

Analysis of the Water Sector's Budget for the Financial Year 2020/2021



TAWASANET 2021

Acknowledgement

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Executive Summary

The Government of Tanzania adopted the Sector Wider Approach to Planning (SWAp) through Water Sector Development Program (WSDP) which since its inception in 2006, aimed at strengthening the sector institutions for integrated water resources management and improve access to water supply and sanitation services. The program is designed for 25 years split in five years. Two phases took 15 years to implement, (2006/7 – 2018/19) marking the end of the second phase ended in 2019. It is now time to review and reflect on the achievements and challenges; to learn from the mistakes made during the previous phases in order to ensure that the Programme benefits un-served and poor communities. Lessons from the implementation of WSDP is a means to inform the anticipated third phase. This year's report by TAWASANET is part of contribution to the implementation of the Programme.

Information contained in this report is based on the analysis carried out by our member organizations. Key information of this Budget Analysis is obtained principally from the Government of Tanzania (GoT) budget speeches and related documents for the period of 2020-2021 Financial Year. This Budget Analysis is part of the oversight role of Civil Society Organizations (CSOs) on the implementation of WSDP.

1 Key Findings

1.1 Allocations.

There have been substantial increases in the water sector budget in both nominal and real terms between 2018/19 and 2020/21 as the WSDP budget, which outlines development priorities and resource allocations for the sector, increased from TShs 697 billion in 2018/19; 634 billion in 2019/20 to TShs 733 billion in 2020/21. An increase of TShs 99 billion for the last two years (13.5%). However, the share of WSDP against national budget still stands at 2% for both year 2019/20 and 2020/21. The water sector budget increase is also reflected in the share of the development and recurrent budget that stands at TShs. 705 billion (96%) and TShs 28 billion (4%) respectively. We could not compare this increase against WSDP planning requirement budget as this information is not yet available.

The share of the water sector development budget funded by the GoT has decreased from 65.8% to 49.6% between 2018/19 and 2020/21. While the share of external sources has increased from 34.2% to 50.4% thus indicating the water sector is still donor dependent. This is not a good sign in terms of sustainability as we are approaching the end of the WSDP.

Allocation to Water Supply and Sanitation: Budget allocations to the key components of the WSDP have continued to favor the Water Supply and Sanitation Division (WSSD); which comprises of the Urban and Rural water supply and sanitation components. In

the FY2020-2021, the WSSD took a lion's share of TShs 643 billion (91%) while Water Resources Management (WRM) component was allocated TShs. 44 billion (equivalent of 6%) and other remaining components were allocated TShs. 18 billion, (equivalent of 3% of the budget).

Sanitation Allocation: While Sanitation and Hygiene is accorded a full component status since the beginning of the WSDP II, but it has not been clearly reflected in government planning and budgeting. This analysis could not ascertain in concrete terms the budget of Sanitation and Hygiene component in the MoW budget books, even though it appears in the WSDP document to be highly funded by external sources. The budget for Sanitation and Hygiene component is still aligned to the Rural Water Supply and Sanitation and that of urban. Through the budget speech of MoW for FY2019-2020, an allocation for Hygiene and Sanitation is provided through the Ministry of Health, Ministry of Education and President's Office - Regional Administration and Local Government, principally for supporting the National Sanitation Campaign (NSC). There are no clear lessons on accountability and monitoring of budget lines if this component is not reflected in neither the MoW nor the Ministry of Health.

Water Resources Management: The share of WRM is 6% of the total sector budget for FY 2020-2021. The component has consistently been underfunded compared to other WSDP components. According to the programme design, it was envisaged that at least 25% of the sector budget is to be allocated to the WRM component in order to ensure that this component meet sector's obligation of guaranteeing water security, and continued provision of water for domestic uses, economic production, water for environment, and ecology.

1.2 Source of Funds.

The sector budget is mainly funded through foreign sources in terms of grants, loans, and aid; and domestic sources principally through the National Water Fund (NWF). Proportionately, development budget was allocated 96% of total budget with the remaining 4% directed to recurrent budget. The later that is recurrent budget is entirely funded by local revenues and in the FY2020-2021 it was allocated TShs 28 billion.

One of the most important sources of domestic revenues for water sector is the NWF. Revenues to the NWF are obtained from fuel levy, whereby from each litre of fuel, TShs 50 is deducted and directed to the NWF. Available data shows that the NWF income has been steadily increasing for the past 3 years. Likewise, disbursement from this source indicated a steady increase from 11% in the FY2018-2019 to 59% in the FY 2019-2020 and ultimately 75% in 2020-2021. Income accrued by NWF in the FY2020-2021 was estimated at TShs 176 billion. Disbursement from this source to both development and recurrent budget was TShs 132 billion.

1.3 Ministry's Budget Disbursements for the FY 2020/21.

Budget execution for the water sector in general is not improving. The major challenge in the water sector is on efficiency of budget disbursement. Until April 2021, MoW had received slightly more than half (54.2%) of all funds allocated and approved for expenditure for FY2020-2021. These are funds committed from both domestic and external sources. Recurrent disbursement budget has increased from 70% to 72%, while development decreased from 74% for FY 2019-2020 to 54.1%, in FY2020-2021. It is important to note that since audited data for FY2020-2021 is available only after March 2022, therefore this budget analysis could not ascertain changes in the absorption capacity of the MoW. However, with information available we can say on preliminary basis that poor budget execution is reflected in the untimely funds received at end of last quarter of the financial year.

Budget execution trends indicate in general terms that, funds are released predominantly in quarters 1 and 4 in a financial year. Furthermore, releases from Government development funds and foreign development funds are highly irregular on a quarterly basis. Since the inception of phase II, Development Partners are no longer prefer basket funding modality, rather, expenditure is mostly done directly from the special donor account. It is observed by this budget analysis that, 88% of the committed DPs development budget was paid directly in FY 2020-2021; while 12% went through the exchequer. This shift in the modality of sector expenditure alters the accountability and ownership of the WSDP delivery.

Further analysis indicates a closely matching budget disbursement in development budget between domestic and external sources, whereby the disbursement from domestic sources was 53% or a total TShs 184 billion; and disbursement from external sources was 54% (amounting to TShs 192 billion) for the FY2020-2021.

The analysis of budget performance by component indicates that WRM component were allocated TShs 44 billion and it is heavily donor dependent whereby domestic commitment for the WRM was only about a third (30.7%) and the remaining 69.3% of the funding for WRM came from external sources. By April 2021, the WRM component received 24.5% of all its development budget; of which the share of domestic disbursement was only 5% while external source disbursed was 33% of its commitment. This means that whereas the WRM is underfunded, it continued to receive only about a quarter of the funds committed, and most of it came from external sources.

The Water Supply and Sanitation component (rural and Urban) on the other hand, was allocated TShs 643 billion, of which 50.7% was from domestic sources and 49.3% from external sources. The rural water and sanitation were allocated a total of TShs 326.4

billion that is equivalent to 51% of the component's budget, this budget allocation indicates a shift from previous trends of allocating more funding to urban water supply and sanitation. Furthermore, domestic revenue allocation showed a departure from other components which received higher budget allocations coming from external sources. By the end of April 2021, a total of 56% (or TShs 183 billion of domestic and 55.7% and TShs176 billions of external funding had been disbursed.

As the title of this component indicates, Sanitation and Hygiene component is funded through this component, among other sources. By April 2021 both domestic and forex had disbursed 69% and 7% of their commitment respectively. The external sources seem to have weak disbursement due to most of the disbursement and expenditure occurs directly to service providers, with projects such as Payment by Results (PbR) and Program for Results (PforR)

1.4 Recommendations

Generally, the 2020-2021 Water Sector's budget analysis supports the argument that the water sector is still not only underfunded compared to other key priority sectors, but its annual financial commitments through the allocations in the budget speeches are not met as efficiently and timely as desired. Since the WSDP is preparing the design for phase three, key lessons from the budget analysis for FY2020-2021 are recommended as follows:

- **Allocations:** It is ideal to advocate for increased sector allocations in line with WSDP requirement of 5% of the national budget if this sector is to meet its obligations including matching the increasing demand due to population increase, growing industrialization, agriculture intensification, and expanded electrification.
- **Funding WRM:** It is imperative to consider a review on how WRM component is funded. A yearly allocation of 6% of the Sector's budget will not guarantee water security. It is recommended to advocate for a ring fenced finance regulation to guarantee for funding this component to include 25% annual allocation and expenditure.
- **Disbursement:** The MoW budget has consistently not received the full amount of its allocated funds for several years. The 2020 Water Sector Status Report (WSSR) indicate that for 2 fiscal years (2019/20 – 2020/21) the MoW received an average of 57% of the allocated funds. It is recommended that sector planning and budgeting is aligned to 4 levels of project preparation/initiation, project planning, project execution, closure and handover, consider financing and budgeting along this line of project cycle.

- **Sources of funds:** For the sake of ensuring sustainability and the financial independency, it is important that local fund be raised to cover external sources which should include review of the NWF to cover a large proportion of the water budget through for example increasing fuel levy to TShs 100 and other sustainable sources and reducing dependency to donor funding.
- **Sanitation:** The analysis could not determine the level of investment for the FY2020-2021 (as well as past years) due to absence of data. We recommend a deep assessment of sanitation and hygiene resource landscape be done to determine how much money goes into the sector from both on budget and other off budget sources.

