

REPUBLIC OF UGANDA

Kawempe Urban Poor Sanitation Improvement Project (KUPSIP)

APPRAISAL REPORT



Latrines in Kawempe and UGAVAC emptying technology, August, 2012

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TABLE OF CONTENTS

LIST OF ACRONYMS	II
RESULTS-BASED LOGICAL FRAMEWORK.....	V
EXECUTIVE SUMMARY	IX
1 BACKGROUND	1
1.1. ORIGIN OF THE PROJECT	1
1.2. SECTOR STATUS AND PRIORITIES.....	2
1.3. PROBLEM DEFINITION AND OPPORTUNITIES.....	3
1.4. RELEVANCE FOR AWF INTERVENTION.....	4
1.5. OBJECTIVES OF THE PROJECT.....	5
1.6. BENEFICIARIES AND STAKEHOLDERS.....	5
2 THE PROJECT	7
2.1. GOAL.....	7
2.2. IMPACT	7
2.3. OUTCOME	7
2.4. PROJECT COMPONENTS.....	8
2.5. OUTPUTS AND ACTIVITIES	8
2.6. RISKS	14
2.7. COST AND FINANCING PLAN.....	7
3. PROJECT IMPLEMENTATION ARRANGEMENTS.....	16
3.1. RECIPIENT.....	16
3.2. PROJECT ORGANISATION AND INSTITUTIONAL ARRANGEMENTS.....	16
3.3. IMPLEMENTATION SCHEDULE	17
3.4. PROCUREMENT ARRANGEMENTS	18
3.5. DISBURSEMENT ARRANGEMENTS	19
3.6. ACCOUNTING AND AUDIT ARRANGEMENTS	19
3.7. SUPERVISION, MONITORING, EVALUATION AND REPORTING ARRANGEMENTS	20
4. PROJECT BENEFITS	21
4.1. EFFECTIVENESS AND EFFICIENCY.....	21
4.2. PROJECT VIABILITY	22
4.3. SUSTAINABILITY	22
4.4. SOCIAL EQUITY AND GENDER ISSUES.....	23
4.5. ENVIRONMENTAL AND SOCIAL IMPACT	23
5. CONCLUSIONS AND RECOMMENDATIONS	24
5.1. CONCLUSIONS	24
5.2. RECOMMENDATIONS	24
ANNEXES	25
ANNEX 1: MAPS OF TARGET COUNTRY AND PROJECT LOCATION	26
ANNEX 2A: DETAILED FINANCIAL PLAN AND PROJECT UNIT COSTS.....	28
ANNEX 2B: PROCUREMENT CATEGORIES	32
ANNEX 3: DRAFT IMPLEMENTATION SCHEDULE.....	33
ANNEX 4A: PROJECT IMPLEMENTATION ARRANGEMENTS: ORGANOGRAM	37
ANNEX 4B: PROJECT IMPLEMENTATION ARRANGEMENTS - KUPSIP PARTNERSHIP AGREEMENT - DRAFT.....	38
ANNEX 5: PROPOSED SLUDGE MANAGEMENT MODEL & TOR FOR SLUDGE MANAGEMENT STUDY	44
ANNEX 6: TERMS OF REFERENCE FOR IN-DEPTH CONSUMER PERCEPTION SURVEY	47
ANNEX 8: RESULTS OF THE SSWARS SANITATION SOCIAL MARKETING PROJECT	53
ANNEX 9: KUPSIP SANITATION REVOLVING FUND OPERATION.....	55
ANNEX 10: SUMMARY FINANCIAL MANAGEMENT ASSESSMENT OF IMPLEMENTING AGENCY.....	59

LIST OF ACRONYMS

ADB	African Development Bank
AWF	African Water Facility
CBMS	Community Based Monitoring Systems
CIDI	Community Integrated Development Initiatives
ED	Executive Director
GIZ	Gesellschaft für Internationale Zusammenarbeit
GPS	Global Positioning System
KCCA	Kampala Capital City Authority
KUPSIP	Kawempe Urban Poor Sanitation Improvement Project
MDGs	Millennium Development Goals
MoH	Ministry of Health
NDP	National Development Plan
NGO	Non-Governmental Organisation
NWSC	National water and sewerage Cooperation
O&M	Operation and Maintenance
SSWARS	Sustainable Sanitation and Water Renewal Systems
UPS	Urban Poor Sanitation
UWASNET	Uganda Water and Sanitation NGO Network

RESULTS-BASED LOGICAL FRAMEWORK

Country and project name: Uganda – Kawempe Urban Poor Sanitation Improvement Project (KUPSIP)						
Purpose of the project: Contribute to Reduced Diarrhea among Children Under Five of the Urban Poor in Kawempe Municipality through Provision of Affordable and Sustainable Sanitation Services						
RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES	
	Indicator (including CSI) ¹	Baseline	Targets			
IMPACT	Reduced mortality of children under five among Kawempe Municipality residents through improved access to affordable sanitation facilities and hygiene awareness creation.	Proportion of villages in target area with 100% open-defecation free environments	95% in 2011	100% by 2020	Baseline survey for Kawempe Municipality	Assumptions: Institutional WSS reforms continue and address underlying problems. Risks: Fragmented implementation of the sanitation management framework Mitigation strategies: Continuous policy dialogue and implementation support between the Municipality (Kawempe) and the Implementing partners.
		% reduction of diarrhea in children under-five	N/A	80% by 2020	Ministry of Health Annual Sector Review	
		Reduction in number of cholera incidence cases	155 cases by 2011	40 cases by 2020	District Health Management information Systems	
OUTCOMES	Improved access to and use of sustainable sanitation facilities for 200,000 Kawempe urban poor communities.	Reduction in pupil to stance ratio	66:1 (pupil to stance ratio) by 2011	40:1 (pupil to stance ratio) by 2015	Water and Sanitation Sector Performance Reports (SPR)	
		Increase in % of people with access to and using improved sanitation facilities (household and public places)	36% for households and public places	80% by 2015	Baseline survey for Kawempe Municipality	
	Improved hygienic practices and awareness for 200,000 Kawempe urban poor residents.	Increase in % of people with access to (and using) hand washing with soap facilities in schools and other public places	34% for schools by 2011	70% by 2015	Project progress reports	
			45% households and public places by 2011	80% by 2015	Project annual and quarterly reports Project monitoring reports	
Operational faecal sludge management system and safe reuse strategy for Kampala.	No. of performing networks in place for faecal sludge collection services for households	0 in 2012	1 operational and management network by 2015	Registry of company records		

¹ Indicators are drawn from the GoU's Golden indicators for Health, water and sanitation (2011/12-2014/15) established for the sectors and include the Bank's Core Sector Indicators (CSI)

OUTPUTS	<p>Component 1 : Sanitation infrastructure</p> <p>1.1 Appropriate technology options developed, adapted and selected.</p> <p>1.2 Local masons trained and equipped.</p> <p>1.3 Public sanitation facilities with hand-washing units installed.</p> <p>1.4. Pro-poor household toilet facilities constructed.</p> <p>1.5. Operation and maintenance systems for public facilities in place.</p>	<p>1.1. Number of pro-poor technological options produced.</p> <p>1.2. Number of local masons trained.</p> <p>1.3. Number of demonstration/public facilities installed for Schools and Public places.</p> <p>1.4. Number of HH toilet facilities installed.</p> <p>1.5. Active school sanitation clubs, community user committees set-up and O&M tools distributed.</p>	N/A	<p>1.1 3 latrine options developed</p> <p>1.2 20 masons (30% women) trained / 20 hand-tools by 2015</p> <p>1.3 200 gender segregated schools stances by 2015 40 gender segregated public place stances by 2015 50 hand washing facilities by 2015</p> <p>1.4 784 HH facilities by 2015 (700 by landlords and 84 for vulnerable)</p> <p>1.5 20 active school sanitation clubs with at least 40% girls; 5 user committees with at least 30% women; & 20 O&M tool boxes by 2015</p>	<p>Project progress reports</p> <p>Project monitoring reports</p> <p>Baseline survey report</p> <p>Project evaluation reports</p> <p>Procurement records</p>	<p>Assumptions: All collaborators continue to be committed to the project.</p> <p>Risks: Failure of the landlords to accept the financing mechanisms for the 3 options and inadequate community contribution to the project.</p> <p>Mitigation measures: - Continuous sensitisation and engagement with all stakeholders into the project on benefits of improved sanitation and hygiene. - Municipality's commitment to enforce by-laws on the right to and access to improved sanitation facilities.</p>
	<p>Component 2: Community Sanitation and Hygiene Promotion</p> <p>2.1 IEC Tools developed.</p> <p>2.2 Hygiene and sanitation skills and practices improved.</p> <p>2.3 School sanitation clubs established.</p> <p>2.4 Demand for sanitation and hygiene facilities achieved.</p>	<p>2.1. Number of IECs material (sets) and copies produced and distributed</p> <p>2.2. Number of people trained</p> <p>2.3. Number of school sanitation clubs established</p> <p>2.4. Number of sanitation marketing campaigns conducted / Number of sanitation units purchased</p>	N/A	<p>2.1 3 (sets) and 50,000 copies by 2015</p> <p>2.2 50 trainings by 2015</p> <p>2.3 20 clubs by 2015 with at least 30 members girls</p> <p>2.4 Sanitation marketing activities</p> <p>2.4.1 10 campaigns by 2015/ 2.4.2 700 HH facilities purchased by 2015 2.4.3 10 Radio talk shows; 60 Spot ads and jingles; 10 Drive shows; 10 Role plays and drama; 150 or to door promotion (foot soldiers/Village Health Teams); 700 Tee-Shirts (Corporate); 3 video documentaries produced and disseminated on san club activities.</p>	<p>Training reports</p> <p>Project progress reports</p> <p>Names of beneficiaries for the facilities and physical location of facilities using GIS data</p>	

<p>Component 3 : Faecal sludge management (FSM)</p> <p>3.1 Faecal management study undertaken;</p> <p>3.2 Operational and sustainable system for FS collection and transportation in place;</p> <p>3.3 Household-level cesspool emptiers identified, trained and contracted;</p> <p>3.4 Secondary collection and transport system with cesspool emptier trucks established and operational</p>	<p>3.1 Submitted assessment Report on faecal sludge management systems;</p> <p>3.2 Operationalised system linking Small emptier systems (UGAVAC) with private cesspool emptier network and services and the WWTP;</p> <p>3.3 2.3. No. of contracts with organised and trained private community-based cesspool emptiers;</p> <p>3.4 2.4. No. of temporary collection points and operational trucks supporting secondary transport to WWTP</p>	<p>3.1 Private Emptiers Association in 2012</p> <p>3.2 2.2. 0 Network and services in Kawempe informal settlements</p> <p>3.3 0 in 2012</p> <p>3.4 0 in 2012</p>	<p>3.1 Operational system linking households to WWTP by 2015</p> <p>3.2 Project cesspool truck by 2013</p> <p>3.3 Temporary collection points by 2013</p> <p>3.4 TBC</p>	<p>3.1 FSM study report</p> <p>3.2 Project progress / completion reports</p> <p>3.3 NWSC Annual reports</p> <p>3.4 Ministry of Agriculture annual sector reports</p> <p>3.5 Training Reports</p>	<p>Risk: Failure of existing Private Cesspool Emptier Association to cooperate in training new community based small private operators may cause delays in operationalising the FSM system.</p> <p>Mitigation: Project implementation plan builds on existing collaboration between KCCA and NWSC with the association and includes responsibilities, tasks and deadlines.</p>
<p>Component 4 : Safe Reuse Faecal sludge management strategy</p> <p>4.1. Technical Assessment of NWSC processing and application of treated faecal waste undertaken</p> <p>4.2. Faecal sludge reuse strategy for Kampala developed</p>	<p>4.1. Documented faecal waste treatment processes for safe reuse document</p> <p>4.2. Safe reuse guidelines applied in Kawempe Municipality</p> <p>4.3. Improved oversight and strengthened Institutional capacities of Ministry of Agriculture; MOH, DWD and KCCA</p> <p>4.4. Applicable targeted safe reuse marketing Plans</p>	<p>N/A</p>	<p>4.1 Technical reports on current reuse processes</p> <p>4.2. Guidelines for safe reuse</p> <p>4.3. Manual for Capacity Building</p> <p>4.4. Marketing strategy and plan for safe reuse</p>	<p>Project Progress Reports</p> <p>NWSC WWTP operations procedures</p> <p>Hard and soft copies of safe reuse guidelines</p> <p>Physical training manuals</p> <p>Physical marketing strategy for faecal sludge in Uganda</p>	
<p>Component 5: Project management</p> <p>5.1. Project Inception</p> <p>5.2. Coordination</p> <p>5.3. Procurement</p> <p>5.4. Monitoring, evaluation and Reporting</p> <p>5.5. Knowledge management products developed and disseminated</p>	<p>5.1. Partners mobilised and project launched</p> <p>5.2. Project steering committee established/quarterly meetings held/contracts administered</p> <p>5.3. Goods, Works, and Services procured</p> <p>5.4. Quarterly Project Progress reports; evaluation; PCR and audit reports.</p> <p>5.5. Number of case studies, briefs and reports</p>	<p>N/A</p>	<p>5.1 1 project launch conducted</p> <p>5.2 1 committee established and meets quarterly with at least 30% of members women</p> <p>5.3 All project goods, services and works procured</p> <p>5.4 All project reports done and completed in time</p> <p>5.5 8 case studies, briefs and reports on FS management mechanisms, credit facility and technological options; Safe Reuse; 1 completion report.</p>	<p>Project reports</p> <p>Committee meeting minutes and names of members</p> <p>Physical good and services, receipts and related documentation</p>	<p>Assumptions : Project funds are available to undertake the project Partner and committee members accept to be part of the project SC</p> <p>Risk: Delayed procurement process</p> <p>Mitigation Assessment of national systems done and detailed procurement plan developed. SC meeting are scheduled quarterly to guide the project.</p>

KEY ACTIVITIES	COMPONENTS	INPUTS	
	<p>Activities</p> <p>Component 1 – Sanitation Infrastructure: Development of appropriate technologies; Construction of 240 units public sanitation units with a hand washing facility and 784 household facilities: 700 (landlord Households and 84 vulnerable households; Training of masons; establishment of operations and maintenance systems.</p> <p>Component 2– Improved Sanitation and Hygiene Promotion: Preparation of targeted IEC tools; hygiene and sanitation promotion campaigns and sanitation marketing ; school sanitation and hygiene promotion and sanitation infrastructure revolving-fund development</p> <p>Component 3: Faecal sludge Management System: (FSMS): Undertake a faecal sludge management study; define an operational system for linking primary collection (Households) with secondary collection network and services of cesspool truck emptier with in-built O & M system; identify temporary collection points; and procure 2 project cesspool truck to support municipal subsidised collection and the private cesspool trucks.</p> <p>Component 4: Safe Reuse Faecal Management Strategy: Undertake technical assessment of processes of Reuse; define guidelines for safe reuse; Undertake institutional capacity strengthening for Ministry of Agriculture; MoWE; KCCA; and MoH; prepare a marketing plan for targeted safe reuse.</p> <p>Component 5: Project Management: Project inception; project coordination; procurement; preparation of knowledge management products; monitoring, evaluation and reporting</p>	<p>Component 1: AWF-Community contribution- Total cost Component 1:</p> <p>Component 2: AWF-Community contribution Total cost Component 2:</p> <p>Component 3: AWF-Community contribution Total cost Component 3:</p> <p>Component 4: AWF-Community contribution Total cost Component 4:</p> <p>Component 5: AWF-Community contribution Total cost Component 5</p> <p>Contingency (10%; rounded) Total cost of the project: AWF contribution Community contribution</p>	<p>€ 377,990</p> <p>€ -</p> <p>€ 377,990</p> <p>€ 234,330</p> <p>€ 201,400</p> <p>€ 435,730</p> <p>€ 43,500</p> <p>€ -</p> <p>€ 43,500</p> <p>€ 100,000</p> <p>€ -</p> <p>€ 100,000</p> <p>€ 153,350</p> <p>€ 118,950</p> <p>€ 272,300</p> <p>€ 122,940</p> <p>€ 1,352,460</p> <p>€ 1,000,080</p> <p>€ 352,379</p>

EXECUTIVE SUMMARY

Background: Uganda is rapidly urbanising with slums and informal settlements housing approximately 45% of its urban population. In the capital city, Kampala, most inhabitants live in low lying areas of reclaimed swamps, prone to flooding during heavy rains. The sanitation coverage in urban areas is estimated at 81% (FY2010/2011), while functioning hand-washing facilities are estimated at 30%.² However, disparities are very visible with informal settlements like in Kawempe having latrine coverage to as low as 36% mostly made up of make shift structures which are opened up in the drainage channels whenever it rains posing huge health and environmental challenges. The target area of Kawempe Municipality is one of the five municipalities that make up Kampala. The Municipality has 24 parishes made up mainly of large informal settlements with poor environmental sanitation and with toilet facilities that are very dirty, filled up or at the verge of collapse (SSWARS, 2008).

Objectives: The objective of the Kawempe Urban Poor Sanitation Improvement Project (KUPSIP) is to provide of affordable and sustainable sanitation services to the urban poor in Kawempe Municipality. This will contribute to improved living conditions as well as attaining the Government of Uganda's National Development Plan (NDP) targets as well as to meeting the Millennium Development Goals (MDG) goals.

Description: The project will provide sanitation facilities for households, schools and the public or urban poor areas. This intervention will promote principles of sanitation marketing, offer a pro-poor sanitation financing mechanism for accessing affordable and improved sanitation infrastructure; define a sustainable faecal sludge management and safe reuse strategy; and develop strategies, information, education and communication tools to promote sanitation demand and promote better sanitation practices. The project will be executed by the Community Integrated Development Initiatives, (CIDI), in partnership with Kawempe Municipality of the Kampala Capital City Authority (KCCA) and the National Water and Sewerage Cooperation (NWSC). CIDI will further collaborate with the private sector to identify appropriate sanitation technology and with agronomical research institutions to undertake studies, develop tools and strategies; capture and document processes and support the dissemination of knowledge products capturing the whole sanitation chain.

The project comprises 5 components: Component 1 is the development of **Sanitation Infrastructure** including the development of appropriate technologies; construction of 240 units public sanitation units with a hand washing facility and household facilities for both landlord households (700) and vulnerable households (84); training of masons; establishment of operations and maintenance systems. Component 2 concerns **Improved Sanitation and Hygiene Promotion** covering the preparation of targeted IEC tools; hygiene and sanitation promotion campaigns and sanitation marketing; school sanitation and hygiene promotion; and sanitation infrastructure revolving-fund development. Component 3 deals with **Faecal Sludge Management System** (FSMS) and will undertake a faecal sludge management study; define an operational system for linking primary collection with services of cesspool truck emptier and an in-built O & M system; identify temporary collection points; and procure 2 cesspool trucks to support municipal

²Water and environment Sector – Performance report, 2011 pg. vi. This report confirms that of the 81% national improved sanitation coverage, only 30% of the population in Kampala has improved sanitation.

subsidised collection and the private cesspool emptiers. Component 4 covers the **Safe Faecal Sludge Reuse and Management Strategy** and will undertake technical assessment of processes of reuse; define guidelines for safe reuse; undertake institutional capacity strengthening for Ministry of Agriculture, MoWE, KCCA, and MoH; and prepare a marketing plan for targeted safe reuse. Component 5 is the **Project and Knowledge Management**.

The project targets 100,000 primary beneficiaries. Further uptake through the community-based revolving-fund mechanism and through the hygiene education promotion (awareness and sensitisation campaigns), during and after the project, is expected to double the beneficiary population to approximately 200,000 people.

Cost and Financing: The total cost of the project is estimated at € **1,352,460**. AWF grant financing will provide 73.9% of the total project costs, i.e. € **1,000,080**, while CIDI and collaborating partners shall contribute the co-financing 26.1% of total project costs, i.e. of € **352,380**, in form of financial and in-kind contributions. The duration of the project is 36 months from the date of Grant Signature.

Recommendation: It is recommended that an AWF Grant not exceeding € **1,000,080** be extended to the CIDI, in Kampala, Uganda, for the purpose of implementing the project as described in this report.

1 BACKGROUND

1.1. Origin of the Project

1.1.1 The project is the outcome of a proposal submitted by the Community Integrated Development Initiatives (CIDI) to the African Water Facility (AWF) in February 2012, following acceptance of CIDI's response to a Call for Concept Notes launched by the AWF in September 2011.

