

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC19782

Project Name	Second Water Sector Support Project (P150361)
Region	AFRICA
Country	Tanzania
Sector(s)	General water, sanitation and flood protection sector (30%), Water supply (40%), Wastewater Treatment and Disposal (20%), Sanitation (10%)
Theme(s)	Urban services and housing for the poor (55%), Rural services and infrastructure (20%), Water resource management (15%), Decentralization (10%)
Lending Instrument	Investment Project Financing
Project ID	P150361
Borrower(s)	UNITED REPUBLIC OF TANZANIA
Implementing Agency	Ministry of Water
Environmental Category	A-Full Assessment
Date PID Prepared/ Updated	17-Feb-2015
Date PID Approved/ Disclosed	17-Feb-2015
Estimated Date of Appraisal Completion	10-Nov-2015
Estimated Date of Board Approval	14-Jan-2016
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Tanzania is on a strong economic growth trajectory but poverty rates are still high. Tanzania has experienced strong and rapid economic growth, with annual GDP growth averaging around seven percent in the last decade. It is expected that this growth trajectory will be sustained. Tanzania is aiming at reaching middle income status by 2025. Despite the strong economic growth, Tanzania is one of the poorest countries in Africa with approximately 13 million people (28 percent of the population) still living below the basic needs poverty line.

Rapid urbanization is a challenge to improving and sustaining service delivery. The population of Tanzania is about 45 million (Census 2012) of which 37.6 million (83.5%) is estimated to live in rural areas and 16.40 % in urban areas. Tanzania has a high population growth rate, at around three

percent annually. The country is expected to increasingly become an urban economy, with approximately half of its population living in major and secondary cities by 2030, against one quarter today. Tanzania's primary city - Dar es Salaam accounts for 60% of the urban population (or 4.4 million in 2012). Keeping up with the demand for provision of sustainable infrastructure, including water supply and sanitation, is a challenge with the rapidly growing urban population.

Tanzania is endowed with relatively abundant freshwater sources, but these are unevenly distributed. On average, Tanzania has about 2,300 m³ of renewable freshwater per capita per year, but this is not well harnessed and many demands are unmet. Climate variability, resource degradation and pollution have become a threat to the sustainability of critical water using sectors, hydropower, irrigation, mining, tourism, livestock, urban and rural water supply, and the environment. Population pressure, deforestation and unsustainable land and water management in fragile catchment areas have led to degradation of the resource base and the livelihoods of the people that depend on it. At the same time, underdevelopment in key sectors like hydropower and irrigation has led to underutilization of the resource for economic growth. Given the economic and social importance of water for national growth and development, it is critical to better manage the water resources.

Sectoral and Institutional Context

The Water Sector Development Program. The Tanzania water sector has gone through various iterations of policy and strategy adaptation processes that led to the preparation in 2006 of the Water Sector Development Program (WSDP), which is the guiding framework in the sector, covering community level water supply and sanitation provision, urban water supply and sanitation, water resources planning and management, large multipurpose infrastructure development as well as policy and strategic level interventions. The WSDP is one of the largest programs in the region implemented under a Sector Wide Approach (SWAp) arrangement encompassing the broader water sector and spanning a period of 20 years from 2006 to 2025 divided into a number of implementation phases. The second phase of the WSDP covering the period 2015-2019 was launched on September 22, 2014. The second WSDP focus on four main sub-sectors, three of which are continued from WSDP phase I, and sanitation and hygiene now included as a new stand-alone component. These are: Water Resources Management, Rural Water Supply and sanitation, Urban Water Supply and Sanitation, and Hygiene and sanitation.

Institutional Framework. While most aspects of water management are responsibilities of the Ministry of Water (MoW) and the river and lake basin offices, it is being increasingly recognized that an inclusive integrated water resources management is required for effective, equitable, and sustainable utilization of the water resources. The sector institutions are organized in line with these principles and with the government Decentralization by Devolution (DbyD) policy which devolved responsibilities for water resources management and provision of water supply and sanitation services to the decentralized level of the administration tiers. A national water board constituting of key water resource related sector institutions is providing strategic guidance and coordination for integrated water resources management.

