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PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 243.4 MILLION
(US\$350 MILLION EQUIVALENT)

TO THE

UNITED REPUBLIC OF TANZANIA

FOR THE

SUSTAINABLE RURAL WATER SUPPLY AND SANITATION PROGRAM

JUNE 5, 2018

Water Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2018)

Currency Unit = Tanzania Shilling (TZS)

TZS 2,253 = US\$1

SDR 0.695 = US\$1

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

| | |
|-------|--|
| ACG | Anti-Corruption Guidelines |
| BCC | Behavior Change Communication |
| CAG | Controller and Auditor General |
| CDMT | Central Data Management Team |
| CLTS | Community-Led Total Sanitation |
| COWSO | Community-Owned Water Supply Organization |
| CPF | Country Partnership Framework |
| CUIS | Common Used Items Systems |
| CWS | Community-Wide Sanitation |
| CWST | Council Water and Sanitation Team |
| DFID | U.K. Department for International Development |
| DHS | Demographic and Health Survey |
| DLI | Disbursement-Linked Indicator |
| DLR | Disbursement-Linked Result |
| DP | Development Partner |
| EIA | Environmental Impact Assessment |
| EMA | Environmental Management Act |
| EMIS | Education Management Information System |
| ESMF | Environmental and Social Management Framework |
| ESSA | Environmental and Social Systems Assessment |
| EIRR | Economic Internal Rate of Return |
| F&C | Fraud and Corruption |
| FiLDI | Field-level Leadership Development Initiative |
| FSA | Fiduciary Systems Assessment |
| GBV | Gender-based Violence |
| GDP | Gross Domestic Product |
| GIS | Geographic Information System |
| GoT | Government of Tanzania |
| GPSA | Government Procurement Services Agency |
| GRM | Grievance Redress Mechanism |
| GRS | Grievance Redress Service |
| HDI | Human Development Index |
| IA | Implementing Agency |
| IAG | Internal Auditor General |
| ICR | Implementation Completion and Results Report |
| INT | Integrity Vice-Presidency |
| IPF | Investment Project Financing |
| IPSAS | International Public Sector Accounting Standards |

| | |
|----------|--|
| IVA | Independent Verification Agent |
| LGA | Local Government Authority |
| LSHTM | London School of Hygiene and Tropical Medicine |
| M&E | Monitoring and Evaluation |
| MIS | Management Information System |
| MoEST | Ministry of Education, Science, and Technology |
| MoFP | Ministry of Finance and Planning |
| MoHCDGEC | Ministry of Health, Community Development, Gender, Elderly, and Children |
| MoWI | Ministry of Water and Irrigation |
| MTR | Midterm Review |
| NAWAPO | National Water Policy |
| NCB | National Competitive Bidding |
| NEMC | National Environmental Management Council |
| NPV | Net Present Value |
| NSC | National Sanitation Campaign |
| NSMIS | National Sanitation Management Information System |
| NWIF | National Water Investment Fund |
| O&M | Operation and Maintenance |
| OC | Other Charges |
| ODF | Open Defecation Free |
| PAP | Program Action Plan |
| PbR | Payment by Results |
| PCCB | Prevention and Combating of Corruption Bureau |
| PCU | Project Coordination Unit |
| PDO | Program Development Objective |
| PforR | Program-for-Results |
| OM | Operations Manual |
| PO-RALG | President's Office - Regional Administration and Local Government |
| PPA | Public Procurement Act |
| PPRA | Public Procurement Regulatory Authority |
| PV | Photovoltaic |
| RPF | Resettlement Policy Framework |
| RS | Regional Secretariat |
| RWST | Regional Water and Sanitation Team |
| SDG | Sustainable Development Goal |
| SIASAR | Rural Water and Sanitation Information System (Sistema de Informacion de Agua y Saneamiento Rural) |
| SPSC | Strategic Program Support Consultant |
| SWASH | School Water and Sanitation and Hygiene |
| ToR | Terms of Reference |
| USAID | United States Agency for International Development |
| VAC | Violence Against Children |
| VPO-DoE | Vice-President's Office - Division of Environment |
| WASH | Water, Sanitation and Hygiene |
| WPMS | Water Point Mapping System |
| WRM | Water Resources Management |
| WSDP | Water Sector Development Program |
| WSP | Water and Sanitation Program |
| WSS | Water Supply and Sanitation |

| | |
|---------------------------------|----------------------------------|
| Regional Vice President: | Makhtar Diop |
| Global Practice Vice President: | Laura Tuck |
| Country Director: | Bella Bird |
| Practice Manager: | Catherine Signe Tovey |
| Task Team Leaders: | Iain Menzies/ Kristoffer Welsien |

TANZANIA
Sustainable Rural Water Supply and Sanitation Program

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PAD DATA SHEET

Tanzania

Sustainable Rural Water Supply and Sanitation Program (P163732)

PROGRAM APPRAISAL DOCUMENT

*Africa
Water Global Practice*

Report No.: 124518-TZ

Basic Information

| | | | |
|--|-------------------------------------|-------------|----------------------------|
| Date: | June 5, 2018 | Sectors: | Water |
| Country Director: | Bella Bird | Themes: | Rural Water and Sanitation |
| Practice Manager | Catherine Signe Tovey | | |
| Global Practice Vice President: | Laura Tuck | | |
| Program ID: | P163732 | | |
| Team Leader(s): | Iain Menzies and Kristoffer Welsien | | |
| Program Implementation Period: | 6 years | Start Date: | June 26, 2018 |
| | | End Date: | July 31, 2024 |
| Expected Financing Effectiveness Date: | August 31, 2018 | | |
| Expected Financing Closing Date: | July 31, 2024 | | |

Program Financing Data

| | | |
|--|--------------------------------|--------------------------------|
| <input type="checkbox"/> Loan | <input type="checkbox"/> Grant | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Credit | | |

For Loans/Credits/Others (US\$, millions):

| | | | |
|---------------------|-----|-----------------------|-----|
| Total Program Cost: | 740 | Total Bank Financing: | 350 |
| Total Co-financing: | 390 | Financing Gap: | 0 |

| Financing Source | Amount |
|-----------------------------------|-----------------|
| BORROWER/RECIPIENT | US\$325 million |
| IDA | US\$350 million |
| Others (DFID, parallel financing) | US\$65 million |
| Financing Gap | 0 |
| Total | US\$740 million |

Borrower: United Republic of Tanzania

Responsible Agency: Ministry of Water and Irrigation; President's Office - Regional Administration and Local Government; Ministry of Health, Community Development, Gender, Elderly, and Children; and Ministry of Education, Science, and Technology.

Contact: Prof. Kitila Mkumbo Title: Permanent Secretary
Telephone No.: +255 232 2602/2623 22602/754 301908 Email: ps@maji.go.tz

| Fiscal Year | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------|------|-------|-------|-------|------|-------|
| Annual | 72.5 | 53.8 | 73.6 | 74.7 | 75.4 | 0 |
| Cumulative | 72.5 | 126.3 | 199.9 | 274.6 | 350 | 350.0 |

Program Development Objective(s)

Increase access to rural water supply and sanitation services in participating districts and strengthen the capacity of select sector institutions to sustain service delivery.

Compliance

Policy

| | | |
|---|---------|----------|
| Does the program depart from the CAS in content or in other significant respects? | Yes [] | No [X] |
| Does the program require any waivers of Bank policies applicable to Program-for-Results operations? | Yes [] | No [X] |
| Have these been approved by Bank management? | Yes [] | No [] |
| Is approval for any policy waiver sought from the Board? | Yes [] | No [X] |

Overall Risk Rating: Substantial

Legal Covenants

The Recipient shall within six (6) months from the Effectiveness Date appoint and thereafter maintain, at all times during the implementation of the Program, independent verification agents under terms of reference acceptable to the Association (“Verification Agents”), to verify the data and other evidence supporting the achievement of one or more DLIs (Schedule 2. Section I.B.2. (a)).

The Recipient shall not later than 12 months from the Effectiveness Date, establish and thereafter maintain throughout the implementation of the Operation, the National Steering Committee comprising MoWI, MoHCDGEC, MoEST, PO-RALG, MoFP and the Agency to oversee the coordination and monitoring, and verify progress of implementation, of the Program and the Project. (Schedule 2, Section I.A(b)1).

Legal Conditions

Effectiveness Conditions:

The Recipient has prepared and adopted an Operations Manual satisfactory to the Association in accordance with the provisions of section 4.01 of the Financing Agreement.

Withdrawal Conditions:

The Recipient shall carry out the Program Action Plan, or cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Program Action Plan in a manner satisfactory to the Association. (Schedule 2: Section I.B.1)

Notwithstanding the provisions of Part, A of this Section, with respect to Categories (1) through (8) (the Program), no withdrawal shall be made: (a) for purposes of Section 2.03 of the Program General Conditions, for DLRs achieved prior to the Signature Date; and (b) for any DLR until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved, including verification reports from the Verification Agent, based on reports prepared by the Recipient certifying the achievement of the DLRs in accordance with the Verification Protocol. (Schedule 2: Section IV.B.1)

Notwithstanding the provisions of Part B.1(b.) of this Section, with respect to the Program, the Recipient may withdraw an amount not to exceed \$72,500,000 as an advance; provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined with reference to the Verification Protocol) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient. (Schedule 2: Section IV.B.2)

Notwithstanding the provisions of Part B.1(b) of this Section, with respect to the Program, if any of the DLR has not been achieved by the date by which the said DLR is set to be achieved, the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formulas set out in the table in Section IV.A of Schedule 2 to this Agreement; (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR. (Schedule 2: Section IV.B.3)

Notwithstanding the provisions of Section V.A of this Schedule, no withdrawal shall be made from Category (9) for payments made in respect of the Project prior to the Signature Date. (Schedule 2: Section IV.C)

| Team Composition | | | |
|---------------------------|---|--|-------------|
| Bank Staff | | | |
| Name | Title | Specialization | Unit |
| Iain Menzies | Senior Water Supply and Sanitation Specialist | Task Team Leader | GWA01 |
| Kristoffer Welsien | Water Supply and Sanitation Specialist | Task Team Leader | GWA01 |
| Sanjay Pahuja | Lead Water Resources Specialist | Capacity Building | GWA03 |
| Harriet Nattabi | Water Supply and Sanitation Specialist | Water and Sanitation | GWA01 |
| Josses Mugabi | Senior Water Supply and Sanitation Specialist | Water and Sanitation | GWA01 |
| Lilian Pena | Senior Water Supply and Sanitation Specialist | Water and Sanitation | GWA02 |
| Nightingale Rukuba-Ngaiza | Senior Counsel | Legal | LEGAM |
| George Joseph | Senior Economist | Economics | GWAGP |
| Claire Chase | Economist | Economics | GWAGP |
| Roland White | Lead Urban Specialist | PforR Operations | GSU12 |
| Gisbert Kinyero | Senior Procurement Specialist | Procurement | GGO01 |
| Michael Okuny | Senior Financial Management Specialist | Financial Management | GGOAE |
| Jane Kibbassa | Senior Environmental Specialist | Environmental Safeguards | GEN01 |
| Daniel Mira-Salama | Senior Environmental Specialist | Environmental Management | GEN01 |
| Jean Owino | Finance Officer | Finance | WFACS |
| Mary Bitekerezo | Senior Social Development Specialist | Social Safeguards | GSU07 |
| Jacob O. Obongo | Social Development Specialist | Social Safeguards | GSU07 |
| MaryIrene Singili | Administrative Assistant | Operations | AFCE1 |
| Non-Bank Staff | | | |
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| Sophie Ayling | Consultant, Monitoring and Evaluation | Washington, DC, United States of America | |
| Vasantt Jogoo | Consultant, Safeguards | Mauritius | |

I. STRATEGIC CONTEXT

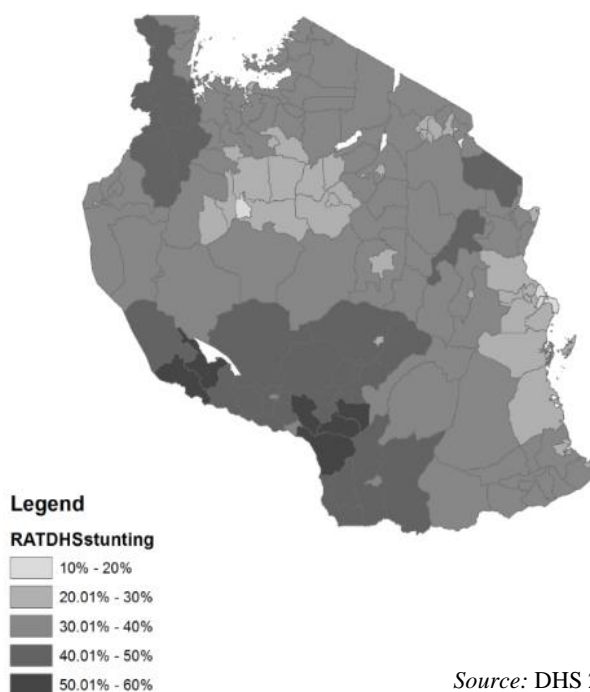
A. Country Context

1. **Economy.** Tanzania is on a strong growth trajectory but poverty rates, particularly in rural areas, remain high. Although Tanzania has experienced rapid economic growth over the last decade, with annual gross domestic product (GDP) growth averaging about 7 percent, the economy has softened slightly since late-2016.¹ The majority of the population rely on agriculture for their livelihood and the economy is highly dependent on natural resources, including water.² Tanzania’s annual population growth rate stands at about 3 percent due to the persistently high fertility rate at five births per woman. At the current growth rate, the population is projected to double from about 55.5 million in 2016 to over 100 million by 2037. Approximately 70 percent of the Tanzanian population currently reside in rural areas.³

2. **Poverty.** Despite relatively strong and stable economic growth, the poverty rate remains high and human development progress is suboptimal. The poverty rate declined from 34 percent in 2007 to 28 percent in 2012, and extreme poverty fell from 12 percent to 10 percent during the same period. About 11.9 million people live in poverty and 4.2 million in extreme poverty.⁴ According to the World Population Prospects 2017, the Human Development Index (HDI) value for Tanzania improved from 0.446 in 2005 to 0.531 in 2015, but the country remains in the low human development category (151 out of 188 countries) and when discounted for inequality, the HDI for Tanzania drops to 0.396.⁵

3. **Health.** Chronic undernutrition rates, as measured by stunted growth, are high, affecting one in three children under five years. Tanzania has successfully reduced death rates in younger age groups and surpassed the Millennium Development Goal related to child mortality. However, chronic undernutrition in Tanzania is the third highest in Sub-Saharan Africa, affecting an estimated 2.7 million children or 35 percent, with large regional disparities ranging from 15 percent in Dar es Salaam to 56 percent in Rukwa region in western Tanzania, as illustrated in Figure 1. Stunted children are shorter, more susceptible to disease, and more likely to have poorer cognitive and educational outcomes. Stunting is a predictor of many developmental constraints, including cognitive deficits and loss of future economic opportunities. The effects of stunting are permanent; when stunted children become adults they are likely to earn 20 percent less than their peers. Some estimate the overall GDP losses from stunting at 4–11 percent.⁶

Figure 1. Stunting Percentage of Children Ages 0-6



Source: DHS 2016

¹ World Bank. 2017. “World Development Indicator.”

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

³ UN Population Division. 2017. “World Population Prospects.” <https://esa.un.org/unpd/wpp/>.

⁴ World Bank. 2015a. “Tanzania Mainland Poverty Assessment.” Washington, D.C.: World Bank Group.

⁵ United Nations Development Programme. 2016. “The Human Development Report 2016, Human Development for Everyone.”

⁶ Horton, S. and R. Steckel. 2013. “Malnutrition: Global Economic Losses Attributable to Malnutrition 1900–2000 and Projections to 2050.” In *The Economics of Human Challenges*.

Recent evidence suggests that poor sanitation is the second leading risk factor for child stunting worldwide⁷ and that diarrhea and chronic environmental enteropathy (intestinal inflammation) in children are linked to a lack of sanitation and have a significant impact on childhood development.⁸ Up to 43 percent of stunting may be due to gut infections caused in part by poor water, sanitation, and hygiene.⁹

4. **Gender gap.** There are significant gaps between women and men in labor force participation, employment, and unemployment rates in Tanzania. Despite Government's efforts to promote gender equality, women are less likely to participate in the labor force than men and those who do participate experience higher unemployment rates than men. The Tanzania Demographic and Health Survey (DHS) for 2010 shows that 19.1 percent of women of ages 20–24 years had no education at all, compared with 10.5 percent for men, and the unemployment rate of females is higher (12.3 percent) compared to that of males (8.2 percent). In rural communities, women and girls are typically responsible for collecting water and are, therefore, disproportionately affected when water sources are remote or do not function properly. Measures targeted toward promoting gender equality in responsibilities, access to resources, opportunities, and social services represent a crucial step to empower the poor and expedite poverty reduction. A gender assessment conducted during the Program preparation emphasized the need for higher female participation in the sector both at community and professional levels. The Program will aim to improve sanitation facilities and promote hygiene practices, which represent a challenge for girls, especially those wishing to attend schools. About 57 percent of schools in Tanzania have no functional hand washing facilities, almost 40 percent have no water supply in the premises and more than 60 percent do not have a place to dispose sanitary pads. More than half of the latrines for girls do not have doors, which increases the risk of Gender-based Violence (GBV) at schools and girls dropping out altogether.¹⁰ It is evident, that adequate sanitation and menstrual hygiene management increase adolescent girls' retention and participation in schools in Tanzania.¹¹ Considering that only 52 percent of the eligible student population is enrolled in lower secondary schools, it is important to promote adequate conditions, especially for girls, to attain education.¹²

5. **Climate variability and environmental stewardship.** Tanzania has a complex landscape with high spatial climate variability, from tropical at the coast to temperate in the highlands, and two predominant precipitation regimes with an average annual rainfall of 600–800 mm. The economy is increasingly affected by prolonged droughts, severe storms and floods, and rising temperatures. Projections show an average temperature increase of 1°C–3°C over the next 50 years. The economic impacts of recent extreme weather events amount to about 1 percent of GDP per year and with the dependence of the economy on climate-sensitive activities, this cost is expected to increase by an additional 1 to 2 percent of GDP per year by 2030.¹³ Disadvantaged socioeconomic groups are disproportionately affected by climatic conditions and resort to various adaptation practices and coping strategies, including diversification of their production and livelihoods. In addition, trade-offs in natural resources use are increasing with pressure from population growth and economic development, affecting key ecosystem services such as water production and timber,

⁷ Guerrant, Richard. 2012. "The Impoverished Gut—A Triple Burden of Diarrhea, Stunting and Chronic Disease." <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3617052/>.

⁸ Petri, Naylor, Haque. 2014. "Environmental Enteropathy and Malnutrition: Do We Know Enough to Intervene?" *BMC Medicine*.

⁹ Goodarz, Danaei. 2016. "Risk Factors for Childhood Stunting in 137 Developing Countries." <http://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1002164>. Recent trials in Kenya and elsewhere suggest that household sanitation upgrades from unimproved to improved latrines, and handwashing stations do not reduce childhood diarrhea or improve growth (Null, Clair. 2018. *Lancet Glob Health* 6: e316–29). It is noted that the study only enrolled pregnant women, attained a very low compliance rate especially in the second year of the study, and the targeted areas held relatively high baseline sanitation coverage before the intervention.

¹⁰ UNICEF, 2011. "Adolescence in Tanzania."

¹¹ World Bank. 2015. "Preparing the Next Generation in Tanzania: Challenges and Opportunities in Education."

¹² United Republic of Tanzania, Ministry of Education, Science and Technology. 2016. "National Guideline for Water, Sanitation and Hygiene for Tanzania Schools."

¹³ GCAP (Global Climate Adaptation Partnership). 2011. "Economics of Climate Change in Tanzania."

on which rural communities depend. Efforts to address the vulnerability of the poor and to improve adaptive capacity require a greater role for local and national institutions in planning and implementation of interventions to support resilience as well as in governing access and sustainable use of resources.

B. Sectoral and Institutional Context

6. **Water Sector Development Program (WSDP).** In 2006, Tanzania launched its ambitious WSDP for 2006–2025, encompassing the entire water sector, from water resources management (WRM) to urban and rural water supply and sanitation. In line with the emphasis on decentralization of the 2002 National Water Policy (NAWAPO), the first phase of the WSDP (WSDP-1, 2006–2015) delegated the construction of new water schemes to the 185 Local Government Authorities (LGAs) and scheme management to village-level autonomous Community-Owned Water Supply Organizations (COWSOs). COWSOs own the water supply schemes but can delegate their operation to a third party. WSDP-1 received more than US\$1.4 billion in funding, of which US\$367 million (26 percent) came from the Government of Tanzania (GoT), while US\$1,033 million (74 percent) came from development partners (DPs), including the World Bank¹⁴, through a sector-wide approach. The rural water supply component received US\$560 million but only US\$24.2 million (less than 2 percent) was allocated for rural sanitation. According to the GoT, WSDP-1 provided access to improved water supply to over 10 million people and 5.1 million gained access to improved sanitation; both outcomes exceeded set targets.¹⁵ The second phase of the WSDP (WSDP-2) commenced in July 2016 and may benefit from the National Water Investment Fund (NWIF) that was recently created to finance investments in rural water supply.¹⁶ The Implementation Completion and Results Report (ICR)¹⁷ for WSDP-1 found that “achieving sustainable water service delivery continues to be a major challenge.” Lessons from implementation showed that there is a need to consider different management models that can address the shortcomings of COWSOs. With regard to rural sanitation, the ICR found that the GoT is still reliant on donor resources for sanitation interventions and that a significant effort is needed to improve sanitation coverage in rural areas.

7. Several critical challenges need to be addressed to ensure that the responsible institutions can increase and sustain water and sanitation service delivery. In 2017, the World Bank conducted a comprehensive Water, Sanitation and Hygiene (WASH) Poverty Diagnostic in Tanzania¹⁸ using the vast sector data and research available. The main findings were as follows:

- **Access and failure rate.** Sustainable Development Goal (SDG) 6 calls for universal access to water and basic sanitation by 2030, a formidable challenge for Tanzania where rural access to improved water supply was at 48 percent in 2015, below the Sub-Saharan African average of 56 percent.¹⁹ In 2016, 40 percent of water points were reportedly nonfunctional and 19 percent reportedly failed during the first year of operation.²⁰ The poor are disproportionately affected with a high correlation between poverty and lack of access to basic water supply. An in-depth analysis of water point data has shown that technology choice, hydrology,

¹⁴ The first Water Sector Support Project – WSSP-I (P087154).

¹⁵ *Note:* This figure is derived from MoWI’s methodology of estimating access and is not consistent with the findings of recent surveys such as DHS 2016.

¹⁶ The NWIF is an agency under the MoWI which was established through the Water and Sanitation Act No. 12/2009. The NWIF has the mandate to provide investment support for rural water service provision in areas of mainland Tanzania, which are without adequate water services. The structure of the NWIF consists of a Board of Trustees, which includes a chairman and four members from the MoWI, Ministry of Finance and Planning (MoFP), and President’s Office - Regional Administration and Local Government (PO-RALG). The NWIF is funded by fuel levies.

¹⁷ World Bank. 2016. “Implementation Completion Report for the Water Sector Support Project, ICR3737.”

¹⁸ World Bank. 2017. “Tanzania WASH Poverty Diagnostic.”

¹⁹ World Development Indicators, 2015.

²⁰ World Bank. 2017. “Tanzania WASH Poverty Diagnostic.”

management, and location-based factors are to varying degrees responsible for the failures. The capacity of local institutions has persistently been ranked as the overarching challenge.

- **Skewed institutional incentives.** The high failure rate of rural water points is also attributed to an excessive focus on new construction. Local governments allocate nearly all their financial and human resources to the construction of new water points, disregarding the essential tasks of monitoring, building capacity, and providing technical backstopping to villages with existing water points. The limited management capacity of small, rural, and often marginalized communities led to frequent water system breakdowns.
- **Sanitation remains underfunded.** The sanitation sector achieved gains in coverage in recent years but still has a long road ahead. Though almost all Tanzanians practice fixed-point defecation, over 80 percent of rural Tanzanians rely on rudimentary, unimproved sanitation facilities. WASH promotion in schools and hospitals has received limited attention, and 75 percent of schools lack a functional handwashing facility with available soap and water. Over half of health facilities report routine water shortages, which can interfere with hygienic care.

8. **Rural water supply.** The sector has benefitted from extensive assessments, surveys, and research. Five important lessons on rural water supply emerged from WSDP-1:²¹ (a) limited attention and resources were devoted to arrangements for water scheme maintenance, repair, and replacement; (b) the establishment of COWSOs was overlooked and only about 20 percent of villages have a registered COWSO, of which a majority suffer from acute capacity gaps in tariff setting and financial and operational management; (c) there were widespread shortcomings in value-for-money water supply service delivery, lack of quality assurance for design and construction, and poor standardization of designs and components; (d) unreliable data on scheme functionality and sustainability hampered efforts to address the growing backlog of nonfunctional schemes; and (e) national-level Ministry of Water and Irrigation (MoWI) staff in the water sector currently lack the resources and tools to provide the necessary leadership, support, and training to the regional- and district-level staff to develop their capacity on the technical and management aspects of water supply.

9. **Water quality.** Rural water supply often fails to meet national standards and 57 percent of rural households are drinking water contaminated with *E. coli* bacteria. Of these cases, 56 percent was due to contaminated water points and 44 percent was due to poor hygiene in households.²² With technical assistance from the World Bank's Water and Sanitation Program (WSP), WSDP-1 made some progress in addressing water quality issues by introducing regional laboratories for water testing and implementing source protection and watershed management activities. However, these remedies are still to be fully operationalized and water treatment is uncommon in rural areas because it was neither introduced nor institutionalized.

10. **Sector data and reporting.** WSDP-1 was notorious for poor data and infrequent reporting. However, toward the end of the past phase, the WSDP completed a nationwide water point mapping survey which provided critical information to the sector. Recognizing that data are critically important for improving sector performance, the MoWI established a Central Data Management Team (CDMT) in 2015, leading to considerable improvements in data accuracy and timely reporting. Moving forward, the sector's monitoring systems will include data on institutional performance as well as various proxies for sustainability.

²¹ World Bank. 2016. "Implementation Completion Report for the Water Sector Support Project, ICR3737."

²² Ministry of Water. 2015. "Water Quality Report in 30 LGAs." (473 water samples were collected and tested).

11. **Institutions, incentives, and impediments.** The majority of WSDP-1 funds were allocated to investments in infrastructure, while very limited financial and human resources were allocated to maintenance, repair, and the local capacity building and technical backstopping deemed vital to the sustainability of rural water schemes. This can, in part, be attributed to the lack of political incentives, resources, and technical capacity at the local government levels. Additionally, there is a growing recognition that the demand-responsive COWSO approach cannot succeed on its own but requires a technical backstopping entity or mechanism which was not developed under WSDP-1. Over the last decade, international experience has shown that such backstopping mechanisms, whether private or public, play a crucial role in ensuring the sustainability of rural water supply. The GoT is committed to focusing sector efforts on ensuring that institutional arrangements are put in place to provide sustainable rural water services by (a) promoting the creation and strengthening the capacity of COWSOs to effectively manage water schemes; (b) supporting local institutions to establish and operationalize backstopping mechanisms²³ for rural water supply; and (c) strengthening the capacity and changing the institutional arrangements for water supply at all levels of Government to provide more coherent technical and management support to the districts. The GoT intends to establish a new delivery model anchored on the creation of a rural water agency (the Agency) whose mission is to provide sustainable water in rural areas through resource mobilization, project implementation, capacity building, and operation and maintenance of projects with the active participation of major stakeholders. The Agency is currently planned to be established by the GoT around the time of Program effectiveness. Within the agency model, COWSOs have the option to appoint third-party service providers, including the domestic private sector, to operate and maintain rural water supply schemes. Adopting this option could help address the sector’s capacity and institutional challenges. A critical step was made in May of 2018 when GoT announced that district (LGA) responsibilities for water supply will be transferred to a “district-level water agency”. Following this change district-level government officials responsible for water supply will report directly to the MoWI as opposed to the President Office – Regional Administration and Local Government (PO-RALG).

12. **Rural sanitation.** Only 11 percent of rural Tanzanians presently have access to an improved latrine and of the 89 percent who do not, the overwhelming majority use a fixed point unimproved facility while 14 percent defecate in the open. Access to sanitation in schools is poor. In nearly two-thirds of the districts across the country, only 50 percent of public schools in rural areas have the required number of drop holes and only 43 percent have functional handwashing stations. Poor access to sanitation was exacerbated by a cholera outbreak in 2015 where a total of 30,121 cholera cases and 466 deaths (equivalent to a case fatality rate of 1.5 percent) were reported. The multifaceted nature of the sanitation challenge in rural Tanzania requires an integrated approach that addresses sanitation and hygiene across communities, a prerequisite to reduced stunting and improved health.

13. The GoT has set itself an ambitious goal of ending open defecation and ensuring that every Tanzanian uses a Choo Bora (improved latrine) and washes hands with soap after toilet use. In 2012, the GoT launched the National Sanitation Campaign (NSC) that brought renewed efforts to upgrade toilet facilities. The NSC’s goals were to encourage households to build improved sanitation facilities and make communities Open Defecation Free (ODF) through a community-led total sanitation (CLTS) approach and a planned mass media behavior change communication (BCC) campaign. The scale of the NSC was limited. An evaluation of NSC-1 (2012–2015) found several barriers to implementation, including systematic delays in disbursement of funds from the national to the district level, lack of GoT funding commitment, weak supply chains for sanitation hardware, cancelling of the BCC component, and lack of incentives at the local level resulting in challenges in monitoring NSC outcomes and coordinating NSC activities.²⁴ In response to these findings, the U.K. Department for International Development (DFID) has financed the development

²³ A third-party support structure that provides daily or periodic technical, operational, and/or managerial support to COWSO.