On track for SDG 6? According to the target set in the WSDP we are short of achieving the desired programme targets. The budget speech of MoW for FY 2021/22 shows coverage for rural water supply to be estimated at 72.3% by 2020 far from 79% by 2015 target and 90% by 2025 target and that of urban water supply at 86% by 2020 far from 95% by 2015 target and 100% by 2025 target. Furthermore, rural has functionally rate at around 66% and urban loss due to Non-Revenue Water stood at 36.5%. These are drawback challenges that may limit progress towards SDG target. *It is recommended for a review of WSDP II to assess and estimate targets based on the experience of two phases. The review shall highlight if Tanzania will achieve SDGs targets and its shortfalls by end of the program.*

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List of Abbreviations

CSOs	Civil Society Organizations
DPs	Development Partners
FY	Financial Year
GDP	Gross Domestic Products
GNI	Gross National Income
GoT	Government of Tanzania
HCFs	Health Care Facilities
HWFs	Hand Washing Facilities
MKUKUTA	National Strategy for Growth and Poverty Reduction
MoEST	Ministry of Education, Science and Technology
MoHCDGEC	Ministry of Health, Community Development, Gender, Elderly and Children
MoW	Ministry of Water
NRW	Non Revenue Water
NSC	National Sanitation Campaign
NWF	National Water Fund
PORALG	President's Office – Regional Administration and Local Government
PPP	Public Private Partnership
PSP	Private Sector Participation
S&H	Sanitation and Hygiene
SDGs	Sustainable Development Goals
TAWASANET	Tanzania Water and Sanitation Network
UWSSA	Urban Water Supply and Sanitation Authorities
WASH	Water, Sanitation and Hygiene
WRM	Water Resources Management
WSDP	Water Sector Development Programme
WSSR	Water Sector Status Report

1. Introduction

This analysis takes into consideration the fact that the Government of Tanzania (GoT) through the Ministry of Water (MoW) aligns its goals and works to contribute to the goals and targets in the overarching national policies (e.g. the Tanzania Development Vision 2025; the Five years Development Plan; National Water Policy among others); as well as regional, continental and international development commitments such as the Sustainable Development Goals (SDGs), especially the goal number 6 which emphasises on ensuring availability and sustainable management of water and sanitation for all.

This is the second budget analysis after the enactment of the Water Supply and Sanitation Act No. 5 of 2019. Among other things, through this new Act, followed the establishment of the Rural Water Supply and Sanitation Agency (RUWASA) which took over mandates previously vested to PO-RALG, Regional Secretariat (RS) and Local Government Authorities (LGAs). The transferred mandates involve ensuring the provision of water services to rural communities, small towns, and district headquarters, and to some extent planning and budgeting. The Act has also transferred accountability of officers responsible for water service provisions from PO-RALG, RS and LGAs to the MoW. The nascent nature of these institutional changes has serious implications not only on planning but also budgeting. The roles and responsibilities and positions created to fulfil the mandates stipulated in the new Act, also had financial bearing on the sector's budget and expenditure as it is necessary to equip newly created structures with adequate facilities for execution of the stipulated responsibilities.

In this reporting period, Tanzania's continued to operate within the challenge of the outbreak of the global COVID 19 pandemic. As reported in the previous budget analysis (2019-2020); awareness on the value of water and sanitation has increased. Hand washing practices have increased, and hand washing containers are visible in many public places. We recommend at this early stage however that, a separate study to ascertain the consequences of COVID 19 on water and sanitation in Tanzania.

This brief analysis has taken into consideration the above-mentioned structural changes and their influence on 2020-2021 Water Sector's budget and offer recommendations. It should be observed that this analysis is working principally with information from the 2019/2020 and 2020/2021 budget speeches and associated financial memoranda. Data on budget execution is seriously lacking given the timeframe of this analysis. Information on budget expenditure was expected from various official documents such as the annual sector audited report by the Controller and Auditor General (CAG); but the relevant CAG's report is not out yet, hence it has

caused a limitation in this analysis. Most of the expenditure data was obtained from the report of Water Sector Status Report (WSSR: January to December 2020); and Ministry of Water Budget Speech 2020/21 and 2021/2022.

In addition, this brief report has analysed the 2020-2021 Water Sector's budget in relation to key water sector's indicators such as water supply infrastructures, functionality of public water points in rural areas and households' connections to the water network in urban areas; number of people with access to safe and clean water in both urban and rural areas; and status of sanitation again in both urban and rural areas.

These indicators are important variables in the setting of the water Sector Wide Approach to Planning (SWAp) which the GoT adopted in 2006 through Water Sector Development Program (WSDP) under the MoW. SWAp aims at strengthening Sector's Institutions for integrated water resources management and improved access to water supply and sanitation services.

1.1 Objective & Scope of Work

1.1.1 Objective

The purpose of this budget analysis is to explore the planning and expenditures within the MoW to get insight on how budgets are prepared, allocated and spent. This analysis responds to the following key questions:

- *Are adequate resources allocated and equitable to ensure achieving set goals in the water sector?*
- *Are the resources provided being used in the most effective ways to improve access to clean and safe water and sanitation?*
- *What are the existing financing disparities and how do they impact the sector?*
- *What are the main sources of disparities, if any, in Water Sector financing in Tanzania? Any possible recommendations in rectifying?*

Consequentially, this budget analysis for the Financial Year (FY) 2020-2021, is another yearly contribution on sector's trend in terms of planning, disbursement and progress attained in meeting not only the WSDP targets but also those of the overarching national development outcomes and other commitments such as attainment of the SDGs. As indicated above however, one of the critical shortfalls is inadequate information on expenditures across all components of the WSDP.

1.1.2 Scope of work

The study follows good practice and assurance of data reliability regarding water sector financing in Tanzania. For this brief the analysis scope is limited to:

- Within financial year 2020/2021.
- MoW's top line budget.
- Comparison to other key sectors, as a percentage of total government expenditure and as a percentage of the national GDP.
- Allocations within the MoW components.
- Trend allocation of budget as for the WSDP financing mechanism; Domestic vs Donor funding.
- Detailed analysis of budget and expenditure cycles within the MoW components.

2. Water Sector Context and Priorities for the FY 2020/21

This Water Sector budget analysis is taking place at the time of the official ending of the WSDP II; and commencement of preparation for WSDP III. Whilst this report covers a one-year period from 1st July 2020 to 30th June 2021, when necessary, this report will also flag out overall five years expected results of the WSDP II, and commitments made by all parties for its implementation. Planned activities and expected results in this fiscal year will however be the key focus.

The WSDP (2006-2025) is the main instrument for the implementation of water supply and sanitation projects in Tanzania. The aim of WSDP is contributing to poverty alleviation through a governance led water resources management, and sustainable delivery of water supply and sanitation services. Implementation of WSDP is not a one Ministry's responsibility, rather it involves several Government Ministries: The MoW, as the lead with overall implementation coordination; the Ministries of Health, Community Development Gender Elderly and Children (MoHCDGEC); Education, Science and Technology (MoEST); President's Office, Regional Administration and Local Government (PORALG) and other Implementing agencies such as the Basin Water Boards (BWBs); Urban Water Supply and Sanitation Authorities (UWSSA); Rural Water Supply and Sanitation Agency (RUWASA); National Water Projects and Community Based Water Supply Organisations (CBWSOs). There are also Development Partners (DPs), Non-Government Organizations, and Private Sector Institutions. In this regard, and as it has been mentioned above, the MoW adopted SWAp for bringing together

commitments of the participating stakeholders in a more efficient, coordinated, harmonised and better aligned approach.

The WSDP II continued to implement the original key components of the programme i.e., Water Resources Management (WRM), Urban and Rural Water Supply and Sanitation Services. In WSDP II however, Sanitation and Hygiene (S&H) was accorded a new position as a full-fledged component. S&H initiatives are implemented through the National Sanitation Campaign (NSC: 2016-2021). There is also a Programme Management and Delivery Support (PMDS) which undertakes operational matters for efficient and effective implementation of the programme. Among others, the PMDS facilitates overall programme management; planning; budgeting; procurement; and coordination of stakeholders by facilitating the WSDP Dialogue Mechanism. Other responsibilities of this component are coordination of capacity building and training activities as well as strengthening of safeguard management.

In short division of roles and responsibilities among the stakeholders is illustrated as follows:

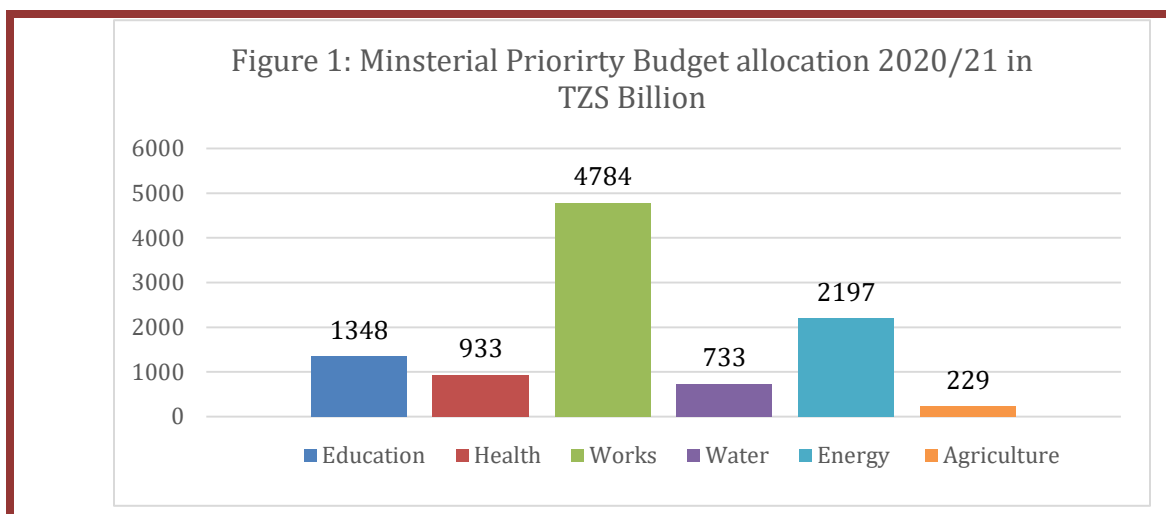
Table 1: Division of Roles and Responsibilities among stakeholders

Actor	Roles and Responsibilities
MoW	Overall Coordination of the WSDP.
MoHCDGEC	Lead agency in the implementation of Sanitation and Hygiene and WASH in Health Care Facilities.
MoEST	Lead agency in the implementation of WASH in Schools.
PORALG (including Regional Secretariat and LGAs)	Coordination and supervision of WSDP at Regional and LGA Levels.
RUWASA	Provision of water supply and sanitation in rural areas; execution of water and sanitation plans and capacity building of district and community leaders.
UWSSA	Water Supply and Sanitation Services in urban areas.
CBWSOs	In collaboration with RUWASA and respective LGAs, manage, operate, and maintain water supply facilities at a designated community level, and financial management for provision of water

	supply services.
Service Users	Participate in planning of water supply and sanitation services and pay for the services.
CSOs	Planning, support in delivery and innovations, awareness and oversight
DPs	Joint Planning; Financial Support; Joint Evaluations and Dialogue.

