95%
	Treated Drinking Water Supply -	e. coli	-	95%	95%	97%	83%	100%	100%	100%	100%	100%	100%
		colour	-	-	69%	80%	-	92%	72%	88%	100%	95%	100%
	Waste	BOD <sub>5</sub>	-	-	12%	60%	15%	47%	26%	40%	60%	55%	60%

Indicator			Achievement							Targets			
			04/5	05/6	06/7	07/8	08/9	09/10	10/11	11/12	11/12	12/13	14/15
discharge point that comply with national standards.	water	Phosph			26%	-	-	-	-	-	50%	45%	50%
		TSS			40%	67%	100%	61%	61%	45%	67%	65%	67%
6. <b>Quantity of Water</b> Cumulative water for production storage capacity (million m <sup>3</sup> )							17	21.2	26.5	27.2	25	28.0	29
7. <b>Equity</b> Mean Sub-County deviation from the National average in persons per improved water point			-	-	-	243	178	159	114	160	150	120	150
8. <b>Handwashing</b> % of people with access to (and using) hand-washing facilities.	Household	-	-	14%	21%	22%	21%	24%	27%	28%	295	50%	
	School	-	-	41%	-	31%	33%	33%	35%	37%	38%	50%	
9. <b>Management</b> % of water points with actively functioning Water & Sanitation Committees (rural/WfP)/Boards (urban).	Rural	-	-	63%	65%	68%	70%	71%	72%	75%	80%	95%	
	Urban	-	-	-	65%	69%	89%	71%	73%	92%	90%	95%	
	WfP	-	-	-	31%	29%	65%	68%	79%	70%	80%	75%	
10. <b>Gender</b> % of Water User committees/Water Boards with women	Rural	-	-	87%	63%	71%	85%	81%	82%	75%	85%	95%	
	Urban	-	21%	18%	71%	15%	37%	39%	45%	47%	50%	95%	
	WfP	-	-	-	63%	61%	68%	48%	57%	75%	60%	75%	
11. <b>Water Resources Management Compliance</b> % of water abstraction and discharge permits holders complying with permit conditions conditions (note that before FY 2011/12, indicator referred to permit validity only; this year, for wastewater discharge, compliance to water quality conditions was taken).	Wastewater discharge	-	-	-	-	40%	44%	46%	22%	49%	53%	55%	
	Surface water abstraction	-	-	-	-	65%	64%	73%	60%	71%	70%	75%	
	Groundwater abstraction	-	-	-	-	55%	63%	67%	60%	71%	70%	75%	

**ANNEX 4 - APPROVED RESPONSE BY REPRESENTATION TO SUMMARY OF RECOMMENDATIONS IN THE APPRAISAL REPORT:**

<b>Title of programme support</b>	<b>Joint Water and Environment Sector Support Programme, (JWESSP), Uganda</b>
<b>File number</b>	<b>104.Uganda.814-500</b>
<b>Appraisal report date</b>	<b>14.10.2012</b>
<b>Board meeting date</b>	<b>08.05.2013</b>
<p><b>Summary of possible recommendations not followed</b> (To be filled in by the Representation)</p> <ul style="list-style-type: none"> <li>- <u>DAT recommended increasing the Sector Budget Support component of the Danish contribution.</u> Based on the current environment it is the assessment of the Embassy that time is not ripe to increase the SBS allocation from the already envisaged 64.5% of the grant. Further details are provided below under Ad 5) in the Danish specific recommendations.</li> </ul>	
<p>An external consultancy team from Groentmij (JAT) carried out the joint-appraisal. A separate Danish appraisal team (DAT) cooperated intensively with the JAT and had a specific focus on areas of Danish interest. In order to ensure commonality on the JAT's recommendations the Danish appraisal team has only made specific recommendation in areas of specific Danida interest not covered by the JAT. The Danish team do in general agree with the recommendation of the JAT, although it would have been desirable with a clearer distinction between findings, conclusions and recommendations and the wording of these and a prioritization between the considerable numbers of recommendations. As it is not possible to present all the recommendation here as they make up more than 10 pages, only the summary of recommendations made the JAT and the specific recommendation made by the Danish part of the appraisal team are included in the main text. The full number of recommendations is included in annex1. Unless otherwise mentioned the included recommendation stems from the JAT.</p>	