²⁴ More than 50 percent of monitoring and expenditure reports were delayed or not submitted.

of the national BCC campaign, which was informed by formative research²⁵ and rolled out in December 2017 in collaboration with the Ministry of Health, Community Development, Gender, Elderly, and Children (MoHCDGEC). Given the strict no subsidy policy of the GoT, the CLTS approach is considered the ‘best fit’ for Tanzania as it was proven effective during NSC-1. Additionally, the BCC campaign is considered an important complement to the CLTS approach and in parallel the private sector is for the first time getting involved with a leading international toilet manufacturer starting production of low-cost plastic sanitation products in Tanzania and planning to establish six distributors in every district of the country. However, neither the GoT nor DFID have allocated funds for local governments to roll out the NSC at district and village levels. Hence, one of the current sanitation priorities is to support the districts to roll out the NSC and create district-level incentives to support and accelerate the campaign.

14. **Private financing.** The opportunity to crowd in private finance has been considered during Program preparation. However, opportunities currently appear limited given the unsustainable track record of water systems in the country. By improving the technical and managerial performance of the water schemes, supported by a solid institutional support system at lower levels, the Program will lay the groundwork for private sector involvement in the future.

C. Relationship to the CPF and Rationale for Use of Instrument

15. **Alignment with Country Partnership Framework (CPF).** The Program is closely aligned with the 2017 Systematic Country Diagnostic (Report No. 110894-TZ) and the 2018-2022 CPF (Report No. 121790-TZ) which focus, among other things, on boosting human capital and social inclusion and modernizing and improving the efficiency of public institutions. Increasing access to improved water supply and sanitation contributes directly to human capital by protecting early childhood development from the effects of stunting and environmental enteropathy. The Program supports modernizing and improving the efficiency of public institutions through support for the establishment of the Agency and strengthening of other sector institutions. The GoT’s WSDP and the Program are both closely aligned with the World Bank Group’s twin goals of ending extreme poverty and boosting shared prosperity. The Program will target the poorest rural areas of the country and will also foster inclusion and shared prosperity in Tanzania through improvements in rural water supply and sanitation services and their associated economic benefits.

16. **Citizen engagement and gender.** Citizen engagement is at the core of the institutional reform process whereby water will be delivered with greatly increased accountability, transparency, local level participation, and strengthened grievance mechanisms. The Program aims to foster local initiatives to improve the quality and sustainability of rural water and sanitation service delivery and provide the necessary assistance and tools to consult and engage with citizens in the sector. Gender equity will be encouraged by requiring women’s representation in top leadership positions in water management bodies. In addition, the Program will support the enrollment of female students at the Water Institute²⁶ by introducing gender balance in the allocation of student loans. Currently, only 27 percent of the student population are female and many potential students are not able to finance the cost of the education.

17. A leadership role for women is a natural evolution of their traditional role of providing water for their families in rural areas. Women will also be encouraged to actively participate in and contribute to community consultations for water and sanitation investments. Additionally, the Program will improve sanitation facilities in schools, which will have separate latrine blocks for girls and boys, lockable doors to ensure privacy, and hand washing facilities to promote menstrual hygiene management and safety of girls

²⁵ Conducted by a consortium of partners including the London School of Hygiene and Tropical Medicine (LSHTM).

²⁶ The Water Institute is an executive agency of the MoWI established to provide quality education, training, and research.

and boys. Through the Program, the schools will be incentivized to have a designated and active menstrual female counselor to increase awareness of and provide support to girls on menstrual hygiene management.

18. **Climate resilience.** The World Bank's Climate and Disaster Risk Screening assessment indicates a potential increase in extreme temperatures, severe storms and floods, as well as recurrent droughts in the future. The Program will support global goods through mitigation measures such as CO₂ emissions reductions achieved by promoting options to replace diesel pumping with photovoltaic (PV) water pumping.²⁷ The project has been designed to build resilience against local climate risks, including drought and flooding. Climate change adaptation measures will include improved watershed management and switching rural villages from seasonal to permanent water sources.

19. **Rationale for use of the Program-for-Results (PforR) instrument.** There is an opportunity and a pressing need for a transformational operation addressing the institutional challenges affecting the sustainability of rural water supply and sanitation in Tanzania. The rationale for the World Bank's involvement through the proposed Program is to maintain the progress on sector reforms initiated by the previous World Bank-financed projects in Tanzania²⁸ and to address persistent challenges regarding rural water supply, sanitation and hygiene, and sector capacity. The Program supports the World Bank's Investing in Early Years Project (P164758) that is under preparation as well as the World Bank's portfolio in education in Tanzania, which includes three PforR operations.²⁹ Lessons from Vietnam, Egypt, and Mexico and from other PforR operations in Tanzania indicate that a results-based approach can be effective in creating new incentive frameworks for local institutions to deliver better quality and lasting services to the population and institutionalizing good practices. The sector is already familiar with the results-based approach through DFID's Payment by Results (PbR) operation in the water sector. Use of the PforR instrument will accelerate the achievement of results in the sector and enable a shift in the current focus of incentives away from constructing water supply infrastructure to providing sustainable water services. The PforR verification process will ensure that the results achieved are based on sound designs, good-quality construction, and sustainable operation and maintenance (O&M) practices. A results-based approach also gives flexibility to mobilize additional funding for the sector from other donors and to harmonize results. The results-based approach is being used increasingly by the World Bank in Tanzania, with active PforR lending operations in the education, health, urban, and energy sectors.

20. **Rationale for use of Investment Project Financing (IPF) for Technical and Program Management Support.** The World Bank's technical, environmental, and fiduciary assessments identified a number of technical, institutional, program management, governance, and accountability weaknesses in GoT systems. A key lesson that has emerged from global and national PforR experience is that the result-based approach is more effective and can be implemented more efficiently when complemented by substantial technical assistance to support client governments through the change process and strengthen systems, capabilities, and procedures. Under WSDP-1, GoT's procurement of technical assistance was often underfinanced, delayed, and the scope curtailed and diluted. Relying solely on implementing agencies (IAs) to procure technical assistance under the Program to provide sufficient capacity support of the required quality and timeliness would constitute a significant risk to achievement of the Program Development Objective (PDO) and results delivery. The Program will, therefore, address the capacity constraints through an IPF instrument whereby World Bank funds are used to pay for 'specific expenditures' to fund a set of selected, discrete assistance and capacity-building activities which are complementary to those undertaken directly by the Government under the Program, and which will support

²⁷ Only for off-grid deep wells; shallow wells may be better served by hand pumps. PV pumps will be used in approximately 50 percent of new investments.

²⁸ River Basin Management and Smallholder Irrigation Improvement Project (P038570), Rural Water Supply and Sanitation Project (P047762), First and Second Water Sector Support Projects (P87154, P15036).

²⁹ Tanzania Education Program for Results (P147486), Tanzania Education and Skills for Production Jobs Program (P152810), and Tanzania Secondary Education Quality Improvement Program (P163439).

the achievement of the Program’s objectives. The IPF instrument allows the GoT the flexibility and predictable financing to address existing capacity gaps and risks that may otherwise undermine the achievement of Program results. This is similar to the approach taken for the Tanzania Education Program for Results (P147486).

II. PROGRAM DESCRIPTION

A. Government Program (WSDP)

21. WSDP-2 runs from 2016 to 2019. WSDP-2 is a national program that is specifically intended to strengthen sector institutions for integrated WRM and improve access to water supply and sanitation services across Tanzania. WSDP-2 will be followed by the WSDP-3 from 2020 to 2025. Table 1 provides an overview of the program. WSDP-2 includes the following components:

- **Water Resources Management (WRM).** To ensure availability of water for socioeconomic development and environmental sustainability;
- **Rural Water Supply.** To provide improved quality and quantity of drinking water for the rural population, sustained through improved district-level capacity, effective local water user entities, private sector participation, and integration of sanitation in the design and implementation of rural water projects;
- **Urban Water Supply and Sewerage.** To improve and sustain quality and quantity of water supply and sanitation services for urban populations managed by financially autonomous and commercially viable Urban Water and Sewerage Authorities while providing efficient and cost-effective services;
- **Sanitation and Hygiene.** To provide access to improved sanitation and hygiene facilities to 75 percent of the population in rural and urban settings by 2019; and
- **Program Delivery Support.** To provide facilitative services that support all other components to deliver planned outputs and expected outcomes.

22. In tandem with the Sanitation and Hygiene component of WSDP-2, the second phase of the NSC (NSC-2) will target the achievement of the sanitation SDGs with a stronger focus on BCC. School Water and Sanitation and Hygiene (SWASH) is a key component of the NSC which has been expanded under WSDP-2 to cover primary schools.

Table 1. Water Sector Development Program

| Component | Main Goals/Targets | Funding Needs |
|------------------------------------|---|-------------------|
| 1. WRM | <ul style="list-style-type: none"> • Strengthen the capacity of Basin Water Boards • Build/rehabilitate 23 dams • Improve the quantity and quality of WRM data | US\$800 million |
| 2. Rural Water Supply | <ul style="list-style-type: none"> • Install 76,000 water points serving 19 million people | US\$860 million |
| 3. Urban Water Supply and Sewerage | <ul style="list-style-type: none"> • Provide piped water supply to 2.2 million new people in Dar es Salaam and 3.1 million people elsewhere | US\$1,300 million |
| 4. Sanitation and Hygiene | <ul style="list-style-type: none"> • Increase improved sanitation coverage to 75 percent | US\$150 million |
| 5. Program Delivery Support | <ul style="list-style-type: none"> • Expand the use of the water sector management information system (MIS) | US\$110 million |

23. The total financial requirement for WSDP-2 is US\$3.3 billion, of which US\$1.4 billion has been pledged mainly from the GoT, the World Bank, and DFID, including the Program.

B. Program Development Objective and Key Results

24. The PDO 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.
25. The proposed key results indicators for the Program are as follows:
- Number of people with access to an improved water supply (male and female) - Corporate Results Indicator
 - Number of people with access to an improved sanitation facility (male and female) -Corporate Results Indicator
 - Number of sustainably functioning water points
 - Number of villages that achieve and sustain community-wide sanitation
 - Number of participating districts submitting accurate and complete sector M&E data
26. The complete tables of the Results Framework and intermediary results indicators are provided in Annex 2.
27. The estimated number of beneficiaries in the 17 regions under the Program is as follows:
- 4,000,000 people benefitting from improved sanitation
 - 3,000,000 people benefitting from improved water supply
 - 1,250 community wide sanitation (CWS) villages
 - 1,500 schools benefitting from improved sanitation facilities and support to their O&M

C. PforR Program Scope

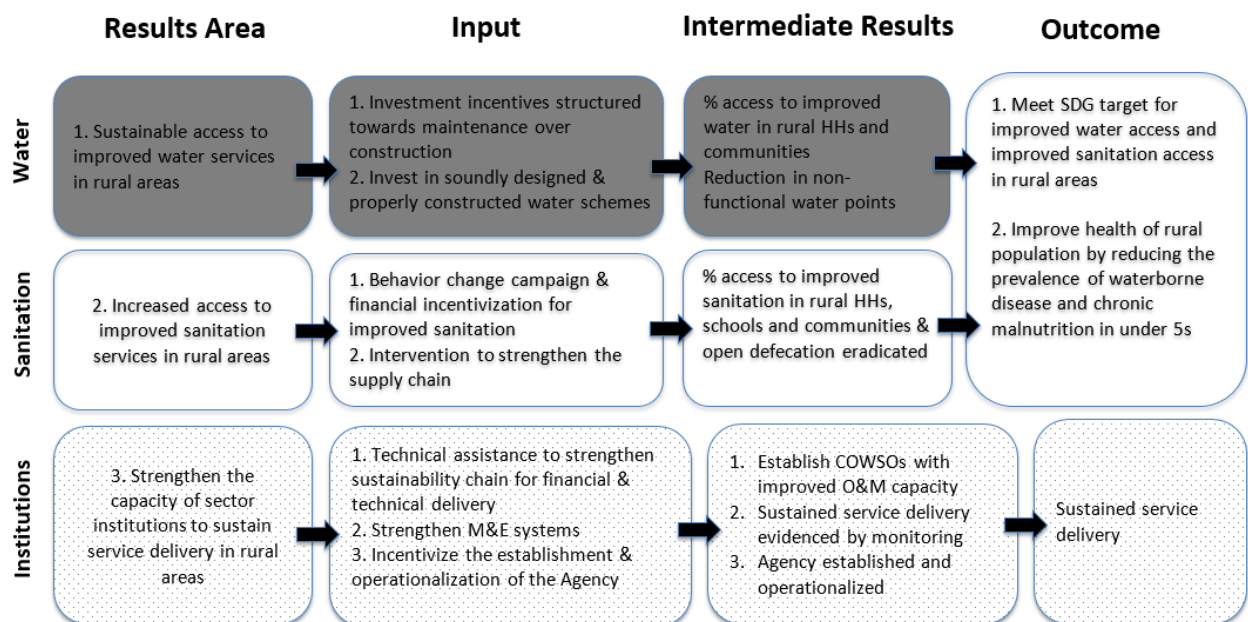
28. Lessons from the water sector and across the Tanzanian portfolio indicate that large national programs can be challenging to manage and their quality difficult to ensure, especially during the initial years of implementation. The Program is designed as the first phase of a long-term engagement in the sector, with nationwide scale up to follow, based on successful first phase implementation. The Program will support the Government in implementing a part of WSDP-2, specifically supporting the targets under Components 2 (rural water supply), 4 (sanitation and hygiene), and 5 (program delivery support) in the geographic area covering 17 out of Tanzania's 26 regions. As detailed in Annex 10, the 17 regions have been selected against the criteria of low access to improved water supply and sanitation, high stunting rates, and high poverty rates. All 86 rural districts in the 17 selected regions will participate in the Program. DFID will cover the remaining regions for water supply, and the Government, through its own budget, the NSC and the National Water Investment Fund, can allocate additional funds to the regions outside the scope of the World Bank financed Program.

29. **Theory of change.** First, to address the dual challenge of increasing and sustaining access to improved rural water services, the Program will promote a sector-integrated approach with incentives provided at village, district, and national levels. Under the PforR, both the rehabilitation of existing nonfunctional water points, as well as the construction of new water schemes, will be promoted through a strengthened project cycle focusing on improving the technical quality of investments, as well as enhancing community engagement and ownership. Additionally, districts will be incentivized to sustain the functionality of existing water points. Second, the Program will address the rural sanitation challenges in an integrated way through the achievement of CWS villages that facilitate the sanitation health outcomes

including stunting. In the targeted villages, open defecation will be addressed through the CLTS approach. A national BCC campaign coupled with significant investments in supply-side strengthening will move village households up the sanitation ladder to improved sanitation. The Program will also incentivize improvements in household hygiene practices and sanitation in schools. Third, the challenge of providing sustainable water and sanitation services in rural Tanzania requires an institutional structure to enable proper policies, funding, implementation, management, and monitoring of services. The Program’s theory of change is illustrated in Figure 2.

30. The Program will strengthen institutions and service delivery models, including the establishment and operationalization of the Agency. Learning from global and Tanzania-specific experiences and drawing from the theory of change, the Program will have the following three closely interrelated results areas that are consistent with and support WSDP-2 and other DP activities.

Figure 2. Theory of Change



Results Area 1: Sustainable access to improved water services in rural areas (US\$105 million equivalent)

31. This results area will be implemented by the MoWI and PO-RALG and support improvements in sustainable access to water supply services in the participating districts by:

- Increasing coverage of well-designed, properly constructed, and well-managed rural water supply services that meet community needs in the selected districts. This includes a restructuring of MoWI’s quality assurance and quality control mechanisms;
- Rehabilitating and repairing nonfunctional water points. The Program will incentivize rehabilitation and it is envisaged that the districts will at the onset prioritize the rehabilitation of dilapidated water infrastructure; and
- Sustaining existing water points to ensure that they remain functional and provide appropriate service levels in terms of access, distance, and quantity of water provided. This results area will ensure that new sustainability measures, including female participation, are

institutionalized at the design, construction, and commencement stages for new water infrastructure and results area 3 will ensure that the same standards are applied to the existing functioning water schemes.

Results Area 2: Increased access to improved sanitation services in rural areas (US\$75 million equivalent)

32. Under this results area, the Program will address the rural sanitation challenges using an integrated approach that incentivizes the achievement and sustaining of CWS villages which will contribute to the Program's health and stunting outcomes. In the villages targeted for CWS, open defecation will be addressed through a combination of CLTS activities and the national BCC campaign, with supply-side private sector strengthening activities. These efforts are also envisaged to move rural households up the sanitation ladder to improved sanitation and hygiene. In parallel, the Program will incentivize improvements in household hygiene practices and increase access to sanitation and hygiene in public schools, including menstrual hygiene. This results area will be implemented by the MoHCDGEC, PO-RALG, and Ministry of Education Science, and Technology (MoEST).

33. As under WSDP-1, the districts will implement the NSC and the Program's technical support (IPF) will encourage, support, and strengthen the implementation of the planned CLTS and supply-side strengthening activities through capacity development for key activities including sanitation demand creation, progress monitoring, and regular follow-ups. The Program will support and encourage local private sector suppliers and service providers in the marketing and installation of local products, including plastic pans, user-friendly handwashing stations, and other appropriate products and services for low-cost upgrading of sanitation and hygiene facilities. Collaboration will be encouraged with local financial institutions to increase the affordability of sanitation and hygiene products to rural communities.

Results Area 3: Strengthen the capacity of sector institutions to sustain service delivery in rural areas (US\$150 million equivalent)

34. This results area will be implemented by the MoWI, MoHCDGEC and PO-RALG. 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, and to strengthen environmental management supervision and mitigation of impacts.

35. The National WSDP (2006) directed the responsibilities for the O&M of rural water schemes to be transferred to COWSOs, which are supposed to be established for each rural water scheme. However, currently only approximately 20 percent of villages (2,880 out of approximately 16,000) have COWSOs. A first step to enhance the delivery models for rural water supply is to promote the broader creation of COWSOs and to support their professionalization so that they can operate and maintain the services more efficiently, to encourage greater representation of women in management bodies, as well as delegate the O&M functions to a professional third party (an NGO, local private operator, etc.) under their oversight. A range of O&M models can be considered to improve service sustainability, including clustering and contracting out O&M services to private sector service providers or forming a water trust that can subsequently provide technical and managerial support to each COWSO.

36. The districts will be incentivized to improve the O&M of water supply by registering COWSOs for existing schemes, improving the financial sustainability of rural water supply, implementing simple water treatment systems, and establishing backstopping support for COWSOs. The Program will prepare the sector to leverage private sector participation and investments that improve service levels and drive efficiency by, among other things, increasing the creditworthiness of rural water schemes. The accuracy

and completeness of monitoring and evaluation (M&E) data will be enhanced for both water and sanitation to enable the sector to track performance and inform planning.

37. The Program will support the establishment and operationalization of the Agency, the centerpiece of the GoT’s new delivery model for the rural water sector. In the districts supported by the Program, the Agency will be incentivized to work with districts to institutionalize a quality assurance and quality control protocol, and work with COWSOs to facilitate the establishment of a support mechanism for management and O&M of rural water supply schemes. The Program aims to influence the establishment and early operations of the Agency, embedding a core focus on service sustainability.

38. A more detailed description of the Program is provided in Annex 1.

Financing and Program Costs

39. **The Government’s national budget is expected to allocate US\$325 million from the National Water Investment Fund to support the Program area over the next six years.** In the 17 regions supported by the Program, the total scale of the financing required to implement the Program for rural water and sanitation is estimated to be US\$740 million, as shown in Table 2. Within this context, the GoT seeks an IDA credit at a funding level of US\$350 million. This financing will form a part of the overall national program budget. This is an aggregate figure; each district does not have a set allocation under the Program.

Table 2. Program Financing (US\$, millions)

| Source | Amount | % of Total |
|--------------------------------|------------|------------|
| Government | 325 | 44 |
| IDA | 350 | 47 |
| Other DPs | 65 | 9 |
| Total Program Financing | 740 | 100 |

Other Development Partners’ Activities

40. In 2016, DFID allocated US\$102 million to WSDP-2 through a PbR approach with the aim of improving the number of functioning water points through two output disbursement-linked indicators (DLIs) that reward the districts for water points kept in operation and for additional newly constructed water points. The PbR covers all the rural districts in Tanzania, with some US\$65 million estimated to be spent in the Program regions as parallel financing. To date, disbursement under the PbR has been limited, with approximately US\$1.3 million disbursed for 2017. The current spending period is up to 2023.

41. To maximize impact, DFID and the World Bank have aligned their respective rural water supply DLIs (DLI 1 and DLI 2 for the World Bank) and associated verification protocols in the 17 regions where the PbR and the PforR will overlap. This approach allows for future scale-up to other regions in Tanzania using both World Bank and other donor funds. With regard to disbursement, the Program has incorporated the following four measures to address the challenges faced by the DFID PbR and to ensure adequate cash flows for the IAs: (a) a 20.7 percent advance will be transferred to the IAs upon Program effectiveness; (b) the proposed fund flow is simple and quick and has proven successful under the World Bank’s other PforR operations in Tanzania; (c) the disbursement is spread across eight DLIs as opposed to DFID’s two; and (d) the unit costs have been carefully set to ensure that the payouts match the anticipated level of investments by the IAs.

42. DFID is also supporting the GoT to deliver a nationwide BCC campaign to ensure adoption and sustainability of improved sanitation and hygiene practices in Tanzania using a behavior-centered design approach. Project Clear, the DFID-supported consortium that includes the London School of Hygiene and

Tropical Medicine (LSHTM), is leading the design and supporting the delivery of the BCC campaign which will also be supported through the IPF component of the Program. The Program will support implementation of the campaign at the district level.

43. United States Agency for International Development (USAID), through its Improving WASH Evidence-based Decision-making Program, supports the development of a national WASH web portal, the development of a user-friendly manual for National Sanitation Management Information System (NSMIS), the hiring of ICT staff to strengthen the national help desk, Data Quality Assurance in 10 regions, and the printing and distribution of 16,000 registers for collection and storage of data at sub-village level. The Program will support and complement this initiative, incentivizing the MoHCDGEC to strengthen the accuracy and completeness of sector M&E data and reporting.

D. Disbursement-Linked Indicators and Verification Protocols

44. The DLIs are presented in Table 3, with further details provided in Annex 3.

Table 3. Disbursement-Linked Indicators

| DLI | Rationale for Selection of DLIs |
|--|--|
| Results Area 1: Sustainable access to improved water services in rural areas | |
| DLI 1. Number of people with access to an improved water supply DLI 2: Number of sustainably functioning water points | <ul style="list-style-type: none"> Access to reliable, functioning water supply is low in the Program areas. The GoT's focus has been on constructing new water supply schemes rather than sustaining existing schemes. |
| Results Area 2: Increased access to improved sanitation services in rural areas | |
| DLI 3. Number of people with access to an improved sanitation facility DLI 4. Number of public primary schools with access to improved sanitation and hygiene facilities DLI 5. Number of villages that achieve and sustain community-wide sanitation status | <ul style="list-style-type: none"> Access to improved sanitation and handwashing practices is low in the Program areas and challenges exist in ensuring adequate access to improved sanitation and hygiene in schools, which are safe and gender sensitive. |
| Results Area 3: Strengthen the capacity of sector institutions to sustain service delivery in rural areas | |
| DLI 6. Number of villages with a COWSO with improved O&M capacity for water supply services DLI 7. Number of participating districts submitting accurate and complete sector M&E data DLI 8. Agency established and operationalized | <ul style="list-style-type: none"> At the village level, there is a need to support the O&M capacity. Core gaps include lack of legal status, inadequate tariffs structure, and lack of alternatives from the community-managed delivery model. Data quality within the national M&E systems is weak and requires sustained improvement. The GoT requires support to establish, resource, and operate the new Agency on time. |

45. The Program's incentive model consists of eight DLIs grouped into three results areas across six disbursement periods. DLIs have been developed according to the following criteria: (a) importance for successful Program implementation; (b) potential to incentivize improvements within the Government program; and (c) practicality and cost effectiveness of verification.

46. The three results areas and corresponding DLIs are:

- **DLIs 1–2: Sustainable access to improved water services in rural areas.** These DLIs disburse according to the results achieved by districts in increasing access to improved rural WASH. DLI 1 rewards the districts for supplying people in rural areas with water, by rehabilitating, expanding or building new improved functional water points. DLI 1 is designed such that the districts have a financial incentive to prioritize rehabilitation and value-for-money/quality investments which reliably provide a sufficient volume of chlorinated water. Through the definition of improved water points, the DLI further incentivizes quality assurance, quality control, and female involvement in the COWSOs' leadership. DLI 2 rewards the districts for sustaining their entire inventory of improved functioning water points (including those constructed or rehabilitated under DL1). Through this DLI, the districts are incentivized to constantly maintain their functioning water points and repair broken-down systems.
- **DLIs 3-5: Increased access to improved sanitation services in rural areas.** DLI 3, DLI 4, and DLI 5 are closely interlinked through a stepped approach that is designed to increase and sustain access to sanitation and improve hygiene practices in rural Tanzania. This approach rewards districts for moving rural households up the sanitation ladder to improved sanitation through strengthening the supply and marketing of improved sanitation products and services. Through the definition of improved sanitation facilities, districts are specifically incentivized to improve sanitation and hygiene in schools and address menstrual hygiene. Achievement of DLI 3 and DLI 4 contributes to the achievement of CWS villages (DLI 5).
- **DLI 6-8: Strengthen the capacity of sector institutions to sustain service delivery in rural areas.** DLI 6 is focused on developing the capacity of water and sanitation institutions at the district level to enable them to carry out their mandates effectively. The DLI will be considered fulfilled by the following: officially registering COWSOs, improving COWSO financial management and record keeping, achieving a sustainable operating cost ratio for COWSOs, improving water quality, ensuring female participation in leadership positions, and establishing local backstopping mechanisms for rural water supply. The fundamental objective of this DLI is to enhance institutional strengthening of the districts, resulting in sustainable, long-term improvements in the management of rural water supply. DLI 7 disburses according to results achieved in strengthening the accuracy and completeness of sector M&E data and gradually introduces core sustainability indicators. DLI 8 supports the establishment and operationalization of the Agency according to specific milestones, thus ensuring that sustainability becomes its core institutional focus.

Verification Protocols

47. The results reported by the MoWI, as achieved under the Program, will be verified through a paper audit, physical inspection, and phone calls that test the accuracy and quality of results claimed. In accordance with good audit practice, physical verification will take place against a sampling framework. The Independent Verification Agent (IVA) will prepare a Results Verification Report which will be shared with the MoWI and the World Bank. The Results Verification Report will be used to determine the amount of the eligible disbursement to be made based on the results achieved. Further details on the verification process for each DLI are included in Annex 3.

E. Capacity Building and Institutional Strengthening

48. In light of the challenges identified and lessons learned in WSDP-1, the Program is designed to use a combination of results-based disbursements to incentivize performance and technical support during

implementation. The key capacity-building activities, which will be delivered according to the capacity development plan are described here and in further detail in Annex 1.

49. **Incentivizing institutional improvements through DLIs.** DLIs are used to incentivize improved management and quality of implementation, providing a critical complement to the delivery of infrastructure. Some of the challenges identified during the implementation of WSDP-1 included high unit costs and substandard construction. Limits on per capita costs are being used through the DLIs to incentivize the districts to prioritize areas where schemes can be rehabilitated or extended, and where new schemes can use more cost-effective designs. The DLIs will incentivize the districts to ensure appropriate designs, quality assurance of both the design and subsequent construction, value for money, and standardization and increase transparency and accountability and management capacity at the village level. They will also improve monitoring and control of environmental impacts through a comprehensive regulatory framework, capacity building and training, and monitoring tools. The DLI framework contains specific incentives to strengthen the districts' institutional capacity to ensure sustainability and to ensure the assets are properly designed and constructed in the first place.

50. **Technical support (US\$ 20 million equivalent).** Although the Technical Assessment, the Environmental and Social Systems Assessment (ESSA), and the Fiduciary Systems Assessment (FSA) carried out by the World Bank found the GoT systems to be fundamentally sound, a number of capacity gaps and institutional deficiencies have been identified that require addressing. The Program will fund technical support activities to address these gaps and deficiencies. The below specific support activities will be implemented through the Program's IPF-funding window, each managed by the responsible IA.