1.1.2. The design of this project builds on and is influenced by the outcomes and lessons of CIDI's extensive work in Water Sanitation and Hygiene, and other active WASH partners' recent interventions on sanitation marketing in the Kampala and Tororo cities of Uganda:

i) The *Gesellschaft für Internationale Zusammenarbeit, (GIZ, 2011) study in Kawempe Municipality* which provides baseline figures on current sanitation and health linkages - 62% of people are living in life and health-threatening homes/neighbourhoods; per capita expenditure of US\$ 14 per month on water and sanitation related diseases; infant mortality due to diarrheal of 36 children per month;

ii) The *Sustainable Sanitation and Water Renewal Systems (SSWARS)'s social marketing initiative (2007-2010) in Bwaise II, KyebandO & Mulago III Parishes in Kawempe* which applies principles of cooperation to address poor sanitation, hygiene and waste management which provides the project with insights on latrine technological options and sustainability of designs³;

iii) The *sanitation marketing approaches being piloted in Tororo* by the USAID-funded Hygiene Improvement Project and in Namutumba district by WSP, World Bank, with useful established structures on mobilisation of local masons and financial services providers; Hand-washing campaigns by the private sector (Unilever and Mukwano); the utilisation of services of private cesspool emptiers' association.

iv) The *Sanitation Marketing Pilot Project Implemented by CIDI in Nateete Parish, Lubaga Division with Support from GIZ, (2009/2010)*, which piloted household plastic sanitation facilities (latrine) with no subsidy.

1.1.3. Some of the activities of this project (Component 4) will be a direct response to the findings of a recent (2011) *Market Study on Demand for Use of Wastewater, Excreta and Faecal Sludge and Other Related By-products* undertaken by NETWAS Uganda, which confirms that although most urban authorities in Uganda still regard urban agriculture as an illegal activity, the Kampala City Council (KCC) has developed a set of agricultural ordinances that provide guidelines on urban agriculture but prohibits the use of untreated human waste. This study confirms that there is need to sensitise farmers on ways to reduce the risk of safely using wastewater products as well as consumption of agricultural products'. There was a general lack of knowledge among the local government staff technical and the general public concerning the value of wastewater sludge to agriculture while technical staff were concerned about the health risk of using sludge.

1.1.4. In order to contribute to improved sanitation (latrine) coverage, environmental health, livelihoods, and reduced under five child mortality, the KUPSIP project is designed to offer

³SSWARS 2008. *Determination of toilet coverage of the toilet coverage for Bwaise I Parish. Kampala: Sustainable Sanitation and Water Renewal Systems NGO (SSWARS)*. A revolving fund to boost latrine construction was initiated and managed by the community (members consisting mainly landlords) which facilitated over 100 toilet facilities being installed. Three biogas plants constructed in Bwaise II parish are still operating. The beneficiaries were landlords with animals who participated in the training. They contributed 20% of the total cost.

municipal-supported sanitation improvements, strengthen the capacities of service providers and promote the active participation of the community and private sector in providing and accessing improved and affordable sanitation options; with defined faecal sludge management and safe reuse guidelines and strategies.

1.2. Sector Status and Priorities

1.2.1. *Policies and strategies:* In recognition of its impact on the national disease burden, particularly high diarrheal disease morbidity, and infant and child mortality and morbidity, sanitation is gaining increasing priority and is promoted in the country's commitment to the MDGs and related documents. These include the the National Development Plan (NDP, 2010-2016), the 2004-2008 Poverty Eradication Action Plan (PEAP), Government's Environmental Health Policy and the Water Policy. All the key national development strategies recognise that improving access to sanitation and hygiene can make an integral contribution to improvement of the health of Ugandans and reduction of poverty.

1.2.2. *Institutional arrangements:* Through a Memorandum of Understanding (MoU, 2001) sanitation is the responsibility of three government Ministries: Water and Environment (water-borne sanitation); Education and Sports (school sanitation); and Health (sanitation and hygiene policy and household sanitation). Environmental regulation is carried out by the Directorate of Water Department (DWD) and the National Environment Management Authority (NEMA). These three ministries, together with the Ministry of Public Service, development partners, and civil society, form the Water and Sanitation Sector Working Group, which meets quarterly.

1.2.3. *Service provision:* The provision of on-site sanitation services in Kawempe Municipality is the responsibility of the Kampala Capital City Authority (KCCA) while the National Water and Sewerage Corporation (NWSC) is undertaking sewerage services. Although NWSC's performance show improvements in its water operations, these have only minimally been transferred to sanitation, as the number of people connected to its sewerage network has remained at 8% (MWE, 2011 estimate) leaving out majority of the poor people living in slum areas.

1.2.4. *Financing:* The Joint Water and Sanitation Sector Programme Support is aligned with Uganda's 2004 Poverty Eradication Action Plan and has a budget allocation of US\$150 million to support sector target realisation (from 2008, for five years).⁴ In theory, national-level government ministries can use budget transfers to districts for sanitation and hygiene activities. These transfers, which comprise the main sources of national government financing for rural both urban sanitation and hygiene promotion, are passed to the local level through the grant mechanisms. These grants require a 15% co-financing contribution from the local authorities' own budget resources which they don't have and end up losing the grants. Although Primary Health Care (PHC) Grants and Water and Sanitation Conditional Grants (WSCG) allow for nonwage recurrent expenditures, they lack strong guidelines on spending for sanitation. This has caused a major problem for field activities, namely: lack of funds to facilitate staff field supervision, conduct sanitation promotional campaigns, train and supervise village volunteer health teams, monitor activities, or measure coverage.

⁴The major development partner involved in the program is the [Danish International Development Agency \(DANIDA\)](#), which alone provides US\$66 million. The other partners are the [African Development Bank](#) (US\$27 million), the [Austrian Development Agency \(ADA\)](#) (US\$19 million), the [Swedish International Development Cooperation Agency \(SIDA\)](#) (US\$14 million), the [Department for International Development, United Kingdom \(DFID\)](#) (US\$10 million), the [European Union](#) (US\$9 million) and the German [Gesellschaft für Technische Zusammenarbeit](#) and [KfW](#) (US\$6 million).

1.2.5. A summary of the Ugandan water and sanitation sector budget allocation trends from financial year 2004/05 to 2010/11 shows that allocations to the sector are declining, especially for the urban sub-sector, with an increasing population pressure⁵. Since 2008 the sanitation budget line has not been allocated money directly from the national budget. Given the downward trend in budget allocation to the water sector and the increasing population pressure⁶, it may not be possible to meet the National Development Plan targets and the MDGs by 2015.

1.2.6. *Project alignment:* The proposed Kawempe Urban-Poor Sanitation Improvement Project (KUPSIP) was found to be in line with key national sanitation goals and strategies, in particular:

i) The Ministry of Health 10-Year Integrated Financing Strategy for Improved Sanitation and Hygiene (ISH) which outlines 3 pillars of sustainable and affordable service delivery (enabling environment, demand creation and service delivery); ii) The Pro-poor strategy of the water and sanitation sector progressively implemented by NWSC and for which CIDI's project will offer an operational concept in extending sanitation services for faecal sludge removal from the informal settlements; iii) The Ministry of Education and Sports goal of improving sanitation in schools and attaining gender-segregated facilities with pupil ratio of no more than 40:1; and iv) The Ministry of Water and Environment, WASH sector targets and priorities of improving access to safe sanitation up to 100% for urban residents by 2015.

1.3. Problem Definition and Opportunities

1.3.1. The sewerage system in Kampala only covers part of its central business district and the system currently serves less than 8% of the total population. As a result, the bulk of the people in the city rely on poorly managed on-site sanitation, which has contributed to high incidences of water and sanitation related diseases, such as cholera and diarrhea, as well as degradation of the environment in and around Kampala.⁷

1.3.2. Given the environmental pollution from the indiscriminate disposal of human waste, each slum dweller in Kawempe spends about US\$ 14 per month on water and sanitation related diseases, with an estimated infant mortality related to diarrhea of 36 children per month (according to a study undertaken by the German Technical Cooperation). In addition, 5% of households practice open defecation (EU WASH baseline survey (2011))⁸. The Uganda Demographic Health Survey, (2011) further confirms a 23 % higher incidence of diarrhea among children in households without improved facilities than in those with improved facilities which are not shared.

1.3.3. The Kawempe Municipality has inadequate capacities (technical, financial and human) to plan and deliver appropriate, affordable and sustainable sanitation services to communities in the slum areas (Ministry of Finance Planning and Economic Development 2010). Despite the fact that NWSC has undertaken interventions to improve the sewerage coverage, majority of the poor settlements remain unconnected to the sewer network and rely on on-site sanitation facilities, (Kampala Master Plan, 2000).

⁵ Ministry of Water and Environment; 2nd GOU/Donor Joint Review of the Water and Environment Sector 2010

⁶ Uganda Demographic and Health Survey 2011

⁷ [http://www.iwawaterwiki.org/xwiki/bin/view/Articles/20\)+KAMPALA+\(Uganda\)+3](http://www.iwawaterwiki.org/xwiki/bin/view/Articles/20)+KAMPALA+(Uganda)+3)

⁸There is a strong correlation between latrine ownership, use and diarrheal disease prevalence. Some of the households were noted to use ground water from both protected and unprotected springs within the informal settlements. Some of these were found to be located very close to the polluted open drains.

1.3.4. In Kampala, the price of an improved sanitation facility is quite high compared to other developing country cities. A single ventilated improved pit latrine (VIP) with a 10 m deep pit costs around UGX 1,000,000 (US\$400) and UGX 1.5 million (US\$600) in areas with low and high water table, respectively. Households using on-site sanitation in the Kawempe informal settlements suffer from the impact of high water tables, exacerbated by frequent flooding, which causes seepage into toilets. Consequences are regular, unaffordable pit-emptying; collapse of pits and superstructures; or households opting to open full latrines into open drains during the rainy season. Additionally, given that the settlement is haphazardly planned, access to conventional pit-emptying using cesspool emptying trucks is impossible due to space limitations. Where feasible, emptying may still be unaffordable to the rates and frequency of emptying required.

1.3.5. Inadequate excreta management threatens the public health and the environment of informal urban settlements and urban areas in Kampala. The existence of the Public Health Act (1964) presents a good opportunity for this project in the engagement with the tenants in the informal settlements to provide sanitation services and facilities for households. The Act requires property owners or managers to provide sanitation facilities on their premises as a condition for their habitation. This Act stipulates that any dwelling without proper sanitation facilities should be closed down and or its owner prosecuted.

1.3.6. Although legal and policy frameworks exist and are sufficient to achieve desired improvements in sanitation services, the weak enforcement capacities of the local authorities, pose huge set-backs in realizing improved sanitation within the urban poor areas and informal settlements of Uganda.

1.3.7. The project target location is within reach of the newly established Lubigi Wastewater Treatment Plant (WWTP) which has a dual facility for the treatment of wastewater and faecal sludge. The KUPSIP project will benefit from this provision and will therefore not need to set up a treatment facility for the generated waste since the Lubigi WWTP covers both treatment and reuse. As a key project partner and service provider, NWSC has made provision for the disposal of the waste at a subsidised rate for the operators that will be involved in the project area. The KUPSIP project will therefore contribute to improved health of the residents through improved access to affordable sanitation facilities, hygiene awareness promotion and accelerated access to sanitation mechanisms for sustainable implementation, affordable containment and management of faecal sludge in Kawempe informal settlements.

1.4. Relevance for AWF intervention

1.4.1. The KUPSIP project is line with the African Development Bank's Uganda Results Based Country Strategy Paper 2011-2015 Pillar 1 'Infrastructure Development' (3.1.12) since it reinforces the Government of Uganda's focus on the role of adequate water supply and improved sanitation in promoting economic growth and reducing poverty. The project focus on skills development and generation of knowledge products (research/studies and strategy development) targeted at both community and local government stakeholders further contributes to the realisation of Pillar 2 'Improving Capacity Skills Development for Poverty Reduction'. The project also complements the AFDB activities over the long term Sanitation Development Programme for Kampala (up to 2033), elaborated in the Kampala Sanitation Master Plan study of 2004, which will bring general improvements in public health within the City, curtail water and sanitation related diseases, and contribute to environmental sustainability of the Lake Victoria.

1.4.2. The project is aligned with the AWF mandate and contributes to the realisation of the pillars related to strengthening institutional capacity through the active project participation of national and local government partners and private sector service providers, in the implementation processes. The project promotes sanitation service delivery through private sector collaboration with local government partners and the service providers, while furthering local business development. The intervention thus addresses the need to strengthen up-scalable innovations in provision of sanitation services for the collection and transport, complementing the municipality value-chain, through the engagement of alternative service providers and provision of a community level financing mechanism in the form of a revolving loans fund. The AWF Operational Strategy approved in October 2007 allows the financing of revolving funds with AWF grant resources.

1.4.3. There is promotion of knowledge generation, peer learning, design, development and application of innovative technology to support processes along the sanitation chain, and development of knowledge products to support scaling-up.

1.5. Objectives of the Project

1.5.1. The objective of the Kawempe Urban Poor Sanitation Improvement Project (KUPSIP) is to provide of affordable and sustainable sanitation services to the urban poor in Kawempe Municipality. Through reduced diarrhea, other WASH related diseases and mortality, especially of children, this will contribute to improved living conditions as well as attaining the Government of Uganda's MDG and NDP targets related to sanitation in urban slums.

1.6. Beneficiaries and Stakeholders

1.6.1. **Beneficiaries:** The project will be implemented in Kawempe Municipality which has a total population of approximately 400,000 people. The project initially targets at least 100,000 *direct beneficiaries* during the 3-year project period namely:

- Communities around the schools and other public institutions who will have public sanitation facilities installed with hand-washing facilities;
- Landlords and tenants receiving a menu of options for appropriate household sanitation units to be accessed through the subsidy arrangement of the revolving fund;
- The wider neighbourhoods receiving services of a sludge management system, which provides an affordable and sustainable primary and secondary collection and transportation system of faecal waste.

1.6.2. In addition to the beneficiaries of above-mentioned sanitation infrastructure and services, through community structures such as the school sanitation clubs, O & M committees and user committees at public facilities, the project anticipates an eventual reach of 200,000 indirect beneficiaries (approximately 50% of the Kawempe Municipality population) impacted through training, hygiene awareness raising and sensitisation campaigns; and through the direct effect of the revolving fund mechanism. This number also takes into account the impact of the project implementation through works/installations; and job opportunities created for the local community; local business development through the collection and transport component; improved capacities and expertise for local government stakeholders in safe reuse.

Table 1: Summary of primary beneficiaries

Category of Facility	Number of stances/facilities ⁹	# proposed per stance	Total beneficiaries
Public sanitation facilities	40	55	2,200
School facilities	200	40	8,000
Shared (household)	700	30	21,000
Sanitation facilities for vulnerable	84	5	420
Sanitation emptying services	1,780	30	53,400
Sanitation promotion activities (schools)			12,000
Sanitation promotion activities (Public)			3,000
			100,020

1.6.3. Target area: The target area is Kawempe Municipality, one of the 5 municipalities that make up the city of Kampala. The Municipality has 24 parishes made up mainly of large informal settlements with poor environmental sanitation. The planned baseline consumer survey will be undertaken in the selected parishes of Mpererwe, Kikaya, Kyebando, Makerere III, Bwaise III and Mulago III. The areas for actual implementation will be informed from this sample.

1.6.4. Stakeholders: The key stakeholders of this project will KCCA and NWSC whose capacities to deliver improved sanitation infrastructure and services will be strengthened through this collaboration with CIDI in the implementation of this intervention.

Table 2: Roles and responsibilities of key partners

Organisation	Roles and responsibilities of key partners
CIDI	Overall project implementation and management - setting up an effective and competent project team, a field office and establishing linkages between the key partners; regular monitoring and supervision; and reporting to AWF. CIDI provide regular updates on the project to the Water and Sanitation Sector Working Group during the quarterly meetings to ensure the project is in line with and contributes to on-going sector processes.
NWSC	Provide subsidised access to disposal at the new Lubigi faecal sludge treatment plant; Contribution of 6 UGAVAC small household pit-emptying units; installation of pro-poor pre-paid meters to support improved hygiene; Technical backstopping and possible financial support.
KCCA	Will mobilise landlords and support community meetings; enforce by-laws related to the right to sanitation; will provide access to cesspool trucks at subsidised transport cost of \$10 per trip; technical support to community sensitisation and hygiene awareness creation.
NETWAS Uganda	Information and knowledge management: documentation of processes and lessons learnt and knowledge products dissemination.

1.6.5. Other key actors in the KUPSIP project are the line government ministries responsible for water-borne sanitation; school sanitation; sanitation policy and household sanitation – The ministries of: i) Water and Environment; ii) Education and Sports; iii) Health respectively, who shall be represented in the Project Steering Committee and will offer strategic guidance and support the planning of the relevant activities. Given its role in environmental regulation the project will work

⁹ All facilities and committees set up under this project will be gender segregated at least 30%.

closely with the National Environmental Management Authority (NEMA) and the Directorate of Water Department (DWD). In order to strengthen the safe reuse of stabilised faecal sludge, the Ministry of Agriculture, Fisheries and Animal Husbandry will actively be involved in the research and studies that will lead to the development of guidelines, training manual and marketing plans. An agronomical research institution shall be identified to support these processes.

1.6.6. Partnerships

The following institutions will collaborate with CIDI and will contribute to the project as provided in Table 2 and as detailed in the draft Memorandum of Understanding presented under Annex 4.

2 THE PROJECT

2.1. Goal

The overall goal of this project is to provide affordable and sustainable sanitation infrastructure and services to improve hygiene and environmental sanitation in Kawempe Municipality, through the definition and operationalisation of an up-scalable faecal sludge management system.

2.2. Impact

The project will lead to improved health (reduction in under five child mortality) and welfare of Kawempe Municipality residents through accelerated access to affordable sanitation facilities and awareness creation. This will be realised in an approximate reduction of 25% in water borne diseases leading to under-five mortality rate reduction from the current 90 deaths per 1000 births, (UDHS 2011) to 80 /1000 live birth by 2020. It is expected that this intervention will lead to villages in the target area becoming open defecation free environments. In addition, it is anticipated that there will be improved school retention (particularly for the girls, due to the 40:1 pupil to stance ratio) and increased productivity due to good health.

2.3. Outcome

2.3.1. Three key outcomes are expected:

- i) Improved access to and use of sustainable sanitation facilities;
- ii) Improved hygienic practices and awareness; and,
- iii) Operational faecal sludge management system (complete with institutional/regulatory, financing, O & M, arrangements); with guidelines and a strategy for safe reuse of stabilised faecal sludge for Kampala.

2.3.2. As a result of the project, 240 gender segregated public sanitation stances with hand-washing facilities and 784 household facilities will be constructed in the initial three years of the project; as well as an additional 800 household facilities after three years of the project through the revolving fund. The project will assess and establish a revolving loan mechanism to be accessed by both tenants and landlords for purchasing the improved sanitation facilities from the private sector.

2.3.3. It is anticipated that the number of stances will increase as a result of the effects of the revolving fund and through awareness and demand creation. The project will also lead to an operational framework for sustainable and affordable faecal sludge management in urban areas

that can be scaled up at national level through the collaborations between NWSC and local authorities in other urban areas – related to 2.3.3 below.

2.3.4. As an additional outcome, it is anticipated that the lessons learnt from the implementation of this project will serve to inform other sanitation service providers, especially the government stakeholders, stimulating further interest and demand to scale-up this innovation leading to improved sanitation situation in Uganda's other urban poor settlements.

2.4. Project Components

The project has 5 key components:

Component 1: Sanitation Infrastructure

Component 2: Sanitation Demand Creation and Hygiene Promotion

Component 3: Fecal Sludge Management System (Pit-emptying, Collection and Transportation)

Component 4: Safe Reuse Faecal Management Strategy

Component 5: Project Management & Knowledge Management

2.5. Outputs and Activities

2.5.1. Component 1 – Sanitation Infrastructure

Outputs

- a) Appropriate technology options selected, developed, and adapted;
- b) Household sanitation revolving fund established;
- c) Local masons trained and equipped;
- d) Improved household and public sanitation facilities with hand-washing units installed;
- e) Operation and maintenance systems for public facilities in place.

Activities

a) Appropriate Technology Options Selected Developed and Adapted: At the onset of the project, a baseline consumer survey will be undertaken in sample Parishes of Mpererwe, Kikaya, Bwaise III and Mulago III (see Draft TOR under Annex 6). The consumer survey will serve three purposes: to provide i) baseline conditions; ii) to identify actual target areas based on need and iii) to gain operational insights that will be used to design the sanitation marketing approaches and, later on, to assess the level of impact of the project. The following assessments shall be undertaken: the existing latrine types and current means of emptying and collection with related costs; latrine design and technological preferences; willingness and ability to pay (for construction and emptying); potential community supply chain for materials; a practical structure for a community-based revolving fund mechanism. The key outputs of this survey will include: a catalogue of latrine technological options with detailed designs, cost of materials for the super and sub-structures, overall unit costs per facility/stance; and guidelines for setting up and managing a community-based revolving fund mechanism for pro-poor sanitation financing of infrastructure and services.

b) Household sanitation revolving fund established: To promote the landlords'/tenants' access to affordable financing for improved sanitation facilities, a household-targeted Sanitation Revolving Loan Fund will be set-up to support financing of household sanitation facilities. CIDI has long-standing experience in implementing community-based micro-credit schemes for economic activities, and for water supply and sanitation. It will draw lessons from the positive outcomes of similar application of a credit scheme under SSWARS' WaterAid-funded project (2007-2010) in Kawempe (see Annex 8) and use the results of the consumer survey to design a pro-poor

sanitation revolving fund suitable for the target area and population. The financing mechanism will entail minimal interest rates to cater for the cost of administering the Fund.