Source: WSDP II

As WSDP II comes to its end, the Parliamentary Standing Committee on Agriculture, Livestock and Water through the Plan and Expenditure Memorandum (2021/2022), confirmed that despite its strategic significance in the economy, people’s livelihoods, and environment; Water Sector was never accorded a budgetary priority, throughout the last five years i.e. (2014/2015-2019/2020). A slight improvement was observed however, in the Ministerial Budgetary allocations for the FY2020/2021, which placed MoW in the fifth position among the top five-priority sectors.



Source: Sector budget speech 2020/21 and 2021/22

The Budget Speech for Water in the FY2020-2021 identified several key activities some of which are a continuation of planned activities carried over from the previous fiscal year. However, in emphasis the budget speech for the fiscal year identified and analysed several new initiatives which are, firstly, the two national wide specialised programme in water harvesting technologies, and secondly, construction of water supply facilities in schools and health care facilities. The budget is also directed implementation of a number of National Water Projects from, and along the Great Lakes namely Lakes Victoria, Nyasa and Tanganyika. Other key activities in the FY2020-

2021 include strengthening Private Sector Participation (PSP) in water and Sanitation services; and to continue with construction, rehabilitation and implementation of rural and urban water supply and sanitation; through collaboration with DPs and other international stakeholders. An elaborated explanation of these initiatives is as follows:

- i. The 2020/2021 sees the commencement of a three-year programme of promoting rainwater harvesting technologies. A special Rainwater Harvesting Programme will be implemented to complement other water supply projects in order to increase access to water to communities and public institutions especially schools, HCFs, and public places. National Rainwater Harvesting Campaign will be undertaken across the country, with activities such as training communities in rainwater harvesting technologies; installing rainwater harvesting facilities in public institutions particularly schools and health care facilities; and construction of dams for rainwater harvesting and control of floods.
- ii. The financial year 2020-2021, is also the beginning of another special programme to be implemented for the next three years, i.e., up to 2022-2023. This is Special WASH Programme for HCFs and Schools, implemented through the WSDP by the Ministries of MoHCDGEC, MoEST and PORALG. This programme aims at linking all HCFs and schools to water supply systems. A preliminary baseline of HCFs and schools without water supply has been conducted. It is established that 1,195 out of 6,134 HCFs do not have water supply; likewise, 5,721 schools out of 19,965 lack water supply services.
- iii. In order to address unequal supply of clean and safe water services, the Government is also establishing a National Grid Water Supply through the Inter Basin Water Transfer (IBWT) initiative. Through this initiative water supply infrastructure will be constructed in order to ensure availability of water to areas with scarcity in rural and urban areas.
- iv. Construction of water dams and undertaking of various studies on potential areas for construction of dams were planned for implementation in the FY2020-2021.
- v. Enhanced collaboration between the Government and Private sector through PSP and PPP modalities in order to strengthen water and sanitation services in both rural and urban areas. The Government through RUWASA has developed a comprehensive guideline on Private Sector involvement in water and sanitation activities in rural areas. Likewise, UWSSA will develop

guidelines on PPP for water and sanitation services in urban areas. In the FY2020-2021 preparation of project documents for PPP based projects; and recruitment of Transaction Advisor will be undertaken.

- vi. The Government will continue to implement Water supply projects drawing water from the Great Lakes i.e. Lake Tanganyika (73 villages in Kigoma; Rukwa and Katavi regions); Lake Nyasa (41 villages in Njombe and Ruvuma regions); and, Lake Victoria (301 villages in Mwanza, Kagera, Geita, Mara and Simiyu regions).
- vii. Strategic National projects planned for implementation with support from DPs include Water and Sanitation Kigoma regional Project through ENABEL, Belgium; Water Supply Project in Lukululu with support from the Government of Spain; Water Supply project to villages adjacent to the main pipe from Lake Victoria will be implemented with support from KfW and Green Climate Fund; Morogoro Water Supply and Sanitation project through collaborative arrangements with French Development organisation (AFD).
- viii. Finally, the Government in the FY2020-2021 will continue to implement various projects under WRM Component.

According to the MoW's Budget Speech for the FY2020/21 and the 2020/2021 Memorandum for Vote 49; Water Sector's budget aimed at making sure that 85% of all rural residents have access to clean and safe water within the proximity of 400 metres by 2020. In urban areas, the Ministry aimed at ensuring that by 2020 over 90% of households will have been connected to the functioning water networks. The Ministry also aimed enhancing sanitations (removing sewage) reaching 30% of urban households by 2020.

After one year of implementation, the MoW's Budget Speech for FY2021-2022 revealed that the ambitions raised in the 2020/21 MoW's Budget Speech were not met as of June 2021. In terms of access to clean and safe water, the government had reached only 72.3% of rural residents, which is short of the anticipated target of 85% by 2020. It is indicated that the situation of rural residents' access to water is compromised by non-functionality of the water points. According to the 2020/2021 Budget Speech, there were 131,370 water points by March 2021 across the country. However, only 86,780 water points (equivalent to 66%) were functioning; leaving a total of 44,590 water points not functioning, hence denying a significant proportion of rural residents' access to water.

In urban areas, 86% of households were connected to the water network by March 2021. While this is an impressive coverage, it is still short of the targeted 90%. The coverage varies from region to region countrywide. Furthermore, residents of urban areas continued to face the challenge of access to sanitation whereby the Ministry has failed to reach the targeted 30%. According to the Budget Speech, by March 2021 only 13% of urban residents had access to functioning sewage systems. It is also factual that even if 30% of the residents would have been reached, the remaining 70% of urban residents would still be living in poor sanitation hence exposed to diseases, contamination, and environmental pollution.

From this analysis, it is obvious that despite increased financial allocations to Water Sector in 2020/2021, residents in both rural and urban still face serious challenges regarding the access to clean and safe water services and sanitation.

This analysis also responding to the questions:

“Does the increased allocation lead to improved sector performance and attainment of the intended results in that year”?

“What is the overall contribution of increased allocation to the WSDP targets”?

The question whether WASH receives a higher budgetary priority or not, does not necessarily relate to the issue of adequacy of financing against planned activities and whether they contribute to the attainment of the intended objectives. Attaining WSDP’s desired results requires a consistent, adequate, and timely disbursement of funds. It is difficult to ascertain whether a one-year budget increase would fill in the deficits of four years consistent budget gaps in the sector. Rather a consistent cumulative reliable and timely budget allocation is likely to enable implementers to reach the expected results.

In this regard, in order to confidently respond to the key questions raised in this section, it will at least require a comparison of estimated financial requirements for planned activities; and an in-depth analysis of financial disbursement and expenditure behavior in a specific period. A longitudinal trend analysis can provide a comprehensive impression and a credible response to this subject matter.

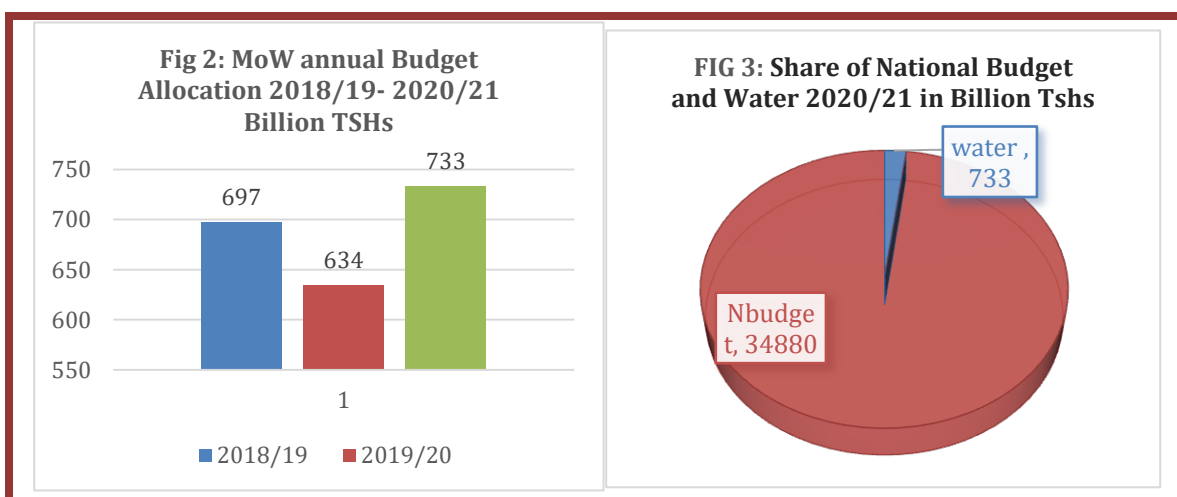
3. Budget Allocation and Major Water Sector’s Spending

3.1 Budget Allocations for the Ministry of Water Supply (Vote 49)

To implement planned activities of strengthening Water Sector’s Institutions, WRM; improved Water Supply and Sanitation services in rural and urban areas and promotion of sanitation and hygiene, the MoW was allocated a total of budget of TShs. 733 billion

for its recurrent and development expenditures in the FY2020-2021 (refer figure 2 below). Whilst this budget allocation registers an increase of almost TShs 99 billion from the budget of TShs 634 billion allocated in the FY2019/2020, proportionately, the budgetary increase did not differ from that of the previous year because both stood at approximately 2% of the National Budget (TShs. 34,880 billion or 34 trillion TShs) allocated for the Financial Year 2020/2021, (see figure 3 below). This proportion of Water and Sanitation Sector budget falls way too short from the National Commitment to Abuja declaration which states that “a country to set 15% of their budget to improve health and Donors to set 0.7% of their GNI to Aid”.

