Using Payment by Results to Improve the Sustainability of Rural Water Supply Services in Tanzania

Lessons learned from the FCDO - funded programme in Tanzania (Phase 4: April 2019 – March 2020)

Summary Report

November 2020

Acronyms

CBSP	Capacity Building Service Provider
CBWSO	Community-Based Water Supply Organisation
CDMT	Central Data Management Team
CMO	Community Management Organisation
COWSO	Community Owned Water Supply Organisation
DFID	Department for International Development
DIME	Development Impact Evaluation
DM	District Manager
DVSP	Data Verification Service Provider
FCDO	Foreign, Commonwealth & Development Office
LGA	Local Government Authority
MoW	Ministry of Water
NWIF	National Water Investment Fund
P4R	Payment for Results (World Bank supported project)
PbR	Payment by Results (FCDO supported project)
PFM	Public Financial Management
RUWASA	Rural Water Supply and Sanitation Agency
SIASAR	Sistema de Información de Agua y Saneamiento Rural (Rural water and sanitation information system)
SDG	Sustainable Development Goal
SRO	Senior Responsible Officer
TNA	Training Needs Assessment
ToR	Terms of Reference
VMN	Verification Methodology Note
WASH	Water, Sanitation and Hygiene
WPDM	Water Point Data Manager
WSDP	Water Sector Development Plan

Disclaimer

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Project Information

Name of the Project	Support to Rural Water Supply, Sanitation and Hygiene in Tanzania
Project Value	£150m (of which £65.4m is under the Payment by Results Scheme)
Funder	FCDO Tanzania
Duration	2014-2022
Implementer	Government of Tanzania through the Ministry of Water
FCDO Senior Responsible Officer (SRO)	Lukas Kwezi

Purpose and scope of this document

This report provides an overview of the diverse lessons learned from a highly innovative, FCDO funded, Payment by Results (PbR) programme for improving rural water supply sustainability in Tanzania. This is the second programme-wide learning report, with the first report (accessible here[1]) covering lessons learned that arose from the programme during the period from the programme design (2014) up to the end of the third payment and verification cycle (March 2019). This second report presents some of the key learnings that arose from the fourth verification and payment cycle, running from April 2019 - March 2020.

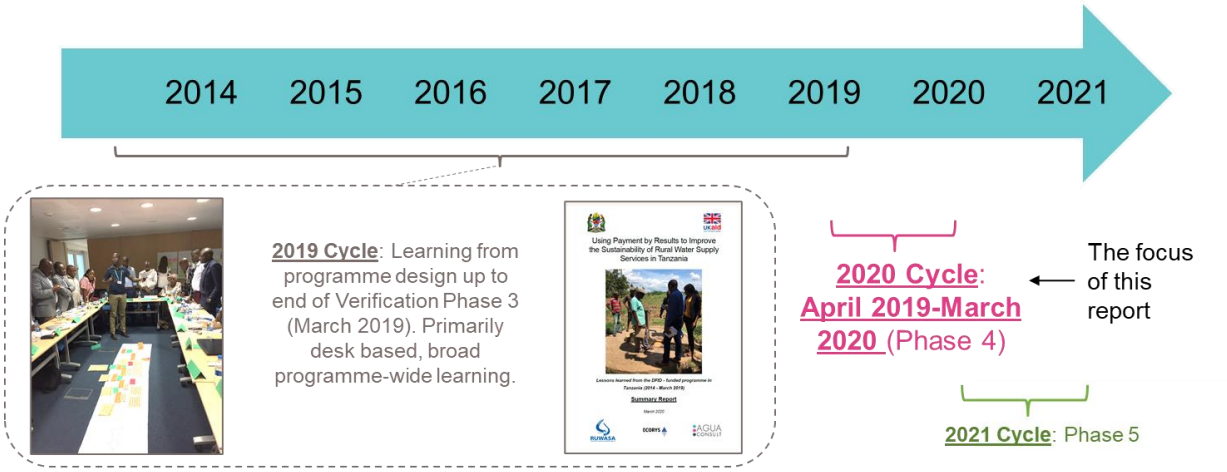

Figure 1: An overview of the programme-wide learning cycle timings

The report is primarily written for the stakeholders directly involved in the delivery of the PbR programme in Tanzania, to inform programmatic evolution. However, given that this programme is highly innovative, and holds considerable potential to contribute to wider sector learning both within Tanzania and globally, it is likely to be of interest to a wider audience beyond only programme stakeholders. Specifically, it would be of interest to those interested in rural water supply sustainability, WASH systems, adaptive management, and results-based programming.

