Where local councils are allocated just $0.11 for each person they are expected to provide with safe water and sanitation.

This report, written by Dominick de Waal, is one in a series assessing the water sectors in the countries where WaterAid works that accompanies Getting to boiling point – Turning up the heat on water and sanitation, a report analysing the findings from 14 country programmes. To read more visit www.wateraid.org/boilingpoint
WaterAid – calls to action

• District councils must receive a conditional grant for rural water supply from central government if the Millennium Development Goal (MDG) water supply targets are to be given a chance of success

• The ministry responsible for water should set up a sector coordination mechanism that is led by government and that involves all development partners

• Sanitation facilities in schools, health centres, markets and other public places should get direct government investment and should conform to government standards by 2009.

Introduction

Tanzania’s total land area is 945,000 square kilometres and it has a population of 33.5 million people. Economic reforms, especially those since 1995, have improved macro-economic performance and stability. The GDP growth rate has risen consistently in the past six years, reaching 6.2% in 2002 although it did fall back to 5.6% in 2003 due to drought. Inflation has dropped to 4.4% in 2003 from 6% in 2000. However, these macro-economic achievements have not translated into significant benefits for the vast majority of Tanzanians. The 2000/1 Household Budget Survey estimated that there has been only a small reduction in the numbers of people living below the basic needs poverty line (36% down from 39% in 1991/2) and the food poverty line (19% down from 22% in 1991/2).

Since 2000 Tanzania has benefited from debt relief under the enhanced Highly Indebted Poor Countries (HIPC) initiative as well as year on year increases in general budget support from development partners. In the first of its HIPC Poverty Reduction Strategy Papers (PRSP), Tanzania included water as one of five key sectors that were prioritised (others were health, education, agriculture and roads).

Progress against the MDGs (targets agreed by all world governments to reduce poverty by 2015) is variable. In education the number of children going to school is significantly up, but there are now more children dying before their fifth birthday and more mothers dying while giving birth. For water (Figure 1) assessments are complicated by inconsistent data.

Fact box

<table>
<thead>
<tr>
<th>Rural</th>
<th>Urban</th>
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</thead>
<tbody>
<tr>
<td>Mainland population 2002</td>
<td>26.5 million</td>
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<tr>
<td>Mainland population predicted for 2015</td>
<td>30.7 million</td>
</tr>
<tr>
<td>Access to safe water</td>
<td>46%</td>
</tr>
<tr>
<td>Access to basic sanitation</td>
<td>87%</td>
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<tr>
<td>Productive days lost annually to diarrhoeal disease</td>
<td>0.8 million</td>
</tr>
<tr>
<td>School days lost annually to diarrhoeal disease</td>
<td>1.8 million</td>
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<tr>
<td>Monthly households target for sanitation MDG</td>
<td>10,000</td>
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<tr>
<td>Sanitation annual finance need to meet MDG</td>
<td>$9 million</td>
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<tr>
<td>Monthly households target for water MDG</td>
<td>12,000</td>
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<tr>
<td>Sanitation annual finance need for water supply MDGs</td>
<td>$31 million</td>
</tr>
<tr>
<td>Number of new/rehabilitated water points required per year</td>
<td>3012</td>
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<tr>
<td>Current annual water spend (2002/3 development budget)</td>
<td>$9 million</td>
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<tr>
<td>Current annual water spend (2002/3 actual expenditure)</td>
<td>$8 million</td>
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<tr>
<td>Water sector annual finance need for water supply MDGs</td>
<td>$31 million</td>
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<tr>
<td>Water sector annual MDG finance gap</td>
<td>$23 million</td>
</tr>
<tr>
<td>Annual national debt service payment</td>
<td>$141 million</td>
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Key events

1961 Tanzania gains independence and centralises service provision

1967 Arusha declaration increases emphasis on policies of equality and self-reliance while also signalling further state control over social and economic development

1967-76 Villagisation. People moved into ‘Ujamaa’ villages where large-scale programmes are attempted to deliver improved health, water and education services. Increasingly authoritarian measures see 70% of mainland rural people registered in villages by 1977