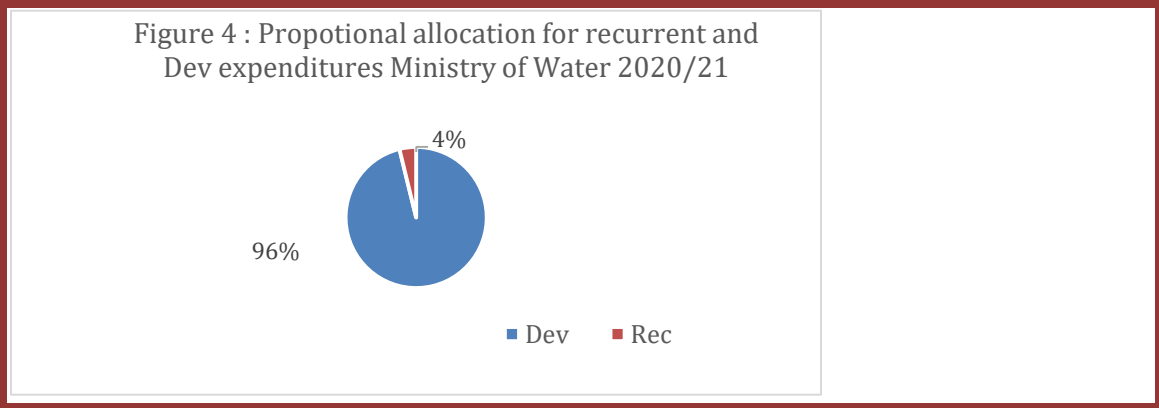
The Figures 2 and 3 below illustrate the Water Sector’s Allocation for the Financial Year 2020/2021:



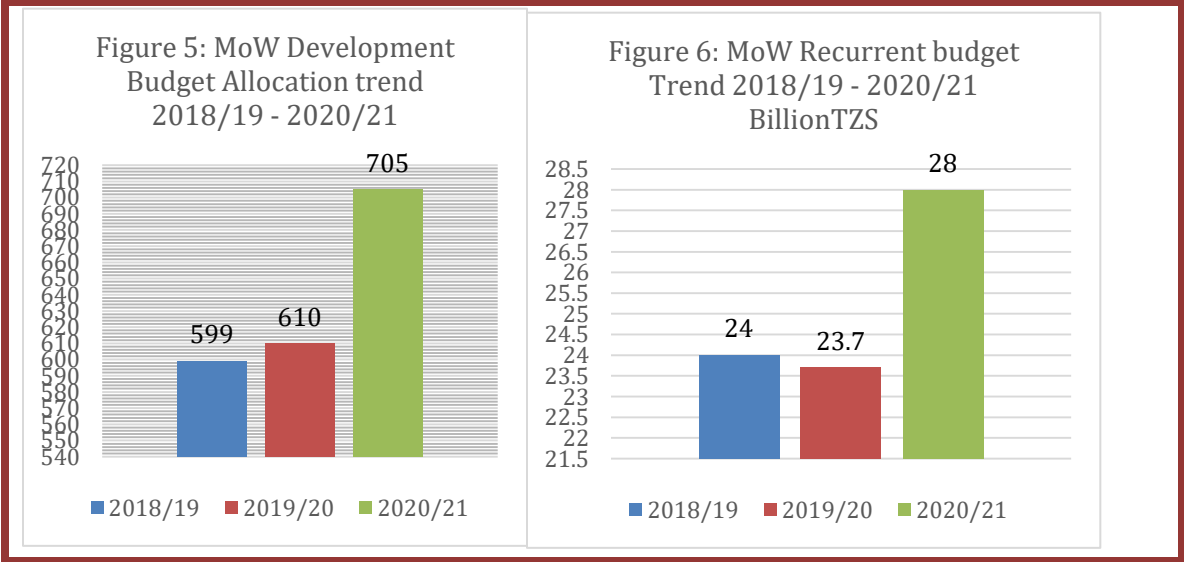
Source: MoW budget speech 2018/19 – 2021/22

3.2 Recurrent vs. Development Budget Allocation MoW

The 2020/2021 MoW’s budget was divided to TShs. 28 billion (equivalent to 4%) for recurrent and TShs. 705 billion (equivalent to 96%) for development expenditures, which is slight increase of 0.7% increase in the recurrent allocation of the previous financial year. Figure 4 below, narrates the proportional share between recurrent and development spending for the FY 2020/2021



The budget trend for both recurrent and development budgets show a steady increase in the allocations for development side while that of recurrent budget has been fluctuating. As for Development Budget, TShs 599 billion was budgeted in 2018/2019, thereafter a slight increase was noticed in 2019/2020 whereby a budget of TShs 610 billion (1.8% increase) was set aside for development activities. In 2020/2021 total budget for development was TShs 705 billion, recording an increase of 15.5%, from the budget allocation of the previous year. The total development budget comprised of TShs 349 billion (49.5%) committed by the Government and TShs 355 billion (50.1%) by the DPs. Proportionately, with respect to budget allocations, both the Government and DPs contributions were almost meeting halfway towards the 2020/2021 annual development budget for water sector.



Source: MoW budget speech 2019/20 – 2021/22 and MoW Vote 49 FY 2021/22

Disbursement of the development budget by the middle of the FY2020-2021 indicates that only TShs 207 billion (approximately 29.4%) out of TShs 705 billion of the allocated funding had been disbursed. Further findings show that the Government had expended TShs 99.8 billion out of TShs 349 billion or less than a third (28.5%) of the amount allocated in the budget. Likewise, funding disbursed from the DPs in the same period was below half of 169.4 billion equivalent to 48.5% of the commitment made through budget allocation.

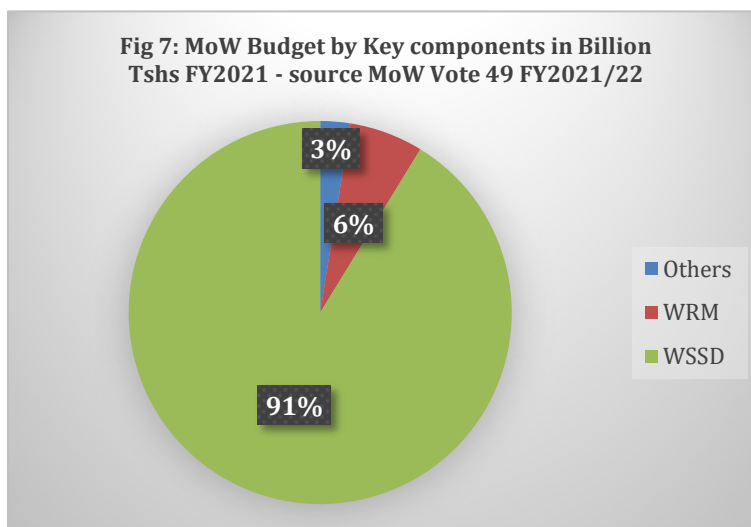
In terms of recurrent budget, there was an increase by 18.1% as the budget allocation for recurrent activities was set at TShs 28 billion in FY2020/21 from TShs 23.7 billion of the previous year of 2019/20.

Putting aside the amounts indicated in the budget allocations for both development and recurrent activities; interestingly is the observation that out of TShs 28 billion set aside for recurrent activities, slightly above half of the budget (TShs 11.6 billion or 58.2%) was already disbursed as of half of financial year 2020/2021. If this trend continued to the end of fiscal year, then the targeted amount shall be reached.

3.4 Allocations for Major Water Sector's

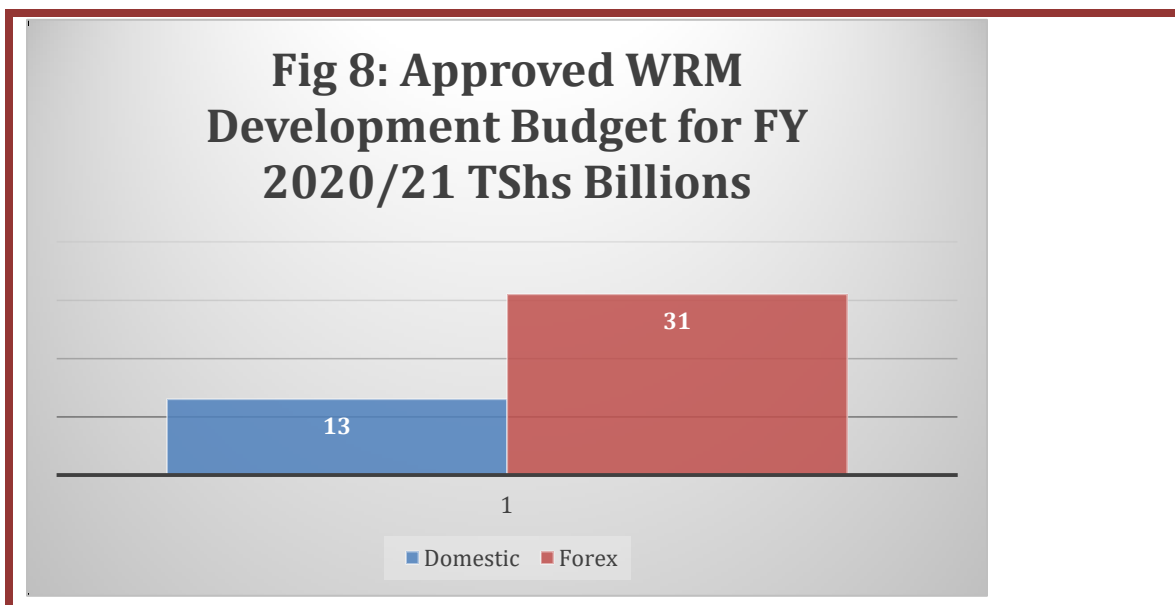
Budget allocations to the key components of the WSDP have continued to favour the Water Supply and Sanitation component, which is comprises of the Urban and Rural water supply and sanitation sub-components. In the FY2020-2021, the WSS took a lion's share of TShs 643 billion (91%) while Water Resources Management (WRM) component was allocated TShs. 44 billion (equivalent to 6%) and other remaining components were allocated TShs. 18 billion, (equivalent to 3% of the budget). The 2020/2021 budget allocation to the key water sector components is illustrated in figure 7 below:

While rural and urban water supply is key toward ensuring access to safe and clean water; the consequences of investing 'poorly' in the management of water resources are equally severe. Budgetary allocations in the WSDP components as indicated in the programme design



envisaged a 25% of the sector budget to be allocated to the WRM, to ensure that the activities for this component which are relating to meeting sector’s obligation of ensuring water security, and sustainability of provision of water for domestic, ecology, environment and uses for economic production is guaranteed. Contrariwise, for not meeting the expected budget threshold anticipated in the WSDP signifies this component is not adequately funded to meet its mandates.

