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WATER, SANITATION AND HYGIENE BUDGET ANALYSIS

Progress and challenges in the WASH sector in Tanzania 2015–2023

Key takeaways

Access to basic drinking water in Tanzania stands at 64 per cent of the household population in rural areas, while 55 per cent have access to basic sanitation services (THDS 2022). However, only 45 per cent of households have water available on their premises (TDHS 2022). Additionally, 10 per cent of the population practise open defecation and 43.7 per cent households have access to basic handwashing facilities with soap and water (NSMIS).

The water, sanitation and hygiene (WASH) sector has historically depended on external funding, with development partners contributing approximately 75 per cent of the financing during the Water Sector Development Plan Phase One (WSDP I).

Between FY2017/18 and FY2023/24, budget allocations for the WASH sector ranged from TSh 747.9 billion to TSh 766.2 billion. Despite this nominal consistency, the sector's share of the national budget declined from 2.4 per cent to 1.7 per cent, indicating a reduced prioritization over time.

The COVID-19 pandemic further constrained fiscal space and limited budgetary flexibility, resulting in a lower allocation of TSh 661 billion to the WASH sector in FY2019/20.

While infrastructure investments under WSDP helped double the installed water supply capacity, water production continues to lag due to operational inefficiencies in water treatment plants and facilities.

Infrastructure development efforts have improved water access in both urban and rural areas, placing the country on track to meet the water access targets set in the Third Five-Year Development Plan (FYDP III) by FY2025/26.

The Government of Tanzania should increase budget allocation for water utilities to sustain and expand service delivery, and enhance operational performance and service quality in the WASH sector.

There is significant untapped potential in leveraging private sector investments to scale up WASH services nationwide. Strengthened coordination mechanisms and improved incentives are needed to attract and facilitate the influx of private capital.

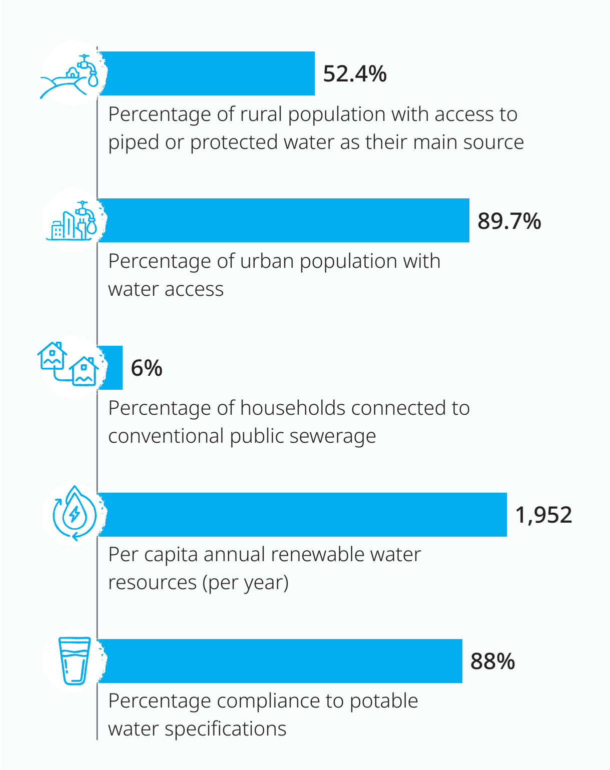
Sectoral analysis – Water, sanitation and hygiene

WASH is a critical component in achieving Vision 2025, a multisectoral document by the Government of Tanzania. Improvements in the sector depend on the availability and accessibility of water supplies, and the adequacy of infrastructure and services.

Background

- Universal access to safe water is identified as a key goal under the 'high quality livelihood' achievement pillar in Vision 2025. Additionally, the government is committed to achieving the goal of 'a strong and competitive economy' through robust infrastructure development, with the broader aim of realizing the Vision as a whole. In the context of water availability and access, this commitment includes the development of WASH infrastructure.
- FYDP III outlines the government's strategy to fulfill the goals of Vision 2025 by FY2025/26 through improving the availability and distribution of water supplies and sanitation services in urban and rural areas, and protecting water resources.
- WSDP III, effective from July 2022 to July 2025, stipulates the detailed policy implementations and defines the roles of respective stakeholders in accomplishing the Vision 2025 goals.
- At the start of the analysed period, 52 per cent of rural Tanzanians had access to piped or protected water as their primary water source, as compared to 90 per cent in urban areas.

