

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF WATER



WATER SECTOR DEVELOPMENT PROGRAMME (WSDP)

Programme Implementation Manual

ANNEX 3

**GUIDELINES FOR PLANNING AND OPERATING
DISTRICT WATER AND SANITATION GRANTS**

FEBRUARY 2006

PART 1 INTRODUCTION

1.1 BACKGROUND

Water is a shared common resource fundamental to life and in sustaining the environment. It touches all spheres of life and is vital for sustainable socio-economic development as a strategic primary input playing a pivotal role in poverty alleviation through enhancing food security, domestic hygienic security, hydropower, industrial development, mining, navigation, and the environment for sustenance of ecosystems. Availability of adequate water supply with good quality reduces time spent in fetching water, increases health standards, and ensures a favorable environment for increased children's school attendance. Use of contaminated water poses health risks to the population as evidenced by the prevalence of water-borne diseases such as diarrhea and cholera. Despite its importance to human survival and development, water in the country is poorly distributed in time, space, quantity and quality and generally, it is a finite and vulnerable resource.

The Joint Assistance Strategy (**JAS**), the National Poverty Eradication Strategy (**NPES**) and **which is now the National Strategy for Growth and Reduction of Poverty (NSGRP) - MKUKUTA**, all identify safe and adequate water provision, especially in rural areas, as key development concern. The Government has adopted different strategies for facilitating safe water provision for urban and rural areas. In urban areas the strategy focuses on full cost recovery while in rural areas the focus is on cost sharing in capital investment while in operation and maintenance focuses on full cost recovery, community participation and ownership.

1.1.1 Status of Water Supply and Sanitation Services in Tanzania

The majority of Tanzania's population (about 80%) live in rural areas, which are characterised by primary modes of production, limited social services and poor economic infrastructure. Administratively, rural areas are defined as all areas in Tanzania under district councils (rural) and areas under the village councils in peri-urban areas of urban councils (Rural Development Policy - RDP, 2003). The National Water Policy defines rural areas as all areas mentioned in RDP plus urban district councils. The current routine data on water supply service in Tanzania indicate that the rural areas coverage is about 53.5% and 73% in urban areas (MoW Budget Speech 2004). Out of the 53.5% rural water supply coverage, about 30% percent of the installed capacity of water facilities is non-operating due to a number of factors such as drought, obsolete facilities etc. Data on the incidence of water borne, water related and water washed diseases indicate that these are prevalent where people have inadequate access to safe, clean, affordable and reliable water. This prompts them to resort to water from unprotected sources that are usually contaminated. Such diseases account for over 50 percent of the diseases affecting rural population.

1.2 WATER SECTOR REFORMS AND NATIONAL FRAMEWORKS

According to the National Water Policy (**NAWAPO**) 2002, the Local Government Reform Policy Paper of 1998, the Rural Development Policy (**RDP**) 2003 and the

Rural Development Strategy (**RDS**) of 2004, the role of the Ministry of Water is redefined to be that of coordinator and facilitator rather than service provider. The RDP acts as a platform on which sector policies are coordinated, harmonized and integrated to give rural development process a holistic view. In this reform MoW has produced National Water Sector Development Strategy (NWSDS) and National Water Sector Strategic Implementation Plan (NWSSIP)

1.2.1 Policy, Institutional and Legal Reforms

The **NAWAPO** emphasizes that communities will be empowered to initiate, own, manage, operate and maintain their water schemes, so as to improve the sustainability of rural water supply schemes.

1.2.2 Decentralization Requirements

The Local Government Reform Policy has been formulated to improve service delivery by making local authorities more democratic and autonomous within the framework established by the central government. The policy identifies provision and facilitation of water services as an important responsibility of local governments.

The reforms are intended to create viable entities, develop required local government/central government relations, establish the necessary legal framework, and develop the necessary capacities for effective performance by local government organisations. In implementation of the reforms, it is also envisaged that the future magnitude of grants to local governments will depend on performance, the state of the economy.

Implementation of local government reforms will provide a conducive and complementary environment within which a National Rural Water and Sanitation Programme will operate. However, the prime challenge posed is in terms of decision-making, qualified manpower and funding.

1.2.3 Rural Water Supply and Sanitation Project

The Government of Tanzania (**GOT**), with a credit from the International Development Agency (**IDA**), in 2002, launched the Rural Water Supply and Sanitation Project in order to enable the rural population have access to reliable and sustainable water supply and sanitation services. The project was designed initially to cover 30 villages in three districts of Kilosa, Mpwapwa and Rufiji, followed by nine additional districts of Handeni, Igunga, Iramba, Kiteto, Kondoa, Kongwa, Manyoni, Morogoro Rural and Singida Rural. The project is intended to develop water supply systems by employing a variety of technological options. It was planned that about 250 villages and 750 000 people shall benefit from the projects. One of the project components was to prepare a National Rural Water Supply and Sanitation Programme.

1.2.4 Transformation of Regional and Area Based Rural Water Supply Projects into the National Rural Water Supply and Sanitation Programme

The Ministry of Water has been spearheading a number of programs and projects that gear at increasing water supply service coverage in rural areas. These programs and projects include; the Shinyanga Rural Water Supply and Sanitation Programme, The Rural Water Supply and Sanitation Project, The Small Towns Water Supply and Sanitation Programme and other area/district based projects. The Ministry strategic focus is to transform these isolated programs and projects into the National Rural Water Supply and Sanitation Programme that will cover the entire country by 2006.

1.2.5 Transformation Baselines

(i) Tanzania Development Vision 2025

The Tanzania Development Vision (TDV) targets for water and sanitation indicate that by the year 2025:

- 1) 100% access to safe water for all;
- 2) Infant mortality reduced from 98 to 20 in 1000;
- 3) Attain a quality of life that is:
 - Socially desirable
 - Economically viable, and
 - Environmentally sustainable.

(ii) Millennium Development Goals 2015

MDGs are medium term measures linked and driving instrument to achieve the vision 2025.

The Water and Sanitation MDG targets are to have the proportion of the population without sustainable access to safe drinking water and improved sanitation by 2015. The indicator used for monitoring achievements towards the MDGs for water is the proportion of the population with sustainable access to an improved water supply service and, for sanitation, is the proportion of people with access to improved sanitation. The targets are:

- 1) To reduce by ½ the proportion of people without access to safe drinking water;
- 2) To reduce by two thirds the under-5 mortality rate;
- 3) To reduce by ½ the proportion of people without access to basic improved sanitation facilities.

The MoW statistics, which disaggregate regional and district data for rural populations show that the overall rural water supply coverage as of June 2004 was 53.5%. This is a 5% increase during the PRSI implementation (from 48.5% in 2000). On the part of sanitation, the House Hold Budget survey 2000/2001 indicated that the overall sanitation service levels for Tanzania were at 90%, based on number of toilets, however it is assumed that less than 50% of rural house holds have sustained access to adequate sanitation.

The coverage percentages indicates that, reducing the rural population without access to water supply and sanitation by half between 2000 to 2015 results in a target of 74% by mid 2015. The total number of additional population requiring the water supply service in this period is about 18.7 million people by 2015 at an investment requirements cost of USD 726.68 million. The pace of transformation of the programme will be determined by the available resources, the capacity from programme support and supervision, and district, village and user/community performance.

(iii) MTSP and MTEF Targets 2009

Regarding NRWSSP, both the Water Sector's Medium Term Plan and the Medium Term Expenditure Framework (MTEF) for (2006/07 – 2008/09) targets are set as follows:-

- 1) Raising the proportion of rural population that has access to safe and clean water by at least 2% per year, from 53% in 2003, to 63% by 2009,
- 2) Reducing the number of districts that have less than 53% access to safe water in the rural areas from 50% to 30% by 2009 by specifically targeting budget to districts that currently are below the national average,
- 3) Increasing the proportion of households with (i) improved toilet facility, (ii) access to improved sanitation facility. In rural areas the target should be to have 30% of households with improved pit latrines by 2009.
- 4) Increasing the participation of women in decision-making bodies (water committees, boards, and MOW) to 30%.
- 5) Increasing the proportion of districts using water harvesting in schools, health facilities and households by 10%.

(iv) National Strategy for Growth and Reduction of Poverty (NSGRP) – MKUKUTA targets 2010

The reviewed Water Supply and Sanitation Service targets in the medium term of five years aim at increased access to safe, clean, affordable and reliable water for urban, peri-urban and rural populations. The targets are:

- (i) Increase access to safe, clean, affordable and reliable water to 65% for rural areas and to 90% in urban areas by 2010;
- (ii) Reduce the number of rural districts that are below the current national average of safe water supply service coverage from 50% in 2003 to 25% in 2010;
- (iii) Reduce the number of cholera cases by 50% in 2010; and
- (iv) Reduce the number of deaths of children under five years from diarrhea by 30% in 2010.

(v) Introducing SWAP in the Water Sector

For quite a long time, water sector in Tanzania has been steering different investment initiatives that are project based. The resulting phenomenon is a concern in many parts of the country on a slow rate of improvement in water supply accessibility. Experience shows that working through integrated Government donor funding frameworks based on a Sector Wide Approach to Planning (SWAP), hinged on the Government, and its partners agreeing on a forecasted resource envelope that follows standard financial Management Structures. In this aspect, procedures for disbursement are harmonised through a pooled fund structure, improve effectiveness of investments. All activities to be funded reflect a shared joint view on priorities and costs of activities. It is through this analytical background that water sector intends to implement a Sector Wide Approach to Planning (SWAP), as NRWSSP main component.