- (a) **Strategic Program Support Consultant (Responsible IA: MoWI).** To optimize and fast-track Program implementation, this technical support package will assist the GoT in (a) Program coordination and local-level technical support for the implementation of the PforR Program approach; (b) undertaking of planning, systems strengthening, capacity building, and financial management improvement activities aiming to improve the overall quality of rural water supply and sanitation services; (c) establishment and institutionalization of quality assurance and value-for-money procedures for water supply, sanitation and hygiene activities including cross-learning between districts; (d) M&E activities including impact evaluations and qualitative assessments of Program results; (e) the establishment and operationalization of the Agency; and (f) technical support for the procurement and supervision of the additional identified technical support activities under the Program. This support will focus on building the capacity of the GoT staff and systems at all levels to sustain the gains beyond the end of this support.
- (b) **M&E System Enhancement (MoWI).** This activity will support delivery of DLI 7 through strengthening the capacity of the MoWI, MoHCDGEC, and PO-RALG to collect, consolidate, and use real-time data on service delivery for planning and monitoring Program activities.
- (c) **Field-level Leadership Development Initiative (FiLDI) (MoWI).** Building on the success of Dar es Salaam Water and Sewerage Corporation's participation in the FiLDI (see box 1.1 in Annex 1), the Program will facilitate a similar low-cost leadership and change management exercise for key officials in the rural water and sanitation subsectors.
- (d) **Independent Verification Agent (MoWI).** A detailed verification protocol will be developed and a qualified IVA will be engaged throughout the Program period.
- (e) **Behavior Communication Change Campaign (MoHCDGEC).** The Program will fund the extension of the BCC campaign for the NSC.³⁰

³⁰ The IPF will not fund airtime for the BCC campaign.

- (f) **Water Institute and the Drilling and Dam Construction Agency.** The Program will support the Water Institute in increasing the human capacity of the water sector, and in addition support training, technical advisory services and acquisition of the relevant equipment for the Drilling and Dam Construction Agency.
- (g) **Specific Technical Support (MoWI).** Support to the districts in improving borehole drilling supervision, engineering designs, and standardization of equipment, including the provision of simple water treatment applications.

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

51. **The Program will largely be implemented through the systems established for WSDP-2.** The exception is for rural water supply, which is expected to be implemented by the Agency. The Program will directly support the MoHCDGEC in the execution of the NSC, provide technical support for the implementation of the Program, and assist in the timely establishment of the Agency. It is anticipated, that the Agency will be responsible for development, management, and ensuring sustainability of rural water supply and sanitation services. The Agency will operate at the national, regional and district levels under the MoWI and would be formed under the Executive Agency Act Cap. 245 (R.E. 2002) or through amendment of the Water Supply and Sanitation Act, No. 12 of 2009.

52. **As the national ‘Program owner’, the MoWI will coordinate the implementation of the Program,** through a national steering committee comprising the MoWI, MoHCDGEC, MoEST, PO-RALG, MoFP, and the Agency. Fully empowered teams will be established nationally to monitor and support implementation. Activities at the regional and district levels will be implemented through the Regional Water and Sanitation Teams (RWSTs) and the Council Water and Sanitation Teams (CWSTs) and coordinated by the district health officers and district water engineers. The RWST and CWST are formal structures at the regional and district levels responsible for the coordination of the WSDP. The Program’s overall institutional arrangement is illustrated in Figure 3.

53. **The MoWI will implement activities to achieve sustainable access to improved water supply.** For rural water supply, the newly established “district water units”³¹ will be the main executing entities and report directly to the MoWI and possibly the Agency in the future. At the Regional Secretariats (RSs) level, the “regional water unit” will be responsible for coordination, supervision, and technical support to the districts on achievement of the DLIs and for assuring the quality of implementation and report directly to MoWI and possibly the Agency in the future.

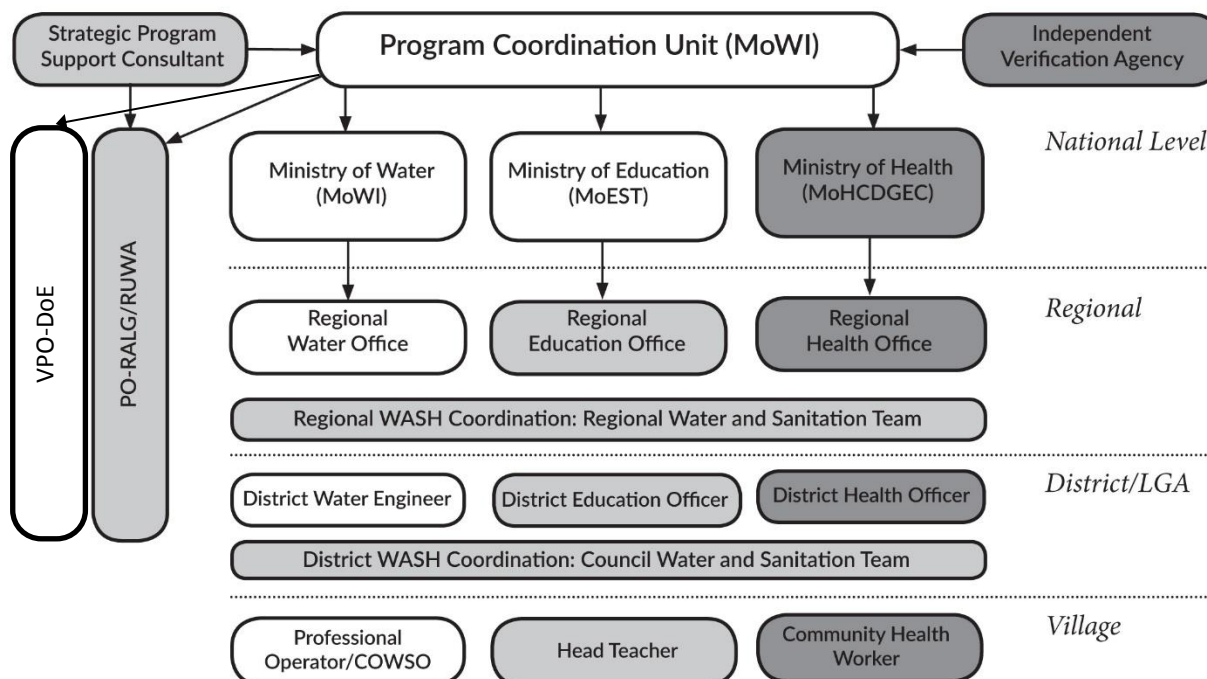
54. **At the national level, the MoHCDGEC will lead the implementation of the sanitation and hygiene promotion activities in coordination with PO-RALG.** The districts will be the main executing entities with support from the RSs and the MoHCDGEC. The districts will be responsible for the procurement and construction of facilities in dispensaries and health centers.

55. **SWASH will be implemented by the MoEST in coordination with PO-RALG.** The districts will be the main executing entities with support from the RSs and the MoEST. The districts will coordinate and supervise the SWASH activities but responsibility for procurement will be assigned to the schools through funds transfers to their accounts. This approach was used successfully under WSDP-1. The experience from 11 African countries shows that community delegation of school construction has been the

³¹ The official names for these units have not yet been established.

most effective.³² This experience also shows that the quality of the works done by local contractors is heavily dependent on the efficiency of the technical supervision and community ownership.

Figure 3. Institutional Arrangements



56. **PO-RALG supervises and coordinates the implementation of water supply and sanitation services in rural areas.** PO-RALG’s 26 RSs are administratively placed between the national ministries and the 185 districts. The RSs are responsible for monitoring, supervising, and providing technical backstopping and capacity building to the districts. At the local level, the districts execute and coordinate district-level WASH activities through the District CWST. District responsibilities include establishing, regulating, and supporting COWSOs; implementing the NSC; and coordinating the implementation of WASH in schools and health facilities.

57. **Strengthened institutional capacity to manage the WSDP** will be delivered through both the MoWI and the MoHCDGEC. Activities related to rural water will be implemented by the MoWI and those related to sanitation and hygiene by the MoHCDGEC.

58. **The Vice-President’s Office, Division of Environment (VPO-DoE)** is responsible for the preparation of the Environmental Management Act (EMA) regulations, jointly with key National Environmental Management Council (NEMC) members, and in close consultation with all relevant ministries, agencies, districts, and nongovernment stakeholders. VPO-DoE will also be responsible for the environmental inspectors, which will be placed at national, regional and district levels for the execution of their functions.

59. **The Agency.** The GoT is expected to establish the Agency which is intended to assume PO-RALG’s responsibilities relating to developing, managing, and ensuring sustainability of rural water supply and sanitation services. The Program will incentivize and assist in the establishment and operationalization

³² World Bank. 2009. “School Construction Strategies for Universal Primary Education in Africa, Should Communities be Empowered to Build Their Schools?”

of the Agency, which will progressively assume responsibilities from PO-RALG. The transition has already commenced with the planned establishment of the district and regional water units.

60. **Independent Verification Agent (IVA).** The IVA role is to provide independent confirmation of the results reported by the districts through the MoWI. The Internal Auditor General (IAG) has been selected to verify Program results using protocols agreed with the World Bank. This choice is based on IAG's role as an institution with both the independence and the mandate to conduct audits at the district level. IAG has good experience in acting as the IVA for the Tanzania Strengthening Primary Health Care for Results Program (P152736) since 2015 and can subcontract verification activities for which it does not have the technical expertise in-house.

61. **Experience sharing.** To facilitate knowledge sharing and problem solving, there will be a biannual meeting at the management level to review progress, identify and propose remedies for any weaknesses, and identify and propose modalities for scaling up successes beyond the Program.

62. **Midterm review (MTR).** The MTR will be an opportunity to assess the status of the program implementation. Such review shall include an assessment of the following: (i) overall progress in implementation; (ii) results of monitoring and evaluation activities; (iii) progress on procurement and disbursement; (iv) implementation arrangements; and (v) the need to make any adjustments to the Operation and reallocate funds to improve performance. The MTR will be in addition to the annual verification exercise and is expected to be held in mid-2021.

B. Results Monitoring and Evaluation

63. The CDMT has one of the most comprehensive water point data sets in the Africa region with over 90,000 georeferenced observations. The Program will utilize and strengthen the WSDP's existing M&E system to include additional indicators on service provision and sustainability and improve the accuracy and completeness of the data reported by the participating districts, including the results submitted for verification under the Program.

64. The collection and reporting of data will take place through MIS including the National Water Point Mapping System (WPMS), the NSMIS, and the Education Management Information System (EMIS), through which data relating to SWASH will be collected. Results reporting will take place on an annual cycle linked to the national planning and budgeting process, and the reports will be made publicly available. The World Bank will work closely with the MoWI to assess the potential to adopt *Sistema de Informacion de Agua y Saneamiento Rural* (SIASAR) and the World Bank's global water indicators.³³

65. The Program will require several of the results indicators to be disaggregated by gender (Annex 2). This will facilitate gender-related planning and management of the Program.

C. Disbursement Arrangements

66. The DLIs for the Program are provided in Annex 3, together with the disbursement amounts for each of the DLIs and the protocols for their verification. Funds will pass from the central level to the districts in the 86 participating rural districts. Fund allocations will be made according to the achievements under the Program. These funds will be used to finance the WSDP, including water supply, sanitation, hygiene promotion, and institutional strengthening. It will be the responsibility of the districts in each of the 86 recipient districts to plan and execute activities and investments in accordance with the WSDP guidelines. The RSs will receive around 2 percent of the allocation for supervision, coordination, and technical

³³ Proposed indicators drawn from 'Toward a Universal Measure of What Works on Rural Water Supply: Rural Water Metrics Global Framework'.

assistance purposes. For national-level activities, funding will be allocated directly to the related ministries. Four Project Holding Pooled Accounts will be opened at the Bank of Tanzania for the following line ministries: MoWI, MoHCDGEC, and MoEST.

67. The implementing line ministries and the Strategic Program Support Consultant (SPSC) will support the districts in measuring progress using the existing M&E system and will collate the results to assess progress in achieving the DLIs. The results across the Program region will be aggregated as the basis for meeting the DLIs. Once they are satisfied with the accuracy of the reporting, respective ministries will present evidence of the DLI achievement to IAG which, as the IVA, is tasked with verifying the results. To validate the disbursement request submitted by the MoWI, the IVA will verify the reported results against all DLIs.

68. **Advance payment.** Given the financial resource constraints currently experienced under the existing program (WSDP) and the significant up-front infrastructure investments needed before funds can be disbursed through the DLIs, an advance of up to US\$72.5 million will be available when the operation becomes effective. The advance is critical for district cash flow purposes. With respect to Results Area 2, the NSC is expected to have gained a national momentum by effectiveness and the districts will immediately need sufficient resources for field implementation. The advance has been tailored to the absorption capacity and the specific cash flow requirements for each of the implementing entities.

IV. ASSESSMENT SUMMARY

A. Technical

69. Given the considerable challenges of providing sustainable access to rural water and sanitation service in Sub-Saharan Africa, the WSDP is technically assessed as a reasonably sound program to deliver rural water supply and sanitation investments in Tanzania. A key program element that requires strengthening is the sustainability of investments in the sector. The following summarizes the Technical Assessment of the WSDP.

70. **Technical soundness of the WSDP.** The main technical observations are as follows and described in more detail in Annex 4.

- **Water supply.** The COWSOs' capacity gaps and the village-level delivery model for rural water supply remain the major challenges that need to be addressed at scale by reshaping local institutional procedures and the prevailing incentive structures. Water supply investments mainly support capital investment in new water supply schemes. Insufficient priority is given to sustaining existing schemes that often fall into a state of disrepair. The failure of water points can be due to minor faults such as broken taps or more serious issues including borehole failure. In the areas targeted by the Program, 65 percent of water points are nonfunctional. Where water points are functional, only 60 percent supply sufficient water. With regard to new construction and rehabilitation, measures are necessary to enable institutions to provide quality assurance, standardization, and enforce value-for-money considerations. Another critical issue involves the COWSOs' capacity in financial and operational management. These challenges often originate from the tariff, and range from limitations in the beneficiaries' ability to pay but also from the COWSOs' ability to charge a reasonable tariff to cover their operational and maintenance costs.
- **Sanitation and hygiene.** There is insufficient focus on creating demand for household sanitation and improving the supply of affordable and locally available sanitation and hygiene products. Although soap and handwashing facilities are often available at the household level

and people are aware of the importance of washing hands with soap, knowledge does not translate into handwashing practice. There is a clear need to strengthen sanitation and hygiene behavior change. Coverage of sanitation facilities in schools is often insufficient and facilities are typically unclean and poorly maintained.

- Institutionally, both national and regional-/district-level staff show limited leadership and motivation to fully deliver on their responsibilities, and the coordination of the NSC at the district level is weak due to a lack of NSC coordination staff and coordination mechanisms. A key challenge is the lack of funds allocated to sanitation and delays in disbursement of funds to the district level. From the national to regional and district levels, there is a need for additional technical support. The delivery mechanism for rural water supply is also weak with varying levels of technical capacity at the key local executing institutions. The GoT is addressing this through its initiative to establish an agency for rural water supply (the Agency) to support the development, management, and ensuring sustainability of rural water supply services.

Program Expenditure Framework

71. Tanzania has prioritized development projects over recurrent spending. On average, development spending has been allocated about 40 percent of total government budget public expenditure since FY2015-16. There has been a shift toward prioritizing development projects compared to the previous administration which allocated an average of 4-5 percent of GDP to development projects as compared to around 16-17 percent of GDP for recurrent expenditures. The increased development spending has been possible due to controlled recurrent expenditures, increased domestic revenue collection, and increased borrowing especially on non-concessional terms. On the other hand, the non-salary recurrent spending (other charges (OC)) has been reduced to half in the last two years. All of this points to the GoT's commitment to improved development spending while maintaining fiscal discipline.

72. The water sector continues to be among the GoT's priority sectors with higher budget allocations in recent years, but budget execution is very weak. Over the past five years, the water sector has received an average of 2.5 percent of GDP. In the past two years, the allocation to the water sector has increased, most notably in FY2016-17 when the entire sector budget increased by about 79 percent. Despite the significant increase in budget allocations, the sector has experienced low budget execution, resulting in low actual spending. Actual water sector expenditures over the last five years have been around 40 percent of the sector approved budgets. Most notably, in 2016/17 despite large increases in the entire sector budget (to about TZS 1 trillion), execution rate was only 27 percent of the approved budget. The limited spending on the water sector is largely due to shortfalls in released budgeted funds or delays in disbursements, especially for development projects.

73. The largest share of the total water sector budget and actual spending is directed to development projects. On average, 90 percent of the total water sector budget and expenditures in the last five years has been directed to development spending. Salaries and wages (personal emoluments) account for a small share of the sector budget and expenditure (an average of four percent).

74. While recurrent spending is a small share of the entire sector budget, it has shown a consistent upward trend (in both allocations and actual spending) compared to sector development spending which has been relatively unpredictable. Likewise, the sector recurrent budget has shown a better execution rate compared to the sector development budget. On average between FY 2010/11 and FY 2017/18, 51 percent of the sector development budget has been funded through foreign sources, with local financing of the sector budget growing. Approved estimates of FY 2017/18 show local funding to the sector budget increased by 26 percent while foreign funding declined by 55 percent (compared to the previous year

approved estimates). The MoWI is allocated the largest share (an average of about 85 percent) of the entire sector spending, followed by the districts (14 percent) and regions (around one percent) over the last five years.

75. **Rural water sector - allocation and expenditures.** Rural water projects continue to receive the largest share of the WSDP. Between FY2013/14 and FY2017/18, rural water projects received over 40 percent of the entire WSDP budget and actual spending. Despite high allocations, funding to the rural water sector has been unpredictable. Trends over the last five years indicate an erratic allocation and spending in the rural water component with a 27 percent decline in FY 2017/18 approved estimates. Actual expenditures in the component have consistently been below the approved estimate.

Main Challenges

76. Despite the Government's clear effort to increase spending in key sectors, including water, budget execution has faced challenges, including securing project financing, achieving domestic revenue targets, and addressing high payment of arrears. As a result, actual spending in the sector, particularly in the rural water supply component, has fallen short of the approved budgets. This also indicates the actual capacity to use funds particularly in the rural water sector where this is more acute.

77. The IFMIS data does not provide enough details to analyses actual release of funds to the rural water component of the sector, and thus there is not enough evidence to assess capacity to utilize funds. This will pose challenges in identifying budget utilization gaps at the different levels of government from the central government to the districts which is important for the PforR program implementation. The IFMS system needs to be modified to incorporate this information going forward.

78. To avoid service delivery disruptions, it is important to ensure adequate levels of non-salary recurrent expenditures, while controlling overall recurrent spending. The GoT will also need to monitor the significant level of debt and debt service, leveraging more concessional financing. The share of the foreign funding to the budget has been fluctuating and fund utilization has varied from year to year.

Rationale for DLI Allocations

79. Taking the lessons from the technical assessment, the Program is designed in such a way that it allocates major parts of the funds for rural water infrastructure through institutional DLIs (DLI 2, 6, 7 and 8). With this approach, local implementing entities are highly incentivized to prioritize core capacity building and institutional strengthening activities. The unit costs of the DLIs favor institutional strengthening over infrastructure investment; rural supply infrastructure (DLI 1) can only be fully financed or accelerated when critical steps on building the sustainability of rural water supply have been achieved. The incentive structure around rural sanitation is different - the unit costs here more directly match the cost of the infrastructure.

Results Framework and M&E

80. Achievements against the WSDP-2 PDO are measured through the results monitoring framework developed for the program. The institutional arrangements for monitoring are clearly defined for the sector, although there is a need to strengthen the three MIS that exist in the sector: the WPMS, the NSMIS, and the EMIS, which is used to report on SWASH. The reporting systems for the three MIS require improvements at the local level using mobile electronic data collection devices, as well as water and sanitation dashboards for results areas and district staff to provide them with an overview of the status of WASH in their areas. A CDMT is needed to manage data from the NSMIS.

Program Economic Justification

81. The Program is expected to directly benefit 7 million people with access to safe and clean water and improved sanitation facilities among the rural people of the selected 17 regions of Tanzania. The Economic Analysis is based on DLIs 1–5 that fund the improvement of rural water and sanitation facilities, comprising nearly 55 percent of the credit. DLIs 6–8 are expected to generate long-term improvements in institutional capacity, thereby enhancing and sustaining the accrued benefits of the other DLIs as well as strengthening governance. The life of the Program investments is assumed to be 20 years and the cash flow is discounted at the rate of 10 percent, which is the opportunity cost of capital. A benefit-cost framework using ‘with’ and ‘without’ project methodology has been used to calculate the economic internal rate of return (EIRR) and the net present value (NPV) of the project. Program costs comprise initial capital cost and the O&M cost throughout the horizon of 20 years. The benefits include the time cost savings due to the convenience of having water supply near home; savings from avoided illnesses due to improvement in WASH, particularly diarrheal diseases; and the cost of water points that would be saved because of the improved water provisioned in the Program.

82. Assuming the IDA credit will be disbursed according to the DLIs in the next six years (2019–2024), the NPV of cash flow discounted at 10 percent over a 20-year period is positive, with the EIRR at 20.1 percent in the base case. Benefit over cost ratio for the same period is 1.6, indicating that for every U.S. dollar spent on this investment, there will be an estimated US\$1.6 benefit to the economy. The sensitivity of the EIRR due to potential risks to these investments was tested by simultaneously increasing costs and decreasing benefits; a 20 percent increase in capital costs and 20 percent decrease in benefits will result in an EIRR of 16.5 percent and 11.5 percent, respectively. These scenarios still provided significant net benefits at a higher rate than 10 percent, which is assumed to be the cost of capital. If the benefits accruing from investment in strengthening institutional capacity (DLIs 6–8) were included, the economic returns as measured by the EIRR would be much higher.

83. In conclusion, the Technical Assessment confirmed the strategic relevance of the Program, that the technical approach is sound and that the Borrower has adequate institutional capacity to implement WSDP-2 if the proposed institutional and capacity strengthening measures are adopted.

B. Fiduciary

84. A Fiduciary Systems Assessment (FSA) was carried out with the objective of determining whether the Program fiduciary systems provide reasonable assurance that the financing proceeds will be used for the intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability.

85. **The financial management risk for the Program is assessed as Substantial.** Key risks include the challenge of dealing with underfunding of the GoT’s development budget which involves securing the Program’s funds. Key risks include unreliable cashflow, budget shortfalls, noncompliance with internal control systems, poor Internet connectivity, poor record keeping, underutilization of Epicor, and weak capacity at districts. Other risks include delays in preparation and submission of reports, weak internal audit functions, and weak audit committees. There is a need to strengthen these functions for them to monitor how identified issues are being addressed. The challenge of delays in receiving financial reports from the schools to the districts will be addressed through capacity building of the staff involved. Underfunding at the CAG level will be mitigated through the allocation of funds from the Program for audit purposes. Risks associated with auditing a large number of local institutions across the country and timely submission of reports (within nine months after the end of the financial year) will be mitigated by contracting out the audit to private external audit firms that are acceptable to IDA.

86. **The procurement risk of the participating entities in the Program is Substantial.** The experience of procurement officers in the districts varies significantly from one district to another. There are districts with experienced procurement officers while others have junior procurement officers with inadequate experience. Due to lack of adequate numbers of staff in most of the districts, procurement management unit members are drawn from different user departments to form ad hoc committees to handle procurement issues, which is contrary to the requirement of the Public Procurement Act (PPA). Also, there is insufficient knowledge in the application of provisions of the newly enacted PPA 2011 as amended through the 2016 Public Procurement (Amendment) Act and its regulations. The districts should assess the staffing requirements based on the programs, recruit/appoint qualified and experienced staff to fill any gaps as appropriate, and conduct tailored trainings on PPA and its regulations and on contract management for the staff in procurement management units and technical departments.

87. **The overall fiduciary risk rating is assessed as Substantial.** The procurement and financial management systems are adequate to provide reasonable assurance that the funds will be used for the intended purposes with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. To mitigate the risks, the GoT will need to implement the Program Action Plan (PAP) (see Annex 8) as well as the mitigating measures suggested in Annex 5. The main mitigation measures include: (i) earmarked accounting codes for Program funds; (ii) training of accounting staff at both the central and local government on the use of IPSAS; (iii) strengthening of internal audit units; and (iv) annual procurement and performance (value-for-money) audits.

88. For the IPF component, the World Bank's fiduciary procedures will apply. The MoWI and the MoHCDGEC are familiar with the World Bank's fiduciary requirements through the implementation of other World Bank-financed projects. Both the MoWI and the MoHCDGEC will benefit from experienced fiduciary consultants hired to support implementation of the Program.

89. Procurement under the IPF component will be carried out in accordance with World Bank policies and procedures. The MoWI and the MoHCDGEC have jointly developed the Procurement Plan for the first 18 months to provide the basis for procurement/selection methods. For better implementation of the amended Act, a set of regulations have been issued: The Public Procurement (Amendments) Regulations, 2016; vide Government Notice No. 333 of December 30, 2016. These are supplemented by the districts' (Establishment and Proceeding of the Tender Boards) Government Notice No. 177 of 2007 for procurements under the districts. The PCCB, as the mandated organization in Tanzania for implementing the Prevention and Combating of Corruption Act (2007), will undertake investigations of all incidences of F&C under the project. The Prevention and Combating of Corruption Act permits the PCCB to cooperate and collaborate with the World Bank in the fight against corruption and permits the PCCB and the World Bank to undertake joint investigations of sanctionable practices if and when the parties so agree. This does not preclude the World Bank from undertaking its own investigations of F&C allegations under the Program, if it is desirable.

90. **An assessment of the capacity of the MoWI and the MoHCDGEC to implement procurement activities under the IPF component has been carried out.** The assessment included a review of the organizational structure, functions, staff skills and experience, and adequacy for implementation of the project. The assessment revealed a number of issues, including (a) a lack of staff dedicated to procurement records management; (b) procurement staff lacking experience in undertaking procurement of goods and large-value consultancy services contracts through Open International Competitive Procurement procedures; (c) inefficiencies in processing procurement activities in terms of preparation of Terms of References (ToRs), specifications, bidding documents, request for proposals, and bids/proposals evaluations, due to delays from user/technical departments; (d) inefficiencies in the internal procedures for adjudication and approval of procurement transactions; (e) weak procurement filing and record management system; and (f) weak contract management. The mitigation measures to these risks include (i)

dedicating staff specifically for handling procurement records; (ii) ensuring that procurements are processed as per the timelines in the procurement plans, including timely preparation of ToRs and specifications by user departments and adjudication by Tender Boards; and (iii) providing training to staff on procurement under World Bank procedures.

C. Environmental and Social Effects

91. The anticipated negative environmental and social effects of the Program are not expected to be significant. While the Program focuses on functionality and rehabilitation of existing facilities and services, it also aims to expand services and will finance limited civil works for rural water supply and sanitation and health activities. Small construction activities will include (a) construction and rehabilitation of rural schemes—drilling of boreholes, shallow wells, gravity, and hand pump schemes; (b) construction of new water points and rehabilitation of nonfunctional water points; (c) installation of water distribution systems; (d) construction and upgrading of sanitation and hygiene facilities in public schools and health clinics; and (e) installation of sanitation products including plastic pans and user-friendly handwashing stations. The physical interventions are expected to have limited footprints in terms of impact on the ecology, loss of land or assets, and land acquisition. The expected impacts are predictable and easily manageable with the application of known mitigation measures.

92. The social benefits of Program interventions are expected to include poverty and inequity (economic and health vulnerability) reduction; positive changes in beliefs and traditions related to sanitation and hygiene management; gender responsiveness in water and sanitation management; adoption of GBV inclusive community consultation; participation and representation in water development planning; community capacity building to sustainably operate, manage, and maintain rural water supply facilities; and existence, functionality, and effectiveness of mechanisms to promote accountability and transparency including consultations, feedback, and grievance redress at village and district levels.

93. The Environmental and Social Management System Assessment (ESSA) was undertaken by the World Bank to ensure consistency with the six core principles outlined in the World Bank's Operational Policy 5.04 - PforR Financing. The ESSA found that overall the national regulatory framework and technical guidelines for environmental and social due diligence with respect to the Program are adequate and the existence of environmental practices and procedures under the existing World Bank-funded water, health/sanitation, and social safety net programs has helped close any existing gaps. The Program will benefit from the measures defined in the existing Environmental and Social Management Framework (ESMF) prepared for the World Bank-funded Second Tanzania Water Sector Support Project (P150361), the Resettlement Policy Framework (RPF) prepared for the World Bank-funded Water Sector Support Project (P087154), and the Vulnerable Groups Plan prepared for the Tanzania Social Action Fund under the Tanzania Productive Social Safety Net (P124045). In addition, guidelines have been produced by the MoWI (Guidelines of Good Environmental and Social Practices for the Water and Sewerage Sector) to ensure the implementation of environmental and social measures in the design, construction, and operation of the water and sewerage projects. PMO-RALG (currently PO-RALG), with technical guidance from the World Bank, has also developed a Technical Manual for Environmental and Social Management to guide the environmental and social impact assessment process of investments under the Urban Local Government Strengthening Program.

94. The Program will not finance subprojects that pose significant environmental risk, and any physical or economic displacement is expected to be minor. However, there are certain inadequacies and gaps identified through this ESSA. The assessed weaknesses related to weak enforcement and compliance with existing laws, regulations, and guidelines governing environmental and social management. Additional weaknesses include (a) inadequate attention to environmental, health, and safety concerns; (b) land acquisition management and resettlement practices; (c) inadequate screening of projects for environmental

and social risks; (d) quality assurance of environmental studies that have been conducted; (e) monitoring of the implementation of impact management recommendations; (f) weak system for environmental and social management, systematic collection and reporting of data; (g) weak coordination among agencies are other factors affecting the system; and (h) limited collaboration between the Environmental Management Committees and other committees at the district level.

95. The ESSA analysis identifies strengths, gaps, and opportunities in Tanzania's environmental and social management system with respect to addressing the environmental and social risks associated with the Program. The analysis identified the following main areas for action to ensure that the Program interventions are aligned with Core Principles 1, 2, 3, 4, and 5 of OP/BP 9.00 applicable to the Program: (a) defining system for environmental and social management; (b) technical guidance and institutional capacity; (c) addressing capacity constraints; and (d) improved systems for information disclosure and stakeholder consultation. The gaps identified through the ESSA and subsequent 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.