The following activities will be undertaken:

- i) Assessment of preferences of and abilities to pay by potential beneficiaries, as part of the consumer survey and using these in the design of the optimum loan terms (repayment period and frequency, interest rates, maximum loan amounts per stance, etc.). This will be done by using Excel sheet-based simulations (see example in Annex 9);
- ii) Definition of operational procedures of the Fund for water and sanitation investments and preparation of an Operational Manual to be approved by AWF;
- iii) Selection and training of beneficiaries for the first generation of loans;
- iv) Provision of sanitation facilities to the Fund beneficiaries once obligations are met;
- v) Collection and monitoring of repayments of loans provided to individual landlords / households;
- vi) Administration and re-lending for the subsequent generations of loans.

The revolving fund will provide the capital investment in amounts that would not be affordable to the poor households in a lump sum. Although the detailed design of the revolving fund will be designed as part of the consumer survey, simulations have been done to try and predict the likely scenarios (see Annex 9). To ensure that all AWF funds that are contributed towards the Sanitation Revolving Fund are used exclusively for the same cause, a separate Special Account will be opened for the revolving fund under the terms specified under Annex 9. It is expected that all loan repayments will be deposited into this account.

c) Local Community and Masons Trained and Equipped: At least 20 local community masons (30% women) will be identified through local announcements, trained, and equipped with subsidised basic tool-boxes to facilitate latrine and septic tank construction/installations; and to undertake routine repairs and maintenance. The masons will be identified from the immediate local community to promote livelihoods through job-creation and establish locally available skills for sustainability purposes and shall be engaged through contracts. To ensure long-sustainability and utilisation of the skills of trained masons, a locally managed masons association will be established and operated at parish level. An operations and maintenance (O & M) system will be defined and set up at the Parishes which will involve stocking start-up hand-tools and O & M tool-boxes. At least 5 Community Sanitation User Committees shall be set-up to manage and oversee the activities of the masons and ensure application of O & M system.

d) Improved Household and gender segregated Public sanitation facilities with hand-washing units installed: Public Sanitation facilities with hand-washing units will be constructed to cater for the large commercial and transient population in Kawempe Municipality. A total of 8 gender segregated public sanitation blocks (total of 40 stances and 16 hand washing units) will be built at selected markets and health centers; and 200 gender-segregated school sanitation stances, with hand washing facilities will be constructed at 20 schools (10 stances per school with 20 hand-washing facilities). NWSC has confirmed that they will install pro-poor pre-paid water meters within the target areas to provide safe water at official rates and thus facilitate the efforts to promote hand-washing.

At the household level, the outcome of the Consumer Survey (Output 1 above) will inform the optimal designs of the sanitation facilities. Through the sanitation savings and credit cooperative

scheme, up to 700 stances will be constructed/installed for household use. Members of the sanitation cooperative mainly landlords and tenants will be mobilised by CIDI with support of KCCA to access credit. In addition an installation of approximately 84 gender segregated fully subsidised stances for the vulnerable poor households (the very old, child headed households, people living with HIV/AIDS and the disabled) will be constructed.

2.5.2. Component 2 - Improved Sanitation and Hygiene Promotion

Outputs

- a) IECs material (3 sets) totaling 50,000 copies produced and distributed;
- b) 50 Trainings; 10 campaigns; 3 video documentaries; 700 T-shirts; 10 radio talk shows; 60 spot ads and jingles; 10 drive shows; 10 role plays/drama;
- c) Establishment of 20 Schools Sanitation clubs;
- d) 150 Door-to-door hygiene and improved sanitation promotion.

Activities

1) For *hygiene and sanitation awareness creation and behavioral change* (Output a, b and c), the following activities are planned: preparation of targeted sanitation learning materials (posters, flyers, banners, radio spot messages, radio talk shows) and printing of t-shirts. In addition, community sensitisation and mobilisation meetings will be held across the target community. At the school level sanitation clubs with girl child representation will be established in 20 schools to promote hygiene sensitisation, learning and awareness; to reinforce behavior change at school and overtly at home.

2) In order to create adequate *demand* (Output d) for the sanitation technologies a multi-pronged sanitation marketing approach including door-to-door advertisements and marketing campaigns using foot soldiers; IECs, radio campaigns, drive shows and community sensitisation meetings. In order to improve sustained demand for the sanitation products, information will be provided on the sanitation credit scheme to accelerate up-take of the sanitation products provided in a menu of options with detailed costs and varying repayment simulations.

2.5.3. Component 3: Pit-Emptying, Collection and Transport

Outputs

- a) Faecal management study undertaken;
- b) Operational and sustainable system for FS collection and transportation in place;
- c) Household-level cesspool emptiers identified, trained and contracted;
- d) Secondary collection and transport system with cesspool emptier trucks established and operational.

Activities

a) *Faecal management study undertaken*: To complement the NWSC's sector efforts to provide sanitation services to the slums, and to establish innovative ways of addressing current limitations to the removal and transportation of the large amounts of waste produced within Kawempe and other informal settlements, a study to define an operational faecal sludge management system shall be undertaken (see draft ToRs in Annex 5). This FSM study shall identify existing emptying services; cost for emptying, existing disposal mechanisms; possible incentives for small scale service providers to collect and transport and the levels of affordability and willingness to pay. In addition the study, will also advise on the necessity of undertaking and Environmental Impact

Assessment (EIA) related to collection and transportation of the fecal sludge using the proposed system.

a) Operational and sustainable system for FS collection and transportation in place

As a direct outcome of this study detailed operational, management and enforcement plans (including social systems); maintenance systems; and institutional arrangements to facilitate faecal sludge emptying and transport shall be developed for the 2 levels:

- i) Primary collection from the households using mobile small cesspool emptiers; and
- ii) Secondary collection from established collection points by a big cesspool truck (to be procured under this project grant) for onward transportation to the wastewater and faecal sludge treatment plant (WTTP) in Lubigi.

c) Household-level cesspool emptiers identified, trained and contracted: The FSM study and consultations with the PCEA will provide guidance on the identification, and training of the household level private cesspool emptiers. Training will focus on providing emptiers with guidelines about on-site sanitation management, safety, hygiene, environmental protection and financial management. A partnership agreement between NWSC and KCCA will define responsibilities related to awareness-raising on available discharge and treatment sites, discharge fees and regulation of the operators which will be achieved through signed agreements with the operators. While the PCEA's have shown interest in the training of the household emptiers once the operational concept is put in place, there is a lack of commitment to get directly involved in the primary or secondary collection since they already have demand and an established service prices.

To support the primary collection, NWSC will initially provide, as part of their contribution to the project, free 6 UGAVAC units – a technology of small cesspool emptying services (90 cm by 250 cm with capacity of ½ cubic meter, capable of emptying, one regular pit latrine, twice), already tested by NWSC (2009) in collaboration with the Private Cesspool Emptiers' Association (PCEA) in the target area. The UGAVACs have been manufactured locally, with the pump and engine procured from China. NWSC is committed to providing necessary technical support; training (in collaboration with the existing private cesspool emptier association); and possible financial support to the project to facilitate effective and sustainable operation and maintenance of the UGAVACs including provision of safe parking space. There are assurances for the stocking of the UGAVACs which would subsequently be acquired by private operators under contractual franchising agreements to be defined by NWSC and KCCA for scaling up the FSM operational concept.

d) Secondary collection and transport system with cesspool emptier trucks established and operational: The operationalisation of the secondary collection and transport will be undertaken with support of a AWF funding through purchase of 6 cesspool emptying trucks which shall be supplemented with KCCA's cesspool trucks made available to the project at a minimal transport charge of \$10 for fuel to transport sewerage to the plant per trip within Kawempe municipality. The willingness to pay (approximately 10,000 to 15,000 Uganda SHS per pit), was already confirmed through the testing of the UGAVAC prototype. However, the tariff-setting shall further be informed by the results of the FSM study and shall be agreed with DWD/NWSC and KCCA.

2.5.4. Component 4 – Safe Reuse Faecal Sludge Management Strategy

Outputs

- a) Technical Assessment of NWSC processing and application of treated faecal waste undertaken;
- b) Faecal sludge reuse strategy for Kampala developed.

Activities

a) *Technical Assessment of NWSC processing and application of treated faecal waste undertaken*
This activity takes consideration of the fact that Treatment and Reuse is the responsibility of NWSC. The NWSC treatment facility in Kampala is the only one that produces sanitised sludge (Class A sludge), whose use is restricted to producers of non- food products due to the presence of heavy metals from industries. For this project, the new faecal sludge treatment plant in Lubigi will receive the faecal sludge collected from the target area. A technical assessment through consultancy services is required to establish:

- i) Policies and regulation governing use and disposal of stabilised sludge (sampling and monitoring protocols if any);
- ii) Stakeholder involvement/priorities
- iii) WWTP performance and technological set-up for sludge stabilisation and disposal;
- iv) Volume and quality of stabilised sludge;
- v) Suitability of stabilised sludge for safe land use application – ascertain if the Lubigi WWTP has processes of pathogen treatment;
- vi) Cost-benefit analysis of safe reuse;
- vii) Application requirements and management practices: Provisions for health and safety for operators, marketers, distributors and individuals appliers of stabilised sludge or bio-solid products.

b) *Faecal sludge reuse strategy for Kampala developed*: Based on the outcome of the study, this activity will involve stakeholder consultations; laboratory tests and research studies to define:

- i) *Guidelines* for testing stabilised sludge/bio-solid products for safe reuse;
- ii) *Training manual* for key government stakeholders on public health, pathogens and safe reuse; and a marketing *strategy/plan* for safe reuse. This activity will require collaboration with the DWD/NWSC; MoH; Ministry of Agriculture, Fisheries and Animal Husbandry. For this activity to be effectively carried out a relevant government research institution (agronomical) with laboratories will be engaged to undertake research, laboratory testing and prepare the required knowledge products. Stakeholder workshops for information-sharing and planning are anticipated for this activity.

2.5.5. Component 5: Project and Knowledge Management

Outputs

- a) Project inception
- b) Coordination
- c) Procurement
- d) Monitoring, evaluation and reporting
- e) Knowledge Management

Activities

The project management activities will be undertaken by the Implementing Agency, CIDI. Activities under this component will involve:

a) Project inception: The activities will include the mobilisation of local key partners; development of the work-plan (initial 18 months); launching of the project in the target community, and soliciting political support of the project as well as sensitising the community. An inception workshop/project launch is planned to give all major stakeholders orientation of the project; to define the steering committee composition, roles and responsibilities and gain consensus on the work-plan.

b) Coordination: The implementation of the project will require the definition of project management systems that will ensure timely and efficient delivery of the outputs (see annex 4a). These will be undertaken in line with the agreed work-plan and the implementation schedule of all the project components 1-4, with consultations and communication with and amongst partners and stakeholders. A Project steering Committee (PSC) with at least 30% women membership will be established with clear terms of reference including the preparation of the work-plan and provision of guidance to the planning of activities through quarterly meetings (see draft in Annex 7).

c) Procurement. This output will involve the planning and execution of work, including procurement of goods, services and works, and administration of contracts. CIDI will plan and work collaboratively with KCCA and NWSC, in consultation with AWF to ensure the required procurement of goods, works and services detailed under Annex 2b is undertaken in accordance with the defined schedule and in line with both the bank procurement procedures and the national procurement rules. Final ToRs will be developed by the Project Manager, in consultation with the Project Management Team during the initial stages of the project implementation.

d) Monitoring, evaluation and reporting: To support supervision, monitoring, evaluation and reporting activities are foreseen at 2 levels:

- i) internally through the establishment of a field office within the target area to ensure closer monitoring of project implementation and timely addressing of issues and risks; and through the activities of the steering committee and
- ii) Externally by the AWF in accordance with the procedures of the Bank and as will be detailed in Grant agreement. Other activities include financial management and reporting and ensuring timely auditing; and Project reporting, including quarterly progress reports and final completion report.

e) Knowledge management products developed and disseminated: Documentation of processes, lessons and experiences will be undertaken to develop a number of knowledge products: 8 case studies/briefs (on faecal sludge management, technological options, partnerships lessons for the different parishes); 3 documentaries for school sanitation (highlighting before, during and after scenarios) and 2 study reports. More specifically, key knowledge products to be generated as part of the project implementation include:

- i) Sanitation infrastructure menu of options with design details and unit costs;
- ii) Revolving Fund Manual/Guidelines and Sanitation credit facility simulations
- iii) Faecal sludge operational and management system for collection and transport;
- iv) Safe Reuse training Manual and strategic plan for Kampala
- v) Environmental impact assessment (EIA) report
- vi) Study reports.

The relevant project progress, evaluation and project completion report will contribute to the generation of case studies and necessary briefs. These products shall be shared locally with municipal level partners to accelerate scale-up, as well as in regional study seminars and international fora for peer-learning. One learning event for partners and stakeholders is planned under this component.

2.6. Risks

The project has addressed the main risks by incorporating safeguards into its design.

2.6.1. *Assumption:* A key assumption at the Impact level is that the mobilisation of the multiplicity of key actors (national and local government level) for the smooth and effective implementation will result in adequate good will, cooperation, dialogues and strategic changes. If this does not occur, there is a risk that the necessary policy and strategic inputs required for impact may not be realised. It is assumed that the commitment shown by KCCA and NWSC in supporting the KUPSIP project as a model intervention for scaling up the structures established through the intervention will prevail throughout the project period and beyond.

2.6.2. *Risk 1: Delayed procurement processes* due to the fragmented implementation of the sanitation management framework.

Mitigation: A Project Steering Committee (PSC) will be established (see Annex 7) with representation from all line ministries. The PSC meetings are scheduled quarterly to plan and guide all implementation processes of the project. In addition, a detailed procurement plan has been developed to support the process related to procurement of goods, works and services.

2.6.3. *Risk 2:* At the outcome level, there is a risk that the *landlords*, who are targeted as the recipients of the designed toilets at the household level, will not sufficiently cooperate and hence this might affect the level of up-take.

Mitigation: The Municipality (KCCA) has committed to enforcing the by-laws on the right to and access to improved sanitation facilities in line with the Public Health Act (1964), which requires landlords to provide sanitation facilities for their tenants. In addition, through the revolving fund project financing mechanism, there is an incentive to purchase subsidised units from three options that will be defined after the survey. Finally, sanitation promotion will highlight the social status as well as health and financial benefits for households and the overall community.

2.6.4. *Risk 3: Possible difficulties with repayment of loans* may affect the multiplier effect of the revolving loan scheme by decreasing the amount available for subsequent loan generations or slowing down the rate at which more loans can be given out.

Mitigation: The terms of lending will include some initial payment, and lessons from similar micro-credit schemes undertaken by CIDI will inform the definition of the statutes of the revolving fund scheme which will include the conditions for borrowing and repayments.

2.6.5. *Risk 4: Financial Management Risks:* The lack of professional qualifications for the accountants and the doubling up of the Compliance Officer as an accountant. *Mitigation:* Capacity of existing accountants shall be built through external and on-the job training. The Finance department will be re-organised to ensure that the Compliance officer concentrates on compliance work. Periodic reports to the Board of Directors will be made and action points followed up.

2.6.6. The overall project risk is assessed as low when the recommended mitigation measures are implemented.

2.7. Cost and Financing Plan

2.7.1 The total estimated cost of the project, by components, is shown in the Table 3 below. The costs are shown for each component by source of financing and are based on current costs of doing similar work in the region. The detailed cost estimates are presented in Annex 2a.

2.7.2. The total estimated project cost is € 1,352,460 which includes price escalation contingencies. The AWF grant financing amounts to €1,000,080 covering 73.9% of the total project costs. This amount will cover costs related to the Goods, Works and Services being procured amounting to € 909,170 and the 10% contingencies of € 90,910 CIDI and the partners will co-finance the remaining € 352,380.

Table 3: Project summary cost and financing plan (in Euros, excluding taxes)

Component	AWF	CIDI, Partners & Community Contribution	Total
Component 1: Sanitation Infrastructure	377,990	-	377,990
Component 2: Sanitation Demand Creation and Hygiene Promotion	234,330	201,400	435,730
Component 3: FSM: Pit-emptying, Collection and Transport	43,500	-	43,500
Component 4: Safe Reuse	100,000	-	100,000
Component 5: Project & Knowledge Management	153,350	118,950	272,300
Sub-total	909,170	320,350	1,229,520
Contingencies 10% (rounded)	90,910	32,030	122,940
TOTAL	1,000,080	352,380	1,352,460

2.7.3. The grant recipient/executing agency will meet the costs of the staff and the work facilities required by consultants during the execution of the project and will work with national and local governments to ensure tax and duty exemption. Provision is made under the project for the competitive recruitment of 1 Environmental Sanitary Engineer, to provide full-time technical expertise to the project whose services are estimated € 36,000 over the 36 months.

3 PROJECT IMPLEMENTATION ARRANGEMENTS

3.1. Recipient

3.1.1 The Community Integrated Development Initiatives (CIDI) shall be the Grant Recipient and the Executing Agency of the project. CIDI is eligible for funding under section 6.1 of the Operational Procedures of the AWF as a credible NGO endorsed by the Government of Uganda. Legally CIDI is a registered (Certificate Number: 2715 and reference No.S-5914/2868) organisation by both the Uganda National NGO Board established under the ministry of Internal Affairs. This registration provides CIDI with the legal mandate to transact business in any part of this country. CIDI has over 12 years' experience and has demonstrated a high level of professionalism and project management capacity (see annex 10 for the Financial Management assessment).

3.1.2. CIDI receives its revenue from various donors and its annual funding estimate is Uganda Shillings three billion (USD 1.2 million). The project's financial management transactions will be managed within the existing set-up of the Community Integrated Development Initiatives (CIDI). The Financial Management System of CIDI is adequate and capable of recording accurate and complete transactions and delivering financial reports timely. The NGO uses Mamut accounting software to record its transactions on a daily basis. The Financial Management (FM) operations of CIDI are handled by the Finance department which is headed by a Senior Accountant. The department has eight (8) accountants and none is a professional qualified Accountant. The Compliance officer also has some accounting duties.

3.1.3. Given the size of the grant and the organisation as a whole, the FM capacity of the department has been assessed as adequate for purposes of carrying out the FM of the project subject to improvement needed to strengthen its staff capacity through training and separating the functions of the Compliance Officer to ensure she does not also double as an Accountant. There is a financial procedure manual in place which forms the basis of the NGO's financial operations. The Internal Audit function does not really exist, only one staff member who doubles up as a Compliance officer and as an Accountant.

3.1.4. To effectively administer the project, CIDI will open a project office in the target community for coordination and addressing of the key project needs. This field office will be equipped by four full time staff: The Environmental Sanitary Engineer who will give technical guidance on the project, The Project Manager who will handle all administrative issues of the project and two core Mobilisers who will also double as credit officers. These will be responsible for community mobilisation, sensitisation on WASH, mobilising community contribution and identification of beneficiaries as well as securing land agreements from beneficiaries of the project.

3.2. Project Organisation and Institutional Arrangements

3.2.1. The Grant will be administered by CIDI who is already implementing other donor funded projects. The accounting officer is the Executive Director of the NGO. The Grant accounts will be done by the Accountant under the supervision of the Senior Accountant. The Executive Director will be responsible for delivering the financial statements of the grant.

3.2.2. CIDI shall be responsible by for the implementation as per the Implementation Agreement to be signed with the Municipality. Clear responsibilities, deliverables and deadlines shall be defined in this agreement. During the grant's execution, CIDI shall coordinate the implementation of the projects and manage procurement, project monitoring, reporting and evaluation; contractual relationships with the Bank and other financiers; financial management record keeping, accounts and disbursements.

3.2.3. The day to day management of project implementation shall be undertaken by the Project Manager (PM) to be designated by CIDI, and whose qualifications will be subject to approval by the AWF. The PM shall be responsible for the overall implementation of the project and the day-to-day management under the Chief Executive of CIDI. (S)He shall prepare periodic work plans and budgets, submit applications for disbursement to the AWF, arrange for the procurement of goods, works and services, and lead the preparation of quarterly progress reports for submission to AWF.

3.2.4 The PMC will be assisted by an Environmental Sanitary Engineer who will be hired for purposes of effective implementation of this project and other members of the Project Management Team (PMT) as assigned by CIDI.

3.2.5 The consumer survey, the FSM study establishing the operational concept for sludge management and the Safe Reuse study for establishing guidelines and defining strategy shall be undertaken by Consultants procured competitively under the project. The mid-term and final evaluation as well as the documentation of lessons learnt shall be carried out by a consultant to be recruited under this project.

3.2.6 A Project Steering Committee (PSC), with representation from the national, municipal, community and partners of the project, shall coordinate and facilitate the project implementation, its main task being to ensure adherence to the development objectives. The PSC shall ensure that there is adequate communication and coordination among stakeholders in the project and ensure that the annual work plans are communicated to and endorsed by stakeholders.

3.2.7. Partners' roles: Besides the PSC, each partner will collaborate and play a specific role for the success of the project. Each partner roles and obligations are discussed in the Implementation Agreement attached (Annex 4).