The figures 8 below present further analysis on the two functions:



Source: MoW Vote 49 FY 2021/22

4. Sources of the Water Sector’s Budget for 2020/21

Sector budget comprises of two major elements. These are funding for recurrent activities and that for development. All recurrent expenditures are anticipated to be financed by money from “own” internal sources; while development expenditures, are financed by contributions of both internal and external sources.

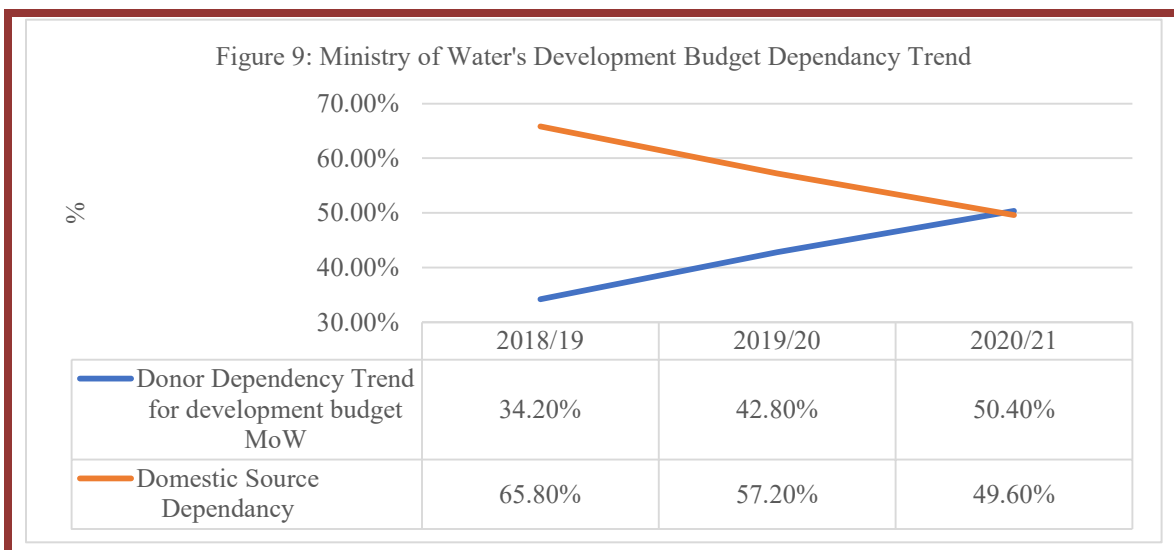
As the WSDP II came to an end in FY2019/20, it was expected that the financing trend should shift so that the sector graduates from donor dependency. According to the MoW’s budget speech for 2021/22 and Vote 49 budget sheet for the 2020/21, water sector’s allocated budget was expected to come from country’s internal sources such as taxes, and user fees.

Development budget analysis shows domestic financing was approximately 49.6% which is lower compared to funding from the previous FY2019/20, which stood at 57.2%. On the other hand, external contribution increased to 50.4% while that of the previous financial year was slightly lower than half of the budget allocation i.e., 42.8%. Table 2 below illustrates the performance of internal and external financing for development budget for a period of three years i.e., 2018/19; FY2019/2020 and FY2020/2021:

Table 2: Sources of Ministry of Water's Development Budget			
	2018/19	2019/20	2020/21
	(Amount in Tsh. Billion)		
Domestic Sources	443.2 (65.8%)	349.5 (57.2%)	349.45 (49.6%)
Forex Sources	229.9 (34.2%)	261 (42.8%)	355.6 (50.4%)
Total Development	673.1	610.5	705.1

Source: MoW Budget speech 2019/20 – 2021/22 and MoW Vote 49 FY 2021/22

As noted in table 2 above, a shift of proportion of funding between FY 2019/20 MoW's allocation from domestic funding dropped from 65.8% in 2018/19 to 49.6% in FY 2020/21 while those from external sources increased its share of development budget to 50.4%. Notably, the MoW's development budget proportion between domestic and donor funding from FY2018/19 to FY2020/21 discloses an increase in funding from external sources (See figure 9 for further analysis).

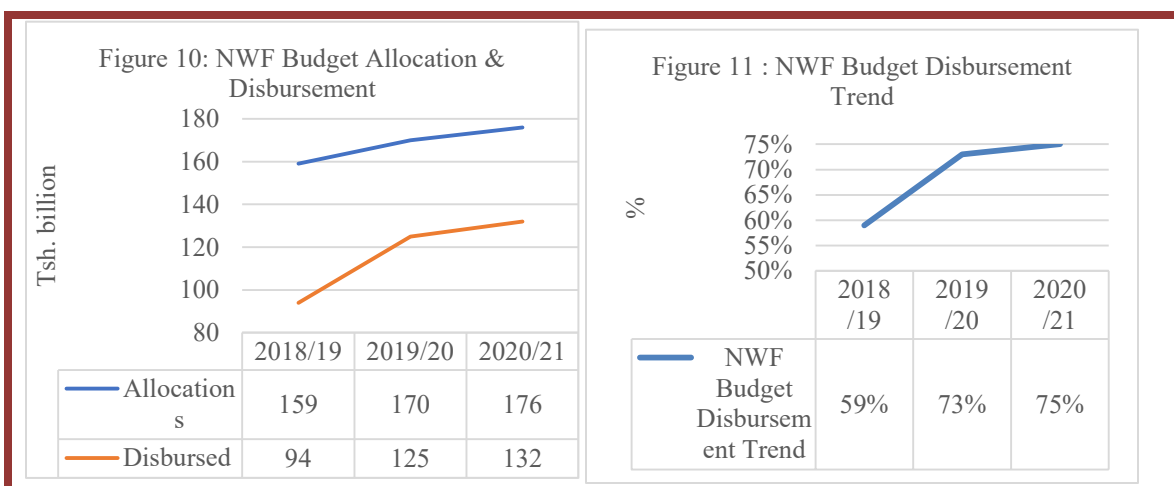


Source: MoW Budget speech 2019/20 – 2021/22 and MoW Vote 49 FY 2021/22

5. The National Water Fund (NWF)

The NWF occupies a unique position as an important source of domestic funding to the MoW, which collects monies from internal sources. One of the major sources include the TShs. 50 fees deducted from every liter of petrol and diesel fuel purchased. In the financial year 2019/2020, the NWF through the fuel fees was supposed to collect or receive TShs. 170 billion for execution of its water sanitation projects across the country. By April 2020, the NWF had collected TShs. 125 billion from treasury equivalents to 73% of the allocated fund from fuel levy.

For the past three years however, the NWF's budget allocation has been increasing though slowly. A revenue of TShs. 158.5 billion was accumulated in the FY 2018/19, thereafter revenue collection increased to TShs. 170 billion in the FY 2019/20. In the FY 2020-2021 the NWF collected TShs. 176 billion. The challenge facing the NWF has been however, on disbursement. According to the MoW, the NWF has implemented a deficit budget in the past three years. For instance, in the FY 2018/19 the NWF had by April 2019 received only 59.1% (TShs. 93.7 billion) of what was allocated; in 2019/2020 the NWF had received 73% (TShs. 124.9 billion) of allocated and in the FY 2020/2021 the Fund had received 75% of allocated as of April 2021, amounting to TShs 176 billion. Although the percentage of disbursement is slightly increasing but it has not been a full disbursement, as illustrated in figure 10 and 11 below:



Source: MoW Budget speech 2019/20 – 2021/22 and MoW Vote 49 FY 2021/22

The MoW’s development budget from domestic sources as approved by the Parliament for FY 2020/2021 stood at TShs 349.4 billion, access to NWF as of April 2021 was TShs 132 billion, meaning the remaining resources were obtained from other sources. However even if all the funds, TShs 176 billion allocated had been disbursed from NWF as it had been approved, a financing gap of 49.6% would still be there.

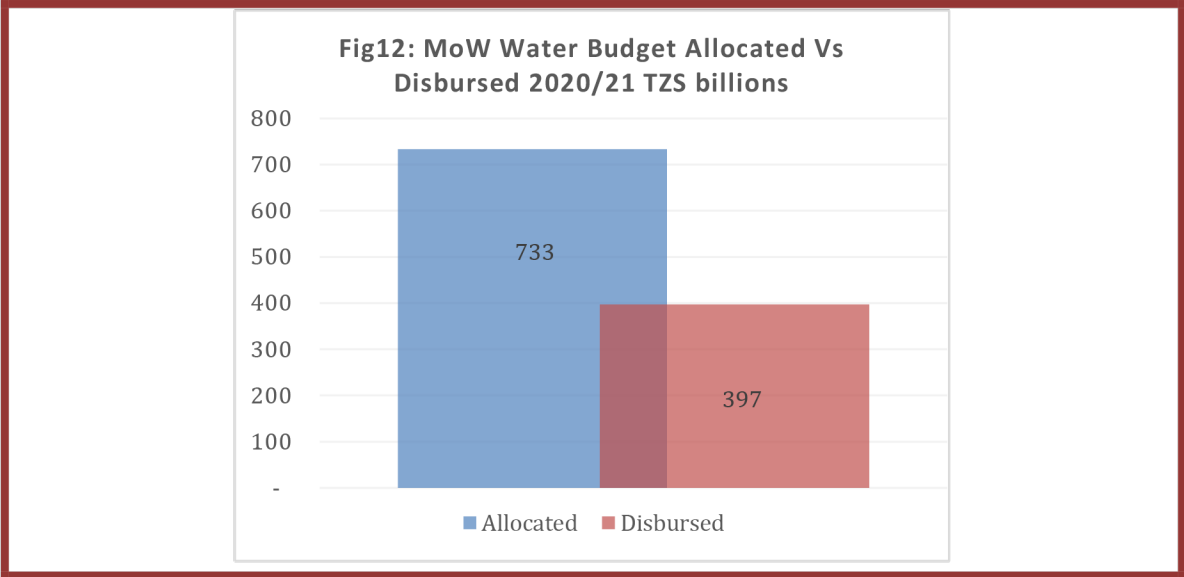
It is this analysis conclusion that, given the country’s economic direction and aspirations to excel as a middle country economy, the fundamental question is how the water sector would be adequately funded to meet desired national targets from internal sources.