96. The following key measures will mitigate some of the abovementioned gaps: (a) A capacity building plan, including provision for strengthening safeguards screening and monitoring arrangements, will be developed early in year 1 of Program implementation, as part of the 'Foundational Activities' (DLI 1), and included in the Operations Manual. Central to this will be the mainstreaming of environmental and social capacity strengthening under the IPF Technical Support; (b) Through the IPF-funded SPSC consultancy and its 17 field-based consultants, the Program will support capacity building at the local and national levels. In addition, the Program will incentivize compliance through the DLIs and the PAP; (c) Progress made on capacity building will be provided by the verification of DLI 7; and (d) the Program's capacity building plan will include measures for good practices on inclusion of Vulnerable and Disadvantaged Communities in culturally appropriate consultations in their local language of understanding. This action is also included in the verification for DLIs 1 and 2.

Consultations and Information Disclosure

97. The World Bank organized several consultations during the preparation of this Program. Initial consultations with the MoWI were held in October and November 2017. World Bank specialists undertook a series of meetings and consultations with different stakeholders including national and local government agencies and COWSOs. A multi-stakeholder consultation meeting took place in Dar es Salaam on January 18, 2018, on the draft ESSA report, to receive specific feedback on its findings and recommendations. A description of the workshop, consultation participants, and main issues raised is provided in the ESSA. The ESSA was disclosed on March 13, 2018, in-country and on the World Bank's external website.

98. An exception to the Riparian Notification requirement under Paragraph 7(a) of OP 7.50 was approved by management on February 6, 2018. In a high consumption scenario, it is estimated that the total related extraction would constitute less than 2 percent of the domestic consumption of the rural population in the Program's geographical area. This impact is considered marginal and it is highly unlikely to affect the downstream flows of the lakes and rivers. Thus, the exception to the riparian notification requirement under paragraph 7(a) of OP 7.50 applies and no notification was required.

Gender

99. Key beneficiaries of the Program are girls and boys, men and women in Tanzania and key program indicators will be monitored by gender. The gender assessment undertaken for the Program identified constraints and suggested interventions aimed at promoting gender equality in the context of water

utilization across the beneficiary communities as well as institutionalizing gender in both management as well as operations under the Program. These include, among others, development and adoption of a rural water gender mainstreaming strategy, extension of the current quota system to include leadership positions, exploring ways of promoting female water technicians and engineers, training of both men and boys on sanitation and hygiene to promote their active participation, and continuous sensitization of all sectors on social and cultural discriminatory practices and norms underpinning gender inequalities and discrimination against women with the aim of correcting them. To promote the participation of women in governance and COWSOs, the Program will adopt a dedicated gender action plan to be implemented at PO-RALG, district, and COWSOs and build women's capacity to lead and manage COWSOs.

100. Because women are the primary users and managers of rural household water, they have a major stake in rural water matters and must be involved in decisions about water issues. To narrow the gender gap at all levels of the rural water sector and to ensure water security for all, women need to have greater involvement in decision making. Gender parity in COWSOs is yet to be achieved although growing number of women are elected into COWSOs. National policies and legislation such as the NAWAPO acknowledge the key roles and practical interest of women in rural water provision, and through the policy, COWSOs are encouraged to have at least 50 percent female representation.

101. A rural water supply and sanitation sector gender assessment was undertaken to identify critical institutional and operational actions necessary to further gender equality in WASH service delivery. It found that although the NAWAPO and the WSDP were in place, there is still little consultation of both men and women in selecting and managing rural water supply schemes nor is there equal participation of women in water committees and in leadership positions. In certain communities, women are rarely involved in decisions relating to water policies and strategies, WRM, or tariff setting and technology choices due to traditional patriarchal norms. Through DLI 1 and 6 the Program incentivizes women representation in the leadership and management positions of COWSOs by requiring that at least one out of the three leadership positions is held by woman.

102. An inclusive consultation ensures that the needs and preferences of women, men, girls, and boys are considered in decision-making processes at different levels. Important decisions such as tariff setting and modes of payment as well as physical location of water facilities have significant ramifications for accessing services by women and other vulnerable groups. Lessons drawn from water facilities globally also show that sexual harassment at water facilities is a common occurrence that needs to be monitored and addressed. Issues of quality, affordability, and design of sanitation and hygiene facilities for inclusive services to adolescent girls, pregnant women, newly married women, and persons with disability need to be addressed for the full realization of health benefits.

103. **Gender-based violence (GBV) and violence against children (VAC).** Mutual respect and fair treatment between those working on the project and local communities is critical to a safe, respectful, and productive workplace and operating environment. GBV and VAC can be one of the most serious violations of respect and fair treatment which can harm the local community and significantly damage trust and cooperation between parties. The Program, through standard bidding and procurement documents, will introduce codes of conduct and an action plan to prevent GBV and VAC. The application of the above will help prevent and/or mitigate the risks of GBV and VAC in the Program. These codes of conduct are to be adopted by those working on the Program and are meant to (a) create common awareness about GBV and VAC; (b) ensure a shared understanding that they have no place in the Program; and (c) create a clear system for identifying, responding to, and sanctioning GBV and VAC incidents.

Grievance Redress

104. The Grievance Redress Mechanism (GRM) operates at the national and/or local levels. At the national level, there is a government portal (the online open data portal for the GoT) for registering complaints. In addition, the water sector, through the MoWI, has a portal for registering complaints. The existence of this mechanism needs to be widely disseminated. In addition, the implementers of both portals need to have a person identified for responding to the complainant (with a given time frame) or forward the complaint to the relevant person for redressal. At the local level, the following systems are in place:

- Districts have a complaint box to receive complaints and provide resolutions.
- Village committees/sub-ward committees also have a similar mechanism for handling complaints. They respond to the complainants or forward the complaints to the next higher level for redress of issues that are beyond their jurisdiction.

105. The Program will focus on enhancing existing mechanisms for grievance redress and dispute resolution, as well as increasing awareness on health, sanitation, and other environmental and social issues and better coordination between ministries, agencies, and donor partners on environmental and social aspects. The analysis has identified the following main areas for action: procedures and documentation for land donation and land acquisition, consultation, and inclusion of vulnerable groups. Key measures to strengthen system performance for environmental and social management are summarized in Annex 6 and selected actions will be included in PAP.

106. Communities and individuals who believe that they are adversely affected as a result of a World Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the World Bank Group's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the World Bank Independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

107. **Climate change mitigation, adaptation, and co-benefits.** The adaptation co-benefits are based on specific activities supported by the DLIs, mainly due to water supply infrastructure being designed to be climate resilient against climate-change-induced shocks such as droughts. The results-based approach will improve quality and climate resilience of water scheme design while driving the districts to seek efficiency and reduce life cycle costs. Given the high operating costs of diesel pumping systems, districts are expected to adopt lower-cost solar PV pumping technology, in at least 50 percent of new water points, which would have climate mitigation co-benefits through a reduction in fossil fuel usage. In addition, improved O&M activities incentivized through the Program will reduce losses, increase efficiency, and reduce energy costs.

D. Risk Assessment

108. The risk assessment is informed by the results of the Technical, Fiduciary, and Environmental and Social Systems Assessments. In view of the substantial level of technical, fiduciary risk, the overall risk rating of the operation is Substantial.

Table 4. Systematic Operations Risk-Rating Tool (SORT)

| Risk | Rating |
|--|---------------|
| Political and Governance | Moderate |
| Macroeconomic | Low |
| Sector Strategies and Policies | Moderate |
| Technical Design of Program | Substantial |
| Institutional Capacity for Implementation and Sustainability | Substantial |
| Fiduciary | Substantial |
| Environmental and Social | Moderate |
| Stakeholders | Moderate |
| Overall | Substantial |

109. **Technical design of Program.** The assessments have highlighted a few technical challenges with the GoT’s program (WSDP), such as: poorly designed, constructed, and operated water systems; limited construction of improved sanitation facilities; failure to install school and health center WASH facilities; failure to provide technical backstopping to water schemes; etc. The Program is designed to mitigate these technical risks through the incentives built into the DLIs and the technical definitions and requirements which will be agreed in the Operations Manual (OM). There are also risks associated with the timing of the Agency’s establishment, but these are largely mitigated through the Program’s strong focus on results delivery through the districts.

110. **Institutional capacity for implementation and sustainability.** The assessments have identified capacity gaps at all levels of government and at the community level in terms of staffing, policy implementation, and system design and operation. To mitigate these risks, the GoT will need to implement the PAP (see Annex 8) as well as the mitigating measures suggested in Annex 4 including the establishment of a rural water agency and strong incentives on sustainability of rural water supply through the PforR instrument. The IPF component of the Program will provide specific capacity support to the GoT and IAs for Program implementation.

111. **Fiduciary.** Some weaknesses have been identified relating to staff capacity and experience, procurement processes and procedures, and contract management. To mitigate the risks, the GoT will need to implement the PAP (see Annex 8) and the mitigating measures suggested in Annex 5 including earmarked accounting codes for Program funds, training of accounting staff at both the central and local government levels on the use of IPSAS, strengthening of internal audit units, and annual procurement and value-for-money audits.

112. **Environment and social.** The Program will finance activities with limited footprints. These include construction and rehabilitation of rural schemes, installation of distribution systems, and construction and upgrading of sanitation and hygiene facilities in public schools and clinics. These will avoid environmentally sensitive sites and have limited requirements for land acquisition and involuntary displacement of persons. The assessment identified challenges in capacity within the IAs related to insufficient staff numbers to adequately screen and manage the environmental and social impacts of the Program interventions; absence of appropriate participatory mechanisms and measures to facilitate gender, vulnerable, and disadvantaged community inclusion in the Program; and gaps in legislation to address risks associated with land acquisition and donation. The Program will adopt gap filling measures recommended in Annex 6, including a capacity building plan which will be developed early in year 1 of Program implementation, as part of the ‘Foundational Activities’ (DLI 1), and included in the Operations Manual. Through the IPF-funded SPSC consultancy and its 17 field-based consultants, the Program will support the capacity building of environment and social safeguards measures at the local and national levels.

E. Program Action Plan

113. The PAP includes legally binding actions that are considered crucial for advancing rural water and sanitation service deliveries in Tanzania and were identified as potential constraints in the three assessments (Technical, Fiduciary, and ESSA). The PAP will be monitored through regular supervision missions and will be reported on annually by the MoWI. The implementation of the PAP actions will require central Government orders that direct and guide ministries and the districts in how to implement the actions. The actions will be executed through instructions contained in the OM. The OM sets forth (a) the GoT regulations and laws that will govern the various aspects of the Program and (b) the supplemental provisions necessary to address the gaps identified in the PAP. Each of the participating districts will be required to follow the actions of the PAP and put in place the necessary arrangements described in the OM.

114. The GoT has agreed to follow the World Bank's anti-corruption guidelines (ACG) that apply to all PforR lending operations including: Paragraph 5 of the Appendix to the Program General Conditions of the "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012, and revised July 10, 2015; and paragraph 5 of the Appendix to the Project General Conditions the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

115. Key arrangements for the implementation of these guidelines, including at the district level, will be included in the OM. This will set out the steps that the GoT will take to (a) report on allegations of fraud and corruption (F&C) in the Program and how they are handled; (b) apply the World Bank's debarment list to the Program; and (c) assist any World Bank investigation under the ACG by ensuring cooperation from those involved in the Program, including ensuring that these participants will be obligated to cooperate with the World Bank. As noted earlier, items (a) and (b) are folded into actions in the PAP and will be covenanted in the Legal Agreement. In relation to item (c), a covenant has not been included because the Government has submitted, to IDA, evidence of a written communication from a competent central Government authority to the relevant provincial authorities which sets out the obligations of those authorized to cooperate with any investigations under the Program, including any investigations that may be necessary by the World Bank's Integrity Vice-Presidency (INT). The World Bank will monitor the arrangements for the implementation of the ACG, taking into account the experience of the existing PforR operations in Tanzania, and consider updates to the OM, as appropriate.

116. A list of the actions agreed upon is provided in Annex 8.

Annex 1. Detailed Program Description

1. **The Program will fully utilize and enhance key elements of the GoT’s WSDP.** Although WSDP-1 prioritized construction of new infrastructure rather than sustaining the existing facilities and lacked an effective sanitation component, the MoWI is already on a positive trajectory toward addressing the water supply, sanitation, and hygiene challenges facing rural Tanzania through WSDP-2. Some progress has already been made on addressing sustainability in the sector. The MoWI has finalized a Sustainability Strategy and a Trainers Manual for COWSO capacity building and the MoHCDGEC has relaunched the NSC. To assist the sector in achieving the WSDP-2 targets, the Program will support key elements of WSDP-2 including rural water supply, sanitation and hygiene, and program delivery support. Through the Program, incentives will be provided for the GoT 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.
2. Table 1.1 summarizes the results that have been achieved to date against the WSDP’s targets.

Table 1.1. WSDP-2 Indicator Targets and Results

| Indicator | Overall target | Achieved by June 2017 | % Achieved |
|--|----------------|-----------------------|------------|
| Households with basic toilets | 2,500,000 | 944,223 | 38 |
| Households with improved toilets | 5,600,000 | 519,444 | 9 |
| Households with handwashing facilities | 5,600,000 | 701,788 | 13 |
| Households with safe drinking water storage facilities | 5,600,000 | 934,477 | 17 |
| Health facilities with improved toilets | 1,000 | 441 | 44 |
| Bus stops with improved toilets | 550 | 72 | 13 |
| Villages/Mitaa with 100% toilet coverage (ODF) | 13,000 | 735 | 6 |

3. **Geographical targeting.** The Program supports 17 out of Tanzania’s 26 regions, based on rankings of current water coverage, sanitation coverage, poverty and stunting—as detailed in Annex 10. This includes Kigoma region, the third poorest region in the country, which hosts a large refugee population and where host communities are characterized by lack of access to safe drinking water and sanitation. The Program will support investments to improve and sustain access to water, sanitation, and hygiene for the host communities.
4. Learning from global and Tanzania-specific experiences, the Program will have the following three closely interrelated results areas corresponding to WSDP-2 and activities being carried out by other DPs.

Results Area 1: Sustainable access to improved water services in rural areas (US\$105 million equivalent)

5. Results Area 1 will increase the coverage of improved water supply services in rural Tanzania and improve standardization and quality assurance for design and construction of water schemes. Nonfunctional water points will be rehabilitated and their operation sustained to ensure that they remain functional and provide defined service levels in terms of access distance and quality and quantity of water provided.
6. This results area will be implemented by the MoWI and PO-RALG and will support investments in access to water supply services in the participating regions and districts. The DLIs and the rationale for their selection are explained in Table 1.2.

Table 1.2. DLIs under Results Area 1: Rural Water Supply

| DLI | Rationale for Selection of DLIs |
|---|--|
| Results Area 1: Sustainable access to improved water services in rural areas | |
| DLI 1. Number of people with access to an improved water supply | <ul style="list-style-type: none"> • Access to reliable, safe, and functioning water supply is low in the Program areas. |
| DLI 2: Number of sustainably functioning water points | <ul style="list-style-type: none"> • The GoT's focus on constructing new water supply schemes rather than sustaining existing schemes has resulted in a high scheme failure rate. |

7. **DLI 1.** The DLI 1 rewards districts for supplying people in rural areas with water, by rehabilitating, expanding, or building new improved functional water points. DLI 1 is designed such that the districts have a financial incentive to prioritize rehabilitation and value-for-money/quality investments which reliably provide a sufficient volume of chlorinated water. The districts will be required to support the registration of a COWSO to manage each water scheme and the setting of a cost reflective tariff for water. Through the definition of improved water points, the DLI further incentivizes quality assurance, quality control, and female involvement in the COWSOs' leadership. The districts will be paid according to their achievements and 2 percent of this allocation will be paid to the district's RS, with a further 2 percent going to the MoWI at the national level. The MoWI and the RSs are thereby incentivized to intensify their technical support to the districts.

8. **DLI 2.** The DLI rewards districts for sustaining their entire inventory of improved functioning water points (including those constructed or rehabilitated under DLI). Through this DLI, the districts are incentivized to constantly maintain their functioning water points and repair broken down systems. The districts will be paid according to their achievements and 2 percent of this allocation will be paid to the district's RS, with a further 2 percent going to the MoWI at the national level. The MoWI and the RSs are thereby incentivized to intensify their technical support to the districts.

Results Area 2: Increased access to improved sanitation services in rural areas (US\$75 million equivalent)

9. This results area will incentivize an integrated approach to improve sanitation and hygiene in local communities. Incentives will be provided to the districts to tackle the lack of household access to improved sanitation, poor hand hygiene, and open defecation. Access to sanitation in schools will also be improved and the districts will be further rewarded for combining these improvements so that villages achieve the greater health benefits of 'CWS' (see DLI 5). The definition of improved sanitation facility ensures that they are safe and gender informed.

10. This results area will be implemented by the MoHCDGEC, PO-RALG, and MoEST and will support NSC-2 and the rollout of the DFID-supported sanitation and hygiene BCC campaign. SWASH will be implemented by the MoEST in coordination with PO-RALG. The districts will be the main executing entity with support from the RSs and the MoEST. The districts will coordinate the SWASH activities but responsibility for procurement will be assigned to the schools through funds transfers to their accounts. As under WSDP-1, the districts will implement the NSC at the local level, and the Program's IPF TA will encourage and support the implementation of the planned CLTS activities to address open defecation. The DLIs under Results Area 2 and the rationale for their selection are presented in Table 1.3.

Table 1.3. DLIs under Results Area 2: Sanitation and Hygiene

| DLI | Rationale for Selection of DLIs |
|---|--|
| Results Area 2: Increased access to improved sanitation services in rural areas | |
| DLI 3. Number of people with access to an improved sanitation facility | Access to improved sanitation and hygiene practices is low in the Program areas and challenges exist in ensuring adequate access to improved sanitation in schools, which are safe and gender sensitive. |
| DLI 4. Number of public primary schools with access to improved sanitation and hygiene facilities | |
| DLI 5. Number of villages that achieve and sustain community-wide sanitation status | |

11. **DLI 3.** DLI 3 rewards districts for facilitating a process of social awakening, hygiene BCC, and supply-side strengthening that will stimulate households to construct and use improved toilets. The districts will be rewarded for moving rural households up the sanitation ladder to improved sanitation through strengthening the supply and marketing of improved sanitation products and services. Given the limited success of prior rural sanitation marketing interventions in Tanzania, efforts to strengthen rural sanitation supply chains and extend the marketing of sanitation products and services into rural communities will be intensified through the NSC which is collaborating with a leading international toilet manufacturer producing low-cost plastic sanitation products in Tanzania. The DLI is designed such that the districts have a financial incentive to promote improved sanitation to communities and ensure that appropriate sanitation products and services are available to meet local demand. The districts will be paid according to their achievements. Of the disbursement under this DLI, 3 percent will be allocated to the RS (Regional Medical Officer) and a further 5 percent will be allocated to the MoHCDGEC. The RSs and the MoHCDGEC are thereby incentivized to intensify their technical and coordinating support to the districts. Disbursements from this DLI will be transferred to the districts’ budget for sanitation, which falls under the MoHCDGEC.

12. **DLI 4.** This DLI rewards districts for constructing and upgrading sanitation and hygiene facilities in public primary schools. The definition of SWASH will include handwashing facilities, cleanliness of sanitation facilities, and a teacher focal point for sensitization on menstrual hygiene. The districts will be paid according to their achievements.

13. **DLI 5.** This DLI rewards districts for establishing CWS villages, which includes increasing access to improved sanitation and handwashing facilities at the household level, improving sanitation and hygiene facilities in public schools, and addressing open defecation. In keeping with the new SDG handwashing indicator, which is the proportion of the population with handwashing facilities with soap and water at home, the Program will use the presence of household handwashing stations with soap and water as a proxy for good handwashing hygiene. The DLI is designed such that the districts have a financial incentive to prioritize CLTS triggering and critical follow-up visits with the communities to tackle open defecation. Of the disbursement under this DLI, 3 percent will be allocated to the RS (Regional Medical Officer) and a further 5 percent will be allocated to the MoHCDGEC. The MoHCDGEC and the RSs are thereby incentivized to intensify their technical and coordination support to the districts. Disbursements under this DLI will be transferred to the districts’ budget for sanitation, which falls under the MoHCDGEC.

Results Area 3: Strengthen the capacity of sector institutions to sustain service delivery in rural areas (US\$150 million equivalent).

14. Program activities are strategically designed to enhance the capacity of the national, regional, and local government to monitor, ensure quality, and improve and sustain water service delivery. Districts will be incentivized to improve the O&M of water supply by engaging with communities to establish fairly

elected, gender-balanced COWSOs; registering COWSOs at existing schemes as autonomous entities that have a separate auditable bank account; creating a forum for district water engineers to interact with COWSOs where water and sanitation challenges can be discussed and knowledge exchanged; improving the financial sustainability of rural water supply; implementing simple water treatment systems; and establishing backstopping support for COWSOs.

15. Although M&E systems are in place, accuracy and completeness of M&E data will be enhanced for both water and sanitation to enable the sector to adequately track performance and inform planning.

16. The Program intends to strengthen institutions and service delivery models through incentivizing the establishment and operationalization of the Agency, the GoT's new agency for delivering water supply services. The Agency will be responsible for delivering rural water services in line with its mission: to provide sustainable potable water in rural areas through resource mobilization, project implementation, capacity building, and O&M of project with the active participation of major stakeholders. Under the Program, support will be provided to establish the structure of the Agency as well as develop and implement budget and resource plans to roll out the agency at the national, regional, and local levels. The Agency is expected to work with the districts and COWSOs under Results Area 3 to facilitate the establishment of a mechanism to support management, O&M of rural water supply schemes through COWSOs. The mechanisms may include private sector participation in the provision of water and sanitation services and hygiene promotion in rural areas, including incorporating international good practices by establishing local third-party service providers to fill the existing capacity gap between the districts and COWSOs. The Agency is to play a leading role on sustainability, mainstreaming good practice delivery models and working as a facilitator and regulator for these approaches.

17. This results area comprises three DLIs. Activities relevant to rural water will be implemented by the MoWI. At the system level, Program activities will be strategically designed to enhance the capacity of the Government to monitor, ensure quality, and improve and sustain WASH service delivery. This area will support the high-level coordination and cooperation between ministries and different levels of government that will be required for successful implementation of the Program. The rationale for the DLI selection is described in Table 1.4.

Table 1.4. DLIs under Results Area 3: Institutional Capacity

| DLI | Rationale for Selection of DLIs |
|--|--|
| Results Area 3: Strengthen the capacity of sector institutions to sustain service delivery in rural areas | |
| DLI 6. Number of villages with a COWSO with improved O&M capacity for water supply services | <ul style="list-style-type: none"> • At the village level, there is a need to support the O&M capacity. Core gaps include lack of legal status, inadequate tariffs structure, and lack of alternatives to the community-managed delivery model. • Data quality within national M&E systems is weak and requires sustained improvement. • The GoT requires support to establish, resource, and operate the new Agency. |
| DLI 7. Number of participating districts submitting accurate and complete sector M&E data | |
| DLI 8. Agency established and operationalized | |

18. **DLI 6.** This DLI rewards districts for incremental achievements in improving COWSO O&M capacity for water supply against two different levels. Level I requires the district to (a) officially register COWSOs and ensure female representation in leadership positions; (b) improve COWSO financial management and record keeping; (c) ensure that COWSOs attend biannual community of practice meetings; and (d) ensure COWSOs achieve a sustainable operating cost ratio. Level II requires the districts to ensure that COWSOs meet the requirements of Level I and in addition, chlorinate water and establish local

backstopping mechanisms for rural water supply at the district level. The districts will be paid according to their achievements and 2 percent of this allocation will be paid to the district's RS, with a further 2 percent paid to the MoWI at the national level.

19. **DLI 7.** This DLI rewards the MoWI and the MoHCDGEC for strengthened M&E systems that improve timeliness, accuracy and completeness of sector M&E data against performance criteria that will be defined in the OM.

20. **DLI 8.** This DLI rewards MoWI for establishing and operationalizing the Agency including (a) establishing the Agency; (b) agreeing the structure and resource plan for operationalization of the Agency; and (c) implementing the budget and resource plan with a focus on sustainability of rural water supply.

Climate Co-benefits

21. The adaptation co-benefits are based on specific activities supported by the DLIs, mainly due to water supply infrastructure being designed to be climate resilient. The results-based approach will improve quality and climate resilience of water scheme design while driving districts to seek efficiency and reduce life cycle costs. Given the high operating costs of diesel pumping systems, districts are expected to adopt lower life cycle cost solar PV pumping technology under DLI 1 which would have climate mitigation co-benefits through a reduction in fossil fuel usage. In addition, improved O&M activities incentivized through DLI 6 will curb losses, increase efficiency, and reduce energy costs.

Verification

22. Verification of the DLIs will include both desk-based review of reports, records, and meeting minutes as well as phone calls to COWSO members and physical sampling in the field. Geographic Information System (GIS) analysis will be used to verify population served under DLI 1. The MoWI and the participating districts will also be encouraged to strengthen internal data verification mechanisms and the use of routine monitoring data to improve data reliability, strengthen progress tracking, and develop feedback loops that enable districts to take rapid and appropriate action when any project areas or results are found to be off track.

Investment Project Financing (IPF) Component

23. The World Bank's Technical, Fiduciary, and Environmental and Social Assessments identified a number of technical, institutional, program management, governance, and accountability weaknesses in the GoT systems. International experience from other PforRs strongly suggests that these weaknesses must be addressed for the successful implementation of the PforR. Addressing these weaknesses will be supported through an IPF instrument whereby World Bank funds are used to pay for 'specific expenditures' to fund a set of selected, discrete technical support and capacity-building activities which are complementary to those undertaken directly by the Government under the Program, and which will support the achievement of the Program's objectives.

24. The proposed activities will be implemented through the Program's IPF funding window. The focus of all activities under the IPF will be to strengthen the GoT systems rather than provide parallel assistance. The TA includes seven IPF activities, each managed by the responsible IA. Table 1.5 shows the detailed activities for the IPF activities.

Table 1.5. Description of the IPF Technical Support Component

| Activity Title | Description | Readiness |
|---|--|---|
| Strategic Program Support Consultant (SPSC) | The SPSC will involve (a) technical support to the PCU; (b) support to the establishment and rollout of the Agency; (c) one local Program support consultant per region; (d) technical support to establishment and institutionalization of quality assurance and value-for-money procedures; (e) M&E activities including impact evaluations and qualitative assessments of Program results; (f) Program awareness campaign for relevant civil servants including posters, infographics on project cycle, DLIs, core actions, and verification; (g) modernization of the MoWI design manual, including analysis and recommendations on standardization, quality assurance, and quality control; chlorination systems; borehole supervision enhancement program; coordination of FiLDI activities; results verification support; and (h) technical support for the procurement and supervision of the additional identified technical assistance activities under the Program. | ToR drafted; Procurement process to start immediately |
| M&E System Enhancement | This support will strengthen the capacity of WSDP-2 to collect, consolidate, and use real-time data on service delivery for planning and monitoring of Program activities. It will also explore the potential to implement the Rural Water and Sanitation Information System, SIASAR, successfully adopted by 11 countries in Latin America and supported by the World Bank. The implementation is envisaged to be cost-effective and will supply actionable data to the districts, a critical aspect of strengthening the sustainability of rural water supply. | ToR to be developed |
| Field-level Leadership Development Initiative (FiLDI) | Specialized training to rollout the FiLDI, an approach aimed at creating a broad cadre of change champions at all levels in the public service delivery agencies. This training will support and kickstart the establishment and rollout of the Agency under DLI 8. For more information see Box 1.1. | ToR drafted; Procurement process to start immediately |
| IVA | A detailed verification protocol will be developed and a qualified IVA will be engaged throughout the Program period. | ToR drafted; Procurement process to start immediately |
| BCC Campaign | It will fund the extension of the BCC campaign for the NSC. DFID is funding the initial design and rollout of the campaign and the Program will, through the IPF component, fund an extension of the campaign. The IPF will not fund airtime. | Needs will be determined by the MoHCDGEC. |
| Support for the Water Institute and the Drilling and Dam Construction Agency | It will support the Water Institute to train staff to fill staffing gaps in the water sector. Support will address insufficient facilities and equipment for practical and demonstration purposes (operating software, computers, furniture, laboratories, and other equipment will be financed as per the Water Institute capacity development plan) as well as academic and administrative staffing shortages. Water Institute will ensure that the sector has sufficient human resources in the future through both long courses and shorter two-week training courses that specifically support the achievement of the DLIs such as on how to involve the private sector and install chlorinators. It will support the Drilling and Dam Construction Agency in training, facilities and equipment. | Scope to be agreed |
| Specific Technical Assistance | It will support the districts in improving borehole drilling supervision, engineering designs, standardized equipment, including the provision of simple water treatment applications. | ToRs to be developed |

25. Box 1.1 provides details of the FiLDI which will be rolled out across sector institutions under the Program.

Box 1.1. Field-level Leadership Development Initiative

The FiLDI approach is aimed at creating a broad cadre of change champions at all levels in the public service delivery agencies. This approach, first developed and implemented in the public service departments of the Government of Tamil Nadu in southern India, has demonstrated positive changes in the attitude and behavior of civil servants and significantly improved project performance in the targeted areas as compared to the control areas under the same projects. The key elements of the approach are (a) creating a safe space for open dialogue for staff of the project IAs; (b) encouraging the optimistic and entrepreneurial individuals to emerge and self-organize into informal groups; and (c) encouraging these informal groups of change leaders to explore process improvements, better community outreach, and taking on self-assigned results targets.

