

United Republic of Tanzania



MINISTRY OF WATER AND IRRIGATION



WATER SECTOR STATUS REPORT 2009

Dar es Salaam, September 2009

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Cover Photo: Inauguration Ceremony of Kahama-Shinyanga Water Supply Project at Kahama Town by Hon. President of the United Republic of Tanzania on May 2nd, 2009.

Statement by the Minister

Tanzania's Development Vision 2025 aims to eliminate abject poverty and attain a high quality of life for all Tanzanians by 2025. Specifically for the water sector, the Vision 2025 includes a target of universal access to safe water in urban areas and 90% coverage in rural areas. To achieve these targets, the ruling party is empowering local government, capacitating communities, enabling the private sector and using a broad-based approach to mobilize financial resources, knowledge, skills and experience as well as commitments.

The Government's commitment to the water sector, and the priority it is given, is clearly outlined in the 2005-2010 CCM Manifesto. The Water Sector Development Programme has been initiated to strengthen institutions for integrated water resources management and to improve access to and the delivery of sustainable water supply and sanitation services.

In line with the Government's decentralisation policy, the responsibility for service delivery in the water sector has been devolved to Basin Water Offices, Urban Water Supply and Sewerage Authorities and Local Government Authorities. Devolved implementing offices and authorities are far better placed, by virtue of geographical proximity to their clients, to better understand their needs as well as the local conditions. To increase sector efficiency, the role of the central government is to make policy, facilitate and regulate.

The long-term sustainability of water resources and water and sanitation services require comprehensive legal, regulatory and institutional frameworks that enhance the general public and other stakeholders' ability to contribute effectively towards the achievement of the sector development goals. The Water Resources Management Act No. 11 (2009) and the Water Supply and Sanitation Act No. 12 (2009), enacted by the National Assembly on April 28th, 2009 and assented by the President on May 12th, 2009, came into effect on August 1st. The new legislation supports the meaningful achievement of the short, medium and long-term development goals of the sector in line with the National Water Policy and the National Water Sector Development Strategy

The importance of water and sanitation should not be understated. Clean water, in close proximity to the home frees up time for more productive pursuits that has implications for the broader economic, as well as social, development. The daily need to collect water from long distances, particularly by girls, denies youth access to education, thereby constraining the long-term development of the Nation. On the other hand, reducing morbidity by improving water and sanitation services and hygiene practice has an immediate effect on individual productivity. Indeed, water touches on almost every area of national development and it is therefore rightly at the front of the fight on poverty.

It is my hope that everybody can contribute effectively and efficiently in this area of national development within the framework that has now been put in place. I strongly believe that together we can realise the full potential of our country's water resources and its people in fighting poverty.

"Water is Life and Sanitation is Humanity"

Hon. Prof Mark J. Mwandosya (MP)
Minister for Water and Irrigation

Statement by the Permanent Secretary

Although Tanzania is endowed with sufficient freshwater resources to meet its current water needs, it faces a complex water resources development and management challenge to ensure that water is effectively and efficiently allocated, to cater for the rising and competing demands of the population and all segments of water users. The Government has therefore developed a policy and comprehensive strategy framework in order to formulate strategic plans, mediate water conflicts, solicit water sector investments, implement sustainable and equitable solutions and regulate utilities.

The National Water Policy of 2002 and the National Water Sector Development Strategy of 2006 clearly define an implementation framework compatible with the requirements of decentralization. The Water Sector Development Programme was instituted basically to cater for improvements in the governance of water resources management, the development of sustainable water supply and sanitation services and to strengthen capacities of sector institutions. Legislation recently enacted, provides the legal framework for implementation of the National Water Policy.

The sector development targets are set out within the National Development Vision, the Millennium Development Goals and the National Strategy for Growth and Reduction of Poverty (MKUKUTA). Specifically the sector targets commit the Government to provide, by 2010: clean and safe water to 65% and 90% of the population in rural and urban areas respectively (up from 53% and 73% in 2003); the expansion of urban sewerage from 17% in 2003 to 30%; adequate sanitary facilities in all schools; 95% access to basic sanitation and to reduce water related environmental pollution levels from 20% in 2003 to 10%. While the Ministry of Water and Irrigation is making all efforts to meet these targets, it faces various challenges, such as: climate change, general increasing population and economic activities, bottlenecks in procurement as well as capacity constraints in implementing the program.

This report highlights the status of the water sector in 2008/2009 towards meeting sector development goals as outlined in the Water Sector Development Program. It also alerts key actors to fulfil their roles and responsibilities, furthering the dialogue process to the area calling for critical interventions such as infrastructure investment, capacity building, procurement and hygiene and sanitation promotion. The report underlines the current strengths and weaknesses of the implementation processes in order to provide a perspective towards making informed strategic decisions for future sector development.

The demand for water is growing; this is a major challenge facing the sector. I therefore, take this opportunity to call upon all water sector stakeholders to play their roles towards attaining the targets.

Wilson C. Mukama
Permanent Secretary, Ministry of Water and Irrigation

Executive Summary

This report provides a status of the water resources and water supply and sanitation sub-sectors, resulting from a comprehensive assessment of implementation over the last fiscal year. The report focuses on the need to scale up the implementation of the program, and it uses information from progress reports and studies to arrive at conclusions and recommendations.

The first part of this report describes the water and sanitation sector development framework, summarises the situation with regard to the Joint Sector Review Undertakings and reviews outcomes from the investments made under the Water Sector Development Program. The new legal framework that came into effect on August 1st, 2009 is analysed in detail and a bibliography with (on the CD version) links to the relevant documents is also included – the same documents can also be downloaded from the Ministry's website.

Monitoring and learning is central to ensuring high efficiency and effectiveness and the Ministry is in the process of strengthening this area so that analysis can be used to inform the implementing entities on new (or improved) methods and approaches. The Water Sector Development Program is one of the largest water sector programs in Africa – not just in terms of its one billion dollar budget (over the 5 years period from 2007 to 2012) but also in the number of implementing entities. Collecting and compiling data as well as tracking progress from such a large number of decentralised entities is complex and for this reason the Ministry of Water and Irrigation is putting in place a modern Management Information System (MIS) that will be used to generate rolling work plans and cash flow demands on the basis of contractually bound implementation and payment schedules. The MIS will update reports quarterly for periods covering the following three years. The same system will automatically generate intermediate financial reports and will be used to identify good (and poor) performance as measured against agreed verifiable indicators.

The status of the sub-sector components (Water Resources Management; Rural Water Supply and Sanitation and Urban Water Supply and Sewerage) demonstrates that the strengths and weakness of each is remarkably different. Progress in Water Resources Management component has fallen short of the planned outcomes due to the fact that integrated water resources management is both complex and a new approach to many stakeholders in Tanzania. The private sector were unable to respond to the requests for proposals and although these initial difficulties have been largely overcome, the Ministry is finalizing a twinning agreement that will support all sub-sector actors with relevant experience in the area of integrated water resources management.

Progress in the Rural Water Supply and Sanitation component has been delayed by problems in the procurement process outside the control of the Ministry, however contracts for the preparation of technical designs for water schemes in 1,320 villages that will benefit up to 4 million people over the next three years are now being implemented. The Urban Water Supply and Sewerage component has initiated various works, however it faces the challenge of procuring many contracts for regional, district and small town urban water utilities and national projects within a short timeframe.

The Institutional Development and Capacity Building component has, to date, provided important logistic support to the Ministry, Local Government Authorities, Urban Water Supply and Sewerage Authorities and Basin Water Offices in terms of office rehabilitation and construction, IT equipment and motor vehicles as well as funding for essential services and program management support. With this infrastructure now in place the component will move onto strengthening human resources capacity that will address identified human resources capacity constraints in the water sector in order to go hand in hand with the pace demanded by the committed financial resources.

Once construction of the planned 1,320 village water schemes begins in the first half of 2010 the scale of works will be unprecedented and the Ministry have identified several operational implementation issues, such as huge financial requirements and sustainability of schemes that will need to be addressed if the planned activities are to be implemented smoothly. Appropriate responses to these issues are being finalised and should be ready for roll out and dissemination to all implementing entities early in 2010. The Urban Water Supply and Sewerage Authorities, also faces a number of management and operational issues, such as affordability and sustainability of water supply and sewerage services.

Development Partners make a substantial contribution to the sector in terms of financial contributions as well as in technical assistance and participation in thematic working groups and other fora that promote development of the sector. While significant funds are now channelled through the water basket or through major earmarked projects, there are nevertheless a significant number of actors who support the sector independently. MoWI will continue to ensure that these actors are fully engaged in the harmonization process in order that they support and benefit from the learning systems being put in place.

In addition to the operational issues facing the four WSDP components, the sector is also facing a number of challenges at the strategic level. After two years of implementation many lessons have been learnt and these need to be incorporated into the remaining 3 years of the first phase of WSDP. In terms of planning, it appears that, a move from project based planning to outcome and results based planning would provide an increased focus on performance. Financing of the sector by the Government and Development Partners are unlikely to meet all future requirements of the sector. Therefore, there is need to quickly identify some innovative solutions.

As per accepted practice, the Ministry of Water and Irrigation routinely calculates water and sanitation coverage rates by equating infrastructure investment records to a potential number of beneficiaries. Although this methodology captures data and information from the whole country, the household budget survey carried out in 2007 by the National Bureau of Statistics indicates lower coverage results compared to the routine data (40.8% in rural areas compared to 57.1% for routine data). The survey calculates service levels from sampled areas using data and information collected from households. Comparing the two methods is however not very useful since they essentially measure different things. The main point here is that people should be linked to improved water sources. The ongoing water point mapping exercise is very important, because it will accurately record who is accessing water (within defined levels of service) and from which source.

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Acronyms

	Note: Common acronyms are not listed e.g. M&E, MIS, MoU, MTEF, NGO, O&M, SWAP, TOR, UfW etc.
BWOs	Basin Water Offices
DPs	Development Partners
EWURA	Energy and Water Utilities Regulatory Authority
FY 2009/2010	Fiscal Year (e.g. July 2009 to June 2010)
IWRM	Integrated Water Resources Management
JWSR	Joint Water Sector Review
LGA	Local Government Authority
MoFEA	Ministry of Finance and Economic Affairs
MKUKUTA	Mkakati wa Kukuza Uchumi na Kuondoa Umaskini Tanzania
MoWI	Ministry of Water and Irrigation
NAWAPO	National Water Policy
NWB	National Water Board
NWSDS	National Water Sector Development Strategy
PMO-RALG	Prime Ministers Office, Regional Administration and Local Government Authorities
TWG	Technical Working Group
TZS	Tanzanian Shilling
WSDP	Water Sector Development Program
WSWG	Water Sector Working Group
UWSSA	(Commercial) Urban Water Supply and Sewerage Authority

Exchange Rates

	EUR	JPY	USD
Tanzania Shilling (TZS)	1,900	14	1,300

1 Overview of the Development Framework

1.1 About This Report

Purpose

This report provides a status of the water resources and water supply and sanitation sub-sectors, resulting from a comprehensive assessment of implementation over the last fiscal year. In addition to providing an assessment of the water and sanitation sector, the report outlines strategic options and alternative approaches that can support informed choices for guiding planning and budgeting. It also reviews the current situation in order to support and facilitate the joint engagement of stakeholders in constructive dialogue processes towards a common agenda for the continued development of the water and sanitation sector. The focus of the report is on the need to scale up the implementation of the program, and it uses information from progress reports and studies to arrive at its conclusions and recommendations.

Methodology

Extensive consultations at all levels and the active participation of stakeholders in thematic working group meetings provide the context for the present report and the basis for the analysis presented herein. The insights and opinions of those consulted have been drawn together to offer strategic suggestions for change in order to enhance and accelerate the implementation of the Water Sector Development Program (WSDP) as it enters its third year. Primary data in this report is drawn from official reports and complemented with information from other sources.

Structure

This Water Sector Status Report is divided in 9 sections:

Section 1: Overview of the Development Framework summarises the national policy and strategy, the institutional and legal frameworks and monitoring approach that underpin WSDP.

