



Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 27-May-2022 | Report No: PIDA258911

**BASIC INFORMATION****A. Basic Program Data**

Country Tanzania	Project ID P177128	Program Name Sustainable Rural Water Supply and Sanitation Program - Additional Financing	Parent Project ID (if any) P163732
Region Eastern and Southern Africa	Estimated Appraisal Date 16-Jun-2022	Estimated Board Date 16-Sep-2022	Practice Area (Lead) Water
Financing Instrument Program-for-Results Financing	Borrower(s) United Republic of Tanzania	Implementing Agency Ministry of Water and Irrigation	

Program Development Objective(s)

The project development objective is to increase access to rural water supply and sanitation services in participating districts and strengthen the capacity of select sector institutions to sustain service delivery.

COST & FINANCING**SUMMARY (USD Millions)**

Government program Cost	3,300.00
Total Operation Cost	255.00
Total Program Cost	255.00
Total Financing	255.00
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	150.00
World Bank Lending	150.00
Total Government Contribution	100.00



Total Non-World Bank Group and Non-Client Government Financing	5.00
Multilateral and Bilateral Financing (Concessional)	5.00

B. Introduction and Context

Country Context

- Tanzania has experienced strong and rapid economic growth, with annual gross domestic product growth averaging about 6 percent in the last decade.** While the COVID-19 pandemic caused a significant decrease in economic growth, it has started to improve in 2021. The country has a population of about 60 million people, and 65 percent of them reside in rural areas.¹ The majority of them relies on agriculture for their livelihood, and the economy is very dependent on natural resources, such as water.² Despite this relatively strong and stable economic growth, poverty, particularly in rural areas, remains high due to population growth, and human development progress is sub-optimal.
- In addition to poverty, levels of chronic undernutrition in Tanzania are one of the highest in Sub-Saharan Africa, affecting an estimated 2.7 million children in Tanzania with large regional disparities, ranging from 15 percent in Dar es Salaam to 56 percent in Rukwa region in western Tanzania.** Up to nearly half of stunting may be due to gut infections caused in part by poor water, sanitation, and hygiene.³ Stunted children are shorter than average, more susceptible to disease, and more likely to have poor cognitive and educational outcomes.
- In addition, significant gender gaps between women and men in the labor force exist in Tanzania despite best efforts by the government to promote gender equality.** This gender gap is also visible in disparate levels of education. Absenteeism by girls can often be traced to inadequate sanitation⁴ and MHH facilities. Furthermore, in rural communities, women and girls are often responsible for collecting water, which means that they are disproportionately affected by water resources that are remote and not functioning. As such, targeted measures to address lack of access to water supply and sanitation, can contribute to an effort of promoting gender equality.
- Tanzania is also increasingly affected by climate variability that manifests as prolonged droughts, severe storms, floods, and rising temperatures.** This climate variability is expected to have a significant economic impact with disadvantaged socioeconomic groups bearing the brunt of the crisis. This crisis, together with high population growth, is putting an increasing strain on natural resources, including water. As such, addressing the vulnerability of the poor and improving adaptive capacity requires a greater role for and higher capacity of government and is of paramount importance.

¹ <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=TZ>

² World Bank, 2017, "Tanzania Economic Update, Managing Water, Wisely."

³ Goodarz, Danaei. Risk Factors for Childhood Stunting in 137 Developing Countries. <http://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1002164> (2016)

⁵ Preparation currently ongoing with targets still to be finalized. Due to be launched in June 2022.



Sectoral and Institutional Context

5. **The Government of Tanzania (GoT) has made substantive progress in increasing access to improved water supply and sanitation services for people in rural areas. However, further support is needed to meet the government's renewed targets and priorities to close the access gaps.** Rural access to basic drinking water services has improved from 48 percent in 2015 to 74 percent in 2021. On sanitation, household access to improved facilities increased from 69.7 percent in 2019 to 72 percent in 2021. Access to hand washing sits at 41.5 percent. Whilst the parent Program contributed to the GoT's efforts to improve water supply and sanitation access in the targeted 17 regions, more funding is needed to meet the GoT's targets of 85 percent access to safely managed water supply and 95 percent access to improved sanitation facilities in rural areas countrywide by 2025. Analysis shows that considerable access gaps exist in rural districts in the eight regions that were not included in the parent Program.

