

BRIEF NOTES ON WATER SECTOR BUDGET FOR FY 2017/2018

1. INTRODUCTION

Annual budgets in the water sector are aligned to the Water Sector Development Programme (WSDP 2006-2025). The program development objective is to strengthen sector institutions for integrated water resources management and improve access to water supply and sanitation services. This broad objective is to be achieved through management and development of water resources concurrently with increasing water supply and sanitation services in both urban and rural areas. The programme is consistent with the aspirations of the National Development Vision 2025; which envisions universal access to water supply services in urban areas by 2025; and covering at least 90% of the population with water supply services in the rural areas by 2025; while ensuring environmental sustainability through integrated water resources management principles. In each financial year budget including 2016/2017 and 2017/2018, projects and activities have been formulated to achieve that overall National objective in the Water Sector.

2. REFLECTIONS ON THE FINANCIAL YEAR 2016/2017

2.1 Approved Budget FY 2016/2017

The approved budget for implementation of WSDP in FY 2016/2017 was **USD 434,969,972 (TZS 956,933,937,771)**¹. Out of that, **USD 313,706,818 (TZS 690,155,000,000)** is local funds and **USD 121,263,154 (TZS 266,778,937,771)** is foreign funds. The allocation of funds at Component level is summarized in **Table 1** below:

Table 1: Summary of the approved budget in WSDP Components

No.	WSDP Components	Approved Budget FY 2016/2017 (TSHS)					
		Local Funds	Share	Foreign Funds	Share	Total	Share
1	Water Resources Management	50,000,000,000	7%	12,750,272,500	5%	62,750,272,500	7%
2	*Rural Water Supply	373,340,500,000	54%	48,220,000,000	32%	421,560,500,000	48%
		0		36,940,000,000		36,940,000,000	
3	Urban Water Supply and Sewerage	240,000,000,000	35%	152,400,446,500	57%	392,400,446,500	41%
4	Sanitation and Hygiene	0	0%	4,800,000,000	2%	4,800,000,000	1%
5	Programme Delivery Support	26,814,500,000	4%	11,668,218,771	4%	38,482,718,771	4%
	Grand Total	690,155,000,000		266,778,937,771		956,933,937,771	
		313,706,818		121,263,154		434,969,972	
		72%		28%			

¹ Exchange Rate: 1 USD = TZS 2,200

* **COMPONENT II-RWSS:** A total of TZS 421,560,500,000 was budgeted through vote 49 –**Ministry of Water and Irrigation** while TZS 36,640,000,000 was budgeted through **Regional Votes** for implementation in RSs and LGAs, TZS 300,000,000, TZS 1,100,000,000 and TZS 3,700,000,000 was budgeted through **TAMISEMI, Ministry of Education and Ministry of Health** respectively.

2.2 Disbursement of Funds

By 31st May 2017, a total of **TZS 261.806 billion**, which is equivalent to **27.4%** of the total approved budget, had been disbursed. The disbursement includes **TZS 196.911 billion** from GoT (equivalent to **28.5%** of the total local budget component) and **TZS 64.895 billion** from DPs (equivalent to **24.3%** of the total foreign component). The disbursement trend indicates that most WSDP Basket Fund DPs have mainly honoured their commitment in Financial Year 2016/2017; while accounting for earmarked funds most of which were not entered into the government budget continued to be a challenge. The disbursement by WSDP Basket DPs is as indicated in **Table 2**; and **Table 3** depict expenditure of the disbursed funds at component level.