Whilst a short introduction of the programme is provided in this report, those less familiar with the PbR programme may consider reading this document in conjunction with the 2014-2019 Learning Report, which provides a broader orientation. It also presents a diverse set of learnings which are not repeated in this report. This report specifically captures additional learning points arising during Phase 4.

The learning points presented in this report have been identified through a process of stakeholder interviews[2] and a review of key programmatic documents developed during the review period (April 2019 – March 2020). These findings were further enriched and triangulated through feedback and discussion on draft learning points during an online workshop with key stakeholders[3], and through the process of multi-stakeholder review of drafts of this report. Unfortunately, the ongoing COVID-19 pandemic meant that this Phase 4 learning cycle had to be conducted remotely, limiting the extent of stakeholders that could be engaged in interviews and workshops. It also biased the selection of key informants and online workshop participants towards those with adequate internet connectivity,

1 https://www.ecorys.com/sites/default/files/2020-10/DfID%20PbR%20rural%20water%202019%20Learning%20Report_Final_0.pdf
2 A total of 18 key stakeholders were interviewed through 12 semi-structured interviews conducted via web-based calls, each lasting between 60-90 minutes. These interviews included representatives from FCDO, MoW, RUWASA, CDMT, DVSP, DIME and the World Bank. See Annex 1 for the list of interviewees.
3 A participatory online workshop was held on the 13th November, with representatives from RUWASA, FCDO, DIME and the DVSP. The event lasted 2.5 hours and included a review of progress on the recommendations from the 2019 learning report, participants' reflections on Phase 4, and presenting and discussing draft findings and recommendations that are presented in this report.

meaning less dialogue with sub-national stakeholders. It is envisaged that future learning phases will prioritise efforts to include more in-country, sub-national stakeholder engagement.

Background and introduction to the programme

The PbR programme in Tanzania is innovative in that it is the first WASH PbR programme that FCDO is implementing directly through a host government. It is also unique in using PbR to *sustain* services rather than paying for new access. The programme started in 2014, applies an adaptive programming approach and runs to 2022.

The rural water supply sub-sector in Tanzania faces a number of significant challenges. There are high rates of non-functionality of water supply infrastructure, significant challenges in capacity of service providers[4], limited ongoing support and oversight of these service providers by the Local Government Authorities (LGAs) and the recently established Rural Water Supply & Sanitation Agency (RUWASA)[5]. There is also a strong focus, driven by the sector political economy, on construction of new water supply 'projects' rather than on maintenance and sustainability (Tillett 2020). Despite the launch of the Water Sector Development Programme (WSDP) in 2007, and USD $1.6 billion committed to it from multiple partners (Carlitz 2016), there were growing concerns of the effectiveness of the WSDP Phase 1 to considerably increase access for rural water supply services (World Bank/Aguaconsult 2017).

Against this background DFID (now FCDO) launched its '*Phase 2: Rural Water Supply & Sanitation Programme'* in 2014, including around £75 million allocation for ongoing support of the WSDP II through input financing, and £65.4 million to the PbR component. This report focusses on the PbR component, which seeks to incentivise improved support to service providers to maintain and sustain services, particularly on the part of LGAs (and now RUWASA since its establishment in 2019). As this approach was somewhat untested in the sector, adaptive management was a key design feature of the programme. Under the PbR scheme, FCDO pays a fixed amount annually (to LGAs and now to RUWASA) for every water point within an LGA which is functional as per the agreed definition. The calculation of the payments considers both functionality rates, and accuracy of results reported by government, hence incentivising efforts to strengthen monitoring systems, and address sustainability issues. Payments are based on the independent verification of the Governments' results by the Data Verification Service Provider (DVSP), with annual reporting, verification and payment cycles expected to be undertaken annually.

An overview of the programme during Phase 4

The 2014-2019 Learning Report provides an overview of the key evolutions of the programme, from its design in 2014 up until the end of verification in Phase 3. Table 1 provides a summary of key information on the programme to date. At the time of writing this report, stakeholders were preparing for the survey of Phase 5 results.