In the urban water supply and sanitation sub-sector, the Urban Water Supply & Sanitation Authorities (UWSAs) are responsible for project implementation while the Energy and Water Utilities Regulatory Authority (EWURA) has regulatory responsibility.

In Dar es Salaam city, two institutions are responsible for provision of water supply and sewerage

services. The Dar es Salaam Water and Sewerage Authority (DAWASA) is the asset holder while the Dar es Salaam Water and Sewerage Corporation (DAWASCO) has entered into a lease agreement with DAWASA to serve as operator.

Relationship to CAS

The proposed operation is in line with the WB 2012-2015 Country Assistance Strategy (CAS) for Tanzania and directly supports the CAS strategic objective - 'Build Infrastructure and Deliver Services'. Under this objective, the proposed activities are directly relevant to the CAS outcomes: "increased access to and quality of water and sanitation services". The proposed operation is also consistent with the World Bank Group's twin goals of ending extreme poverty and promoting shared prosperity, sustainably. Improving access to safe water and sanitation is key for improved livelihoods and better health. Water resources management tackles three interlinked objectives: shared prosperity through support to economic growth, ending extreme poverty through support to improved resilience within the basins, and sustainability by protecting the natural resources base on which these goals are built.

The project would reach the urban poor through provision of equitable access to safe drinking water and sanitation facilities. Women and girls, who are the primary beneficiaries of improved service, will have less of a burden and more time to be involved in education and economic activities. In addition, strengthened institutional and regulatory frameworks, including implementation of comprehensive plans for integrated water resources management and development, lay an important foundation for efficient and harmonized utilization of water resources.

The total estimated number of people directly benefiting from the overall WSDP II is 28 million in both rural and urban areas of the country, including households targeted for integrated catchment management interventions. The proposed project will benefit a subset of the overall WSDP II beneficiaries (details to be defined as part of project preparation). In addition, indirect beneficiaries include: urban households, companies and public agencies in Tanzania with access to electricity that will benefit from reduced downtime; the urban populations and; urban and rural dwellers that depend on the country's water resources; the commercial and communal irrigation sector; and the tourism, mining and fisheries sectors.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The overall WSDP II program Development Objective is "Improving integrated water resources management by strengthening water sector institutions and increasing access to water supply and sanitation services".

The Project Development Objective is to strengthen integrated water resources management in Tanzania to support productive sectors ; and improve water supply service delivery in urban areas of Tanzania.

Key Results (From PCN)

Proposed PDO indicators are:

- i. Water basin offices fully operational and implementing an approved plan for the integrated basin water management (indicator to be further defined as part of preparation)

- ii. People in urban areas provided with access to Improved Water Source under the project (number)
- iii. People in urban areas with access to improved sanitation (number)
- iv. Non-Revenue Water in Dar es Salaam city and other selected utilities (%)
- v. Direct Project Beneficiaries (number), of which female (%)

III. Preliminary Description

Concept Description

The proposed project will support targeted interventions within the Water Resources Management and Urban Water Supply and Sanitation Themes, focusing on improving integrated water resources management; and enhancing the operational efficiency and expansion of urban water supply and sewerage services particularly in Dar es Salaam. The focus will be based on the most critical requirements for impact, supporting innovation, and the Bank's comparative advantage vis-à-vis other support to the sector. Detailed activity design, contribution from other development partners and allocation between the components is expected to be firmed up during project preparation.