6. **The GoT identifies water as an essential resource in achieving the Tanzania Development Vision (TDV) 2025, the Five-Year Development Plan Phase Three (FYDP III), and the Sustainable Development Goals (SDGs).** The GoT launched an ambitious Water Sector Development Program (WSDP) in 2006, which runs until 2025. The evaluation of the WSDP Phase 2, which ended in 2021, noted key positive results. At the same time, recommendations from WSDP Phase 2 noted that WSDP Phase 3⁵ should commit to: i) expanding the adoption of innovative funding mechanisms, which have helped to address rural water sustainability challenges; ii) focusing more on long-term sustainability of rural water schemes; and iii) leveraging private sector engagement, such as public private partnerships, to improve service delivery for rural water supply, including operation and maintenance (O&M).

7. **A considerable amount of government and IDA funds have been expended on the rural WSS sector and WSDP phase 2 since 2019, but securing adequate funds for O&M remains a challenge.** Only 47 percent of the proposed financial requirements for implementing WSDP Phase 2 was mobilized and budgeted between 2016 and 2017. Development partners (DPs), including the World Bank, provided 36 percent of this funding, with most of the sector's funding coming from the GoT. Whilst the water sector spending remains less than the ambitious plans under WSDP Phase 2, there were progressive annual increments. Allocations for the construction and rehabilitation of rural water systems were consistently prioritized with increased annual allocations (48 percent of overall actual spending under WSDP Phase 2). The available data does not separate water supply from sanitation expenses and thus, it is not possible to establish expenditure on sanitation under the program. Also, there is no dedicated budget line for O&M ringfenced at the GoT, the Ministry of Water (MoW), or RUWASA levels, putting sustainability of services at risk. Between 2016 and 2021, funding from development partners was largely focused on urban water services, with only 13 percent of the overall funding to the rural water supply sector coming from them. The remaining 87 percent came from the GoT. The National Water Fund was created in 2019 to bridge the financing gap. It takes revenue from the levy of petroleum sales to mobilize additional finance for all segments of the sector (rural, urban, water resources, etc.). The current law governing the fund does not permit it to support post-construction operations associated with water schemes.

⁵ Preparation currently ongoing with targets still to be finalized. Due to be launched in June 2022.



8. **The institutional framework for the rural WSS sector has evolved throughout the WSDP.** The parent Program successfully supported the creation and operationalization of the Rural Water Supply and Sanitation Agency (RUWASA), a dedicated agency to monitor and invest in the rural water sector. Its mission is “to develop and manage rural water supply and sanitation services in a professional, participatory, and cost-effective manner.”⁶ Moreover, the Ministry of Health, Community Development, Gender, Elderly and Children has split into the Ministry of Health (MoH) and the Ministry of Community Development, Gender, Women and Special Groups. The role of the new MoH remains the same; it oversees household sanitation, sanitation at health care facilities (HCFs), and community-wide sanitation (CWS). MoH has also been executing the National Sanitation Campaign, while the Ministry of Education, Science and Technology (MoEST) is responsible for school WASH.

PforR Program Scope

9. **The World Bank Board of Directors approved an IDA credit of US\$350 million equivalent for the Sustainable Rural Water Supply and Sanitation Program (the Program) on June 26, 2018, which became effective on July 15, 2019.** It supports three components of the WSDP Phase 2: rural water supply, sanitation and hygiene, and program delivery support. The operation applies the Program for Results (PforR) financing instrument, covering 86 districts in 17 regions that have low access to improved WSS, as well as high stunting and high poverty rates. It has three Results Areas and an Investment Project Financing (IPF) component.

10. The Program is in the third year of implementation and is on track to achieve its objectives. It is estimated that the Program has delivered access to improved water supply to 3.3 million people, improved sanitation facilities to 4.67 million people, and improved sanitation facilities to 1,535 healthcare facilities (HCFs) and 644 primary schools. With the Program being disbursed about 90 percent of the credit amount, including an advance payment of 20 percent, the GoT requested the Bank to further support the water sector with an additional financing (AF).

11. **The proposed additional credit of US\$150 million will provide required additional funds to scale up the Program activities and cover part of the overall Program’s identified financing gap.** The AF will continue to support the same activities under the same components of WSDP Phase 2 (same components proposed for WSDP Phase 3). The AF will also include a restructuring to process the following: (i) expansion of the Program areas from 17 regions to all regions in the country; (ii) changes in the Results Framework to reflect increased targets; (iii) extension of the closing date by 12 months, from July 31, 2024 to July 31, 2025; (iv) reallocation of funds between disbursement categories; (v) change in the Program Action Plan; and (vi) update to the economic and financial analysis. The following paragraphs describe the changes in each of the three Result Areas.