1977-83 Following the break up of the East African Community, growing trade imbalances and the war against Amin’s Uganda, Tanzania falls into economic crisis

1983-86 Combination of internal and external shocks creates commodity scarcities. People in many parts of Tanzania leave ‘Ujamaa’ villages and return to their homesteads

1986 IMF and Tanzania agree a programme of structural adjustment

1995 The Tanzania Revenue Authority is formed

1999-2000 HIPC completion point reached, Poverty Reduction Strategy Paper (PRSP) drafted, and, Medium Term Expenditure Framework (MTEF) introduced

2000 Millennium Development Goals set, including target to halve by 2015 the proportion of people without access to safe water

2002 World Summit on Sustainable Development agrees corollary sanitation to halve the proportion of people without access to sanitation by 2015

2003-4 PRSP revised
Tanzania’s revenue reforms created the political space for the Ministry of Water to make considerable progress in reforming the urban public utilities. But in parallel the year on year increases in budget, and the entrance of a number of new donors to the sector, have led the Ministry to implement a number of expensive and quite possibly unsustainable national projects such as Chalinze and most recently the Lake Victoria to Shinyanga pipeline. This centralisation of budget and control at ministry level is inconsistent with a number of other government reform processes, including the Ministry’s own 2002 National Water Policy, the Local Government Reform and the Poverty Reduction Strategy. These conflicts however are yet to be resolved.

In 2003 the billing, tariff collection, operation and routine maintenance component of DAWASA’s portfolio of responsibilities was taken over by a private operating company called City Water under a 10 year lease contract. The rehabilitation and development of the whole system will remain the responsibility of DAWASA. Loans of $143 million have been made to DAWASA for this rehabilitation and development. As yet there is no reliable data on the progress of these projects. Both DAWASA and the private operating company will be regulated by the Energy Utility and Water Regulatory Authority (EWURA).

In sanitation

As the water sector developed, similar centrally planned activities were initiated in health to expand sanitation facilities. In 1973 the government introduced a ‘latrinisation’ campaign under a programme called “Mtu ni Mlaya” (You are your health) aimed at ensuring each household would have a latrine. The campaign was given added impetus following a cholera outbreak in 1997. Latrine coverage increased from 20-50 percent between 1973 and 1995.

Since the ‘Mtu ni Mlaya’ campaign very little has been achieved in improving basic sanitation. Cholera remains endemic to Tanzania. Outbreaks are frequent in urban areas, particularly the larger cities and in rapidly expanding unplanned areas. Piped sewerage systems cover less than 20% of urban households with the rest having to resort to onsite solutions, predominantly pit latrines. In poorer areas people often do not have access to basic sanitation. The houses they live in are often rented and there is no space to build a latrine. Disposal of faeces in polythene bags – “flying toilets” – is not uncommon. Flooding due to inadequate storm drainage exacerbates the problem spreading the contents of poorly constructed latrines around whole neighbourhoods. Cholera also gets exported to rural areas with fatal consequences. This is the fact that over 80% of rural households have latrines and that evidence that much more needs to be done to promote basic hygiene practices and improvement of existing facilities. Furthermore sanitation facilities at public institutions, particularly schools and health centres, are often inadequate, for example, not even meeting the basic government guideline of 25 students per latrine.

The PRS 2 (Poverty Reduction Strategy 2) operational outcomes for sanitation are to increase coverage of urban piped sewerage from the current 17% to 30% by 2009 and to reduce waterborne and water washed diseases in urban and rural areas by half.

Planning for sanitation is already largely decentralised with responsibilities was taken over by a private operating company called City Water under a 10 year lease contract. The rehabilitation and development of the whole system will remain the responsibility of DAWASA. Loans of $143 million have been made to DAWASA for this rehabilitation and development. As yet there is no reliable data on the progress of these projects. Both DAWASA and the private operating company will be regulated by the Energy Utility and Water Regulatory Authority (EWURA).