Dar es Salaam Water and Sewerage Corporation and Dar es Salaam Water and Sewerage Authority have successfully implemented the FiLDI approach, through World Bank support in 2016. This has resulted in a positive movement of change led by the staff, with significant accompanying improvements in utility performance.

Program Implementation Plan (2018–2019)

26. The implementation plan for the first Program period is shown in Table 1.6. Two stakeholder workshops are planned around the time of the Program effectiveness. The first stakeholder workshop is intended for regional and ministerial staff with the purpose of providing detailed information about the Program, the implementation cycle, eligible expenditures, verification protocol, reporting requirements, and action plans. The second workshop, covering the same topics, will include representation from the regions and districts and focus on district results delivery mechanisms and fund allocation scenarios.

Table 1.6. Implementation Milestones and Timeline for Program Period 1

| Activities - Year 1 | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|-------------------------------------|-----|-----|-----|-------|-----|-----|-------|-----|-------|-----|-----|-----|-----|-----|-----|-----|
| Program for Results | | | | | | | | | | | | | | | | |
| World Bank Approval | | | | | | | | | | | | | | | | |
| Program Effectiveness | | | | | | | | | | | | | | | | |
| Advance Funds Transfer | | | | | | | | | | | | | | | | |
| Stakeholder Workshops | | RS | | LGAs | | | | | | | | | | | | |
| Baseline Verification | | | | | | | | | | | | | | | | |
| Implementation | | | | | | | | | | | | | | | | |
| Comprehensive Results Report | | | | | | | | | | | | | | | | |
| Annual Verification | | | | | | | | | | | | | | | | |
| Annual Verification Report | | | | | | | | | | | | | | | | |
| Disbursement Request & Disbursement | | | | | | | | | | | | | | | | |
| IPF - Procurement | | | | | | | | | | | | | | | | |
| Strategic PforR Support Consultancy | | | | Award | | | | | | | | | | | | |
| FiLDI | | | | Award | | | | | | | | | | | | |
| Independent Verification Agent | | | | | | | Award | | | | | | | | | |
| Water Institute Activities | | | | | | | Award | | | | | | | | | |
| Specific Technical Assistance | | | | | | | | | Award | | | | | | | |

27. The SPSC and the FiLDI consultancies are expected to participate and contribute to the workshops. Because the sector has substantial data from which the baseline can be derived, the baseline verification will be executed as a desk study. The procurements of the IVA consultant and the Water Institute activities will commence shortly after effectiveness. Toward the end of April each year of the Program, the districts will submit comprehensive results reports which will start the verification process in May and June. The disbursement will be transferred in July or August.

Gender

28. The National Strategy for Gender Development (2009) builds on the Tanzania Development Vision 2025, the Women and Gender Development policy, structural reforms, a National Strategy for Growth and Reduction of Poverty, the Millennium Declaration, and the Millennium (now Sustainable) Development Goals. The NAWAPO (2002) acknowledges the key roles and practical interest of women in rural water provision. The policy recommends a 50 percent women's representation in the formal water management structures at the village level, particularly in the Village Council and Water Committees. The Village Water Committee is responsible for managing village water projects on behalf of the village and reports to the Village Council. The NAWAPO further requires a merit-based gender-sensitive recruitment policy within all water sector institutions. The National Water Development Strategy (2006–2015) states that there is still little consultation of both men and women in selecting and managing rural water supply schemes. The Program will promote the operationalization of gender issues through three specific activities.

- (a) **Increase women's participation in leadership positions.** Through the definition of DLIs 1 and 6, the Program will ensure that in every COWSO, at least either the treasurer, secretary, or the chairperson is female.
- (b) **Increase the Water Institute's enrollment of female students by 25 percent.** This will be achieved through allocating a larger percentage of the student loans to female students.³⁴
- (c) **Support menstrual hygiene facilities in public schools.** This will be achieved through ensuring that sanitation facilities in schools correspond to the definition of an improved sanitation facility, which are safe and gender informed and ensuring that each school has a teacher focal point for menstrual hygiene where a female teacher is on the school staff.

29. **Complementarity with other donor initiatives.** In 2016, DFID allocated US\$102 million to WSDP-2 through a PbR approach with the aim of improving the number of functioning water points through two output DLIs that reward districts for water points kept in operation and for additional newly constructed water points. The PbR now includes all of the rural districts in Tanzania. To avoid confusion on the part of the GoT, DFID and the World Bank have aligned their respective DLIs (DLI 1 and DLI 2 for the World Bank Program) and the verification protocol for rural water supply in the 17 regions where the PbR and the PforR overlap and will both reward the participating districts for their achievements under DLI 1 and DLI 2. This approach allows for future scale-up to other geographic areas of Tanzania using both World Bank and other donor funds.

30. Both DFID and USAID are providing support to the sector M&E system. DFID is supporting the MoWI to strengthen the CDMT, data reporting by the districts, and technical aspects of the WPMS. USAID is assisting the MoHCDGEC develop the NSMIS platform and reporting system. The Program will complement these efforts by incentivizing the reporting of accurate and complete data through the NSMIS.

Implementation Arrangements

31. The Program will be implemented through the systems established for WSDP-2.

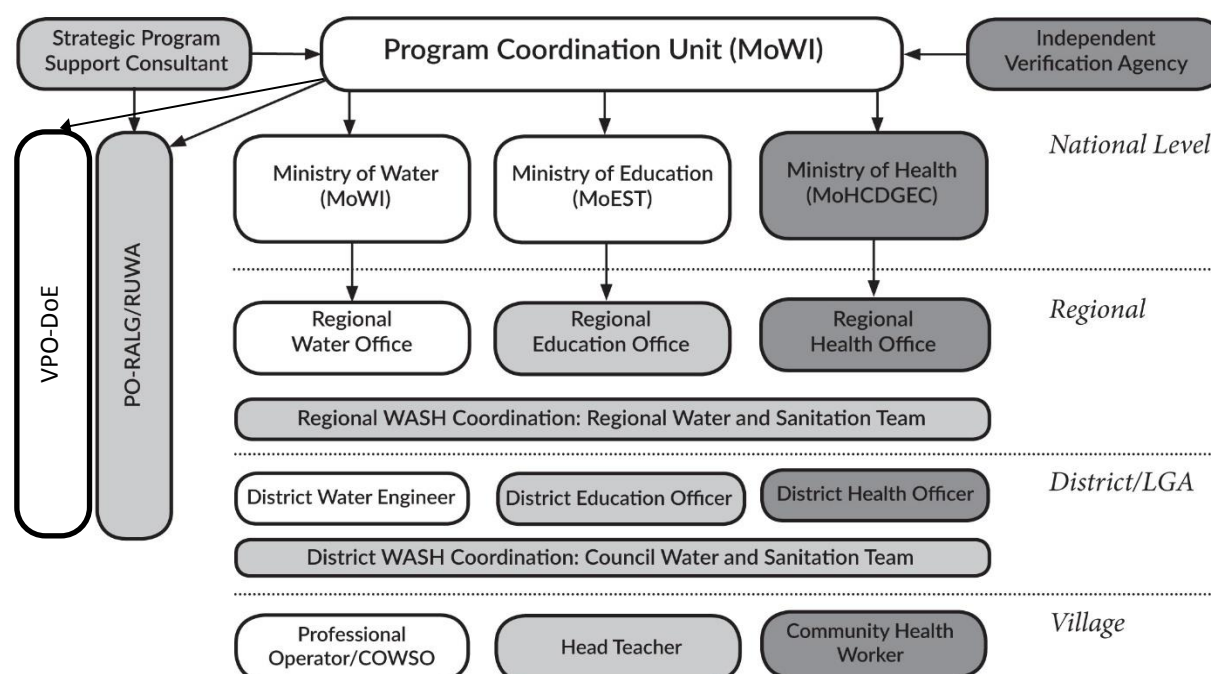
32. **As national 'Program owner', the MoWI will coordinate the implementation of the Program,** through a national steering committee comprising the MoWI, MoHCDGEC, MoEST, PO-RALG, MoFP, and the Agency. Fully empowered teams will be established to monitor and support the implementation. The Program's overall institutional arrangement is illustrated in Figure 1.1.

³⁴ It has been agreed with the Water Institute that the female students could be prioritized through the allocation of student loans.

33. The MoHCDGEC is responsible for developing policy, strategy, and standards relating to rural sanitation and hygiene. The MoHCDGEC coordinates the implementation of the NSC under WSDP-2 including monitoring of the NSC, updating the NSMIS and coordinating quarterly and annual reports for submission to the MoWI.

34. The MoEST holds overall responsibility for delivering SWASH in collaboration with three other ministries: the MoHCDGEC, the MoWI, and PO-RALG. A Memorandum of Understanding between these ministries, signed in 2010, defines a framework for cooperation and responsibilities. A national SWASH strategy has been developed and in 2010, the MoEST and the MoHCDGEC established the SWASH Technical Working Group at the ministerial level. All SWASH activities at the MoEST are coordinated by the SWASH Coordinator. The MoEST is also responsible for coordinating the development of implementation guidelines for SWASH in collaboration with other stakeholders and for monitoring the implementation of SWASH.

Figure 1.1. Institutional Arrangements



35. PO-RALG has the responsibility of supervising and coordinating provision of water supply and sanitation services in rural areas. PO-RALG acts as the interface between the central and sector ministries, DPs, non-state actors, RSs, and districts in relation to water and sanitation issues. PO-RALG is responsible for coordinating and enabling the RSs and districts to implement water and sanitation projects including the NSC and ensuring sustainable delivery of services. PO-RALG also coordinates the provision of technical assistance and capacity building to the districts and RSs and consolidates reports from the RSs and districts on implementation of the WSDP.

36. VPO-DoE will be responsible for the preparation of the EMA regulations, jointly with NEMC, and in close consultation with all relevant ministries, agencies, districts, and nongovernment stakeholders.

37. The GoT is establishing the Agency which is intended to support PO-RALG’s responsibilities relating to development, management, and ensuring sustainability of rural water supply and sanitation services. The Program will incentivize and assist in the establishment and operationalization of the Agency which will progressively assume responsibilities from PO-RALG.

38. At the regional level, the RSs are responsible for monitoring and evaluating the districts' WASH activities and providing technical backstopping and capacity building to the districts. The RSs also supervise, monitor, and provide technical advice to the districts for implementation of SWASH.

39. At the local level, the districts are responsible for leading and coordinating on district-level WASH through the district CWST. The districts promote the establishment of local COWSOs, regulate their performance, and provide technical support. On sanitation, the districts are responsible for implementing the NSC through the district's network of health extension workers and village health workers. The districts also coordinate the implementation of WASH in schools and health facilities at the ward and village levels.

40. COWSOs are the owners of the water supply schemes and have the front-line responsibility for sustaining rural water supply services on behalf of the community. The main responsibilities of COWSOs include (a) carrying out day-to-day O&M of water supply; (b) financial management including setting tariffs and collecting revenue from water sales; (c) water source protection; and (d) reporting to the district on water supply status.

41. The MoWI intends to create an Agency for rural water services. The current institutional arrangements described earlier will migrate to the Agency, which will become the key agency responsible for delivering and sustaining rural water supply in Tanzania. International experience shows that strong incentives are needed to support the establishment and rollout of national agencies of this type. DLI 8 will provide the necessary incentives against specific milestones linked to establishment, resource planning, and budget.

42. **Independent Verification Agent (IVA).** The IVA role is to provide independent confirmation of the results reported by the districts through the MoWI. IAG has been selected to verify Program results using protocols agreed with the World Bank. This selection is based on IAG's role as an institution with both the independence and the mandate to conduct audits at the district level. IAG has good experience in acting as the IVA for the Tanzania Strengthening PHC for Results Program (P152736) PforR lending operation since 2015 and can sub-contract verification activities for which it does not have the technical expertise in-house.

43. **Progress reviews.** The Government and the World Bank have a shared interest in seeing the Program succeed and the successful experience be put to broader use within WSDP-2. To facilitate such knowledge sharing and problem solving, a biannual meeting at the management level will review progress, identify and propose remedies for any weaknesses, and identify and propose modalities for scaling up successes beyond the Program. In addition to regular implementation support missions, annual reviews will be critical for early identification of problems and opportunities with the Program.

44. **Mid-term review (MTR).** The MTR will be an opportunity to review the WSDP framework and potentially make alterations to the DLIs. This includes the options of reallocation of disbursement amounts between the DLIs or cancellation of DLIs. An impact evaluation will also be undertaken to determine the net contribution of particular components of the Program and its interventions. The impact evaluation will be undertaken in close collaboration with the World Bank's Development Impact Evaluation team who are already undertaking an evaluation of DFID's PbR in Tanzania. The following key elements will be incorporated into the evaluation: (a) a detailed qualitative assessment of the Program's impact on local officials' incentives to invest in the water sector; (b) a process evaluation of the implementation of the Program's payments; (c) a randomized control trial that assesses the quantitative impact of the Program (donor funded); (d) quantify the impacts of the BCC campaign; and (e) assess the quality and impact of the institutional capacity-building activities. The MTR will be in addition to the annual verification exercise and is expected to be held in mid-2021.

Flow of Funds

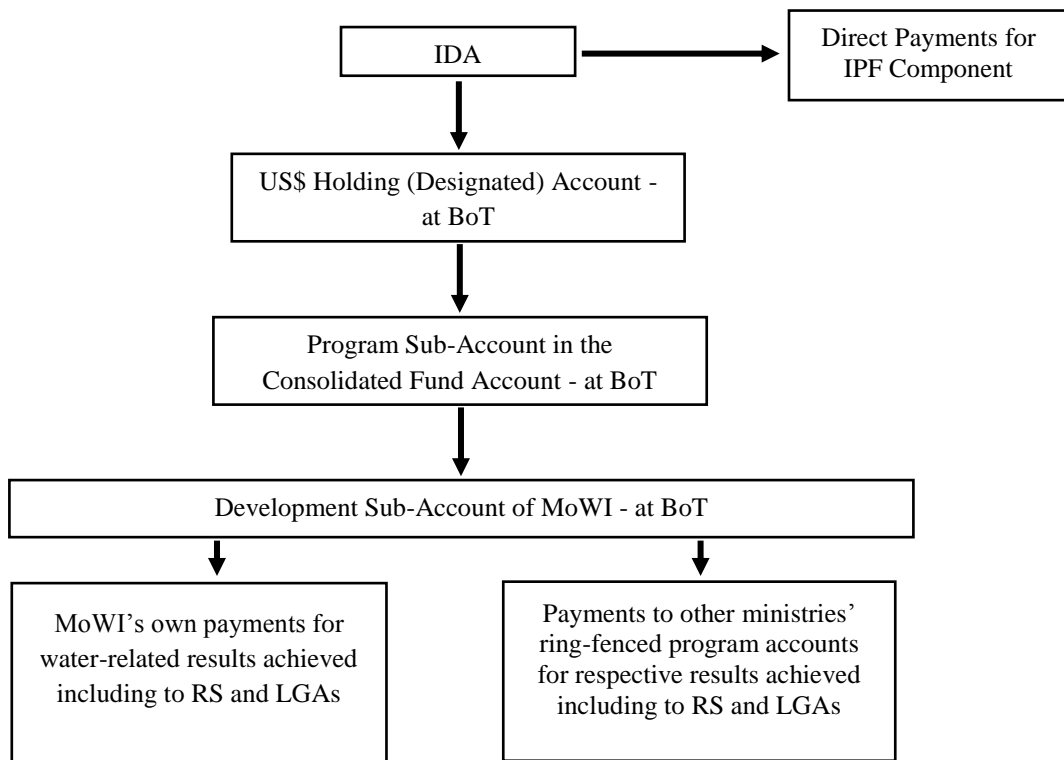
45. WSDP-1 experienced extensive delays in the transfer of funds from the Designated Account to the IAs. This resulted in the poor performance of numerous contracts due to delay in payment for executed activities. There have since been significant improvements in flow of funds under the existing PforR Programs in Tanzania, due to a direct disbursement of funds from the Bank of Tanzania to lower-level IAs. The Program will adopt the same approach.

46. Upon verification of the achievements of the DLIs, the World Bank will disburse appropriate funds into a designated GoT account denominated in U.S. dollars at the Bank of Tanzania. Funds will be transferred from this account into the Program subaccount in the Consolidated Fund Account at Bank of Tanzania (BoT), denominated in Tanzania shillings. Funds will then be transferred from this account to the development bank account of the MoWI.

47. The MoWI will transfer a portion of the funds to designated and ring-fenced bank accounts managed by the MoHCDGEC, and the MoEST for payment of verified results achieved. The ministry will retain in the account funds for the MoWI to pay its service providers, the RS, and the districts for results related to water. The respective ministries will pay to the RSs, the districts, and its own service providers upon receipt of independent verification reports for results achieved in relation to their respective areas.

48. Figure 1.2 reflects the proposed funds flow. In addition, direct payments from IDA to third parties, on the instruction of the implementing entities, can be carried out under the IPF component.

Figure 1.2. Project Fund Flow



Annex 2. Results Framework Matrix

| Results Indicators | Core | DLI | Unit | Baseline | Targets | | | | | | Period | Data Source/ Collection |
|---|------|-----|-------------------|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------|---|
| | | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | | |
| PDO: Increase access to rural water supply and sanitation services in participating districts and strengthen the capacity of select sector institutions to sustain service delivery. | | | | | | | | | | | | |
| PDO 1: Number of people with access to an improved water supply of which female | X | #1 | Number Percent | 0 | 450,000 50 | 1,140,000 50 | 1,830,000 50 | 2,520,000 50 | 3,000,000 50 | 3,000,000 50 | Annual | Annual verification of results, IVA |
| PDO 2: Number of sustainably functioning water points | | #2 | Number | 31,811 | 33,611 | 36,371 | 39,131 | 41,891 | 43,811 | 43,811 | Annual | Annual verification of results, CDMT, IVA |
| PDO 3: Number of people with access to an improved sanitation facility of which female | X | #3 | Number Percent | 0 | 400,000 50 | 1,300,000 50 | 2,200,000 50 | 3,100,000 50 | 4,000,000 50 | 4,000,000 50 | Annual | Annual verification of results, IVA |
| PDO 4: Number of villages that achieve and sustain community-wide sanitation | | #5 | Number | 0 | 50 | 350 | 650 | 950 | 1,250 | 1,250 | Annual | Annual verification of results, IVA |
| PDO 5: Number of participating districts submitting accurate and complete sector M&E data | | #7 | Number | | 86 | 86 | 86 | 86 | 86 | 86 | Annual | Annual verification of results, IVA |

| Intermediate Results Indicators | Core | DLI | Unit | Baseline | Targets | | | | | | Period | Data Source/ Collection |
|---|------|-----|-----------|-----------------|--------------------|--------|--------|--------|--------|--------|----------|-------------------------------------|
| | | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | | |
| PDO: Increase access to rural water supply and sanitation services in participating districts and strengthen the capacity of select sector institutions to sustain service delivery. | | | | | | | | | | | | |
| Intermediate Results Indicator 1: Number of public primary schools with access to improved sanitation and hygiene facilities | | #4 | Number | 0 | 100 | 450 | 800 | 1,150 | 1,500 | 1,500 | Annual | Annual verification of results, IVA |
| Intermediate Results Indicator 2: Number of villages with a COWSO with improved O&M capacity for water supply services | | #6 | Number | 0 | 550 | 1,330 | 2,109 | 2,888 | 3,667 | 3,667 | Annual | Annual verification of results, IVA |
| Intermediate Results Indicator 3: Number of health facilities and dispensaries with access to improved sanitation and hygiene facilities ³⁵ | | | Number | 0 | 100 | 450 | 800 | 1,150 | 1,500 | 1,500 | Annual | NSMIS |
| Intermediate Results Indicator 4: Number of COWSO with female members in leadership positions | | | Number | 0 ³⁶ | 550 | 1,330 | 2,109 | 2,888 | 3,667 | 3,667 | Annual | Annual verification of results, IVA |
| Intermediate Results Indicator 5: Enrolment ratio of female students for the Water Institute | | | Percent | 28 | 28 | 30 | 32 | 33 | 34 | 35 | Annual | Annual verification of results, IVA |
| Intermediate Results Indicator 6: Number of district community of practice meetings with citizen engagement | | #6 | Number | 0 | 86 | 172 | 258 | 344 | 430 | 430 | Annual | Annual verification of results, IVA |
| Intermediate Results Indicator 7: Increase in access to handwashing facilities among the target population | | | Percent | | | | 15 | | | 30 | Mid-term | Impact evaluation |
| Intermediate Results Indicator 8: Agency established and operational | | #8 | Milestone | | Agency established | | | | | | Annual | Annual verification of results, IVA |

³⁵ As per the definition in the OM.

³⁶ The baseline will be established at inception.

Annex 3. Disbursement Linked Indicators, Disbursement Arrangements and Verification Protocols

Table 3.1. DLI Matrix (Targets are for each year/period and not cumulative)

| | Total DLI Allocation (US\$, millions) | As % of Total Financing Amount | DLI Baseline | Timeline for DLI Achievement | | | | | |
|--|---------------------------------------|--------------------------------|--------------|------------------------------|---|---|---|---|----------------------|
| | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 ³⁷ |
| DLIs 1–2: Sustainable access to improved water services in rural areas | | | | | | | | | |
| DLI 1: Number of people with access to an improved water supply | 75 | 23 | 0 | 450,000 | 690,000 | 690,000 | 690,000 | 480,000 | |
| Allocated amount: | | | | 11.2 | 17.3 | 17.3 | 17.3 | 11.9 | 0 |
| DLI 2: Number of sustainably functioning water points | 30 | 9 | 31,811 | 33,611 | 36,371 | 39,131 | 41,891 | 43,811 | |
| Allocated amount: | | | | 5.2 | 5.5 | 6.0 | 6.4 | 6.9 | 0 |
| DLIs 3–5: Increased access to improved sanitation services in rural areas | | | | | | | | | |
| DLI 3: Number of people with access to an improved sanitation facility | 20 | 6 | 0 | 400,000 | 900,000 | 900,000 | 900,000 | 900,000 | |
| Allocated amount: | | | | 2 | 4.5 | 4.5 | 4.5 | 4.5 | 0 |
| DLI 4: Number of public primary schools with access to improved sanitation and hygiene facilities | 30 | 9 | 0 | 100 | 350 | 350 | 350 | 350 | |
| Allocated amount: | | | | 2 | 7 | 7 | 7 | 7 | 0 |
| DLI 5: Number of villages that achieve and sustain community-wide sanitation status | 25 | 7 | 0 | 50 | 350 | 650 | 950 | 1,250 | |
| Allocated amount: | | | | 1 | 5 | 5 | 7 | 7 | 0 |
| DLIs 6–8: Strengthen the capacity of sector institutions to sustain service delivery in rural areas | | | | | | | | | |
| DLI 6: Number of villages with a COWSO with improved O&M capacity for water supply services | 110 | 34 | 0 | 550 | 780 | 779 | 779 | 779 | |
| Allocated amount: | | | | 16.4 | 23.4 | 23.4 | 23.4 | 23.4 | 0 |
| DLI 7: Number of participating districts submitting accurate and complete sector M&E data | 20 | 6 | 0 | 86 | 86 | 86 | 86 | 86 | |
| Allocated amount: | | | | 4 | 4 | 4 | 4 | 4 | 0 |
| DLI 8: Agency established and operationalized | 20 | 6 | 0 | Agency established | Agency audit unit and QA&AC mechanism operational | Tech. support implemented in 10 percent of COWSOs | Tech. support implemented in 30 percent of COWSOs | Tech. support implemented in 50 percent of COWSOs | |
| Allocated amount: | | | | 4 | 4 | 4 | 4 | 4 | 0 |
| Total Financing Allocated: | 330 | 100 | | | | | | | |

³⁷ Close out year, no results anticipated for verification.

Table 3.2. DLI Verification Protocol Table

| # | DLI | Definition ³⁸ / Description of achievement | Scalability of Disbursements (Yes/No) | Protocol to evaluate achievement of the DLI and data/result verification | | |
|---|---|---|---------------------------------------|--|---------------------|--|
| | | | | Data Source/ Agency | Verification Entity | Procedure ³⁹ |
| 1 | DLI 1: Number of people with access to an improved water supply | <p>Payments will be made in proportion to achievements. The water points must be constructed, extended, or rehabilitated under the Program to be considered for disbursement. People must be served by a functioning water point that is new, extended, or rehabilitated after the beginning of the Program period and which meets the eligibility criteria, that will be defined in the OM. Any water point which is classified as nonfunctional at the baseline is eligible for rehabilitation under the Program.</p> <p>A person will be eligible to count toward the DLI 1 target if the following applies to the associated improved water point: (a) a registered COWSO is managing the water scheme and community has been consulted during the design phase; (b) a cost-reflective tariff is charged for water supplied by the scheme; (c) quality assurance and quality control procedures have been followed and the designated offices have approved the scheme design and quality of construction (this includes social and environmental safeguards); (d) At least one of the three key COWSO positions should be female; and (e) the water supply scheme includes a simple operational chlorination system (hand pumps are excepted).</p> <p>A functioning water point that is verified as new, extended, or rehabilitated in one Program period which subsequently falls into disrepair will not be eligible for resubmission in a subsequent Program period for additional disbursement under DLI 1.</p> <p>Eligible water supply typologies: A household connection, public tap or standpipe connection to a piped water supply system, borehole or protected dug well with a hand pump, protected spring or rainwater tank. A water point must be within 30 minutes roundtrip collection time (a 1,000 m radius) of the population served and a user is able to fill a 20 liter bucket in less than 1 minute. Upon development of the water source, the water quality must have been certified as fit for human consumption. Further details are provided in the OM.</p> <p>The total allocation to this DLI, targets, and unit payments are subject to adjustment at MTR.</p> | Yes | MoWI | IVA | <p>Eligibility criteria will be checked through desk-based review of records and meeting minutes. The IVA will make phone calls to all COWSO Chairpersons and Treasurers of the submitted water schemes, for verbal verification of the functioning of all water points in a village as reported by the CDMT. Physical visits to villages will take place on a random basis to verify CDMT and verbal data by sampling in each scheme (90 percent confidence interval). Population served by each water point will be calculated by GIS analysis of GoT census data. If verification finds that less than 80 percent of the population reported with access to water actually have access, the district will not be eligible to receive any disbursement for those results under DLI 1 in the current Program period. However, the district may then resubmit the same results for verification in the following year.</p> |

³⁸ Additional definitions are given below.