Table 1: An overview of key metrics of the PbR programme

	Phase 1 (2016)	Phase 2 (2017)	Phase 3 (2018-19)	Phase 4 (2019-20)
No. LGAs participating in the PbR scheme	57	129	181	181
No. Water Points Verified	5,962	40,667	51,768	18,039
Completeness of LGA reported data	Not checked	93.2	99.9	Not checked

4 Mainly Community Management Organisations (CMOs) and Community Owned Water Supply Organisations (COWSOs).
5 There has been periods of relative centralisation and decentralisation within the rural water sub-sector in Tanzania.

Correctness of LGA reported data	Not checked	67.8%	79.4%	Not checked
Mean average percentage accuracy of reported data (vis the verified data)[6]	67%	44%	38%	40%
Mean average functionality using hard criteria[7]	44%	24%	27%	30%
Average amount disbursed per LGA (GBP £)	£12,600	£14,100	£48,900	£97,400
Average amount dispersed per Region to Regional Level (in ,000 £GBP)	N/A	£10,900	£34,100	£67,800
Total amount paid to LGAs and Regions	£0.78m	£3.09m	£9.75m	£19.34m
Amount disbursed to higher levels in the system (in ,000 £GBP)	£70,000	£643,000	£371,000	£1.94m
Time (months) between FCDO disbursement (to Central Bank) to receipt of funds at LGA/DM level	3 months	3.5 months	>5 months	5 months

The 2014-2019 Learning Report provides a chronology of key events in the programme. In Phase 4, key dates included: the handover of DVSP Phase 3 datasets to CDMT (March 2019); the receipt of Phase 3 funds at the LGA level (June 2019); 2014-2019 programme-wide learning workshop in Dar es Salaam (December 2019); Phase 4 results verification (field survey undertaken in November-December 2019, based on October 2019 data); presentation of Phase 4 verification results (at multi-stakeholder workshop in Morogoro in February 2020, report submitted March 2020); the handover of DVSP Phase 4 datasets to CDMT (February 2020); dissemination of results to LGAs (in a high-profile workshop in Dodoma in late March 2020).

A number of key contextual changes occurred during Phase 4, including:

- Institutional reforms: The 2019 Water Supply & Sanitation Act led to the establishment of RUWASA in July 2019, shifting the mandated responsibility for support and oversight to rural water supply service delivery from District Water Engineers (DWEs) within LGAs, to District Managers (DMs) of RUWASA. This meant the programme interfaced with a smaller number of ministries (e.g. the LGA parent ministry was thus less involved). It also led to turnover of staff, and to certain implementation delays to the programme, during the period of institutional reforms. The establishment of RUWASA somewhat re-centralises management and accountability from the formerly decentralised LGA structure;
- Continuity of verification: Phase 4 was the second verification cycle of the Ecorys-led DVSP consortia, meaning experiences from Phase 3 could be utilised by the DVSP for Phase 4;
- Changes in inputs of programme service providers: The Capacity Building Service Provider (CBSP), who's mandate was to build the internal capacity of government particularly (although not exclusively) on rural water supply reporting and data issues, scaled down in-country inputs in February 2020 and the contract ended in May 2020. As of September 2020, the Water Point Data Manager software and reporting system was not yet operational;
- Incoming sector programmes: The World Bank supported USD $350 million Payment for Results (P4R) rural WASH programme commenced in 2019. This programme has many

6 Definitional/methodological changes between phases makes inter-phase comparisons challenging.
7 Definitional/methodological changes between phases makes inter-phase comparisons challenging.

common elements of the FCDO-funded PbR programme, yet also with key differences in its scope, methodology and metrics for payment[8];

- Changes in Public Financial Management (PFM) arrangements: Changes in personnel in the Ministry of Finance & Planning (MoFP) reportedly led to some programme delays as queries were raised by the new team on the PbR programme expenditure areas, and new PFM rules for the public sector were introduced;
- COVID-19: The onset of the COVID-19 pandemic (from March 2020) restricted field access for programme-related monitoring and led to the postponement of certain analyses as DIME's 2020 Analysis Plan was pivoted to emergent research around COVID-19. The impact of COVID-19 on the programme will be detailed in future learning reports.

There were also modifications to the verification and payment process between Phase 3 and Phase 4:

- The verification methodological checks on data completeness and correctness were no longer required by the DVSP, with checks now focussing on the accuracy of reported data;
- The basis for payment changed, whereby accuracy of data was no longer applied as a weighting factor that influenced payments for functionality water points, rather the accuracy payment was made as an additional reward on top of the payments for functionality[9].
- Definitions for 'water outage' and 'locked' were evolved, and a payment of £150 were made for water points that were defined as 'water outage-verifiable' and 'locked-verifiable', meaning water points which may not be possible to undertake the flow test at the time of visit, but could be verified they have worked within the last 48hours, were now also included into payments made[10].