Figure 1: Key WASH indicators for FY2015/16



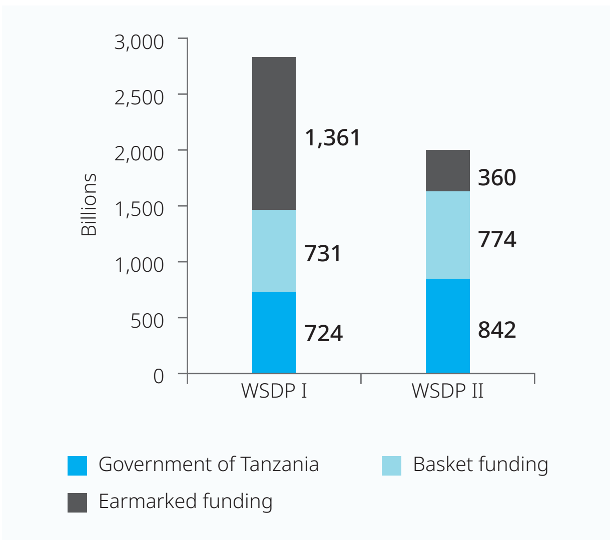
Source: WHO & UNICEF – JMP; EWURA Water Utilities Performance Review Reports and Water Sector Status report (2015 – 2020), Ministry of Water, United Republic of Tanzania

Revenue analysis

The WASH sector faced reduced external financing for WSDP II.

WASH sector financing

Figure 2: WSDP funding releases (TZS)



Source: Water Sector Status Report 2015–2020, Ministry of Water, United Republic of Tanzania, p.107, Table 5–12.

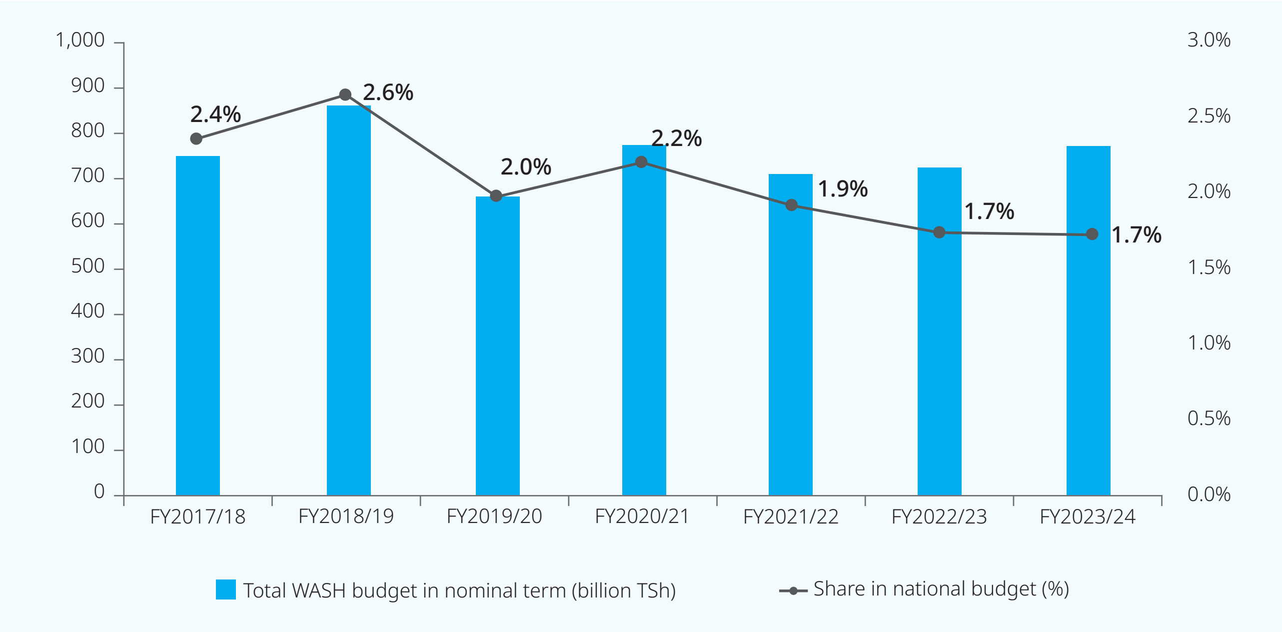
The WASH sector relies heavily on external funding, which accounted for 75 per cent of the contributions to WSDP I. However, external funding earmarked for WSDP II dropped by 75 per cent, which lowered the funds available for the sector. This shift encouraged greater self-sufficiency due to an increased reliance on local contributions.