Section 2: Joint Water Sector Review Undertakings 2008 describes the progress vis-à-vis the agreed JWSR undertakings over the first two years of WSDP implementation.

Section 3: Performance provides a brief assessment of the status of each component and raises important component specific issues that need to be addressed in the short to medium term.

Section 4: Inputs summarises the level of effort from central and local government and the contributions from commercialised authorities, the private sector and development partners.

Section 5: Organisation concerns the WSDP management with regard to the administration, procurement and coordination arrangements and the demarcation of roles and responsibilities.

Section 6: Planning and Reporting outlines the need for the Management Information System that is being put in place to generate rolling work plans and cash flow and expenditure reports.

Section 7: Challenges identifies issues considered to be critical to assure that objectives are met and proposes solutions that can be used to address these in an effective and efficient manner.

Section 8: Budgets summarises the budget and expenditure performance for the fiscal year (FY) 2008/2009 and provides an overview of the FY 2009/2010 WSDP budget.

Section 9: Bibliography provides links to sources of information referenced in this report.

Scope

This water sector status report addresses the challenges and issues facing the development of the sector and for this reason the emphasis of the report are on analysis and strategic options.

The report is prepared for key water sector stakeholders with knowledge of the sector in Tanzania. For this reason it does not include the full volume of information that is available in other reports. A bibliography is included and the reader is referred to the WSDP FY 2008/2009 annual report for a comprehensive narrative on progress in each of the four components.

This report has been prepared to support the deliberations of the 4th Joint Water Sector Review, to take place on October 1st and 2nd, 2009 followed by the WSDP review mission. From these events, the expectation is that the undertakings for FY 2009/2010 will provide WSDP with an informed strategic direction and guidance on operational issues that need to be addressed.

1.2 Enabling and Facilitating Development

Policies

The National Water Policy (NAWAPO) of 2002 includes reform elements of devolution, poverty alleviation, and public service reforms. It influences national policy instruments that address issues of poverty and economic development, and incorporate water sector reforms as one of the several related components to poverty reduction and economic growth.

Key macro policies such as the National Development Vision 2025 set the stage for the Poverty Reduction Strategy and the Rural Development Policy that were then supported by the Local Government and Public Sector Reforms. The National Strategy for Growth and Reduction of Poverty or MKUKUTA (Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania) sets operational goals and puts policy in a functional framework, which in the water sector is embodied in the National Water Sector Development Strategy (NWSDS) of 2006.

Strategic Approach

NAWAPO sets out the future direction for the water sector in achieving sustainable development and management of the Nation's water resources for economy-wide benefits and an increase in the availability of water supply and sanitation services. Water resources aspects of NAWAPO have implications for all water using sectors of the economy, such as agriculture, energy, industry, livestock, mining, environment, tourism and fisheries as well as for domestic use.

The development of both surface and ground water resources should conform to basin or catchment water resources development and management plans. NAWAPO embodies the principle that basins should be the planning and management units of water resources rather than regions, and the principles of decentralisation and devolution of water supply service management to the lowest appropriate level. The main levels of water resources management planning are national, basin, catchment, sub-catchment and water user associations.

The Ministry of Water and Irrigation (MoWI) has restructured its institutions to be compatible with the requirements of the decentralisation and reform policies through measures that are in line with the NAWAPO, taking into account provisions of the Local Government Reform Policy. The NWSDS has been developed to support re-alignment of the water related aspects of other key sector policies (for example, energy, irrigation, industry, mining and environment) with NAWAPO, and focus on specific roles of various actors through clearly defining roles and responsibilities and hence the removal of duplications and omissions. Further, the institutional framework underscores separation of service delivery and regulation to ensure fair play among the various actors and sectors.

The NWSDS prioritises timely and appropriate interventions to address the water sector challenges in the process of achieving all the targets narrated in the MKUKUTA by 2010, the Millennium Development Goals by 2015, and contribute towards achieving the Tanzania Development Vision Targets by 2025. Furthermore NWSDS leads to reshaping and increasing sector financing through a smooth and manageable institutional arrangement. The NWSDS sets out the strategy for NAWAPO implementation and in turn guided the formulation of the WSDP.

1.3 Legal Framework

NAWAPO embodies the principle that water basins should be the planning and management units for water resources rather than political boundaries of region and districts and the principles of decentralization and devolution of water supply and demand management to the lowest appropriate levels. The provision of water supply and sanitation services however continues to be organised around administrative boundaries.

The National Water Sector Development Strategy defines an implementation framework of the policy restructuring of the institutions to be compatible with requirements of Tanzania's decentralization by taking into account the provision of the Local Government Reform Policy.

To give effect to NAWAPO and NWSDS, the Water Resources Management Act N° 11 of 2009 and the Water Supply and Sanitation Act N° 12 of 2009 were enacted by the National Assembly on April 28th, 2009 and assented by the President on May 12th, 2009. This legislation came into operation on August 1st, 2009. This new water legislation repealed the Water Utilisation (Control and Regulation) Act, Cap 331 and the Waterworks Act, Cap 272 respectively and has therefore substantially impacted on the prevailing legal and institutional framework.

The Water Resources Management Act N° 11 (2009) provides the institutional and legal framework for the management and development of water resources from the lowest to the highest level. The main changes brought about by this Act are to:

- Establish the National Water Board (NWB) as an advisory board to the Minister of Water and Irrigation on all matters relating to multi-sector coordination in integrated water resources planning and management as well as the resolution of national and international water conflicts. NWB replaces the Central Water Board that had no such mandated roles.
- Statutorily establish the office of the Director of Water Resources with roles to coordinate the activities of basin water boards; conduct national water resources management planning and implementation of strategy; oversee water basin planning and management; and integrate inter-sector coordination and planning aspects that have an impact on water resources.
- Establish Basin Water Board(s) as corporate bodies with the power to sue and to be sued - previously Basin Water Boards had no such powers.
- Establish Catchment and Sub-Catchment Water Committees to coordinate and harmonize catchment/sub-catchment integrated water resource management plans and to perform other functions as delegated by Basin Water Board(s).
- Register Water User Association(s) at the water basin instead of Ministry level.

The Act also contains provisions on the preparation of a National Integrated Water Resources Management Plan, dam safety and management and on trans-boundary waters. Such provisions were not provided for in the repealed law.

The main changes brought by the Water Supply and Sanitation Act N°12 (2009) include:

- Clear provisions on the responsibilities of the Minister responsible for local government, responsibilities of the regional secretariat and functions of LGAs.
- Establishment of a National Water Investment Fund to provide investment support for water service provision and management of catchments areas serving water supply abstractions.
- Established Water Supply and Sanitation Authorities may be declared as Commercial Urban Water Supply and Sewerage Authorities depending on commercial viability.
- Clustering of Water Supply and Sanitation Authorities for efficiency and commercial viability is introduced
- Board members of Water Supply and Sanitation Authorities operating at district and township level will be appointed by the Minister responsible for Local Government, instead of the Minister responsible for Water.
- Provisions on regulation of water supply and sanitation services.
- Local Government Authorities will be responsible for the registration of Community Owned Water Supply Organizations. Community owned organisations are required to comply fully with the provisions of the Water Supply and Sanitation Act No 12 of 2009. Village Water Committees previously registered by the Ministry of Water and Irrigation will become Community Owned Water Supply Organizations.

1.4 Stakeholders

Key stakeholders in the water sector include: national government; regional administration; local government authorities; urban water supply and sewerage authorities; development partners; the private sector; non-government organisations; and community organisations. To ensure effective institutionalised linkages between stakeholders, the NAWAPO and NWSDS prescribe new roles for different players in the water resources management and water supply and sanitation services. Enactment of the Water Resources Management Act No. 11 of 2009 and the Water Supply and Sanitation Act No. 12 of 2009 has empowered different institutions to implement their mandated roles, according to the NAWAPO and the NWSDS. This gives way to harmonization and synchronisation of other sector laws and regulations to reduce contradictions and duplications.

The roles and responsibilities of water sector stakeholders in the new paradigm are as follows:

Central Government

The Central Government's role is to formulate policy and guidelines and coordinate overall sector regulation. Implementation management and executive functions are decentralised to the lowest appropriate levels (autonomous entities have been established to manage water supply and sewerage services in urban areas and community organisations have been established to own and manage rural water supply schemes) and responsibility for regulation has been separated from the allocation and prioritisation of capital investment funds.

The Ministry of Water and Irrigation guides the Energy and Water Utilities Regulatory Authority (EWURA) on the formulation of technical guidelines, provision of standards and licensing. The Ministry of Water and Irrigation also secures funds for sector finance; monitors performance against plans; and provides overall quality assurance.

Endorsement of the NWSDS and enactment of new legislation has provided for the formation of the National Water Board. The NWB is a multi-sector and multi-skilled entity that advises the Minister responsible for Water on integrated inter-sector planning, coordination of water basin planning and management, inter-sector/inter-basin conflicts, investment priorities and financing patterns. The role of MoWI is to carry out co-ordination, monitoring and evaluation as well as formulate technical standards and water resource management guidelines. The Ministry also co-ordinates trans-boundary water issues, ensures dam safety and supervises, monitors and evaluates Basin Water Boards as well as the development of water resources. The interim National Water Board sat for the first time in May 2009. The role of the National Environmental Management Council (NEMC) is to provide oversight on issues pertaining to environmental safeguards including strategic and non-strategic environmental impact assessments.

Other line Ministries with responsibility for water and sanitation sector related issues, include:

Ministry of Finance and Economic Affairs, is responsible for the overall planning and budgeting in context of the budget process and the Medium Term Expenditure Framework

Prime Minister's Office – Regional Administration and Local Government (PMO-RALG), coordinates planning by Local Government Authorities (LGAs) through Regional Secretariats

Ministry of Education and Vocational Training (MoEVT), is responsible for hygiene education and the provision of sanitation in schools

Ministry of Health and Social Welfare, is responsible for promoting hygiene and sanitation

Ministry of Agriculture and Food Security, Ministry of Livestock Development, Ministry of Industry and Trade and Ministry of Energy and Minerals, are all involved in the use of water resources and its efficient use for irrigation, industrial use and power generation respectively

Ministry of Natural Resources and Tourism and Ministry of Lands, Housing and Human Settlement are involved in the protection of water resources.

Ministry of Community Development, Gender and Children, is responsible for gender mainstreaming and coordination and sensitization of social development issues.

Local Government

Local Government Authorities are responsible for the planning and management of their rural water and sanitation plans, as well as for the procurement, financing, management and monitoring of contractors, consultants and other local service providers. LGAs are required to establish an enabling environment for community and private sector participation in the provision of water and sanitation services. Councils are represented on water resources management boards and committees to ensure the presence of an elected voice of the people during core decision making regarding water resources conservation, management, allocation, development and utilisation. LGAs are responsible for regulation of rural water supply services.

The Energy and Water Utilities Regulatory Authority

EWURA is mandated to license and regulate Commercialised Urban Water Supply and Sewerage Authorities (UWSSA) and has developed performance indicators to measure financial and service delivery outcomes. EWURA also monitors service performance and approves tariffs. The role of EWURA is complemented by a Consumer Consultative Council, comprising local officials and consumers' representatives, mandated to monitor service quality and the interests of users.

Commercialised Urban Water Supply and Sewerage Authorities

These authorities, mandated to prepare and develop a business plan, based on commercial principles, to provide urban water supply and sewerage services, are licensed and regulated by EWURA. As legal autonomous entities, the UWSSAs are responsible and accountable for the protection, maintenance and development of the infrastructure assets placed under its custody.

Water Consumer and User Associations

Water Consumer Associations (Vikundi vya Huduma ya Maji) are legal entities established by communities to own, manage, operate and maintain drinking water supply services. The WCA is required to provide affordable services on full operation and maintenance cost recovery basis.

Water User Associations (Vikundi vya Watumiaji Maji) are legal entities established by the users of water resources within a specified area to manage the allocation of water resources and resolve conflicts amongst water users within that area.

Development Partners

Development Partners, comprise multi-lateral and bi-lateral financing and grant agencies and international NGOs, support MoWI, other water sector actors and community groups to develop water sector initiatives. Development Partners (DPs) are also support Thematic Working Groups (TWG) and in the Water Sector Working Group (WSWG) meeting.