I. Water Resources Management – (WRM) (US\$ 60 M)

The WRM component would build on successes achieved under WSSP-I and continue to promote integrated climate resilient investment planning in the basins, including institutional capacity building to plan and manage water and land use at a basin level. Activities would also support strategic planning and implementation of priority investments identified in the nine basin IWRMD plans (currently in draft stage and scope to be confirmed during preparation); adoption of sustainable land and water management practices to reduce land degradation in targeted production and natural landscapes, to build resilience to climate risk. Some of these physical investments will focus on priority basins, while other activities will support the overall information base and institutional framework for water management at decentralized and national level, while placing stronger emphasis on performance management and strategic outcomes. The main focus of this component will be on strengthening the Water Resources management (WRM) institutions at the center, basin, and sub basin levels to enable them to effectively coordinate the various sector institutions competing for water and manage the tradeoffs and complementarity of the intended uses. More emphasis will be placed on supporting the development of inter-sectoral collaborative framework at national and basin level; and improving the information base for effective management.

II. Urban Water Supply and Sewerage (US\$155 million):

The operational efficiency of the utilities in large urban areas and small towns is very low as evidenced by the high rate of Non-Revenue Water (NRW) which affects the utilities capability to effectively and sustainably provide the services. The situation is worse in Dar es Salaam city where the NRW rate is as high as 53% and the service coverage is about 50% while a huge amount of water is being produced from various sources to augment the existing system. With the completion of the ongoing and planned projects under the WSDP, the daily water production is expected to grow by more than double from the current 300, 000 Cu. M to 756,000 Cu. M. This will further exacerbate the loss as higher pressure is being added to an old distribution system. With regard to

sewerage, only 10% of the city is covered by sewerage network.

Inefficient and uncoordinated management of the Dar es Salaam water and Sewerage services is a major contributor to the poor service levels. Cognizant of this, the MoW has initiated a reform process to reorganize the Dar es Salaam Water and Sewerage Authority (DAWASA) and the Dar es Salaam Water and Sewerage Corporation (DAWASCo) who are responsible for delivery of water and sewerage services in the city. The Bank has been supporting the initiative through technical assistance to assess the situation and propose possible options for reorganization of the institutions based on experience from similar reforms successfully undertaken in the region. The primary focus in the urban water supply and sewerage component is to support the GoT initiative to improve the operational efficiency of the Dar es Salaam city water and sewerage service delivery institutions. The project will also support selected additional towns to improve their operational efficiency through technical assistance, consultancy, training, and procurement of goods and works.

III. Program Delivery Support (US\$ 10 million):

The main focus of the program delivery support component is to coordinate implementing entities and ensure the program implementation is diligently monitored in accordance with the agreed procedures and is sufficiently capable of adaptive management to tackle emerging challenges. Primarily this component will ensure that: the program's dialogue mechanism is effectively functioning, planning and monitoring of the program is implemented as per the agreed procedures and the necessary capacity building support is prioritized and implemented effectively and efficiently. Some of the activities to be supported under this component include:

- i. Scaling up the sector MIS to cover all the sub-sectors, and to include process monitoring and overall knowledge management for the water sector.
- ii. Staff training and capacity building activities
- iii. Program delivery related technical assistance and assessments
- iv. Communication, awareness creation / advocacy, and dissemination of policies, programs, strategies, water legislation, guidelines, technical standards, regulations, orders etc.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04	x		
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10			x
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37	x		
Projects on International Waterways OP/BP 7.50	x		
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	225.00	Total Bank Financing:	225.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			225.00
Total			225.00

VI. Contact point

World Bank

Contact: Yitbarek Tessema
 Title: Lead Water and Sanitation Spec
 Tel: 5355+3263 /
 Email: ytessema@worldbank.org

Borrower/Client/Recipient

Name: UNITED REPUBLIC OF TANZANIA
 Contact: Dr. Servacius Likwelile
 Title: Permanent Secretary
 Tel: 255222119190
 Email: sblikwelile@yahoo.com

Implementing Agencies

Name: Ministry of Water
 Contact: Eng. Mbogo Futakamba
 Title: Permanent Secretary
 Tel: 255767361574
 Email: mfutakamba27@yahoo.com

VII. For more information contact:

The InfoShop
 The World Bank
 1818 H Street, NW
 Washington, D.C. 20433
 Telephone: (202) 458-4500
 Fax: (202) 522-1500
 Web: <http://www.worldbank.org/infoshop>