Expenditure analysis

Budget allocations for the WASH sector ranged from TSh 747.9 billion to TSh 766.2 billion from FY2017/18 to FY2023/24. Despite the nominal consistency of funding, the sector's share of the national budget declined from 2.4 per cent to 1.7 per cent, indicating a gradual reduction in prioritization over time.

WASH

Figure 3: WASH budget allocation share in the national budget (FY2017/18–FY2023/24)



Source: Staff calculations based on the data from the Ministry of Finance, United Republic of Tanzania.

The WASH sector's share in the national budget dropped from 2.6 per cent in FY2018/19 to 2 per cent in FY2019/20, coinciding with a reduction in earmarked funding from foreign sources and restricted budgetary flexibility during the COVID-19 pandemic. These funding reductions weakened resource mobilization in the sector.

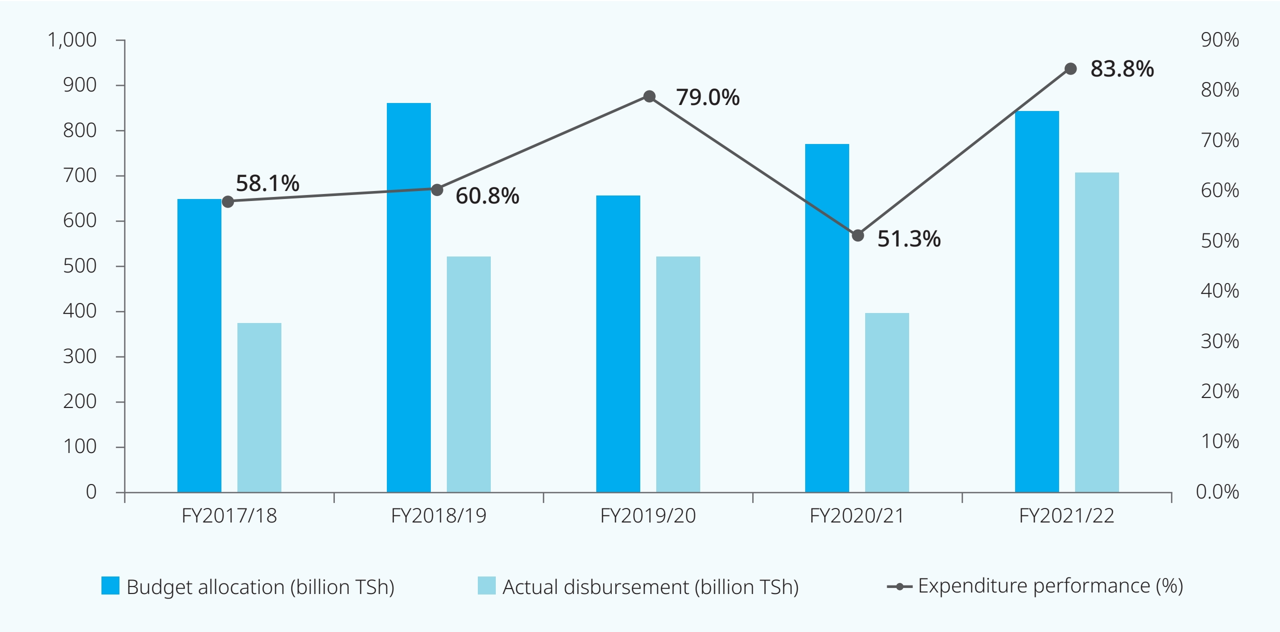
Budget allocation and disbursement analysis

Figure 4 illustrates trends in budget allocations, actual disbursements and expenditure performance in the WASH sector in Tanzania from FY2017/18 to FY2021/22. While budget allocations fluctuated, peaking in FY2018/19 and FY2021/22, actual disbursements consistently lagged, indicating persistent under-execution. Expenditure performance varied significantly, starting at 58.1 per cent in FY2017/18, rising to 79 per cent in FY2019/20, and then dropping sharply to 51.3 per cent in FY2020/21, likely due to COVID-19-related fiscal constraints.