Civil Society Organisations

Civil Society Organisations participate in the water sector, working in partnership with other stakeholders, to contribute in the development and implementation of sector policies, strategies, standards and guidelines. They also participate in sector monitoring through field visits, reviews and dialogue meetings. Through TAWASANET they are preparing an Equity Monitoring Strategy and Sector Equity Report and disseminating the Capacity Development Framework Guidelines.

The Private Sector

The private sector is actively participating with LGAs and Basin Water Offices to provide various services, including supply of equipment, technical consultancies and the construction of works.

1.5 The Water Sector Development Program

The development objective of the Ministry of Water and Irrigation is to “strengthen water sector institutions in order to improve access to water supply and sanitation services and to ensure an integrated water resources management approach”. The Ministry is also responsible for creating an enabling environment and regulatory framework that harness the efforts of civil society, non-government organisations and international development partners.

To ensure a coordinated and harmonized approach to investment planning and implementation the Ministry has embarked on a long-term Water Sector Development Program using a Sector Wide Approach to Planning - a framework where financial resources for capital investment, from both Government and DPs, are provided in support of jointly agreed strategies and plans, under the leadership of the Government. FY 2009/2010 is the 3rd year of WSDP implementation.

MoWI, on behalf of the Government, is responsible for the implementation of WSDP, which comprises four components, namely: Water Resources Management; Rural Water Supply and Sanitation; Urban Water Supply and Sanitation; and Institutional Development and Capacity Building. The component wise objectives of WSDP are as follows:

Component 1: Water Resources Management

The objective of this component is to develop a sound water resources management framework in all nine river and lake basins and to promote good governance of water resources throughout the country through the active participation of all stakeholders at all levels. This will be achieved by: improving water resources monitoring networks, introducing water resources management assessments and enforcing regulations; improving water quality management and pollution control; and protecting water sources, as well as optimizing water resources allocations.

Component 2: Rural Water Supply and Sanitation

The objective of this component is to improve the quality and quantity of drinking water and sanitation services for the rural population sustained through improved district level capacity, effective local water user entities, private sector participation and good hygiene and sanitation practices anchored in comprehensive district water supply and sanitation plans.

Component 3: Urban Water Supply and Sanitation

The objective of this component is the execution of utility business plans to expand the delivery of water supply and sewerage services through improvement of utility operations in regional and district capitals, as well as small towns and national water schemes.

Component 4: Institutional Development and Capacity Building

The objective of this component is to strengthen water sector institutions and sector capacity building to provide effective administrative support for envisaged programme implementation through training, improvement of office premises, provision of office equipment, transport and MIS. Cross cutting issues, such as gender mainstreaming, HIV/AIDS and good governance, are developed and implemented within the ambit of this component.

1.6 Monitoring and Learning

Institutional Framework

Any implementation process needs to be responsive to the planned activities, outputs and outcomes that ultimately define success or failure in meeting targets and objectives. The successful implementation of WSDP therefore requires timely and accurate feedback so that appropriate interventions can be made. A continuous monitoring process allows the sector to learn so that it can focus on what works while also identifying unforeseen opportunities.

The Ministry of Water and Irrigation is responsible for the coordination of the monitoring and learning processes within WSDP. This is being done through the compilation of progress reports received from the implementing entities that have received guidance on report writing skills and progress monitoring. MoWI also conduct field-monitoring visits to validate the information received. In the last fiscal year these visits covered all 21 mainland regions, all Urban Water Supply and Sewerage Authorities, all municipalities and city councils, all water basin offices and 88 out of 104 districts. Teams visited 288 rural projects, 19 urban projects and observed various stages of progress on activities under the 9 water basin offices, including the preparation of business plans for water basin offices. The information collected is reflected in progress reports.

The monitoring capacity of the Ministry of Water and Irrigation is being strengthened to deliver the expected outputs and ensure the sustainability of monitoring activities. The policy framework acknowledges that data collection is a prime responsibility of implementing agencies, such as LGAs, UWSSAs and BWOs. Data is analyzed at each level of the implementing agency and is stored in the Ministry's sub sector databases.

The institutional arrangements that guide monitoring activities are being reviewed to provide sufficient linkages with other monitoring systems; such as PMO-RALG, EWURA, Basin Databases, Urban and Rural Water Supply Databases, strategic studies such as the Public Expenditure Review and surveys under the National Bureau of Statistics (NBS). Operationally, emphasis is placed on generating relevant data that meets the information needs of different stakeholders and dissemination is done to stimulate effective use in planning and decision-making.

The ministry of Water and Irrigation, together with the Ministries of Health, Education and PMO-RALG, are working together to improve the monitoring of sanitation services and hygiene issues.

Social Accountability and Community Participatory Monitoring

Social accountability mechanisms, through participatory monitoring and evaluation activities, are very important to ensure that the observations of monitoring reports reflect the actual weaknesses and challenges identified. The issue of developing scorecards and measures to address client satisfaction are being reviewed. In an effort to raise social accountability and governance, participatory monitoring at the community level to enhance the voice of people in decision-making processes is being prepared for use during the next round of monitoring.

Comprehensive Review of the Water Sector Monitoring Framework

Most water sector data is obtained from routine data collection by UWSSAs, LGAs and BWOs that is reported to EWURA, PMO-RALG and MoWI respectively. Data collected through census and surveys conducted from time to time under the NBS are also periodically made available. Since these two sources of data use different indicators, they have consequently been producing different results. The reported rural water supply coverage using routine data by MoWI in 2007 was 57.1% while the sampled survey result by NBS during the same year was 40.8%.

Such discrepancies have confused stakeholders who question the correctness, consistency and reliability of routine data collection. The quest to reduce such discrepancies has led to the decision to conduct a comprehensive review of the water sector-monitoring framework aimed at harmonizing the tools so as to improve both data quality and accuracy. The activity is now underway and the draft report will be discussed at the fourth JWSR.

Updated Results Monitoring Framework

The results monitoring framework has been updated. The smartness of the performance indicators has been sharpened to ensure that they provide clues or evidence that marks how close or how far the sector is in meeting the desired targets. The indicators provide an operational description on how to characterize achievement of the goal, purpose, outputs and activities, in terms of quantity, quality and time. The updated framework shows baseline values recorded in 2006, current status and planned targets. The frequency and responsibility for data collection and the means of verification are described in the monitoring protocol.

Water Sector Performance Assessment Framework

The Water Sector Performance Assessment Framework has been prepared jointly between MoWI and DPs. The framework is in line with the guiding note from the MoFEA, which was agreed by national stakeholders in 2006, and is divided into 3 parts: (1) compliance with commitments in planning, budgeting, reallocation, absorption capacity and funding; (2) progress on sector indicators and (3) progress on joint dialogue processes, including how TWGs, the Water Sector Working Group (WSWG) and the JWSR meetings are planned and held.

2 Joint Water Sector Review Undertakings 2008

Undertaking 1: WSDP FY 2009/2010 budget preparation informed by sector performance monitoring data, including equity data

The FY 2009/2010 budget was prepared according to the FY 2007/2008 sector performance report and the 2008 water sector equity report – as a result the rural water sub-sector was allocated adequate resources in FY 2009/2010.

Undertaking 2: Ensure FY 2009/2010 budget reflects all GoT and DPs commitments; and the FY 2008/2009 supplementary budget captures all DPs commitments.

GoT and DPs firmed up their commitments on time and these are reflected in the FY 2009/2010 budget. MoFEA increased the ceiling from TZS 36.5 million to TZS 50.5 Million.

Undertaking 3: Develop a comprehensive regularly updated annual procurement plan

Procurement plans of WSDP implementing agencies were consolidated by MoWI in April 2009 and updated in the WSDP annual procurement plan in July 2009.

Undertaking 4: Conduct a study into equitable resource allocation

Government is reviewing the guidelines on resources allocation to LGAs to ensure a pro-poor focus and that areas with limited water supply services are considered. MoWI and PMO-RALG are developing guidelines for LGAs ready to use for planning of the FY 2010/2011 budget.

Undertaking 5: Review procedures for WSDP financing and reporting modalities to remove obstacles in flow of funds

MoWI have contracted a consultant to work on the undertaking.

Undertaking 6: Strict compliance with requirement and processes determined in the WSDP MoU using common implementation arrangement (water basket)

MoU has been circulated to implementing agencies, which are instructed to adhere to it. MoWI is making close follow up and continuously monitoring compliance

Undertaking 7: Timely preparation of the JWSR 2009, including submission of the water sector status report in August 2009

The report was finalised in September 2008 prior to the JWSR on October 1st and 2nd, 2009.

Undertaking 8: A single harmonized database with reliable baseline to be established by March 2009 and providing data by next JWSR

A single harmonized database with reliable baseline data has been established and is in use. Also the sector performance monitoring data (new definitions) have been fed into MKUKUTA monitoring. Process is on-going to hire a consultant to prepare agreed framework for harmonised rural water supply database. The agreed framework and definitions will be applied in MoWI reporting after completion of the harmonization for rural water supply database. The water point mapping exercise has been completed in 55 districts and the remaining districts should be completed early in 2010.

Undertaking 9: Information on budgets, disbursements, plans and expenditure is accessible at all levels and in a user-friendly format

Some information is available on the MOWI website. Education Information and Communication Unit in MoWI will ensure that in future all information should be disseminated on the website.

Undertaking 10: Conduct a full review of monitoring framework and information systems

WaterAid was contracted in July 2009 to conduct a full review of monitoring framework and systems to ensure consistency of definition and accuracy of data, including data on sanitation, water resources management and water supply services. The draft report will be ready in September 2009. TAWASANET is carrying out independent equity monitoring and reporting and the draft report will be presented to the next JWSR on October 1st and 2nd, 2009.

Undertaking 11: Establish MoU for sanitation with defined roles and responsibilities

An "Agreement among PMO-RALG, MoHSW, MoWI, MoEVT for the Integrated Implementation of Sanitation and Hygiene Activities in the Mainland of the United Republic of Tanzania" will be signed during the next sanitation week (from November 14th to 19th, 2009). The MoU defines the dialogue mechanism, the modalities of WSDP financing, the composition of the TWG and the aspects of HIV/AIDS in the question of sanitation and hygiene. A household sanitation and hygiene TWG will be formed and co-chaired by PMO-RALG and MoWI. TOR for a consultant to carry out a situation and impact analysis has been finalised. MoWI, through HIV/AIDS coordinator, is preparing a request for funds that were previously omitted in the FY 2009/2010 budget, for consideration during the mid-term budget review. Sanitation guidelines will be submitted to the National Steering Committee for Sanitation and Hygiene in November 2009 following an internal review in the Ministry of Water and Irrigation.

Undertaking 12: Initiate participatory IWRM planning processes

Procurement of consultants to prepare the IWRM plans for the first two priority basins (Rufiji and Internal Drainage Basins) are at an advanced stage (Section 3.1).

Undertaking 13: The Capacity Development Plan should be operational by April 09

MoWI divisions are finalizing their CD plans and these should be ready before mid year review, to be included in the FY 2009/2010 budget. Meanwhile, short-term training plans will be finalised in time for the mid-year review, also to be included in the FY 2009/2010 budget.

Undertaking 14: Develop a mechanism for conducting research/sharing research findings

Research areas have been identified in the following problematic areas:

- Sanitation
- Water Supplies, for improved public health
- Water Use Conservation and Technologies
- Water Resources Management- Social, Political and Economic Issues,
- Ecological Water Requirements
- Promotion of Better Use of Precipitation
- Water Resources Management – Policy and Legal Issues

One draft proposal on Water Quality was submitted, while other departments are now preparing proposals to be shared with TWGs. After consolidation and prioritization of research proposals, a budget will be prepared for implementation in collaboration with higher learning Institutions.

3 Performance

3.1 Water Resources Management and Development

Basin Water Offices

Strengthening of Basin Water Offices (BWO) to more effectively carry out their regulatory and planning roles is supported by WSDP. As part of water resources regulation a total of 352 water rights have been granted by the nine BWOs out of the planned 412 while 2,459 water users/abstractions were inspected during this time. Water use conflicts in some basins is a common problem, 25 out of 27 water use conflicts reported were resolved.