1.3 OVERVIEW OF THE NATIONAL RURAL WATER AND SANITATION PROGRAMME (NRWSSP)

1.3.1 NRWSSP Overall Goal

The overall goal of NRWSSP is to improve health and alleviate poverty of the rural population through provision and sustainable use of safe water and sanitation facilities to achieve the ministry's Medium Term Strategic Plan (MTSP), PRS targets, and Millennium Development Goals (MDGs) as well as the Tanzania development vision (TDV) 2025 targets. The Central Government, LGAs and other stakeholders will mobilise resources including private and community funds to ensure increased supply of safe water within household proximity.

1.3.2 NRWSSP Specific Objectives

To achieve this goal the project specifically aims at:

- 1) Providing rural communities with adequate, safe and affordable water supply and sanitation services
- 2) Building a sustainable system to manage improved water supply and sanitation facilities
- 3) Promoting good hygiene practices among rural population to maximise the impact of improved water supply and sanitation facilities.

Key Programme Strategies

RWSSP strategies are based on the social, economic, environmental and sustainability principles cited in the National Water Policy (NAWAPO). Specifically these strategies are:

- 1) Strengthening community participation in environmental conservation and protection of water sources.
- 2) Strengthening a demand-responsive approach (DRA) whereby communities choose W&S service levels based on their perceived ability to pay for a 5% on capital costs and full costs for operation and maintenance (O&M).
- 3) Adopting a Sector Wide Approach to Planning (SWAP) which means moving away from project-based funding to coordinate funding through General Budget Support (GBS).
- 4) Ensuring sustainability of improved W&S services by assisting communities to build a strong Community Ownership and Management (COM).
- 5) Decentralised local government planning and implementation.
- 6) Central Government taking up tasks of facilitation, policy formulation and coordination, regulation, setting of quality standards, training and M&E of sector performance.
- 7) Strengthening the capacity of district councils to take up their new role of managing the RWSS activities and working in support of communities
- 8) Building the capacity of national and regional institutions involved in the project.
- 9) Promoting private sector participation, which can provide quality goods and services.
- 10) Adopting gender-sensitive and poverty responsive participatory methods for W&S implementation.
- 11) Increasing attention to behavioural change in hygiene and sanitation as well as increasing awareness on HIV/AIDS mitigation measures.
- 12) Development and Management of water supply and sanitation services at possible lowest levels.

1.3.3 NRWSS-Programme as the Main Component of SWAP

Under Sector Wide Approach to Planning the financial resources for capital investment will be sourced from both Government and External Support Agencies. The pooled financed resources for capital investment will be used under are provided in support of jointly agreed expenditure strategies and plans, under the leadership of the Government. In that respect, District Councils will follow receive conditional grants from central Government.

The basic features of SWAP are:

- 1) Objective criteria shall be applied in making decisions on choices and location of the benefiting communities;
- 2) Planning shall be participatory involving the benefiting communities;
- 3) A good mix of bottom up and top-down approaches
- 4) National priorities shall be taken into account
- 5) Mobilisation and awareness creation shall be undertaken to strengthen community input into the planning process.

1.3.4 Programme Mode of Operation

(a) Programme Components

The following three components will be financed under the RWSSP:

(i) Development of a District Implementation Model

- 1) Building up the capacity of Councils to assist communities to apply for support, plan, construct, manage, and maintain their Water and Sanitation systems.
- 2) Developing systems for contracting out service providers to work with the communities to develop their water and sanitation facilities.
- 3) Supporting the development of a District Water and Sanitation Fund (DWSF) to finance RWSS schemes.
- 4) Supporting new ideas (through an innovation window) in RWSS delivery mechanisms.

(ii) Planning and Construction of Community RWSS sub projects

- 1) Creating community demand for W&S through information dissemination on RWSS project and advocacy meetings
- 2) Raising community awareness about good hygiene and sanitation practices including basic information on prevention and control of the spread of HIV/AIDS.
- 3) Construct simple but quality sanitation facilities that conform to approved measurements and create within the communities the culture for maximum utilisation.
- 4) Empower communities to make informed decisions, which will help them to sustain their water supply facilities.
- 5) Developing community capacity to plan, implement and manage their W&S sub projects.

- 6) Mobilise communities on how best they can maintain water sources and catchment areas.
- 7) Construction of Water and Sanitation facilities

(iii) Institutional and Capacity Strengthening

Strengthening the capacity of District Councils to undertake project management tasks, that is, preparing District Water and Sanitation Plans, appraisal of community sub projects, monitoring and evaluation and reporting.

- 1) Support to stakeholders consultative process to develop a strategy for implementing the NRWSSP;
- 2) Support District Water Sector Capacity through merit recruitments to meet required staffing levels and introduce feasible remuneration policies that will enable LGAs to attract and retain staff with requisite professional qualifications;
- 3) Providing technical assistance in the implementation of the NRWSSP;
- 4) Development of a Management Information System (MIS) to track lessons learned from the programme;
- 5) Building performance capacity at all levels including institutional restructuring, skills development of various stakeholders and developing minimum staffing levels.

(b) Programme Investment Plan

Assessing from the year 2000 to 2015, the MDG sector focus will be at reducing the rural population without access to water supply by half from 51.5% in the year 2000 to 25.75% in 2015. This implies that water sector needs to increase service coverage from 48.5% in the year 2000 to 74% by mid 2015. The total number of additional population requiring the water supply service in this period is about 18.71 million people by 2015, taking the consideration of the slowing population growth rate in rural areas, which is 1.9% as per population census of 2002. This will require a financial resource investment at a cost of USD 726.68 million.

Hence, accelerated increase in RWSS coverage requires:

- 1) More investment in the RWSS sector;
- 2) Increase W&S share of national budget from 2% to 5%;
- 3) Strengthen the implementation and operational capacities at all levels;
- 4) Closer collaboration between Ministry of Health (MOH) and MOWLD on the promotion of sanitation and hygiene and HIV/AIDS mitigation;
- 5) Rationalisation of sub-sector resource allocations as follows:

○ Rural Water Supply	50%
○ Urban Water Supply	15%
○ Water Resources	20%
○ Others: Planning, Coordination, capacity building, etc	15%

(c) Key Programme Players

The NRWSSP shall operate within the new decentralised system, which involves a Public-Private Partnership of players. The key players are: Communities, District/Town Councils, Facilitation Service Providers (FSPs), Technical Service Providers (TSPs), PMO-RALG, MoF and MoW.

(d) Roles and responsibilities of Key Players

Since 1997, the Local Government Reform Program (LGRP) has been devolving the mandate to provide basic services, including W&S, at the lowest government administrative level. The reform process entails the transfer of roles and responsibilities, decision-making authority and control of resources for the delivery of basic services to the District/Town Councils in the first instance, and in the second instance to lower level government administration or to other suitable, institutional agents, including community based organization, NGOs, and private sector. In this context, key institutions related to W&S service delivery include: (i) communities; (ii) District/Town Councils; (iii) PMO-RALG, MoF, MoW (iv) Private Sector and NGOs. In this regard, clear roles should be defined and made available at all levels.

(i) Communities/users

Community as the beneficiary of the grant should play key roles, in line with the Demand Responsive Approach (DRA). The users, after receiving appropriate information/advice, will decide on what type of facilities they want, pay their share of the construction costs (5%), and manage the operation and maintenance of the facilities. The districts will be responsible for influencing and regulating demand by (a) promoting appropriate demand and (b) supporting poor communities.

The box below illustrates roles of communities and users.

Communities and Users	<ul style="list-style-type: none">- Choice of technology, design, choice of location and service level- Form WATSAN Committees and/or Water User Group/Water companies/Water User Associations for planning, implementing, operating, maintaining new and rehabilitated WSS facilities- Formulate Facility Plans and FMP and Participate actively in decision-making on the selection and siting of the water and sanitation facilities.- Financing, collect money for contribution towards construction cost;- Construction, participation with labour, contribution of building materials- Maintenance, keep facilities clean and operational
-----------------------	--

	<ul style="list-style-type: none"> - Collect money for O&M, management of the collected funds - Ensure continued safe access, quality and use of improved facilities - Purchase of spare parts, utilise the collected money for the purchase of spares and eventually for the replacement of facilities (hand pumps, aprons, well covers, etc.) after the end of their service life - Carry out monitoring, collect data and submit reports of WSS facilities to Districts
--	--

(ii) District Councils

The District Council (through DWST) is the overall planning authority and has the general responsibility for the provision of services in the water and sanitation sector. As such, the District Council responsibilities include:

1. Preparation of investment plans and Budget for the water and sanitation sector that integrate village plans and co-ordinate health education, sanitation, water construction and operation and maintenance activities;
2. Promotion of demand for improved W&S services among the rural communities;
3. Establishment of the Management Information System (MIS) and ensure that communities are adequately informed on planning and management procedures for water and sanitation under a demand driven approach;
4. Promotion of health education and sanitation campaigns (including HIV/AIDS); ensure training and other capacity building measures are in place for village governments, WATSAN, private sector and communities;
5. Procurement of private sector services for the construction of water and sanitation facilities from local and national contractors, through the District Tender Board (DTB).
6. Carrying out technical supervision, physical and financial accountability and backup technical support for construction, operation and maintenance beyond the capacity of the communities.