The change of adding the eligibility of locked and 'outage' water points, and more significantly, the change in payment calculation to separate functionality and accuracy, were the primary drivers of the significant increases in programme disbursements in Phase 4.

Key learnings arising from the programme during Phase 4

At the start of many of the Key Informant Interviews, and during the online learning workshop, interviewees and participants were asked to broadly reflect what they felt worked well, and what worked less well in Phase 4. Common responses to what worked well included: an improvement in coordination and communication between stakeholders, and; a 'smoother' verification process. In contrast, stakeholders mentioned key challenges including: the ongoing delays experienced in transferring payments through Public Financial Management (PFM) systems; and challenges in the timeframes, processes and rules on utilising these funds. See Annex 3 for stakeholder responses during the online workshop.

The more detailed learning points arising from this programme have been categorised into six, interconnecting themes, with the bullet points below summarising key learnings per theme.

1. Design and management of the programme	2. Using PbR to stimulate change in the system	3. Monitoring systems, and verification of results	4. Eligibility, incentives, disbursements and fund usage	5. Achieving outcomes (improved functionality)	6. Equity and Value for Money (VfM)

8 The P4R programme include results payments for functional water points, but also covers sanitation and hygiene, hence involves additional government ministries. It is delivered through a unit established in the Ministry of Water (MoW), and has a wider number of result indicators than the PbR programme.

9 LGAs with accuracy <48% after benchmark application received no reward for accuracy, LGAs with accuracy 48-60% after benchmark application received £7,500 reward, and LGAs with accuracy >61% after benchmark application received £10,000 reward for accuracy.

10 It is important to mention that these two parameters are not applied for accuracy and functionality measurements, but rather they are included with the payment calculations, to align the methodology with field realities

Whilst the six learning themes remain the same as those used in the 2014-2019 Learning Report, there is some variation in the headings of sub-themes within each theme. There are a number of reasons for this. Firstly, only *additional* learning points identified in the Phase 4 learning cycle are included. Therefore, there are some sub-themes whereby learning points listed in the 2014-2019 Learning Report are still applicable, but no further learning arose on these in Phase 4, hence they are not included[11]. Secondly, some new areas of learning were identified in the Phase 4 learning cycle which were not identified in the 2014-2019 learning cycle. These new learning areas primarily relate to three factors: they simply were not considered or identified during the 2014-2019 learning cycle; they reflect the evolutions of the programme as it shifts from design, early delivery, to a more 'matured' recurrent annual payment and varication cycle stage of the programme, and; they reflect the changes in the wider operational context.

1. Design and management of the programme

Adaptiveness: programme evaluation, management and delivery:

- Whilst adaptive management can create a challenge to longitudinal evaluations (as things change during the course of the programme), this programme has generated useful learnings about undertaking evaluations in adaptive management settings. Some key learnings include the need to ensure a core element(s) of evaluative focus that would remain from the start to the end of the evaluation, and also the potential benefit of adding separate, complementary interventions that can generate further evidence where needs arise (such as DIME's Maji Endelevu). Such adaptations require flexibility and strong partnerships between the evaluation service provider and the client (e.g. FCDO). The evolving objectives and focus of the evaluation also need to be clearly documented and understood by both parties, for future reference.
- Feedback loops, for example from evaluation, research or learning process findings, are key to help to inform programmatic evolution and justify adaptations. Multi-stakeholder workshops that focus on learning and reflection can be effective platforms for such feedback[12]. However, the true value of evaluation, research and learning may be undermined if they are not undertaken in a timely fashion or fed back early enough to inform course correction and wider sector initiatives. For example, this is a potential challenge for the period between Phase 4 and Phase 5, where DIME's analysis plan was temporarily pivoted to research on COVID-19, and where there have been limited opportunities for multi-stakeholder workshops. Some of the envisaged evidence from Phase 4 will not therefore be fed into Phase 5, and depending on timing of Phase 6, and whether the programme is perceived to be 'closing out', will influence the level/extent of impact and uptake of the feedback.
- As highlighted in the 2014-2019 Learning Report, adaptive management by the client can at times be challenging for programme service providers, particularly where they are on fixed cost contracts, and where course correction incurs management costs (e.g. repeat re-planning processes due to changes). Frequent communication between the client (e.g. FCDO) and service providers, including consultation on the potential adaptations and advance warning of potential changes, was seen by interviewees as important to address some of these challenges.