6. Ministry’s Budget Disbursements for the FY 2020/21

6.1 Total Ministry’s Disbursements

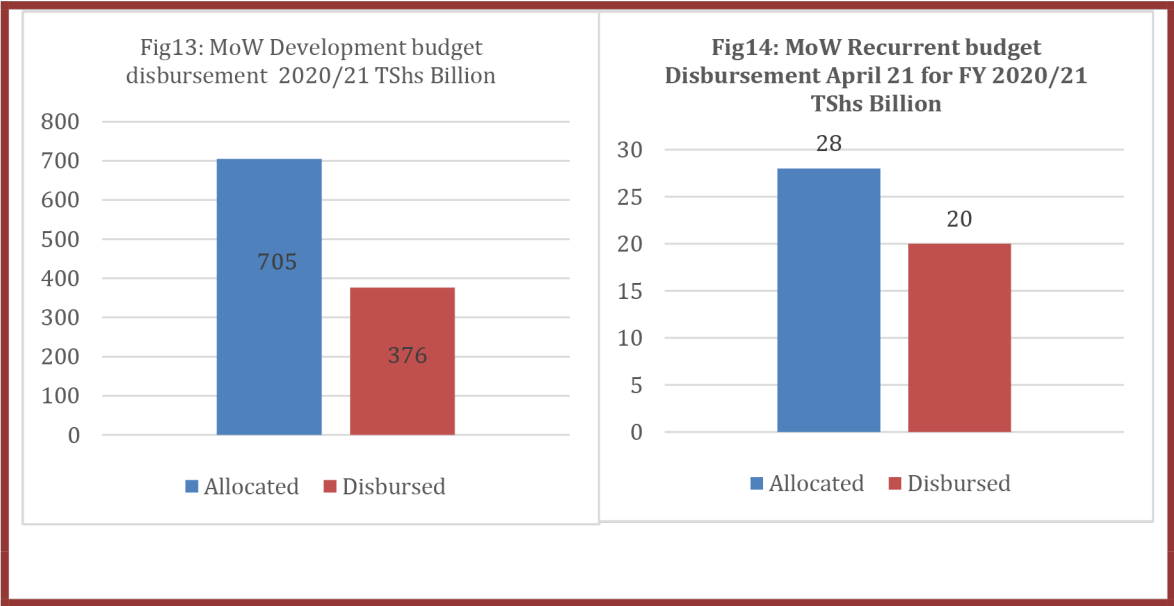
The planning and budgeting cycle in the Government of Tanzania (GoT) follows a fiscal year calendar which begins on 1st July and completes a cycle on June 30th. In this regard, 2020/2021 began July 1st, 2020 and ended on 30th June 2021.

According to the Budget Speech of the MoW for FY2020/2021 budget allocation for Water Sector is a total of TShs 733 billion of which for recurrent and development allocations are TShs. 28 billion and TShs 705 billion respectively.



Source: MoW Vote 49 FY 2021/22

The major challenge in the water sector is on efficiency of budget disbursement. Figure 12 above indicates as of April 2021 the MoW had received from both internal and external sources, slightly more than half (54.2%) of allocated and approved funds for that year. Further analysis of development and recurrent budget shows endemic disbursement challenges in the water sector. According to the budget books Vote 49 only TShs 376 billion for development budget equivalent to 53% were disbursed and recurrent budget amounting TShs 20 billion equivalent to 71.4% were disbursed. See figure 13 and 14 below for detailed analysis:



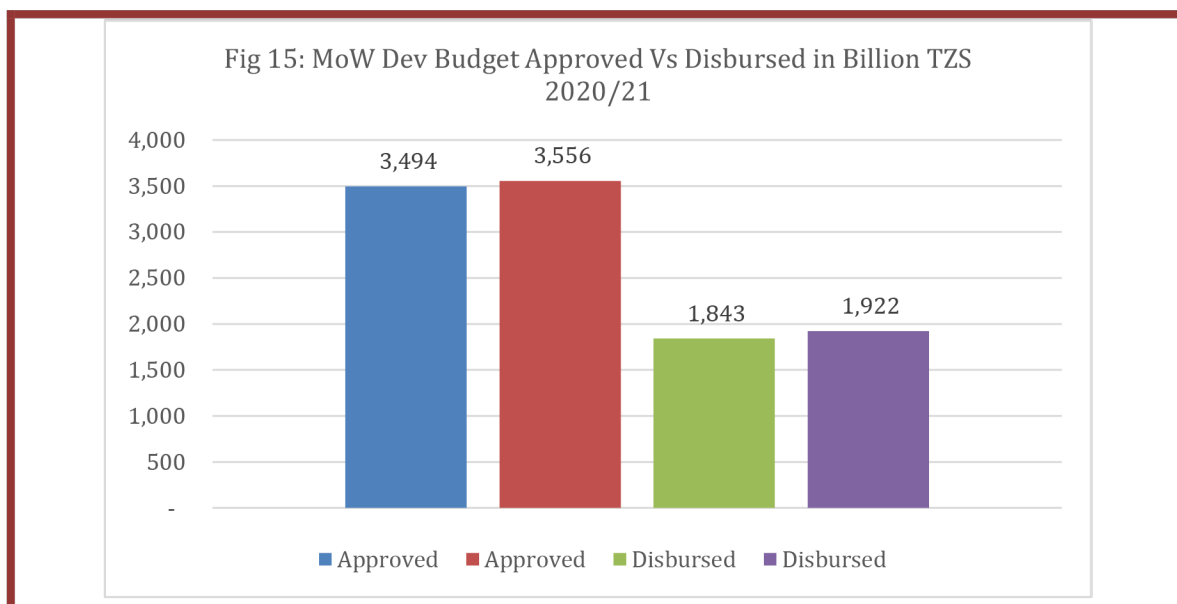
Source: MoW Vote 49 FY 2021/22

Sources of funds for Water Sector’s development budget as mentioned before, are domestic and external. During the Financial Year 2020/2021 MoW’s development budget expected to receive TShs 349.5 billion (49.6%) from domestic sources and TShs. 355 billion (50.4%) from external Sources.

Vote 49 budget books, illustrates that only TShs. 184 billion, equivalent to 53% of the total allocation was disbursed from domestic sources; while the external sources disbursed TShs. 192 billion which is equivalent to 54% of the total commitment given. Basically, during the FY 2020/2021 both domestic and foreign funds had close to equal proportion of budget disbursement; and both disbursed only slightly above half of their commitments, leaving the remaining slightly lower than half of their commitments unfunded.

Furthermore, through this budget analysis it was observed that 88% of foreign disbursement were paid direct to the service providers and only 12% went through the government exchequer system. This is a radical shift from the common basket funding which indicates that majority of foreign financiers, are resorting to project financing and have direct control of their development contribution expenditure.

Figure 15: Trend of Development Budget: Domestic Vs Forex, Approved Vs disbursed



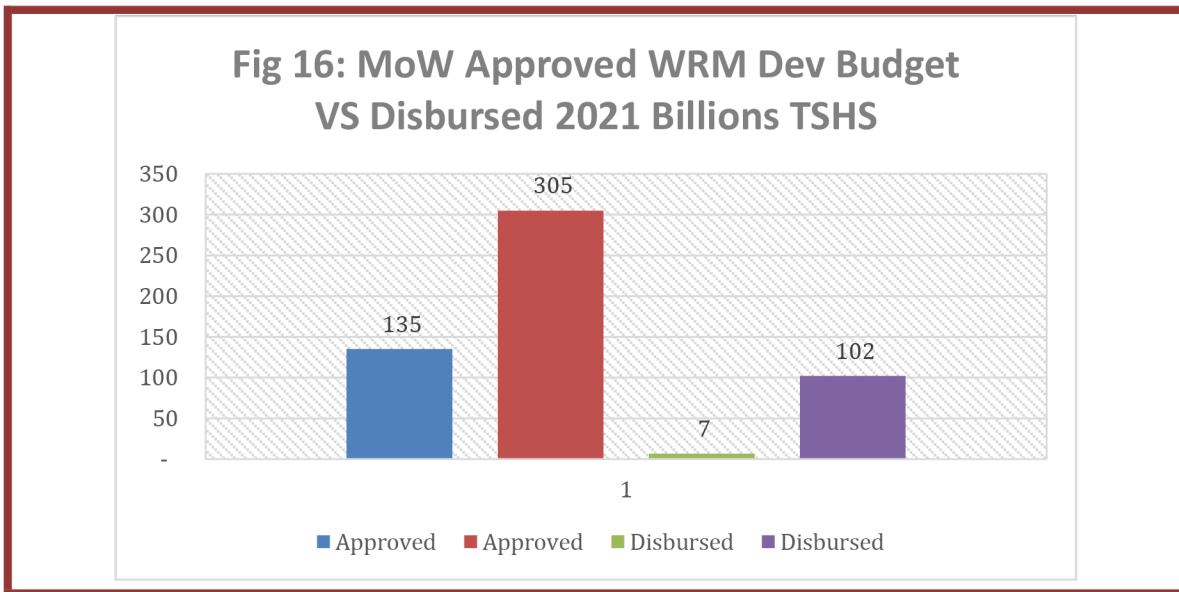
Source: MoW Vote 49 FY 2021/22

6.2 Development budget disbursements for the WRM and WSS Components

In the FY2020/2021 MoW's budget, the major spending components were, WRM component and the Water Supply and Sanitation Division which include Urban Water Supply and Rural Water Supply. The Sanitation component was not allocated with budget due to its functions being relocated to Rural Water Supply Agency (RUWASA).