## **RECOMMENDATIONS MADE BY THE JOINT APPRAISAL TEAM**

“Overall the JAT assesses the Programme positively subject to a revision of the Programme Document (PD) according to the elaborated guidelines and the recommendations in Chapter 3 of this appraisal report. The amendments to the Programme Document required to comply with the qualification to this positive assessment are also referred in section 3.4 and detailed in Annex 11. Some of the key issues to be addressed during finalisation of the Programme Document are abstracted from Chapter 3 and highlighted below.

The PD is generally found to have an appropriate overall structure and to provide a general framework for cooperation between DPs and GoU, but in its current contents it is far from sufficient for those DPs who must use it as a basis for funding.

The general assumption under the entire programme is that the MWE will have the present proposed restructuring approved and funded. The JAT finds that, given the current budget cap on all public sector entities with a freeze on recruitment and the general lack of budgetary priority to the sector, it is not certain that this restructuring will happen. This is a major factor of uncertainty in the programme and needs to be addressed by identifying the nature of the risk involved and the mitigating actions proposed.”

### **A: Overarching recommendations**

“It is recommended that the Programme document is revised in accordance with the guidelines included in Annex 11 and the recommendation included in this appraisal report. The process needs clear guidance from the top level of the ministry.

Key issues recommended to be addressed are:

- 1 It is critical that the document provides strategic direction based on existing policies and strategies in place;
- 2 It is also critical that assumptions and risks are addressed at both the programme and component/theme levels and that mitigating measures at programme, component and district levels are described;
- 3 It is critical that institutional capacity for implementation of expected activities is addressed at programme and component/theme levels including the risks and mitigation interventions in connection with the proposed re-structuring processes, both for the MWE as well as the LGs;
- 4 It is further critical that decision structures are clearly defined at programme and component/theme levels;
- 5 Budgets should be detailed to output-level and comprise indication of funding sources and type of expenditure (recurrent/development) for each budget item
- 6 The effectively stagnating, and possibly reducing, GOU budget situation should be addressed together with the problem of additionality of GOU funding and mitigation

measures identified;

- 7 The issue of the re-design of the WRM/WMZ component is critical for the overall programme and needs to be addressed as a key issue as detailed in section 3.3;
  - “The revised JWESSP is recommended to include a clear description of how coordination and cooperation between WB, NBI and GIZ entities / programmes will take place and adjust activity level to the staffing level envisaged in the restructuring proposals for MWE and to what can be sustained. This would also include: a). Revision of activity plans and budgets, b). Adjustment of need consultancy input provided the support from NBI.”
- 8 The Interlink/synergies between components are not addressed satisfactorily at de-concentrated levels, and need to be strengthened, This is particularly the case for capacity development and climate change;
- 9 Lack of operational integration of cross-cutting issues in component descriptions needs to be rectified;
- 10 The SBS funding mechanism not described in the PD in general and particularly in the RWSS component should be described. This includes the elaboration of a component description identifying key issues, implementation strategy, performance monitoring framework, dialogue mechanisms etc. as further described in section 3.3;
- 11 Rational for additional structural staffing resources and recurrent costs needs to be described and assessed in terms of institutional feasibility and sustainability in component descriptions;
- 12 Rational for additional TA needs to be described and assessed in terms of institutional feasibility and sustainability in component descriptions and the CD study;
- 13 There is a need for greater integration in implementation – e.g. WRM-WAT-SAN-ENR-CC – but also related to donor coordination & within ENR and greater coordinated development between these sectors and different DPs to achieve sustainable balance between resource conservation and utilisation, e.g. water for production and domestic supply. In ENR/CC in particular but also SAN this close integration at operational level needs to be linked to strengthening of their institutional capacity in order to allow them to play a balanced role as equal partners. Examples are included in section 3.3;
- 14 Conflicting procedures from different development Partners, in different but closely interacting programmes having a negative impact on de-concentrated structures and de-centralised authorities and communities needs addressing and mitigating proposals incorporated.”

