

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB7569

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| Project Name | Water Sector Support Project-Additional Financing |
| Region | AFRICA |
| Sector | Water Supply (70%); Sanitation (7%); Sub-national government administration (11%); central Gov. admin (5%) |
| Project ID | P146700 |
| Original Project Name: | Tanzania Water Sector Support Project |
| Original Project ID: | P087154 |
| Borrower(s) | GOVERNMENT OF UNITED REPUBLIC OF TANZANIA |
| Implementing Agency | The Ministry of Water Attn: Egr. Bashir Mrindoko Permanent Secretary, Address: Maji Ubungo P.O.Box 9153 Telephone# 25522 2451530 Fax# 25522 2451542, Email: b.psmw@mowi.go.tz |
| Environment Category | [X]A []B []C []FI [] |
| Date PID Prepared | 15-May-2014 |
| Estimated Date of Appraisal Authorization | 16-Apr-2014 |
| Estimated Date of Board Approval | 16-Jun-2014 |

I. Country and Sector Issues

The Government of Tanzania's (GoT) National Strategy for Growth and Poverty Reduction (MKUKUTA), is committed to achieving economic growth and reduction of income poverty; improved quality of life and social well-being; and improved national governance and accountability, to its current population and future generation. The current phase of MKUKUTA, (2010-2015), aims at achieving universal water supply coverage by 2015.

The water sector's contribution to MKUKUTA is strategically aligned with these objectives through its focus on: i) scaling up water and sanitation services delivery to achieve MDGs, ii) establishing a sustainable platform for water resources governance and development, and iii) strengthening of sector institutions and accelerated capacity in the sector.

This strategy (adopted in 2006) outlines a first phase of activities - the Water Sector Development Program (WSDP). These activities aim to meet the Millennium Development Goal (MDG) targets for Tanzania by providing access to safe water supply to 74% of rural and 84 % of its urban population by 2015. Prior to the WSDP (i.e. in 2000), approximately 51% of the rural and 75% of the urban population had access to safe drinking water.

The Water Sector Support Project (WSSP) is designed to support WSDP through its four components: Strengthening of Water Resources Management Institutional Framework, Scaling

up of Rural Water Supply and Sanitation Services, Scaling up of Urban Water Supply and Sewerage Services, and Sector Institutional Strengthening and Capacity Building. WSSP was launched in 2007 and has scaled up services in all local governments through investments in rural and urban water supply and sanitation services, enabled by improved water resources planning and management.

The Government's request for Additional Financing (AF) for WSSP is motivated by its desire to ensure the realization of the foregoing key strategic goals in the water supply and sanitation sector. The proposed AF is in line with the Country Assistance Strategy (CAS) Fiscal Year 2012-2015, and is directly aligned with its strategic objective - 'Build Infrastructure and Deliver Services'. Under this objective, the proposed activities are directly relevant to the CAS outcomes: "increased access to and quality of water and sanitation services".

The water resources component of the project underpins these services by assisting in the creation of institutions and an enabling environment to ensure that finite water resources are effectively managed. Integrated Water Resources Management and Development (IWRMD) plans are being prepared for 8 major basins.

The activities in the proposed AF are consistent with the original project development objective: "(a) Improving integrated water resources management by strengthening water sector institutions and (b) expanding access to water supply and sanitation services."

II. Rationale for Bank involvement

Rationale for Additional Financing: The proposed AF seeks to support the scaling up of activities by financing the completion of sub-projects selected and identified by communities, as part of the original target of 10 water schemes per LGA. As beneficiary communities selected more complex technology (piped water schemes) than originally anticipated for the rural water supply component, funds in WSSP were not sufficient to meet the 10 village target¹. These targets were therefore revised downwards at restructuring.

The AF therefore, aims to bridge the financing gap required to meet the original target of improving services in 1,546 villages. In addition, the AF will cover cost overruns under the water resources management and urban water supply components that arose in the course of implementation. In summary, the AF will provide Bank and DPs support for: (i) the subprojects in the remaining 628 villages; and (ii) completion of ongoing contracts under the water resources and urban water supply components of the program.

III. Project description: The WSSP is contributing to the first phase of the country's Water Sector Development Program (WSDP) which spans a 20 year period from 2006-2025. The first phase of the WSDP provides assistance to 132 Local Government Authorities (LGAs), 109 district small town utilities, 7 national water supply projects, 19 regional urban water and sewerage authorities as well as Dar es Salaam Water and Sewerage Authority (DAWASA) to improve priority water supply and sanitation services. WSDP also assists in improving integrated

¹ Piped multi village water schemes have a higher unit cost than hand pump schemes which cost significantly less.

water resources management through strengthening water sector institutions and supporting water resources management and development investments.