³⁹ Actual sampling methodology and size may be subject to modification.

| # | DLI | Definition ³⁸ / Description of achievement | Scalability of Disbursements (Yes/No) | Protocol to evaluate achievement of the DLI and data/result verification | | |
|---|---|---|---------------------------------------|--|---------------------|---|
| | | | | Data Source/ Agency | Verification Entity | Procedure ³⁹ |
| | DLI 2: Number of sustainably functioning water points | <p>Payments will be made in proportion to achievements. A water point must be a functioning water point, serve a population, and meet the eligibility criteria, that will be defined in the OM. The water point has not been submitted under DLI 1 in the same Program period.</p> <p>A sustainably functioning water point is eligible for disbursement in each Program period. The total allocation to this DLI target is subject to adjustment at MTR.</p> <p>Eligible water supply typologies: A household connection; public tap or standpipe connection to a piped water supply system; borehole or protected dug well with a handpump; protected spring or rainwater tank; a water point must be within 30 minutes roundtrip collection time (1,000 m radius) of the population served and a user is able to fill a 20 liter bucket in less than 1 minute. Upon development of the water source, the water quality must have been certified as fit for human consumption. Further details will be provided in the OM.</p> | Yes | MoWI | IVA | Eligibility criteria will be assessed through desk-based review and physical sampling. The IVA will make phone calls to all COWSO chairpersons and treasurers, for verbal verification of functioning of all water points in a village as reported by the CDMT. Physical visits to villages will take place on a random basis to verify CDMT and verbal data. The sample size for verbal verification would be approximately 20 villages per district, covering an average of 7 water points in each village equivalent to 140 water points per district. GIS analysis of census data will be used to verify that water points serve a population. |
| 2 | DLI 3: Number of people with access to an improved sanitation facility | <p>Payments will be made in proportion to achievements. An improved sanitation facility at household level is defined as a toilet with a washable floor, a lockable door, and a superstructure with no holes other than the drop hole. A more detailed definition will be provided in the OM.</p> | Yes | MoHCD GEC | IVA | Verification to be representative at the district level—baseline average coverage will be 12 percent. Sampling through physical inspection of no less than 2 percent of households per sampled village. DLIs 3 and 5 will be independently sampled, but samples may overlap. If verification finds that less than 80 percent of the households reported with access to an improved sanitation facility actually have access, the district will not be eligible to receive any disbursement for those results under DLI 3 in the current Program period; however, the district may then resubmit the same results for verification in a subsequent Program period. |
| | DLI 4: Number of public primary schools with access to improved sanitation and hygiene facilities | <p>Payments will be made in proportion to the achievements. There is no payment for partial achievement. A public primary school must have improved sanitation and handwashing facilities.</p> <p>Improved sanitation facilities in schools includes the following features: pupil/latrines ratio: 1:40 for girls and 1:50 for boys (a special ratio for schools with a student enrolment above 1,000 will be provided in the OM); each school has separate latrine blocks for girls and boys; segregated block of latrines for teachers; latrines are kept clean and in good condition; the task of cleaning or maintaining sanitary facilities should be shared equally among girls and boys; there is at least one drop hole available and suitable for pupils with disabilities; the schools have a designated and active menstrual counselor</p> | Yes | MoHCD GEC | IVA | The IVA shall carry out a desk review of reports and data maintained by the district and the EMIS; physical inspection of all facilities in 100 percent of schools in sampled villages. |

| # | DLI | Definition ³⁸ / Description of achievement | Scalability of Disbursements (Yes/No) | Protocol to evaluate achievement of the DLI and data/result verification | | |
|---|---|--|---------------------------------------|--|---------------------|--|
| | | | | Data Source/ Agency | Verification Entity | Procedure ³⁹ |
| | | (teacher) where a female teacher is on the staff; all schools have at least one handwashing facility for every 100 pupils. Further details are provided in the OM. | | | | |
| | DLI 5: Number of villages that achieve and sustain community-wide sanitation status | <p>Payments will be made in proportion to the achievements. Each village targeted will pass or fail in a given year. There is no payment for partial achievement; however, villages can be resubmitted each year until all indicators are reached and CWS status is achieved. Communities which already meet the CWS criteria at the start of the Program will only be eligible for sustaining CWS.</p> <p>A village that has been verified as having achieved CWS status in a previous year/period will be considered to have sustained CWS status in the current period if all schools in the village have improved sanitation and handwashing facilities. CWS is further defined in the OM.</p> <p>A village is considered to have achieved CWS status if the village is free of open defecation, 50 percent of households in the village have access to an improved sanitation facility, 25 percent of households in the village have access to a handwashing facility, and all public primary schools on the village have improved sanitation and handwashing facilities. Further details are provided in the OM.</p> | Yes | MoHCD GEC | IVA | <p>The IVA shall carry out (a) a desk review of reports and data maintained by the district and the CDMT and (b) physical verification of a random sample of no less than 5 percent of villages to confirm CWS status. Physical inspection of all facilities in 100 percent of schools in sampled villages. Random inspection of no less than 5 percent of households in sampled villages to check coverage of domestic sanitation and handwashing facilities.</p> <p>DLIs 3, 4, and 5 will be independently sampled, but samples may overlap.</p> |
| 3 | DLI 6: Number of villages with a COWSO with improved O&M capacity for water supply services | <p>The COWSO Level I and II criteria for improved O&M capacity for water supply services are as follows:</p> <p>Level I (all four criteria must be achieved):</p> <ol style="list-style-type: none"> 1. Be registered, have an active management team 2. At least one of the three key COWSO positions should be female 3. Participate in at least one of the biannual district-level community of practice meetings 4. Have a well-maintained cash book with an Operating Cost Ratio of ≤ 1 (cost-reflective tariff) <p>Level II (highest level):</p> <ol style="list-style-type: none"> 1. Achieved Level I 2. The water scheme has a functioning chlorination system 3. Has backstopping mechanism for maintenance and repair and passed an annual assessment <p>Further details are provided in the OM.</p> | Yes, by COWSO | MoWI (CDMT) | IVA | <p>Level I: Review of COWSO registration records at the district level and CDMT data. Phone calls to COWSO chairperson and treasurer. The biannual community of practice meeting will be verified through review of meeting minutes and outputs. Review of cash book, tariff, and COWSO bank statements. The records will be collected during the biannual community of practice meeting at the district level.</p> <p>Level II: Review of COWSO registration records at the district level and CDMT data. Phone calls to COWSO chairperson and treasurer. The biannual community of practice meeting will be verified through review of meeting minutes and outputs. Review of cash book, tariff, and COWSO bank statements. The records will be collected during the biannual community of practice meeting at the district level. Review of backstopping mechanism assessment visit checklist and meeting minutes. Background check of all third-party service providers.</p> |

| # | DLI | Definition ³⁸ / Description of achievement | Scalability of Disbursements (Yes/No) | Protocol to evaluate achievement of the DLI and data/result verification | | |
|---|---|---|---------------------------------------|--|---------------------|---|
| | | | | Data Source/ Agency | Verification Entity | Procedure ³⁹ |
| | DLI 7: Number of participating districts submitting accurate and complete sector M&E data | Payments will be made in proportion to the achievements. In each district, villages must report accurate and complete water and sanitation M&E data as per the following: 1. Timely: The districts need to submit reports on time. 2. Accurate: The reports need to adhere to the accuracy criterion. 3. Complete: The reports need to adhere to the completeness criterion. Further details are provided in the OM. | Yes, by district | MoWI, MoHCD GEC | IVA | Assessment against performance criteria for water supply and sanitation M&E data accuracy and completeness, as detailed in the OM |
| | DLI 8: Agency established and operationalized | Payments will be made in proportion to the achievements. Agency established and operational against the following sequential milestones: 1. Agency established 2. Agency audit unit and quality assurance and quality control mechanism operational 3. Tech. support agreement signed and implemented with 10 percent of COWSOs 4. Tech. support agreement signed and implemented with 30 percent of COWSOs 5. Tech. support agreement signed and implemented with 50 percent of COWSOs The milestone requirements are further defined in the OM. | No | MoWI, MoHCD GEC | IVA | Review of documentation relating to the establishment of the Agency including the resource plan, budget, expenditure program, and tech. support agreement Physical inspection of a sample of local Agency offices and focus group discussions with staff to assess outputs of the resource and expenditure plans |

Table 3.3. Bank Disbursement Table

| # | DLI | Bank financing allocated to the DLI (US\$ million) | Of which Financing available for | | Deadline for DLI Achievement | Minimum DLI value to be achieved to trigger disbursements of Bank Financing | Target DLI value(s) for Bank disbursements purposes | Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) |
|---|---|--|----------------------------------|----------|--|---|---|---|
| | | | Prior results | Advances | | | | |
| 1 | DLI 1: Number of people with access to an improved water supply | 75 | 0 | 18.75 | Results will be reported and verified annually in the month of June. | >0 | 3,000,000 people | An amount of US\$25 per person who gained access to an improved water supply may be made available by the Association for withdrawal by the recipient. 2 percent of the disbursement under this DLI will be allocated to the RS (Regional Water Office) and a further 2 percent of the disbursement will be allocated to the central ministries (MoWI and PO-RALG). |
| | DLI 2: Number of sustainably functioning water points | 30 | 0 | 7.5 | Results will be reported and verified annually in the month of June. | >0 | 43,811 water points sustained | An amount of US\$164.00 per sustainably functioning water point per year may be made available by the Association for withdrawal by the recipient. No funds will be disbursed for a Program period if, in that Program period, the number of water points that are functional falls below 75 percent of the total of the baseline number of functional water points at the start of the Program + the number of newly constructed water points which have passed verification under DLI 1 since the beginning of the Program. Undisbursed amounts in any given year can be rolled over to the next year. 2 percent of the disbursement under this DLI will be allocated to the RS (Regional Water Office) and another 2 percent of the disbursement will be allocated to the central ministries (MoWI and PO-RALG). |
| 2 | DLI 3: Number of people with access to an improved sanitation facility | 20 | 0 | 5 | Results will be reported and verified annually in the month of June. | >0 | 4 million people | An amount of US\$5 per person who gained access to an improved sanitation facility may be made available by the Association for withdrawal by the recipient. Undisbursed amounts in any given year can be rolled over to the next year. 3 percent of the disbursement under this DLI will be allocated to the RS (Regional Medical Officer) and a further 5 percent of the disbursement will be allocated to the MoHCDGEC. |
| | DLI 4: Number of public primary schools with access to improved sanitation and hygiene facilities | 30 | 0 | 7.5 | Results will be reported and verified annually in the month of June. | >0 | 1,500 | An amount of US\$20,000 per public school that gained access to an improved sanitation and hygiene facility may be made available by the Association for withdrawal by the recipient. Undisbursed amounts in any given year can be rolled over to the next year. |

| # | DLI | Bank financing allocated to the DLI (US\$ million) | Of which Financing available for | | Deadline for DLI Achievement | Minimum DLI value to be achieved to trigger disbursements of Bank Financing | Target DLI value(s) for Bank disbursements purposes | Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) |
|---|---|--|----------------------------------|----------|--|---|---|---|
| | | | Prior results | Advances | | | | |
| | DLI 5: Number of villages that achieve and sustain community-wide sanitation status | 25 | 0 | 6.25 | Results will be reported and verified annually in the month of June | >0 | 1,250 CWS villages | For each village that achieves CWS status, an amount of US\$16,000 may be made available by the Association for withdrawal by the recipient. For each village that sustain CWS status for one year within the Program period, an amount of US\$2,500 may be made available by the Association for withdrawal by the recipient. Undisbursed amounts in any given year can be rolled over to the next year. 3 percent of the disbursement under this DLI will be allocated to the RS (Regional Medical Officer) and a further 5 percent of the disbursement will be allocated to the MoHCDGEC. |
| 3 | DLI 6: Number of villages with a COWSO with improved O&M capacity for water supply services | 110 | 0 | 27.5 | Results will be verified biannually and reported in December and June. | >0 | 3,667 COWSOs | For each village that achieves COWSO Level I, an amount of US\$15,000 may be made available by the association for withdrawal by the recipient. For each village that achieves COWSO Level II, an amount of US\$15,000 may be made available by the Association for withdrawal by the recipient. Undisbursed amounts in any given year can be rolled over to the next year. 2 percent of the disbursement under this DLI will be allocated to the RS (Regional Water Office) and another 2 percent of the disbursement will be allocated to the central ministries (MoWI and PO-RALG). |
| | DLI 7: Number of participating districts submitting accurate and complete sector M&E data | 20 | 0 | 0 | Results will be verified biannually and reported in December and June. | >0 | 86 districts | For each participating district that achieves the defined annual reporting criteria for rural water supply, an amount of US\$23,000 may be made available by the Association for withdrawal by the Recipient. For each participating district that achieves the defined annual reporting criteria for rural sanitation and hygiene, an amount of US\$23,000 may be made available by the Association for withdrawal by the recipient. Undisbursed amounts in any given year cannot be rolled over to the next year. 2 percent of the disbursement under this DLI will be allocated to the regional government and another 2 percent of the disbursement will be allocated to the central ministries. |

| # | DLI | Bank financing allocated to the DLI (US\$ million) | Of which Financing available for | | Deadline for DLI Achievement | Minimum DLI value to be achieved to trigger disbursements of Bank Financing | Target DLI value(s) for Bank disbursements purposes | Determination of Financing Amount to be disbursed against achieved and verified DLI value(s) |
|---|---|--|----------------------------------|----------|---|---|--|--|
| | | | Prior results | Advances | | | | |
| | DLI 8: Agency established and operationalized | 20 | 0 | 0 | Results will be verified when a relevant action has been taken by the MoWI. | Agency established | Agency structure and resource plan fully implemented | <p>Disbursement-Linked Result (DLR) 8.1: Upon the establishment of Agency, an amount of US\$4,000,000 may be made available by the Association for withdrawal by the recipient.</p> <p>DLR 8.2: Upon approval of the Agency's operationalization of its audit unit and quality assurance and quality control mechanism, an amount of US\$4,000,000 may be made available by the Association for withdrawal by the recipient.</p> <p>DLR 8.3: Upon approval of the Agency's first year sector performance report published, and tech. support agreement signed and implemented with 10 percent of COWSOs, an amount of US\$4,000,000 may be made available by the Association for withdrawal by the recipient.</p> <p>DLR 8.4: Upon approval of the Agency's second year sector performance report published, and technical support agreement signed and implemented with 30 percent of COWSOs, an amount of US\$4,000,000 may be made available by the Association for withdrawal by the recipient.</p> <p>DLR 8.5: Upon approval of the Agency's technical support agreement signed and implemented with 50 percent of COWSOs, an amount of US\$4,000,000 may be made available by the Association for withdrawal by the recipient.</p> <p>Early achievement is permitted. Undisbursed amounts in any given year may be rolled over to the next year.</p> |

Annex 4. Summary Technical Assessment

1. This Technical Assessment has been carried out as a part of the preparation phase of the Program. The purpose of the Technical Assessment is to evaluate, with the GoT support, the adequacy of the WSDP-2 arrangements and the performance in four areas: strategic relevance and technical soundness; expenditure framework, results framework, and M&E capacity; and economic justification.

2. Working closely with the GoT, the task team has identified a number of weaknesses and possible improvements which have been formulated into specific proposed recommendations and actions to be taken by the GoT with support of the World Bank. This Technical Assessment also identifies relevant key risks to the achievement of the Program's stated results and associated mitigation measures.

Government of Tanzania Water Sector Development Program

3. The GoT has an existing WSDP that is fully aligned with the national development vision and goals. The overall objective of the WSDP is to achieve universal access to water and sanitation by 2025. The program is structured under four components: (a) WRM; (b) rural water supply; (c) urban water supply and sewerage; and (d) sanitation and hygiene. The GoT has demonstrated commitment to the objectives of its program by developing relevant policies and guidelines for program implementation, allocating requisite financial resources, and putting in place mechanisms to strengthen decentralized sector governance structures. WSDP-1 was implemented from 2006 to 2015, with a total investment of US\$1.4 billion. Most of the funds (about 40 percent) went to rural areas. In 2016, the GoT launched the second phase of the program with an ambitious target of achieving 80 percent access to improved water supply and 75 percent access to improved sanitation in rural areas by 2019.

4. The World Bank will support a portion of this program over a six-year period (2018–2024), focusing on four primary categories of activities: (a) results-based financing for increasing access to improved water supply in selected rural districts; (b) incentives for improving functionality of water systems in selected rural districts; (c) results-based financing for increasing access to improved sanitation facilities in selected rural districts—at both household and community level; and (d) incentives for strengthening O&M capacity, M&E of the rural water, and sanitation components of the WSDP.

5. The GoT proposes to call this the World Bank-supported portion of its Program. The GoT has also identified the following medium-term goals for World Bank support: (a) increasing access to improved water services in selected rural districts; (b) increasing access to improved sanitation services in selected rural districts; and (c) strengthening institutional capacity for water and sanitation service delivery.

Strategic Relevance

6. The GoT has outlined its medium-term objective of becoming a middle-income country through the Tanzania Development Vision 2025 which, among other things, aims to build an educated population, a competitive economy, and achieve 90 percent rural access to safe water by 2025. From an environmental and social perspective, improving access to water as well as hygiene and sanitary conditions in rural populations will reduce disease incidence and improve the quality of life of the rural population. From an economic perspective, sanitation is a sound investment in support of a return to strong and inclusive growth for the country. The WSDP is, therefore, considered to be a highly strategic intervention that will contribute toward achieving the country's National Development Vision to 2025.

Institutional Context

7. At the central level, the key institutions are the MoWI which leads the coordination of the WSDP; the MoHCDGEC, which coordinates the implementation of the NSC under the WSDP; the MoEST, which holds overall responsibility for delivering SWASH under the NSC; the PO-RALG, which supervises and coordinates provision of water supply and sanitation services in rural areas; and the VPO-DoE, in charge of nationwide environmental management and enforcement of regulations.

Program Institutional Arrangements

8. The institutional arrangements for the Program are described below:

- The MoWI will coordinate the implementation of the Program, through a national steering committee comprising the MoWI, MoHCDGEC, PO-RALG, and MoFP.
- **Results Area 1**, Sustainable access to improved water services in rural areas, will be implemented by the MoWI and the PO-RALG.
- **Results Area 2**, Increased access to improved sanitation services in rural areas, will be implemented by the MoHCDGEC, MoEST, and PO-RALG.
- **Results Area 3**, Strengthen the capacity of sector institutions to sustain service delivery in rural areas, will be implemented by the MoWI and MoHCDGEC. Activities relevant for rural water will be implemented by the MoWI whereas technical support activities pertaining to sanitation and hygiene will be implemented by the MoHCDGEC.
- Activities at the regional and district levels will be coordinated through the RWSTs and the Community Water and Sanitation Teams (CWSTs).
- The GoT is establishing the Agency which is intended to support PO-RALG's responsibilities relating to development, management, and ensuring sustainability of rural water supply and sanitation services. The Program will incentivize and assist in the establishment and operationalization of the Agency which will progressively assume from PO-RALG.
- **IVA**. The IVA's role is to provide independent confirmation of the results reported by the provinces through the MoWI. The IAG was selected to verify Program results using protocols agreed with the World Bank. This choice is based on the IAG's role as a constitutional body with both the independence and the mandate to conduct national audits. The IAG has good management capacity and can subcontract verification work for which it does not have the technical expertise in-house.

Technical Soundness of Investments

Sanitation and Hygiene

9. In terms of sanitation and hygiene, there is insufficient focus on creating demand for household sanitation and improving the supply of affordable and locally available sanitation and hygiene products. Although most rural households now have a designated handwashing station (just over 80 percent in either a fixed or mobile place), handwashing facilities with soap and water are available in only 22 percent of

rural households.⁴⁰ Evaluation of handwashing programs has revealed that it is extremely difficult to get households to adopt handwashing practices, especially at critical junctures to avoid infection (Briceño et al. 2015⁴¹). There is a clear need to strengthen sanitation and hygiene behavior change, which falls short of international best practices. Coverage of sanitation facilities in schools is often insufficient and facilities are typically unclean and poorly maintained. Data collected from almost 3,000 rural schools showed that in only 32 percent of toilets were clean.

10. Institutionally, both national and field level staff lack the leadership and motivation to fully deliver on their responsibilities and the coordination of the NSC at the district level is weak due to a lack of NSC coordination staff and coordination mechanisms. A key challenge is the lack of funds allocated to sanitation and delays in disbursement of funds to the district level. TZS 12 billion were allocated as budget for sanitation and hygiene in 2015–2016 according to the MoWI, but by mid-2017, there was no expenditure for this allocation.

Water Supply

11. Water supply investments mainly support capital investment in new water supply schemes. Insufficient priority is given to sustaining existing schemes which often fall into a state of disrepair. In the areas targeted by the proposed Program, 33 percent of water points are non-functional. Where water points are functional, only 63 percent supply sufficient water.⁴² Key challenges include the following:

- Adequate, cost-effective design standards for water supply schemes do not exist and there is a lack of guidance for districts on where responsibilities lie for different types of major and minor repairs of water supply schemes.
- There is insufficient focus on ensuring the technical quality of implementation of water supply, in part due to a lack of skilled water staff at the district level to provide technical backstopping.
- At the village level there are acute gaps in COWSOs' capacity, including on tariff setting and financial and operational management. Many COWSOs are yet to be formally registered.
- There is insufficient and cost-effective institutional strengthening to address capacity gaps at the district level.
- Upstream water resources mismanagement and lack of enforcement of environmental regulations lead to degradation of water sources.

12. Based on the findings of the assessment, the key technical recommendation for water supply is for institutions at the national and local level including the MoWI, RSs, districts, and COWSOs to be strengthened to promote the sustainability and quality of water supply. Key aspects to focus on include strengthening management, leadership, and technical capacity at all levels including through involvement of the private sector; developing guidelines for scheme maintenance and repair; and registering COWSOs. Improved environmental inspections for an increased enforcement of regulations is also recommended.

⁴⁰ Demographic Health Survey 2016.

⁴¹ Briceño, B., A. Coville, and S. Martinez. 2015. "Promoting Handwashing and Sanitation: Evidence from a Large-Scale Randomized Trial in Rural Tanzania." Policy Research Working Paper 7164. World Bank Group Water Global Practice Group and Development Research Group Impact Evaluation Team, January 2015. World Bank, Washington, DC.

⁴² 25 liter per capita per day.

Results Framework, Monitoring and Evaluation

13. Achievements against the WSDP-2 PDO are measured through the results monitoring framework developed for the Program. The institutional arrangements for monitoring are clearly defined for the sector. However, there is a need to strengthen the three MIS that exist in the sector: the WPMS; the NSMIS; and the educational MIS, which is used to report on SWASH. The reporting systems for the three MIS require improvements at the local level through the use of mobile electronic data collection devices as well as water and sanitation dashboards for results areas and district staff to provide them with an overview of the status of WASH in their areas. A CDMT is needed to manage data from the NSMIS.

Economic Analysis

14. The GoT recognizes that water and sanitation services offer a mix of private and public benefits. The existence of private benefits from water supply and sanitation services provides an avenue to mobilize private financial resources to complement public resources. Improvements to rural water supply and sanitation in the targeted regions of Tanzania are expected to generate an EIRR of 20.1 percent (base-case). Benefit over cost ratio is forecasted to be 1.6, indicating that for every U.S. dollar spent on this investment, there will be an estimated US\$1.6 benefit to the economy of the 17 regions. In addition to the time cost savings that result from the proximity of water supply to the home, further benefits include savings from avoided illnesses, particularly diarrheal diseases, and the revenues earned by the districts from the water schemes.

Expenditure Framework

15. The fifth Government of the United Republic of Tanzania has prioritized development projects over recurrent spending. On average, development spending has been allocated about 40 percent of total Government budget public expenditure since FY 2015/16. There has been a shift towards prioritizing development projects compared to the previous administration where an average of 4-5 percent of GDP was directed to development projects as compared around 16-17 percent of GDP which was directed to recurrent expenditures. The increased development spending has been possible due to controlled recurrent expenditures, increased domestic revenue collection, and increased borrowing especially on non-concessional terms. On the other hand, the non-salary recurrent spending (OC) has been reduced to a half in the last two years. All of this points to the GoT's commitment to improved development spending while maintaining fiscal discipline.

16. The water sector continues to be among the GoT's priority sectors with higher budget allocations recently, but budget execution is very weak. Over the past five years, the water sector has received an average of 2.5 percent of GDP. In the past two years, the allocation to the water sector has increased, most notably in FY 2016/17, where the entire sector budget increased by about 79 percent. Despite the huge increase in budget allocations, the sector has experienced low budget execution, resulting into low actual spending. Actual water sector expenditures over the last five years have been around 40 percent of the sector approved estimates. The limited spending on water sector is largely due to shortfalls in released budgeted funds or delays in disbursements, especially for development projects.

17. The largest share of the total water sector budget and actual spending is directed to development projects. On average, 90 percent of the total water sector budget and expenditures in the last five years has been directed to development spending. Salaries and wages (personal emoluments) account for a small share of the sector budget and expenditure (an average of 4 percent). While recurrent spending is a small share of the entire sector budget, it has shown a consistent upward trend (in both allocations and actual spending) compared to sector development spending which has been relatively unpredictable. Likewise, the sector recurrent budget has shown a better execution rate compared to the sector development budget.

18. On average between FY 2010/11 to FY 2017/18, 51 percent of the sector development budget has been funded through foreign sources, with local financing of the sector budget growing. Approved estimates of FY 2017/18 show local funding to the sector budget increased by 26 percent while foreign funding declined by 55 percent (compared to the previous year approved estimates). The MoWI is allocated the largest share (an average of about 85 percent) of the entire sector spending, followed by the districts (14 percent) and regions (around 1percent) over the last five years.

19. Rural water sector - allocation and expenditures: Rural water projects continue to receive the largest share of the WSDP. Between FY 2013/14 and FY 2017/18, rural water projects received over 40 percent of the entire WSDP budget and actual spending. Despite high allocations, funding to the rural water sector has been unpredictable. Trends over the last five years indicate an erratic allocation and spending in the rural water component with a 27 percent decline in FY 2017/18 approved estimates. Actual expenditures in the component have consistently been below the approved estimate. Poor component budget execution could be due to incomplete or late release of funds.

20. **Allocation of budget.** The WSDP expenditures under the geographical defined area of the Program will be split into two major budget expenditure categories: capital expenditures (investments in improved access to rural water supply and sanitation services) and operating expenditures (the operating costs of the MoWI, maintenance of rural water points, capacity building of COWSOs, and other expenses linked to sustainability of rural water supply). Based on the historical budgetary trends, capital expenditures normally comprise 90 percent of the total expenditures, while 10 percent is allocated for operating expenditures. However, two key factors are expected to slightly shift this historical trend toward operating expenditures. The establishment of the Agency, which is likely to require higher salaries and other establishment costs, and the Program’s focus on sustainability will lead to a higher budget allocation for non-salary recurrent spending. With the Agency and the continuing staff increases in the sector, it is expected that expenditures on wages will move from 4 percent to 6 percent and non-salary recurrent spending will move up from the current 6 percent to 11 percent to reflect the focus on sustainability. The capital expenditures will decline accordingly from the current 90 percent to 83 percent. The tentative WSDP allocations for the Program area are detailed in Table 4.1.

Table 4.1 Tentative Program Allocation

| Budget Items | US\$ |
|---|-------------|
| Capital Expenditures | 613 |
| Rural water supply investments | 562 |
| Rural sanitation facilities investments | 51 |
| Operating Expenditures | 127 |
| Wages and salaries | 35 |
| Non-salary recurrent spending | 91 |
| Total | 740 |

21. **Capacity to utilize budget allocation.** Despite the Government’s clear effort to increase spending in key sectors, including water, budget execution has faced major challenges, including securing project financing, achieving ambitious domestic revenue targets, and addressing high payment of arrears. As a result, actual spending in the sector, particularly in the rural water supply component, has fallen short of the approved budgets. This also indicates the actual capacity to use funds particularly in the rural water sector where this is more acute.

22. The IFMIS data does not provide enough details to analyses actual release of funds to the rural water component of the sector, there is no enough evidence to assess capacity to utilize funds. This will pose challenges in identifying budget utilization gaps at the different levels of government from the central government to the districts which is important for the PforR program implementation. The IFMS system needs to be modified to incorporate this information going forward.

Annex 5. Summary Fiduciary Systems Assessment

1. A FSA was carried out with the objective of determining whether the Program's fiduciary systems provide reasonable assurance that the financing proceeds will be used for the intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. The assessment was carried out in line with Operational Policy/Bank Procedure (OP/BP) 9.00 and PforR Fiduciary Systems Assessment Guidance Note, issued June 30, 2017, and effective June 30, 2017.

2. **The financial management risk for the Program is assessed as Substantial.** Key risks include unreliable cashflow, budget shortfalls, noncompliance with internal control systems, poor Internet connectivity, poor record keeping, underutilization of Epicor, and weak capacity at districts. Other risks include delays in preparation and submission of reports, weak internal audit functions, and weak audit committees. There is a need to strengthen these functions for them to monitor how identified issues are being addressed.

3. **The procurement risk of the participating entities in the Program is Substantial.** The FSA entailed a review of the capacity of the participating entities in view of (a) staffing level, managing program resources, recording, controlling, and producing timely, understandable, relevant, and reliable information for the borrower and the World Bank; (b) following procurement rules and procedures, with performance focusing on procurement performance indicators and the extent to which the capacity and performance supports the PDOs; and (c) ensuring that implementation arrangements are adequate and risks are reasonably mitigated by the existing framework. The approach for the FSA for the Agency operations builds on the initial assessment under WSDP-2, including measures undertaken to mitigate identified risks at the design stage of WSDP-2 Program. The fiduciary assessment revealed the following: (a) the district's water, health, and sanitation departments lack logistical facilities for site supervision for the Program owing to the size of the water and sanitation activities anticipated to cover a wide area at the community levels; (b) the districts will need to reinforce the technical teams (water and health and sanitation) to be able to supervise the Program activities taking place at the remote areas as well as providing necessary logistical facilities for effective supervision of works under the Program; (c) it was also observed that most districts have inadequate working facilities including offices, computers, printers, photocopiers, binding machines, and Internet facilities; and (d) the technical teams have limited knowledge and skills in the contract managements. The F&C risks have been identified and embedded as part of the broader fiduciary risks, and mitigation measures have been identified.

4. **The overall fiduciary risk rating is assessed as Substantial.** The fiduciary system's capacity and performance are adequate to provide reasonable assurance that the funds will be used for the intended purposes with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability.

Scope

5. The assessment covered the MoWI, MoHCDGEC, PO-RALG, and a sample of the participating districts. The assessment also takes into consideration the CAG's Report for the districts and Central Government for FY16, Tanzania PEFA Report 2017, Annual Performance Evaluation Report of the Public Procurement Regulatory Authority (PPRA), the Procurement and Value for Money Audits Reports of selected districts, and the Baseline Study Report on Enhancement of Procurement Capacity of districts.

6. The FSA was done to assess the Program's institutional and implementation arrangements, fiduciary management capacity, and implementation performance. The legal and regulatory framework for this Program's fiduciary systems was found to be comprehensive and in line with international principles

and standards for public procurement and financial management. The assessment also considered how existing systems handle the F&C risks.

7. The Program will be implemented by the MoWI for activities relating to rural water, the MoHCDGEC for activities pertaining to rural sanitation and hygiene including in health centers and dispensaries, and the MoEST for activities relating to WASH services in primary schools. Most of the procurement activities will happen at the district level while procurement activities at the ministerial level, in particular the technical assistance, will be handled by the MoWI and PO-RALG. Both the MoWI and PO-RALG have capacity to handle procurement of any magnitude under the Program as they have been previously involved in the implementation of various World Bank projects. PO-RALG will provide overall coordination and implementation support for the Program.

Review of Public Financial Management Cycle

Planning and Budgeting

Adequacy of Budgets

8. The planning and budget preparation processes are considered reasonably participatory and adequate for the Program. The main shortcoming is the absence of a reliable cash-flow budget to align implementation of planned activities and timing of cash availability. Given the current environment under which the districts rely on intergovernmental transfers for over 90 percent of budget resources, and these transfers are largely uncertain, both as to amount and timing, cash-flow projections are important and should form part of the budget, especially as Tanzania is moving toward having a program budget mechanism. For example, the districts' budgets for OC to support program monitoring, supervision, and administration on annual basis. However, disbursements of OC from the central Government to the districts have been a challenge in the past two years.