**B. “In addition the following issues are key component/theme level issues that need to be addressed as a matter of priority:**

1. Sanitation and hygiene promotion has in the past received much less attention than water supply and has been seriously underfunded, which is recognised in the draft PD. However, sanitation and hygiene promotion is still under-funded compared with the many issues to be

addressed and the funding for sanitation and hygiene under the JWESSP should thus be significantly increased, with adequate funding for each of the three focus areas: demand, supply and the enabling environment.

2. Functionality is now an increasing issue but the reasons are not clear at present (e.g. the extent to which low functionality is a result of poor O&M practices, or the result of facilities having come to the end of their expected lifespan?). Such an analysis is paramount to determine actions to be taken (more emphasis on O&M, increase of funding for facility rehabilitation/repairs etc.). It is beyond doubt however that a major constraint to enhanced functionality is the lack of adequate O&M at user level and a widespread unwillingness to pay for O&M in rural areas as a result of an understanding, fuelled by the approach of some DPs and local politicians, that water is a free commodity provided by government. The JAT considers the present practice of using JPF funds for replacement and rehabilitation an insufficient and unsustainable response to this issue.
3. In addition several joint reviews are recommended to be carried out during the course of implementation as follows:
  - A joint but external review of the RWSS component to look into all issues. To be carried out as part of the joint technical review planned for the spring 2013
  - An external joint review on JPF to be held in 2013/14
  - A joint review on WRM to be carried out in 2014.
4. The JAT finds that the period of time allocated to a process consultant for addressing these amendments is insufficient to effectively assist the Programme Preparation Committee in its work in finalising the Programme documentation. While the total time input is probably adequate, the process will require to be carried out over a longer period of consultation and response in order to address effectively.”

The detailed recommendations made by the joint appraisal team are included in annex 1. These need to be addressed during the revision of the Programme Document.

#### **FOLLOW UP BY REPRESENTATION:**

Following the Joint Appraisal of the JWESSP, the Programme Document has been revised in terms of flow and content based on the specific recommendations of the JAT/DAT to provide the level of detail required for the development partners (incl. Denmark) basing their approval of funds on the joint Programme Document.

In order to reach agreement on the key DAT concerns around the issues of i) Organisational/Staff structure, ii) Regional Water Resources laboratory, iii) Water Resources Institute and iv) integration of cross cutting issues, a meeting was held between the Ambassador of Denmark and the Minister of Water and Environment. In the meeting a *pour memoire* was handed over to the Minister and a formal response was subsequently received by the Embassy, indicating the Ministry's agreement and intended follow up.

JWESSP is a joint programme being supported directly by 5 development partners and indirectly by 2 partners. Each development partner has its focus areas within the overall joint Programme. For Denmark these are Rural Water Supply, Integrated Water Resources Management, Climate Change and Capacity Building. The above recommendations made by the JAT by nature cover the entire

Programme. In general, all recommendations made by the JAT have been taken into account in the finalisation of the Programme Document. In the following, the Embassy highlights the follow-up done in the areas relevant to the Danish contribution into the Programme.

Staffing structure: The envisaged staff structure in the JWESSP has been adjusted to the current, approved Ministry structure instead of the envisaged future structure. The sector still envisages approval of the new structure but agrees with the JAT that this process entails a degree of uncertainty. The staffing structures may then be adjusted once the restructuring process is finalised and approved. The staff resources in the revised Programme Document are budgeted for by Government. As part of the Programme preparatory activities, a five year Capacity Building Strategy has been carried out with Danish support and this has informed both the capacity building activities as well as provided the basis for analysis of the technical assistance (TA) requirements. During the mid- term review of the Programme, the TA needs will be looked reviewed.

Assumptions and risks: Assumptions and risks have been substantially addressed at both the programme and component levels and mitigating measures at programme and component level have been developed.

Water Resources Management: The removal of Water Resources Institute from the programme document, rationalisation of establishing regional laboratories with a focus in only two under the programme. In addition clarity on the roles and responsibilities between the Central Water Resources Management component and the regional Water Management Zones.