Notably, FY2021/22 marked a significant improvement, with expenditure performance reaching 83.8 per cent, the highest within the five-year span. These trends highlight the need for sustained improvements in budget execution to ensure that allocated resources effectively translate into enhanced WASH service delivery.

WASH

Figure 4: WASH sector budget allocation, disbursement and expenditure performance (FY2017/18–FY2021/22)



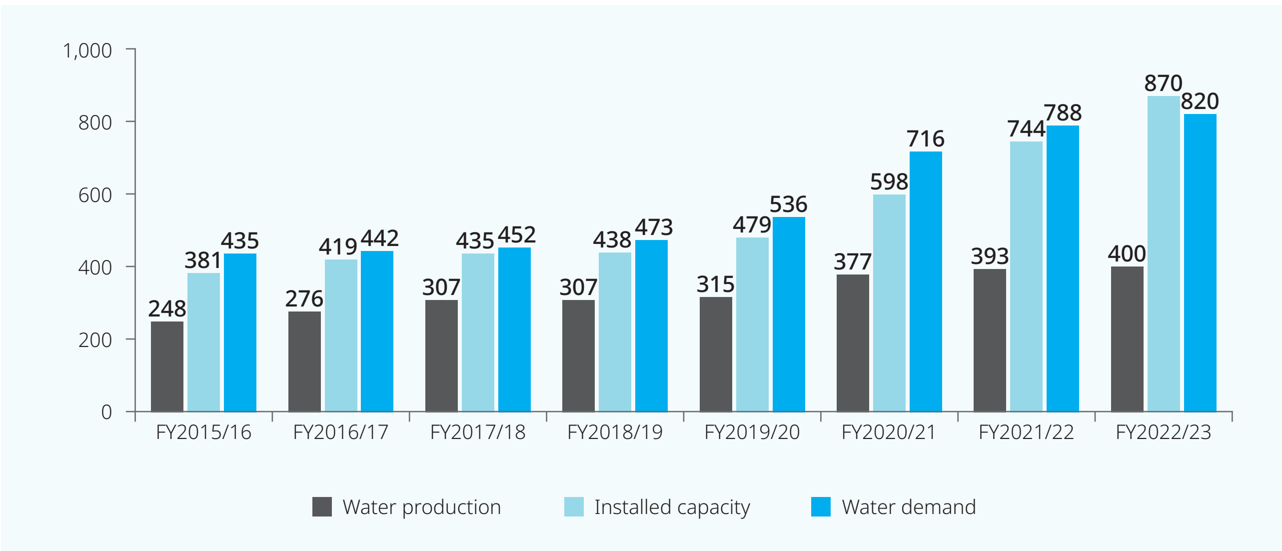
Source: Staff calculations based on data from the Ministry of Finance, United Republic of Tanzania.

Improving expenditure performance in the WASH sector is essential to strengthening service delivery. Low-budget execution directly undermines both the accessibility and quality of WASH services.

Performance review – Water supply and demand

The installed water supply capacity has kept pace with water demand throughout the analysed period. However, water production has been insufficient, indicating operational difficulties.

Figure 5: Trends in water production, capacity and demand (million cubic metres/year)



Source: Water Utilities Performance Review Reports, Energy and Water Utilities Regulatory Authority (EWURA), Ministry of Energy, United Republic of Tanzania.