3.2.8. Before the project inception in collaboration with the local community, the PMT will establish a Community Based Monitoring System (CBMS), comprising community opinion leaders, Local Leaders, Village Health Team members and the beneficiaries at each parish. The role of the CBMS will be to support the PMT in community mobilisation, selection of potential beneficiaries, and mobilisation of community contribution for public structures and also monitor implementation of the project and offer feedback. This will form the first line of contact between the community and the project.

3.3. Implementation Schedule

3.3.1 The Project activities will be implemented over a period of 36 months. A draft schedule is included in Annex 3. It is envisioned that the first 6 months will serve as lead time for project start up, including design of appropriate technology; procurement of goods and services; the mobilisation of the beneficiary community, including sensitisation on the importance of access to and use of improved sanitation on health and general welfare; and marketing strategy

development and dissemination of baseline survey results. The project activities will commence with the procurement of the services of the consultants required for the surveys as outlined in Annex 2b.

3.4. Procurement Arrangements

3.4.1 All procurement of goods, works and acquisition of consultancy services financed by AWF will be in accordance with *AWF's Operational Procedures*, the Bank's *Rules and Procedures for Procurement of Goods and Works (May 2008, revised July 2012)* or as appropriate and the *Rules and Procedures for the Use of Consultants (May 2008, revised July 2012)* using the relevant Bank Standard Bidding Documents.

3.4.2. This project involves the procurement of the following Goods, Works and Services as provided in Table 3 below as follows:

3.4.3. **Civil Works:** Procurement of civil works under Component 1 valued at a total of **€ 321,700** related to the construction and installation of public sanitation facilities (total of 240 stances) with hand-washing units for schools, health centres and markets; and 700 household sanitation units (superstructure, slab and substructure) shall be carried out under National Competitive Bidding (NCB) procedures using the Bank's Standard Bidding Document for procurement of small works.

3.4.4. **Goods:** Procurement of contracts for goods valued at a total amount of **€ 326,625** related to the purchase of 5 cesspool emptying trucks and 2 motor-bikes which shall be carried out under National Competitive Bidding (NCB) on the basis of a short-list to select the most competitive price-quality offer.

3.4.5. **Consulting Services:** Consulting services of Individual Consultants valued at **€ 149,790** shall be undertaken through competition on the basis of a short-list utilising the quality and cost based selection process (QCBS) and through use of the Banks' rules and procedures for the selection of Individual Consultants.

3.4.6. **Operating Costs:** Operating costs for project management including monitoring, reporting, community meetings, visits and other related administrative costs including contingency (10%) valued on aggregate at **€ 201,965** shall be procured through existing applicable Implementing Agencies procedures acceptable and approved by AWF.

3.4.7. **Procurement Plan:** The Recipient shall prepare and submit a Procurement Plan acceptable to the AWF before effectiveness, setting forth:

- (a) all contracts for the consulting services, goods and works during the life of the project;
- (b) the proposed mode of procurement; and
- (c) the related AWF review procedures (prior or post review).

3.4.8. The Recipient shall update the Procurement Plan annually or as needed throughout the duration of the project. Any revisions proposed to the Procurement Plan shall be furnished to the AWF for its prior approval. The Recipient shall implement the Procurement Plan in the manner in which it has been approved by the AWF.

3.4.9. CIDI will maintain an accounting system and books of account specifically for the AWF project component, and will prepare quarterly financial statements in accordance with AWF procedures.

3.5. Disbursement Arrangements

3.5.1. The project will utilise the Special Account (SA) method of disbursement as prescribed in the Bank’s Disbursement Handbook. The project will operate one foreign special account into which the proceeds of the loan will be deposited and further to a local currency special account. Both accounts will be opened at a reputable commercial bank in Uganda acceptable to the African Development Bank. An initial disbursement will be deposited in the project Special Account (SA) in foreign currency based on a six month cash flow forecast for the project and based on the agreed work plan approved by the Bank through the initial Withdrawal Application to the Bank after the effectiveness of the project. Actual expenditures will be replenished through submission of Withdrawal Applications (at least monthly) supported by Statements of Expenditures (SOE) while direct payment method will be used for payments in respect to contracts for equipment, supplies and services (including audit and consultancy). The Bank’s Disbursement Letter will be issued stipulating key disbursement procedures and practices.

3.5.2 The expected Disbursement Schedule is shown in the table 4 below.

Table 4: Disbursement Schedule

Category of Expenditures	Tranche 1	Tranche 2	Tranche 3	Total
Services (Consultancies)	82,790	62,000	5,000	149,790
Goods	166,890	102,090	57,645	326,625
Works	86,500	118,200	117,000	321,700
Project Management	80000	61,965	60,000	201,965
Total	416,180	344,255	239,645	1,000,080
Percentage	42%	34%	24%	100%

3.5.3. Obligations of the AWF to make the first disbursement of the Grant shall be conditional upon the opening of a Special Account, designation of a Project Manager by CIDI, the preparation of an implementation plan (including a procurement plan) and the presentation of a signed Partnership Arrangement between all implementing partners (CIDI, KCCA, Netwas Uganda, and NWSC).

3.5.4. If ineligible expenditures are found to have been made from the Special Account, CIDI will be obligated to refund the same. The Bank will have the right, as reflected in the General Conditions to suspend disbursement of the Funds if reporting requirements are not complied with.

3.6. Accounting and Audit Arrangements

3.6.1 As the Grant Recipient, CIDI shall be responsible for the financial management of the project. The Recipient shall maintain adequate records to account for the receipt of grant funds and disbursement of payments from the Special Account for services rendered or goods procured. The Recipient will equally ensure the custody of supporting documents and the preparation of Project Financial Statements (PFS), ready for audit reviews. The AWF shall arrange for the audit of PFS. Progress Reports shall include financial information.

3.6.2. Audit of the project shall include a separate opinion on the use of the Special Account, in accordance with the Bank's standard terms of reference for external auditors and shall attest that: i) the requests for replenishment of the Special Account submitted are consistent with relevant information, ii) the internal controls and procedures used for their preparation, are reliable enough to justify the requests for replenishment, and iii) the goods and services financed from the special account have been received by the project.

3.6.3. Two audits are expected to be carried out by an external auditor recruited by the AWF. The AWF will recruit and retain an auditor for this purpose, and the cost of the audit shall be paid from the AWF administrative budget, not from this Grant.

3.6.4. A reputable audit firm acceptable to the bank will audit the project accounts annually and at the end of the project in line with the Terms of Reference agreed with the Bank. An audit report, complete with a management letter and management responses, will be presented annually to the Bank, within six (6) months following the end of each financial year. The annual audit will be done in accordance with International Standards on Auditing.

3.7. Supervision, Monitoring, Evaluation and Reporting Arrangements

3.7.1. The project will be supervised on a risk based approach. Unless a substantial risk is observed, the supervision mission will be made as part of sector led supervision mission of the project twice a year.

3.7.2. CIDI and the PM will be responsible submitting quarterly progress reports to the AWF in a form to be agreed with the Facility, and that clearly indicates the level of attainment of results and addresses any discrepancies from the targets set. The key indicators for monitoring project implementation progress and overall performance as identified in the LFAs will be further elaborated through participatory workshops with key partners during preparation of the Implementation Agreement and Plan. A project-wide monitoring system will thus be developed before project start-up for the results based assessment for achieving project outputs and will be aligned with the existing sector monitoring systems for the sector.

3.7.3. In addition, the PSC shall review progress during its regular meetings and provide strategic guidance. Given the multiplicity of sector partners involved in sanitation services in Uganda and in this project, the active participation of national/local government partners and the private sector, institutional capacity strengthening through the knowledge generation and sharing component shall be emphasised through the role of the PSC.

3.7.4. The annual project financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) annually three months after the closure of CIDI's fiscal year. The annual audited project financial statements together with the auditor's report and management letter will be submitted to the Bank within six months after the end of the fiscal year. The annual financial statements should include: (i) a Balance sheet that shows assets and liabilities; (ii) a statement of Receipts and Expenditures showing separately Bank's funding, from those co-financiers if applicable, and cash balances; (iii) Statement of Special Accounts, both Uganda Shillings and Euros accounts and (iv) Notes to the Financial Statements describing the applicable accounting principles in place and a detailed analysis of the main accounts.

3.7.5. The Recipient shall prepare and submit a final report of implementation attesting to the completion of the project and showing lessons learnt from implementation. In this regard, the Recipient shall submit to the AWF the reports/documents stated under Table 5 below. The project completion report shall include details on project activities and a comprehensive expenditure report on the utilisation of the Grant. All documents shall be transmitted to the AWF by email, and through subsequent submission of hard copies.

Table 5. AWF Reporting Requirements

Documents to be Submitted to the AWF	Reporting Schedule	AWF Action
Implementation and Procurement Plan	Within 3 months from Grant signature	Review and approval
Procurement Documents	As noted in Procurement Section	Review and “no objection”
Quarterly Progress Report in AWF format (with report on expenditures)	Within two weeks of end of quarter	Review/comment
Mid-Term Review and Final Assessment	End of 1 st quarter of following year	Review/ comment
Audit Reports (including management letter)	Annually – within 6 months of the end of each financial year	
Project Completion Report in AWF format	3 months after end of project	Review/acceptance
Minutes of PSC Meetings	Within 7 days of meeting	Review/comment
Minutes of any other project meeting or workshop	Within 7 days of meeting	For information

4 PROJECT BENEFITS

4.1. Effectiveness and Efficiency

4.1.1. Given that there is both political and policy support to facilitate this collaboration between the government, the private sector and the local communities on effective FSM, the impact of this intervention will lead to sustainable improvements in environmental sanitation among the urban poor and promote better health. The technology and implementation arrangements proposed for this project recognise the difficulties with land tenure, the unplanned nature of the community, poverty and income patterns, and the observed difficulty with promoting sanitation, particularly in areas with high water table, in the informal settlements in Kawempe.

4.1.2. It is expected that the selected designs of onsite latrine facilities will make provision for adjustments for cost, space and settlement pattern and will further take into consideration the possibility of NWSC extending sewer network system to Kawempe in its current planning for sewerage services. A Geographical Information System (GIS) will be employed to map, monitor and verify the existence of project sanitation facilities at household and community level. This GIS mapping shall provide the details related to location, ownership, functionality and access. This tool will be useful in monitoring implementation, in establishing the impact of the project in terms of coverage and access and in guiding scale-up processes.

4.1.3. The construction of demonstration facilities in public places will increase demand for sanitation products and offer learning opportunities to many residents and transient population in

such urban setting at a reduced cost. By establishing a sanitation revolving fund scheme which offers 75% of total capital cost loans at subsidised interest rates, the project offers an incentive for pro-poor financing of improved sanitation infrastructure and services.

4.2. Project Viability

4.2.1. The local contribution from both the implementing partners and communities of approximately **€352,380** are in line with the overall purpose of the African Water Facility of supporting African countries to mobilise and apply resources for the development of the water and sanitation sector towards the successful implementation of the Africa Water Vision (2025) and achievement of the Millennium Development Goals, (MDGs).

4.2.2. The proposed project also fits well into a number of AWF's strategic objectives and areas of intervention, notably improving service delivery (enabling environment, access by the poor, promoting a variety of innovative service provision, improving public utilities, promoting private sector involvement/entrepreneurship and improving performance of public utilities/municipalities); There is a clear potential of leveraging strategic investment in sanitation for the urban poor from the community and the private sector as well as knowledge generation and dissemination to enhance learning.

4.2.3. The project has secured buy-in of local political and technical leadership (KCCA, MoH and NWSC) to ensure development and enforcement of necessary bye-laws and the promotion of the technology in the other areas. The project has a knowledge generation component to capture lessons and practices for learning purposes which will be useful in scaling up.

4.3. Sustainability

4.3.1. The combination of an innovative pro-poor sanitation financing mechanism and the sustained creation of demand for sanitation (the regular contact between the communities/direct beneficiaries and the Recipient of the Grant) serves to raise awareness and prolong the IEC component of the project, thus potentially improving the Project's sustainability. The Revolving Fund will outlive the Project timeframe, and repayments will be sown back into building more sanitation facilities.

4.3.2. This project has a strong capacity building component both at community level and for local government level actors. The business development skills for local masons and capacity building of school sanitation and community clubs and O&M/ sanitation user committees will contribute to sustaining the benefits of the project by improving functionality to 90% and ensure continuity of activities related to sanitation promotion at both community and school level. The fact that KCCA supports and will use this project to enforce the by-laws related to the right to sanitation is an indication that the project will have an effect on the implementation of the sanitation policy relating to the right to basic sanitation infrastructure.

4.3.3. The hygiene promotion activities will provide the necessary knowledge and capacity strengthening of the key stakeholders enhance the understanding of the impact of improved sanitation and hygiene on health and general welfare of the community thus enhancing up-take of the technology and buy-in into the sludge management approach. With increased demand for the technological options, the financial drivers, through the private sector participation, will lead to improvements in service quality, efficiency, innovation of management and technology, and

eventual improved living conditions for the local community through better and cleaner neighborhoods.

4.3.4. Considering the fact that NWSC will be utilising the FSM operational and management mechanism with the KUPSIP acting as a model demonstration, there is a commitment from government to apply this system at scale for wider reach to provide emptying and transport services to the un-sewered urban areas of Kampala.

4.3.5. The project develops and demonstrates scalable tools and sanitation value chain systems which will be institutionalised for application by relevant local government institutions and services providers thus promoting scale-up.

4.4. Social Equity and Gender Issues

4.4.1. Equity and inclusion (inclusive of gender) are some of the golden indicators set up by the Ugandan Government and monitored under the WASH sector performance review annually. For this reason, the project will keep women and girls at the forefront as follows:

- a) Gender sensitive technology: The project proposes that all toilet facilities will be tailored to gender needs especially for women and children. Public facilities will be constructed with different units for access for men and for women, while school facilities will also be separated for girls and for boys. All toilet designs will incorporate a door for privacy;
- b) The 84 units for vulnerable groups will consider households of the two genders to ensure balance; and
- c) All committees will have at least 30% women/ girl child representation both at the school management committees, user-committees the hygiene and sanitation clubs and the operation and maintenance committees.

4.5. Environmental and Social Impact

4.5.1. CIDI will work closely with NEMA to undertake an Environmental Impact Assessment (EIA) during the inception phase and secure required environmental permits throughout the project timeframe.

4.5.2. The project is classified under Category III given that its impact will reduce the current faecal sludge related pollution of both surface and underground water. The expected technological designs and their application especially the proposed use of polyethylene materials has given consideration to how to reduce current levels of pollution from direct emptying into drains and surface running water and hence will contribute to reduced groundwater pollution and better health and general welfare. It is anticipated that project will lead to cleaner environments since the faecal waste that will be generated shall be safely contained, collected and transported to the Lubigi faecal sludge treatment plant.

4.5.3. To ensure safe reuse of the waste disposed and treated at the newly established faecal sludge treatment plant in Lubigi, the project will undertake both research studies and laboratory tests with a government agronomical institution in collaboration with the Ministry of Agriculture, Fisheries and Animal Husbandry. These will put guidelines in place to promote safe handling and safe reuse of stabilised faecal sludge or biosolids. Both the operators and applicators of the stabilised sludge or biosolids will be trained on health and safety and a manual will be developed to support capacity strengthening of the local government partners.

4.5.4. The planned consumer survey will provide the required socio-economic data to determine levels of affordability and acceptability of the technologies for improved sanitation (for containment and collection) that will be promoted through this project. Both approaches have already been tested in pilot initiatives and the collection system is already endorsed by the NWSC, MoH and the KCCA partners. Considering that the project supports the development of local sanitation entrepreneurs, this project will lead to improved livelihoods through job creation but also through savings made from reduced incidences of sanitation related diseases and deaths.

4.5.5. There will be no involuntary resettlement as a result of the activities of this project.

5 CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

5.1.1. The project is well aligned with the sector policies, strategies and current sector development plans of the relevant line ministries dealing with environmental sanitation in Uganda, in particular Uganda's National Development Plan and the Ministry of Health Integrated Financing Strategy for Improved Sanitation and Hygiene. The project promotes the realisation of the objectives and priority areas of the AWF Strategic plan 2012-2016 and supports the Bank Group's strategy which aims to promote economic growth and poverty alleviation of RMCs.

5.1.2. The contextual framework and justification are clear; the objectives, outputs and activities are logically laid out and proposed implementation arrangements are considered adequate and sustainable.

5.1.3. The project will apply a collaborative approach, involve partnerships between public, private and civil society stakeholders, and engage with diverse actors to address a severe sanitation situation in the densely populated urban poor areas of Kampala. By providing innovative technological options supported by a financing strategy, this project will accelerate access to sustainable sanitation for the flood-prone areas of Kampala.

5.2. Recommendations

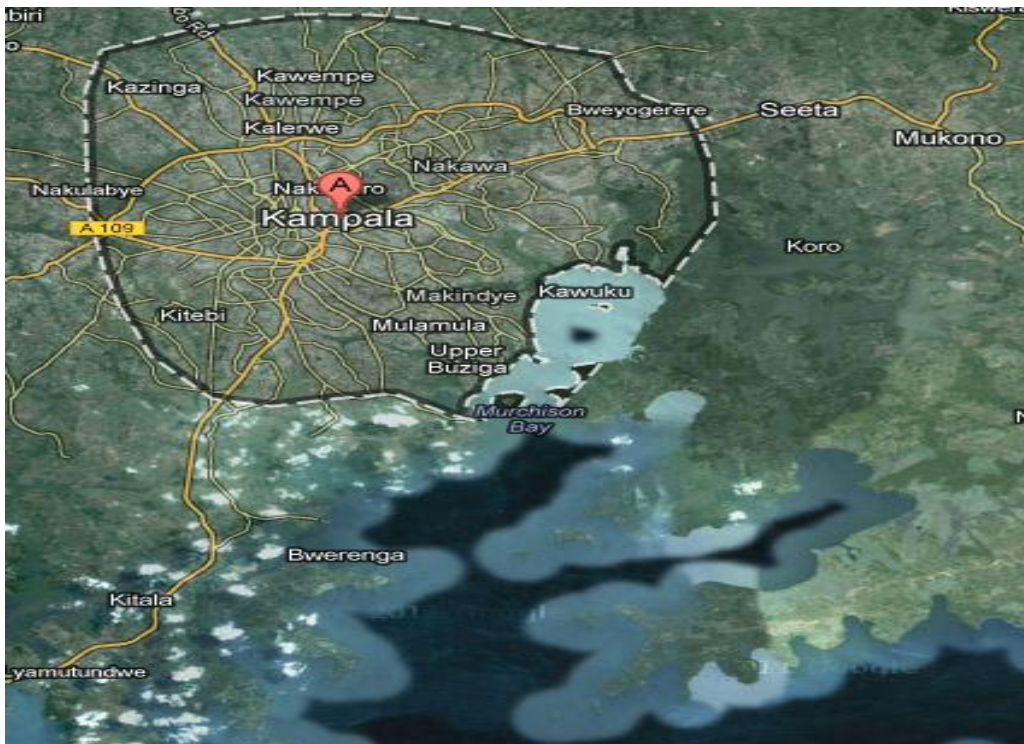
5.2.1. It is recommended that an AWF Grant not exceeding **€ 1,000, 080** be extended to CIDI for the purpose of implementing the project as described in this Appraisal Report.

5.2.2. The first disbursement of the Grant shall be conditional upon the following:

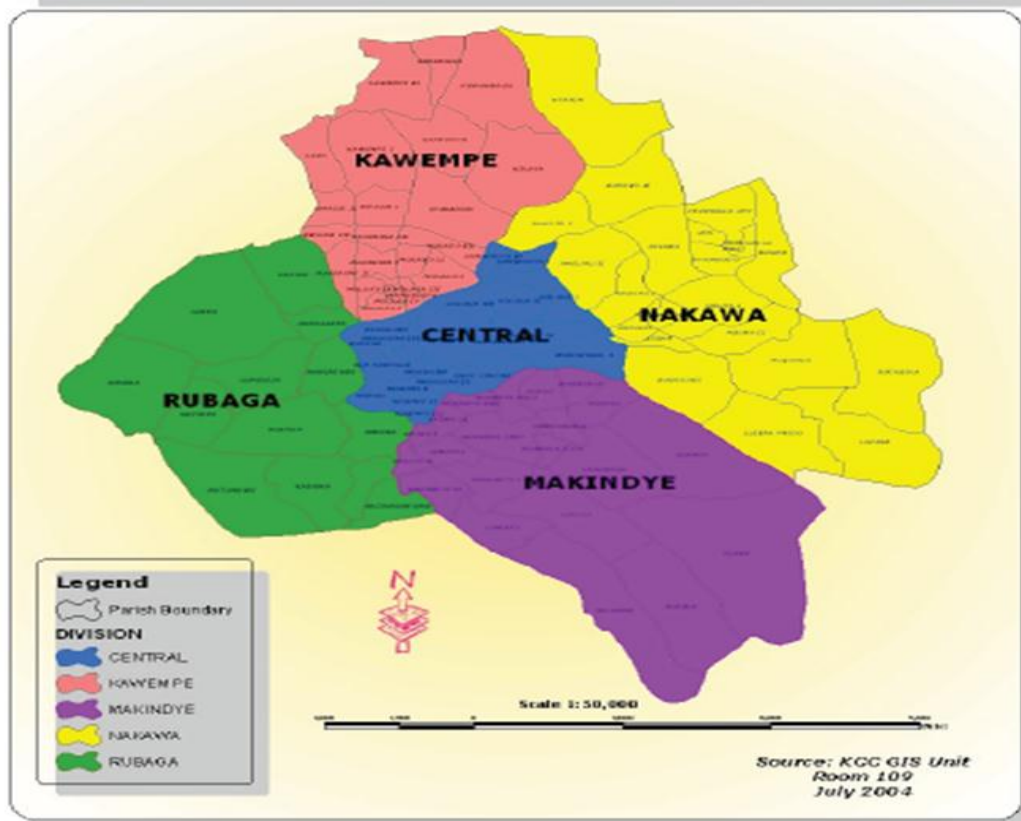
- a) Opening of a Special Account in a commercial bank in Uganda acceptable to AWF;
- b) Presentation of signed Partnership Agreement;
- c) Preparation of revised Implementation and a Procurement plan for the first 18 months.

