

Uganda Sustainable Sanitation Financing Facility (USSFF)

An outcome-based approach for addressing Uganda’s sanitation challenge

The USSFF is set up to **provide funding for local players to deliver toilets and safely manage waste** based on clearly defined, **long-term results or outcomes**.

While grant funding from international donors has been **generous in Uganda’s water/sanitation/hygiene (WASH) sector**, it has succeeded in driving numbers but **not in building local systems that ensure sustainability and accountability**. Instead of funding activities, hardware and outputs, USSF finances outcomes which can be achieved only when local systems and sustainable markets are in place. To launch this, two administrative units in Uganda have been selected—Western Rwenzori Region (incl. its capital, Fort Portal), and the urban national capital, Kampala.

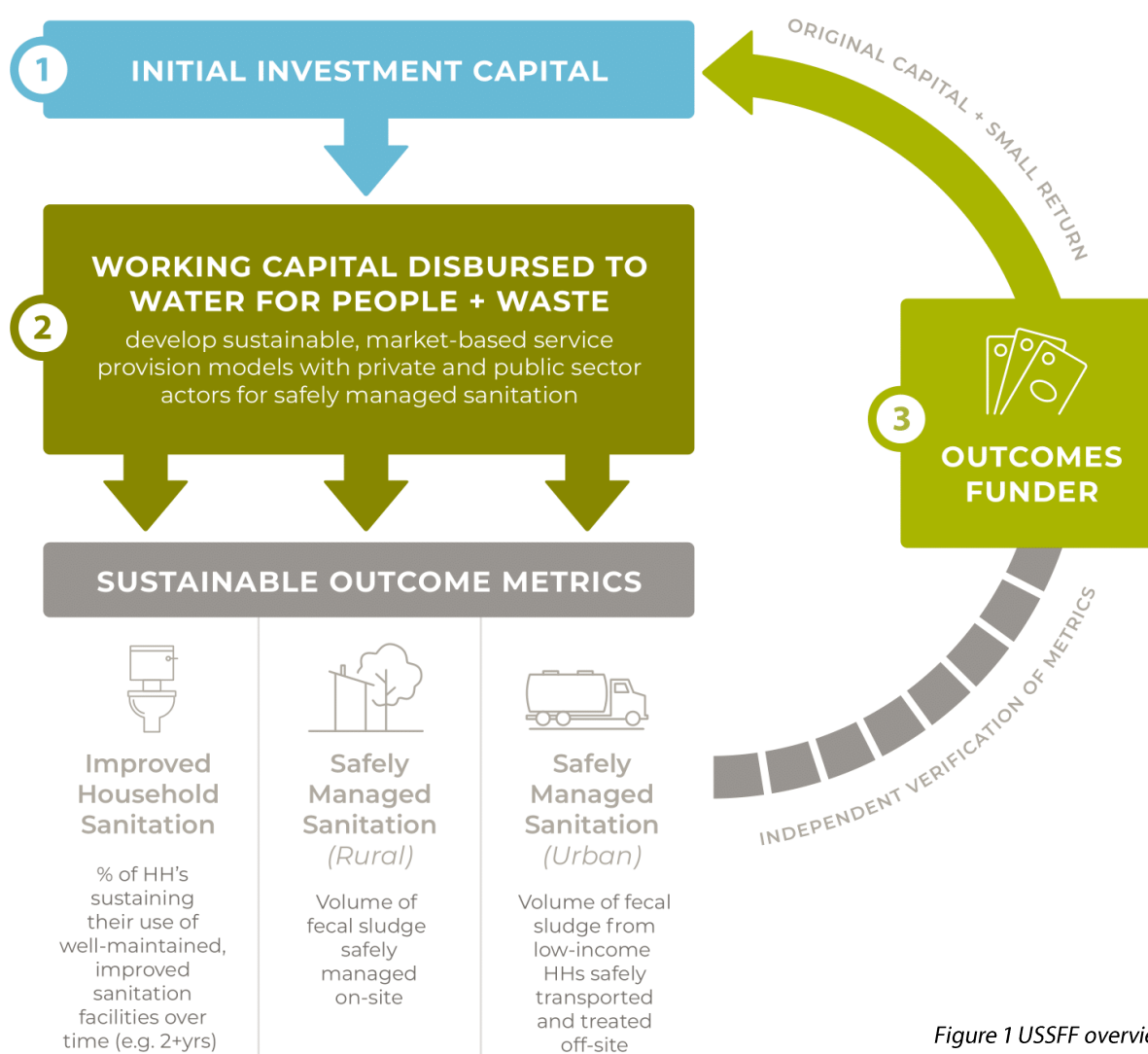


Figure 1 USSFF overview.