Budget allocation (billion TSh) Actual disbursement (billion TSh) Expenditure performance (%)

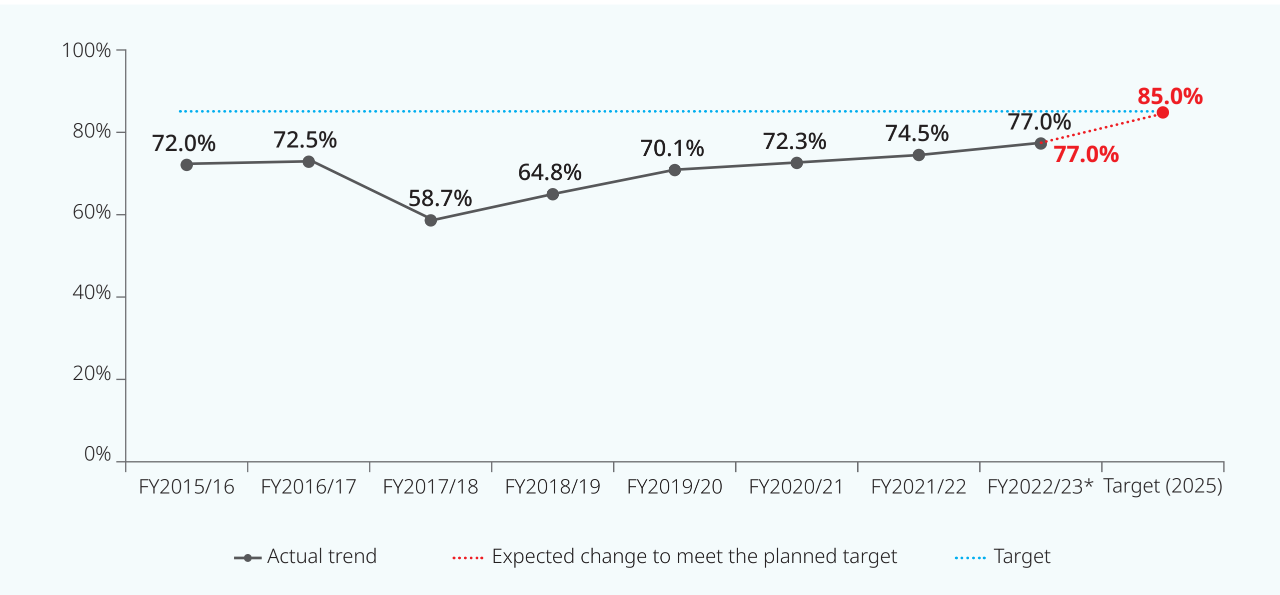
Insights

- The government invested in the development and refurbishment of water resources such as boreholes and water pumps through the Rural Water Supply and Sanitation Programme and similar programmes under WSDP. **This enhanced the installed capacity for water production from 381 to 870 million cubic metres** during the analysed period.
- The increased investment in **WASH infrastructure helped increase the installed capacity for water production, surpassing the national water demand** by FY2022/2023.
- During the analysed period, actual water production doubled; however, **only 48.8 per cent of the water demand was met**.
- Despite sufficient installed capacity for water production, the production deficit[1] is **an outcome of operational issues in water treatment plants and related infrastructure**, including resource shortages, maintenance problems, power outages, supply chain disruptions and budgetary constraints.

Performance review – Water access

Access to water supply in both rural and urban areas has improved over the analysed period, exceeding the set targets in urban areas and remaining on track to meet the targeted outcomes in rural areas.