Sector Budget Support: The SBS funding mechanism for the Rural Water Supply and Sanitation component has been described in the Programme document including an elaboration of a component description identifying key issues, implementation strategy, performance monitoring framework, dialogue mechanisms etc.

Decision making structures: The sector has an elaborate and well-functioning structure for coordination. The highest decision making level for the JWESSP is the Water and Environment Sector Working Group which brings together Government and development partners. In addition there are two sub-sector working groups for water and environment respectively. In parallel to the two sub-sector working groups there are two Development Partner Working groups where issues of information sharing and harmonisation of approaches are dealt with. This has been described in more detail in the revised Programme Document.

Sector budget situation/additionality: Budget issues including the stagnating/reducing Government budget have been addressed through dialogue with Ministry of Water and Environment as well as Ministry of Finance. The issues around additionality are elaborated in the dialogue issues and mechanisms within the Programme Document. A clause on additionality has been included in the draft Joint Financing Agreement and will also be included as one of the triggers in the Government to Government Agreement for the Danish support to the JWESSP.

Functionality: This is an area of concern and the sector has initiated a study which is looking into the Operation and Maintenance of facilities and one recommendation is to revamp the whole concept of Community Based Maintenance system. Denmark is following up this issue keenly in order to ensure sustainability of the facilities.

Sanitation and hygiene promotion: During the current phase hygiene and sanitation was a stand alone

component with a dedicated budget-line, this further delineated the cross cutting nature of water , hygiene and sanitation. The lesson learnt was to make hygiene and sanitation an integral part of the rural water and urban water components. This issue of budgets for hygiene and sanitation will form part of the general dialogue issues as stipulated in the programme document, due to the limited resources at the Embassy, this will not form part of the Danish priority areas of dialogue as shared and agreed during the MFA Programme Committee meeting held in April 2012.

Links and synergies between components: The programme document has elaborated mechanisms for ensuring synergies between components as well as integration of the cross cutting themes like climate change and environment. At a practical level integration in implementation will be achieved at the Water Management Zones (WMZs) through the implementation of catchment based planning and implementation.

Proposed reviews: The JAT proposes a number of reviews to be carried out. The Embassy/the Sector (partners and Government) agree however the planned timing of the reviews differs from the JAT recommendations. A mid-term review of the programme is envisaged in 2016 and the technical reviews proposed by JAT will be carried out prior to the mid-term review (i.e. during 2014/2015) and feed into the review.

<b>Specific recommendation made by the Danish appraisal team on the Danish Support.</b>	<b>Follow up by the Representation</b>
<p>1. More time should be provided for the revision process as proposed by the JAT.</p> <p>2. Presentation to the Board be postponed to ensure sufficient time for the revision</p>	<p>Ad 1) <u>Done</u>. The deadline for revision of the Programme Document based on the appraisal recommendations was extended from October to December 2012.</p> <p>The revised Programme Document has then undergone review by partners to ensure its compliance with the appraisal recommendations in terms of flow, content and substance.</p> <p>Ad 2) <u>Done</u>. The presentation to the Board of Danida was delayed from originally planned Oct. 2012 to presenting to the new Ext. Grants Committee 8 May 2013.</p>
<p>3. As consequences of the decision to provide earmarked funding for the water sector (but un-earmarked for the sector) and climate within the JPF and for mainstreaming of capacity development and climate throughout MWE, the JWESSP budget</p>	<p>Ad 3) Done.</p>