12. **Results Area 1 – Sustainable access to improved water services in rural areas.** This results area will support improvements in sustainable access to water supply services throughout rural communities by: i) increasing coverage of appropriately designed, high quality, and well-managed water supply services; ii) rehabilitating and repairing non-functional water points; and, iii) sustaining existing water points to ensure that they remain functional and provide minimum service levels in terms of access distance and quantity of

⁶ RUWASA, <https://www.ruwasa.go.tz/ruwasa-sm-Vision-Mission-and-Core-Values>



water provided. The AF will pivot slightly to put more emphasis on providing sustainable basic services and an enabling environment for Public-Private Partnership (PPP) for rural water supply.⁷ Furthermore, given the limited amount of AF available, the Program will shift to focus its support on the poorest in the Program areas and focus on constructing, rehabilitating, or sustaining water points, rather than household connections. Consequently, new household connections are no longer eligible for disbursement.

13. **Results Area 2 – Increased access to improved sanitation services in rural areas.** Under results area 2, the Program will address the rural sanitation challenges using an integrated approach that incentivizes the achievement and sustaining of Community Wide Sanitation (CWS). This approach aims to maximize the Program’s health and stunting outcomes. In parallel, the Program will incentivize improvements in household hygiene practices and increase access to sanitation and hygiene in public schools. The AF will continue to support the incentive mechanisms of the sanitation DLIs to meet the Program targets. However, the AF will make some modifications to disbursement criteria to reflect emerging challenges and demands and address implementation issues, including addressing the issue of adherence to national standards during the construction of school sanitation infrastructure. For schools, these revised criteria are also aligned with those under the BOOST Primary Student Learning PforR Program, another Bank-financed program in Tanzania, and the verification protocol ensures both the Program, and the BOOST program will cross-check the list of schools disbursing from each Program to avoid duplication. The AF will also introduce a new DLI to address the emerging needs of HCFs, which have already been supported in the parent Program. This DLI aims to encourage high-quality construction and adherence with national standards of WASH facilities in HCFs.

14. **Results Area 3 – Strengthening the capacity of sector institutions to sustain service delivery in rural areas.** At the system level, Program activities will be strategically designed to enhance the capacity of the national, regional, and local governments to monitor, ensure quality, and improve and sustain water service delivery. The AF will update the DLIs in this program area to address sector challenges and align the incentives to focus more on sustainable service provision. The establishment of Community-Based Water Supply Organizations (CBWSOs) for existing schemes and improvement of O&M capacity for water supply services will be further incentivized. Furthermore, districts will be further incentivized to submit accurate, timely, and complete monitoring and evaluation data by increasing unit payments for doing so. Lastly, RUWASA is incentivized in key areas of its mandated operations by adding six new milestones, all intended to improve sustainability of services in rural areas.

15. **IPF Component** – While the AF is not going to be used for the IPF component, a reassessment by the implementing agencies was recently completed to utilize the support on activities to further strengthen institutional capacities and priority studies that are critical to providing sustainable services, within and beyond the Program closing date. The critical activities have been agreed and the procurement plan will be updated, and process will begin as soon as possible to catch up with the pace of implementation. All activities proposed to be supported under the IPF will be completed by the closing date of the proposed AF.

C. Program Development Objective(s)

⁷ The AF receives a USD 5 million co-financing grant from the Danish International Development Assistance (DANIDA) for the PPP effort.



Program Development Objective(s)

The project development objective is to increase access to rural water supply and sanitation services in participating districts and strengthen the capacity of select sector institutions to sustain service delivery.

16. The activities financed by the AF will remain structured according to the same three Results Areas of the parent Program:

- Results Area 1 – Sustainable access to improved water services in rural area.
- Results Area 2 – Increased access to improved sanitation services in rural areas.
- Results Area 3 – Strengthening the capacity of sector institutions to sustain service delivery in rural areas.

17. The key results indicators for the Program are:

- Number of people provided with access to an improved water source (male and female).
- Number of people provided with access to an improved sanitation facility (male and female).
- Number of sustainably functioning water points.
- Number of villages that achieve and sustain Community Wide Sanitation.
- Number of LGAs submitting accurate and complete sector M&E data.
- Number of CBWSO with improved O&M capacity for water supply services.