Engaging programme service providers and governance:

- Constructive interpersonal relationships supported by open lines of bilateral communication are key for effective collaboration between service providers. Such collaboration can help to maximise the potential added value of the different service providers' expertise on the wider programme. This collaboration between the different service providers and stakeholders of the programme needs to be supported by structured governance and communication arrangements,

11 Although Annex 2 of this report re-presents the recommendations from the 2014-2019 Learning Report, and analyses if they continue to be relevant.

12 The May 2019 Morogoro workshop, and the February 2020 Morogoro Results Workshop were widely appreciated by interviewees as an opportunity to strategically reflect on the programme, and discuss priorities for subsequent analysis and learning. Whilst the online workshop received positive feedback from participants, it was clearly a less effective medium for maximising participation in comparison to in-person workshops. In contrast however, it did allow a wider range of stakeholders who are based outside of Tanzania to participate.

and for all service providers to be clear on each others' Terms of Reference (ToRs), to maximise the efficacy of the process.

- The role of government focal persons can be critical in a programme such as this. However, there is always a risk of personnel turnover, and programmes need to be resilient to such risks, to ensure institutional knowledge and capacities are not limited to individuals, and also to ensure relationship-building and orientation of new focal persons are given adequate priority.

Interface with the wider sector:

- As discussed further under the Value for Money (VfM) learning theme below, the added value of an innovative, systems-strengthening focussed programme such as this can be enhanced through wide sharing learning and evidence, and collaborating with efforts 'beyond the programme'. However, this requires that feedback loops go beyond the confines of those directly involved in the programme – for example, ensuring evidence and learning from service providers is externally disseminated, that there is a clear commitment to collaborate and maximise synergies between this programme and other related initiatives in the sector (such as the P4R programme), and that this is underpinned by strong government-led processes for sector coordination, harmonisation and information sharing.

2. Using PbR to stimulate change in the system

Using PbR funding to leverage commitment to systems change and systems strengthening:

- Where a significant element of a donors' leverage to encourage systems change is dependent on the size and use of their funds, there may be a risk of diminishing this influence when there is crowding-in of funding from other sources (such as the $350 million P4R programme), or where a programme is known to be coming to an end. Understanding (and maximising) the comparative advantage of the donor in leverage, beyond financial 'muscle' is important in this context. For example, interviewees mentioned FCDO's long-standing partnership and commitment in the water sector in Tanzania, its relative flexibility and adaptability relative to some other funding conduits, and its strong and constructive relationships with governmental institutions, as areas of non-financial leverage. Some interviewees remarked how strong constructive synergies and dialogue between different donors focussing on the same sub-sector holds the potential to maximise potential leverage, through a combined, unified voice, and allows continuity of leverage even as one donor's programme draws to a close. Government leadership is also key to facilitating synergies between development partner-supported programmes.
- Related to the previous point around institutional reforms and focal persons, in a programme aiming to achieve sectoral systemic change, it is important to maintain influence and engagement at multiple levels of the system – in this case, both in executing agency and policy formulation levels.

How PbR data can strengthen systems:

- The 'rolling inventory' approach to sampling during verification can help to build and strengthen an overall asset inventory for the country. However, the added value of the inventory approach on nationwide datasets depends on the extent that the verification data is then incorporated into the national dataset. For example, it is understood that the CDMT has not yet incorporated all of the data (and errors identified) from verification Phase 3 or 4 into the overall CDMT Water Point Data Manager[13].
- Similarly, the verification surveys provide a valuable opportunity to collect wider sector insights beyond only result metrics (for example on determinants of functionality), which again provide strong potential for positive systems change if the data is analysed and fed-back to all relevant stakeholders in a timely manner. For example, the Phase 4 accuracy verification survey was expanded to include questions to shed light on potential causes of non-functionality. This data

13 This is reportedly due to the fact that the WPDM is not yet operational. The extent that the LGAs have used the feedback and data from verification is something to be investigated in future learning activities.

was to be analysed by DIME[14], however the analysis plan was pivoted to research around COVID-19.