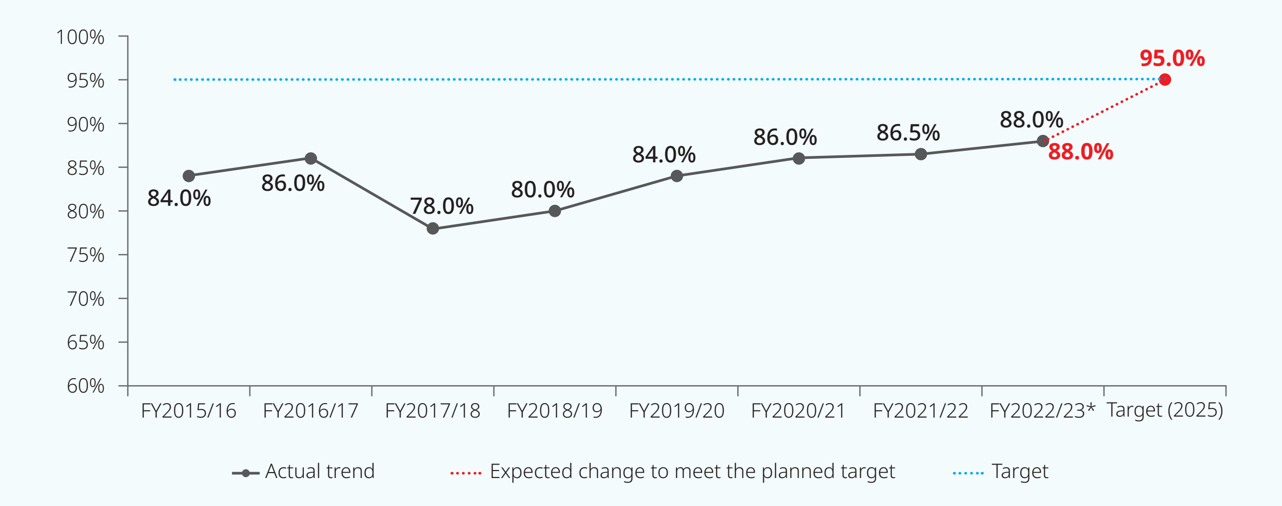
Figure 6: Percentage of rural population with access to piped or protected water as their main source



Source: WHO & UNICEF – Joint Monitoring Programme (JMP) and Water Sector Status report (2015 – 2020), Ministry of Water, United Republic of Tanzania

[1] The difference between water production and water demand

Figure 7: Percentage of population with access to water in urban areas



Source: WHO/UNICEF Joint Monitoring Programme (JMP); Water Utilities Performance Review Reports, Energy and Water Utilities Regulatory Authority (EWURA), Ministry of Energy, United Republic of Tanzania.

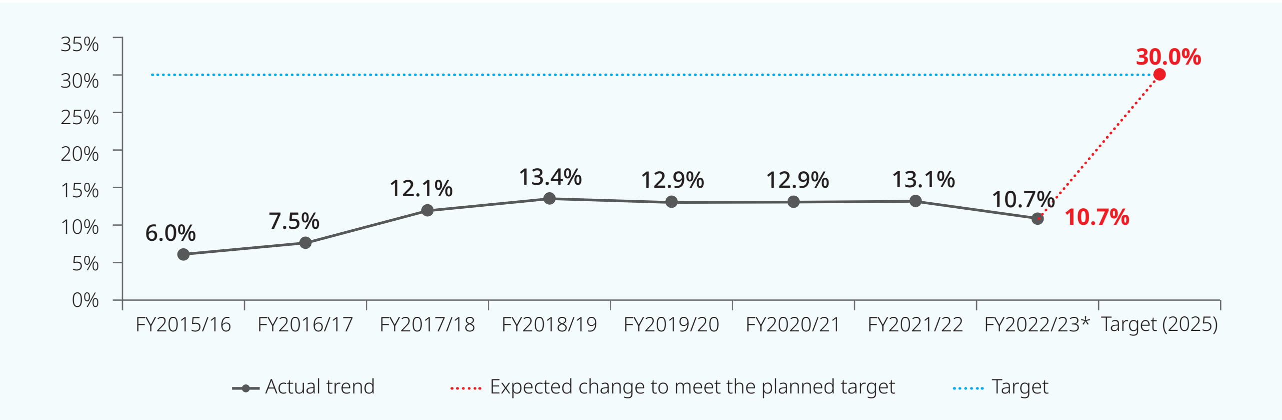
Insights

- Government investment in WASH infrastructure has improved access to water supplies in both rural and urban areas during the analysed period. Notably, access in rural areas grew nearly twice as much as the growth in urban areas. **New infrastructure has reduced the time Tanzanians spend collecting water**. Specifically, the proportion of Tanzanians making a round trip of less than 30 minutes to obtain water increased from 56 per cent in FY2015/16 to 85 per cent in FY2022/23.
- The improved water access corresponds with a significant rise in the installed capacity for water supplies across the country. **The FYDP III target for water access coverage in urban areas was surpassed in 2021/2022 partly due to improved water production meeting demand**.
- With a noticeable improvement, **access to water in rural areas is projected to meet the FYDP III target of 85 per cent in the coming years**. Investments in rural water supply infrastructure, through initiatives such as the Rural Water Supply and Sanitation Programme, have played a pivotal role in achieving this milestone.