<p>overview should be adjusted accordingly.</p> <p>4. It should be indicated that CC funding should be allocated for sector interventions e.g. as SBS for rural water supply when climate being integrated in district development plans.</p> <p>5. That app. 50% of the Danish funding currently earmarked for WRM through JPF is transferred to SBS for rural water supply and sanitation, and the issue of additionality is addressed in the Government-to-Government agreement.</p>	<p>Ad 4) Done-see below Ad 5</p> <p>Ad 5) The allocation towards WRM has been decreased based on the appraisal recommendations to reduce the scope and ambition of the central level WRM activities. In addition, the issue of additionality has been included in the Joint Financing Agreement and will also be reflected in the Government-to-Government Agreement.</p> <p>On the issue of increasing the SBS allocation, subsequent to the appraisal mission, a case of mismanagement of from a number of development partners, incl. Denmark was discovered by Uganda's Auditor General. The support was intended for Government of Uganda's Poverty Reduction and Development Plan for Northern Uganda, hence <i>not</i> related to the SBS provided under the water programme. However, development partners opted to freeze further disbursements to the Government pending the satisfactory implementation of an agreed action plan by Government of Uganda. This work is on-going and significant progress has been noted by development partners.</p> <p>In view of these developments, the Embassy decided to commission an external review of the envisaged funding modalities in the new phase of the water programme with a view to determining the fiduciary risks of both SBS and the joint basket mechanism, JPF and suggest 1) what would be the recommended modalities going forward and 2) what additional safeguards and checks &amp; balances should be put in place to minimise the risks of mismanagement.</p> <p>This study was carried out in January 2013 with sparring from UFT (input on TOR, briefing of consultant and video conferences during the mission). The outcome of the study was shared</p>
---	--

	<p>with UFT.</p> <p>The consultant report recommends continuing with the combination of SBS, JPF and technical assistance as significant synergies exist between the three modalities. Additional safeguards have been agreed and M&amp;E framework for the SBS developed. However, in the current environment it is the assessment of the Embassy that time is not ripe to increase the SBS allocation from the already envisaged 64.5% of the grant. Instead the saving resulting from the reduced scope for the WRM central level component will be used within the JPF for implementation of catchment planning and management/implementation activities within the Water Management Zones and climate change adaptation as well as operationalization of the capacity building strategy.</p>
<p>6. That the Danish Embassy takes the lead in the proposed Review of the JPF.</p> <p>7. That Danish funding will provide earmarked funding through JPF for water and climate change, and allowing for funding of mainstreaming of climate and capacity development directed towards the full MWE</p>	<p>Ad 6) <u>Agreed, but to be carried out after commencement of Programme.</u> The Danish Embassy is in agreement with taking the lead of the JPF review. The timing of the review will be carried out in 2015 and will feed into the mid-term review of the Programme at which stage possible agreement can be reached on changes required to the JPF.</p> <p>Ad 7) <u>Done.</u> The JWESSP budgets have been adjusted accordingly.</p>
<b>Recommendations by the appraisal</b>	<b>Follow up by the Representation</b>
<b>Follow-up to the recommendations of the MFA Programme Committee</b>	
Follow up on several of the decisions made in	

<p>the Danida's Programme Committee are subject to many of the same comments made to the JWESSP. Therefore only a few key topics will be highlighted here.</p> <p>8. The JWESSP does not mention the synergies between SBS and GBS for rural water supply. As mentioned in this report as well as in the Joint report, a sub-component/theme description for the SBS to rural water supply and sanitation should be prepared to include performance monitoring of the SBS provided to the rural districts to supplement the JBSF to improve sector specific monitoring.</p>	<p>Ad 8) Budget support (SBS <i>and</i> GBS) is dealt with within the Joint Budget Support Framework (JBSF), applying the Joint Assessment Framework (JAF) for assessing Government performance and the synergies are found within this set-up. The fact that Denmark applies SBS as one of the modalities of support to Uganda provides the basis for forming part of the JBSF/JAF dialogue.</p> <p>In future, the JAF/JBSF will be simplified and there will be less detail on the specific JAF sectors. Water for instance will only have two indicators. This is naturally insufficient for monitoring of and dialogue on the SBS under JWESSP. Compliance with the JAF/JBSF conditions will be a necessary, but <i>not sufficient</i> condition for release of the SBS. An external study was commissioned by the Embassy to help analyse and identify fiduciary risks around SBS and recommend appropriate safeguards. This has resulted in an expanded monitoring framework for SBS within JWESSP with particular emphasis on the regular sector dialogue mechanisms. These aspects have been elaborated in greater detail in the revised Programme Document and additional safeguards and triggers have been identified for inclusion in either the Joint Financing Agreement or in the bilateral Agreements between JWESSP partners and Government of Uganda.</p> <p>Apart from the synergies between SBS and GBS, it should also be noted that substantial synergies exist between the main support modalities for the Danish support, namely SBS, the Joint Partnership Fund (JPF) as well as the provision of technical assistance. JPF can be used to improve on actions which could lead to better performance, results and efficiency of the SBS and technical assistance can be used as additional "eyes on the ground" as well as to strengthen systems.</p> <p>Ad 9) As agreed to by the Programme</p>
---	--