The construction and rehabilitation of the water resources department and BWO buildings and laboratories and equipment of various kinds is on going. Two contracts for the design and supervision of rehabilitation, construction of new office facilities and associated external works for Zone 1 (Rufiji, Ruvuma, Lake Nyasa and Lake Rukwa) and Zone 2 (Pangani and Wami/Ruvu) BWOs and laboratories were signed in February 2009. The contract for Zone 3 (Internal Drainage, Lake Tanganyika and Lake Victoria) BWOs was signed on July 17th, 2009.

To remove the bottlenecks that the Basin Water Offices had in procurement, in February 2009, the Permanent Secretary Ministry of Water and Irrigation granted authority to the four larger Basin Water Offices (Pangani, Rufiji, Lake Victoria and Wami/Ruvu) to set up Basin Tender Boards and Procurement Management Units. This is in accordance with the Public Procurement Act 2004. These Basin Water Offices have established their Boards and Procurement Units and have conducted procurement training to the Board Members and the procurement staff.

Following Parliamentary approval of the Water Resources Management Act No: 11 in April 2009, preparation of the 41 water resources regulations is on-going. The Act provides the legal foundations for the regulatory role and responsibilities of the Basin Water Offices.

Integrated Water Resources Management Plans

Integrated Water Resources Management (IWRM) plans provide a rational basis for the management and development of the water resources in each basin for multi-sector needs in the medium to long term. The preparation of basin IWRM plans represents a key element in the proposed approach being supported by WSDP.

In addition to the problems with the procurement process per se, the original TOR to prepare IWRM plans were too wide in scope in relation to the time allocated to produce the expected outputs and this, together with the general lack of experience of the local consulting sector with IWRM (as say compared to the skills and experience available in the drinking water sector), contributed to a poor response to the request for proposals and the subsequent need to retender with modified TOR. Procurement of consultants to prepare the IWRM plans for the first two priority basins (Rufiji and Internal Drainage Basins) are now at an advanced stage - the "No Objection" for the technical proposals from the World Bank for these two contracts was obtained on September 2nd, 2009. TOR for the second and third priority basins has been prepared.

IWRM is posing new challenges to the water sector, as it requires a multi-sector approach rather than the traditional single sector perspective. New areas of management such as water law, economics of water resources, limnology, environmental flow assessments, and conflict-resolution and negotiation skills in trans-boundary waters are needed. MoWI and the BWOs presently do not have these skills and the non-responsive technical assistance assignment for strengthening human resources in IWRM is being pursued as a matter of priority.

Priority Investments

The Department of Water Resources (DWR), together with the BWOs, have finalised priority investment selection criteria that were used by the Interim National Water Board at its inaugural meeting on May, 19th, 2009 to approve 24 out of the 47 submitted projects.

Water Resources Monitoring and Assessment

The collection of basic hydrological, hydro-geological, climate and rainfall data from the operational hydrometric and hydro-meteorological stations is regularly being done by all BWOs. Surveys of some hydrological monitoring stations, including inspection of cross sectional surveys of river gauging stations has also been carried out. The surveys show that many stations are not functioning properly due to lack of maintenance and vandalism. In addition, the rating curves of many river-gauging stations are outdated and need recalibration.

To improve the quality of data collection, inspection of 164 hydrometric stations, rehabilitation of 44 hydrometric stations and the construction of 11 new hydrometric stations has been completed in Rufiji, Wami/Ruvu, Pangani, Ruvuma, IDB, Lake Nyasa, Lake Rukwa and Lake Victoria Basins. In addition, 591 abstractions and 3,300 vulnerable water sources have been identified in all basins and a total of 127 geophysical surveys were conducted. Mlalakuwa sub-catchment and Makutupora sub-catchment have been demarcated and protected in Wami/Ruvu.

Reliable and accurate data collection is central to IWRM and in decision-making processes on water development. Unfortunately data (and its analysis) is expensive and the benefits are not immediately beneficial, nevertheless climate change as well as man made interventions have negative consequences that need to be effectively addressed to mitigate potential impacts.

Water Quality Management

Environmental protection, including water quality monitoring for compliance, is carried out by the BWOs. About 3,380 water samples were collected and analyzed to assess the water quality from various sources and results showed that 96.6% of samples were of good quality for human consumption. Water pollution control was also undertaken whereby the Ministry continued to assess the quality of sewage effluent before being discharged to water bodies. Over 250 samples were collected from wastewater treatment plants in Arusha, Morogoro, Dodoma and Iringa municipalities and Dar es Salaam and Mwanza Cities for analysis, the results showed that 88% of the samples were of the required standards of effluent prior to discharge.

Mines and industries are also inspected for effluent discharge compliance. A total of 9 mines and 19 Industrial wastewater works were inspected for compliance. It was observed that, all mines had undertaken the Environmental Impact Assessment and also that they use the Environmental Management Plan to administer their environmental obligations. However, it was noted that most of the Environmental Management Plans are outdated and need to be reviewed. Since most industries were established before the enactment of the Environmental Management Act Cap 191, they have been instructed to undertake their own environmental auditing exercise and ensure self-wastewater quality monitoring and reporting to the respective Basin Water Offices.

The recent pollution incident at the Barrick North Mines is a wake up call for all BWOs and all environmental protection agencies to be vigilant in enforcing the Water Resources Management Act No. 11 of 2009 and the Environmental Management Act Cap 191 of 2004. The Lake Victoria WBO is now monitoring water quality parameters at the Mine on weekly basis while the Mine is submitting data on water quality to the BWO on a daily basis for quality control.

3.2 Rural Water Supply and Sanitation

MKUKUTA targets for 2010 are: to increase access to clean and safe water in rural areas from 53% in 2003 to 65%; to ensure that 100% of schools have adequate sanitary facilities; and to promote household sanitation so that 95% of people have access to basic sanitation.

Implementation of the rural water and sanitation component of WSDP initially focussed on the rehabilitation/construction of small-scale projects in each LGA that could be financed through the Local Government Capital Development Grant. These “quick-win” projects were either largely already designed or just needed simple rehabilitation works to improve existing water supply infrastructure and services. As such, very little technical preparation was required and it was possible to increase access to clean and safe water from 55.7% to 57.1% in a period of two years. With the successful completion of out-standing projects and the execution of works where rehabilitation was possible, the WSDP has begun to focus on new projects in villages that do not have a water supply or that have had but which cannot be viably rehabilitated.

Following a prolonged period for the procurement of consultancy services in each of the 132 LGAs, contracts are finally in the process of being signed for the detailed design and preparation of tender documents for 10 village water schemes in each district. These 1,320 schemes are expected to benefit up to 4 million people, thereby raising service coverage levels by at least 10% across the country and in the process exceeding the MKUKUTA target.

The exercise regarding the detailed design and preparation of tender documents is expected to take around 6 months. The technical consultants will thereafter assist the LGAs to tender for the construction of the engineering works under National Competitive Bidding (with post approval) should take a further 2 to 3 months. Thus most works will be in an ideal position to begin at the end of the forthcoming wet season (March to May 2010). Contracts for construction supervision are tentatively awarded to the firm preparing the detailed design, subject to good performance.

Although detailed cost estimates are not yet known, it is estimated that the planned construction works will require an investment of around USD 400 million (assuming an average per capita cost of USD 100) over a period of 2 years beginning in the last quarter of FY 2009/2010. Once this batch of 1,320 schemes is underway, the next phase for investments will be designed on the basis of the district water plans currently being prepared by the same consultants undertaking the on-going design work. In this way it is expected that the hiatus experienced between the completion of the quick-wins program and the start of the works on the implementation of 1,320 schemes can be avoided in the future implementation of WSDP.

The sanitation and hygiene sub-component of WSDP focuses on promoting sanitation and hygiene and making use of existing and promising approaches for household and community sanitation as well as school based activities. At the LGA level, funds are provided to train artisans to improve existing latrines, using appropriate local technology and on the marketing of services to community members, rather than focusing only on the construction of demonstration latrines. During the first 2 years of implementation of WSDP a total of 1,531,909 people have been sensitized on sanitation and hygiene issues (in 112 reporting LGAs) resulting in the construction of 1,762 improved latrines. Sanitation clubs have been formed in 289 schools and hand washing campaigns and competitions (based on the general cleanliness of the schools with refuse pit, latrine cleanliness, surroundings whereby visible sanitation messages and hand washing facilities were placed) have been undertaken. These results suggest that there is an urgent need to make household sanitation marketing more effective. In the case of school sanitation, the initial results of the WASH mapping exercise suggests that the situation is unacceptable with almost 70% of schools not having adequate toilet facilities. Without access to water or latrines in schools it is simply not possible to begin to educate children on good hygiene practice.

Critical issues in the rural water and sanitation sector, that need to be addressed in the short to medium term, include:

- 1 **Quality Assurance of Technical Designs:** with the awarding of 132 technical assistance contracts to more than 30 firms at a cost of USD 65 million there is an urgent need to put in place a mechanism to quality assure the outputs.
- 2 **Sharing Innovation:** contracting over 30 different consultants to prepare 132 district plans provides a significant opportunity for innovation in the design of rural water schemes and for new approaches to be identified – these need to be disseminated so that they may be adopted by LGAs. MoWI will facilitate the exchange of information between LGAs and between the consulting firms.
- 3 **Standardisation:** there is an urgent need to assure that contractors are not allowed to introduce water pumps, electrical and mechanical equipment and machinery that does not already have proven service back up in Tanzania. The specifications for works should be clear on this point and MoWI will ensure that consultants are in compliance on this point.
- 4 **Water Point Mapping:** the on-going water point mapping exercise needs to be completed and reporting protocols developed to ensure that the LGAs are regularly updating them. The GIS/MIS that can be derived from this data needs to form the basis for the district water plans currently being elaborated.
- 5 **Consolidation of District Plans:** the preparation of district rural water plans for each of the 132 districts in the country provide an opportunity to establish a national database that can subsequently provide baseline data for a national performance monitoring and management information system.
- 6 **Assuring Financing for Works on a Massive Scale:** once designs are in place and contracts for works have been signed there is a danger that the cash flow demand may exceed supply. It is vital that this does not occur to avoid demobilization, fines and payment of supervision services while implementation is paralyzed. The MIS described in Section 6.1 will be used for this purpose.
- 7 **Assuring Sufficient Construction Capacity:** the implementation of 1,320 rural water schemes will require many skilled and semi-skilled professionals that may not be available in sufficient numbers. To avoid such bottlenecks, training courses to capacitate construction workers need funding. This would also assure that the required skills are also available at district level for the regular operation and maintenance of the schemes once these are complete.
- 8 **Capacity Building of Community Leaders:** to perform their tasks and functions, as the owners of their water scheme, should include, as a minimum, training in management and accounting skills to ensure a smooth transition once the schemes are handed over to the community.
- 9 **Outsourcing Model for the Management of O&M:** for villages that choose to outsource the management, revenue collection, operation and maintenance of their scheme to the private sector, standard contracts and a methodology for tariff setting and contract performance management needs to be put in place.
- 10 **Performance Monitoring:** in addition to the monitoring of quantitative data through the information system to be established on the basis of the national rural water database (point 5 above), there is a need for MoWI to put in place a qualitative (process) monitoring system to capture levels of satisfaction, opinions as well as innovation arising from the development process.

3.3 Urban Water Supply and Sewerage

Urban Water Supply and Sewerage Authorities (UWSSAs) have been established in accordance with the Waterworks Act No. 8 (1997) in 19 major urban centres. In addition the Dar es Salaam Water and Sanitation Authority (DAWASA) was established under waterworks Act No. 20 of 2001 to supply water to Dar es Salaam and parts of Pwani region, including Bagamoyo and Kibaha townships. The authorities are graded under three categories:

- Category A authorities cover all the O&M costs of water supply and sewerage, including staff wages, cost of power and some contributions to investment;
- Category B authorities meet their O&M costs, including cost sharing of power (as per MoU with each authority) and full salaries for the permanent employees;
- Category C authorities meet their O&M costs but require Government support in paying for power supply and the salaries of the permanent employees.