Performance review – Sanitation

The proportion of households connected to public sewerage systems significantly increased in the early years of the analysed period, but later stagnated due to reduced investments driven by conflicting priorities.

Figure 8: Percentage of households connected to conventional public sewerage



Source: Water Utilities Performance Review Reports, Energy and Water Utilities Regulatory Authority (EWURA), Ministry of Energy, United Republic of Tanzania.

Insights

- Public sewerage coverage has remained limited due to inadequate wastewater facilities in most regions. **Only 6 per cent of Tanzanian households were connected to conventional public sewerage in FY2015/16**. The remaining population relied on alternative methods for excreta disposal, including in situ solutions, off-site treatment or open defecation.
- Investment in the development of sanitation infrastructure, particularly in rural areas, has been limited, as **water supply authorities have prioritized improving water access over sanitation services**.
- Despite initial growth after FY2015/16, the proportion of public sewerage coverage reached 13.4 per cent in FY2018/19, stagnated in the subsequent years and dropped to 10.7 per cent in FY2022/23.
- Water access and supply have been prioritized over conventional public sewerage, mainly because there are no viable alternatives to safe drinking water, whereas alternative excreta disposal methods, such as septic tanks and sewage trucks, are available.

Analysis

- The WASH sector has heavily relied on external funding, which accounted for 75 per cent of the total commitments made for WSDP I. In Phase II, the gross contribution dropped by TZS 1 trillion, marking a significant decline in earmarked foreign funding compared to Phase I. Meanwhile, the government expenditure in the sector remained limited, indicating a lack of prioritization during the analysed period.
- Between 2017 and 2020, WASH budget disbursements improved despite inconsistent fund allocations. In FY2019/20, allocations to the WASH sector were reduced due to limited fiscal flexibility during the COVID-19 pandemic. However, allocations have improved in the years following the pandemic.
- WSDP II facilitated a doubling of the installed water supply capacity across the country during the analysed period. However, despite infrastructural additions, water production remained low due to operational challenges at water treatment plants and related facilities, hindering the provision of safe water.
- The proportion of households with conventional public sewerage connections increased in the early years of the analysed period, rising by 7 per cent between FY 2015/16 and FY2018/19. This was followed by a period of stagnation and a 10.7 per cent drop in FY2022/23. The setback was primarily due to reduced budget allocations under WSDP II, which restricted the water supply and sanitation authorities from making the infrastructural investments needed to improve public sewerage coverage.

Recommendations

The following recommendations are proposed for government consideration:

- Increase budget allocations to the WASH sector to ensure financial sustainability, especially as foreign funding remains unreliable due to global factors beyond its control.
- Strengthen budget disbursement mechanisms, alongside increased budget allocations, to enhance spending efficiency. Timely and effective disbursement of funds is essential to translating budget commitments into tangible outcomes. Aligning the government's intent with actual budget utilization will enable sustained progress and unlock further development opportunities in the WASH sector.
- Allocate adequate budgets for water utilities in urban and rural areas to enhance WASH services and ensure consistent performance monitoring through the Energy and Water Utilities Regulatory Authority (EWURA) and Rural Water Supply and Sanitation Capacity Development (RUWASA).
- Implement targeted capacity building initiatives to equip water utilities and service provider staff with enhanced management, operational and financial skills to ensure effective management and maintenance of WASH systems, as well as continuity and resilience of services.
- Increase budget allocations and solicit additional funding for the development of sanitation and hygiene infrastructure, while clearly highlighting allocations across subsectors.
- Innovate and leverage financing through private sector-led initiatives, as well as taxes, tariffs and transfers, to strengthen the WASH sector amid competing priorities for budget allocations.
- Boost accountability mechanisms and minimize losses from non-revenue water (NRW) by improving the efficiency of water utilities through investments in metering infrastructure and capacity building. This should include training utility staff in effective NRW management, accurate data monitoring, and leakage detection and prevention.