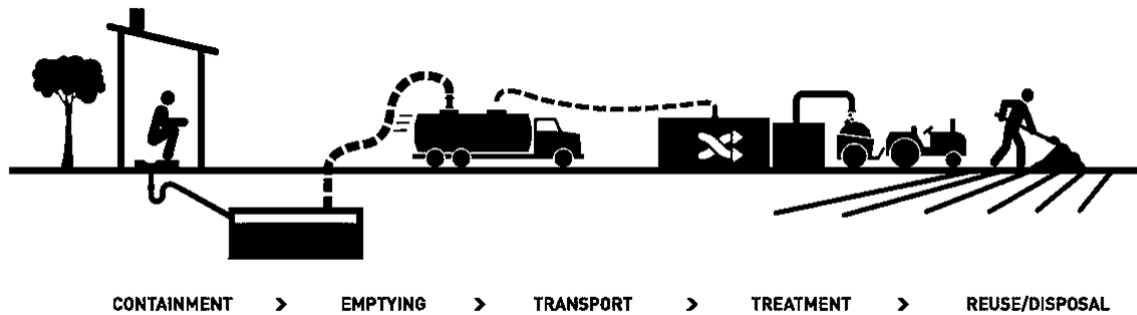


Figure 2 The sanitation value chain.

If sanitation is safely managed across an entire geographic area, then we can assume that there will be positive impact that can be measured/estimated and reported as ‘social returns’ or the return on investment (ROI) on sanitation. This can only happen if an entire area is covered with all services. The Facility is to be embedded in a market-driven model of sanitation service provision that guarantees innovation, accountability, and inclusion, supporting:

1. **Market systems** that provide affordable and dignified sanitation products and services for all socio-economic groups.
2. **Careful measurement** of and payment for outcomes met by professional sanitation service providers – from improved toilet facilities to pit emptying enterprises safely transporting waste, to safe and reliable treatment and disposal of waste. The Facility will provide funding to keep human waste safely managed for everyone – but only on the basis of clearly-defined, long-term results.
3. **Effective investment** of public and aid sector funds into inclusive and sustainable services, instead of unsustainable infrastructure and one-off outputs.

The advantages of this type of arrangement include:

1. Incentivizes accountability for results.
2. Drives innovation through encouraging a flexible, adaptive approach.
3. Builds resilience of service providers.
4. Aligns all actors around consistent outcomes.

Partners Water For People and WASTE (FINISH Mondial programme) see the role of the public sector as the ‘game-changer’ in this model. This role can be structured in a few different ways—the most obvious one is that the **public sector is the outcome payer**. In this scenario, the public sector would use existing budgets or sanitation levies to pay for verified outcomes regarding safely managed sanitation Outcomes in target geographic areas.

FINANCE FACILITY OVERVIEW

The involved stakeholders’ roles and responsibilities can be understood as:

1. An **Investor** that provides the up-front capital to fund and invest in market-based models for sanitation service provision.
2. **Partner** to develop the overall structure of the finance facility, including the management, governance and legal structure, as well as the structuring of financial flows.
3. **Water For People Uganda and FINISH Mondial Uganda programme consortium (Caritas Fort Portal-HEWASA, Amref Health Africa)** partner with government actors, sanitation service providers, financial sector and private sector actors to develop sustainable and inclusive market systems that deliver safely managed sanitation in target areas of intervention.
4. **Independent, 3rd-party monitoring** for verification of results/outcomes.
5. An **Outcome Funder** that repays the **Investor** their initial investment capital + a small (below market rate) financial return against verified results/outcomes.
6. **WASTE** will develop a learning guide to evaluate the effectiveness of the approach, as well as disseminate information more readily for learning and replication in Uganda and other countries.

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