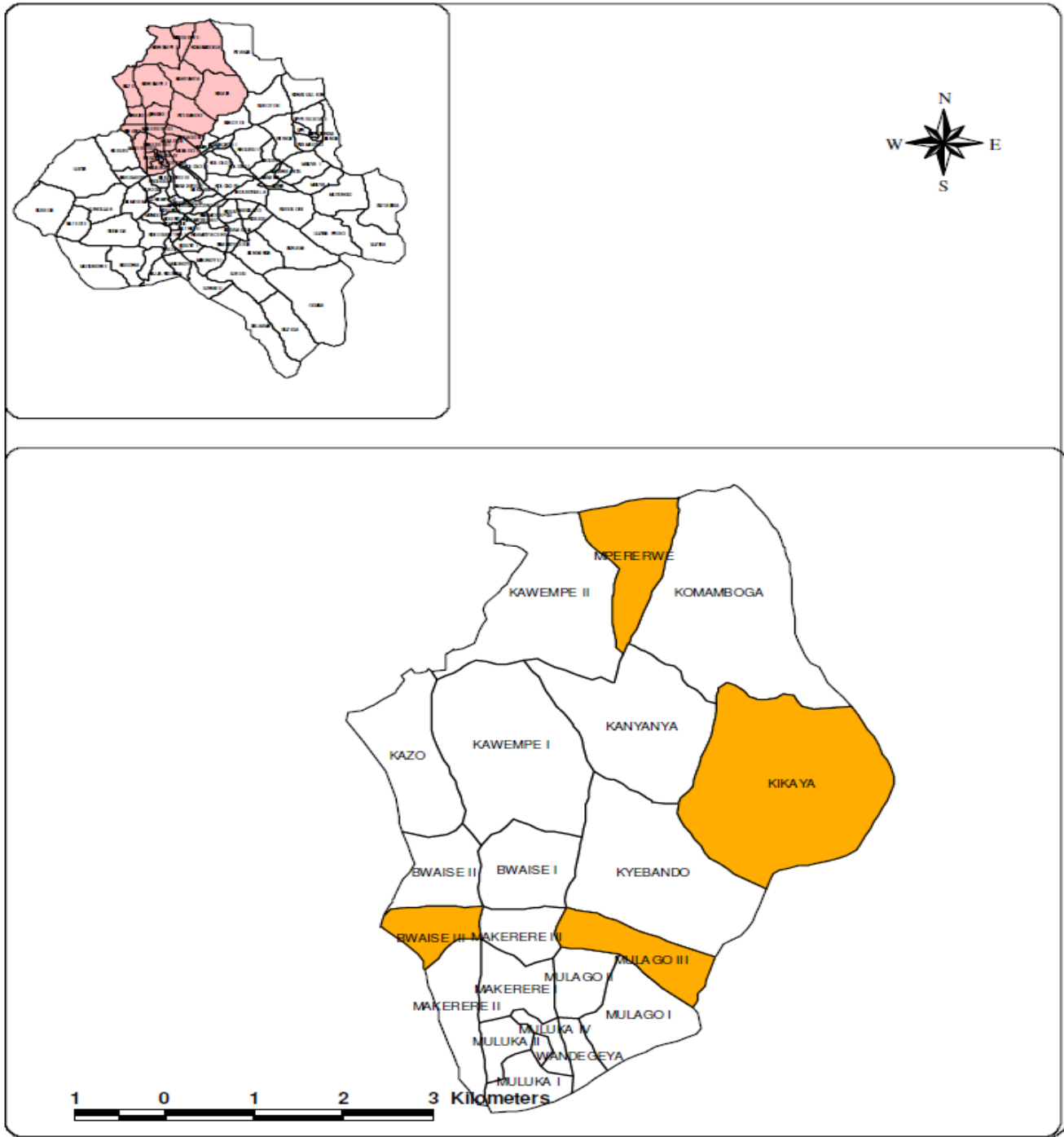
ANNEXES

Annex 1: MAPS OF TARGET COUNTRY AND PROJECT LOCATION



KAMPALA CITY DIVISIONS





Map 1 showing the Location of Kawempe division and the Study parishes

Annex 2a: DETAILED FINANCIAL PLAN AND PROJECT UNIT COSTS

	Unit	Unit Costs	Qty.	Total Cost	AWF	CIDI	NWSC	NETWAS	KCCA	Comm	Total
Component 1 – Sanitation Infrastructure											
1.1 Appropriate technologies developed											
1.1.1 Consumer Survey Procurement	Adverts	750	2	1,500	1,500						1,500
1.1.2 Consumer survey	LS	38,289	1	38,289	38,289						38,289
1.1.3 Dissemination of survey Report	No.	3500	1	3,500	3,500						3,500
				43,289	43,289						43,289
1.2 Public Sanitation Facilities (500 units)											
1.2.1 Securing of land agreements	Meetings	150	50	7,500	7,500						7,500
1.2.2 Procure contractors	Adverts	750	2	1,500	1,500						1,500
1.2.3 Construction of public facilities	Stances	300	240	72,000	72,000						72,000
1.2.4 Installation of hand washing facilities	Number	50	50	2,500	2,500						2,500
1.2.5 Commissioning of facilities/hand over	Event	3000	1	3,000	3,000						3,000
				86,500	86,500	-	-	-	-	-	86,500
1.3 Household facilities installed											
1.3.2 Selection and training of masons	Number	100	50	5,000	5,000						5,000
1.3.3 Mobilisation of landlords	Visits	30	150	4,500	4,500						4,500
1.3.4 Construct shared household facilities	Stances	300	700	210,000	210,000						210,000
1.3.5 Construct facilities for the vulnerable		300	84	25,200	25,200						25,200
1.3.6 Commissioning of facilities/hand over	Event	3500	1	3,500	3,500						3,500
				248,200	248,200	-	-	-	-	-	248,200
				377,989	377,989				-		377,989
Component 2 – Promote Hygiene/Sanitation											
2.1 Targeted IEC tools prepared											
2.1.1 IEC materials for various target groups	Sets	300	3	900	900						900
2.1.2 Translation and printing/reproduction	Numbers	0.33	50000	15,000	15,000						15,000
				15,900	15,900	-	-	-	-	-	15,900
2.2 Hygiene and sanitation Promotion											
2.2.1 Hygiene and s/ sensitisation meetings	Meetings	100	10	1,000	1,000						1,000
2.2.2 Radio talk shows	Numbers	600	10	6,000	6,000						6,000
2.2.3 Spot ads and jingles	Numbers	70	50	3,500	3,500						3,500
2.2.4 Drive shows	Numbers	150	10	1,500	1,500						1,500

2.2.5 Role plays and drama	Numbers	350	10	3,500	3,500					3,500
2.2.6 Door to door promotion	P/ months	50	150	7,500	7,500					7,500
2.2.7 Tee-Shirts (Corporate)	Numbers	18	691	12,438	12,438					12,438
				35,438	35,438	-	-	-	-	35,438
2.3 School Sanitation										
2.3.1 Identification of target schools	Visits	30	10	300	300					300
2.3.2 Formation and training of s/ clubs	Events	150	30	4,500	4,500	-				4,500
2.3.3 Facilitate s/ clubs with promotion tools	Sets	285	30	8,550	8,550					8,550
2.3.4 Organise s/ and hygiene competitions	Events	3500	3	10,500	10,500					10,500
2.3.5 Documentaries on san club activities	Videos	2500	3	7,500	7,500					7,500
				31,350	31,350	-	-	-	-	31,350
2.4 Revolving Fund										
2.4.1 Develop guidelines for accessing credit	Guideline	2200	1	2,200	2,200					2,200
2.4.2 Approval of applications (Credit Comt)	Meetings	50	59	2,950	2,950					2,950
2.4.3 Signing agreements, educating creditors	P/ days	30	120	3,600	3,600					3,600
2.4.4 Administration of sanitation credits	P/ days	100	120	12,000	12,000					12,000
				20,750	20,750	-	-	-	-	20,750
2.5 Fecal Sludge Hardware										
2.5.1 Cesspit emptier	No.	30000	6	180,000	122,890				57,110	180,000
2.5.2 Provision of Cesspool emptiers (Munic.)	No.	24875	2	49,750				49,750		49,750
2.5.3 UGAVAC Emptiers	No.	15756.6	6	94,539		94,540				94,539
2.5.4 Motor cycle	No.	4000	2	8,000	8,000					8,000
				332,289	130,890	94,540	-	49,750	57,110	332,289
				435,727	234,328	94,540		49,750	57,110	435,727
Component 3 : FS management System										
3.1 Effective cesspool emptier services										
3.1.1 Stakeholder meeting	Meeting	1000	3	3,000	3,000					3,000
3.1.2 Design FS collection and transportation	LS	20,000	1	20,000	20,000					20,000
3.1.3 EIA temporary collection point	LS	10,000	1	10,000	10,000					10,000
3.1.4 Testing the design for six months	LS	10,000	1	10,000	10,000					10,000
				43,000	43,000	-	-	-	-	43,000
3.2 Operation and Maintenance										
3.3.1 Establish / train committees (public f.)	Location	100	5	500	500					500
				500	500	-	-	-	-	500
				43,500	43,500					43,500
Component 4 : Safe FS Re-use										

4.1 Study and lab tests on safe FS re-use	LS	39,000	1	39,000	39,000					39,000
4.2 Guidelines and demonstration (safe reuse)	LS	17,000	1	17,000	17,000					17,000
4.3 FS re-use marketing strategy for Kampala	LS	24,000	1	24,000	24,000					24,000
4.4 Training workshop on FS safe re-use	LS	20,000	1	20,000	20,000					20,000
				100,000	100,000					100,000
				100,000	100,000					100,000
Component 5: Project Management										
5.1 Project Inception										
5.1.1 Mobilisation of partners	LS	300	1	300	300					300
5.1.2 Project launch	Event	2500	1	2500	2500					2500
				2,800	2,800	-	-	-	-	2,800
5.2 Coordination										
5.2.1 Establishment of a Project Steering Committee	Meetings	500	1	500	500					500
4.2.2 Project Steering Committee quarterly meetings	Meetings	400	12	4,800	4,800					4,800
5.2.3 Monthly partner's coordination meetings	Meetings	100	36	3,600	3,600					3,600
				8,900	8,900	-	-	-	-	8,900
5.3 Staff										
Project Manager	P/ months	804	36	28,944	-	28,374	570			28,944
Project assistants	P/ months	475	72	34,200		34,200				34,200
Accountant	P/ months	665.6	18	11,980		11,980				11,980
Environmental Sanitary Engineer	P/ months	1000	36	36,000	36,000					36,000
Credit Officer	P/ months	475	8	3,800		3,800				3,800
M&E Officer	P/ months	950	4	3,800		3,800				3,800
Executive Director	P/ months	1900	3	5,700		5,700				5,700
				124,425	36,000	87,854	570	-	-	124,425
5.4 Transport										
Fuel	Litres	1.2	4591	5,509	5,509					5,509
Maintenance	Per quarter	100	12	1,200	1,200					1,200
Provision of vehicle and driver	Monthly	50	410	20,520		20,520				20,520
				27,229	6,709	20,520	-	-	-	27,229
5.5 Utilities										
Water	Monthly	20	37	740	740					740
Electricity	Monthly	50	36	1,800	1,800					1,800
Security	Monthly	100	36	3,600	3,600					3,600

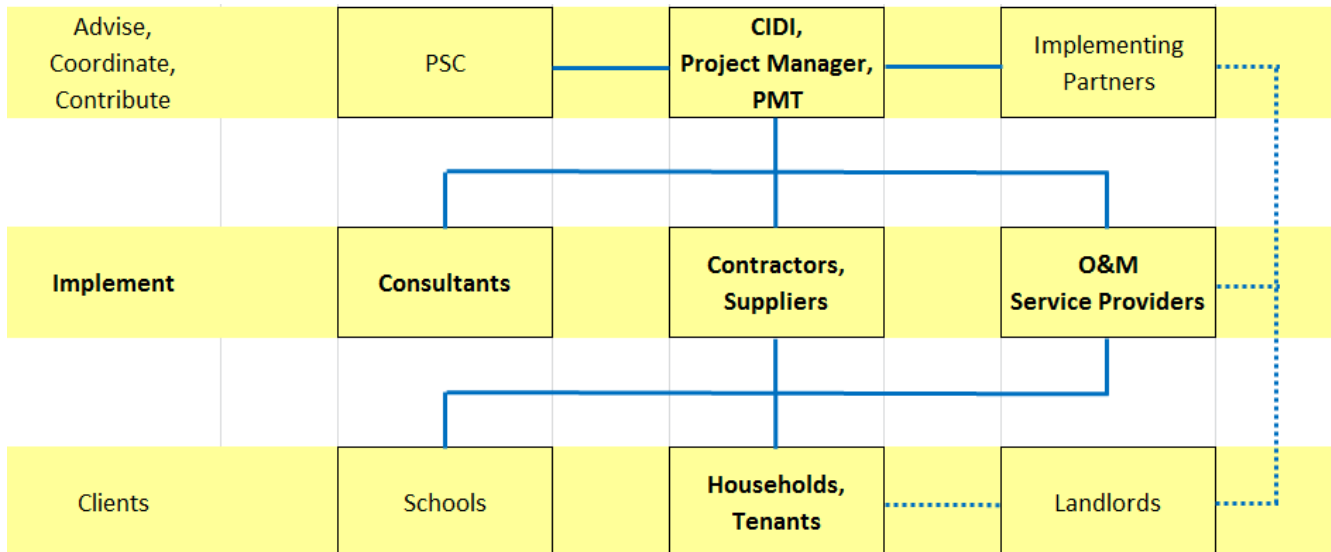
Rent	Monthly	250	36	9,000	9,000					9,000	
				15,140	15,140	-	-	-	-	15,140	
5.6 Office supplies										-	
Printer	No.	400	1	400	400					400	
Computers	No.	700	3	2,100	2,100					2,100	
Digital camera	No.	500	1	500	500					500	
Stationery (paper, pens, markers, charts, folders, cartridges)	LS	4000	1	4,000	4,000					4,000	
Office chairs	No.	100	10	1,000	1,000					1,000	
Desks	No.	200	4	800	800					800	
				8,800	8,800	-	-	-	-	8,800	
5.7 M&E and reporting										-	
5.7.1 Contribution to annual internal audit	LS	1000	3	3,000	3,000					3,000	
5.7.1 Project evaluation (Mid-term and End of project)	No.	5000	2	10,000	10,000					10,000	
				13,000	13,000					13,000	
5.8 Knowledge Management Products										-	
5.8.1 Documentation of experiences and lessons learnt (e.g., on FS management mechanisms, credit facility, technological options)	Products	5000	8	40,000	35,000			5,000		40,000	
4.8.2 Project Completion Report										-	
5.8.3 Learning and dissemination	Copies	5	4000	20,000	17,000			3,000		20,000	
5.8.4 Learning event	LS	12000	1	12,000	10,000			2,000		12,000	
				72,000	62,000	-	-	10,000	-	72,000	
				272,294	153,349	108,374	570	10,000	-	272,294	
6.0 Revolving fund contribution										-	
										-	
				272,294	153,349	108,374	95,110	10,000	49,750	57,110	1,229,510
Grand total (Activities)				1,229,510	909,166	108,374	95,110	10,000	49,750	57,110	1,229,510
Contingency (10%; rounded)				122,950	90,914	10,838	9,510	1,000	4,975	5,710	122,950
Grand Total (Project)				1,352,460	1,000,080	119,212	104,620	11,000	54,725	62,820	1,352,460

Annex 2b: PROCUREMENT CATEGORIES

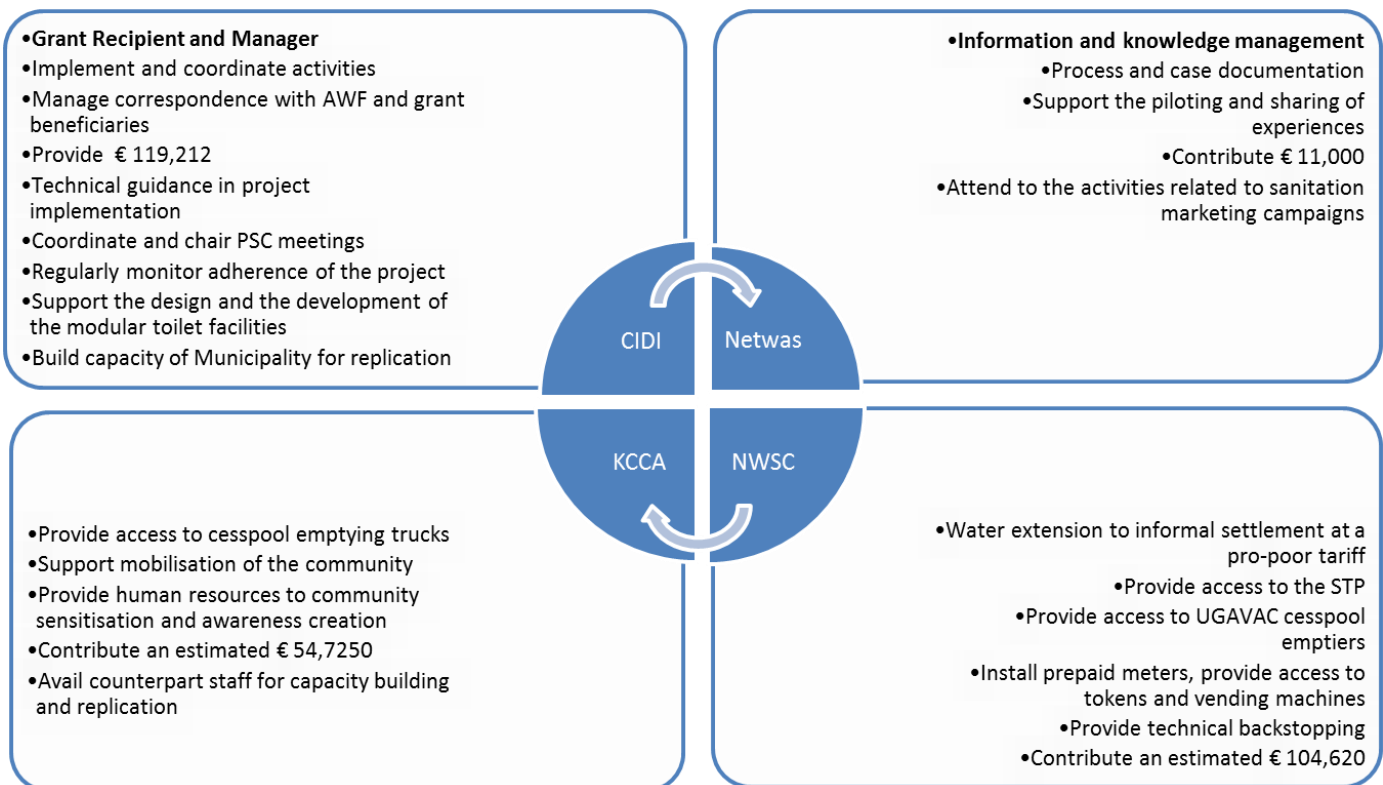
Procurement category	Items under Consideration	Procurement Method	Total cost (€)
Consultancies	Consumer Survey (Survey to identify consumer technology preferences, capacities, costs, suppliers and supply chain, desirability, appropriateness, criteria for selection of beneficiaries, identify masons)	CQS	39,790
	Design of an operational mechanism for FS emptying, collection and transportation	ICS	20,000
	Research study on fecal waste treatment and handling for safe re-use	ICS	23,000
	Guidelines and demonstration disseminate on safe fecal sludge handling and re-use	ICS	17,000
	Consultancy service to develop a fecal sludge re-use and marketing strategy for Kawempe	ICS	24,000
	Consultancy service to develop promotional, marketing tools for fecal sludge	ICS	16,000
	End of Project Evaluation	ICS	10,000
Goods and other services	Dissemination of survey results and sanitation marketing strategy development (workshop)	SHOP	3,500
	Translation and printing/reproduction	SHOP	15,000
	Radio talk shows; Spot ads and jingles	NCB	9,500
	Tee-Shirts (Corporate)	NCB	12,440
	Preparation and dissemination of videos on san club activities	SHOP	7,500
	Annual users' License for the performer software	SHOP	600
	Documentation of experiences and lessons learnt (e.g., on FS management mechanisms, credit facility, technological options)	SSS	40,000
	Learning and dissemination	SSS	20,000
	Staff recruitment - Sanitation specialist	ICB	36,000
	Repair and Maintenance of Vehicles and fuel	SHOP	7,280
	Utilities (water, electricity, security and rent)	SHOP	15,120
	Purchase of 2 motor cycles	SHOP	8,000
	Purchase of the Cesspit emptier truck	NCB	122,890
	Training workshop on safe re-use of fecal sludge	SHOP	20,000
	Office supplies (computer, printer, digital camera, office chairs & desks, stationery)	SHOP	8,800
			326,630
Works (hardware and facilities)	Procure contractors; Construction of public facilities; Installation of hand washing facilities	NCB	86,500
	Construction of shared household facilities and household facilities for the vulnerable groups	NCB	235,200
			321,700
Total			798,120

Annex 4a: PROJECT IMPLEMENTATION ARRANGEMENTS

Organogram



Coordination and Contributions



Annex 4b: PROJECT IMPLEMENTATION ARRANGEMENTS
Draft KUPSIP Implementation and Partnership Agreement

IMPLEMENTATION AND PARTNERSHIP AGREEMENT
For
Cooperation and Collaboration in the Implementation of the
Kawempe Urban Poor Sanitation Improvement Project (KUPSIP)

Funded by the African Water Facility

1. INTRODUCTION

This Partnership Agreement is made this ____ (*Day*) of _____ (*Month*) _____ (*Year*) and is effective from the date of signing first quoted above between:

- i) **Community Integrated Development Initiatives (CIDI) of :**
Plot 2809, Tank hill Road, P.O. Box 692, Kampala-Uganda (herein represented by the Executive Director, Dr. Jjuuko Flugencio)
- ii) **National Water and Sewerage Corporation (NW&SC) of:**
Plot39, Jinja Road, P.O. Box 7053, Kampala, telephone: (herein represented by Managing Director, Eng. Alex Gisagara)
- iii) **Network for Water and Sanitation Uganda (NETWAS-U)of:**
Plot 2220, Old Port bell Road, Kitintale Aqua Complex, 1st Floor, P.O. Box 40223, Kampala (herein represented by the Programme Manager, Mrs. Nimanya Cate Zziwa).
- iv) **Kampala Capital City Authority, Kawempe Municipality,**
Department of Environmental Health of:
Plot 78, Bwaise, and P.O Box 7010 Kampala telephone (herein represented by Hajji Mubarak Munyagwa, Mayor, Kawempe Municipality)

Herein all referred to as “Partners” with equal rights and obligation for the successful implementation of the KUPSIP project.