In rural areas

In the mid 70s donors took responsibility for water supply in specific regions of Tanzania largely bypassing government systems. Donors built and then transferred infrastructure to regional water engineers who had no budget to operate and maintain these water supplies. As a consequence stark variations developed – and remain – in regional access to safe water.

Despite these disparities the Government’s 1995 National Water Policy paid little attention to sector coordination and decentralisation. Implementation of the policy required US$523 million, equivalent to 50% of the Government’s annual development budget over the following 10 years. Progress was therefore dependent on a handful of remaining donor-funded programmes (Dutch, German and Swedish) while the ministry responsible for water became all but irrelevant.

In the mid nineties two major policy shifts began to reverse this: Tanzania under President Mwinyi began to reform the revenue system and bilateral donors, questioning project and programme approaches, started experimenting with general budget support.

Figure 2: Percentage of households with access to safe and clean water in rural areas of Tanzania in 2000/1

| Percent | 11.4 - 13.2 | 13.2 - 13.7 | 37.0 - 50.5 | 50.5 - 66.6 | 66.6 - 76.1 |

In towns and cities

In urban areas, other than Dar es Salaam, the Ministry has managed the reform of public utilities. These reforms have turned over half the urban utilities from being subsidy dependent (especially for electricity bills to pump water) to breaking even or better. However, households across all urban areas are on average spending more time to fetch water than they did 10 years ago. This is an indication that population growth is putting pressure on the existing infrastructure. A considerable number of urban projects are now starting and this may relieve the pressure and improve coverage by both measures.

Dar es Salaam is served by a water and sewerage authority (DAWASA) that is institutionalised within the Ministry. Over the past 10 years the number of households getting their drinking water from piped systems has dropped by 7%. Households have largely replaced this piped source by turning to protected wells (2%), tankers and vendors (2%).

In 1997 the government was financing all water supply investments and in 1992 began to finance the costs of operation and maintenance as well. From 1992 rural water supply systems provided water at no charge to users. In urban areas water was free from public stand posts.

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Donors

The level of pre-negotiated sector financing leaves the Ministry’s planning directorate little room for refocusing budgets for poverty reducing impact. For example, 62% of the $69m donor-funded component of the development budget for 2004/5 was targeted at urban projects. Of the remaining 38% of donor funding a large chunk was for small towns leaving less than 10% for village water supplies. While these donor funds clearly add to sector financing they also undermine core planning and reform processes. There is little incentive for the central ministry to compete for central government budget resources on behalf of local government if there are donors willing to fund the ministry directly. As a result direct allocations to local government have remained very low. In 2004/5 only 10% of approved sector expenditure will be disbursed to local authorities.

Core reform processes, while being undermined by direct financing, are themselves being implemented very slowly, diluting what should be a strong decentralising force. This financial year 2004/5, partly as a result of not implementing a formula for decentralising budget to local councils, the central ministry has been allocated a large domestic development budget ($29 million up from $6 million in 2003/4) – 93% of which will now go to fund the first phase of the Lake Victoria to Shinyanga pipeline.

Figure 3: Public Expenditure in Tanzania (US$ millions)

Investment choices in the water sector need to be better informed and coordinated. In three successive public expenditure reviews the link between sector inputs and sector outputs has not been provided in enough detail to make any assessment of year on year sector performance. In the budget guidelines from the Ministry of Finance there has been no real discussion of sector investment decisions. Without a serious technical debate on how to get the best returns from public sector finance the performance and impact of public expenditure is unlikely to improve and may even deteriorate despite the fact that central government allocations are increasing.

Sector coordination

In the 70s and 80s a certain level of coordination was achieved simply by allocating donors to regions of Tanzania. To an extent this still occurs but most donors have made genuine efforts to hand over project ownership and programme implementation to government. However, the result of this partial handing over is a complicated matrix of parallel advisory and steering committees, project implementation units, funding mechanisms, monitoring and reporting structures. Figure 4 shows a typical example of these parallel governance mechanisms taken from a Dutch-funded rural water supply project in Shinyanga. Although this project is delivering significant outputs, the multiple parallel processes suggests that it could do so still more efficiently.