In May 2009 MoWI approved a report on the Performance of UWSSAs, prepared by M/S Don Consult Limited. Detailed information with regard to the performance of UWSSAs can be found in this document and it is not repeated herein. Improvements in technical performance, especially in the areas related to water production, water quality, service coverage, water metering and in the reduction of unaccounted for water (UfW), are observed. Tables 3.1, 3.2 and 3.3 provide a snapshot of the performance of all 20 authorities.

Critical issues in the urban water and sewerage sector that need to be addressed in the short to medium term include:

- 1 **Operating Ratios:** the practice of distorting breakeven points by including income outside of an authorities own sources within their operating revenue should be eliminated.
- 2 **Water Quality Testing:** in addition to the current practice of authorities checking the water quality at the point of water production/treatment, independent water testing should be introduced at the point of delivery to consumers as a counter checking mechanism.
- 3 **Water Meter Repair and Replacement:** with a rapid acceleration in the use of metered connections an adequate response with regard to the dual problem of meter repair and the cost of eventual replacement needs to be put in place.
- 4 **Staff Productivity:** for most authorities this is < 10 per 1,000 connections however there is the potential to take this to < 6 by reducing employment in non-core activities, increasing customer connections and outsourcing services. Productivity is related to the ability to provide an attractive package and in turn to attract more qualified/motivated contract staff that can in turn further improve productivity and raise salaries proportionate to the service provided.
- 5 **Financial Management Information System:** harmonized accounting and billing in all authorities would improve performance and reporting as well as contributing to more transparency and accountability.
- 6 **Network Rehabilitation and Expansion:** investments are often concentrated in developing new sources and water treatment plants and storage however due to the aged infrastructure, investments in water distribution will often lower UfW and help to expand the customer base and coverage. Both aspects significantly contribute to the net growth of the business.

- 7 **Business Planning:** although it is a licensing requirement to have a business plan, these are in practice rarely used as a planning tool to guide an UWSSA on its strategic planning options or investment planning. Business planning guidelines have therefore been prepared with a view to enhance the quality of the existing business plans.
- 8 **Regulation:** EWURA currently face a number of challenges and logistical problems in regulating over 100 small towns authorities, including availability of accepted regulatory tools and the receipt of inaccurate and inconsistent operational information. Baseline information is however now available through a rapid assessment study undertaken as part of the clustering study.
- 9 **Sewerage:** innovative approaches to the expansion and financing of services need to be identified and tested if the MKUKUTA target of 30% coverage by mid-2010 is to be achieved even within the next 5 to 10 years.

While Category "A" authorities will most likely meet the MKUKUTA target of 90% population coverage by 2010, it is unlikely however that Category "B" and "C" authorities will meet this target if projects under WSDP are not completed timely.

The performance of district and small towns water authorities is not addressed in this water sector status report. More information on these authorities and on the clustering process can be found in the reports of the on-going clustering study. Clustering is also discussed in Section 7.3.

Table 3.1 Urban Water Supply and Sewerage Authorities Vital Statistics

UWSSA	Drinking Water Production (m3/day)	Drinking Water Production vs. Demand (%)	Distribution Network (Km)	Staff per 1000 Water Connections	Length of Sewer Network (Km)	Access to Sewer Connections %
Arusha	48,700	85	259	6.4	43	7
Babati	3,840	69	32	16.0	0	0
Bukoba	9,190	88	77	11.7	0	0
Dar es Salaam	273,000	61	1,496	6.3	188	4
Dodoma	37,000	86	214	7.4	55	13
Iringa	15,700	83	153	9.0	26	13
Kigoma	17,910	31	193	10.0	0	0
Lindi	1,380	26	111	19.0	0	0
Mbeya	32,000	90	371	8.7	47	5
Morogoro	30,000	81	318	8.0	30	15
Moshi	28,640	94	285	9.0	45	45
Mtwara	9,080	44	184	8.0	0	0
Musoma	17,380	45	112	10.5	0	0
Mwanza	42,000	72	298	9.7	28	8
Shinyanga	13,100	61	195	9.0	0	0
Singida	5,720	58	86	15.0	0	0
Songea	11,910	75	220	11.0	36	1.4
Sumbawanga	2,190	42	87	9.2	0	0.0
Tabora	17,450	70	230	8.3	19	3.8
Tanga	42,000	98	454	6.0	34	9.1

Source: Maji Information System Database

Table 3.2: Urban Water Supply and Sewerage Authorities – Performance Indicators

UWSSA	Category	Population in Service Area	Operating Ratio	Average Water Tariff (TZS/m ³)	Average Water Bill (TZS)	Avg. Sewerage Bill (TZS)
Arusha	A	356,933	0.80	305	10,359	2,364
Babati	C	64,000	0.99	385	6,941	-
Bukoba	B	68,875	1.18	525	7,150	-
Dar es Salaam	A	2,860,149	1.15	599	27,457	6,035
Dodoma	A	267,660	1.25	520	9,381	3,753
Iringa	A	134,831	0.99	583	10,450	1,500
Kigoma	B	144,853	1.01	262	2,105	-
Lindi	C	44,000	2.00	833	9,783	-
Mbeya	A	262,000	0.96	324	6,464	1,197
Morogoro	A	286,580	0.99	398	8,878	2,972
Moshi	A	156,234	0.93	302	7,331	6,724
Mtwara	A	102,457	1.24	533	9,180	-
Musoma	A	132,000	1.40	373	8,944	-
Mwanza	A	515,000	0.99	425	8,867	3,654
Shinyanga	A	135,166	0.81	405	7,635	-
Singida	B	81,662	0.91	471	6,777	-
Songea	A	104,516	1.06	331	4,354	280
Sumbawanga	B	90,000	0.91	399	5,730	-
Tabora	A	152,075	1.00	351	8,430	933
Tanga	A	240,000	0.98	423	16,396	8,457

Source: Maji Information System Database

Table 3.3: Urban Water Supply and Sewerage Authorities – Operating Aspects

UWSSA	Revenue (TZS/year)	Household Connections	Metering (%)	UfW (%)	Billing Efficiency (%)	Supply (Hrs)
Arusha	3,968,262,903	27,168	100	38	75	24
Babati	423,703,773	2,244	54	45	88	12
Bukoba	661,063,223	5,878	81	50	73	23
Dar es Salaam	22,117,566,212	153,614	48	55	94	9
Dodoma	3,202,315,966	18,578	100	44	68	20
Iringa	1,478,948,152	11,089	82	28	81	22
Kigoma	448,336,325	7,893	43	45	82	05
Lindi	183,810,609	2,072	26	40	81	06
Mbeya	2,951,473,984	22,849	72	31	86	23
Morogoro	3,384,121,197	19,969	84	21	96	21
Moshi	3,166,838,763	16,278	100	33	77	23
Mtwara	906,372,494	6,576	86	32	90	12
Musoma	997,891,167	7,568	51	41	80	22
Mwanza	5,421,866,632	26,988	100	47	60	22
Shinyanga	1,058,824,317	10,686	87	26	87	19
Singida	416,210,229	4,417	46	41	69	05
Songea	642,580,600	7,348	75	36	72	24
Sumbawanga	317,800,240	4,193	55	43	81	20
Tabora	1,279,762,810	10,243	80	26	74	20
Tanga	3,969,175,908	20,517	100	25	105	24

Source: Maji Information System Database (August 2009)

3.4 Institutional Development and Capacity Building

The proper functioning of an organization depends on having in place the right policies, effective strategies and robust organization structures as well as a regulated legal framework. Specifically with regard to the performance of an organization, the main issues to be considered include the creation of an enabling environment in which capacitated individuals with clear job descriptions can work within agreed operational guidelines and procedures to deliver results. The objective of the Institutional Development and Capacity Building component of WSDP is to ensure that all stakeholders are able to perform their duties unhindered by avoidable externalities.

The National Water Policy, National Water Sector Development Strategy, the Water Resources Management Act No. 11 of 2009 and the Water Supply and Sanitation Act No. 12 of 2009 are in place and considered relevant and appropriate instruments in supporting the implementation framework. Furthermore, the organizational structure of the sector is largely supportive to new developments; the main exception is the on-going process of clustering of the 100+ urban water utilities in district and small towns. This section focuses therefore, on the status of capacity constraints within the key sector institutions.

Ministry of Water and Irrigation

All professional staff in MoWI has a job description. Building capacity is a basic aspect under WSDP in order to enhance implementation efficiency and training, as a tool to impart new skills and knowledge, has been offered in the Ministry in various ways including: long and short-term courses, seminars and on the job training in areas such as procurement. A capacity development framework has been developed and approved. The implementation of this framework will overcome the capacity constraints in MoWI as well as other key actors in the water sector.

A functional and equipped working environment is a pre-requisite for performance. WSDP has therefore committed resources to ensure that it is possible to work effectively. Access to transport is often another constraint to “getting the job done” and again WSDP has invested in this area. Unfortunately, delays in the procurement process have caused late delivery of many goods however most items will be delivered by December 2009.

Basin Water Offices

The proposed organization structure for Basin Water Offices has not yet been approved and job descriptions are not in place. On the other hand all BWOs have their business plan in place. These plans provide a framework for the BWOs to be able to operate their activities in a business like manner. There is currently a gap of 234 staff across the nine BWOs. All nine BWOs are all in the process of identifying their training program.

Urban Water Supply and Sewerage Authorities

Job descriptions for staff in the authorities are in place and operational. On-going professional training for staff in UWSSAs cover entrepreneurship, business planning, corporate governance, customer care, labour law, customer billing, accounting and IFRS, marketing and finance for non financial staff. Institutional strengthening and capacity building interventions in 62 UWSSAs and 6 National Projects has begun through the ACP-EU/GTZ Water Facility Capacity Building for Regional and District Urban Water Supply and Sewerage Authorities in Tanzania.

Rehabilitation of offices and Construction of new offices has been delayed because of the slow procedures to obtain land title deeds. Procurement of IT and office equipment has been delayed due to delays in the procurement process.

Energy and Water Utilities Regulatory Authority

The organization structure of EWURA is in place with a fully functional Board of Directors. Job descriptions for all existing posts are in place. The quality of service guidelines and annual report guidelines are in place, however business plan guidelines and the client service charter guidelines are not in place. The training program for EWURA is in place. EWURA offices in Dar es Salaam are adequate however the proposal to establish zone offices in Arusha, Mwanza, Mbeya, Tabora and Dodoma has not yet been initiated.

Water Development and Management Institute

The former Water Resources Institute has been converted into the Water Development and Management Institute under the Government Agency Development Programme vide Government Order 138 of August 2008. MoWI is supporting the WDMI in addressing some of its immediate operational challenges, such as the filling of four key posts (Chief Executive Officer, Director of Administration and Finance, Director of Research and the Director of Studies) and in strengthening its operational policies and procedures.

The project on "Human Resources and Organisational Development" in the water sector, which will build and improve the status and capacity of the WDMI, is being implemented by MoWI in collaboration with the EU-ACP Water Facility. The objectives of the project are to update market needs, identify training potentials and opportunities and to establish the WDMI as a competitive autonomous training institution.

Drilling and Dam Construction Agency

The strategic plan and the client service charter are in place however the process to develop business plan (to serve the commercial purpose of the agency) and the training program are on going. Three senior posts (Chief Executive Officer, Technical Support Manager and Business Support Manager) are in the process of recruitment. Procurement of vehicles and equipment is at an advanced stage.

Regional Administrative Secretariats

Regional Administrative Secretariats are empowered by the revised regional administrative Act 2007 to oversee, supervise and support LGAs. Job descriptions for water sector personnel are in place and are being used for implementation of WSDP. Operational guidelines for facilitation and consultation services are in place and are being used for supervision and monitoring of the implementation of sub project for rural water supply. The main challenge facing the Regional Secretariats is the inadequate number of staff for effective monitoring and supervision.

Local Government Authorities

The Local Government Laws and the National Water Sector Development Strategy give the enabling environment for LGAs to provide water supply and sanitation services. By June, 2009 there are 156 engineers employed compared to the required 460. The 182 technicians currently in place falls well short of the required 1125. The Government is spearheading the process of training and recruitment of these personnel to fill the gaps in LGAs.