D. Environmental and Social Effects

18. Based on the scope and scale of sub-projects to be financed under the AF program, environmental and social impacts are expected to be low to moderate in scale, with most of the impacts limited to the construction phase and being site-specific and temporary. The AF will maintain the same PDO, results areas, and institutional arrangements of the Program as the parent Program. It will only add scale-up financing for the PforR component. The geographic scope will be expanded to cover 8 more regions which brings the total number of regions to 25. The AF will in most likelihood not introduce new environmental or social risks as a result of the expanded scope of the AF. Environmental and social risks will be the same as those under the parent program which have been shown to be fairly neutral in their impact on the environment, while the low impacts have been successfully managed by the mitigation measures in the Program Action Plan. The implementation of the parent program is rated Satisfactory. The parent program was covered by an Environmental and Social Systems Assessment (ESSA) prepared in March 2018 and is still valid. However, to comply with the requirements of the recently updated guidance for PforR Financing Environmental and Social Systems Assessment (OPS5.04-GUID.118), dated September 18, 2020, a fully revised ESSA has been prepared (including consultations with key stakeholders) to highlight emerging challenges like climate change impacting water resources and the competing demands on water use; and the COVID-19 impacts.

19. In fact, the risk of climate change significantly impacting water resources is real. Small water utilities must be alert to these effects as they pose threats to their long-term viability and sustainability. Despite strong legal instruments for freshwater conservation, future changes in freshwater supply and demand in Tanzania will present challenges for balancing future river water allocations between ecosystems and



human users. The AF will attempt to strengthen the efforts to mitigate and adapt to climate change through building more resilience for water schemes.

20. **Despite remarkable achievements noted under the parent Program, some challenges remain.** It has been reported that inadequate training is still hampering full compliance with Environmental Management and Social Legislations and the recommendations in the Environmental and Social Program Action Plan (ESPAP), that a shortage of employees at RUWASA means that project monitoring may not be up to expectations, and that there is sometimes a lack of monitoring and reporting functions. The AF will, therefore, put more emphasis on reinforcing capacity not only at RUWASA, but also at the local levels, and it will ensure that environment and social staff at all levels are adequately trained.

21. **The gaps identified through the ESSA and subsequent identified actions to fill those gaps are expected to directly contribute to the Program’s anticipated results for enhancing improved access to water, improved access to safely managed sanitation, and strengthened institutional capacities for water and sanitation delivery.**

22. **The parent Program prepared and rolled out a Grievance Redress Mechanism (GRM) to manage program related grievances and a stakeholder engagement plan to guide involvement of communities during the program implementation which will be adopted under the AF activities.** To mitigate on the impacts and to ensure that consultations are undertaken in culturally appropriate manner with vulnerable and marginalized groups, the parent program adopted the GoT-prepared Vulnerable Groups Plan under the Productive Social Safety Net (PSSN) P124045 which will also be applied by the AF of the program. The process of dealing with Gender Based Violence and Sexual Exploitation and Abuse (GBV/SEA) cases will be in-line with the national framework on dealing with Gender-Based Violence and Violence Against Children (GBV and VAC). The parent program’s Gender Action Plan (GAP) places responsibility for the management of GBV/SEA in the program on RUWASA district managers, CBWSOs, and the Water Institute which are part of project implementation. These are expected to appoint and manage gender desk coordinators in the program. The GRM has also included GBV/SEA-SH grievance handling requirements. All these will be adopted by the AF.

E. Financing

Program Financing

Sources	Amount (USD Million)	% of Total
Counterpart Funding	100.00	39.22
Borrower/Recipient	100.00	39.22
International Development Association (IDA)	150.00	58.82
IDA Credit	150.00	58.82
Cofinancing - Other Sources (IFIs, Bilaterals, Foundations)	5.00	1.96



DENMARK: Danish Intl. Dev. Assistance (DANIDA)*	5.00	1.96
Total Program Financing	255.00	

* US\$ 5 million of DANIDA is a grant to co-finance the AF, and the grant will be used for a new DLI, supporting a pilot of pre-paid water meter with private financing.

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Borrower/Client/Recipient

Borrower :	United Republic of Tanzania		
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Implementing Agencies

Implementing Agency :	Ministry of Water and Irrigation		
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