Over the past two years there has been discussion among sector stakeholders about the need to move towards a Sector Wide Approach (SWA) to planning but as yet no single coordination mechanism has been adopted. The formation of the public expenditure review sector working group (PER-SWG) in 2002 has helped bring sector stakeholders together in a discussion about sector financing, sub-sector allocation principles and formulas for allocating budget to local councils. However, the PER-SWG is not a decision making body. What is urgently required is one sector coordination mechanism which is led by government and that involves all development partners.

Figure 4: Institutional arrangements for Shinyanga Rural Water Supply and Sanitation Project

Decentralisation

Despite their significant responsibilities for water and sanitation, only 10% of approved expenditure will be disbursed to local authorities in 2004/5 (Figure 5). Most of the district allocation is spent on staff salaries. What remains for building new or rehabilitating old water points is equivalent to just $0.11 for each person currently without access to safe and clean water. Even the simplest hand-dug wells cost $20 per capita to build. At this level of financing it would take councils over 100 years to deliver the water supply MDG.

Figure 5: Tanzania water sector budgets 2000 to 2005
In December 2003 the Ministry of Finance included a proposed allocation formula for decentralising a large chunk of both recurrent and development budgets to district councils. It was proposed that recurrent grants be based simply on district population figures determined from the 2002 Housing and Population Census. In rural areas there is a policy of full cost recovery and so the recurrent budget should only be required to cover salaries and routine tasks of the district water engineers namely planning, monitoring and evaluation.

The proposal for the development budget was more complicated. There are many districts with very low coverage of safe and clean water. It was therefore proposed that a conditional grant be allocated to each council on the basis of the number of unserved people in each district. In order to limit the effect of local data manipulation the number of unserved was to be determined by weighting district routine data figures with regional figures from the Household Budget Survey carried out by the National Bureau of Statistics. The resulting figure is a weighted estimate of the number of people who are not served which was to be the basis for dividing up the pool of resources available for district conditional grants. Disappointingly the Ministry of Water’s proposal was neither acknowledged nor discussed in the Ministry of Finance’s 2004/05 budget guidelines.

If MDG water supply targets are to be given a chance, district councils must receive a conditional grant for rural water supplies, less than 10% of the donor budget is distributed and that finance to the development of rural water is limited, investments in low cost technologies should be prioritised in order to spread the available finance as widely as possible.

**Sustainability**

There are just under 10,000 villages in Tanzania with around 5,000 village water committees and another 1,000 autonomous water user entities. These institutions are reported to have $1.2m in their bank accounts. Nonetheless 30% of schemes are not functioning and $43m is estimated to be needed to make the necessary repairs. It is not clear why the available resources are not being directed towards these needs. If the problem lies in a failure of the water user entities it is equally unclear why they should be having difficulty managing the supply of such a basic necessity, since as one Tanzanian villager has observed: “The water business pays, one is assured of customers. You cannot go away from water you cannot postpone using water. Any business that has such characteristics is a good business.”

Mohammed Suleiman Mahoa, Chikonji village, Lindi

Where the water supply is from a handpump, user charges are often collected monthly or even annually. Handpumps are cheap to maintain and so user charges are small – in the region of $1 per household per year. Cost recovery by an attendant at the handpump is not cost effective and is seen as cumbersome by users. However, the problem with not collecting money at the pump is that monthly collections make the deal less immediate and enforcement much more difficult.

Piped schemes, particularly those with deep boreholes and a diesel pump, have more immediate operational costs. As a result user charge collection systems are set up alongside piped schemes; usually tap attendants collecting money for each bucket filled. This money is paid into the village water fund and is often the only source of public revenue at the village level. Village water funds are routinely used to subsidise other social services such as school and dispensary buildings.

Both handpump and piped schemes thus often end up in a state of institutional paralysis. Everyone is both purchaser and provider. Claims become circular. Users don’t pay, collectors don’t collect, managers don’t manage, the scheme is not working and there is no money to fix it. Everyone is at fault, but there is no one to blame.