- Robust data - such as that generated from PbR programmes' reporting requirements and verification processes - can be a strong foundation for strengthening WASH systems, for example in informing sector strategy, and can be a basis for accountable and evidence-based planning. However, the potential value of data depends on the extent that it is analysed and used at different levels[15]. The analysis and use can be influenced (and constrained) by issues of stakeholder capacity to access and use the data at different levels, and by stakeholders not fully appreciating the potential value of the data and insights that it could provide.
- Whilst capacity building may be required to aid data analysis and decision making, IT software can also help in this regard, if properly institutionalised within the wider context of how data is used[16].
- The rolling inventory approach to sampling can also impact on analysis and decision making. The sampling tends to focus on water points not surveyed in previous phases, to build the inventory dataset. This can limit the potential for longitudinal analysis on the same water points through successive years of field verifications[17]. It also means that theoretically, the previous phases' dataset is of less value to the DMs to determine which water points should be prioritised for maintenance to increase future payments (as the next phase verification will largely not return to water points surveyed in the past)[18].

3. Monitoring systems, and verification of results

Scope, definitions, and measurability:

- As successive rounds of verification are undertaken, the wide diversity in specific local contexts will become apparent. This may require further work on the definitions and clarification of what is/is not sampled, and what is to be considered a 'public' water point that would be potentially eligible for payments. For example, based on experience from contexts of the field in Phase 3 verification, Phase 4 provided disaggregated categories around 'water outage', and how to classify private versus public water points. In Phase 4, a further query arose as to whether cattle troughs should be classified as distribution points.
- The 2014-2019 Learning Report details the challenges of defining 'functionality', and which proxy measures to use for this. In Phase 4, work was needed to further define and classify contexts where a water point is deemed functional generally (e.g. was functioning within 48 hours of the visit), but is either locked or currently experiencing water outage, meaning it could not be verified at the time of the visit using the flow-related functionality tests. To reflect the heterogeneity in field contexts, and to have functionality classifications that are deemed 'fair', has led to adding a disaggregation category to reflect the realities on the ground[19]. However, there can be trade-off between a more complex definition and classification system for 'functionality' (which is deemed 'fairer'), and the relative understanding of the (more complex) incentive structure by stakeholders (discussed later in this report). There can also be a risk that the community level stakeholders reporting functionality, may not fully understand or apply these more complex definitions and categories.

14 And some progress was made on analysing the correlation between user perceptions and DVSP verified statuses.
15 Whilst the CDMT data has reportedly been used by RUWASA and MoW to inform sector financing decisions, numerous interviewees felt that the extent of data analysis and usage at different levels was limited.
16 For example, It is understood that the Rural Water and Sanitation Information System (or SIASAR as it is known by its Spanish acronym) was being considered to be piloted in the P4R programme, which reportedly could help use asset data to inform decisions on asset management, such as on prioritisation for repairs.
17 In the learning online workshop, one participant mentioned the potential added value to continuing a small percentage of overlap in the same water points over successive years, to facilitate analysis.
18 This needs to be explored in future learning activities as to whether this remains theoretical or is actually the case. However there is a counter-risk that the same villages are focused on year-on-year and receive extra micro support just by virtue of being sampled, which would be problematic.
19 E.g. Functional, functional needs repair, not functional, abandoned remain the definitions with disaggregated classifications of water outage verifiable, water outage unverifiable; Locked verifiable, locked unverifiable for learning purposes and where verifiable for an additional payment.

- As definitions evolve year-by-year based on field experience, this can pose constraints to longitudinal analysis of the verification data[20].
- Functionality is not only challenging to define and measure, it is also relatively limited as an indicator on the wider service standards that the water scheme provides. Including 'water outage' can help to provide further insights into service levels, but clearly there is scope to expand on this, considering the indicators of the SDG WASH service level ladders.