6.2.1 Disbursements for the WRM Component

The WRM component for instance, was allocated with TShs. 44 billion for its 2020/2021 development project budget slightly above the last FY by 4 billion. Out of this, TShs. 30.5 billion (69.3%) was donor commitment and TShs. 13.5 billion (30.7%) was domestic funds commitments. As of April 2021; the WRM component had received TShs. 10.8 billion (equivalent to 24.5%) for its development project spending, of the disbursed budget TShs 651 million, 5% of the total domestic allocation was from internal sources and TShs. 10.8 billion, 33% of total allocation from donors. The WSDP requirement for the FY 2020/21 was estimated at 248 TShs billion (WSSR 2015- 2020)¹ if this is assuming a qualified data than WRM allocation against ideal requirement is only 17.7% of the allocation. Both sources of funding have significantly reduced their commitment to WRM thus radically undermine the ability of the sector to guarantee future water security. Figure 16 below provide additional insights.

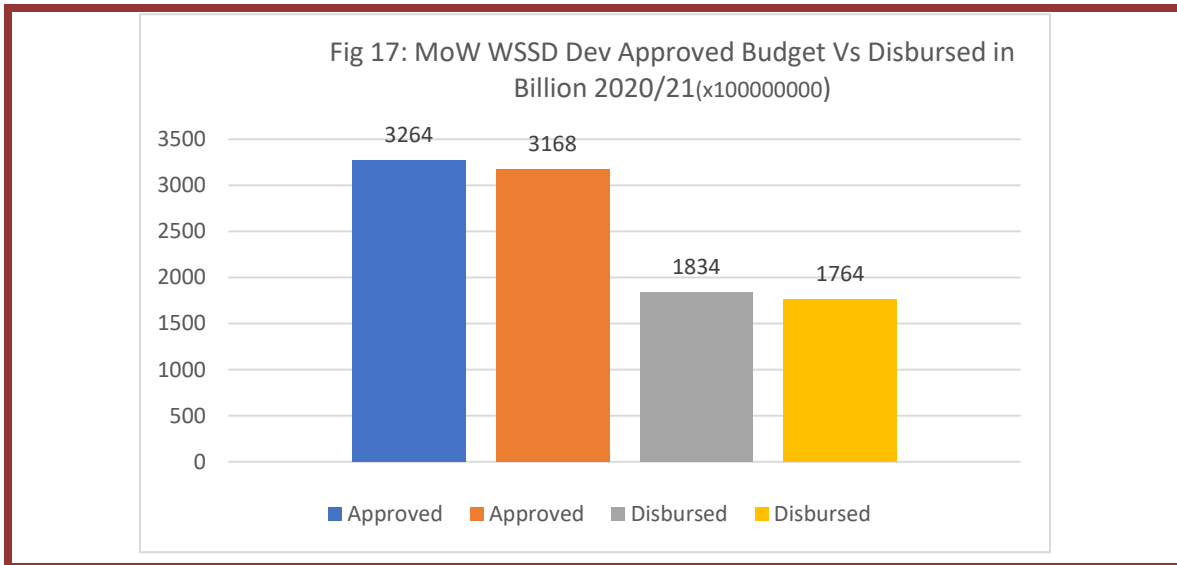


Source: **MoW Vote 49 FY 2021/22**

¹ Note supported by clear figures in the original document and the estimate is subjective under phase II of the WSDP

6.2.2 Disbursement for the Water Supply and Sanitation Division

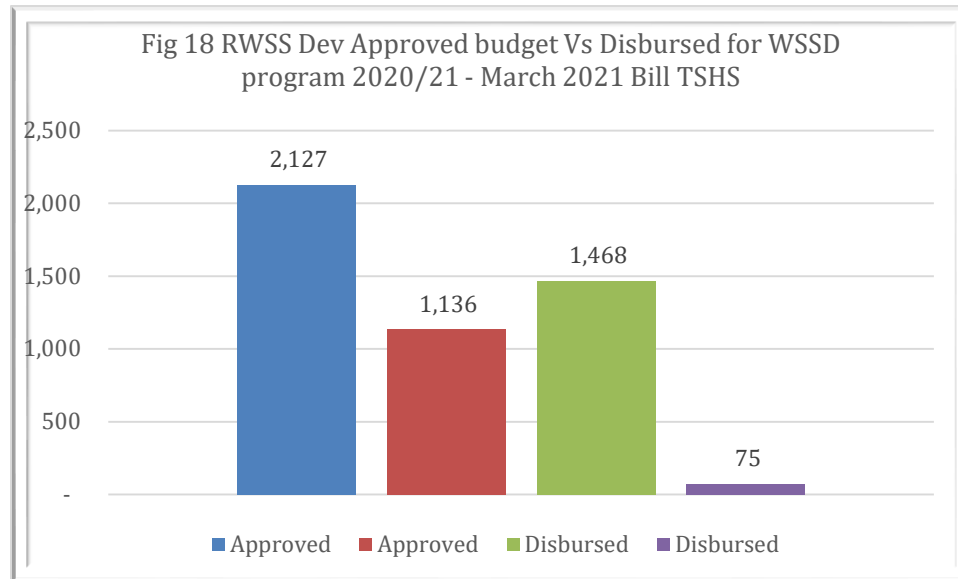
The Water Supply and Sanitation Division (WSSD) on the other hand, was allocated with TShs 643 billion for its development projects' budget, being TShs. 326.4 billion (equivalent to 50.7%) anticipated from domestic sources and TShs. 317 billion (equivalent to 49.3%) from external sources. As of 30th April 2021, the WSSD component had received a total of TShs. 360 billion, equivalent to 56%, and of the allocated budget TShs. 183 billion from domestic sources equivalent to 56% of the anticipated domestic funds and TShs. 176 billion, equivalent to 55.7% from external sources including donor's commitments. There seem to be a big shift compared to the last FY of which donor had honored their commitment compared to the internal sources of funding. There are no clear answers to this trend, but it could be explained in view of this is the end of phase II of the WSDP and Donors could be in new negotiation terms.



Source: MoW Vote 49 FY 2021/22

From the figure17 above, it shows disbursement is still a major challenge as both domestic and Forex funding has equal proportional in their disbursement rate.

According to budget books for vote 49 the rural water and sanitation was allocated a total of TShs 326.4 billion that is equivalent to 51% of the WSSD budget, of which TShs 212 billion is domestic funding equivalent to 65%; while External funding amounts to TShs 114 billion of which is equivalent to 35% of the total budget. See figure 18 below:



Source: MoW Vote 49 FY 2021/22

Figure 18 above shows domestic and forex funding as of April 2021 had disbursed 69% and 7% respectively. While forex seem to have 35% share of the Development budget for rural water supply, its disbursement is subject for another review as rural water is being funded through earmarked projects such as Payment by Results (PbR) a DFID funded project implemented from July 2016 – March 2022 with a total estimated budget of 190 billion (€ 65.4 million), implemented in different LGA in the country . Up to March 2021 a total of TShs 5,333 billion has been disbursed and spent resulting to 311 villages with improved water supply services through rehabilitation and expansion of services in 874 villages with a total of 3871 improved water points (source Vote 49 report) and the World Bank financed program (Program-for-Results) “sustainable rural water supply program 2018 – 2024” to be implemented in 3667 villages in 86 LGAs in 17 regions in its first phase a total of USD 350 Million has been disbursed and spent, resulting into 148 projects in 343 villages with 2725 improved water points benefiting a total of 843,793 people.

It is therefore analysis of disbursement and expenditure for external funding under this subcomponent may not be accurate in absence of the CAG audited report as they are being funded directly through Donor mechanisms.

6.3 Sanitation and Hygiene

Sanitation and Hygiene is located as component 4 in the WSDP II; and is implemented through a complex institutional setting with a multitude stakeholders: The MoW is hosting the component through the NSC within the WSDP. Other implementers includes Ministry of health (MoHCDGEC) Ministry of Education (MoEST),

President's Office Regional Administration and Local Government (PORLAG), RUWASA, the LGAs and Regional Secretariat. There are also other implementers on the ground such as International and Local NGO's. The overall objective of this component is to provide access to improved sanitation and hygiene facilities to 75% of rural and urban dwellers by 2019 (WSSR, 2020 pg. 57). To meet this objective, the implementation of activities in this component of the WSDP is done through the NSC (2016-2021) which comprises of Rural Sanitation and Hygiene; Urban Sanitation and Hygiene; Liquid and Solid Waste Management; and Water Sanitation and Hygiene in Schools; Health Care Facilities; and Public Areas.

National Five-year Development Plan 2021/2025-2026 has set specific targets for improved sanitation status among the Tanzania's population. These targets are to attain 75% of rural households with improved sanitation facilities in 2025, from the status of 36% (2019/2020); while the ambition for urban households connected to public sewerage system has been set from 13% to 30%.

6.4 Sanitation and hygiene budget

The phase II of the NSC is in progress in all 26 regions involving 184 councils. In this phase, the NSC addresses eight (8) thematic areas, namely, Household sanitation and hygiene; Household water treatment and safe storage (HWTS); WASH in HCFs; WASH in primary schools; WASH in secondary schools; WASH in highways and bus stops; Liquid waste management; and Solid waste management

Table: :3 Proposed Allocation and Disbursed funds

Component	Proposed WSDP II Allocation (in '000 USD)	Amount Received (in '000 \$) by Dec 2020	%
WRM	803,601.00	42,449.22	5%
RWSS	862,394.00	470,161.02	55%
UWSS	1,348,103.00	440,150.23	33%
Sanitation and Hygiene	150,000.00	21,136.11	14%
Program delivery Support	111,289.00	23,000.30	21%
	3,275,387.00	996,896.88	30%

Source: WSSR 2020

According to the MoW Budget Speech of 2019/20, MoW allocated a total of TShs 36 billion to key agencies implementing NSC in 26 regions and their districts including those in urban authorities, and similar allocation to Ministerial level for monitoring of the campaign. All funds are from external financing, Table 4 below has details.

Funds for this component is still under rural water supply and for the new institutional set up within the rural component would mean it's under RUWASA budget lines.

Documental and budget review for the period of FY 2020/21 do not indicate allocation and disbursement information for this component. There is neither a budget line specific for sanitation nor hygiene under vote 49. Table 2 above indicates WSDP had allocated USD 150,000,000 for S&H for the period of the program 2015/16 – 2018/19, however WSSR 2020 state only 14% of the allocated were ever disbursed by December 2020.

