

Uganda: GPOBA Supports Water Services for Poor Households in Kampala

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Kampala, Uganda, and Washington, DC – February 19, 2008 – The World Bank, acting as an administrator for the Global Partnership on Output-Based Aid (GPOBA), today signed a grant agreement with Uganda's National Water and Sewerage Corporation (NWSC) for US\$2.5 million to support improved access to piped water services for poor households living in slum areas of Kampala, the capital of Uganda.

With the GPOBA grant and NWSC co-financing, the NWSC will connect an estimated 400,000 poor people living in the slums to piped water supply through over 19,000 new yard taps and over 800 public water points (PWP). The project will target the poorest households, i.e. those with an income of less than UGX 80,000 (US\$48) per month.

The project is introducing an innovative Output-Based Aid approach, designed to ensure ownership and demand-driven service provision, and to set the basis for long-term operational and financial sustainability. The total new investment (over a 4-year period) is about US\$4 million. Of this, GPOBA will contribute 60% per connection, NWSC will contribute 30% per connection, and 10% on average will come from users. All of these connections will be pre-financed on an output-basis by NWSC, which will receive GPOBA payments only after outputs have been independently verified.

"This grant is an essential boost to our efforts to extend access to safe, reliable water services to all of greater Kampala's urban poor," said Dr. William Muhairwe, Managing Director of NWSC.

NWSC has a mission to serve the poor and currently serves about half of the poorest residents of Greater Kampala. But NWSC does not have strong financial incentives to build new connections for the growing number of poor residents without external funding. Many of these consumers buy water from NWSC at the "social tariff" which only covers operation and maintenance costs. The amount of water consumed per capita by the poor is also very low and they have less consistent payment behavior.

"Providing access to clean water for all is a priority for GPOBA," said Yogita Mumssen, Infrastructure Economist and the project's manager for GPOBA and the World Bank. *"The NWSC is one of the most highly regarded public water utilities in Sub-Saharan Africa and we are happy to support them in working to improve services for Kampala's poorest citizens."*

The Global Partnership on Output-Based Aid (GPOBA) is a multi-donor trust fund administered by the World Bank. GPOBA was established in 2003 to develop output-based aid (OBA) approaches across a variety of sectors including infrastructure, health, and education. OBA subsidies are designed to create incentives for efficiency and the long-term success of development projects.

GPOBA's current donors are the UK's Department for International Development (DFID), the International Finance Corporation (IFC), which is a member of the World Bank Group, the Directorate-General for International Cooperation of the Dutch Ministry of Foreign Affairs (DGIS), AusAid of Australia, and the Swedish International Development Cooperation (Sida).

For more information on GPOBA, visit www.gpoba.org.