Verification process and its results:

- Sequencing of capacity and systems strengthening and verification cycles is important to improve efficiencies. In this programme, successive verification cycles have been undertaken before having an effective nationwide unique water point identification coding system and overall water point data management software[21].
- Close engagement and constructive communication between the 'owners' of the results (in this case RUWASA) and the external verifiers is important for the efficiency and effectiveness of the verification process. It can help to create a supportive environment for the field survey to be conducted efficiently[22], and can reduce the transaction time in questions on the draft verification results. It can also help to increase the acceptance of the results by the results owners and increase the credibility and trust in the verification process and outputs in the eyes of the results owners. For example, the DVSP involved staff from the CDMT in discussions on the survey design, in the training of enumerators. CDMT staff accompanied DVSP in some of the field survey activities, and they received orientation on how the data analysis was done. With the increased understanding and confidence in the verification process and results, members of RUWASA (including CDMT) were in a position to internally explain and defend the results to colleagues.
- However, there can be a (theoretical) risk and trade-off between greater collaboration and resulting efficiencies and 'ownership' of the process and outcomes, versus the full independence and robustness of the verification process[23]. There is also a (theoretical) risk that the increased involvement and understanding of the verification process of the results owner increases the risk of gaming. However, no specific evidence has arisen that these theoretical risks have (yet) materialised in this programme.
- Prior experience of the verification service provider in applying verification of the results in the context can significantly increase the efficiency of the verification process. For example, many interviewees remarked how the Phase 4 verification process utilised all learning and experience from Phase 3, meaning it was a much 'smoother process' than Phase 3. This suggests that future PbR programmes need to ensure strong knowledge and experience sharing between outgoing and incoming verification service providers (and / or keeping the same service providers for successive years). It may also suggest future programs could include an inception phase as an opportunity for verifiers to do 'dummy runs' to generate this field level experience prior to commencing verification cycles. However, one interviewee highlighted how experience in this PbR programme suggests that some issues may not have been possible to identify from an inception phase or dummy run, and it was necessary to 'learn whilst doing' and adapt along the way.

Exit strategy for external verification:

- Involving those mandated for future internal verifications in the process of external verifications can be a strong means of building internal capacity. It can also lead those involved to consider and discuss adaptations that may be needed in future to convert external verification to something more within the means of an internal verification process. For example, the close involvement of

20 Although there is some cross comparability on the 'hard' criteria data between certain phases.

21 The PbR programme has strengthened the government focus and commitment to monitoring over time, and whilst it is understandable that this focus and commitment was first needed before gaining traction in efforts to strengthen the system (such as rolling out the unique waterpoint ID). However, now this focus and commitment has reportedly been secured, some interviewees questions whether getting these systemic components in place has been appropriately fast-tracked.

22 For example, RUWASA staff provided logistical and practical support to field survey teams.

23 For example, advance communication to DMs about the communities to be visited in advance helped them to support the logistical preparations and ensure stakeholders were available in the communities at the time of visit, however this collaboration and advanced information on sites to be visited provides a theoretical risk for gaming. Although interviewees generally stated that this risk was not actualised in Phase 4.

CDMT staff throughout the Phase 4 verification process significantly increased levels of understanding and led them to discuss areas for simplifying the process for future internal verifications.

- However, it is important to consider wider public sector internal auditing and accountability processes and mandates, which may be outside of the WASH sector specifically, when considering who may undertake verifications in future (and hence who to build internal capacity)[24].
- Where engaging external verification service providers and expecting that payment cycles and verification processes will be 'internalised' (e.g. within government) in future, it is important to develop a clear plan for this transition or 'exit' of external verification. It is also important in contexts of multiple service providers supporting such a programme, to ensure all service providers are clear on this plan, and their ToRs outline this clearly.

4. Eligibility, incentives, disbursements and fund usage

Understanding of incentives and payments:

- The increased involvement and understanding of the results owner (in this case RUWASA/CDMT) in the verification and results analysis process, can help internalise the capacity of the results holder to explain the results within their organisation. This can help to strengthen the internal understanding around what may be needed to improve results in future PbR cycles. Tailored communication of the verification results is also an important step toward maximising the potential understanding of verification results. For example, interviewees remarked how the DVSP results 'Atlas' was a useful communication tool for DMs, as were forums where CDMT and verification teams were able to talk individual DMs through their respective LGA results and answer any questions. However, it is also important to clearly define whose responsibility it is for the communication of such results and ensure there are adequate resources to disseminate them at both the central and decentralised levels.
- As detailed in the 2014-2019 Learning Report, there can be a trade-off between a complex payment structure which 'fairly' reflects the heterogeneity of contexts, and a more simplified payment structure which is easier for stakeholders to understand. For example, in Phase 4 the payment calculation shifted from an accuracy 'weighting factor' in the payment formula, to one which paid separately for functionality and accuracy. Whilst this may have meant results were easier to understand by stakeholders, the addition of partial payments for 'water outage verifiable' may have re-added complexity[25].