Budget speeches of Ministries of Health, Education, and Local government does not reveal any funds committed to implementing S&H. They however acknowledge receipt and playing their role in the campaign.

The only budget line under Vote 49 is that of sewerage infrastructure in regional headquarters or designated towns. Specifically the Minister speech of FY 2020/21 commits to improve sewerage service level from 15% in 2015 to 30% by 2025, earmarked towns include Dar es Salaam, Dodoma, Bukoba and Musoma towns.

Table 4 Sanitation and Hygiene allocation FY 2019/20

Component	Amount In TShs	Function
LGA in 26 Regions	9,270,000,000	NSC
Region (RS)	10,115,000,000	Monitoring
TAMISEMI(PORALG)	350,000,000	Supervision
Ministry of Health	15,860,000,000	Supervision
Ministry of Education	200,000,000	Supervision
	35,795,000,000	

Source: MoW budget speech FY 2019/20

It should be noted that Tanzania is also party to several continental and international agreements for improved sanitation, one of which is the eThekweni Declaration “to establish specific public sector budget allocations for sanitation and hygiene programmes”. The aspiration of the Declaration is that the allocations for S&H should be at a minimum of 0.5% of GDP.

The WSSR 2020 produced in April 2021 provides remarkable progress on S&H component, as described below:

Table 5: Status of Household Sanitation and Hygiene as per Dec 2020

	Indicator	Baseline (status as of July, 2016	Status as of June 2017	Status by Dec 2020
1	% of Households with basic toilets	62	78.8	64
2	% of Households with improved toilets	31	46.6	66.3
3	% of Households with functional hand washing facilities (Basic hand washing facilities)	22	34.4	41.2
4	% of Households with drinking water safe storage container	23	53.1	30.5
5	No. of Villages/Mitaa with 100% toilet coverage (Open Defecation Free)	0	735	3,940

Source: WSSR 2020

Achievements under School Water Sanitation and Hygiene, as per WSSR 2020:

- School Water, Sanitation and Hygiene (SWASH) has projected annual target of constructing 1,591 improved sanitation and hygiene facilities in 1,429 primary schools and 162 secondary schools. In the reporting period, improved latrines and sanitation facilities were constructed in 1,012 primary schools and in 162 secondary schools.

Achievements for WASH in HCFs, as per WSSR 2020:

- WASH in HCF were planned to be implemented in 86 LGAs (17 regions) which are benefiting from SRWSS. The program managed to rehabilitate 813 out of 873 HCFs in 16 regions and has reached 81.3% of the target.
- As a result of the campaign and direct input, 97.9% of the HCFs have constructed new latrines for patients or staff while 61.6% for HWFs.

It's no doubt this progress has been achieved through significant investment of which this analysis is unable to trace.

In absence of credible data that is well analyzed makes this exercise to assess S&H investment in the program and if Tanzania is in line with the eThekwini Declaration. Since S&H is discrete financed, a better proposition will be conducting a separate study on sanitation financing in Tanzania. This will further profile S&H in the Country.

7. Conclusion & Recommendations

7.1 Conclusion

It is undisputed that there have been enormous efforts by the government toward provision of improved water and sanitation services in Tanzania. While we acknowledge the commitment toward allocation, disbursement, and spending on provision of water services that government put, this analysis looks more on the obstacles and challenges that hinder back those positive committed intentions.

Generally, the 2020/21 Water Sector's budget analysis supports the argument that the water sector is still not only underfunded compared to other key priority sectors, but also its annual financial commitments through the allocations in the budget speech are not met in time as efficiently and timely as desired.

Characterised by the mismatch between budget allocation and budget disbursement, the 2020/2021 water sector budget begs a question whether planned activities

In the five financial years, two financial years namely 2013/14 and 2015/16, the Ministry managed to receive between 50% and 60 % of the budgeted amount, while in three financial years namely 2014/15, 2016/17 and 2017/18 the Ministry received amounts that were below 40 % of the budgeted amount. The reasons given for the release of inadequate amount was shortage of funds due to poor collections from expected sources internally and from development partners. This led to release of inadequate funds compared to requests by the Ministry of Water and other ministries. It was also revealed that usually the release of funds depends on the available funds. - CAG PERFORMANCE AUDIT REPORT ON THE MANAGEMENT OF WATER PROJECTS IN RURAL AREAS – March 2019

particularly the new special programmes will be implemented as desired. Drawing from the main question behind this analysis, on whether there are adequate resources allocated, equitable and disbursed to ensure

achieving set goals on the water sector; one would confidently conclude that allocated resources to the water sector are not only inadequate, but also are are expended beyond the time frame of planned activities.

According to the WSDP financing requirement for the FY 2018/19, it was the end of phase II of the program (WSDP) of which the program was expected to spend TShs 1,022 trillion. Beyond this year, there are no documented estimated requirement figure established and confirmed as reference to the planning and delivery of program.

Despite good intention by the government and DPs to increase their commitment in the FY 2020/21 by raising funding closer to the WSDPII requirement, however, this was hindered by timely disbursement as been stated in the Vote 49 budget book and MoW budget speech that only 46% of the allocated funds was disbursed. Its proportion to the National budget share has remained at same figure of 2% and was placed at 5 positions among social sectors in terms of sector priority for budget allocations.

With the allocated budget experiencing fluctuating trend, it is also still a donor dependence. The water sector despite being key to social and economic drive has been left financially unpredictable. The allocation has also deviated immensely from the financial requirement projections set forth in the WSDP. There are also serious inequity allocations particular to WRM as this may have high impact on future sustainability of the investments.

7.2 Recommendations

- **Allocation:** According to the analysis, the budget increased by TShs 99 billion compared to the last FY of 2019/20. This is significant commitment. However, the increase does not match with percentage share which remained 2% against the national budget, under increasing population and economic, industrial, and social demands for water it is prudent to suggest this figure is inadequate. *It is therefore recommended the increase to be consistently aligned to at least 5% annual allocation and expenditure as set out in the WSDP requirement figures.*

It should be noted that allocation to WRM has remained at low for this year, at 6% share of the budget. It is critical to note that an equitable allocation as estimated in the WSDP requirement for this component (25% share of the total annual Water sector budget) is important as water is a need that require adequate and timely investment to support social development, meet the demand for increased agriculture due to population growth, industrial growth, and drive for electrification. *It is therefore recommended for funds budgeted for this component to be ring fenced by introducing a finance regulation that tie annual allocation at percentage of the water sector budget.*

Table 6: Annual approved budgets against WSDP II requirements

WSDP II plans vs actuals	16/17	17/18	18/19	19/20	20/21
Annual approved budget against WSDP II requirements	89%	32%	31%	43%	
Approved Water resources management budget against WSDP II requirements.	72%	18%	7%	9%	
Approved Water supply and sanitation budget against WSDP II requirements.	112%	38%	43%	61%	

Source: WSSR 2020

- Disbursement:** It is the same trend as the last FY 2019/2020 especially on challenges between planning, allocation, approval and disbursement. The MoW budget has consistently over many years not receiving full amount of its allocated funds. WSSR for 2020 indicates that over 2 years of planning the MoW received 57% of the allocated funds for 2019/2020 – 2020/2021. This also has impact on development and recurrent funding. However, the program despite falling short of their allocated funds were able to achieve certain targets as indicated in the WSSR of 2020. Rural water and Urban coverage is now at 72.3% and 86% respectively by March 2021 from 70.1% and 84% in 2019/2020 respectively. This challenge is endemic to both domestic and external financing. It is therefore ideal to suggest the planning and budgeting of the program take a review to consider to 4 levels of project planning: *Project preparation/initiation, Project planning, Project execution, closure and handover, consider financing and budgeting along this line of project cycle.*
- Source of funds:** The water sector’s development budget is still highly dependent from external borrowing and donations. During the financial year 2020/2021 for instance almost 50.4% of the water sector’s development budget was expected from donors and non-domestic revenues and those from domestic source stood at 49.6% For the sake of ensuring sustainability and the financial independency it is important that local fundraising be raised to cover external sources which should include review of the national water fund to cover a large proportion of domestic sources for the water budget and reducing dependency to donor funding. *It is therefore recommended to increase fuel levy to TShs 100 for the period of the program, by 2030, and reduce it to current level for sustaining services.*
- Sanitation and Hygiene:** A remarkable weakness on coordination and accountability on this component is noted exorbitated by the challenge of institutional mandate in the delivery of services has been a policy issue for some

time. This year's analysis was not able to track planned, allocated and disbursed funds due to lack of credible data. Though it is a component hosted by the MoW but led by MoHCDGEC under the WSDP. It is clear understood that sanitation infrastructure is being financed by intended recipient of the NSC that as such cost for campaign should be easily traced to ensure that there is clear accountability to the resources. . It is therefore *recommended a deep assessment to be done within the sector both on budget and off budget to determine funding landscape for sanitation and hygiene sector component.*

- **Are we on track for SDG 6?** According to the target set in the WSDP we are short of achieving the desired target according to the budget speech of MoW for FY 2021/2022 the coverage is estimated to be at 72.3% for rural water and 86% for urban. Rural has functionally rate at around 66% and urban NRW at 36.5%.
 - The MKUKUTA targets for WRM are to reduce water-related environmental pollution levels from 20% in 2003 to 10% in 2010 and integrated water resources management operational in all basins by 2010.
 - To increase proportions of the rural population with access to clean and safe water from 53% in 2003 to 65% by 2010, 79% by 2015 and to 90% by 2025 for the rural population.
 - To increase access to clean and safe water to the urban population to rise from 73% in 2003 to 90% by 2010, to 95% by 2015; and by 100% by 2025

It is therefore recommended a review of WSDP II to assess, and estimate, based on the experience of two phases review if Tanzania will achieve SDGs targets and its shortfalls by end of program in 2025.

8. References

Ministry of water Vote 49 Budget reading for 2021/22

Ministry of Water budget speech for FY 2021/22

Ministry of water budget speech for FY 2020/21

Water sector status report 2015 – 2020

Water sector status report 2020 (21)



This report was made possible by the support of WaterAid Tanzania. The contents are the responsibility of TAWASANET and do not necessarily reflect the views of WaterAid Tanzania or the WaterAid UK.

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