Table 2: Disbursement Performance for WSDP Basket DPs

S/N.	Donor	Beneficially	Disbursed Amount		
			Original Currency	USD	TZS
1.	DFID	Component 2 & 4	6.6 Million GBP	8,210,403.21	15,671,627,640.43
			6.6 Million GBP	8,745,666.41	18,933,155,628.28
			0.85 Million GBP	1,051,578.11	2,320,500,000.00
2.	AFD	All Component	12 Million Euro	12,515,408.56	27,969,810,489
3.	KfW	Component 3 - IFF Financing Facility	4.0 Million Euro	0	0
Total				30,523,056.29	64,895,093,757.71

Table 3: Expenditure Disbursed Funds at Component level for the financial year 2016/2017 as of May, 2017 (Source MIS Report as of May, 2017)

S/N	Component Description	Approved Budget (TZS)	Actual Release (TZS)	% of Approved Budget
1	Water Resource Management	62,750,272,500	11,483,203,309.6800	18.30
2	Rural Water Supply	421,560,500,000	89,776,694,715.9863	19.58
	Rural Water Supply - LGAs	36,940,000,000		
3	Urban Water Supply and Sanitation	392,400,446,500	83,578,720,785.3600	21.30
4	Sanitation and Hygiene	4,800,000,000	3,150,000,000.0000	65.63
5	Programme Delivery Support	38,482,718,771	11,453,922,895.0700	29.76
		956,933,937,771	199,442,541,706.0960	20.84

3. APPROVED BUDGET FY 2017/2018

3.1 Water Sector Priorities for Financial Year 2017/2018

The budget for FY 2017/2018 has been prepared taking into account some of the ongoing activities in WSDP I and the planned interventions in the WSDP II. Targets and cost estimates have taken into account projections given by WSDP implementing agencies during the budget preparation process. Major areas of focus in each component are highlighted below:-

COMPONENT 1

- 1) Completion and approving of IWRM & Development Plans in all 9 River and Lake Basins and their implementation;
- 2) Demarcation and gazetting of 18 water sources;
- 3) All 9 Water Basin offices are capacitated for effective WR management;
- 4) 33 New Water Users Associations and 18 Catchment/sub catchment committees established and 95 existing WUAs strengthened and capacitated;
- 5) 600 water use permits granted;
- 6) Water storage and Security improved through construction of 2 strategic dams (Farkwa and Ndembera) and rehabilitation of 8 medium size dams;
- 7) Basin Water Offices for Lake Victoria, Lake Tanganyika, Lake Rukwa, Lake Nyasa, Ruvuma and IDB constructed;
- 8) Strategic interventions for Water Resources Management and Action Plan for Climate Change adaptation implemented;
- 9) All 16 water quality laboratories strengthened and become fully functional;
- 10) At least 2 water laboratories (Dar es salaam and Iringa) accredited;
- 11) Two studies (Lake Victoria and MinduDam) on water quality aspects conducted;
- 12) Three studies in flood prone areas (Kilosa, Kikuletwa and Mbaka) conducted; and
- 13) 43 effluent discharge permits issued;

COMPONENT 2

- 1) Completion of ongoing projects, rehabilitation of malfunctioning projects and construction of new water points from the existing water supply projects aiming at increasing water supply coverage for rural population from the current 72% to 77%.

COMPONENT 3

- 1) Water supply coverage in regional headquarters increase from the current 86% to 95%;
- 2) Water supply coverage in National Projects, Small towns and DWSSAs increase from the current 60% to 75%;
- 3) Water supply coverage in DAWASA service area (DSM city, Bagamoyo & Kibaha townships) increase from the current 72% to 75%;
- 4) Connections of 15,000 new houses to the public sewer systems; and
- 5) Construction of 60 wastewater treatment ponds.

COMPONENT 4

- 1) Construction and rehabilitation of improved latrines and WASH facilities in primary and secondary schools.
- 2) Rehabilitation of sanitation facilities in health centres; and
- 3) National Sanitation Campaign in rural communities conducted in villages.

COMPONENT 5

- 1) Sector coordination and performance monitoring systems enhanced;
- 2) ICT systems (MIS, WPM) for effective implementation of WSDP enhanced;
- 3) Sector capacity for effective implementation of WSDP enhanced;
- 4) Facilitation of implementation of water projects under PPP arrangement enhanced; and
- 5) Proper Estate Management enhanced.

