Donors tighten rules for rural water funds

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Ten small towns and trading centres will soon have access to clean water if a $3.2 million grant from donors is effectively implemented. The money is from the International Finance Corporation (IFC)—the financing arm of the World Bank, the United Kingdom's Department for International Development, Netherlands and Global Partnership for Output Based Aid (GPOBA).

It is intended to fund water projects in Rukungiri, Kalisizo, Wakiso, Wobulenzi, Luwero, Sipi, Kachumbala, Namutumba, Magale and Massafu. The fund is being administered by the World Bank and some 45,000 people are expected to benefit.

Grace Yabrudy, the World Bank Uganda country manager said funds will be used under a public/private partnership involving private operators and local water authorities to improve water supply services through investment in infrastructure.

And to ensure the private sector is not burdened by bureaucracy and budgetary problems, government and GPOBA appointed PriceWaterhouseCoopers to manage the fund. The Directorate of Water Development is the project implementer.

Private operators to run the project will be selected through a competitive bidding process administered by the Ministry of Water and Environment. Under this initiative, the ministry will prepare a general description of the works to be done with clearly defined outputs. The private operators will then be required to submit bids which include design, construction, operation and maintenance of the completed works for 5-10 years.

Yabrudy said the large investment required in the water sector can't be recuperated from poor consumers through user fees. She noted that the key to the success of this pilot project will be the private operators' ability to pre-finance the delivery of services, in some cases borrowing from local commercial banks. Operators will be compensated for the delivery of agreed outputs through the grant to be verified by PriceWaterhouseCoopers.

Rural centres face severe challenges in providing safe and adequate water supply services to the growing population.