However there are two institutional configurations emerging which appear relatively robust. The first of these is around very simple low cost technologies such as shallow wells and springs involving 25-50 households coming together in a water user group. For example, Sakasaka village in Mbeit District has 784 households and is served by 7 shallow wells each one owned by a single autonomous Water User Group (WUG), each one with its own governance process. When one breaks down they can buy water from the neighbouring group until they have repaired their own.
The second is sub-contracting operation and maintenance in bigger schemes that use a pump and engine to supply urban and rehabilitated water points against expenditure this translated into international private sector participation in the form of a lease contract. The debate on the performance of the private operating company is highly charged but the fact is that it is simply too early and there are not yet enough impact data for any definitive judgments to be made. All other urban water and sewerage authorities are public and have significantly improved the sustainability of their operations in the past 10 years. In rural water supply there is strong growth of the private sector in infrastructure development. A recent call for bidders by a rural water and sanitation programme in Shinyanga attracted 64 qualified contractors. Turnover of these contractors is still relatively small. WEDICO, for example, formed in 1998, has a turnover of just $400,000, and there are probably only another 10 or so contractors involved in water supply with competitive turnovers in the whole of Tanzania.

The single most effective way that the Government could create an enabling environment for private sector participation would be consistently to outsource public works. Tender procedures can be simplified. Pre-qualification requirements need to be clearly communicated and understood by prospective bidders. Small companies can be encouraged to bid by putting out tenders that include small as well as larger lots. There are also opportunities to involve the very local private sector in the operation and maintenance of larger village schemes, particularly those that are motorised. For piped schemes where the costs of operation and maintenance are higher, turnover larger and technical knowledge essential, subcontracting over a major operation to local private sector operators can improve sustainability. Government should encourage water user entities running these larger schemes to contract service providers but should also monitor and regulate these contracts. One specific mechanism that could help protect the interests of consumers and the community asset holding authority would be that contracted service providers would have to put up bonds for the systems they operate.

Transparency and civil society

Availability of government data, both statistical and financial, has improved dramatically in the past 10 years. The National Bureau of Statistics makes public survey and census findings reasonably soon after surveys are completed. For example, the first tables from the 2002 housing and population census were published by mid 2003. Since 2001 the Ministry of Finance has worked with development partners on public expenditure reviews for a growing list of sectors. These provide good background information on sectors although performance assessment is rather limited. There are also considerable problems of consistency among reports and local council expenditure are not published in a consolidated form.

There is, however, one key measure which is glaringly absent – namely the link between expenditure and sector output. Even if this was as simple as the number of new and rehabilitated water points against expenditure this would be a great step forward.

Data on the progress towards targets for water supply are presented from two sources; the coverage reported by the Ministry of Water and Livestock Development and that reported by the 2000/1 Household Budget Survey. While the figures for rural coverage look to be relatively consistent between the two data sources, the aggregate figures mask big variations at regional level. In Lindi Region, for example, the Ministry reports that 34% of the rural population is covered by improved water sources while the 2000/1 survey reports only 12% of households got their water from improved sources (Figure 2).

However, both the Ministry and the survey figures record improvements over the 1990-2000 period. The 11% improvement measured by the Household Budget Survey in rural water supply is primarily due to households shifting from unprotected sources to protected wells and springs rather than big piped schemes.

For urban areas the Ministry and survey figures are very different. This is because the figures refer to two quite different questions. The Ministry figure for urban areas, other than Dar es Salaam, is based on the number of household connections multiplied by the average household size over the population of the service area. For the Dar es Salaam area the figure is based on the percentage of the service area which is covered by the network, even if it is non-functioning. In contrast the survey figures report the number of people who said they got their drinking water from a piped or protected source of water, as opposed to an unprotected well, spring, dam or lake.

Conclusion

There is a great deal to learn from Tanzania’s 40 year experiment in delivering water and sanitation. They are lessons relevant to much of Africa relating to key questions about the role of the state and the nature of development assistance. While in this document WaterAid has proposed specific actions on conditional grants, aid coordination and institutional sanitation that are critical in 2005, it is the underlying analysis of fiscal policy, aid effectiveness and most importantly the sustainability of investments that should guide policy making into the future.