3. 2. The Approved Budget FY 2017/2018

The approved budget estimates for implementation of water sector projects and activities in FY 2017/2018 have been formulated basing on the budget ceilings provided by the GOT for the case of local component, the commitment from some earmarked sources and those from the WSDP Basket donors. The approved budget for implementation of WSDP in FY 2017/2018 is **USD 319,103,075 (TZS 702,026,766,000)**. Out of that, **USD 185,735,292 (TZS 408,617,643,000)** is local funds and **USD 133,367,783 (TZS 293,409,123,000)** is foreign funds.

Table 4: Summary of budget allocation in FY 2017/2018 at component level in TZS

COMP	LOCAL		FOREIGN		TOTAL	
	Amount	Share	Amount	Share	Amount	Share
1	27,500,000,000	7%	33,607,360,000	11%	61,107,360,000	9%
2	220,000,000,000	54%	43,410,000,000	39%	263,410,000,000	48%
	0		**71,435,018,000		71,435,018,000	
3	143,000,000,000	35%	130,000,000,000	44%	273,000,000,000	39%
4	0	0%	**6,985,000,000	2%	6,985,000,000	1%
5	18,117,643,000	4%	7,971,745,000	3%	26,089,388,000	4%
TOTAL TZS	408,617,643,000	58%	293,409,123,000	42%	702,026,766,000	
TOTAL USD	185,735,292		133,367,783		319,103,075	

****Funds budgeted in votes other than vote 49 (i.e. Regional votes TZS 71,435,018,000 (LGA TZS 70,435,018,000 and RS 1,000,000,000); and other Line Ministries – NSC TZS 6,985,000,000) for implementation of RWSS.**

Table 5: Budget Allocations for WSDP II - Foreign Financing

Na.	Donor	Funding Channel	Support in original currency	Estimated Amount available - FY 2017/2018		
				(in Mill USD)	(in TZS)	Components
1	DFID	Basket	65.7 Mn GBP	10.55	23,200,000,000	Component - 2
		Basket		3.18	6,985,000,000	Component - 4
		Basket	78.6 Mn GBP	24.36	53,600,000,000	Component - 2
2	WB/IDA	Earmarked	225 Mn \$	13.64	30,000,000,000	Component - 3
				4.55	10,000,000,000	Component - 1
		Earmarked	9 Mn \$	1.82	4,000,000,000	Component - 3
3	AFD	Basket	40 Mn EUR	10.91	24,000,000,000	All Components
4	AfDB	Earmarked	233.916 Mn USD	25.90	56,972,000,000	Component - 3
5	INDIA	Earmarked	178.125 Mn USD	11.75	25,854,000,000	Component - 3
		Earmarked	268.34 Mn USD	9.36	20,600,000,000	Component - 3
6	BADEA	Earmarked	98.34Mn USD	7.02	15,438,000,000	Component - 2
7	UNDP/GEF	Earmarked	2 Mn USD	0.45	1,000,000,000	Component - 1
8	EU	Earmarked	51.26 Mn EUR	0.71	1,560,000,000	Component - 3
9	KfW	Earmarked	20 Mn EUR	0.45	1,000,000,000	Component - 3
		Basket	5 Mn EUR	2.36	5,200,000,000	Component - 3
10	JICA	Earmarked	JP YEN	6.36	14,000,000,000	Component - 2
Total				133.37	293,409,000,000	

The summary of budget allocation at project level in each component is indicated in tables for each component as follows:

Component 1: Water Resources Development and Management (in TZS)

No.	Project Code and Name	IAs	Local Funds	Foreign Funds	Total
1	6545: Water Resources Management	MOW/BWOs	25,000,000,000	27,180,000,000	52,180,000,000
2	3435: Water Quality and Ecosystem Protection	MOW/BWOs	2,500,000,000	6,427,360,000	8,927,360,000
TOTAL			27,500,000,000	33,607,360,000	61,107,360,000