<p>9. The Embassy should explain in further detail, which of the 9 components of JWESSP Denmark would support. The Embassy's decision to provide broad funding for the water sector and climate change and for mainstreaming of capacity development and climate through the JPF makes this recommendation non applicable. Although some funding is earmarked for the water sector, it can be used across the water sector.</p>	<p>Committee meeting, the Embassy is preparing brief support document to go hand in hand with the joint JWESSP Programme Document, outlining <i>how</i> the Danish support fits within the overall Programme.</p> <p>The strategic focus for Denmark remains on the thematic dialogue areas of 1) Rural Water Supply and 2) Integrated Water Resources Management and 3) Climate change adaptation mainstreamed across but with a particular focus on climate proofing of rural water supply.</p> <p>Out of the now eight JWESSP components, Danish support will be directed towards:</p> <ul style="list-style-type: none"> <li>- Sector Programme Support (coordination, reforms and capacity building across the sector)</li> <li>- Rural Water Supply*</li> <li>- Water Resources Management (central level)**</li> <li>- Water Management Zones (de-centralised level)**</li> <li>- Climate Change</li> </ul> <p>* The JWESSP component also covers Sanitation, but as agreed to in the Programme Committee, given that the sanitation component of the District Conditional Grants is only 2-6%, the Embassy will strategically focus its dialogue only on rural water supply, not on sanitation.</p> <p>** In the design of the Programme, Integrated Water Resources Management is split into two components; one dealing with central level issues, the other with catchment based integrated water resources management at the decentralised level.</p> <p>Ad 10) This is an important issue and one which the Embassy maintains close focus on in our continuous dialogue with other development partners and Government.</p> <p>The Embassy has followed the recommendation by the Danida Appraisal Team to earmark the</p>
---	---

<p>10. Only ADA and Danida use the JWESSP as the basis for funding decisions and are the only DPs providing SBS. Longer-term perspectives of other donors moving to sector budget support are not addressed in the JWESSP. However, using the funding of the JPF as an indicator, the majority of DP's appears to move in a different direction, providing earmarked support, and all having separate programme document and appraisals for their support. Fortunately still formulated within the common framework of JWESSP. The DAT agrees with the Embassy that this is a worrying development and an indication that DP's are far away from providing SBS. One of the</p>	<p>JPF contribution towards the water sector and climate change. However this still leaves Denmark and Austria as the “flexible” partners with funds that ensure the smooth operation of the big JWESSP machinery. On the positive side, this places Denmark in a unique and central position within JWESSP as a partner who can step up to facilitate important processes, analyses etc. However on the downside, it carries the inherent risk that insufficient funds are allocated to the Danish priority areas. The established and well-functioning sector dialogue mechanisms are used by the Embassy to mitigate this risk.</p> <p>The recommended/planned review of the JPF leading up to the mid-term review of the Programme will be used to pave the way for substantial discussions among the development partners – not least vis-à-vis the respective headquarters of the implied agencies – to allow for a decrease of the earmarked support to the JPF.</p>
--	---

consequences is that Danish funding to an increasing extend will support management of the programme on the cost of the Danish Priority areas.	
--	--

**ANNEX 5 - LIST OF RELEVANT SUPPLEMENTARY MATERIAL:**

- Joint Water and Environment Sector Support Programme, (joint programme document)
- Elaboration of Danish support to the JWESSP (supplement to the main, joint Programme Document specifying the Danish areas and modalities of support)
- Study on Funding Options, including Fiduciary Risks Assessment and Mitigation Measures for the Danish Contribution to the Joint Water and Environment Sector Support Programme (JWESSP) 2013-2018, by Jesper Steffensen, Dege Consult February 2013
- Capacity Development Strategy for JWESSP
- Sector Performance Report 2012, Ministry of Water and Environment
- Mid-term Review Joint Water and Sanitation Sector Support Programme (JWSSPS)