The box below illustrates roles of the village governments, FSPs, TSPs and districts (DWSTs):

<p>Village Government with help of TSP and FSP</p>	<ul style="list-style-type: none"> - Community mobilisation and ensure community management of water supply and sanitation facilities. - Facilitate communities to request for assistance - Prepare W&S sub-project proposals Facility Plans - Conduct hygiene education and sanitation improvements sessions - Support communities to plan and budget for community-based WSS projects. - Facilitate community to prepare FMP - Co-ordinate and supervise WSS work being done in the villages - Monitoring and accountability and report progress
<p>District Councils (DWSTs)</p>	<ul style="list-style-type: none"> - Plan and budget for the district water and sanitation activities. - Disseminate NRWSSP information to communities to create demand. - Set criteria for selecting communities for W&S support. - Review and prioritise rural communities and small towns requests for WSS improvements - Provide technical support to villages and communities - Contract and supervise service providers e.g. FSPs and TSPs. - Coordinate and supervise WSS work being done in the districts - Monitoring and accountability and report progress

The Districts Tender Boards (DTB) will carry out the procurement of contractors for sector services. From experience, district level tendering, contract management, financial management, and reporting, have led to some delays and under-utilisation of allocated funds. However, with now the streamlined Boards the procurement process has improved.

An essential element of the audit and inspection arrangements is the swift follow-up of findings. Central Government will take actions based on the findings of district audits and inspections and the information contained in quarterly

reports. The emphasis of these actions will be on technical assistance to districts to assist them in improving the implementation of their programmes.

However, if districts fail to take action to improve performance, ignoring technical advice from the centre, or do not adhere to the conditional grant guidelines then central government will have at its disposal various sanctions. The table below sets out the assistance that the centre will give, and the sanctions it will take given the possible problems that may be encountered at the district:

(iii) Ministry of Finance

Currently the Ministry of Finance is implementing a Multi-Annual Financial Expenditure Framework (MTEF). In this context, the MoF will initially transfer financial resources to District Council in the form of earmarked conditional grants right amount and at the right time, including financing for water and sanitation projects. At the same time, the Ministry will ensure that control measures are in place and all record keeping and timely reporting is done efficiently and accountably.

(iv) Prime Ministers' Office-Regional Administration and Local Government (PMO-RALG)

Under the Local Government Reform Program (LGRP), PMO-RALG is working on a Formula Based District Resource Allocation on service delivery to be provided in key social services, including water and Sanitation. PMO-RALG will technically support the District Councils in planning; budgeting and implementing district's water and Sanitation projects, in accordance with the Formula Based Resource Allocation, especially in RWSS and the MoW will monitor and evaluate work done. PMO-RALG advises and guides district councils on operational matters, and clarifies the role, status, and mandate of the Regional Secretariats in facilitating coordination between the MoW and District Councils. In this context, PMO-RALG will delegate specific mandates, roles and functions to the Regional Secretariats and will coordinate with MoW on the implementation of water and sanitation activities.

(v) Regional Secretariats

Regional Secretariats (RSs) will coordinate the activities of the various sector actors, including international donors, to ensure efforts are maximized. RSs will design and promote regional policies, plans, and mechanisms, where necessary, ensure smooth and effective interventions. It will implement and maintain a water resource management information system to provide an overview of the water needs of the region and the available water resources, and make it available for use by project planners. The RSs will also support the regional water program by the provision of funding, advice, expertise, equipment, training and other capacity building measures for successful implementation of the program. The RSs will contribute to the process of developing local water-sector NGOs.

Specifically, the roles of RS include:

- 1) Supporting Districts to develop and disseminate all required planning data and information, costing figures, planning and design guidelines, reporting formats, etc.
- 2) Supporting districts to prepare realistic plans and budgets for community-based water and sanitation projects based on the Rural Water and Sanitation Investment Plan.
- 3) Supporting Districts to provide technical support to small towns and communities, and monitor, report and account for use of funds
- 4) Facilitating and follow up on training for DWSTs, TSPs, and FSPs as well as community level functionaries
- 5) Promote and organise private sector involvement in sub-sector activities
- 6) Ensure quality of results and cost-effective use of resources

(vi) Ministry of Water

The MoW through the RWSD will play a supporting role in the implementation of the rural water investment programme by the DWST. These roles can be broadly grouped as:

- 1) Policy formulation and national planning functions (adjust the programme based on monitoring and evaluation results)
- 2) Seeking, co-ordinating and administering internal and external funding of RWSS projects, and co-ordination of ESA's
- 3) Approve release of conditional grant based on realistic, adequate prepared district plans and budgets
- 4) Provide guidelines on engaging private sector/NGOs in water and sanitation activities.
- 5) Keeping records and inventory of all RWSS schemes in the country (MIS, database of facilities, hydro-geological profiles), inter-linking with regional databases,
- 6) Formulating of standards and guidelines (preparation of specifications, manuals, sample bidding documents, sample contract documents, quality control procedures)
- 7) Registration of national suppliers,
- 8) Establishing training programmes and lesson plans for training of DWST personnel, WATSAN/WUG/WUA committees FSPs, TSPs, extension workers, construction workers, caretakers, and pump attendants and mechanics, etc.
- 9) Collaborating hygiene education with MoHSW,

- 10) Formulating guidelines for monitoring and evaluation of the programme
- 11) Provide backstopping technical support to the Districts; and
- 12) Monitor and quality audit to ensure quality of results and cost-effective use of resources.
- 13) Providing guidelines on different matters concerning technical ,policy and service level
- 14) Procurement and management of large contracts, like drilling programs covering more than one District, may be done centrally to take advantage of economies of scale and need for specialised contract management.
- 15) Handle equipment supply and possibly the supervision of firms to carry out the implementation of Small Towns water supply systems.

In addition, MoW together with PMO-RALG, MoHSW, MCDGC have the responsibility to inspect, monitor, and where necessary, provide technical advice, support supervision and training to ensure the implementation of national policies and adherence to performance standards by the district authorities as explained in Summary of Roles and Responsibilities for key players.

(vii) Private Sector and NGOs

The involvement of the private sector such as private companies, consultant firms and NGOs in provision of water supply and sanitation services is an underlying factor to success. The involvement of the private sector will be enhanced through promotion campaigns at both national and district levels. The Private sector will be involved as Technical Service Providers (TSPs) as well as Facilitation Service Providers (FSPs) for community capacity building in planning and management of their facilities.

The roles of Private sector and NGOs are summarised as follows:

1. Provide good-quality services
2. Facilitate community to understand NRWSSP approaches, plan, and make informed decisions on technological options and service levels
3. Train community-based organisations to manage W&S facilities
4. Facilitate communities to develop sub project proposals i.e. Facility Plan and/or FMP
5. Carry out construction of water supply and sanitation facilities
6. Supply of goods e.g. training materials, pumps, pipes etc.
7. Repairs and maintenance of water supply facilities
8. Provide consultancy services i.e. socio-economic reviews, hydro-geological studies, designs, and construction supervision.

9. Carry out management and operation of community water utilities.

Summary of Roles and Responsibilities for Key Players:

- **Communities** To identify their W&S needs, apply for assistance, plan, participate in implementation, and operate and maintain the improved facilities;
- **District Councils (DCs)** through the District Water and Sanitation Teams (DWSTs) have the responsibility of overall investment planning, managing the contracting process, providing quality assurance and technical support, and coordinating players at the district level;
- **Facilitation Service Providers (FSPs)** contracted by the DCs to take up software tasks including community capacity building in planning and management of their facilities;
- **Technical Service Providers (TSPs)** provide technical services including surveying, designing, construction and technical supervision as well as supply of construction materials, equipment and spare parts;
- **MoW** has the overall programme implementation through provision of technical advisory services, mobilization of funds and provision of general policy and regulatory direction as well as monitoring the quality standards. The Ministry collaborates with other line Ministries in the provision of technical assistance to the sector development and to ensure that sector policies are adhered to.
- **PMO-RALG** is responsible for DCs administration, human resources allocation, liaising with MOF and donors to raise required resources (funds) for local councils allocation, preparation and issuing of planning and budget guidelines, reviewing of local council expenditures and monitoring the adherence to financial regulations by the councils and provision of technical assistance in local resource mobilisation.
- **Ministry of Finance (MOF)** To effect financial transfers to District Councils in the form of conditional grants and ensure that control measures, record keeping and timely reporting is done in an accountable way.
- **Other line ministries** should collaborate with MoW to ensure that their sector policies are adhered to and provide technical assistance in respective areas. The line ministries include Ministry of Health (MoH), Community Development, Gender and Children (MCDGC).
- **Regional Secretariats (RS)** play an integrative role in providing technical assistance to the DCs in preparations of plans and budgets, and in other areas as need arises.
- **External Support Agencies (ESAs)** hinges on the Government, and its partners agreeing on a forecasted resource envelope that follows standard financial Management Structures.