1. RECITALS

- i) **Whereas** all partners desires to enter into a partnership agreement for the successful implementation of the KUPSIP project as more particularly described herein Kawempe Urban Poor Sanitation Improvement Project (KUPSIP) implementation. All partners are in the business of providing services related to urban poor sanitation improvement as described and agreed in the roles and responsibilities section for each partner set forth in this agreement.
- ii) **Whereas**, all partners are desirous that the work of implementing the KUPSIP project be executed in accordance with the agreed terms, conditions, roles and responsibilities of this agreement, all partners are willing to perform the tasks in accordance to the expectations of all partners set forth in this agreement.

2. PURPOSE AND SCOPE

- i) All partners share the goal of successfully implementing the Kawempe Urban Poor Sanitation Improvement Project funded by the African Water Facility (AWF) in order to improve the general health and incomes of 200,000 Kawempe urban poor residents through improved access to adequate sanitation, promotion of sound hygienic and sanitation practices, awareness and linking the urban poor to sewerage treatments plants and markets for sanitation products.

3. PROJECT BACKGROUND

- i) The Kawempe Urban Poor Sanitation Improvement Project (KUPSIP) is proposed to improve the general health and incomes of 200,000 Kawempe urban poor residents through improved access to adequate sanitation, promotion of sound hygienic and sanitation practices, awareness and linking the urban poor to sewerage treatments plants and markets for sanitation products. Realisation of this goal will contribute to the Government of Uganda and NDP's goals and objectives as well as meeting the MDG goals related to sanitation in urban areas.

Five partner organisations (Community Integrated Development Initiatives, Netwas Uganda, National Water and Sewerage Corporation, Kampala Capital City Authority, and Kawempe Municipality) with financial support of €1,000,080 from AWF and community contribution of €352,380:

- ii) Wish to undertake the project using the principles of sanitation marketing with limited subsidy for the urban poor. The project has three major outcomes which include:
 - Improved access to sustainable sanitation facilities for 200,000 Kawempe urban poor residents;
 - Improved hygienic practices and awareness of 200,000 Kawempe urban poor residents;
 - Improved access to sustainable and affordable sound latrine emptying services for Kawempe residents.
- iii) To do so, the project uses innovative ideas such as radio broadcasting, community meetings, comics and pupils/community sanitation clubs/O&M/User clubs and committees to teach pupils and the community in attractive manner in proper toilet use, hygiene and sanitation practices. Sanitation clubs should provide the children and communities in addition to information also with a forum where they can discuss issues amongst themselves where they feel they cannot discuss them home or with others.
- iv) The project includes 500 sanitation demonstration units and 1,500 household sanitation units to improve access to sanitation, 500 user/O&M/sanitation clubs, 200 community masons trained and linkages to sewerage treatment plants and market for sanitation manure as well as establishing linkages with existing cesspool emptiers over a period of 36 months.
- v) Primary beneficiaries of the project will include landlords and their tenants who will access the 1,500 sanitation facilities, schools and school children who will access the 500 demonstration facilities, i.e. churches, mosques, public markets, trading centres and community members who will be selected and trained as masons. In addition to the facilities, sanitation clubs, O&M committees and user committees at public facilities and schools and the general community will receive awareness and sensitisation about sanitation and hygiene during and after the project.
- vi) The purpose of this agreement is to set for the understanding and intentions of all partners with regard to shared goals and objectives of the KUPSIP. The partners specifically acknowledge that this partnership agreement is NOT an obligation of funds to or from either partner except for commitments agreed by each partners for the purposes of this agreement nor does it constitute a legally binding commitment by AWF for funding any of the partners set forth in this agreement. Any financial obligations or commitments for the success of the KUPSIP shall be effected through separate funding agreements.

4. IMPLEMENTATION

- i) To achieve the purposes of this partnership agreement, the partners will jointly subject to availability of funds from AWF, co-operate on technical assistance, and other investments that benefit Kawempe urban poor people to access improved sanitation, hygiene and improved incomes. The Partnership Agreement will commence on the day of signing and will be reviewed periodically as need arises. It will then expire after three calendar years with the completion of the KUPSIP.

5. ROLES AND RESPONSIBILITIES

- i) The partners undertake to fulfill their responsibilities with respect to the goals and objectives of the project as stipulated in the roles and responsibilities of each partner as agreed before commencement of the project implementation.

a) **Community Integrated Development Initiatives (CIDI).**

- Will take the grant management role and be the recipient of the grant.
- Will implement activities of project such as community mobilisation, sensitisation, sanitation marketing, establishing demonstration centres, and erection of community sanitation facilities.
- Establish the linkages between the partners and undertake to manage correspondences between the AWF and other grant beneficiaries.
- Provide up to an equivalent €119,212 in resources for housing and management of the project, manpower to implement the project and mobilise additional community contribution towards each demonstration site.
- Will provide technical guidance in terms of project oversight and implementation.
- Undertake research, reviews and development of IEC materials for the project.
- Coordinate and chair project advisory meetings.
- Regularly monitor adherence of the project implementation team to the project proposal standards.
- Support the design and the development of the modular toilet facilities tailored to the needs of the urban poor.

b) **National Water & Sewerage Corporation (NWSC):**

- Will provide water extension to poor informal settlement areas at a pro-poor tariff.
- Will provide access to the sewerage treatment plant for sludge treatment purposes.
- Provide access to UGAVAC mobile cesspool emptiers to remote urban poor residents for emptying of their toilet facilities.
- Install prepaid meters, and provide access to tokens and vending machines to serve the urban poor in Kawempe.
- Provide technical backstopping regarding the operation and maintenance of the pre-paid meters.
- This support is estimated to € 104,620 in resources as community contribution.

c) **NETWAS Uganda:**

- Has agreed to play the role information and knowledge management.
- Will be responsible of process documentation, good case documentation and the most significant changes stories in the project.
- Will support the piloting and sharing of experiences resulting from the plastic modular toilet design phase and from the project intervention as whole.
- NETWAS will also provide up to equivalent € 11,000 in resources for sharing the outputs of the project in its documentation centre to be accessed by other stakeholders, publication of the outputs of the project online, human resources and sharing research tools and methodologies on documentation and learning.
- NETWAS will also in kind attend to the activities related to sanitation marketing campaigns.

d) **Kampala Capital City Authority (KCCA), Kawempe Municipality:**

- Has agreed and will provide access to cesspool emptying trucks at her disposal for free to the urban poor to contribute about \$10 for fuel to transport sewerage to the plant per trip within Kawempe municipality.
- She will also offer support in mobilisation of the community especially offering the council hall for community meetings and trainings during the course of the project.
- The authority will also provide human resources in community sensitisation and awareness creation.

- This support is estimated to € 54,725.

6. RIGHT TO INSPECT

In the performance of the different roles by the partners, all partners will have some limited degree of authority to control and direct the performance of the details of the work. However, the work completed herein must meet AWF's standards and approval and shall be subjected to AWF's general right of inspection and supervision to secure the satisfactory completion thereof.

- All partners agrees to comply with all laws, rules and regulations that are now or hereafter applicable to the partners' business.
- The project advisory committee in collaboration with the partners and the grant manager will designate a representative who shall be authorised to act for and on behalf of KUPSIP in all matters related to the performance of roles and responsibilities of the partners who will endorse the deliverables in the contract.

7. TIME DEVOTED TO WORK

- In the performance of roles and responsibilities set herein for each partner, the amount of time devoted on any given day will be entirely within the control of partner unless otherwise agreed among the partners for the good of the project.

8. OWNERSHIP OF RESULTS

- Any materials that are produced in the course of the execution of this agreement are the intellectual property of all partners involved in the process.
- Due recognition **MUST** always be made of the input of the funding organisations and /or other persons and organisations that significantly supported the execution of the agreement.
- Tangible items especially those which carry a financial cost will remain a property of those who met the cost for their purchase at all times unless otherwise agreed by the partners and the financing partner.

9. TERMINATION

- Termination without Cause: Either Partner may terminate this Agreement without cause upon giving sixty day (60) days written notice to the other. The Partners shall deal with each other in good faith during the 60-day period after any notice of intent to terminate without cause has been given.
- Termination with Cause: Either Partner may terminate this Agreement effective immediately upon giving written notice of termination for Cause. "Cause" means a material violation of this Agreement and includes, but is not to be limited to, any act exposing the other Partner to liability to others for personal injury or property damage, any violation of applicable law, or a deterioration in a working relationship(s) between partner(s) and any key contact persons, or with Partners which makes the further provision of Services difficult or unfeasible.
- Willfully violates any term of this Agreement;
- Injures the economic or ethical welfare of the partner (s) by his/her misconduct or willful inattention to his/her duties and responsibilities under this Agreement; or
- Fails to perform at the standards required under this Agreement, after notice and a reasonable opportunity to improve standard of performance.

10. LIMITATIONS ON LIABILITY, RELEASE, INDEMNIFICATION:

- No partner will be responsible for any injuries, claims, risks, liabilities or losses (financial, personal or otherwise) of any kind ("Claims") which another partner or their staff may incur regarding, arising out of or relating to this Agreement or Services. As a condition of going forward with this Agreement, partners have agreed to release and fully discharge, and to indemnify and hold harmless, Partner (s) and its officers, directors, agents and representatives from any and all Claims, which may now exist or arise in the future regarding, arising out of or relating to this Agreement or the Services.
- This release, indemnity and hold harmless applies not only to known Claims, but also extends to all unknown, unforeseen, unanticipated or future Claims arising out of, in connection with or relating to the Agreement or Services. The Partner (s) have agreed that this release is effective whether any Claim

results from the negligence of Partner(s), its/their officers, directors, agents or representatives. Partners understands that negligence means a failure to do and act, as a reasonably careful person would do, or the doing of an act, which a reasonably careful person would not do, under the same or similar circumstances, to protect partner(s) or others from injury or death.

11. FRINGE BENEFITS

- i) Partners are not eligible for, and shall not participate in, any pension, health, life insurance, travel insurance, evacuation insurance, workers compensation, or other fringe benefit of each other's partner (s). In addition, the partners will not look at each other for property insurance coverage or reimbursement for loss, theft or destruction of any partner's property.
- ii) Nor will any Partner look to any partner for liability insurance coverage for any claim, liability, loss or damage, which might result from any alleged or actual negligence, reckless or intentional act or omission of another partner. Each partner is solely liable for any such claims, liabilities, losses or damages.

12. OTHER TAX DUTIES AND LIABILITIES

- i) The partners are responsible to pay any and all taxes in accordance with the local authority laws of the Government of Uganda in which the partners reside or perform work in this agreement.

13. AMENDMENTS, MODIFICATIONS, EXECUTION IN COUNTERPARTS

- i) This Agreement cannot be amended or modified without the expressed written consent of all Partners. The Agreement may be signed in counterparts.

14. GOVERNING LAW, JURISDICTION

- i) The validity of the Agreement or any of its terms or provisions, as well as the rights and duties of the Partners hereunder, shall be governed by and construed in accordance with the laws of the Government of Uganda. The Partners agree that any action brought arising out of, relating to or concerning this Agreement will be brought exclusively in the Ugandan Courts of Law and in no other court.
- ii) The partners to this agreement shall settle amicably any dispute arising out of the implementation and/or interpretation of all or any terms and conditions contained herein.
- iii) Should an amicable settlement fail, the parties shall refer their case to an Arbitration Commission to be established jointly in accordance with the Civil Code of Uganda.

15. INCORPORATION

- i) Each exhibit (project proposal) and document referred to in this Agreement is hereby incorporated herein as if set forth in full. **SIGNING OF THE AGREEMENT:**
 - i) In witness whereof all partners to this agreement have caused this agreement to be executed on the date first above written,

For and on behalf of Community Integrated Development Initiatives

Dr. Jjuuko Flugencio

Date

For and on behalf of Network for Water and Sanitation-Uganda

Cate Nimanya Zziwa (Mrs)

Date

For and on behalf of National Water and Sewerage Cooperation

Eng. Alex Gisagara

Date

For and on behalf of Kampala Capital City Authority, Kawempe Municipality

Hajji Mubarak Munyagwa Date

In the witness of Community Integrated Development Initiatives (CIDI)

Mr. Godfrey Muteesasira

Date

In the witness of Network for Water and Sanitation -Uganda

Brenda Achiro Muthemba (Mrs)

Date

In the witness of National Water and Sewerage Cooperation(NW&SC)

Mr. Taremwa Kamugisha Dennis Date

In the witness of Kampala Capital City Authority, Kawempe Municipality

Mr. Mugerwa Henry

Date

ANNEX 5: PROPOSED SLUDGE MANAGEMENT MODEL

Draft Terms of Reference for Faecal Sludge Management Study

Background

In Kampala City, there are two main institutions mandated to provide sanitation services: These are Kampala Capital City Authority (KCCA), for on-site sanitation, and National Water and Sewerage Corporation (NW&SC), for sewerage services¹⁰. However, three main problems arise with this structure. Firstly, KCCA has proved to be institutionally weak, in its ability to enforce laws requiring proper latrine facilities in households and institutions, and to fulfill its obligation to provide such facilities in public places. Secondly, because NW&SC is only mandated to provide water-driven sewerage services, performance improvements in its water operations have only minimally been transferred to sanitation, as the number of people connected to its sewerage network has remained at only 8%¹⁰ leaving out majority of the poor people living in slum areas. Thirdly many external (donor) interventions in slum areas have been highly subsidised and often free, based on the assumption that residents of informal settlements are too poor to pay for the development of their own sanitation facilities. As a result, many poor urban residents have not only found unsafe ways of getting rid of the sludge, like opening the latrines during rainy seasons for the sludge to follow into the drainage channels, but also the formal service providers such as private cesspool emptiers have neglected them due to inaccessibility of their residences and are highly costly for the urban poor.

Proposed Sludge Management Model

To address these challenges NWSC (2009) piloted a small cesspool emptier truck to access the hard to reach slum areas known as UGAVAC technology. However the technology has not been operationalised and rollout to the poor communities due to a number of operational challenges like, lack of an operational concept (costing, management and accessibility of the technology). It is against this background that CIDI under the proposed Kawempe Urban Poor Sanitation Improvement Project (KUPSIP) would like to put this technology to use through establishing the operational model.



One of the UGAVACs being tested out for operation

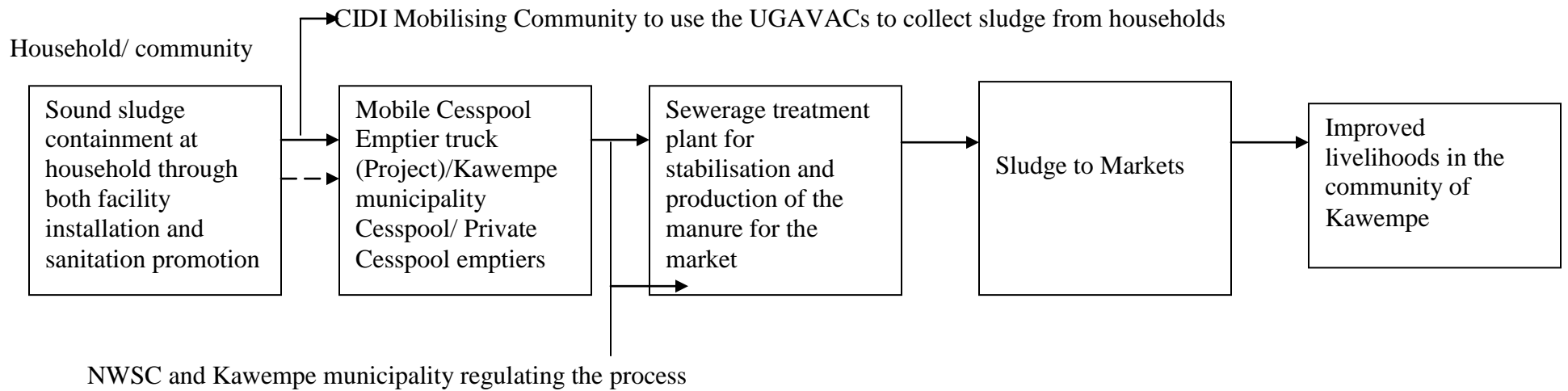
As part of the proposed project, CIDI in partnership with NWSC, Kawempe Municipality, NETWAS and Crestanks, have proposed that the UGAVACs be allocated to CIDI for management in order to effectively

¹⁰ Ministry of Water and Environment; 2nd GOU/Donor Joint Review of the Water and Environment Sector 2010

access the urban poor with efficient and affordable sludge emptying services. It is also proposed, as part of the grant from African Water Facility (AWF), a cesspool emptier truck be procured for and stationed in the parishes where the UGAVACs can move out to the remote slums, empty and then drain in the cesspool emptier truck which will in turn transport the sewerage to the treatment plant.

An affordable user fee to the urban poor is also proposed for operational and maintenance of both the truck and the UGAVACs to effectively sustain the system. With this arrangement in place over 20,000 urban poor households are likely to access safe sludge management services in their community including those who are not directly receiving hardware facilities from the project. Further support for the operational concept will be developed to determine the actual locations, cost for emptying, detailed management plans and cresting demand for the sludge management services during the project implementation as part of the consultancy to study this proposed arrangement.

Proposed sludge management model:



Annex 6: CONSUMER PERCEPTION SURVEY

Draft Terms of Reference

1. BACKGROUND

Lack of adequate sanitation continues to be an enormous human health and environmental problem in the developing world, particularly Africa. Under the Joint Monitoring Programme (JMP), the UN only recognises improved toilets and as per their definition, Uganda's coverage is just over 33% and thus in danger of missing the MDG target.

In Uganda's urban areas about 81% of the population is reported to have access to safe sanitation services¹¹. However there are disparities across the urban areas with some areas in the country having very alarming sanitation coverage rates as low as 10%¹². A study undertaken by GIZ (German Technical Cooperation) in Kawempe municipality found a substantial number (62%) of people living in life and health threatening homes and neighborhoods, primarily in slums with limited (36%) access safe sanitation services¹³.

The study also found that on average, each slum dweller in Kawempe spends about US\$ 14 per month on water and sanitation related diseases¹³ with an estimated infant mortality related to diarrhea of 36 children per week¹³. Sanitation coverage in Uganda is currently estimated at 75%, according to Ugandan measurement standards. Low sanitation coverage is often attributed to lack of demand from households. However, poor coverage is also due to inappropriate latrine technologies and non-responsive supply mechanisms and chains. In order to accelerate the demand for the uptake of sanitation, there needs to be a balance between demand and supply.