The additional financing to WSSp will support activities in four components:

Component 1: Strengthening of Water Resources Management Institutional Framework (US\$9 million equivalent): This component will finance the completion of the integrated water resources management and development plans in 8 basins, capacity development for basin-wide water resources management, and priority investments. Given the process oriented nature of the component which involved lengthy consultations with the various basins and the formulation of a legal and institutional framework, implementation of project supported activities only picked up after a considerable delay. This delayed implementation has caused costs overruns in this component due to, among other things, the appreciation of cost of materials for work contracts, and change in scope of consultancy services. The IDA AF will support the completion of 21 contracts, of which 17 are consultancy contracts, including completion of the preparation of integrated water resources management and development plans for 8 basins.

Component 2: Scaling up of Rural Water Supply and Sanitation Services (US\$13 million equivalent): This component will finance the scaling up of rural water supply to support the government attain the service targets put forward in the BRN. With the AF, the project will support the target of a total of 31,747 water points reaching 8 million people, in line with the original WSDP target of 10 village water schemes per LGA (or 1,547 village schemes). This AF will directly finance improved water service through the construction of 5,279 water points in 628 villages. This will include an IDA contribution of US\$13 million, for 49 multi-village water schemes (938 water points) providing water to 234,624 people. It will be supplemented by additional financing from DfID and the Government of Tanzania, in the amount of US\$15 and US\$30 million respectively (part of which will be used for Component 2) for the remaining 579 villages. The AF will allow the project to surpass the revised targets set at restructuring. In line with the priority attached to the RWS component under the BRN initiative, other DPs (DFID, AfDB) and government will primarily finance this component.

Component 3: Scaling up of Urban Water Supply and Sewerage Services (US\$20 million equivalent): This component supports improvement of urban water supply and sanitation in key towns and cities. The AF will finance costs overruns incurred during project implementation due to delays in commencing some subprojects and the increase in costs of construction and related supervision activities. The AF will support 28 contracts of which 17 are for works and 11 are consultancy contracts. Eight of the 17 works contracts proposed for the AF have been completed and require financing for final payments. The remaining nine contracts are at different stages of implementation. With the AF and upon completion of the contracts, an additional 200,000 people will be provided with access to improved water source in Small and Regional Towns as well as 45,000 students and teachers at the University complex of Dodoma. Moreover, the service quality levels for at least half of the population of Dar es Salaam (4.4 million) will be considerably improved, from poor intermittent water supply to almost continuous water services. KfW and IDA financing will primarily be used to finance this component.

Component 4: Sector Institutional Strengthening and Capacity Building (US\$2 million equivalent): The AF will continue to finance program management activities under Component 4

and to provide technical assistance for preparation of the second phase of the WSDP. Emphasis will be given to the completion of the MIS enhancement, operationalization and to operationalizing and updating the water point mapping system. It will also provide support to institutions involved in implementation and monitoring of the sector program. IDA financing will primarily be used to finance this component.

IV. Safeguard Policies that might apply

| Safeguard Policies Triggered by the Project | Yes | No | TBD |
|---|-----|----|-----|
| Environmental Assessment (OP/BP 4.01) | X | | |
| Natural Habitats (OP/BP 4.04) | | X | |
| Pest Management (OP 4.09) | | X | |
| Physical Cultural Resources (OP/BP 4.11) | | X | |
| Involuntary Resettlement (OP/BP 4.12) | X | | |
| Indigenous Peoples (OP/BP 4.10) | | X | |
| Forests (OP/BP 4.36) | | X | |
| Safety of Dams (OP/BP 4.37) | X | | |
| Projects in Disputed Areas (OP/BP 7.60)* | | X | |
| Projects on International Waterways (OP/BP 7.50) | X | | |
| Piloting the Use of Borrower Systems to Address Environmental and Social Issues in Bank-Supported Projects (OP/BP 4.00) | | X | |

V. Tentative financing

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|---|---------------|
| Source: | (\$m.) |
| Borrower/Recipient | 30.00 |
| DFID | 13.00 |
| KfW | 15.00 |
| International Development Association (IDA) | 45.00 |
| Total | 103.00 |

VI. Contact point

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