PART 2. GUIDELINES FOR ACTIVITY BASED PLANNING

2.1 Sector Planning Guidelines

All activities funded under the District Water and Sanitation Conditional Grant shall conform to the following planning principles and approaches:

- 2.1.1 The objective criteria for planning and selection of villages shall follow the overall objective of rural water supply component of the National Water Policy (NAWAPO), which is to provide sustainable, safe water to the rural people thus, having a lasting effect on poverty alleviation and improvement of the living conditions of the rural poor.
- 2.1.2 Decentralisation and demand-responsive approaches applied in the National Rural Water Supply and Sanitation Programme (NRWSSP) have an effect that the benefiting communities are involved in all aspects of decision making and planning, including the final operation and maintenance of the facilities.
- 2.1.3 Planning shall be done in a participatory way using good intermix of the bottom-up and top-down approaches at the National, District, and Village levels, as described below:

i) National level

The Government has started a new District Water and Sanitation Development Conditional Grants in FY 2004/05 with Tshs **9.9** billion, and Tshs **20.21** billion were earmarked for the FY 2005/2006 to 2006/2007 respectively. District Water and Sanitation Development Grant will be allocated to Districts based on their District Water Supply and Sanitation Plans (DWSSP), which predict their investment needs, taking into considerations donors and NGOs interventions in other programmes for the sector.

ii) District level

The district council will be responsible for planning and managing the overall rural water and sanitation development, including small towns as well as village level projects. The District Water Department and the District Water and Sanitation Team (DWST) will review the village sub projects (facility plans), vet and appraise them. If the sub projects fulfil the criteria of the NRWSSP, the DWST will incorporate them into the DWSSP and in the annual District investment plan. The complete District investment plan will then be submitted to the Health, Education and Water Standing Committee of for consideration/approval. Once approved, the plans will be forwarded to RS for further submission to sector Ministry to forward to MoF.

iii) Village level

Depending on the DWSSP figures, about 50% of the grant fund should be set aside for low-cost technological options (spring, shallow wells, rainwater tanks, school latrines).

Community (WATSAN, WUG, WUA) influence over the planning, financing, implementation, monitoring, and control of community related water and sanitation development would be strengthened. Firstly, mobilisation and awareness creation will be initiated through the intervention of the FSP. Secondly, there is need to enhance sustainability through the promotion of solutions that are manageable, affordable and adaptable at community level. Issues relating to community financing, choice of technology, community-based management, and interaction

with civil society, and the private sector are examples of key issues in the latter regard. Furthermore, HIV/AIDS and gender aspects need to be observed in all community-related interventions.

The benefiting community shall with assistance of FSP and TSP, collect and update data on the existing water and sanitation facilities and their operational status, analyse and identify their needs/priorities and formulate Facility Plans and Facility Management Plans which are to be submitted to the district. Villages shall prove that they are willing and capable to meet the contribution requirement to the investment cost.

The water resources assessment shall be carried out to identify the area potential for water development (with support from district, private sector and the centre). The village together with the TSP will assess the demand of water and sanitation services by the communities, based on location and functionality of the existing facilities and population. Stakeholder meetings facilitated by the district and ward technical team shall be held at community and ward level to review the demands against the available resource envelope.

2.2 Linkage between LG-MTEF & Water Investment Plans

2.2.1 Harmonization of Budget Processes

The Local Government Medium Term Expenditure Framework (LG-MTEF) initiates the budgeting process, by identifying all funding sources for the District councils, reviewing individual sector performance, and specifying objectives and outputs to be achieved in those sectors over the medium term, given the resource constraints.

2.3 Quantified Activity Based Annual Investment Plans

The new process starts with a structured process of planning for the use of funds. Operational planning is very important in both improving the quality and focus of a programme. In drawing up plans, it is essential that the priorities of the district within each sector are identified, so that strategies are employed, which reflect those priorities. It is also important that specific activities, which are scheduled in the financial year, are identified, quantified, cost-estimated and the period specified in which they are carried out. This will help in the smooth implementation of programmes, and the ability of the district to absorb all the funds budgeted for.

Funds will be tied to accomplishment of a given activity and based on quantifiable outputs to allow accountability and transparency in utilization of funds. For example, a district planning to drill 30 boreholes with hand pumps as a specific output will have to cost all activities required to ensure completion of a borehole as a unit cost. The activities will range from community mobilisation, hydro-geological survey, drilling, and pump installation. Contract supervision and follow-up on operation and maintenance should also be budgeted and planned for. The resulting overall cost for all these activities will be tied to the quantifiable outputs.

Districts should come up with water sector investment plans based on their set priorities, objectives and strategies and associated activities.

A typical content of the Water Sector District Annual Investment Plan document should include:

- i) District Background Information
- ii) District Water Supply and Sanitation Plan, the situation analysis, including coverage, water resources, functionality of the facilities and need assessments,
- iii) Management including planning, coordination, supervision, monitoring, financing and accountability mechanism
- iv) Annual investment plan/Budget including specific activities with measurable outputs.

The plan shall be in line with the format shown hereunder:

Objective 1: Establish a Sector Planning and Management Capacity

The district and villages effectively plan, supervise and monitor the water sector activities, report and account for resources in a timely manner.

Strategy:

To achieve the above objectives, the following strategies will be used:

- 1. Strengthening of the District Water Department.
- 2. Re-orienting and up-grading staff.

Activities;

Activities that would be taken include;

- a) Recruitment of qualified staff
- b) Procurement of equipment and tools
- c) Training of staff in project planning and management, in procurement skill, preparation of contract documents, tendering and contract management
- d) Planning, monitoring and reporting
- e) Co-ordinating meetings and office administration etc

Objective 2: Effective Utilisation and Improved Sustainability of Water and Sanitation Facilities.

Effective utilisation and sustainability of facilities shall be the prime objective of all water supply and sanitation interventions.

Strategy:

- 1. Effective mechanism to reach the communities through efficient mobilisation by TSP and FSP, as well as DWST extension staff
- 2. Organise target communities, regularly monitor activities, and provide support supervision to ensure safe use and functionality of facilities.
- 3. Help to establish management committees, including the establishment of a sustainable community based maintenance/management system and legal Ownership (registration of WUG) for water and sanitation facilities.

Key Outputs:

- i) WATSAN committees or WUE established, functional and sustained.

- ii) Safe water and sanitation facilities operational, properly used and maintained

Activities:

- a) To advocate meetings with the village government, and other civic leaders
- b) To sensitize beneficiary community and formation of WUE
- c) To train extension staff, NGO, FSP, CORPS, WUE

Objective 3: Increase in access to safe water and sanitation facilities

The programme will provide appropriate water and sanitation facilities to communities that were selected based on their expressed demand.

Strategies:

1. Appropriate low cost technology for water supply and sanitation will be provided to selected communities,
2. Allow for community participation in decision making, co-financing, physical implementation and operation and maintenance.
3. Use private sector through competitive process

Activities:

Provision of water supply facilities, including:

- a) Provision of point water sources (protected spring, shallow wells with hand pumps, boreholes with hand pumps, gravity flow schemes with public stand posts, communal rainwater tanks (where other technology is not feasible) to rural villages (scatter population up to 2000).
- b) Provision of limited piped water systems into larger villages, with population from 2,000 to 5,000. Public stand posts will be provided, but house connections will only be installed if there is adequate water supply and if the households are willing to meet the costs.

Objective 4: Promotion of Hygienic use of the Water and Sanitation facilities

Health and hygiene education will be provided to the beneficiary communities to ensure effective use of the facilities, the safe water chain, including the correlation between safe water and decrease in water related diseases.

Strategies:

1. Use schools as vehicles for information dissemination;
2. Involve women to play important roles in household water management;
3. Train Community Resource Persons (CORPS) on various sanitation technologies and in participatory methods.

Activities:

- a) To promote hygiene education using PHAST methodology and tools
- b) Establish of CORPS and promote HIV/AIDS awareness
- c) Conduct drama shows/radio programmes to reach the community.

- d) Carryout water quality testing, including Surveillance and sanitary surveys

2.4 Continuity of Investment Plans from Year to Year

The rolling three-year investment plan under MTEF should be prepared, forecasting the activities in the near future. The investment plan should be succession from the previous financial year plan so as to take into account the lessons learnt during implementation. This means that over time, investment plans will become increasingly more realistic and easier to implement.

If an activity in the financial year work plan is delayed and cannot be completed during the financial year, then it must be carried over to the following financial year's budget. This is especially important in the following circumstances:

1. Development activities where funds are committed under contract (e.g. borehole drilling, construction of piped water schemes)
2. Payment of retention, contracts involving constructions often include a proportion of the contract sum to be paid at certain period (e.g. 6 months-1 year) after works are completed.

2.5 Memorandum of Understanding (MoU)

The MoU and the District Councils will be obliged to sign a Memorandum of Understanding (MoU). The annual work plan will be attached as an annex to the MoU, which has four main elements:

- (i) The district commits to the implementation of the sector investment plan and adhering to the relevant sector policies and guidelines,
- (ii) NRWSSP SC commits to the funding of the investment plan and provision of technical support
- (iii) The modalities for changing activities in investment plans
- (iv) The investment plan will then form the basis for release of funds to the district.

2.6 Alterations in Investment Plans over the Financial Year

Based on the signed MoU, the district is committed in implementing the activities within investment plan. Districts should make every effort to stick to the investment plan.