3.5 Performance Indicators

Tables 3.4 through 3.8 report on progress with regard to the agreed performance indicators for the water and sanitation sector.

Table 3.4: Key Sector Outcome Indicators

SN	Outcome Indicator	Baseline 2006		Actual 2007		Actual 2008		Target 2012	
		Nos.	%	Nos.	%	Nos.	%	Nos.	%
1	BWOs implementing an approved integrated water basin management plan	2	22	2	22	2	22	6	67
2A	Population with access to improved rural water supply	17,700,000	56	18,800,000	57 ^A	19,700,000	58		65
2B	Population with access to improved urban water supply	4,973,763	78	5,324,190	80	6,437,663	83		90
3	Household connections to piped water service (in urban areas)	199,106	78	203,962	80	386,168	83		90
4A	Sewerage Connections	13,649		29,662		35,645			30
4B	Population with access to improved sanitation			14,500,000	50	15,950,000	55		74
4C	Population with access to basic sanitation			26,390,000	91	23,780,000	82		95

Note A: The National Bureau of Statistics Household Budget Survey (2007) indicated an actual coverage of 41%

Table 3.5: Component 1 Water Resources Management (Basin Level)

SN	Indicator	Unit	Baseline 2006	Actual 2007	Actual 2008	Actual 2009	Target 2012
1.1	National Water Board operational	Yes/No	No	No	No	Yes	Yes
1.2	BWO that are fully staffed	Nos.	2	2	3		9
1.3	Basins with an Annual Statistical Book	%	22	22	22		
1.4	Basins with IWRM Development and Management Plans	Nos.	0	0	0		9
1.5	Sub-catchment committees operational	Nos.	21	24	27		100%
1.6	WUAs established and operational	Nos.	208	260	361		100%
1.7	BWOs that adopt national sustainable financing options for IWRM.	Nos.	0	0	0		9
1.8	Watersheds gazetted as protected areas.	Nos.	8	8	18		45
1.9	Ground water recharge areas legally gazetted as protected areas	Nos.	0	0	4 (identified)		25
1.10	Smallholder irrigation schemes with improved water use efficiency	Nos. (%)	1454 (8%)	1495 (8.4%)	1544 (8.5%)		2726 (15%)
1.11	BWOs granting, monitoring and enforcing water rights and pollution control.	Nos.	2	3	3		9

Table 3.6: Component 2 Rural Water Supply

SN	Indicator	Unit	Baseline 2006	Actual 2007	Actual 2008	Actual 2009	Target 2012
2.1A	New community water points constructed	Nos.	2,427	2,949	3,751		37,400
2.1B	Rehabilitated community water points	Nos.	670	711	1,123		4,500
2.2	Water committees legally registered	Nos.	11	14	42	65	TBD
2.3	Districts with DWSTs	%	100	100	100	100	100%
2.4	Districts with fully-staffed DWE's Office	Nos.		10	12	15	100%
2.5	Districts with WSS Plans	%	0	0	0	Note A	100%

Note A - WSS Plans will be prepared through consultancy contracts for all districts during FY 2009/2010

Table 3.7: Component 3 Urban Water Supply and Sewerage

SN	Indicator	Unit	Baseline 2006	Actual 2007	Actual 2008	Actual 2009	Target 2012
3.1	Coverage with potable, reliable water	Nos.	4,973,763 (78%)	5,324,190 (80%)	6,437,663 (83%)		90%
3.2A	New water points	Nos.	1,197	1,656	1844		TBD
3.2B	Rehabilitated water points	Nos.					TBD
3.3A	Metered household water connections	Nos.	162,611	169,252	331,163		TBD
3.3B	Non Metered piped household water connections in UWSSAs	Nos.	26,495	34,710	55,005		TBD
3.4	Average hours of water supply per day	Hours	17	17	18		TBD
3.5	Operating cost coverage ratio in utilities	%	0.95%	1.07%	0.92%		TBD
3.6	Non revenue-water	%	36.1	37.5	37.4		TBD
3.7	Sewer connections	Nos. (%)	14,046 (17%)	16,060 (17%)	35,645 (18%)		30%
3.8	School Latrines retrofitted with slabs	Nos. (%)	TBD	TBD	TBD	TBD	TBD
3.9	Household latrines retrofitted with slabs	Nos.	TBD	TBD	TBD	TBD	TBD

Table 3.8: Component 4 Institutional Strengthening and Capacity Building

SN	Indicator	Unit	Baseline 2006	Actual 2007	Actual 2008	Actual 2009	Target 2012
4.1	WSWG/Thematic Working Groups operational	Yes/No	No	Yes	Yes		Yes
4.2	RWSS funds transferred through LGCDG system	%	45%	80%	82%		100%
4.3	MoWI develops and implement national MIS	Yes/No	No	No	No		Yes
4.4	Strengthened private sector companies, NGOs, CBOs, and institutions contributing to sector	Nos.	0	1	1		TBD

4 Inputs

4.1 Ministry of Water and Irrigation

The Ministry of Water and Irrigation comprises 7 divisions and 6 units with 1,785 posts. The plan in FY 2009/2010 is to recruit 125 persons to fill all the current vacant positions.

4.2 Basin Water Offices

Staffing capacity remains a key challenge within the BWOs. In FY 2008/2009 an additional 48 staff were recruited however from Table 4.1 it is clear that even the planned additional 234 persons to be hired in FY 2009/2010 will still leave the BWOs under-staffed.

Table 4.1: Basin Water Offices Actual Staffing Levels Against Requirements

Basin Water Office	Staff Category											
	Professionals		Technicians Hydrology		Technicians Hydrogeology		Technicians Water Quality		Technicians Works		Support Staff	
	Actual	Vacant	Actual	Vacant	Actual	Vacant	Actual	Vacant	Actual	Vacant	Actual	Vacant
BWO Internal Drainage	3	9	5	6	7	3	6	0	4	0	4	10
BWO Lake Nyasa	3	9	3	10	3	10	2	6	6	0	31	10
BWO Lake Rukwa	5	10	4	14	3	14	4	14	1	12	19	32
BWO Lake Tanganyika	3	8	7	7	6	6	0	0	4	0	17	33
BWO Lake Victoria	12	18	22	5	14	6	17	4	2	0	12	13
BWO Pangani	8	8	19	5	11	2	8	4	32	0	41	89
BWO Rufiji	4	19	23	83	13	20	0	7	10	0	33	122
BWO Ruvuma	5	13	5	6	8	3	2	10	0	3	15	33
BWO Wami/Ruvu	8	7	12	4	5	7	0	6	5	3	11	29
Total	51	101	100	140	70	71	39	51	64	18	183	371

Source: Division of Water Resources, MoWI

4.3 Local Government Authorities

The number of water sector staff in the LGAs is about 30% of the required (Table 4.2). MoWI and PMO-RALG are making efforts to address the shortfall in FY 2009/2010. This is a concern given the on-going program to build water schemes in 1,320 villages.

Table 4.2: Water Technical Staff at LGA Level (Minimum Requirements)

Technical field	Required Staff	Hired Staff	Shortage
Water/ Civil Engineers	396	107	289
Mechanical/ Electrical Engineers	132	0	132
Environmental Engineers	132	30	102
Community Development Officers	132	11	121
Water/ Civil Technicians	1125	182	943
Mechanical/ Electrical Technicians	132	0	132
Laboratory Technician	132	0	132
Assistant Technicians in all water related fields	1349	329	1020
Total	3530	659	2871

Source: Maji Information System Database (August 2009)

4.4 Urban Water Supply and Sewerage Authorities

Category A and B UWSSAs do not rely on subsidies to pay salaries and employ staff in response to demand to improve productivity: thereby creating the possibility for better employment packages that support further productivity increases. Support for Category C UWSSAs, to either lower staff levels or increase revenues is needed to get them onto a viable commercial basis.

In addition to the 19 regional UWSSAs, there are 107 authorities with registered water boards. The staffing consequences, arising from incorporating these 107 authorities into the 19 regional UWSSAs are described in the draft feasibility report on clustering.

4.5 The Private Sector

The National Water Policy stipulates that to the extent possible; works, services and goods are to be procured from and undertaken through contractual arrangements by the private sector. The institutional framework and water legislation also identify the private sector as active participants in the implementation of WSDP. Beyond the obvious engagement of contractors (for works) and the procurement of consultants for design and supervision services, the Government has been engaging the private sector to develop and deliver capacity building activities; and to support communities to manage their water schemes

4.6 Development Partners

The Water Sector receives financial support from Development Partners through general budget support, the water sector basket, earmarked funds and direct and indirect technical assistance. The sector also received financial assistance from local and international religious institutions, CBOs, NGOs and CSOs. Box 4.1 provides a list of the organisations currently supporting the water sector. Snapshots for some of these organisations are provided in Boxes 4.2 to 4.9.

Box 4.1: Organisations Supporting the Water Sector

African Development Bank	African Medical Research Foundation
African Relief Committee of Kuwait	Agence Française de Développement (AFD)
Anglican Church	Association Cooperation Rural Africa
Belgian Technical Cooperation	CARITAS
Catholic Agency for Overseas Aid and Development	Catholic Church
Central Mondialita Sivillioippo Reciproco	Clinton HIV Aids Initiative
Concern Tanzania	Department for International Development (DFID)
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	District Agricultural Development Support
Engineers without Borders	European Union
Farm Africa	International Fund for Agricultural Development
International Union for Conservation of Nature (IUCN)	Japan International Cooperation Agency (JICA)
Korea International Cooperation Agency	Lay Volunteers International Association
Kreditanstalt für Wiederaufbau (KfW)	Lutheran Church
Plan International	SNV Netherlands Development Organisation
South Korea Embassy	Southern Highlands Participatory Organization
Tanzania Social Action Fund	Tanzania/Japan Food Aid Counterpart Fund
The World Bank	UNCHS (Habitat)
UNICEF	United Nations Development Programme
United Nations High Commission for Refugees	Wahamasishaji wa Maji, Maendeleo na Afya
WaterAid	World Islamic Propagator and Humanitarian Services
World Vision	World Wide Fund for Nature

Box 4.2: Agence Française de Développement (AFD)

AFD currently support the financing of two major urban projects with a combined budget of EUR 13million. AFD is in the final stages of preparing its new financing to the water sector through the basket fund to support the WSDP. This support will be in the form of a concessional loan of EUR 30 million with a EUR 500,000 grant for technical assistance in the area of sector performance monitoring.

Box 4.3: Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ)

The GTZ program (in cooperation with KfW and DED) will run until 2015 at a cost of EUR 15 million and is active within four broad thematic areas:

1. Institutional and legal reforms.
2. Regulation of commercially operated Urban Water Supply and Sewerage Authorities.
3. Improvement of water supply and sanitary provision in low-income urban areas.
4. Capacity building for Urban Water Supply and Sewerage Authorities (through EU combined financing).

Box 4.4: Japan International Cooperation Agency (JICA)

JICA's on-going approved projects in Tanzania include:

1. The Study on Rural Water Supply in Tabora Region.
2. The Project for Water Supply Development around the Metropolitan Area of Dar es Salaam.
3. The Project for Rural Water Supply in Mwanza and Mara Regions.
4. The Rural Water Supply and Sanitation Capacity Development Project.
5. The Project for Water Resources Management Capacity Development in Wami/Ruvu Basin.

JICA provides technical assistance to BWOs to strengthen their regulatory and monitoring capacity.

Box 4.5: Kreditanstalt für Wiederaufbau (KfW)

KfW provide co-financing to commercial water supply and sewerage authorities through a regional centres program (Iringa, Mbeya and Mwanza) and a seven towns upgrading program. Through 3 earmarked projects in the community water supply and sanitation sector, KfW provides EUR 23 million for investments and technical assistance. KfW is a major contributor to the water basket (EUR 57 million over the period 2007 – 2012) and is also mandated by the Netherlands Government to manage a further EUR 50 million over the period 2009 – 2012.