Procurement Planning

9. The PPA and its regulations require all procuring entities to prepare Annual Procurement Plans as part of the annual work plans and budget. To maximize economy and efficiency in its procurement, all procuring entities are required to aggregate their requirements within the departments of the institution. In compiling such plans, procuring entities are required to establish appropriate method of procurement and timescale for each package to be calculated on the basis of the standard processing times prescribed in the regulations. It is also mandatory that procuring entities should advertise the Annual Procurement Plans in the form of General Procurement Notice in the newspapers and submit a copy to the PPRA for publishing in their website and for monitoring purposes. It was observed that Annual Procurement Plans are prepared based on the annual work plan of different departments within the districts and linked with the budget.

10. The World Bank's review has found that most of the requirements are not appropriately aggregated; there is an excessive use of competitive quotations as a default method and thereby splitting of contracts. Procurement plans are not used as an instrument to monitor progress of implementation of procurement activities, but rather compliance with the law.

11. Most of the goods/services in the districts are procured through Common Used Items Systems (CUIS) under Framework Agreements introduced by the Government in February 2011 and are managed by the Government Procurement Services Agency (GPSA), an Executive Agency of the Ministry of Finance, established under the Executive Agencies Act No. 30 of 1997, responsible for overseeing the implementation of the CUIS in the country. The Framework Agreements are entered between the GPSA and respective suppliers and/or service providers. districts are required to send call-off orders to preselected

suppliers' competitive prices. This shift of paradigm has resulted in some districts preparing procurement plans for a few goods or services which are not covered under common used items. Works contracts are not subjected to this system. The use of Framework Agreement has replaced the conventional shopping method. This approach will, in addition, minimize the scale of F&C practices that was entrenched in the shopping procedures.

Procurement Profile of the Program

12. Procurement activities under the Program will mainly be for investments aimed at (a) supporting comprehensive improvements in sustainable access to water supply services in the participating regions and districts by increasing coverage of water supply services by financing investments identified in district WASH plans with a focus on low-coverage communities as well as rehabilitating and repairing non-functional and partly functional water points and (b) supporting NSC-2 through the CLTS activities to achieve improved household sanitation and ODF villages, including investments in sanitation and hygiene facilities in public schools and health facilities.

13. Procurement activities at the district level will be managed by the Procurement Management Unit supported by the Water Department of the districts which are responsible for administering water sector programs as well as the Education and Health Departments for the activities related to their sectors. The Water Department will also be responsible for the management of the contracts for the water supply schemes including payments to contractors, suppliers, and service providers.

Budget Execution

Treasury Management and Funds Flow

14. The Program funds will be received from IDA into a Project Holding Pooled Account denominated in U.S. dollars and then, transferred to the Consolidated Fund subaccount for the project denominated in local currency. The MoWI, MoHCDGEC, PO-RALG, and districts will be paid through the Exchequer Issue Notification and transfers from the Consolidated Fund subaccount for the project will be made to their bank accounts mainly held by commercial banks. Payments will then be made from these accounts for eligible expenditure. These accounts and their signatories should be submitted to the World Bank between the signing of the credit and its effectiveness. Eligible project expenditure will include all expenditure related to the achievement of the DLIs.

15. The assessment noted smooth flow of funds under other programs implemented using PforR in Tanzania. There has been significant improvement on flow of funds under the ongoing PforR Programs due to direct disbursement of funds to lower level IAs. Also, the PforR Program arrangement includes disbursement of funds as a performance indicator element. Effective from FY2013–14, the budget approval process and endorsement by the Parliament are tabled in April to June each year. Before this change, budgets were tabled and approved in the July–August parliament session which impacted timely release of development funds. Program implementation starts in July each year. The impact of the change in the GoT budget cycle is yet to be formally assessed, but interviews with PO-RALG, the MoWI, the MoHCDGEC, and the districts' finance staff indicated that funds from Treasury are released on time when available in the Government Consolidated Fund. The current arrangement where funds are sent directly to lower-level IAs should be adopted for the Program as appropriate.

16. However, there is concern regarding the unpredictable nature of releases of funds by the MoFP, particularly on OC. Discussions with LGAs indicated that funds for implementation support for most projects comes from OC. Due to the unpredictable nature of OC, implementation support in terms of monitoring has been negatively affected in most of the programs. Without reasonable predictability, it is

difficult to plan and support implementation of projects. The envisaged project needs to commit some resources for monitoring and supervision. To enhance transparency and accountability on project funds, there will be need for displaying amounts transferred and received on notice boards and their websites at all levels.

Accounting and Financial Reporting

17. The accounting policies and procedures for both the central and local governments were found to be up to date and robust. However, there is a need to enhance the skills of staff, especially at the districts level on how to utilize them effectively while producing accounts. The Epicor accounting system needs to be configured at the district level to be able to generate financial reports.

18. Government Accounting Circular No. 1 of 1999/2000 requires that all Government transactions to be processed under the Integrated Financial Management Information System (IFMIS); that is, Epicor accounting software. The accounting software is being used by most of the districts. The Epicor accounting software has limitations in terms of its inability to produce annual financial reports. Additionally, the asset management module of the system has not yet been fully developed to record assets on the system. Generally, the connectivity of the Epicor system has improved over time at the districts. However, there are instances of low connectivity which creates inefficiency in processing transactions. The Plan-Rep tool is used for planning and budgeting at the districts but once the budget is complete, the tool cannot automatically upload the budget to Epicor as it is manually done and subject to errors. To address the matter, there is a need to have an integrator for the two systems. The reporting module for Epicor needs to be enhanced to produce useful reports for the management to take action. Finally, the CAG Report on districts (2015–2016), released in March 2017, noted that Epicor 9.05 is being implemented but has limited usage in terms of generating annual financial statement and management reports for decision making, thus leading to preparing the reports manually. PO-RALG and the Ministry of Finance have an action plan they are working on to improve on the Epicor system.

19. The central Government and all the districts have adopted International Public Sector Accounting Standards (IPSAS) using accrual basis of accounting in preparation of annual financial statements. IPSAS reporting is a remarkable development in the public sector. Continuous training will be required to ensure robust reporting for use by all stakeholders.

20. The Program will be complex due to involvement of multiple implementing entities. There will be risks of delay in submission of various financial reports given the multiple implementing entities. This is largely because reports will have to be generated right from the districts' level and consolidated at the regional level before submission to PO-RALG for review and finally, to the MoWI for activities relevant to rural water; and to the MoHCDGEC, for activities pertaining to sanitation and hygiene. Staff training and continuous communication will ensure timely reporting during implementation.

21. There will be potential risk of comingle resources and double count expenditures between the PforR and IPF instruments. The two instruments will be applied simultaneously in the proposed program particularly at the MoWI and the MoHCDGEC. To mitigate the above risk, a sub-donor code to earmark funding from each instrument needs to be created in Epicor at both the MoWI and the MoHCDGEC to track resources and expenditure associated with each instrument separately. Additionally, staff will need to be trained before Program effectiveness. The training objectives will include understanding and application of the two instruments from accounting perspective and hence facilitate timely and accurate financial reporting.

Procurement Processes and Procedures

22. The Legal and Regulatory Framework to govern the Program's procurement shall be the PPA No. 7 of 2011 as amended through the Public Procurement (amendment) Act of 2016. Public procurement in Tanzania is governed by the new law, effective July 7, 2016. The associated regulations for the new Act have been published. Under the new Act, procurement functions remain decentralized to procuring entities with the PPRA continuing to provide oversight functions in public procurement. In addition, the new Act has maintained the definitions of F&C with regard to coercive practices, collusive practices, and obstructive practices. Since enactment and application of PPA 2011 and its regulations, there has been significant achievements in public procurement processes though there were some concerns that resulted into its amendments. Some of the reasons which led to the amendments include long duration of procurement process, issues surrounding integrity and professionalism, constraints to commercially oriented Government companies/institutions, lack of and failure to apply approved standards for common items and services required by Government, differences between procurement procedures used by districts and those used by other procuring entities. The amendments also lay emphasis on submitting details and not just a list of procurement contracts awarded and the use of Procurement Management Information System. Removal of 'closed' Framework Agreement within the procurement of Common Use Item Service. The amendment Act protects local content and firms.

23. The new Act has strengthened some functions of the PPRA including powers to cancel procurement proceedings after investigating and reasonably being satisfied that there is a breach of the Act. The new Act has also reduced the cool-off period from 14 to 7 days, during which an intention to award the contract is communicated to all bidders giving them opportunity to submit a complaint if any on the proposed award. Furthermore, the procurement complaint review process has been changed to two tiers with the PPRA no longer being involved in the review of complaints, thus a substantial reduction in the overall time for handling a complaint. Otherwise, the overall basic principles of the public procurement and general institutional arrangements have remained the same.

24. The PPA complies with applicable obligations derived from national and international requirements. The procurement policies are based on the need to make the best possible use of public funds, while conducting all procurement with integrity and fairness. All public officers and members of tender boards undertaking or approving procurement are required to be guided by the basic considerations of the public procurement policy including the need for economy and efficiency in the use of public funds; give all eligible bidders/consultants equal opportunities to compete in providing goods or executing works or providing services; and encourage national manufacturing, contracting, and service industries and the importance of integrity, accountability, fairness, and transparency in the procurement process.

25. For better implementation of the amended Act, a set of regulations have been issued; the Public Procurement (Amendments) Regulations, 2016; vide Government Notice No. 333 of December 30, 2016. These are supplemented by the districts' (Establishment and Proceeding of the Tender Boards) Government Notice No. 177 of 2007 for procurements under the districts.

26. In line with the issued regulations, the PPRA has issued various documents as working tools including Standard Bidding Documents for Works, Goods, and Non-consulting Services; Standard Request for Proposals; Guidelines on the Tenders Evaluation (Works, Goods and Non-consulting Services); Guidelines on the Technical and Financial Proposals Evaluation and Report Preparation; Guidelines for Preparing Responsive Proposal; and Guidelines for Preparing Responsive Bids and Procedural Forms. All these documents are accessible on the PPRA's website.

27. The PPA and its associated regulations require procuring entities wishing to commence competitive tendering to provide all eligible bidders with timely and adequate notification of the procuring entity's

requirements and an equal opportunity to tender for the required goods, works, or services. The regulations spell out the contents of invitation to tender and it is mandatory that invitations to tender to be made through written invitations. The format used to publish the adverts is issued by the PPRA and it contains adequate information to prospective bidders to make a decision to participate. It is mandatory that the solicitation documents are issued immediately after first publication of the tender notice to all bidders who respond to the tender notice. The minimum tendering period for National Competitive Bidding (NCB), which is the most widely used method, is 14 days. The bids are opened in public in the presence of bidders/representatives who choose to attend. Minutes of bids opened are prepared although in most cases, they are not sent to bidders who submitted bids.

28. Generally, PO-RALG and all the districts use these Standard Bidding Documents issued by the PPRA. The regulations provide the contents of solicitation documents and all the requirements stipulated in the regulations have been incorporated in the Standard Bidding Documents. The Standard Bidding Documents contain the evaluation criteria relating to eligibility of the bidders and qualification of the bidders, and it is mandatory to disclose evaluation criteria to be used in determining the successful bid in the solicitation documents. Regulations are clear on the evaluation criteria to be used in the evaluation of the bids and there is emphasis that procuring entities' determination of a tender's responsiveness should be based on the contents of the tender itself without recourse to extrinsic evidence.

29. The Standard Bidding Documents issued by the PPRA have been reviewed and found to be acceptable to the World Bank with some exception on the NCB procedures. However, the challenge has been to customize the bidding documents to suit the requirements of particular procurement. The review of the sample bidding documents during assessment revealed that information provided in the data sheet and special conditions of contract was adequate although improvement is required in the evaluation/qualification criteria. In terms of specifications, especially for works contract, the district relies on the specification issued by the Ministry of Works with minor modifications depending on the circumstance.

30. Bids evaluations are carried out by evaluation committees constituted according to the PPA and its regulations. Normally, evaluation committees comprise a minimum of three members for works, goods, non-consulting services, and financial proposals and a minimum of five for technical proposals. Evaluation committees comprise members from the user departments, technical staff, and sometimes from outside the Procuring Entity where expertise is lacking internally. Generally, evaluations follow the evaluation/qualification criteria specified in the bidding documents although it has been noted that at times no reasons are recorded as to why particular bidders are disqualified. Evaluations are done in three stages: preliminary examination, detailed evaluation, and post-qualification analysis, and these stages are adhered to in most of the evaluation reports reviewed by the World Bank, especially in the works contracts. Sometimes, however, the provisions in the PPA and its regulations have not been abided by the evaluation committees as well as the Tender Board.

31. Significant delays have been noted in bid evaluations including adjudication of the evaluation reports and awards recommendations. Delays in getting necessary approvals lead to tenders being awarded after expiration of bids' validity period. Unsuccessful bidders are informed on the award decisions and publications of awards are placed at the districts notice board. Transparency is among the fundamental pillars of public procurement, and disclosure of information is one of the elements of transparency. The law requires the PPRA to publish contracts awards in its journal and website, the names of those who have been awarded the contracts, contract amount, the date when the awards were made, contracts period, and final contracts amount. For the PPRA to fulfill this requirement, procuring entities are required to notify the PPRA on the awarded contracts so that they can be published. However, from the audit reports, it is reported that the compliance on the publication of contract awards has been a problem since the PPRA commenced procurement audits.

Contract Administration

32. Contract management for the procurement of goods, works, or services contracts is the responsibility of procuring entities. The procuring entities are required to ensure that the contracts are implemented in accordance with the terms and conditions governing those contracts, and to take or initiate steps to correct any deviations from the requirements of the contracts. Contract management in the districts has been observed to be improving with the exception of the management of securities that were found to have expired with no extension to appropriately cover the contractor's and/or suppliers' obligations. This is attributed to limited capacity of human resources, knowledge, experience, and logistical constraints that inhibit effective administration of the contracts. Most of the contracts are not completed on time, with late payments to contractors, delayed decision making to contract variations, and poor enforcement for non-performers.

33. Training will be required for both procurement and technical staff in contract management to ensure that they are knowledgeable of the requirements of contract management.

Internal Controls

Internal Controls Systems

34. The MoWI, PO-RALG and MoHCDGEC internal controls systems are based on the Public Finance Regulations 2001 (revised 2004).

35. The basis for internal control procedures in districts is the Local Authority Accounting Manual of 2009 and the Local Authority Financial Memorandum of 2010. The two documents set out detailed processes to be followed and documentation necessary for comprehensive accounting system, segregation of duties, approval hierarchies, and filing of documents. However, in view of regular observations made and audit queries raised by the CAG in annual reports, recommended procedures are not always adhered to, which has resulted in regular audit queries from the internal and external auditors.

36. The major internal control challenges faced by the districts include inefficient performance of both internal auditors and audit committees and inadequate internal control environment. There is a need to strengthen the capacity of the internal audit structures.

37. The Government has taken a number of initiatives to address noncompliance and strengthen oversight to ensure that audit findings are addressed on time and adequately by ministries and the districts, but more needs to be done especially at the district level. Steps taken include the creation of an Internal Audit Unit in each ministry and district; the appointment of the IAG with five assistants, including Assistant IAG responsible for local government and another one for line ministries; and rollout of audit committees at PO-RALG, the MoWI, the MoHCDGEC, and the districts but which still need to have their skills enhanced to follow up audit issues to ensure they are addressed. Another development that has enhanced the monitoring of the districts to address audit issues is the administrative authority granted to the regional commissioners to chair districts' council meetings to address issues raised by the CAG. Also, the CAG audit planning calendar and overall audit strategy is shared with regional commissioners to ensure that the districts are aware of areas of focus during the FY. Most district Internal Audit Units have vehicles to support performance of duties.

Internal Audit

38. Internal Audit Units have improved in terms of functions by putting in place annual internal audit plans, audit strategy and adoption of risk based audit. Despite having functioning Internal Audit Units, there are still challenges, which makes the work of the units difficult.

39. Most of the district Internal Audit Units visited by the World Bank mission are still facing challenges. The Internal Audit Units lack working tools and information technology equipment to support out-of-office work, funding for the units are inadequate, and the units had average of two to three staff including the Chief Internal Auditor. The staffing level is below the requirement of five staff per district based on the GoT staff assessment.

40. In general, 72 percent (94 out of 130 districts) and 73 percent (95 out of 130 districts) had insufficient budget and shortage of internal audit staff, respectively, to enable the districts' Internal Audit Units carry out their functions effectively⁴³.

41. There is a need for PO-RALG to address internal audit staff shortage on time. Also, it is important to facilitate the internal auditors with working tools and budget to visit the schools to conduct quarterly internal audits. Annual internal audit plans should include schools to be visited and audit risk considerations.

Program Governance and Anticorruption Arrangements

Sharing Information on F&C Allegations

42. In line with the ACGs, the Government, through the MoWI, will share with the World Bank all information on F&C allegations, investigations, and actions taken on the Program, including on financial management and procurement as needed. The GoT's legal system provides for the Prevention and Combating of Corruption Bureau (PCCB) as the primary agency for investigating F&C. The PCCB has 29 regional offices and 86 district offices with resident investigative staff in each office. In this context, F&C allegations made with respect to Program funds should be referred by the beneficiaries to the district offices of the PCCB. The authority to refer these allegations to the PCCB is with the district Director who is the accounting officer. The PCCB gets monthly reports from its regional offices on F&C and other relevant activities. For this Program, the PCCB will compile and share information on F&C once every year to the MoWI, who will share with the World Bank. The details of this reporting would include the types of allegations and the status of actions taken.

Investigations of F&C allegations

43. The PCCB, as the mandated organization in Tanzania for implementing the Prevention and Combating of Corruption Act (2007), will undertake investigations of all incidences of F&C under the project. Where the World Bank finds it of interest, it will formally state its intention to participate in investigation. The Prevention and Combating of Corruption Act permits the PCCB to cooperate and collaborate with the World Bank in the fight against corruption and permits the PCCB and the World Bank to undertake joint investigations of sanctionable practices if and when the parties so agree. This does not preclude the World Bank from undertaking its own investigations of F&C allegations under the Program, if it is desirable. In this context, the investigation of F&C allegations under the Program will be handled through three possible modalities, depending on circumstances.

⁴³ Source: FY2015–2016 CAG - LGAs Audit Report issued in April 2017.

44. The PCCB will undertake its own independent corruption investigations arising from allegations reported to it according to the law and mandate.

45. The PCCB and INT will undertake joint corruption investigations. The initiation, scope, and operational procedures will be decided on a case-by-case basis by the PCCB and INT.

46. The INT will undertake its own F&C investigations. To this extent, the Program Participation Agreements to be entered between the MoEST and PO-RALG will ensure that both entities and the INT are able to acquire all records and documentation that they may reasonably request from the Program Implementation Units regarding the use of Program funding.

47. In practice, in Tanzania, there are several F&C allegations that are raised in public meetings between political appointees, such as the Regional Commissioner/District Commissioner, with citizens. Usually these are not recorded in the formal system but often appear in the press. It is important that the allegations in connection with the Program as well and the action taken be reported and recorded. There is a need to ensure districts that receive funding under the Program (a) have functional complaint-handling mechanisms that are used to register and process formal and informal (received through public meetings) complaints; (b) take action to address registered complaints; and (c) report on the action taken on the registered complaints to PO-RALG and the MoEST.

48. The PPA (as amended in 2016) has also enhanced the definition of F&C in a broader term by including definitions of coercive practices, collusive practices, and obstructive practices that were missing in the PPA 2004. Furthermore, the new Act has given powers to the PPRA to blacklist and debar a bidder who has been debarred by international organizations, such as the World Bank, in cases related or unrelated to F&C for such period as it is debarred by the international organization plus a further period of ten years (for F&C cases) or five years (for non-F&C cases). The new Act has introduced, among others, (a) mandatory inclusion of local firms and experts in consultancy contracts; (b) domestic preference to both international and national competitive bidding; (c) a requirement to set aside contracts to be used for capacity building of local firms; and (d) a requirement to set aside contracts below a defined threshold to be awarded to local firms only.

49. The Borrower will need to make a commitment that persons or entities debarred or suspended by the World Bank are not awarded a contract under the Program during the period of such debarment or suspension. This will mean that suppliers, contractors, and consultants must be checked against the World Bank's debarment and temporary suspension lists before contracts are awarded.

Auditing

50. The Public Audit Act no. 11 of 2008 grants the CAG exclusive powers to audit public funds, including this Program's funds. The CAG has sole responsibility for statutory audit of all ministries, departments, and agencies and districts.⁴⁴ The CAG discharges this responsibility either directly or through private auditors contracted as agents. Outsourcing of the audits partly solves the challenge of staff constraints at the CAG office. The CAG has regularly carried out external audits in time and issued reports within the nine months of the year end, as stipulated under the law. Audit reports in Tanzania are published on the CAG website and scrutinized at Parliament by the Public Accounts Committee and Local Government Accounts Committee. Audit terms of reference will be agreed on an annual basis between the CAG and other stakeholders, that is, the MoWI, MoHCDGEC, PO-RALG, districts, and IDA to ensure there is an agreeable scope covered, given the risk of the Program. Should there be a need to conduct other

⁴⁴ Audit at LGAs is governed by the Local Government Finances Act No. 9 of 1982 (revised in 2000), which stipulates that accounts of every LGA shall be audited by the National Audit Office (NAO).

forms of audit, for example, forensic and value-for-money audits, these will be done by the CAG that has departments handling these types of audits.

Procurement and Financial Management Capacity

Financial Management Capacity

51. Given the nature of this operation with numerous implementing entities, there will be financial management capacity challenges that will need to be addressed. This is because of the various levels of implementation. Thus, a number of interventions will be required to keep the capacity levels high to support this kind of program. These will go in line with the risk mitigation measures that are recommended below.

Procurement Management Capacity

52. In all the districts visited, there were procurement officers although the number of staff is inadequate to match the procurement volumes. Currently, experience of procurement officers varies significantly from one district to the other as there are districts with officers who have experience and others with junior officers who do not have adequate experience. Due to the lack of adequate number of staff in most of the districts, the PMU members are drawn from different user departments to form ad hoc committees to handle procurement issues, contrary to the requirement of the PPA. Generally, the assessment revealed that there is inadequate knowledge in the application of provisions of the newly enacted PPA 2011 as amended through the Public Procurement (Amendment) Act 2016 and its regulations.

53. The districts should assess the staffing requirements based on the programs and recruit/appoint qualified and experienced staff to fill any gaps as appropriate and conduct tailored trainings on the PPA and its regulations and contract management for the staff in Procurement Managements Units and Technical Departments.

Program Systems and Capacity Improvements

54. Table 5.1 summarizes the integrated fiduciary risks and associated mitigation measures.

Table 5.1. Integrated Fiduciary Risk and Mitigation Measures

| Fiduciary Risk | Description | Mitigation Measures | Due Date | Responsibility |
|---|--|--|-----------------------|-----------------------------------|
| Financial Management Risk | | | | |
| Planning and budgeting | Unfunded budgets and absence of reliable cashflow budget to align implementation of planned activities and timing of cash availability | (a) The Program funds to be earmarked using accounting codes at the Consolidated Fund using a subaccount for the Program under the MoWI, MoHCDGEC and PO-RALG, to ensure program budgets are funded (b) Reliable cash flow budgets to be prepared | During implementation | MoWI, MoHCDGEC, MoFP, and PO-RALG |
| Accounting and financial reporting | (a) Poor connectivity between the districts and the central servers. Failure to record assets at all levels. | (a) Strengthen the connectivity in Epicor to efficiently use the system. (b) There is also a need to activate the asset management module of the system to record all the assets at each district. | During implementation | MoWI, PO-RALG, MoHCDGEC, and MoFP |

| Fiduciary Risk | Description | Mitigation Measures | Due Date | Responsibility |
|---|---|--|-----------------------|--|
| | <p>(b) Epicor is not being used now to record assets acquired by the districts in the system.</p> <p>(c) Weak capacity, especially at the districts, to implement IPSAS using accrual basis of accounting.</p> <p>(d) Delays in submission of various financial reports given that there could be communication and consolidation challenges at the districts, PO-RALG, and ministries.</p> <p>(e) Potential risk to comingle resources and double count of expenditures between PforR and IPF instruments.</p> | <p>(b) The financial reporting module for Epicor needs to be enhanced to produce useful reports for management to take action.</p> <p>(c) There is a need to train all accounting staff at both the central and local government on the use of IPSAS.</p> <p>(d) There will be a need to train staff who consistently send reports late to enhance their skills as well as closely monitor them at the district levels to ensure timely financial reports are received.</p> <p>(e) Include subdonor code in Epicor to earmark funding from each instrument and provide training to staff to be familiar with accounting for the funds under both instruments (PforR and IPF).</p> | | |
| Treasury management and funds flow | <p>(a) Under-funding by the GoT of budget may impact on project implementation, monitoring, and supervision</p> | <p>(a) Set aside program resources for monitoring and supervision at all levels of implementation.</p> | During implementation | MoFP, MoWI, MoHCDGEC, PO-RALG, and districts |
| Internal controls (including internal audit) | <p>(a) Noncompliance with internal control systems at both the central and local government levels</p> <p>(b) Weak internal audit function in terms of adequacy of staff, equipment, and budget to monitor the internal controls put in place</p> <p>(c) Weak audit committees to ensure that audit issues are followed up and addressed</p> | <p>The Internal Audit Units need to be strengthened in terms of staff, equipment such as laptops, and budget for travel to effectively monitor compliance of the internal control systems and report on a quarterly basis on the audit findings for the management of the MoWI, MoHCDGEC, PO-RALG, and districts. Action will need to be taken by the management to address audit issues and this will need to be monitored on a quarterly basis by audit committees whose skills will need to be strengthened through training. The administrative authority granted to regional commissioners to chair districts council meetings to address issues raised by the CAG will also ensure there is compliance in addressing audit issues.</p> | During implementation | MoWI, MoHCDGEC PO-RALG, and districts. |

| Fiduciary Risk | Description | Mitigation Measures | Due Date | Responsibility |
|--|---|---|---|-----------------------|
| Risks for Procurement at the districts' Level | | | | |
| Procurement capacity | Inadequate technical staff in districts' works department | Recruit/appoint qualified and experienced staff to fill the gaps. | Within 6 months of the Program implementation | PO-RALG |
| | Staff has inadequate knowledge of procurement planning, preparation of request for proposal documents, and contract management. | Conduct tailor-made training courses specifically to address weakness identified in areas of procurement and technical staff at districts. | During Program implementation | PO-RALG and PPRA |
| Records keeping | Weak records management system | Establish records keeping/management system. | Within 6 months of Program implementation | PO-RALG/districts |
| Processes and procedures | Delays in completion of procurement processes and lack of internal control manual | Adherence to the standard processing times throughout project implementation. Prepare internal procedures manual to be used by all the districts. | Throughout Program implementation | PO-RALG/districts |
| Controls and integrity | Weak controls and risk of F&C | Carry out procurement and performance (value-for-money) audits annually. | Annual | PO-RALG/PPRA |
| Contract management | Inadequate knowledge and skills in contract managements | Conduct tailored training specific to address weakness in these areas to procurement and user department staff—the MoWI and PO-RALG should approach the PPRA to facilitate. | During Program implementation | MoWI and PO-RALG |

Implementation Support Plan

55. An annual FSA will be conducted for the Program supported by mainly the Internal Audit Department and the PPRA. Adequate budget will need to be allocated for this assessment. This assessment will be supplemented by on-site visits done by the World Bank's fiduciary staff at least twice a year. Reliance will also be placed on the annual audit reports produced by the CAG. In addition, desk reviews will be done for interim financial reports and procurement reports received during the financial year. In-depth reviews may also be commissioned by the World Bank whenever deemed necessary. Implementation support will also involve provision of capacity strengthening in procurement, financial management and governance, and anti-corruption as deemed necessary.

Annex 6. Summary Environmental and Social Systems Assessment

1. The ESSA found that, overall, the national regulatory framework and technical guidelines for environmental and social due diligence with respect to the Program are adequate and the existence of environmental practices and procedures under existing World Bank-funded water, health/sanitation programs, and the Tanzania Productive Social Safety Net Project may help close any existing gaps. A number of policies, instruments, and laws support environment and social management and the environmental and social impact assessment processes in Tanzania. These are supplemented by a number of sectoral policies that consider environmental and social impact assessment as one of the planning tools for facilitating and promoting sustainable development. Such systems are principally well aligned with the core principles and key planning elements defined in the World Bank PforR Policy. The Program will, furthermore, benefit by following the measures defined in the existing RPF and ESMF prepared for the World Bank-funded First and Second Water Sector Support Projects, respectively. In addition, guidelines have been produced by the MoWI (Guidelines of Good Environmental and Social Practices for the Water and Sewerage Sector) to assure the implementation of environmental and social measures in the design, construction, and operation of the water and sewerage projects. PO-RALG, with technical guidance from the World Bank, has also developed a Technical Manual for Environmental and Social Management for the Urban LGAs Program to guide the environmental and social impact assessment process of investments under the urban local government strengthening program.

2. However, there are certain inadequacies and gaps from the perspective of actual implementation of such system identified through the ESSA. The assessed weaknesses are related to lack of enforcement and compliance with existing laws, regulations, and guidelines governing environmental and social management. In addition, inadequate attention to environmental, health, and safety concerns; weak land acquisition management and resettlement practices; lack of systematic environmental and social management data collection and reporting; and weak coordination among agencies are other factors affecting the system. Awareness of the ESSA prepared for the ongoing programs among the IAs is low; thus, some recommended actions are proposed to address these shortcomings and are included in DLRs and the PAP for the Program.