The MoU will allow the following flexibility:

1. **Minor changes in implementing the activities *within* an investment plan, which result in a shift in resources of less than 10% of the annual budget for a conditional grant, or result from an *increase* in the annual budget of less than 10%.**

- (i) In the event of differing circumstances and priorities, districts can reallocate up to 10% of funds within a specific conditional grant to different activities without seeking the approval of the NRWSSP SC.
- (ii) In the event of an increase in the annual budget allocation for a grant of less than 10%, districts can change/add new activities without seeking approval of the NRWSSP SC. However, the district must formally write to the NRWSSP SC informing it of all changes in the investment plans.

- (iii) Once successive changes in activities have resulted in a cumulative shift in resources of more than 10% within the annual budget of a conditional grant, districts must write to confirm the acceptability of these changes before further changes in the investment plans can be enacted. If no response has been received in writing from the NRWSSP TC within 30 days, no further changes will be permitted.
- 2. Major Changes of activities within a investment plan which result in a shift in resources of more than 10% of the annual budget of a conditional grant, or result from an increase in the annual budget of greater than 10%.**
- (i) Any changes in activities within a work plan that require a reallocation of resources greater than 10% within a specific grant will require authorisation from the NRWSSP SC before they can be implemented. Only major shifts in district priorities due to external factors (e.g. epidemics, drought) will result in alterations being approved.
- (ii) Any new activities/ changes in activities resulting from an increase in the implementation
- (iii) Budget of greater than 10% of the annual budget will require authorisation from the NRWSSP SC before they can be implemented.
- (iv) In such cases, Districts must write to the NRWSSP (copied to RS, MoF),
- (v) Requesting authorisation to alter activities in the work plan. If no response has been received in writing from the NRWSSP TC within 30 days, districts may commence implementation of the changed activities.
- (vi) If the NRWSSP SC finds the changes unacceptable it must give reasons for the same and suggest viable alternatives.

There will be no transfer of funds from one grant to another. Moreover, the financial management framework does not allow any reallocation of funds without the permission of the Minister of Finance.

2.7 The Planning Cycle

The Planning Cycle of the GoT runs from September to June every financial year. In order the district councils to fit in the planning circle; they are supposed to prepare their annual investment plans within that period for requesting conditional grant. MoW will provide guidance to District councils through RS on drawing up water sector investment plans.

Stage 1 – Preparation of LG-MTEF

The planning process starts in September with the District Council submitting water sector Input for Budget Guidelines to the MoW for compilation and submission to MoF. The MoF then releases the BGs in December/January with annual sector Budget ceiling. Local Governments should then prepare the first Drafts of their LGMTEF by the end of February.

Institution Responsible	Activity	Time Frame
LGAs	Submission of water sector input to BGs to NRWSSP Secretariat MoW to discuss Sector Specific Guidelines	September (Early)
MoF	Discussion of LGMTEF s Presentation of Local Government Budget Ceilings	February
DCs	Districts will then prepare the first draft of the LGMTEF. Review of progress in sectors Identification of priorities and strategies	

Stage 2 – Preparation of Investment Plans

The DWST will receive and review all the village level sub projects and incorporate them into the District investment plan for requesting the grant. The investment plan should incorporate the financial requirement of large projects/high cost technology options (Borehole drilling, Piped water system) as well as low-cost technology options (spring, shallow wells, rainwater tanks, school latrines). The complete District investment plan will be submitted to the Education, Health and Water (**EHW**) Standing Committee and then to the Finance, Administration and Planning (**FAP**) Standing Committee then to the Full Council (**FC**) for approval.

The DED on behalf of the Council should then sign the OWPA. The final investment plans (**FIP**) and OWPA should be submitted together to NRWSSP Secretariat for clearance. This should be completed by the end of May.

Institution Responsible	Activity	Time Frame
District - DWST	Preparation of Water Sector investment plans.	
District - The Education, Health and Water Standing Committee	Approve District investment plan.	

Stage 3 - Agreement on Final Investment Plan (FIP)

The NRWSSP Technical Committee (NRWSSP-TC) will receive and assess the District Investment Plans to ensure are prepared in line with the governing guidelines for the Grant, it adequately addresses the objectives of the Grant, are realistic and achievable, and is in line with Government of Tanzania Policy. If it is satisfactory, the

NRWSSP-TC will sign an OWPA. If the plan is not satisfactory then the NRWSSP-TC will give recommendations for improvements, and request the LGA to resubmit.

Institution Responsible	Activity	Time Frame
NRWSSP-TC	Receive and analyse Final Plans submitted by Districts.	May/June
NRWSSP-SC and Districts	If the plan is satisfactory, NRWSSP-SC will sign the MoU. If the plan is not satisfactory NRWSSP-TC give assistance to the District to improve the standard of the plan, and the LGA will be asked to resubmit.	May/June

Stage 4 - Alterations in the Budget

In the event that budgets differ from the budget ceilings given to districts on which the investment plans were prepared; then the Districts should make alterations accordingly and submit amendments to RWSSP-TC

Institution Responsible	Activity	Time Frame
MoF/MoW	Reading of the budget - final budget allocations.	Mid June
DC	In the event that allocations change at the time of the budget, districts should make alterations to the work plan, and submit amended plans to NRWSSP-TC.	
NRWSSP-TC	Examination of amendments. If the changes in the budget >10%, the NRWSSP-TC will notify districts of approval/suggest alternatives.	

2.8 Timetable of Planning Process

	N	D	J	F	M	A	M	J	J
Stage 1: LGA-MTEF									
Receipt of the BG from MoF	*								
Preparation of Draft LGA MTEF		■	■	■					
<i>Latest Submission</i>			*						
Submission of LGA MTEF to RS for advice			■						
Finalisation of LGA MTEF				■	■				
<i>Latest Submission</i>				*					
Stage 2: District water sector Investment Plan									
Preparation of Investment Plan				■	■	■	■	■	
Approval within Local Government						■	■	■	
<i>Latest Submission</i>							*		
Stage 3: AGREED FINAL									
Analysis of Investment Plan by RWSSP TC						■	■	■	■
Clearance of Investment Plan by RWSSP SC						■	■	■	■
<i>Agreement by</i>								*	
Stage 4: ALTERATIONS									
Alterations to District Water Sector Investment Plans								■	■
<i>Latest Submission</i>									*
Agreement to Alterations									■
<i>Agreement by</i>									■

PART 3: WORK PLANS AND QUARTERLY REPORTING REQUIREMENTS

3.1 Reporting Requirements

Districts will be required to submit three documents for the District Rural Water and Sanitation Conditional Grant:

- (i) Quarterly Budget Request
- (ii) Quarterly Progress Report
- (iii) Cumulative Progress Report

The reporting forms shall be the same reporting templates used now in LGAs). District Water sector reports must be signed by the DED and District Water Engineer (DWE).

3.2 Quarterly Work Plan and Budget Requests

The districts should use the progress reports in preparing a realistic and achievable quarterly work plan and budget. The activities in the quarterly work plan need to:

- 1) Include activities that were in the previous quarter's work plan but not completed
- 2) Reflect what needs to be completed over the remainder of the financial year
- 3) Be realistically achievable in the quarter
- 4) Reflect experience in implementation over the financial year (if some activities have been running over/under budget this should be reflected in the quarter's work plan and budget)

Districts are required to fill in forms requesting the funds needed to implement the work plan taking into account any funds that are remaining unspent from previous releases.

The quarterly budget request form contains the following information

- (i) Activities to be carried out in the quarter, including those activities from the previous quarter's work plan, which were not completed in the previous quarter.
- (ii) Budget required to carry out these activities
- (iii) Balance from previous quarter (as calculated in Quarterly and Cumulative Progress Reports)
- (iv) Release Request = Total Budget request - Balance Carried Over (The balance is figure calculated in the Quarterly and Cumulative progress reports)

The Request for funds should normally equate approximately to 25% of the annual budget.

Requests for funds over and above 25% of the annual budget will be considered if:

- (i) There are large lump sum payments in the period (e.g. to contractors)
- (ii) Previous releases have been below 25% of the annual budget

- (iii) Such requests will be considered only if such work plan is considered realistic and achievable.

The districts should request for less than 25% of annual budget if:

- (i) Funds have accumulated on account.
- (ii) Releases have been high in previous quarters.

3.3 Quarterly Progress Report

The standard Form should be filled by all District should to show the Quarterly Progress Report. The purpose of this form is to document the actual progress achieved in activities implementation in the quarter relative to what was actually planned, and what was spent on that activities relative to the budget. This will help the district administration to:

- (i) Collect information on progress in the W&S sector programme
- (ii) Evaluate progress relative to what was planned
- (iii) Prepare the subsequent quarter's work plan

3.4 Cumulative Progress Report

This is another standard form to be filled by District to document the progress in implementation of the annual investment plan over the course of the financial year. It documents what a district has achieved to date over the financial year, and what has been spent on each type of activity, relative to the annual investment plan and budget. This helps the district plan for the remaining quarters in the financial year by providing information on

- (i) How much of the annual investment plan has been completed and how much is left to complete
- (ii) Whether any activities are running over/under budget, and hence any changes in the investment plan that might be needed.

It uses the same information contained in the quarterly progress report; however, this is "added" to the previous activities achieved over the FY year, to give information of cumulative progress over the FY.