Component 2: Rural water Supply (in TZS)

No.	Project Code and Name	IAs	Local Funds	Foreign Funds	Total
1	3216: Construction and Rehabilitation of Rural Water Supply Projects (On-going)	MoW/LGAs	20,702,742,400	4,000,000,000	24,702,742,400

No.	Project Code and Name	IAs	Local Funds	Foreign Funds	Total
3	3223: Borehole Drilling and Dam Construction	MoW/LGAs	12,483,257,600	0	12,483,257,600
2	3241: Same - Mwanga - Korogwe Water Supply Project	MoW/LGAs	12,000,000,000	25,000,000,000	37,000,000,000
4	3280: Rural Water Supply and Sanitation Project (RWSSP)	MoW	158,500,000,000	18,835,018,000	177,335,018,000
	Rural Water Supply and Sanitation Project-(<i>Regional and Line Ministries Votes</i>)	LGAs -PbR	0	53,600,000,000	53,600,000,000
5	6276: Management Support to LGAs	MoW/LGAs	16,314,000,000	14,410,000,000	30,724,000,000
TOTAL			220,000,000,000	115,845,018,000	335,845,018,000

Component 3: Urban Water Supply and Sewerage (in TZS)

No.	Project Code and Name	IAs	Local Funds	Foreign Funds	Total
1	3306: Construction and Rehabilitation of Urban Water Supply and Sewerage Projects (On-going)	UWSAs	15,800,000,000	36,510,000,000	52,310,000,000
2	3307: Construction and Rehabilitation of Urban Water Supply and Sewerage Projects (New under WSDP)	UWSAs	63,000,000,000	28,000,000,000	91,000,000,000
3	3309: Improvement of Water Supply and Sanitation Services in four new Regional Headquarters -Mpanda, Bariadi, Geita and Njombe	UWSAs	5,000,000,000	0	5,000,000,000
4	3340: Improve Water Supply and Sanitation to Masasi -Nachingwea service area	UWSAs	1,000,000,000	0	1,000,000,000
5	3342: Water Supply from Lake Victoria to Tabora, Nzega and Igunga Towns	UWSAs	1,000,000,000	20,000,000,000	21,000,000,000
6	3403. L/Victoria - Kahama and Shinyanga Water Project	UWSAs	11,000,000,000	0	11,000,000,000
7	3437. Dar es salaam Water Supply and Sewerage Project (WSSP)	DAWASA	22,500,000,000	40,000,000,000	62,500,000,000
8	3438. Kidunda Dam Project	DAWASA	10,000,000,000	0	10,000,000,000
9	3439. Kimbiji na Mpera Water Project	DAWASA	5,000,000,000	5,000,000,000	10,000,000,000
10	6275: Management Support to Urban Water Utilities and MOW	MoW/UWSAs	8,700,000,000	490,000,000	9,190,000,000
TOTAL			143,000,000,000	130,000,000,000	273,000,000,000

Component 4: Sanitation and Hygiene

No.	Project Code and Name	IAs	Local Funds	Foreign Funds	Total
1	3280: Rural Water Supply and Sanitation Project (RWSSP) -(<i>Line Ministries Votes</i>)	(<i>Line Ministries & LGAs</i>)	0	6,985,000,000	6,985,000,000
TOTAL			0	6,985,000,000	6,985,000,000

Component 5: Programme Delivery Support

No.	Project Code and Name	IAs	Local Funds	Foreign Funds	Total
1	3308: MOWI Institutional Strengthening	MOW	10,275,845,000	1,071,745,000	11,347,590,000
2	3436: Capacity Development for MOWI Agencies and Units	MOW/ DDCA/WI	5,887,000,000	5,900,000,000	11,787,000,000
3	2325: Coordination and Monitoring of WSDP	MOW	1,954,798,000	1,000,000,000	2,954,798,000
TOTAL			18,117,643,000	7,971,745,000	26,089,388,000