



When Do Financial Incentives Deliver Better Sanitation Results?

Early Lessons from the SHF Results-Based Financing Programme on Improved Sanitation and Hygiene

Across low- and middle-income countries (LMICs), governments and development partners are increasingly turning to Results-Based Financing (RBF) to improve public service delivery. Rather than financing activities alone, RBF links funding to independently verified results, creating incentives for implementing agencies to deliver measurable improvements while strengthening accountability and transparency.

According to the [World Bank \(2022\)](#),¹ more than US\$2.5 billion has been invested in performance-based financing initiatives across nearly 40 countries, reflecting growing interest in financing approaches that reward performance rather than expenditure alone.

Yet one important question remains:

Under what conditions do financial incentives actually improve sanitation and hygiene service delivery?

Uganda's RBF Programme on Improved Sanitation and Hygiene, funded by the United Nations' (UN) [Sanitation and Hygiene Fund \(SHF\)](#)² and implemented by [Water For People Uganda](#),³ offers an opportunity to better understand how incentive-driven financing influences sanitation outcomes. By linking disbursements to independently verified results, the programme is generating practical evidence on the conditions under which performance-based financing strengthens implementation efficiency, reinforces accountability, and supports sustainable sanitation and hygiene service delivery.

¹ de Walque, Damien, Eeshani Kandpal, Adam Wagstaff, Jed Friedman, Sven Neelsen, Moritz Piatti-Fünfkirchen, Anja Sautmann, Gil Shapira, and Ellen Van de Poel. 2022. "Improving Effective Coverage in Health: Do Financial Incentives Work?" Overview booklet. Policy Research Report. World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0 IGO. <https://www.worldbank.org/en/research/publication/improving-effective-coverage-in-health>

² Sanitation and Hygiene Fund (SHF). Programme information available at: <https://www.shfund.org/>

³ Water For People Uganda. Country programme information available at: <http://uganda.waterforpeople.org/>

The verification conducted provides early insights into this learning journey, revealing not only what was achieved but also what may explain variations in programme performance across districts.

Not Every Verified Result Told the Same Story

Independent verification confirmed that sanitation improvements had been achieved across the four participating districts. Of the 472 households assessed against the programme's verification framework, 297 households (63%) fully met all verification criteria. Another 73 households (15%) had constructed improved sanitation facilities but lacked a functional handwashing facility, while 102 households (22%) did not satisfy the programme requirements.

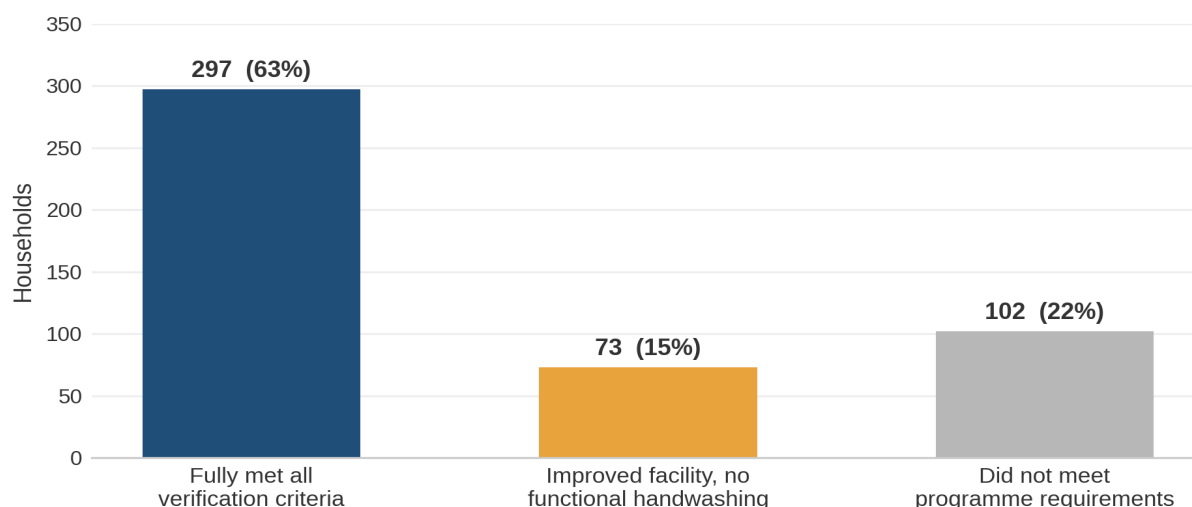


Figure 1: Household verification outcomes across the four participating districts (n = 472)

Performance also varied considerably between districts. Kayunga and Kamuli recorded the highest proportions of households meeting the verification criteria, while Kabarole and Buikwe experienced substantially higher verification losses.

While all participating districts implemented the same RBF model and were assessed using the same independent verification framework, verification outcomes varied considerably. These differences provide an opportunity to better understand the implementation practices and contextual factors associated with stronger programme performance.

This raises an important learning question:

What explains the variation in verification outcomes?

Financial Incentives Alone Do Not Explain Performance

The verification findings suggest that differences in verification outcomes were shaped as much by implementation systems as by financial incentives. Communities that benefited from stronger frontline support, including active engagement by Village Health Teams (VHTs), Health Assistants, and district implementation teams, were generally better positioned to meet the programme's verification requirements. Likewise, effective household follow-up, routine supervision, and stronger internal quality assurance processes appeared to support better verification outcomes.