3.5 Submissions and Sharing of Reports

Central Government – The reports should be addressed and delivered on or before the last working day of the first month after the close of the quarter to:

secretariat to NRWSSP-TC

- i) Commissioner of Budget, MoF (copy)

Local Government – The reports must be presented to following statutory committee at district level:

- ii) Education, Health and Water Standing Committee;
- iii) District Management Meeting;
- iv) Full Council

Example How to Fill In LGMTEF Reporting Forms

Form 2B: Quarterly Progress Report Form						
Reporting Period: Quarter 2						
Activity	Plan for Quarter		Achievements in Quarter		Variation	Reasons for Variation
	Target	Budget (I)	Actual	Spending (II)	(=I - II)	
Boreholes	5	50,000,000	3	30,000,000	20,000,000	Contracted late
Shallow Wells	9	18,000,000	2	4,000,000	14,000,000	Wet season delays
Radio adverts	30	3,000,000	0	0	3,000,000	Radio station closed
Bank Charges		100,000		100,000	0	
Total		71,100,000	SPENT(A)	34,100,000	37,000,000	
	Balance at end previous quarter			10,000,000	B	
	Funds received during quarter			61,100,000	C	
	Balance of funds available			37,000,000	= B + C - A	

Form 3B: Cumulative Progress Report Form					
Reporting Period: Quarter 2					
Activity	Annual Plan		Achievements to Date		Comments
	Target	Budget	Actual	Spending	
Boreholes	20	200,000,000	7	80,000,000	
Shallow Wells	30	60,000,000	11	22,000,000	
Radio Spots	120	12,000,000	30	1,000,000	
Vehicle	1	40,000,000	0	0	To buy in Q3
Bank Charges		400,000		200,000	
Total		312,400,000		103,200,000	A
	Funds received to Date			140,200,000	B
	Balance Available			37,000,000	C = B - A
	Memo: Un-presented Cheques			4,000,000	D
	Balance on bank statement			41,000,000	= C

A: Bringing Forward Quarterly Activities

- 2 boreholes and 7 shallow wells were planned but not constructed in quarter 1, these activities are carried forward into the q2 workplan.
- 30 radio adverts were planned but not aired this is a routine exercise and activities not brought forward into q2 workplan.

B: Balance Carried Over

- "Balance" should equal balance on account as in the cash book at the end of the quarter. This should also be consistent with expenditure returns
- "Balance" is brought forward in "Balance Carried Over" box in Quarterly Budget Request & covers activities uncompleted q1 activities brought forward into quarter 2 (applies whether funds committed or not)

Table 3: Quarterly Budget Request Form

Request Period: Quarter 3		
Activity	Plan for	Budget
Boreholes	7	70,000,000
Shallow Wells	12	24,000,000
Radio Adverts	30	3,000,000
Vehicle	1	40,000,000
Bank Charges		100,000
Total Budget		137,000,000
Balance Carried Over (from Quarterly & Cumulative Progress Reports)		37,000,000
Total Release Request for the Quarter (= Total Budget minus Balance)		100,100,000

C: Identifying Q Activities

- Comparing the annual planned activities, and the activities completed to date allows the district to better plan for activities in future quarters and ensure all annual activities will be achieved by the end of the financial year.

PART 4: GUIDELINES FOR DISBURSEMENTS OF FUNDS

To increase transparent and maximizing equitable allocation of financial resources for both recurrent and development activities to the District a formula based allocation system will be used

4.1 Water Sector Formula Based Budget Allocation

Much of the recurrent funding allocated for District water activities will cover the monitoring aspect. The completed water schemes will be handed over to water user entities in which operation and maintenance costs will be covered by fees or community resources, though the LGA may be required to assist as and when required.

The formula based allocation system will apply only to the Block Grant. Formulae have been developed for the allocation of recurrent and development funds based on the number of un-served rural population, technology used as well as poverty level.

The formula developed for allocating **recurrent budget** to the LGAs is as follows:

$$A (Dr) = X + N(R) Y$$

Where:

- A (Dr):** the amount to be allocated to a particular LGA
- X:** the amount to be allocated equally in all LGAs which is equal to 10% of the total recurrent budget divide by number of LGAs
- Y:** the amount equivalent to 90% of the total recurrent budget
- N(R):** the coefficient to be applied which is equal to the total of N(t), N(C) and N (p)
- N (t)** the coefficient to be applied depending on the type of technology, as follows:
- For shallow wells it is $0.05/n_1$ where n_1 is the total number of LGAs with shallow wells, deep wells with hand pumps and traditional sources developed are dominant by 60% of the coverage
 - For gravity schemes it is $0.1/n_2$ where n_2 is the total number of LGAs with gravity schemes and protected springs are dominant by at least 60% of the coverage
 - For pumped schemes it is $0.4/n_3$ where n_3 is the total number of LGAs with pumping schemes dominant by at least 60% of the coverage
- N(c)** the coefficient to be applied depending on the coverage, as follows:
- For coverage of water supply < 20% it is $0.05/k_1$ where k_1 is the total number of LGAs with coverage of water supply less than 20%
 - For coverage between 20% to 40% it is $0.1/k_2$ where k_2 is the total number of LGAs with coverage of water supply between 20% to 40%
 - For coverage > 40% it is $0.2/k_3$ where k_3 is the total number of LGAs with coverage of water supply > 40%
- N(p)** the coefficient applied depending on the Poverty, as follows:

- For the LGAs with highest % of population below basic needs poverty line (55% - 41%) it is $0.06/z_1$ where by z_1 is the total number of LGAs with highest % of population below basic needs poverty line (55% - 41%)
- For the LGAs with medium % of population below basic needs poverty line (40% - 30%) it is $0.03/z_2$ where by z_2 is the total number of LGAs with highest % of population below basic needs poverty line (40% - 30%)
- For the LGAs with % of population below basic needs poverty line (<30%) it is $0.01/z_3$ where by z_3 is the total number of LGAs with highest % of population below basic needs poverty line (< 30%)

The formula developed for allocation of **development budget** to the LGAs is as follows:

$$A (Dd) = N (d) Y$$

Where:

A (Dd): the amount to be allocated to a particular district

Y: the amount equal to the total development budget

N (d): the coefficient to be applied which is equal to the total of N(t) and N(u)

N (t): the coefficient to be applied depending on the type of technology, as follows:

- For gravity schemes it is $0.2/m_1$ where m_1 is the total number of districts with gravity schemes and protected springs are dominant by at least 60% of the coverage
- For pumped schemes it is $0.08/m_2$ where m_2 is the total number of districts with pumping schemes dominant by at least 60% of the coverage
- For shallow wells it is $0.02/m_3$ where m_3 is the total number of districts with shallow wells, deep wells with hand pumps and traditional sources developed are dominant by 60% of the coverage

N(u): the coefficient to be applied depending on the unserved population, as follows:

- For unserved population < 30% it is $0.1/h_1$ where h_1 is the total number of LGAs with unserved population less than 30%
- For unserved population between 30% to 50% it is $0.2/h_2$ where h_2 is the total number of LGAs with unserved population between 30% to 50%
- For unserved population > 50% it is $0.4/h_3$ where h_3 is the total number of LGAs with unserved population > 50%

Data used for the water block grant allocation formula are estimated each year by the Ministry of Water in collaboration with the Local Government Authorities.

(a) Allocations for 2005/06

The total pool for 2005/06 for the Water block grant was TZS 32.185 billion.

(b) Specific Grant Conditions

The following limitations on the use of the Block Grant must be followed by councils in preparing their plans and budgets for the use of the funds.

- 1) LGAs shall abide by all technical and professional standards in the monitoring and support of local water delivery as set forth by the Ministry of Water and Livestock Development. The local water planning and delivery shall adhere to the sector-wide policies such as National Gender Policy, and MKUKUTA
- 2) LGAs shall allocate Water Block Grant resources to cover the recurrent cost of monitoring local access to potable water across the district and the administrative elements of implementing new local water schemes to unserved communities.
- 3) Grant resources may provide funding for a District Water Engineer, other relevant professional staff, and/or relevant support staff in line with the above. PE should not however exceed 20% of total expenditure.
- 4) Grant resources will also provide funding for Other Charges in line with the above and more specifically restricted to:
 - a) Expenditure not exceeding 20% of the total grant to be used for supporting post construction maintenance for top up costs to community funds.
 - b) Expenditure not exceeding 60% will be available to finance activities for promotion of ownership of water schemes among communities and to support their sustainability.
- 5) For any LGA for which specific peculiarities necessitate exemptions to the specific grant conditions, a written proposal should be submitted through RAS/PMO-RALG for approval before finalization of the water plan and budget.

4.2 Procedures for Funds Disbursement

Release of funds will be conditional on the receipt of the three reports set out in Part 3 on or before the last working day of the first month after the close of the quarter:

- i) Quarterly Progress Report,
- ii) Cumulative Progress Report
- iii) Quarterly Budget Request

RWSSP-TC Secretariat will analyse the reports and then advise MoF on the amount of funds to release.