Box 4.6: SNV Netherlands Development Organisation

SNV is funded by the Netherlands Government and provides capacity development to clients with a focus on:

1. Improving the functionality of existing water points (through water point mapping, in collaboration with WaterAid)
2. Support to school water, sanitation and hygiene activities (in collaboration with Unicef and WaterAid)
3. Capacity building in IWRM in Pangani and Wami/Ruvu basins (in collaboration with IUCN)

Box 4.7: UNICEF

UNICEF provides sector support to facilitate linkages between the four key ministries in the water sector and other actors active in the water sector in areas such as: school WASH; national advocacy for sanitation and hygiene events; emergency WASH; and household water treatment. UNICEF is also supporting: the process for development of the National Sanitation and Hygiene Policy; the inter-ministerial agreement for sanitation and hygiene; the development of a draft strategic plan for School WASH and the National Steering Committee for Sanitation and Hygiene. UNICEF also manages funds for the implementation of activities undertaken through LGAs and through NGO partners.

Box 4.8: WaterAid

WaterAid has been in Tanzania since 1983 and works with a wide range of local partner organisations including church groups, municipal and district councils, local development organisations and the private sector to reach those communities most in need. In 2008 the Tanzania Water and Sanitation Civil Society Network (TAWASANET) was formed with WaterAid's support to influence commitments to water and sanitation.

Box 4.9: World Bank Water and Sanitation Program

The Water & Sanitation Program (WSP) is assisting the government in promoting rural hygiene and sanitation improvements nationally and in increasing WSS services to the urban poor. WSP is also providing in depth technical assistance to 10 learning districts in the preparation and use of WSDP sanitation and hygiene budgets and the implementation of sanitation marketing activities such as community lead total sanitation, promotion of latrine upgrading, mason training and hand washing with soap.

5 Organisation

5.1 Water Sector Coordination

WSDP coordination is undertaken through four thematic working groups on: planning and finance; performance monitoring; sanitation and hygiene; and capacity building. MoWI chairs the groups and members include staff from the concerned MoWI divisions and units as well as representatives from the development partners with relevant experience for each group. In order to make the TWGs more effective, MoWI intends to hold monthly rather than bi-monthly meetings on every last Friday of the month. The agenda for each TWG will be defined in the previous monthly meeting, time bound outputs will be agreed and reported on a monthly basis, Minutes from TWG meetings will be circulated the day following the meeting and consolidated minutes for all four TWGs will be finalised within 5 working days.

The Water Sector Working Group (WSWG) will continue to meet quarterly (on the third Monday of each quarter) in order that progress reports and intermediate financial reports can be presented for the previous quarter. To reflect the decision-making forum of the WSWG, MoWI intends to restructure the group to enhance the effectiveness of decision-making.

5.2 Promoting Improved Hygiene Practice and Household Sanitation

At the community and district level, the District Water and Sanitation Team are responsible for the implementation of sanitation. At the central level the Ministry of Health and Social Welfare is the lead Ministry but there are other actors who also collaborate to contribute to the set targets.

MoWI, MoHSW and other partners continue to make efforts to align and harmonize sanitation and hygiene promotion. The "Agreement Among PMO-RALG, MoHSW, MoWI, MoEVT for the Integrated Implementation of Sanitation and Hygiene Activities in the Mainland of the United Republic of Tanzania" will provide a framework to facilitate inter-Ministerial coordination, cooperation and harmonization in the implementation of sanitation and hygiene activities. The development of a National Sanitation and Hygiene Policy will provide a basis for action.

National agencies through steering committees are also preparing sanitation promotion materials for use at LGA level. Key advocacy events such as Global Hand Washing Day and World Toilet Day, to be marked in October and November 2009, are planned/executed in collaboration.

5.3 Procurement of Goods, Services and Works

Bottlenecks in the procurement process have been cited throughout this status report and have delayed most of the planned activities with the result that expenditure over the first two years of WSDP implementation has been significantly less than planned. With hindsight attempting to procure 132 prior review consultancy contracts through 132 LGAs (unfamiliar with World Bank procurement procedures) to an international best practice standard was perhaps too ambitious. However the implementing partners have learnt valuable experience and it is expected there will be improvement in the next rounds of procurement.

On the other hand quite significant delays were caused in obtaining the "no objection" from the World Bank. While it can be appreciated that the local procurement unit in the World Bank were overwhelmed with the volume of work, it was nevertheless frustrating for the implementing partners to have to wait in some cases for up to 4 months only to be asked for a clarification and hence went to the back of the queue. It is suggested that in future the World Bank should, in response to demand, outsource some of the verification work to an international procurement agency to limit the time taken to respond to an evaluation or a contract in a reasonable time.

Contracts for rural water supply works will be mainly post review and delays in obtaining “No Objection” will not be an issue to affect progress in FY 2009/2010. There is perhaps however a case to review the WSDP MoU so that some areas can be earmarked to specific DPs. In this way it is not necessary for one DP to have to review every contract. The water basket is intended to simplify, however in the case of procurement it has clearly had the exact opposite effect.

5.4 Safeguards Management

Environmental and Social Management Framework

The Environmental and Social Management Framework provides that all proposed project sites are screened for negative environmental and social impact and against any sort of destruction or pollution, including wastewater that must go hand in hand with water supply development. All water supply schemes are evaluated against considerations of wastewater management and sewage treatment. These considerations, as well as the development of a comprehensive environmental impact assessment, are an essential part of the regulatory arrangements.

The capacity of BWOs, Regional Secretariats, LGAs and UWSSAs to undertake the screening of projects and to assign appropriate categories for each project has demonstrably improved. The ability of the same to prepare TOR for projects that qualify for full EIA is also improving. Table 5.1 indicates the status of WSDP funded projects listed for screening.

Table 5.1: Status of WSDP Safeguards Screening

Component of WSDP	Number of Projects Qualified for Screening	Screened Projects	Projects to be Screened	Projects Qualified for Full EIA
1. Water Resources	16	9	7	3
2. Rural Water	572	187	385	10
3. Urban Water	57	26	31	10
Total	645	222	423	23

Source: MoWI

Resettlement Policy Framework

The Resettlement Policy Framework provides a screening process, for any sub-project activities, to ensure that where land acquisition for project activities is inevitable, resettlement and compensation activities for lost land should be conceived and executed in a sustainable manner. This entails providing sufficient investment resources to meet the needs of the persons affected and/or displaced from their habitat and resources. To the extent possible projects that “do no harm” should be preferred since compensation in any project is costly and time consuming.

Training on the Resettlement Policy Framework (and Environmental and Social Management Framework) has raised awareness amongst WSDP implementers. Through this awareness the community residing in the Maisaka well field in Babati town have been compensated 50% of the agreed amount and the balance will be paid during the current fiscal year. MoWI will also make payments to the community in Mzakwe well field in Dodoma Municipality that was not fully compensated in the initial resettlement.

6 Planning and Reporting

6.1 Management Information System

Although annual implementation plans (and corresponding budgets) were prepared for Years 1 and 2, it has become evident that it is not practical to continue to manually prepare annual implementation plans (or budgets) for a program with more than 160 implementing entities and an annual procurement plan that currently includes a portfolio of over 600 contracts. The observed disconnect between the Year 2 implementation plan and budget and the updated annual procurement plan is a direct result of attempting to manually track procurement delays and contractually bound payment schedules on such a huge program.

In order to avoid this scenario in FY 2009/2010 MoWI has initiated the development of a Management Information System (MIS), able to generate rolling plans, cash flow reports, intermediate financial reports and cumulative expenditure statements. The MIS should become fully operational in Q2 in FY 2009/2010. The MIS is based on Microsoft Project software and will collect data from the Procurement Management Unit (on the completion of milestones in the procurement of consultancy services, works and goods), the Contract Management Unit (on the schedule of services, works or delivery of goods and the conditions for payment for the same) and the Financial Management Unit (on actual payments made). The establishment of clear reporting protocols and the adherence to deadlines, by all implementing entities is critical to the regular updating of the MIS and the production of timely reporting by MoWI.

Since the MIS will generate rolling plans and reports on the basis of contracts that have been signed, the concept of an annual planning cycle is effectively redundant since the procurement of and performance of most consultancies already takes up to two years and works contracts often cover periods exceeding 3 years. In reality the annual budget approved by Parliament essentially sets the annual financial ceiling whereas it is the contractually bound cash flow commitments made several years ago that need to be managed within that budget limit. Cash flow management is one of the most important functions of MoWI, if costly delays in payments are to be avoided or if under spending against the budget ceiling is to be kept to an absolute minimum.

Under normal circumstances a program implementation plan would define its procurement plan, however the reality of the current WSDP design (basically four components under each of which there is a collection of stand alone projects that provide little, if any, of the economies of scale usually offered by a program approach) is such that the procurement plan rather well defines the substantive elements of the *de facto* implementation plan. The MIS under construction is therefore firmly anchored in the FY 2009/2010 procurement plan.

To make the MIS operational requires (verifiable) information to be collected timely from the implementing partners in (to the extent possible) electronic format. This information includes:

- 1 Notification of completion of key milestones in the procurement process by the implementing partner, on a quarterly basis, to the MoWI procurement unit
- 2 Time bound payment schedules for consultancy services, works, goods or non-consultancy services as per the date of contract effectiveness.
- 3 Payments made against invoices raised on the basis of delivery notes, acceptance orders or completion certificates, as per contractual arrangements. This information is to be provided on a quarterly basis in accordance with the agreed reporting protocols. The baseline for the MIS will be all payments made under WSDP since its inception from July 1st, 2007.
- 4 Variance orders that may from time to time be agreed.

Verifiable information means that the implementing partner will provide copies (either in soft or hard copy format) of minutes (or instructions) on the decisions of tender boards, contracts awarded (including clear payment schedules), variance orders and invoices (and a record of the amount paid). The implementing partners will also need to provide copies of bank statements to demonstrate quarterly receipt of funds and closing bank balances – this information will also be used to cross reference information from MoFEA regarding quarterly fund transfers. By keeping this information on record in MoWI the correctness of information in the MIS can be checked.

Once the EPICOR system is rolled out to the LGAs and other implementing partners their reporting requirements regarding payments will be adjusted accordingly.

Quarterly reports on the transfers made to each implementing partner will be provided by MoFEA and PMO-RALG will be responsible for compiling the required information however PMO-RALG will not consolidate the information that is to be delivered directly to MoWI.

6.2 Formats for Program Planning

While Microsoft Project software is able to track and update progress against planned time bound activities in order to produce Gantt charts as a means to monitor progress, the usefulness and practicality of doing so within the framework of WSDP is questioned. For example, under the rural water component 132 district based rural water projects will construct works in up to 10 villages in each district. To print a Gantt chart showing details of only the four main phases of each project (procurement of consultancy services, execution of the same, procurement of works and implementation and supervision of works) would for 132 districts produce a largely meaningless array of 528 lines covering a period of up to 4 years. On the other hand, the MIS itself includes details of every task to be undertaken, of every report to be delivered and of every payment to be made – to represent all this information on a Gantt chart would if printed require 132 A3 size pages if it were to be readable. The printing out of 130 largely similar pages would however provide little, if any, scope for analysis by the reader. A program as complex as WSDP is not easy to present visually on a few pages and traditional Gantt charts are not appropriate.

The design for a reporting framework that can provide insightful information and analysis in a practical format is being finalised by MoWI. If specific information on a district or a particular project is required it will be possible to view its status in the MIS over the Internet, provided the user has an access code and the required software installed on their computer.

Pending the completion of the MIS and the subsequent reporting generated from the information provided by the implementing entities, the original 89 pages of tables in the *annual* procurement plan has been reformatted onto an 8 (A3 size) page spreadsheet (included on the CD version of this report). The spreadsheet provides a clearer overview of the scope of WSDP and, for the first time, the possibility of using data sorting for comparative analysis reporting.

6.3 Formats for Progress Reporting

The front-loading of WSDP demands that reporting is timely, particularly with regard to the quarterly Interim Financial Reports. MoWI also understands that timely progress reporting is an important management tool for the implementing partners however the decentralised structure of WSDP has to date presented a complex challenge both in receiving and analysing information. New reporting protocols for sharing of data are in the process of finalisation.