These observations suggest that RBF works most effectively when financial incentives are reinforced by strong institutional and operational systems. Since both the Primary Health Care (PHC) grant and the District Water and Sanitation Conditional Grant (DWSCG) are integral components of the programme, the observed variation in verification outcomes should be viewed as an opportunity to understand the implementation factors associated with stronger performance rather than as evidence that one financing mechanism is inherently superior to the other.

The Biggest Challenge Wasn't Building Toilets

One of the clearest lessons emerging from the verification is that constructing sanitation facilities alone was not enough to achieve programme success.

A substantial proportion of households that failed verification had already invested in improved sanitation facilities but did not have a functional handwashing facility available at the time of assessment. In other words, many households had completed most of the required improvements but fell short of meeting the full verification standard.

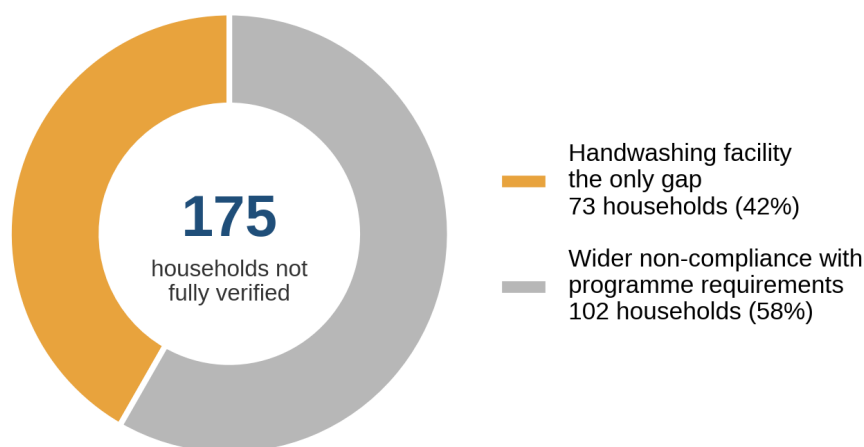


Figure 2: Composition of verification losses (n = 175 households)

This finding highlights an important aspect of RBF. Incentives linked to verified outcomes encourage programme implementers to focus not only on infrastructure but also on the quality and completeness of service delivery.

For sanitation programmes, this emphasizes the importance of integrating hygiene promotion, behavior change, and post-construction follow-up alongside investments in sanitation infrastructure.

Independent Verification Is More Than an Audit

RBF depends on credible verification.

Independent verification does more than confirm whether reported outputs are eligible for payment. It provides objective evidence on where implementation is succeeding, where programme standards are not being achieved, and what improvements are needed before subsequent verifications.

By identifying verification losses and their underlying causes, the process strengthens accountability while creating opportunities for adaptive management. Programme implementers can use these findings to improve household follow-up, strengthen internal validation processes, reinforce hygiene promotion, and address implementation gaps before future submissions.

Viewed in this way, independent verification becomes a learning mechanism as much as an accountability mechanism.

What Does This Mean for Results-Based Financing?

This verification offers several important lessons for sanitation programmes that use performance-based financing.

1. First, financial incentives appear to be most effective when supported by strong implementation systems that provide continuous engagement with households and reinforce programme standards throughout implementation.
2. Second, verification findings demonstrate the importance of focusing on complete service delivery outcomes rather than infrastructure alone. Functional handwashing facilities, behavior change, and household compliance remain essential components of verified sanitation outcomes.
3. Third, independent verification provides more than assurance for incentive payments. It generates actionable evidence that can strengthen programme management, improve accountability, and support continuous learning across participating districts.

Collectively, these findings emphasize an important principle of RBF: incentives alone do not improve services. They work best when combined with effective implementation, strong local institutions, and continuous learning.

The Most Valuable Outcome May Be the Learning

This verification provides important evidence, but it also raises new questions.

Will districts improve their verification performance after receiving feedback? Which implementation practices consistently produce stronger results? Can verification findings be used to strengthen routine planning, supervision, and community engagement across all districts?

As future verifications are completed, the programme will continue generating evidence on how performance-based financing influences implementation efficiency, strengthens accountability, and contributes to sustainable sanitation and hygiene service delivery.

Ultimately, the greatest value of the RBF Programme may extend beyond verified outputs. By systematically generating evidence on what works, under what conditions, and why, the programme is helping build the knowledge needed to design stronger sanitation financing models for Uganda and beyond.

The United Nations Sanitation and Hygiene Fund (SHF) provided US\$6.3 million in catalytic financing and technical assistance to implement the “Accelerating Access to Improved Sanitation and Hygiene Services using Market-Based Approaches in Uganda” Project from April 2023 to 30 September 2026. The Project was implemented by Water For People Uganda, working with the Ministry of Health as the Government lead institution, providing policy direction, oversight, coordination, and stewardship throughout implementation. Other implementing partners included the Ministry of Water and Environment, Ministry of Education and Sports, IRC, Uganda Water and Sanitation NGO Network (UWASNET), Kampala Capital City Authority (KCCA), Finnish Mondial, and participating District Local Governments.

The Project reached approximately 2.4 million people across seven districts: Buikwe, Kabarole, Kamuli, Kayunga, Luuka, Buyende and Kole, and five urban areas: Fort Portal City, Kamuli Municipality, Kayunga Town Council, Kampala Capital City and Kole Town Council. It focused on scaling household sanitation and hygiene services, strengthening sustainable WASH and menstrual health and hygiene services in schools and healthcare facilities, and promoting innovation for safely managed sanitation and hygiene.

For more information



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