These conditions for releases are as in 3.1 and are to be made in the first quarter. Releases will be twice a quarter:

1. Month 1 of Quarter - 1/12th of the annual budget, to cover implementation in the month in which reports are being compiled

2. Month 2 of Quarter - The amount requested in the Budget Request Form will be released minus 12th of the budget (which was released in Month 1 of quarter)

The Table below outlines the timing, and amount released, along with the reporting requirements for that release:

QUARTER 1	Amount Released	Requirements for Release of Funds
July	1/12 Annual Budget	<ul style="list-style-type: none"> - Funds Released for Q4 of previous FY - Agreed Annual Investment Plan & Signed MoU
August *	Release Request minus 1/12 Budget	<ul style="list-style-type: none"> - 2 Progress Reports for Q4 of previous FY - Copy of the final Bank Statement - Cheque returning unspent balances to the Treasury (If any) - Budget Request for Q1
September *	---	---

* In the first quarter, due to Vote on Account no more than ¼ of the Annual Budget should be requested and will be released.

QUARTER 2	Amount Released	Requirements for Release of Funds
October	1/12 Annual Budget	<ul style="list-style-type: none"> - Funds released for Q1
November	Release Request minus 1/12 Budget	<ul style="list-style-type: none"> - 2 Progress Reports from Q1 - Budget Request for Q2
December	---	---
QUARTER 3	Amount Released	Requirements for Release of Funds
January	1/12 Annual Budget	<ul style="list-style-type: none"> - Funds released in Q2
February	Release Request minus 1/12 Budget	<ul style="list-style-type: none"> - 2 Progress Reports from Q2 - Budget Request for Q3 of current FY
March	---	---
QUARTER 4	Amount Released	Requirements for Release of Funds
April	1/12 Annual Budget	<ul style="list-style-type: none"> - Funds released in Q3
May	Release Request minus 1/12 Budget	<ul style="list-style-type: none"> - 2 Progress Reports from Q2 - Budget Request for Q3 of current FY
June	---	---

4.3 Late Reporting

If reports are submitted late, the release will be considered during the month in which the report is received, and releases made at the beginning of the following month.

It is very important, for the smooth running of district programme activities that reports be submitted on time; otherwise, the programme will be without funds for at least a month.

4.4 Releases Different to Budget Request

The amount released maybe different from the budget request for the following reasons:

Reason for Difference	Difference
1. Incomplete Submission – not all reports required are submitted.	Zero
2. Balance of funds Available – Often this is not subtracted from the budget request or is calculated incorrectly	Less (usually)
3. Large Accumulation of funds on Account – this indicates absorption problems at the district.	Less
4. The quarterly work plan is Unrealistic – this means the district is unlikely to absorb all the funds in the quarter.	Less
5. Errors in Reports - If there are errors in the spending /budget figure in the reports, releases may differ.	More / Less
6. Poor Performance – If districts have consistently failed to improve on implementation, despite advice/ assistance from the centre then releases will be reduced.	Less
7. Misuse of Funds – if monitoring visits have revealed evidence of serious misuse of funds releases will stop	Zero

If a district is unclear why the releases are different, it should contact the respective RWSSP Secretariat.

4.5 The Cost of Holding Harmless

The cost of holding harmless entails the checks and balances that facilitate the consistent sustainable implementation of activities without harming the capacity of the LGAs to deliver public services. With application of formula based in resource allocation, some district councils may appear to receive fewer funds compared to the current funding levels. In this case, some amount of funds is required to equate the gap. This added amount is what is called the cost of holding harmless.

Also, in another related case, some of the councils may receive more funds. In this circumstance, the proposed Local Government Development Grant System (LGDGs) suggests the formula outcome to be adjusted to ensure that the increase of funds to

a particular LGA does not exceed 25%. The excess fund is distributed as part of funds for holding harmless to the needy LGAs.

4.6 Financial Management Guidelines

(i) Banking of Funds

The following procedures should be followed once grants are received:

1. On receipt, all conditional grant funds released by the MoF must be first deposited in the Government Grants Collection Account.
2. The funds for each conditional grant then must be transferred from the Government Grants Collection Account to individual bank accounts, which must be open for District Water and Sanitation development grant.
3. The bank account should be managed in compliance with the Operational Financial Regulations.

(ii) Preparation of Monthly Statements of Account

In line with the Public Finance Act, 2001, the Accounting Officer must ensure that all Bank Accounts in the district are reconciled every month, and that monthly accountability statements are prepared and submitted to the FAP Standing Committee and to central government (MOF).

Timely accountability is very important if the LG-MTEF Quarterly Reports are to be compiled accurately. The balance of funds in the accountability statements must be consistent with those stated in the LMTEF Quarterly Reports. Monitors will explicitly look for this.

4.7 Closure of the Financial Year

All funds transferred from the Central Government in the form of Conditional Grants that remain un-spent (Balance in the account less cheques already issued but not net presented to the bank) after the close of the Financial Year shall be refunded to the Central Government for adjustment to the credit of the Exchequer Account. This applies to all funds, even if there are outstanding contract commitments at the end of the FY.

Final Progress Reports - After the close of the financial year, the quarterly and cumulative progress reports for the fourth quarter should be prepared and submitted by the last working day of July.

In addition, with the normal submission the following must be submitted by the same date:

1. A copy of the final bank statement. This must be reconciled with the cashbook and be consistent with the LGMTEF cumulative progress report.
2. A cheque returning any unspent balances left on the account to the Treasury, addressed to the Permanent Secretary of MoF.

If this is not complied with **NO FURTHER RELEASES WILL BE MADE**

4.8 Re-Budgeting for Contract Commitments

In some cases, District Council may enter into a contract, which overruns into the following financial year. A district government must make projections on the likely outstanding contract commitments at the end of the financial year, and these should be incorporated in the next financial year's investment plan and budget, within the associated budget ceiling. (See Part 2.4)

Large Scale Commitments - If a District government has engaged a contractor in a large-scale contract, which is expected to extend into the next FY, and outstanding commitments cannot be accommodated in the following year's budget allocation, then the local government should request RWSSP-SC to increase its budget allocation for the following financial year accordingly.

The application to the RWSSP Secretariat must provide:

- i) Evidence of the outstanding contract commitment,
- ii) An explanation for the delay in implementation.

The application should be made more than one month before the close of the financial year.

This provision will apply to large-scale development contracts only, e.g. Construction of Piped Water Supply Systems Gravity Flow Systems. This does not apply to contracts relating to small-scale infrastructure contracts (e.g. spring protection, rainwater harvesting).

PART 5: MANDATORY PUBLIC NOTICES

To ensure end users know how they should be benefiting from money under the Conditional Grants, the district will be required to post mandatory public notices for Water Development Grant each quarter, once funds have been received.

These notices should be in the form of quarterly work programmes, detailing activities to be carried out, their cost and funds released.

They should be posted in Offices of the District/Town Council, wards and villages as well as in other public places. The information should also be made public in the local newspapers, radio and TV stations.

PART 6: MONITORING, EVALUATION AND AUDIT ARRANGEMENTS

6.1 Preamble

Monitoring and evaluation (M&E) is a management tool used to support decision-making, ensure accountability, measure results, and evaluate impacts of projects and programmes, and extract lessons from a given programme and its projects.

The NRWSSP will employ participatory M&E mechanisms, to the degree possible, in monitoring and evaluation of activities in order to involve stakeholders and beneficiaries in the collective examination and assessment of their projects or schemes. The dissemination of lessons, in particular those that have the potential for

broader application, will be key element of monitoring and evaluation. To this end, the NRWSSP M&E Unit will offer support and guide on M&E procedures. The periodic evaluation and thematic studies on progress of the NRWSSP will be used to benefit discussions during programme implementation reviews.

6.2 Local Government Authorities

The DWST is required to carry out periodic monitoring visits to all communities receiving conditional grants. The recommended methods of monitoring the District Water and Sanitation Development Conditional Grant are outlined hereunder. The monitoring should involve the political, administration and technical officials of the district. In general monitoring visits should be done on quarterly basis and:

- i) Should involve the verification of progress as reported in district quarterly progress reports.
- ii) Should review programme implementation and identify deficiencies in implementation in the programme
- iii) Should enable the districts to review the impact, output and activities of the water and sanitation programme

Monitoring should be done to determine the following:

- i) The functioning of the WATSAN, WUA and WUG committees.
- ii) The collection and use of community water funds for capital and Operation & Maintenance (O&M) of the water and sanitation facilities.
- iii) Technical and social aspects of the work done by the FSPs and TSPs.
- iv) The maintenance of facilities and its functioning.
- v) 'Sanitary Inspection' of the water areas, to check that the water source is not prone to contamination/pollution.
- vi) Assessment of Impact of the service provided.

At the end of each quarter, the district should prepare a monitoring report, which should fulfil the following aspects:

- i) Document verified progress
- ii) Identify problems in implementation and give recommendations for their solution
- iii) Outline issues that need follow up
- iv) Give progress in resolving issues raised in previous monitoring reports.

6.3 Central Government

The following activities will be carried out by central government to monitor LGMTEF activities in the district, and ensure that activities are being carried out in line with investment plans, and Local Government Financial Regulations:

- i) The National Audit Office (NAO) of the Ministry of Finance will carry out quarterly and annual monitoring visits looking at financial flows and value for money audits.
- ii) MoF and MoW will carry out implementation monitoring.

- iii) MoW will carry out quarterly technical audit and monitoring visits.
- iv) PMO-RALG and Regional Secretariats will carry out periodic administrative and or technical monitoring in order to provide necessary support to LGAs.

6.4 Joint DONOR/Government Review

There will be a Joint Review meeting between Donor/Government held once in every two years to discuss programme implementation reports and deliberate on future investment priorities. While the key development partners in water sector will represent the donors group; the MoW, MoHSW, MoF, PMO-RALG and LGAs will represent the Government.