The MIS described in Section 6.1 will overcome most of the constraints experienced to date by facilitating data handling and improved analysis of data allowing this progress reporting to be fed into the performance monitoring and learning system.

7 Challenges

7.1 Planning

Outcome and Results Based Planning

The current design of WSDP omits important steps in the development cause and effect logic. That is there are no intermediate objectives between planning decisions regarding investments and MKUKUTA or MDG targets. This limits impact analysis (particularly on non-physical outcomes), cost effectiveness and efficiency are difficult to judge over the short-term and progress reports are restricted to describing inputs (such as training for X persons on Y, reports submitted and/or works completed) without indication as to their contribution to overall sector outcomes. Other consequences include: a project, rather than a program, based focus; limited economy of scale, dispersed technical assistance and difficulties in providing quality assurance.

In FY 2009/2010 MoWI will address this situation by restructuring the WSDP work plan along the lines of the objectives provided in the NWSDS logical framework instead of basing this around the implementing entities. The results of this work will be reflected in the WSDP work plan for FY 2010/2011. It is expected that this will lead to the identification of some National Programs that can support the efforts of the implementation entities such as the LGAs and UWSSAs. This restructuring will complement and support rather than change on-going activities.

Strategic Planning

Currently the WSDP work plan is based on the expected availability of funds from Government and the Development Partners and is thus not linked to time bound sector objectives such as the MDGs and Vision 2025. There is a pressing need for the sector to move away from supply based planning to demand based planning. The first step in such an approach is to calculate the actual cost of meeting the desired water and sanitation sector development objectives. The second step is to identify funding sources that can meet the estimated demand. This strategic planning process can have one of two outcomes: either funding at the level required can be identified or development objectives should be adjusted.

In FY 2009/2010 MoWI, together with the main stakeholders in the sector, will initiate a strategic planning process to identify the total funding requirements needed to meet the sector objectives. At the same time an assessment of the capacity constraints that would arise with this level of funding will be made. Essentially this process is a framework for planners and political leaders to choose practical strategies that will enable the sector to achieve its policy objectives.

Business Planning

As mentioned under point 7 in Section 3.3 there is a need to reintroduce the business plan as a practical and useful tool rather than as a licensing requirement. In addition to providing a basis for informed decision-making, a good business plan can also be an entry point for discussions with commercial banks. If water is to be a viable business (and there is no reason it should not be) then it should be possible to fund investments on the basis that they provide a positive rate of return. The strategic planning process described above will highlight the need for UWSSAs to begin to use loans and have tariffs set accordingly in response to the improved levels of service.

To initiate this process MoWI will allocate funds to support enhanced business planning in those UWSSAs that express an interest to do so. In the short term, these business plans will provide a basis for prioritisation in investment planning on a commercial basis, including the financing of the same through the WSDP sub-loan option. In the medium to long term they would underpin the loan application process to either commercial banks or to other financial institutions.

7.2 Institutional Development and Capacity Building

To date the Institutional Development and Capacity Building Component has been used to provide important logistical support to WSDP. This support has included: consultancies to assist program management functions (while capacities are built in MoWI); rehabilitation works to offices; and the purchase of vehicles, equipment and other goods as required to establish a working platform for MoWI to perform effectively in its new role of enabler and facilitator.

As this phase of institutional strengthening is now almost complete, MoWI will during the first half of FY 2009/2010 begin to put in place a systemic approach to sector wide capacity building. To the extent possible, capacity building will be objective based within the context of national programs (for example in asset management, non-revenue water or water quality monitoring) so that the impact and value for money can be demonstrated and/or activities can be adjusted.

7.3 Clustering

A draft feasibility report on the clustering of the 106 council water boards as a means to achieve commercial viability has been recently (August 2009) prepared. The clustering process is considered by NWSDS and WSDP as an important landmark and will begin once the required regulations on clustering are in place. The arguments in favour of clustering are well known and are summarised in Box 7.1. On the other hand, the concept of clustering is new to Tanzania, it will be a major and time-consuming task and it is likely to require significant technical and financial support from the Government and Development Partners as well as a firm commitment from the UWSSAs and the agreement of the concerned councils to be implemented successfully.

Box 7.1: Clustering of Council Water Supply and Sanitation Authorities

The need for “clustering” is usually considered when there are inefficiencies in the provision of water supply and sanitation services because providers are too small. Of the 19 UWSSAs in the regional centres, only 12 are in Category A. At the other end of the spectrum are 106 township water boards that struggle to provide an adequate service and are unable to cover salaries and electricity costs.

The benefits of clustering include:

1. Improved efficiency of service delivery through economies of scale
2. Enhanced professional capacity
3. Increased Access to Investment
4. Greater Opportunities for Cross-subsidisation
5. Increased Opportunities for Private Sector Participation
6. More Effective Regulation

At a first glance, “clustering” appears contradictory to the principle of “Decentralisation by Devolution” however district and particularly town councils often lack the capacity to provide beyond a very basic level of service provision for water because of the infrastructure and costs involved. In the context of water services decentralisation is usually qualified to mean “to the lowest appropriate level”.

The legal basis for clustering has been provided for in the Water Supply and Sanitation Act, 2009 as well as the legal avenue for developing regulations to provide details on how that needs to be carried out and managed.

Source: Clustering Feasibility Study Report (GTZ, 2009)

8 Budgets

8.1 Budget and Expenditure Overview FY 2008/2009

WSDP expenditure in FY 2008/2009 was TZS 243,099,199,173 against actual disbursement of TZS 228,309,210,229, equivalent to 106%. However, the total funds available to WSDP in FY 0809 were TZS 286.5 billion – an overall expenditure performance 84%. The underperformance can be attributed to the “unrealistic” procurement plan already mentioned through this report. On the other hand, what would have happened if the procurement process had proceeded as planned? Clearly the financial commitments in the FY 0809 plan exceeded the available funds.

Cash flow management is in fact a far more important function for MoWI than “preparing” an annual budget that is little more than an expenditure ceiling. The observed under spending against committed funds in FY 2007/2008 and FY 2008/2009 has masked the fact that decisions and commitments made on approving projects have long-term financial implications for WSDP and that these are invariably bound in contracts with fines and sanctions for non-payment.

One of the main functions of the MIS described in Section 6.1 is precisely to generate an accurate prediction of the cash flow demand based on time bound contractual commitments. With so many activities now coming on stream it is clear that some tough decisions will need to be made in the near future with regard to the prioritisation and scheduling of projects.

Table 8.1: Summary of Annual Commitments Against Receipts in FY 2008/2009

Partner	Planned	Received	Variance
GoT (Basket)	36,950,840,428	40,608,226,960	110%
IDA (Basket)	44,848,906,300	43,413,155,518	97%
KfW (Basket)	6,507,332,900	6,572,000,000	101%
RNE (Basket)	16,199,167,100	16,430,000,000	101%
AFD (Small Towns, Bukoba and Musoma)	500,000,000	996,197,502	199%
AFDB (RWSSP)	38,987,695,509	39,547,702,400	101%
AFDB (DWSSP)		11,696,775,252	100%
EIB (DWSSP)	2,500,000,000	9,245,383,686	370%
EU (Regional Centres)	21,900,000,000	25,958,172,604	119%
IDA (DWSSP)	5,000,000,000	5,436,829,966	109%
JICA	2,332,179,628	2,682,412,371	115%
KfW (Hai Water Supply)	1,970,840,989	2,791,673,326	142%
KfW (Moshi Rural)	2,507,508,432	5,173,491,845	206%
KfW (Killi Water)	2,022,773,376	1,846,023,009	91%
KfW (Regional Centres)	3,797,114,594	8,892,980,447	234%
MCC Account at MoFEA	1,300,000,000	NIL	0%
GTZ	3,167,820,372	6,621,185,857	209%
Others	167,820,372	191,864,400	114%
Water user fees		205,135,087	
Overall	190,660,000,000	228,309,210,229	120%

Source: MoWI

Off budget financing is a significant (estimated in FY 2008/2009 to be around TZS 27,056,177,405) source of funding to the water sector and may include:

- Expenditure made by donors not registered in the government budget;
- Expenditure by budgeted amount in other ministries, not allocated to the water sector, through the discretionary function of LGAs; and
- Expenditure in the water sector made by/through NGOs and CBOs

8.2 Budget FY 2009/2010

The financial resource requirement for the implementation of WSDP for FY 2009/2010 has been calculated considering the slow pace of implementation in the previous two fiscal years. This period was a preparatory phase that involved the procurement of works, goods and services. It is expected that in FY 2009/2010 the priority will be the scaling-up of implementation activities.

The budget approved by Parliament for the sector in FY 2009/2010 is TZS 309,621,341,000 as per Table 8.2. Of this total TZS 37,298,682,000 will be provided by the Government while the balance of TZS 272,322,659,000 will be provided from foreign transfers. The required foreign funds were committed in May 2009, during the budget preparation.

Table 8.2: Summary of WSDP Component Wise Financial Requirements for FY 2009/2010

WSDP Component	Local (TZS)	Foreign (TZS)	Total (TZS) Local and Foreign
1. Water Resources Management	3,150,000,000	23,325,000,000	26,475,000,000
2. Rural water and Sanitation	14,375,000,000	109,771,092,000	124,146,092,000
3. Urban Water and Sewerage	18,913,682,000	117,118,258,000	136,031,940,000
4. Institutional Development and Capacity Building	860,000,000	22,108,309,000	22,968,309,000
Total	37,298,682,000	272,322,659,000	309,621,341,000

Source: MoWI

Table 8.3: Allocation of WSDP Funds FY 2009/2010

Allocation	Total (TZS)
A. Budget Funds Allocated to MoWI	
MOWI Foreign Funds	190,538,451,000
MOWI Local Funds	37,298,682,000
Sub-Total	227,837,133,000
B. Water Sector Funds Outside MoWI	
Water funds to LGAs (LGC DG through Regional Votes)	65,330,000,000
Technical oversight to LGAs (Regional Votes)	674,000,000
Monitor and Coordinate LGAs (PMO-RALG Vote)	25,000,000
MCC Account at MoFEA	15,755,208,000
Sub-Total	81,784,208,000
TOTAL ALLOCATION	309,621,341,000

Source: MoWI

Table 8.4: Source of WSDP Basket Funds FY 2009/2010

Source	Total (In Foreign Currency)	Total (TZS)
IDA	USD 66,952,843	87,625,196,400
KfW	Euro 13,000,000	22,074,000,000
Royal Netherlands	Euro 10,000,000	16,980,000,000
AFD (French)	Euro 10,000,000	16,980,000,000
GoT		37,298,682,000
Sub-Total Basket		180,957,878,400

Source: MoWI

As per the approved work plan TZS 154,810,670,500 is required to implement the planned WSDP activities in the first semester of FY 2009/2010.

9 Bibliography

- 1 Capacity Development Strategic Framework
- 2 Controller and Auditor General Audit Report FY 2007/2008
- 3 MDG Documents
- 4 MoU (Draft) Sanitation
- 5 MOU for WSDP using common implementation arrangement (water basket)
- 6 MOU MoWI with UWSSAs and BWOs
- 7 MoWI MTEF FY 2009/2010 – FY 2012/2013
- 8 National Water Policy 2002
- 9 National Water Sector Development Strategy 2006
- 10 New Legislation 2009
- 11 NSGPR (MKUKUTA) Document 2004
- 12 Participation Agreement (between PMO-RALG and LGAs)
- 13 Performance Assessment Framework for the Water Sector 2009/2010
- 14 Performance Monitoring System MajIS (EWURA)
- 15 Proceedings of the JWSR 2008
- 16 Programme Appraisal Document 2006
- 17 Programme Implementation Manual 2006
- 18 Sector Performance Assessment 2007 (of GBS Annual Review 2007)
- 19 Tanzania Water Sector Public Expenditure Review Report (Sep 2009)
- 20 Water Sector Situational Analysis Report 2006
- 21 WSDP Annual Progress Report (FY 2008/2009)
- 22 WSDP Main Document (2006 – 2025)
- 23 WSDP Work Plan and Procurement Plan FY 2009/2010

The above documents are included on the CD version of this report. Inauguration