The Uganda Demographic Health Survey [2006] showed that there was a 5% higher incidence of diarrhea among children in households without improved facilities than in those with improved facilities which are not shared. The EUWASH baseline survey [2011] revealed that 5% of households in CIDI target districts practice open defecation, and confirmed the strong correlation between latrine ownership, use and diarrhoeal disease prevalence. There is thus need to improve even existing facilities so that they can be hygienically maintained and attractive to use. Although sanitation marketing is relatively new to the country, the approach is included in the 10 year sanitation financing strategy for Improved Sanitation and Hygiene [ISH], as well as the National Development Plan 2010-2015.

CIDI applied for a grant from the African Water facility to implement a 3 year sanitation project in Kawempe municipality. The Title of the project is Kawempe Urban Poor Sanitation Improvement Project (KUPSIP). The Kawempe Urban Poor Sanitation Improvement Project (KUPSIP) is proposed to improve the general health and incomes of 200,000 Kawempe urban poor residents through improved access to adequate sanitation, promotion of sound hygienic and sanitation practices, awareness and linking the urban poor to sewerage treatment plants and markets for sanitation products.

Realisation of this goal will contribute to the government of Uganda and NDP's goals and objectives as well as meeting the MDG goals related to sanitation in urban areas.

The project has three major outcomes which include:

- Improved access to sustainable sanitation facilities for 200,000 Kawempe urban poor residents.
- Improved hygienic practices and awareness of 200,000 Kawempe urban poor residents.
- Improved access to sustainable and affordable sound latrine emptying services for Kawempe residents.

¹¹MoWE, Uganda Water and Environment Sector Performance Report 2011

¹², Kampala City Council: State of Sanitation in Kampala City 2010

¹³ GTZ/RUWASS, sanitation market study report for Kampala, 2009

It is against this background that CIDI seeks the services of a consultant to undertake a rapid household consumer perception survey to draw initial and in-depth understanding of sanitation practices and places, existing latrine technologies and adoption rates, people's thoughts, attitudes and latrine preferences, etc. to guide the implementation of the above mentioned project.

2. OVERALL OBJECTIVE

The overall objective of the research will be to draw insight into current defecation practices, latrine technologies, credit, income, latrine ownership and in-depth understanding of motivations and constraints to latrine adoption as well as best sanitation communication channels in the KUPSIP project. This understanding will be used to inform the implementation of the Kawempe Urban poor Sanitation Improvement project geared at improvement of livelihoods of the urban poor in Kawempe through sanitation improvement in the municipality.

3. SPECIFIC OBJECTIVES

The study will be cross-sectional entailing a combination of desk reviews, document analysis and utilise qualitative techniques to data collection with a few subjections to quantitative data collection. This will include transect walks, key informant in-depth interviews; focus group discussions with household heads, children, and other pertinent groups. The field assessment will cover selected parishes within Kawempe Municipality. The consultant will propose relevant methodology and other tools, conduct field work to collect pertinent data, analyse data, compile reports, prepare a final report and initiate a sanitation marketing strategy.

4. SCOPE OF WORK

Following a two pronged approach, the assessment will include:

a) Initial and exploratory rapid assessment

- To develop initial understanding of defecation practices, places, contact details and names of latrine service providers on target communities for the different technologies.

b) In-depth research informed by the rapid assessment

- To identify the current sanitation situation and behaviors in target communities;
- To examine the motivations for household sanitation investments and constraints to household sanitation adoption;
- To find out the desirable latrine product technologies and attributes from the target communities;
- Analyse data collected to identify what communities as consumers know, like, and dislike about different latrine designs and why so as to inform the design of a strategy;
- Design an initial sanitation marketing intervention strategy for the municipality based on the findings and the six P's in Marketing¹⁴;
- To find out the consumer views in relation to interest rates for water credit and their preferences in regard to sanitation products.

5. METHODOLOGY

The consultant will design and propose appropriate methodology and tools to be agreed on with CIDI guided by the following four key research questions:

- What are the benefits of and reasons for building and/or improving a household latrine as perceived by different types/segments of people, including motivations and barriers?
- What are the difficulties that people experience when deciding and planning to build or improve a household latrine and maintaining it when constructed? [Constraints, barriers and facilitators]
- What types of latrines do people know about and what aspects/features do they like and dislike about each. Why? [Current product awareness and preference]

¹⁴ People, Product, Place, Price, Packaging, Promotion

- Where do people find out about and get trusted information on latrine designs, construction materials and service providers? [Communications]
- To find out the consumer views in relation to interest rates for water credit and their preferences in regard to sanitation products.

6. EXPECTED DELIVERABLES AND OUTPUTS OF THE ASSESSMENT

- An inception report with proposed methodology, report chapter outline and data collection tools
- A draft report for review and comments
- A final full report [Maximum 45 pages]
- Initial Sanitation marketing strategy against the Six Marketing P's [Max. 10 pages]
- A draft and final report providing specific responses to the specific objectives of this exercise
- All materials produced by the research.

7. ASSESSMENT DURATION & SCHEDULE

The consultancy is expected to take place as per schedule below:

<i>Activity / Task</i>	<i>Deliverables</i>	<i>Estimated Duration</i>
<i>Bid Analysis, Contract Preparations and Signing</i>		<i>3-4 days</i>
Preparation and mapping of the field work (tools, materials, logistics and submission of draft inception report)	Draft Inception Report	3 days
Comments by CIDI, finalise inception report	Final Inception Report	4 days
Orientation of rapid assessment team in each district and conducting rapid household sanitation assessment		5 days
Data collection		15 days
Data analysis and preparation of draft final report of the study	Draft Study Report	7 days
Reviewing draft report and feedback by the Programme Manager, PMT and CIDI Country Office		3 days
Feedback incorporation and finalisation of the study report	Final Study Report	3 days
Submission of final report		1 day

8. REQUIRED COMPETENCIES/CONSULTANTS' QUALIFICATIONS

It is expected that the in-depth consumer assessment will be conducted by either a single consultant utilising a tape or digital recorder to allow for the production of interview transcripts, or an interviewer and note-taker team. The consultant(s) is expected to conduct and analyse the data deriving from the rapid assessment and in-depth interviews after initial training and supervision.

The consultant(s) is expected to be a social scientist/anthropologist trained to a Master's level with a minimum for eight (8) years/ significant experience conducting qualitative research, including collection, reporting, and analysis.

The consultant should have thorough experience in:

- Conducting in-depth semi-structured interviews
- Consumer research (and in particular, the use of 'laddering', means-end chains analysis, and in-depth probing, and the conduct of audience segmentation)
- Qualitative research to inform program strategic design
- Excellent reporting and presentation skills. Must be familiar with all relevant computer applications in general.

- Fluency in English (language of both technical support and final report) and the field teams should have knowledge of Luganda.
- Prior experience on sanitation related fields will be an added advantage.

9. WORKING RELATIONSHIPS

The following work relationships have been proposed for the assignment but can be further discussed with the successful consultant.

At the Country Office:

The selected consultant will work with the KUPSIP Manager, WASH Engineer, Senior Programme Officer in charge of WASH and the Executive Director to fine tune and review the questionnaires. The focal contact person will be the Project Manager.

At Programme Unit Level:

The selected consultant is expected to work very closely with the respective Project team.

M&E dept:

The consultant will also work with CIDI M&E department in developing the tools.

Annex 7: PROJECT STEERING COMMITTEE Composition and Draft ToRs

Background

The Kawempe Urban Poor Sanitation Improvement Project (KUPSIP) is proposed to improve the general health and incomes of 200,000 Kawempe urban poor residents through improved access to adequate sanitation, promotion of sound hygienic and sanitation practices, awareness and linking the urban poor to sewerage treatment plants and markets for sanitation products. Realisation of this goal will contribute to the Government of Uganda and NDP's goals and objectives as well as meeting the MDG goals related to sanitation in urban areas.

Five partner organisations (Community Integrated Development Initiatives, Netwas Uganda, National Water and Sewerage Corporation and Kampala Capital City Authority, Kawempe Municipality) with financial support of € 1,000,080 from AWF and community contribution of € 352,380 wish to undertake the project using the principles of sanitation marketing with limited subsidy for the urban poor. The project has three major outcomes which include:

- Improved access to sustainable sanitation facilities for 200,000 Kawempe urban poor residents.
- Improved hygienic practices and awareness of 200,000 Kawempe urban poor residents.
- Improved access to sustainable and affordable sound latrine emptying services for Kawempe residents.

To do so the project uses innovative ideas such as radio broadcasting, community meetings, comics and pupils/community sanitation clubs/ O&M/User clubs and committees to teach pupils and the community in attractive manner to proper toilet use, hygiene and sanitation practices. Sanitation clubs should provide the children and communities, in addition to information, also with a forum where they can discuss issues amongst themselves where they feel they cannot discuss them home or with others.

The project includes 500 sanitation demonstration units and 1,500 household sanitation units to improve access to sanitation, 500 user/O&M/sanitation clubs, 200 community masons trained and linkages to sewerage treatment plants and establishing of the sludge management system for the urban poor in Kawempe over a period of 36 months.

Primary beneficiaries of the project will include landlords and their tenants who will access the 1,500 sanitation facilities, and schools and school children who will access the 500 demonstration facilities, i.e. churches, mosques, public markets, trading centres and community members who will be selected and trained as masons. In addition to the facilities, sanitation clubs, O&M committees and user committees at public facilities and schools, as well as the community in general will receive awareness and sensitisation about sanitation and hygiene during and after the project. To achieve the above objective, a project steering committee will be established to offer technical advice and direction to the project

Composition

The committee will be composed of between ten (10) to fourteen (14) members, drawn from the partner organisation, key ministries, target community and overriding legal authority and technical experts as appointed by the funding organisation.

Key ministries and government corporations under consideration will include but not limited to Ministry of Water and Environment (MoWE) responsible for reporting and monitoring sanitation data in Uganda, Ministry of Health (MoH) especially the Environmental Health Department in whose docket the responsibility of sanitation falls for both policy formulation and technical guidance, Kampala Capital City authority, who is responsible for household / onsite sanitation in the city, National Water and Sewerage Corporation responsible for sewerage management in the city and in addition to the target community, learning partner and the private sector responsible for production of the toilet technology. It is also proposed that two sanitation advisors will be appointed from AWF / ADB and GIZ for technical assistance and advice to represent the development partners.

The committee shall be comprised of both males and females, with at least four (4) females to ensure appropriate representation of both sexes. The committee will comprise of at least one person and at most two representatives from each of the above identified organisations. The committee shall have no age restriction and the major restriction will be based on the vast knowledge about sanitation issues, expertise knowledge one brings to the committee and willingness to share from an authoritative point of view.

Responsibilities

The primary function of the committee is to facilitate, advise and offer technical guidance to CIDI, the Project Management Team and the Project Manager. This will happen through advising on technical, policy and contextual issues and any other issues that may be deemed important for the success of the project.

The responsibilities of the committee will therefore include but not limited to:

- Provide information on technical issues related to sanitation, norms and needs of the target population and their concerns regarding the project;
- Provide input into the design of the technological options of the project intervention as appropriate to the local norms, beliefs, traditions, costing and perceptions;
- Advise on effective methods for disseminating sanitation promotion information, materials and channels for use as well as reach;
- Provide advice and support regarding adherence to procurement guidelines and financial guidelines for the project.

Terms of Operation

- The committee shall convene at least twice in a quarter for the project duration and as of when there is an issue that need consultation from the committee.
- It is planned that the first meeting be an administrative meeting to share the roles, understand the project, setting rules governing the meetings and operation of the committee and also to elect leadership for the committee.
- The project manager shall always inform in detail the purpose of the meeting, venue and time in advance of one week unless otherwise stated.
- The project shall always facilitate the meeting in terms of stationary, venue and transport refund whenever the meeting is called.
- The meetings shall always be between one to two hours unless the members agree to extend the meeting.
- The committee shall always continue deliberations and discussions as long as three quarters of the members are present.
- Any decision taken by majority of the committee members shall always be sounding and taken as an agreed position for the committee
- In terms of a disagreement and an issues needs to be resolved democratically, such issues will be subjected to a vote by all committee members where each member shall have one vote. The decision will then be taken by the majority vote.
- If a member of the committee resigns from the committee by notice in writing addressed to the secretary, is judged to be of unsound mind or dies, three quarters of the committee shall vote to a motion of no confidence to that member and will declare the seat vacant.

Dissolution

- The committee shall be dissolved as soon as the purpose for which it is formed is achieved.
- A general meeting will be called for the dissolution of the committee and a resolution to dissolve the committee will be passed by three thirds of the committee members.
- A dissolution report shall be written down and filed by the committee secretary with copies to all committee members.

Annex 8: SSWARS SANITATION SOCIAL MARKETING PROJECT

Results in Bwaise II, Kyebando and Mulago III Parishes in Kawempe Municipality

The SSWARS project, with funding support from WATERAID, adopted sanitation social marketing techniques which considered sanitation as a social good and used commercial marketing principles of *product, price, promotion and place* to promote sanitation and encourage communities to actively engage in improved sanitation and hygiene practices.

Results from Baseline survey

Results from initial baseline and needs assessment conducted showed that sanitation is still one of the challenges facing slum dwellers with most parishes having latrine coverage (by ownership) below 30%. For the existing latrines, the user loads were very high (Table I) and the quality of their construction extremely poor.

Table 1. User loads of a few sampled latrine facilities in the three parishes in Kawempe Division

Parish	Zone	Latrine Facility	Type of user	Number of users
Bwaise II	Nakamiro	VIP-4 stances	Spire Primary School	278 pupils and 10 staff members
	Tebuyoleka	VIP-4 stances	50 households	300 users
Kyebando	Kisarosaro	VIP-4 stances	80 households	240 users
	Elisa	VIP-6 stances	Winterland Primary school	710 pupils and 33 staff
Mulago III	Upper Nsooba	VIP-3 stances	40 households	240 users

Some zones (villages) in these communities are inaccessible by cesspool emptier for those who would afford to pay for emptying services when their latrines fill-up even though a large number of people would not even afford to pay for emptying. As a result they resort to using drainage channels and emptying the latrine contents into the drains, especially during rainy seasons when flooding occurs. This has led to contamination of water sources in these areas and consequently cholera, diarrhea outbreaks among other infectious diseases. The environment is grossly contaminated as well as littered with all sorts of solid and human excreta. The problem is also compounded by the poor excreta management in the city.

It was evident that the latrine types commonly used in the three parishes were mostly traditional pit latrines; and improved types commonly known as the Ventilated Improved Pit (VIP) latrines which were elevated due to the high water table since slums are located in wetlands/ swamp areas that were reclaimed for settlement.

The reasons attributed to the use of traditional latrines are partly because the community members were not aware of other latrine options that could be constructed, costly nature for the flush toilets and inadequate enforcement of the law by Kampala City Council to ensure that land lords first build toilets for their tenants before constructing their rental structures.

Project Results

Access to improved sanitation facilities: Sanitation products suiting different sites and affordability conditions were designed and pilot units constructed in communities. These included; Ventilated Improved Pit latrines (lined by concrete rings), single pit VIP (timber logs as support slab), *Fossa Alterna*, Alternating twin pit VIP (in high water table areas, with compacted sand bands around to block water from getting in contact with lined pit walls), Single pit VIP (with a manhole to provide access for emptying), Ecological sanitation (Ecosan) toilet, single pit communal VIP

latrine, pour flush latrine, alternating twin pit (V.I.P) at household and communal levels. More than 60 communal and household latrines of varying options have been constructed in the communities serving more than 2000 people;

Demonstration centres: A community sanitation center was constructed in Mulago III and equipped with resource materials including literature on health and sanitation, sanitation desk models and solid waste recycling equipment. A latrine catalogue was developed and disseminated to the slum dwellers. The Sani-center offers resource materials for sanitation and hygiene. The materials available provide information on sanitation options and on the planning, description, construction as well as operation and maintenance. Latrine prototypes/models demonstrate how best a community member can be served and the actual materials and unit cost of the facilities.

Training of local masons: Three (3) major community trainings were organised for the three parishes of Mulago III, Bwaise II and Kyebando. Selection of trainees was done by the local technical staff at parish level in consultation with the political staff as well as the community members. The trained masons now form an accessible supply chain and are organised through an association. The mason's contacts are kept at the sani-center and are easily accessed by the communities either directly or through SSWARS. Additionally, 100 community members were trained on the different aspects of biogas production from animal and poultry excreta, urine and waste water. At the end of the training, each of the three parishes was given a set of tools to be accessed by masons to be used in the construction of latrines. The tools included: trowels, plumbing bobs, spirit levels, crow hammers, mason hammers, hacksaws with blades, wheel barrows, angles, wood floats, tape measures and strings.

Solid waste Re-use & Social-economic benefits: A solid waste recycling center was built and equipped with basic materials required to support sorting, transportation and recycling. Solid waste recycling provided employment opportunities to community members through the skills acquired on weaving products from used polyethylene bags, straws and plastics and making briquettes (from sawdust, charcoal dust, paper and roasted banana peelings). At least 200 households especially in Bwaise II, and Kyebando parishes have been mobilised on source separation of solid waste and waste minimisation. More community members have continued to learn and experience the need for organic composting especially in Kyebando Parish. Laboratory testing of the compost for Nitrogen (N), Phosphorus (P) and Potassium (K) commonly referred to as NPK is underway and this will facilitate the branding and sale of the organic manure.

Financing sanitation: The Structure of the Community Revolving Fund Mechanism

Approach: SSWARS has worked with community members and facilitated them to form Sanitation Savings and Credit Cooperative Organisations (SACCOs). Community members save into the SACCO and SSWARS gives them start-up funds of UGShs 500,000 (US\$ 263) from which the group is to add on through membership fees and monthly contributions. Community members needing support to construct latrines and who are members of the SACCO apply for the funds.

Management of the fund: The management of the SACCO, which is comprised of the Parish Development Chairperson and other elected community members evaluate the applications and select a beneficiary. The beneficiary is given the funds and the condition is that the funds must be used to build a latrine, using the community masons that were trained by SSWARS. The fund further supported members to access funds at low interest rates to meet other social obligations like payment of school fees thus improving the general welfare of the community. Each beneficiary is given 3 – 6 months to pay back the money borrowed from the SACCO. When the money within the SACCO is enough to construct another latrine, other community members without latrines apply. The money then continues to build the latrines for the wider community hence the reference *revolving fund*.

For landlords with tenants, the SACCO enters into an agreement with the landlord and the tenant, depending on the amount of money the landlord accesses to build the latrine and depending also on the amount the tenant pays for the room, the tenant remits the money directly to the SACCO for 1-2 rooms for a period of 3-6 months until all the funds borrowed from the SACCO have been fully paid. Latrine coverage in these three parishes has increased as a result of accessible community financing and the community members prefer longer repayment period (to at least one year).

Annex 9: KUPSIP SANITATION REVOLVING FUND MODEL

Introduction

A lack of basic services in particular the lack of adequate excreta management threatens the public health and the environment of informal urban settlements and urban areas as a whole. Studies show that only 36% of the informal residents in Kampala have access to adequate sanitation¹². These informal settlements are also characterized by uncertain land tenure, inferior infrastructure, low incomes, and lack of recognition by local governments. The rapid growth and informal status of these high-density population areas have too resulted in low levels of sanitation services. These communities also tend to be ignored by municipal authorities, who find themselves overwhelmed by the informal settlements' sheer numbers and needs, which far outstrip the capacity of the local planners and government¹³.

However, community led systems based on handouts from donors provided with full subsidy have been found unsustainable and therefore not improving access to sanitation for the urban poor. Secondly private sector involvement in sanitation provision still remains untapped and as such development of sanitation facilities has followed the market forces that only favour the rich despite the poor's willingness to pay for sanitation services¹³. In this context therefore, the ownership tenets need to be considered and innovation in marketing and partnerships with private sector could help to provide sustainable sanitation solutions for the urban poor through encouraging home owners to acquire and maintain sanitation facilities of their own and access to sewerage emptying services with limited /without subsidy so as to promote ownership and sustainability.

In 2009, with support of \$ 10,000 from Water.org a United States organization piloted a water and sanitation credit system to support the urban poor people Rubaga Municipality one of the five municipalities making up Kampala city to access poor people with water and sanitation credit to improve their livelihoods. The water and sanitation micro-credit revolving fund scheme is a strategy for bringing about transformation and improved access to water and sanitation services in the community. The credit is operated by two CIDI staff who receives applications for the credit from the community, appraised and secure collateral for the loan (either water tanks or construction of sanitation facilities like a toilet) which is paid back in a period of between 6 and 18 month while charging an interest rate of 28 percent. The high interest rate is due to the small portfolio verses the high operational costs for the credit system.

Lessons and interactions with beneficiaries of the credit system have shown that water credit is much preferred with very few people taking up sanitation credit due to very high interest rates, low levels of income and lack of sanitation prioritization. However studies in Uganda (UN-Habitat, 2010, Nuwagaba, et al 2011, GIZ 2009) have shown that urban poor communities are willing to pay for sanitation if an effective and affordable sanitation financing mechanisms have been established. It is against this background that the proposed sanitation financing system in form of revolving fund for household sanitation is such a critical investment in improving the Kawempe urban poor's livelihoods and incomes.