6.5 Sanctions for non – performance and rewards for good performance

(i) District level problems and sanctions

Problem at District	Actions and Sanctions by Centre
District encounters problems in implementation	<ul style="list-style-type: none"> - MoW, RS and other relevant central government institutions will advise the District how these implementation problems can be tackled. Provide any necessary technical support.
Lack of action by districts to improve implementation on basis of advise from centre	<ul style="list-style-type: none"> - Report to District Commissioner, RS, PMO-RALG, and MoF - MoF will reduce subsequent releases of funds until districts take action to improve implementation
Low value for money (negligible outputs in a programme relative to actual spending)	<ul style="list-style-type: none"> - MoW, RS and other relevant central government institutions will advise District Administration on how to improve value for money and provide necessary technical assistance. - Publicise performance
Lack of action by district to improve value for money	<ul style="list-style-type: none"> - Report to District Commissioner, RS, PMO-RALG, and MoF - MoF will reduce quarterly release of funds
Quarterly reports and budget requests not submitted.	<ul style="list-style-type: none"> - MoW will not approve application for funds until reports are submitted - MoF will withhold release of funds until the reports are received and then release at the beginning of the subsequent month.
Low accountability of funds	<ul style="list-style-type: none"> - Report to relevant/appropriate accountability institutions - Report to District Commissioner, RS, PMO-RALG, and MoF - Reduce release of funds until accountability improves.

Serious misuse of funds	<ul style="list-style-type: none"> - Report to relevant accountability institutions. - Report to District Commissioner, RS, PMO-RALG, and MoF. - MoF will withhold release of funds until appropriate action have been taken.
Low utilisation of funds	<ul style="list-style-type: none"> - MoF will reduce quarterly release of funds until funds released are being fully utilised.

The reward for good accountability and utilisation of funds at district level will be to get a relative increased financial allocations resulting from non performer allocation reductions.

(ii) Sanctions at MoW level.

Problem at MoW	Sanction(s)
Failure to Provide Technical Assistance to districts in planning or implementation support in time.	<ul style="list-style-type: none"> - MoF will withhold release of Monitoring Funds to the Ministry responsible for Water - MoF will consider reducing (or withholding) release of the MoW non- wage recurrent budget.
Failure to Process Releases in time.	<ul style="list-style-type: none"> - MoF will withhold release Monitoring Funds to the MoW - MoF will consider reducing or withholding release of the MoW's non-wage recurrent budget.
Failure to submit Quarterly Report to MoF.	<ul style="list-style-type: none"> - MoF will withhold release of Monitoring Funds to the MoW - MoF will consider reducing or withholding release of the MoW's non-wage recurrent budget.

PART 7 COORDINATION AND COMMUNICATION ARRANGEMENTS

7.1 Linkages

Once the districts have prepared Annual Progress Reports or they are in a position to prepare Quarterly Work Plan and fund requests then linkages to be derived from the Institutional Set-up of the programme (NRWSSP).

(a) NRWSSP Secretariat

The NRWSSP coordination and communication arrangements hinge within the Government operational frameworks and leadership that ensures effective participation of stakeholders in decision making. The MoWLD will provide the NRWSSP Secretariat that will also serve as a secretariat to both the **NRWSSP Technical Advisory Committee and the NRWSSP Steering Committee**. The secretariat will be responsible for daily implementation of decisions met at the Technical Advisory Committee and NRWSSP Steering Committee meetings. The Permanent Secretary MoWLD will nominate the Programme Coordinator who will then assist him to ensure formulation and nomination arrangements of both the NRWSSP Steering Committee and the Technical Advisory Committee.

(b) NRWSSP Technical Advisory Committee

There will be a Technical Advisory Committee of the NRWSSP that will have advisory functions towards smooth implementation of the NRWSSP that will be under the supervision of the NRWSSP steering committee.

(i) Background of the NRWSSP – TAC

In 1998 the Ministry initiated the establishment of a Technical Advisory Committee (TAC) composed of key players in the water sector with a bias towards rural water supply and sanitation sub-sector. The thrust at the time was the review of the Rural Water Supply component of the National Water Policy as well as its implementation strategy.

It was later thought prudent to expand the scope of the TAC to cover all issues in the water and sanitation sector. Unfortunately, due to numerous changes in the sector and the ongoing implementation of the government decentralization policy throughout the country, the TAC never took off until as late as October 04, 2002, when it was inaugurated.

(ii) Objectives of the TAC

The objective of establishing the TAC was to provide a forum for the promotion of collaborative approaches to sector planning and implementation, for sharing experiences and information on evolving strategies, and for analyzing sector guidelines based on the provisions of the National Water Policy. TAC is not a decision

making body, its role being to advise the Permanent Secretary of the Ministry of Water and Livestock Development (MoWLD) on issues impacting the water sector.

(iii) Responsibilities of TAC in the NRWSSP implementation

The TAC will be responsible for the following tasks:

- 1) Providing inputs for the NRWSSP reviews;
- 2) Providing timely advice aimed at facilitating harmonization of NRWSSP concepts and strategies;
- 3) Guiding the design of the National Rural Water Supply and Sanitation Program (NRWSSP) and its implementation strategy;
- 4) Providing general guidance and reviewing program implementation
- 5) Providing a platform for improved networking and sharing experiences on lessons learnt in the course of water sector development;
- 6) Reviewing annual reports submitted to MoWLD by all key players;
- 7) Advising and reviewing the MoWLD strategic plans;
- 8) Reviewing and advising on the strategies for strengthening capacity at district level;
- 9) Advising on the strategy for building the capacity of the private sector and NGOs;
- 10) Advising on the appropriate policy on matters of handling Management Information Systems (MIS);
- 11) Setting activity targets on TAC's operations as well as performance benchmarks for implementing agreements reached, including assignment of responsibilities for performance;
- 12) Monitoring and evaluation of implementation of policy measures agreed upon, as to their effectiveness and/or unintended impact and proposing appropriate mitigating measures.

(iv) Composition of the TAC

The TAC is composed of individuals representing selected key institutions and utilities in the sector as identified by the MoWLD. However, the TAC members may add up to three institutions to the MoWLD list of key players. At no time should the TAC membership exceed 30. The list of individuals representing the selected key institutions shall be reviewed annually.

However, the TAC may invite individuals or representatives of institutions not represented in the TAC to participate in their meeting for specific tasks.

(v) Organization and Working Methodology

The TAC is governed by the following rules of procedures:

The TAC shall meet quarterly in ordinary sessions at a venue designated by the secretariat. The call for ordinary meetings shall be made at least 2 weeks before the planned date of the meeting. The ordinary sessions shall be presided over by the chairperson of the TAC. In the absence of the chairperson, those present shall elect a chairperson for that particular meeting.

Extraordinary sessions of the TAC may be held on request by a member and shall be convened by the Chairperson who shall also determine the date and venue of the meeting. The Chairperson together with the Secretary shall filter burning issues calling for extraordinary meetings.

The TAC shall nominate its Chairperson from among the members who shall hold office for a period of one year, renewable only once for another year.

The TAC Secretariat shall prepare minutes of the TAC meetings and forward them to TAC members not later than two weeks after the meeting. The members at the subsequent ordinary meeting shall approve the minutes of the TAC meeting.

(c) The NRWSSP steering committee

The NRWSSP steering committee will be the higher level decision making body that will have the following functions;-

- (i) To advise MoWLD on the implementation the programme;
- (ii) To oversee and decide on the implementation progress; and
- (iii) To oversee rules and operational modalities for the pooled fund.

Members of the RWSSP Steering Committee will be:

- (i) PS-MOW : Chairman
- (ii) PS-PMORALG : Co - Chairman
- (iii) PS-MoF : Member
- (iv) DPP MOW : Member
- (v) DRWS : Member
- (vi) DRC – PMORALG : Member
- (vii) DLGC – PMORALG : Member
- (viii) ACGEN – MoF : Member
- (ix) ACB(R) – MoF : Member
- (x) Programme Manager : (Secretariat)
- (xi) 3 Country Representatives from Development Partners : Members
- (xii) Director of Preventive Services – MoH : Member
- (xiii) Director of Community Development – MCDGC : Member

In ensuring proper guidance to the NRWSSP, the NRWSSP steering committee will meet twice a year.

PART 8: LIST OF REFERENCES

1. The National Water Policy 2002, August 2002; Ministry of Water and Livestock Development;
2. Draft National Rural Water and Sanitation Programme; June 2004, Ministry of Water and Livestock Development;
3. Draft National Water Development Strategy, April 2004; Ministry of Water and Livestock Development;
4. Rural Development Policy, 2003; PO-RALG;
5. Rural Development Strategy, 2004; PO-RALG;
6. Key Documents on Fiscal Decentralization in Mainland Tanzania, April 2004; PO-RALG;
7. Country Financial Accountability Assessment; May 2001 Ministry of Finance
8. Local Government Laws Principal Legislation (Revised Edition), 2000 PO-RALG,
9. Local Government Reform Programme, 1998; PO-RALG;
10. Rural water and sanitation Strategic Investment Plan for 2000-2015 (SIP 15), May, 2003; Government of Uganda.

This document was created with Win2PDF available at <http://www.daneprairie.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.