3. The anticipated negative environmental and social effects of the Program are not expected to be significant. While the Program focuses on functionality and rehabilitation of existing facilities and services, it also aims to expand services and does finance limited civil works for rural water supply and sanitation and health activities. Small construction activities include (a) construction and rehabilitation of rural schemes—drilling boreholes, shallow wells, and gravity and hand-pumped schemes; (b) construction of new water points and rehabilitation of nonfunctional water points; (c) installation of water distribution systems; (d) construction and upgrading sanitation and hygiene facilities in public schools and clinics; and (e) installation of sanitation products including plastic pans and user-friendly handwashing stations. The physical interventions are expected to have limited footprints in terms of impact on the ecology, loss of land or asset, and land acquisition. The expected impacts are predictable and easily manageable with the application of known mitigation measures.

4. The social implications of the interventions that the Program is expected to address include, among others, poverty and inequity (economic and health vulnerability); beliefs and traditions; gender responsiveness; community consultation, participation, and representation; community capacity building to sustainably operate, manage, and maintain rural water supply facilities; existence, functionality, and effectiveness of mechanisms to promote accountability and transparency including consultations, feedback, and grievance redress at village and district levels.

5. A rural water supply and sanitation sector gender assessment was also undertaken to identify critical institutional and operational actions necessary to furthering gender equality in WASH service

delivery. It found that, even though the NAWAPO and the WSP were in place, there is still little consultation of both men and women in selecting and managing rural water supply schemes nor is there equal participation of women in water committees and in leadership positions. Women are rarely involved in decisions relating to water policies and strategies, WRM, or tariff setting and technology choices. They are missing in key areas of water-related decision making.

6. The ESSA analysis presented here identifies strengths, gaps, and opportunities in Tanzania's environmental and social management system with respect to addressing the environmental and social risks associated with the Program. The analysis identified the following main areas for action to ensure that the Program interventions are aligned with the Core Principles 1, 2, 3, 4, and 5 of OP/BP 9.00 applicable to the Program: (a) national environmental and social management system improvement; (b) provision of technical guidance and enhancing implementation capacity; (c) addressing capacity constraints; (d) adoption of measures to ensure inclusion and protection of disadvantaged and vulnerable persons; (e) measures to guide voluntary land donation; (f) land acquisition/allocation for the Program; (f) gender inclusion; and (g) improved systems for information disclosure and stakeholder consultation. The gaps identified through the ESSA and subsequent 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.

7. The following key measures will mitigate some of the abovementioned gaps: (a) A capacity building plan, including provision for strengthening safeguards screening and monitoring arrangements, will be developed early in year 1 of Program implementation, as part of the 'Foundational Activities' (DLI 1), and included in the Operations Manual. Central to this will be the mainstreaming of environmental and social capacity strengthening under the multiple-activity IPF Technical Support Component; (b) Through the IPF-funded SPSC consultancy and its 17 field-based consultants, the Program will support the capacity building at the local and national levels. In addition, the Program will incentivize compliance through the DLIs and the PAP; (c) Progress made on capacity building will be provided by the verification of DLI 7; and (d) the program's capacity building plan will include measures for good practices on inclusion of Vulnerable and Disadvantaged Communities in culturally appropriate consultations in their local language of understanding; this action is also included in the verification for DLIs 1 and 2.

Gender Issues

8. Issues of quality, affordability, and design of sanitation and hygiene facilities for inclusive services to adolescent girls, pregnant women, newly married women, and persons with disability need to be addressed for the full realization of health benefits. The Program aims to strengthen the monitoring system to ensure inclusiveness and adherence to standards in health and sanitation services. Capacity building of COWSOs is key in addressing inequity (financial, time, and emotional distress) due to non-functionality of water supply services. Strong and sustained sense of responsibility and active participation of communities in the financing is an important aspect of sustainability. Strengthening accountability and transparency of COWSOs toward communities is also important for continued community engagement and responsibility. A well-structured community consultation and regular communication and feedback mechanisms contribute to inclusiveness, acceptability, and improved quality of service. Capacity building of COWSOs in critical areas of operation and management can effectively address issues of equity (gender and poverty) and inclusion.

9. As women are the primary users and managers of rural household water, they have a major stake in rural water matters and must be involved in decisions about water issues. To narrow the gender gap at all levels of the rural water sector, and to ensure water security for all, there needs to be more equity, and women need to have greater involvement in decision making. Gender parity in COWSOs is yet to be achieved although growing number of women are elected into COWSOs.

10. National policies and legislation such as the NAWAPO acknowledge the key roles and practical interest of women in rural water provision. A quota system was adopted to ensure women's representation in the formal water management structures at the village level, particularly in the Village Council and Water Committees or COWSOs. The policy further requires a merit-based gender-sensitive recruitment policy within all water sector institutions.

11. An inclusive consultation ensures that the needs and preferences of women, men, girls, and boys are considered in decision-making processes at different levels. Important decisions such as tariff setting and modes of payment as well as physical location of water facilities have significant ramifications for accessing services by women and other vulnerable groups. Physical location of facilities should consider distance from villages as well as safety and security issues. Lessons drawn from water facilities globally also show that sexual harassment at water facilities is a common occurrence that needs to be monitored and addressed. Issues of quality, affordability, and design of sanitation and hygiene facilities for inclusive services to adolescent girls, pregnant women, newly married women, and persons with disability need to be addressed for the full realization of health benefits.

12. A rural water supply and sanitation sector gender assessment has been undertaken to pick critical institutional and operational actions necessary to furthering gender equality in WASH service delivery.

13. The assessment recommends some high-level actions that are relevant to the Program. To strengthen gender mainstreaming, an action plan will aim at, but not be limited to, institutionalizing gender and creating an enabling environment for gender in management and in operations under the Program. These initiatives will include development and adoption of a rural water gender mainstreaming strategy, implementation of current quota system to include leadership positions, exploring ways of promoting female water technicians and engineers, training of both men and women on sanitation and hygiene to promote their active participation, continuous sensitization of all sectors on social and cultural discriminatory practices and norms underpinning gender inequalities and discrimination against women with the aim of correcting them. To promote the participation of women in governance and COWSOs, the Program will adopt a dedicated gender action plan to be implemented at PO-RALG, district, and COWSOs and build women's capacity to lead and manage COWSOs.

Recommended Measures to Strengthen Systems Performance

14. The Program ESSA analysis identifies strengths, gaps, and opportunities in Tanzania's environmental and social management system with respect to effectively addressing the environmental and social risks associated with the Program. The ESSA converted these gaps and opportunities into a viable strategy to strengthen environmental and social management capacity and performance at the national and local levels.

15. The analysis identified the main areas for action to ensure that the Program interventions are aligned with the Core Principles 1–6. Table 6.1 summarizes the key measures to be taken to strengthen system performance for environmental and social management in the Program.

Table 6.1. Environment and Social Program Action Plan

| Objective | DLI/PAP | Due Date | Measures |
|---|---|----------|--|
| Strengthening environmental and social management systems | <p>DLI 1: Number of people with access to an improved water supply</p> <p>DLI 7: Number of participating districts submitting accurate and complete sector M&E data</p> <p>DLI 8: Agency established and operationalized</p> <p>PAP/IPF</p> | Ongoing | <ul style="list-style-type: none"> • The Program will not finance subprojects that pose significant environmental risk, and any physical or economic displacement is expected to be minor. Given the experience of the previous Water Sector Support Project,⁴⁵ there is a good opportunity to improve systemic implementation of environmental and social practices related to the functioning and operations of water and sanitation service provision. • The Program will adopt the measures and procedures defined in the Environmental Impact Assessment and Audit Regulations (2005), which underscores the obligation to screen projects and thereafter undertake Environmental Impact Assessment (EIA) before commencement or financing of a moderate risk project or undertaking. The beneficial experience from WSSP-I regarding improved screening of subprojects and supervision at the field level will be formalized under the Program. Sub-projects representing significant environmental or social risk are excluded from PforR financing. • The EIA regulation and procedure has been assessed and found to be compliant with PforR principles at the top level, but needs greater attention on implementation procedures, resources, and improved institutional mechanisms at the local government/project site level. • The current process for grievance redress and complaint handling, inclusive and participatory community consultations, social accountability, transparency and information sharing and gender equality (including vulnerable groups) also needs significant improvement. • The Program will strengthen environmental management functions of core implementing agencies to require further coordination among various ministries, agencies, and donor partners (including as relevant at the regional and district/district levels) on environmental and social aspects to further support field implementation. Improvements in this regard will be assessed through more regularized compliance monitoring, enforcement, and reporting. These environmental and social measures will be part of overall Program reporting and a central environment management system. For improved implementation, enforcement, and monitoring, procedures defined in the EMA, EIA regulation, management tools for the environmental and social management in the ministry, the Sustainability Strategy, the Trainers Manual for COWSOs and the District |

⁴⁵ The previous WSSP was supported through traditional World Bank lending rather than a PforR and was rated as Category A for Environmental Assessment given the inclusion of a large well field, though the majority of subprojects were rated Category C for low to minimal risk. The remaining were rated as Category B given their more modest but still manageable risk. The new Program will only finance subprojects that pose these low to moderate risks, and exclusionary criteria will be specified in project documents and the Financing Agreement.

| Objective | DLI/PAP | Due Date | Measures |
|--|---|-------------------------------------|---|
| | | | <p>Water and Sanitation Teams capacity building will be fully implemented.</p> <ul style="list-style-type: none"> • Support COWSOs environmental and social management functionality. • Monitor inclusion of disadvantaged and vulnerable communities in services delivery. |
| Addressing capacity constraints | <p>DLI 1: Number of people with access to an improved water supply</p> <p>DLI 2: Number of sustainably functioning water points</p> <p>DLI 8: Agency established and operationalized</p> <p>PAP/IPF</p> | Foundation activities - year 1 | <ul style="list-style-type: none"> • The capacity building plan (including provision for strengthening safeguards screening and monitoring arrangements) will be developed early in year 1 of Program implementation, as part of the ‘Foundational Activities’ (DLI 1), and included in the Operations Manual. Central to this will be the mainstreaming of environmental and social capacity strengthening under the multiple-activity IPF Technical Support Component. • Progress made on capacity building will be provided by the verification of DLI 7. |
| Improved systems for information disclosure and stakeholder consultation | PAP | Foundation activities - year 1 | <ul style="list-style-type: none"> • Accountability and transparency of institutions are essential to ensure that the benefits of the Program reach all beneficiary groups (service users and providers). The ESSA suggests the following actions: (a) establish coordination mechanisms from national agencies and DPs jointly led by the MoWI and PO-RALG and (b) undertake orientation and awareness creation for Program implementation to lower-level stakeholder groups on environmental and social management through publicly available mechanisms. The measures to improve information disclosure and stakeholder consultations will be included in the OM. • During supervision, the World Bank will monitor information available in the public domain on community engagement activities and their contribution to improved water and sanitation service provision. |
| Disadvantaged and vulnerable persons | PAP | Before effectiveness of the Program | <ul style="list-style-type: none"> • The Program will develop and adopt measures to ensure inclusive consultations and grievance redress with the vulnerable and unreached/disadvantaged people to safeguard them from exclusion from the Programs benefits. • The Program will adopt measures to ensure that benefits and compensation accorded to disadvantaged persons are culturally appropriate. The Program will also adopt the GoT-prepared Vulnerable Groups Plan prepared for the Tanzania Social Action Fund under the Tanzania Productive Social Safety Net (P124045). • These will be included in the OM before effectiveness of the Program. |

| Objective | DLI/PAP | Due Date | Measures |
|---|---|-------------------------------------|---|
| Land acquisition/allocation for the Program | DLI 1: Number of people with access to an improved water supply PAP | Before effectiveness of the Program | <ul style="list-style-type: none"> • The Program will develop procedures for voluntary land donations and formats of agreements (between the Program and land donors). • The Program will adopt the Water Sector Support Project (P087154) - RPF to guide land acquisition and resettlement for the Program. • These will be included in the OM before effectiveness of the Program. |
| Gender inclusion | DLI 1: Number of people with access to an improved water supply PAP | Foundation activities - year 1 | <ul style="list-style-type: none"> • A Gender Action Plan will be developed under the ‘Foundation Activities’ of the Program during year 1. • To promote the participation of women in governance and COWSOs, the Program will adopt the dedicated gender action plan to be implemented at PO-RALG, district, and COWSOs and build women’s capacity to lead and manage COWSOs. • These initiatives will include development and adoption of a rural water gender mainstreaming strategy, extension of current quota system to include leadership positions, exploring of ways of promoting female water technicians and engineers, training of both men and boys on sanitation and hygiene to promote their active participation, continuous sensitization of all sectors on social and cultural discriminatory practices and norms underpinning gender inequalities and discrimination against women with the aim of correcting them. • It should also provide guidance on how sexual exploitation and abuse will be safeguarded in the Program. |

The Grievance/Complaint Redress Mechanism

16. **National level.** At the national level, there is a government portal for registering complaints. In addition, the water sector will also have a portal that can be used for registering complaints. The existence of this mechanism needs to be widely disseminated in the format and language understood by the citizens using all media channels accessible to them. In addition, the implementers of both the portals need to have a person identified for integrating the complaints into the community score card for discussion with the service providers and monitored for redress.

17. **Local level.** The following systems are in place at the local level:

- districts have a complaint box to receive complaints and depending on the issues raised, either provide resolutions or include in the community score card for mutual discussions and addressing.
- COWSOs also have a similar mechanism for handling complaint. They respond to the complainant or forward to the next higher level for redress of issues that are beyond their jurisdiction.
- District Councils are responsible for receiving and resolving complaints.

18. The OM will need to review the existing system and provide timelines and a monitoring mechanism for the GRM. The GRM will also need to be widely disseminated to all stakeholders.

19. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit: www.inspectionpanel.org.

Annex 7. Systematic Operations Risk Rating

TANZANIA: Sustainable Rural Water Supply and Sanitation Program

Stage: Board

| Systematic Operations Risk-Rating Tool (SORT) | |
|---|----------------------------|
| Risk Category | Rating (H, S, M, L) |
| 1. Political and Governance | M |
| 2. Macroeconomic | L |
| 3. Sector Strategies and Policies | M |
| 4. Technical Design of Project or Program | S |
| 5. Institutional Capacity for Implementation and Sustainability | S |
| 6. Fiduciary | S |
| 7. Environment and Social | M |
| 8. Stakeholders | M |
| 9. Other | n.a. |
| Overall | S |

Annex 8. Program Action Plan

| No. | Action Description | Due Date | Responsible Party | Completion Measurement |
|--------------------------------|--|--|---------------------------|---|
| 1. | Timely transfer of Program funds to IAs including the districts and the RSs | Within 2 months after fund receipt in the Project Holding Pooled Account | MoWI, MoHCDGEC, and MoEST | Signed letters from the MoWI, MoHCDGEC, and MoEST confirming budget allocation and funds transfer |
| Implementation Capacity | | | | |
| 2. | The MoHCDGEC and the MoWI to establish and operationalize CDMTs for the NSC and rural water supply, respectively | Within 6 months of Program implementation | MoWI and MoHCDGEC | Verification of DLI 7 and CDMTs staffed with a minimum of three (3) people |
| 3. | (a) Procurement of the SPSC (b) Implementation of the SPSC | (a) Within 3 months of effectiveness (b) Ongoing, for the first 3 years of the Program period | MoWI | (a) Signed contract provided to the World Bank (b) Progress reports submitted to the World Bank |
| Safeguards | | | | |
| 4. | Implement all the recommendations of the ESSA and adopt the ESSA Environmental and Social PAP covering the following: (a) Strengthening environmental and social management systems (b) Addressing capacity constraints (c) Improved systems for information disclosure and stakeholder consultation (d) Disadvantaged and vulnerable persons (e) Land acquisition/allocation for the Program (f) procedures for voluntary land donations and formats of agreements prepared and submitted to the World Bank | Before Program effectiveness and during implementation | MoWI (Agency) | (a), (b), (c), (d), (e) and (f) procedures for implementation adopted in the Operations Manual (before effectiveness) and as otherwise specified in ESSA Action Plan (a), (b), (c), (d), (e) and (f) capacity strengthening, systems for environmental and social management, and information disclosure and stakeholder consultation fully operational (during implementation), and through verification of DLI 1 and DLI 7 |
| 5. | Grievance and complaint-handling mechanisms established and operational | Complaint-handling report submitted by June 1 of every year starting from 2019 | MoWI and PO-RALG | Grievance and complaint-handling mechanisms fully operational and annual complaint-handling reports submitted to the World Bank |

| No. | Action Description | Due Date | Responsible Party | Completion Measurement |
|-----------------------------|---|---|--|--|
| 6. | Develop and implement a Gender Action Plan. | By June 2020 | MoWI | Gender Action Plan submitted to the World Bank |
| Fiduciary | | | | |
| 7. | (a) Activate the asset management module of the system to record all district assets. (b) Train all accounting staff at both central and local government on the use of IPSAS. (c) Include subdonor code in Epicor to earmark funding from each instrument and provide training to staff to be familiar with accounting for the funds under both instruments (PforR) and IPF. | By June 2021 | MoWI, PO-RALG, MoHCDGEC, and MoFP | Supervision mission Aide Memoire |
| 8. | Set aside Program resources for monitoring and supervision at all levels of implementation. | Throughout Program implementation | MoFP, MoWI, MoHCDGEC, PO-RALG, and districts | Supervision mission Aide Memoire |
| Procurement Capacity | | | | |
| 9. | Conduct tailor-made training courses specifically to address weakness identified in areas of procurement and contract management for technical staff at districts. | By June 2020 | PO-RALG and PPRA | Training report submitted to the World Bank |
| 10. | Establish records keeping/management system | Within 6 months of Program implementation | PO-RALG/districts | Supervision mission Aide Memoire |
| 11. | Adherence to the standard processing times throughout Program implementation. Prepare internal procedures manual to be used by all districts | Throughout Program implementation | PO-RALG/districts | Internal procedures manual submitted to the World Bank |
| 12. | Carry out procurement and performance (value for money) audits annually. | Annual | PO-RALG/PPRA/Agency | Audit reports submitted to the World Bank |
| 13. | Conduct tailored training to procurement and user department staff to address weakness in these areas—MOWI and PO-RALG should approach the PPRA to facilitate. | By June 2020 | MoWI and PO-RALG | Training report submitted to the World Bank |

Annex 9. Implementation Support Plan

1. The implementation support plan is based on the implementation support guidelines for the PforR operations, adapted to the design and risk profile of the Program. The Borrower is responsible for the Program’s overall implementation, including its technical aspects. The PforR operation in Tanzania will require considerable focused support from the World Bank team particularly during the early stages of implementation. At the regional and district levels, civil servants will need to make a rapid shift in the focus of their planning to ensure that available funding can be absorbed and results delivered in time and within budget envelopes. The team recognizes that the PforR mode of operation, which transfers performance risk to the implementing districts, lays down a challenge to change numerous existing operational practices and norms, particularly at the local level. The IPF-financed strategic consultant is intended to address these initial capacity and information gaps. The basic mandate for the World Bank implementation support under PforR is to:

- Review implementation progress and achievement of Program results and DLIs;
- Provide support for resolving emerging Program implementation challenges;
- Provide technical support for the implementation of the PAP, the achievement of DLIs and other results, and institutional development and capacity building;
- Monitor systems’ performance to ensure their continuing adequacy through Program monitoring reports, audit reports, and field visits; and
- Monitor changes in risks to PforR and compliance with Legal Agreements and, as needed, the Program’s action plan.

2. Key to effective implementation support will be the coordination of its timing with critical points in the timelines of planning and verification of results for payments request to the World Bank. The first implementation support mission will take place as soon as possible after effectiveness to provide direct feedback and implementation support with critical inputs and involvement of environmental, social, and fiduciary teams.

3. Tables 9.1, 9.2, and 9.3 summarize the implementation support arrangements for the Program.

Table 9.1. Implementation Support

| Time | Focus | Skills Needed | Resource Estimate |
|-----------------|--|--|---|
| First 12 months | Design of water supply schemes and long-term sustainability activities, supervision of the IPF-funded technical assistance support, revision of guidelines and manuals, establishment of arrangements for independent verification, strengthening of the M&E systems | Legal, governance, procurement, financial management, social and environment, water and sanitation specialist, M&E | 2 implementation missions plus 2 technical missions |
| 12–48 months | Review of implementation progress, field verification of verification reports from the IVA, supervision of the IPF-funded technical assistance support | Legal, governance, procurement, financial management, social and environment, water and sanitation specialist, M&E | 2 implementation missions plus technical missions as needed |
| Other | Independent audit/assessment of verification of results | Independent technical expertise | 2 people for 4 weeks Total 8 weeks |

Table 9.2. Task Team Skills Mix Requirements for Implementation Support

| Skills Needed | Number of Staff Weeks (Annual) | Number of Trips | Comments |
|----------------------|---------------------------------------|------------------------|----------------------|
| Legal | 1 | None | Headquarters based |
| Procurement | 8 | 2 | Country office based |
| Financial management | 8 | 2 | Country office based |
| Governance | 2 | 2 | Country office based |
| Social/gender | 5 | 2 | Country office based |
| Environment | 4 | 2 | Country office based |
| M&E/verification | 6 | 2 | Headquarters based |
| Technical (WASH) | 12 | 2-3 | Country office based |

Table 9.3. Role of Partners in Program Implementation

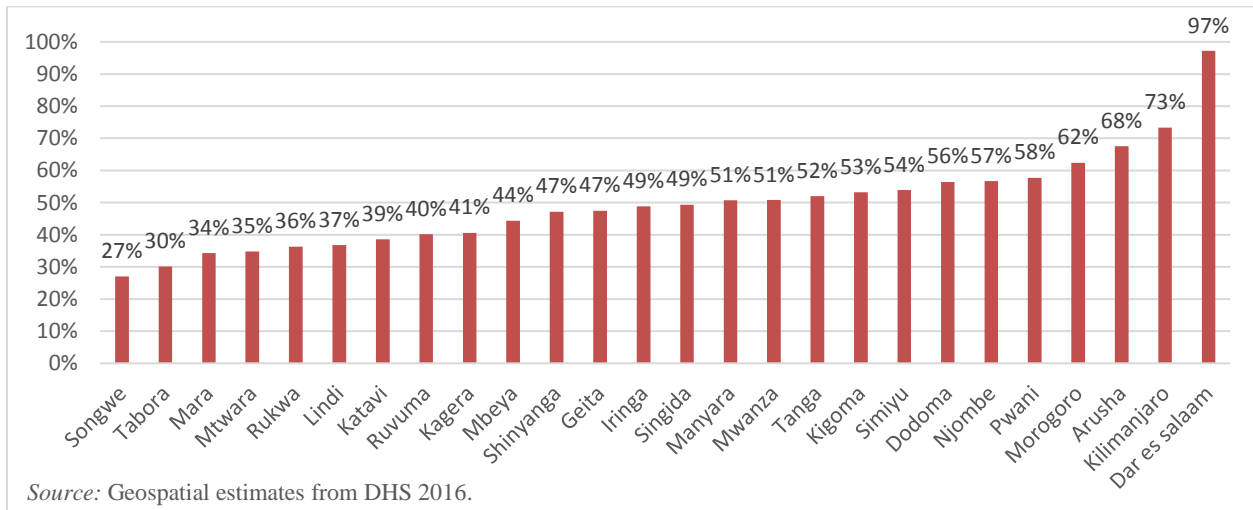
| Name | Institution/Country | Role |
|-------------|-----------------------------------|--|
| DFID | Tanzania/United Kingdom | BCC Campaign of the NSC Verification of outputs achieved for rural water supply |
| USAID | Tanzania/United States of America | NSMIS |

Annex 10. Regional Targeting Selection Process

Water and Sanitation Disparities in Rural Tanzania

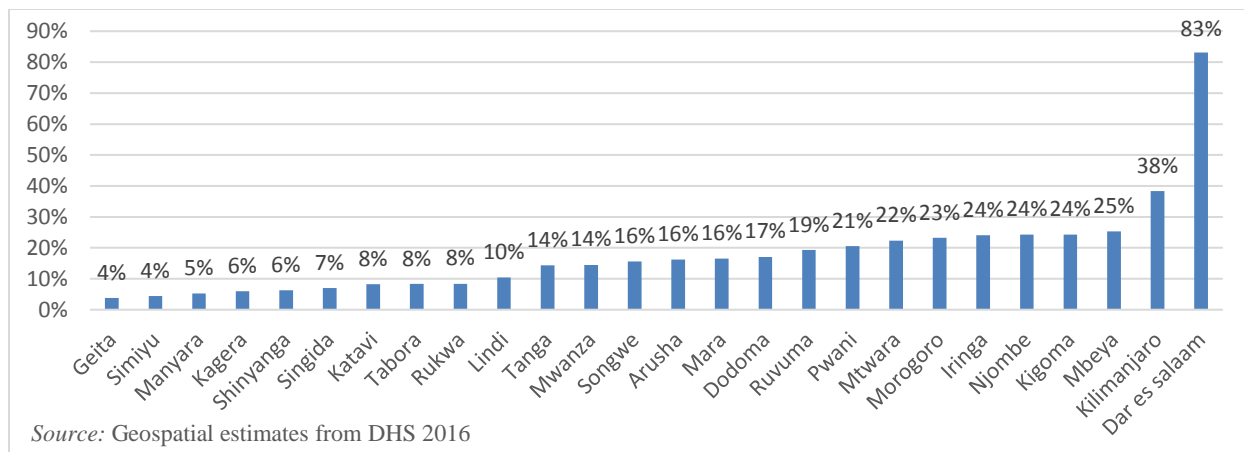
1. In rural areas of Tanzania, improved water coverage currently stands at 48 percent⁴⁶. This coverage differs greatly with some regions such as Songwe and Tabora with coverage at around 30 percent while Arusha and Kilimanjaro regions have coverage around 70 percent, as indicated in Figure 10.1.

Figure 10.1. Population by Region with Improved Water



2. For sanitation, most improvements have been confined to populations in urban areas, with high rates of unimproved sanitation dominating the rural areas. At the end of 2015, only 11 percent of rural Tanzanians had access to improved sanitation (DHS 2016). While the rates of unimproved sanitation are more universally low across the country, there is still a need to focus on the lowest subset which includes Geita, Simiyu, and Manyara, among others, as indicated in Figure 10.2.

Figure 10.2. Population by Region with Basic Sanitation



⁴⁶ MoHCDGEC, National Bureau of Statistics, and ICF. 2016. Tanzania Demographic and Health Survey and Malaria Indicator Survey 2015-2016. Available at <http://dhsprogram.com/pubs/pdf/FR321/FR321.pdf>.

Data Sources

3. To select the regions most in need of water and sanitation interventions, the World Bank analyzed available data sources⁴⁷ on water and sanitation coverage as part of the selection process which were included in the Tanzania WASH Poverty Diagnostic (2017). For all available data sets, the estimates of the Joint Monitoring Program-defined SDG standards for improved water⁴⁸ and improved sanitation⁴⁹ coverage were used. The analysis used DHS data on stunting rates in children under five years from 2016 as the key indicator for chronic undernutrition and the latest estimates from the World Bank's poverty rates in Tanzania.⁵⁰

Methodology for Regional Selection

4. The methodology involved taking results from the Tanzania WASH Poverty Diagnostic in 2017 on improved water and sanitation at the regional level and ranking the regions with the lowest coverage at 1 (that is, highest priority). It was decided to draw upon multiple data sets for the analysis to ensure the greatest corroboration of coverage data on regions for selection. After ranking all regions from 1 to 26,⁵¹ based on their improved water and improved sanitation coverage, the first 13 regions for lowest improved water coverage and the first 13 regions for lowest improved sanitation coverage were selected. The 13 regions were then selected as priority regions that appeared disadvantaged across all available data sources analyzed and were subsequently included for definitive selection. Regions that appear as highly ranked for low WSS coverage in a majority, but not all, of the data sources were also selected. Then out of these, the selection was refined to those which also had high poverty and stunting rates.

Results

5. The following are the results of the selection criteria applied as displayed in table and map form. The 'priority regions' were selected given their low ranking in WSS across all available data sets analyzed. The 'second criteria' selected regions with the highest poverty and stunting rates out of those regions with low WSS coverage across the majority of available data analyzed.

Table 10.1. Regions Targeted by the Program

| No. | Priority Regions |
|-----|---------------------------|
| 1. | Tabora |
| 2. | Katavi |
| 3. | Rukwa |
| 4. | Lindi |
| 5. | Geita |
| 6. | Shinyanga |
| 7. | Singida |
| 8. | Kagera |
| 9. | Mwanza |
| 10. | Manyara |
| 11. | Mtwara |
| 12. | Simiyu |
| 13. | Iringa |
| | Secondary criteria |
| 14. | Mara |
| 15. | Ruvuma |
| 16. | Kigoma |
| 17. | Songwe |

⁴⁷ RWS 2014, DHS 2016, and geospatial data.

⁴⁸ Improved water coverage as defined by the Joint Monitoring Program. <https://washdata.org/>.

⁴⁹ Improved sanitation as defined by the Joint Monitoring Program. <https://washdata.org/>.

⁵⁰ Rascón-Ramírez, and Audy. 2016. "Poverty Mapping in Tanzania." World Bank, Washington, DC.

⁵¹ The regions are in mainland Tanzania.

Figure 10.3. Regions Targeted by the Program



TANZANIA

- SELECTED CITIES AND TOWNS
- ⊙ PROVINCE CAPITALS
- ⊕ NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- PROVINCE BOUNDARIES
- INTERNATIONAL BOUNDARIES