Operation of the proposed sanitation revolving fund

To ensure that all funds contributed by AWF as a revolving fund to Kawempe urban poor sanitation improvement in future be used specifically for the same cause, a financing mechanism has been developed to project how many beneficiaries/stances will be reached/built until the revolving fund grant is used up to zero (0).

Access to the fund will be made available to urban poor households, that wish to improve their sanitation situation and who meet the eligibility criteria. Due to the fact that tenants have to share a toilet stance with almost 40% more users (7.3 households/30 people per stance) than owners (5.3 households per stance), 75% of tenants in Kampala's poor areas state that they would not be allowed to build on their landlord's property and are thus discouraged to make such an investment. Therefore Landlords will be targeted for this sanitation credit to improve sanitation for the tenants without exaggerated increase in rental fees for the urban poor. Landlord will make an application for the loan from the revolving fund which will be evaluated, appraised and approved for eligible funding. Although the cost per stance acquired as a loan by the landlord will be passed back to the tenants, measures have been taken to ensure that the rentals will still be affordable for the urban poor for example € 300 projected as cost per stance serving 7 households will translate into € 3.6 per month for the poor households which is two times the average expenditure of the urban poor on health and medical bill resulting from poor sanitation.

It is expected that households will apply for loan equivalent to the cost of a latrine stance completed valued at (€ 300) and up to five stances maximum. It is also expected that for quality control and making sure that the grant money is put to sanitation improvement, the recipient of the loan will **not** receive cash but will instead receive a facility fully constructed and handed over by CIDI. The loan will be is phased in a number of rounds, until over 2400 stances built, which is over 900 stances the projected number for the whole grant. In the first phase, 700 latrine stances will be constructed serving over 14,000 people/20 people per stance. Assuming any of the scenarios projected for the first three years of the grant, about 500 stances will be built in the second phase, 350 in the third phase, 250 stances in the fourth phase and about 175 in the fifth phase. This gives a total of 1,975 stances in the first five phases. However, to run down the grant to zero, over 2400 stances will be built in fifteen rounds (see details in Figure 2 and Table 1). The details and assumptions used in the construction of the table and figure are detailed in the next section below.

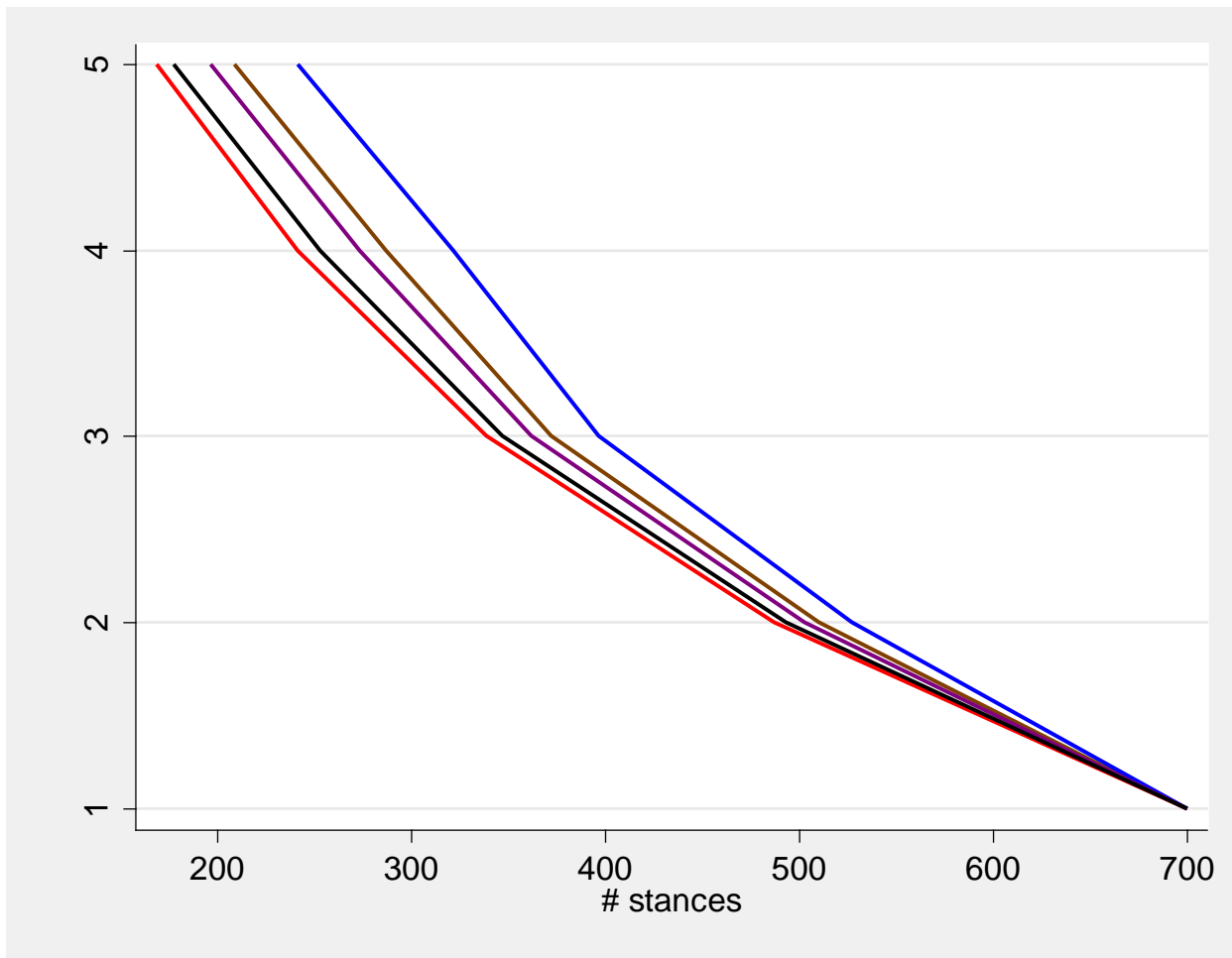
Beneficiaries and Lifespan of the Sanitation Revolving Fund

The following tables and charts show the life time of the project and ultimate number of beneficiaries for the loan, number of stances constructed and number of beneficiaries with improved sanitation in real value terms as opposed to the monetary value.

Key Assumptions

- Inflation rate for the country remain below 10% per annum
 - All repayments are held for 18 month and re-injected the following year in an independent revolving system.
 - Each individual accesses a loan amount of between €300 and €1,500 the entire life time of the project
 - 68% (12% inflation, 18% discount and 2% operational costs)of total repayments from a year are re injected into the system the following year
 - The whole loan is given out within the first six months of operation
-

Figure 1: Loan monetization of the revolving fund



- 100% take €300 (1 stance) for 12 months: 1,526 stances: 30,520 beneficiaries
- 100% take €300 (1 stance) for 18 months: 1,582 stances: 31,640 beneficiaries
- 50% take €300 (1 stance); 50% take €1500 (5 stances) for 12 months: 1,624 stances: 32,480 beneficiaries
- 50% take €300 (1 stance); 50% take €1500 (5 stances) for 18 months: 1,565 stances: 31,300 beneficiaries
- 30% take €300 (1 stance); 30% take €600 (2 stances); 20% take €900 (3 stances); 10% take €2400 (4 stances); 10% take €1500 (5 stances) for 12 months: 1,540 stances: 30,800 beneficiaries

Looking at any of the five scenarios suggested above, with some balance of money to revolve, we would have achieved the total number of stances projected to be constructed by the grant. Any additional stances beyond the three years of the grant would also be funded through the revolving fund leading to improved sanitation coverage either in Kawempe Municipality or another municipality in Kampala district. Details of how much balance of the revolving fund will be available after three years of the grant and the additional stances that could be constructed can be obtained from the table attached below. The fact that the number of stances over different rounds for the different scenarios is almost similar is an assurance that in the operationalization of the fund, no matter which scenario is realized the projected number of the stances and beneficiaries is most likely to be achieved.

Table 1: Loan monetization of the revolving fund

Round	Scenario 1		Scenario 2		Scenario 3		Scenario 4		Scenario 5	
	# stances	Revolving fund	# stances	Revolving fund	# stances	Revolving fund	# stances	Revolving fund	# stances	Revolving fund
1	700	210,000	700	210,000	700	210,000	700	210,000	700	210,000
2	488	146,385	516	154,751	524	157,142	492	147,581	496	148,776
3	340	102,041	380	114,038	392	117,588	346	103,714	351	105,401
4	243	72,973	298	89,497	314	94,301	251	75,306	249	74,672
5	170	50,868	220	65,951	235	70,565	176	52,923	176	52,902
6	118	35,459	162	48,600	176	52,803	124	37,192	114	37,478
7	82	24,717	119	35,814	132	39,512	87	26,137	80	26,455
8	57	17,230	88	26,392	99	29,567	61	18,368	57	18,674
9	40	12,010	65	19,448	74	22,125	43	12,909	40	13,181
10	28	8,372	48	14,332	55	16,556	30	9,072	28	9,304
11	19	5,836	35	10,561	41	12,389	21	6,375	20	6,568
12	14	4,068	26	7,783	31	9,270	15	4,480	14	4,636
13	9	2,836	19	5,735	23	6,937	10	3,149	10	3,272
14	7	1,977	14	4,226	17	5,191	7	2,213	7	2,310
15	2	1,378	4	3,114	5	3,884	2	1,555	5	1,630

The scheme defined above could be considered as improved sanitation from a technical point of view. However international debate is still open if shared or public sanitation facilities should be considered as “improved”. While UN-Habitat (2006) defines a toilet shared with a “reasonable” number of people as adequate sanitation: for this case 20 people per stance far lower than the Uganda national target of 1:40 pupils in school , the WHO/UNICEF Joint Monitoring Programme still considers shared facilities as unimproved (JMP, 2008).

These loans are expected to be repaid over a period between 6 and 18 months and attract an interest of 1% per month or 12% per annum. This rate is just covering the current prevailing inflation rate in Uganda, which is below 10% per annum. It is expected that an average operational cost of 2% per annum will be covered from the recovery of the loan to ensure that the fund only revolves around the poor and the charges do not make the facility unaffordable to the urban poor.

Annex 10: FINANCIAL MANAGEMENT ASSESSMENT of the Implementing Agency

Community Integrated Development Initiatives (CIDI), December 2012

Executive Summary

The project's financial management transactions will be managed within the existing set-up of the Community Integrated Development Initiatives (CIDI). CIDI was founded in 1996 and registered in 1999 as a legal not-for-profit NGO. CIDI mainly focuses on actions that directly improve on the lives of the poor, vulnerable and marginalised communities in urban, peri-urban and rural areas. CIDI continues to invest in community empowerment programmes that contribute towards poverty reduction through the provision of sustainable integrated technical and material support, in broad areas of sustainable agriculture, environmental conservation, health promotion, income generation, water and environmental sanitation, lobbying and advocacy. CIDI receives its revenue from various donors and its annual funding estimate is Uganda Shillings three billion (USD 1.2 million).

The Financial Management System of CIDI is adequate and capable of recording accurate and complete transactions and delivering financial reports timely. The NGO uses Mamut accounting software to record its transactions on a daily basis. The Financial Management (FM) operations of CIDI are handled by the Finance department which is headed by a Senior Accountant. The department has eight (8) accountants and none is a professional qualified Accountant. The Compliance officer also has some accounting duties. Given the size of the grant and the organisation as a whole, the FM capacity of the department has been assessed as adequate for purposes of carrying out the FM of the project subject to improvement needed to strengthen its staff capacity through training and separating the functions of the Compliance Officer to ensure she does not also double as an Accountant. There is a financial procedure manual in place which forms the basis of the NGO's financial operations. The Internal Audit function does not really exist, only one staff member who doubles up as a Compliance officer and as an Accountant.

On disbursement, CIDI will utilise the Bank's Special account disbursement method as explained in the Disbursement Handbook. An initial disbursement will be deposited in the project Special Account (SA) in foreign currency opened at an acceptable commercial bank in Uganda based on a six month cash flow forecast for the project and based on the agreed work plan through the initial Withdrawal Application to the Bank after the effectiveness of the grant. CIDI will also open a Uganda Shillings special account which will be used for receiving transfers from the foreign currency account for onward payment of expenditures. Actual expenditures will be replenished through submission of Withdrawal Applications (at least monthly) supported by Statements of Expenditures (SOE). The Bank's Disbursement Letter will be issued stipulating key disbursement procedures and practices.

The opening of the special account will be a condition precedent to first disbursement and should be done as soon as the grant is approved.

Introduction

This report is a record of the results of the assessment of the proposed financial management arrangements for the African Water Facility (AWF) grant to be implemented by the Community Integrated Development Initiatives (CIDI) as the Implementing Agency. The objective of the assessment is to determine whether:

- (a) CIDI has adequate financial management arrangements to ensure grant funds will be used for purposes intended only in an efficient and economical way;
- (b) The Grant's financial reports will be prepared in an accurate, reliable and timely manner; and
- (c) Assets bought using the Grant's proceeds will be safeguarded.

The financial management (FM) assessment was carried out in accordance with the Guidelines for Financial Management and Financial Analysis of Project (January 2007).

Financial Management Risks

The overall project risk is assessed as low when the recommended mitigation measures are implemented. The FM risks identified include lack of professional qualifications for the Accountants and the doubling up of the Compliance Officer as an Accountant. These risks should be mitigated by continuing with the capacity building of the Accountants and the Organisation to re-organise the Finance department to ensure that the Compliance officer concentrates on only compliance work with periodic reports being shared to the Board of Directors and action points followed up.

Institutional and Implementation Arrangements

The Grant will be administered by CIDI who are already implementing other donor funded projects. The accounting officer is the Executive Director of the NGO. The Grant accounts will be done by the Accountant under the supervision of the Senior Accountant. The executive Director will be responsible for delivering the financial statements of the grant.

During the grant's execution, CIDI shall coordinate the implementation of the projects and manage procurement, project monitoring, reporting and evaluation; contractual relationships with the Bank and other financiers; financial management record keeping, accounts and disbursements.

Budgeting arrangements

The Budgeting process begins with the costing of various project activities to come up with the programme budget for a particular grant. This then is forwarded to the Finance department for review and consolidation and also to ensure it is in conformity with the programme work plan. The budget is then forwarded to the Executive Director for presentation to the Board of Directors for approval and submission to the funding agency. During the time of implementation, the Finance department prepares a funds accountability statement on a quarterly basis to track budget variances if any.

Key Accounting system, policies and procedures

CIDI uses Mamut accounting software to record its financial transactions on a daily basis. This software has a customised chart of accounts which portrays the organisation's coding structure. Before the transactions are recorded in the system, proper approval process is followed as documented in the finance manual. Payments are only approved by designated officers and monthly bank reconciliations are performed.

Internal Control and Internal Audit

CIDI's existing Financial Manual in use by the existing projects will be used for the execution of the grant. The following internal control procedures should be in place: Segregation of duties in payments and cash management, monthly bank reconciliations, timely banking of receipts, physical control of the cash office, system security through enhanced password and restriction of system access rights, budgetary control and monthly variance analysis.

For Internal control, CIDI has a Human Resources Manual and also a Vehicles manual in use.

There is no internal audit department, but a Compliance officer who also doubles up as an Accountant. CIDI will have to strengthen this unit by first separating the Compliance officer's functions from Accounting work and also training the incumbent.

Banking and Funds Flow arrangements

Bank Accounts:

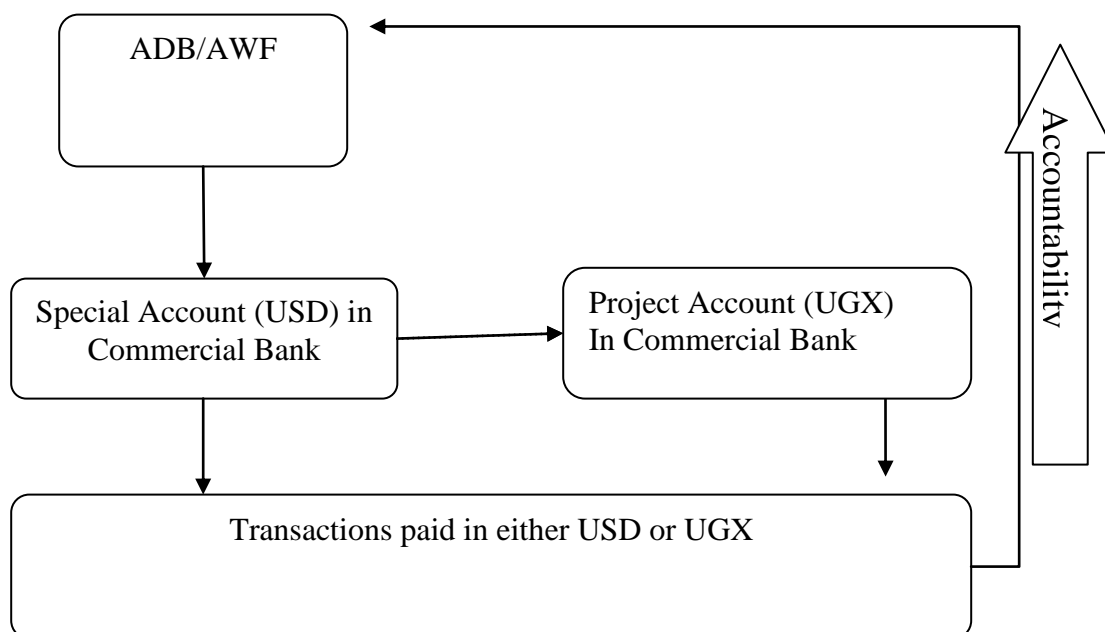
The following bank accounts will need to be authorised by CIDI's Board of Directors and maintained for purposes of implementing the project:

- Special Account (SA): Denominated in Euros where disbursements from the Bank will be deposited.
- Project Account: This will be denominated in local currency. Transfers from the Special Account (for payment of transactions in local currency) will be deposited on this account

These bank accounts shall be opened at a Commercial bank in Uganda acceptable to the African Development Bank. The signatories for these bank accounts will be authorised signatories of the organisation as detailed in the finance manual.

Disbursement Arrangements: The project will utilise the Special Account (SA) method of disbursement as prescribed in the Bank's Disbursement Handbook. The project will operate one foreign special account into which the proceeds of the loan will be deposited and further to a local currency special account. Both accounts will be opened at a reputable commercial bank in Uganda acceptable to the African Development Bank. An initial disbursement will be deposited in the project Special Account (SA) in foreign currency based on a six month cash flow forecast for the project and based on the agreed work plan approved by the bank through the initial Withdrawal Application to the Bank after the effectiveness of the project. Actual expenditures will be replenished through submission of Withdrawal Applications (at least monthly) supported by Statements of Expenditures (SOE) while direct payment method will be used for payments in respect to contracts for equipment, supplies and services (including audit and consultancy). The Bank's Disbursement Letter will be issued stipulating key disbursement procedures and practices.

The Project's Funds flow chart



If ineligible expenditures are found to have been made from the Special Account, CIDI will be obligated to refund the same.

The Bank will have the right, as reflected in the General Conditions to suspend disbursement of the Funds if reporting requirements are not complied with.

Financial Reporting

The annual project financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) annually three months after the closure of CIDI's fiscal year. The annual audited project financial statements together with the auditor's report and management letter will be submitted to the Bank within six months after the end of the fiscal year.

The annual financial statements should include: (i) a Balance sheet that shows assets and liabilities; (ii) a statement of Receipts and Expenditures showing separately Bank's funding, from those co-financiers if applicable, and cash balances; (iii) Statement of Special Accounts, both Uganda Shillings and U.S. Dollar accounts and (iv) Notes to the Financial Statements describing the applicable accounting principles in place and a detailed analysis of the main accounts.

External Audit

A reputable audit firm acceptable to the bank will audit the project accounts annually and at the end of the project in line with the Terms of Reference agreed with the Bank. An audit report, complete with a management letter and management responses, will be presented annually to the Bank, within six (6) months following the end of each financial year. The annual audit will be done in accordance with International Standards on Auditing.

Governance and anti-corruption

CIDI has a got a board of directors consisting of nine members that decides on the strategic decisions of the organisation. The board takes decisions on organisation policies and also makes assessment of project implementation, achievements and plans for expansion. It formulates policies, approves budget plans, financial and audit reports and takes on contract agreement decisions. Below the board is the secretariat and office of CIDI which is well established and consists of sixty eight (67) staff headed by the Executive Director.

CIDI has zero tolerance to corruption. CIDI has got anti-corruption guidelines at governance, activity, and Finance levels which promote tenets of accountability, transparency, honesty, safety, clear communications and fairness at both individual and organisational levels.

Supervision Plan

The project will be supervised on a risk based approach. Unless a substantial risk is observed, the supervision mission will be made as part of sector led supervision mission of the project twice a year.

Conclusion

The financial management arrangements of the organisation have been found to be adequate to provide, with reasonable assurance, accurate and timely accounts/information on the status of the Project as required by the Bank. Follow up will be made to ensure that the Internal Audit is strengthened in order to ensure a proper oversight is given on the utilisation of the Grant's funds.