The process of getting the funds from FCDO to the LGAs:

- As mentioned in the 2014-2019 Learning Report, where channelling funds through governmental systems, a clear understanding of Public Financial Management processes, and drivers of decision making, is essential. There are potential risks if the conveyance of funds is delayed and as such the process needs to be proactively tracked[26]. However, the program has now experienced delays on successive years, so it may be now seen less as a 'risk', and more of a challenge to which the programme needs to adapt to minimise the impacts of such delays.
- It is important that all those involved in conveyance of funding, and approval of budgets for usage of programme funds, are clear on the intended usage and objectives of those funds. Likewise, it is important to understand potential constraints on the flexibility of use of funds within PFM systems. For example, during Phase 4, there was personnel turnover within the Ministry of Finance, which led to the incoming team raising numerous queries and suggesting restrictions on the usage of these funds.

24 Whilst the PbR programme is strengthening the capacity of the CDMT to potentially undertake internal verification in future, the P4R programme is focussing on building the capacity of the Internal Auditor General. These differences in approaches may relate to differing program or development partner regulations.
25 This theory around increased complexity should be checked with DM interviews in future learning activities.
26 It is understood that DIME intend to 're-map' the financial flow process in light of the institutional reforms (e.g. creation of RUWASA).

Usage of the funds at the LGA level:

It should be noted that reports and studies on how the PbR funds have been used were not available at the time of this lesson learning review. Hence the findings below are based on anecdotal information and will need to be triangulated in due course.

- Where a PbR programme anticipates that the payment recipient (in this case the LGAs/DMs) will have autonomy and discretion to use funds as they best see fit, it is important to understand the potential constraints to them in doing so. Where directives are placed on what the funds can and cannot be used for, these need to be grounded in a clear evidence base as to what is needed to improve results. Processes of upwards reporting of plans on how to spend the funds, and higher level 'approval' of such plans may also restrict the potential for local autonomy of fund usage. For example, in both Phase 3 and Phase 4, MoW and RUWASA provided guidance to LGAs/DMs around how PbR funds could be spent. This required that 75% would be spent on infrastructural-related costs, with restrictions on the funds that could be spent on personnel, transport and per diem costs. It is unclear whether these directives were developed with a clear evidence base that this is the best use of funds to achieve programme results. Furthermore, RUWASA requires DMs to develop plans for expenditure of PbR funds, which are reviewed and approved, at higher levels within RUWASA, and once approved, are relatively non-flexible.
- As detailed in the 2014-2019 Learning Report, the timeframes available to spend the PbR funds have a significant influence on their use by recipients and their potential to undertake longer-term actions to address root-cause challenges, versus undertaking 'quick fixes'. For example, delays in conveying the funds to the DMs meant there was limited time remaining in the financial year to undertake planning (and obtain approvals for this) and procure for goods and services, and execute these within the financial year. As discussed later in this report, timeframes to spend funds, directives provided from 'higher levels' in the system, together with the payable result definition itself[27], can potentially promote undertaking infrastructural repairs (e.g. rather than addressing wider issues of poor sustainability).
- In undertaking a programme such as this in future, it would be important to gain an understanding of how long it may take an organisation to utilise and spend the result payments, when considering the frequency of verification and payment cycles. For example, at the time of writing this report, it was understood that RUWASA had recently completed Phase 3 fund implementation, and were undertaking procurement to use Phase 4 funds, one month before the reference data was to be provided to the DVSP to commence the Phase 5 verification cycle. In this, there is essentially a 1-year time lag between the payment and verification process, and the results.
- The payment calculation can, if it is properly understood by the result owners (in this case the DMs and RUWASA more broadly), have a strong influence on what behaviours the payment incentivises, and potentially what the funds are spent on. The potential impact of removing accuracy of results as a weighting factor on functionality payments, is discussed later in this report.

5. Achieving outcomes (improved functionality)

Common understanding on the desired outcomes:

- With a complex programme such as this, which seeks to influence the actions of stakeholders at central and local levels nationwide, efforts are needed to ensure all stakeholders are clear on the desired outcomes. Such a common understanding is important to periodically reinforce, particularly in contexts of significant personnel turnover, for example those which arose from the establishment of RUWASA.

Achieving outcomes:

27 In this case, paying for functionality (rather than wider 'sustainability').

- Systemic change takes time. Some interviewees reflected on the challenges and timeframes to achieve change within governmental systems, and how programmes such as these can anticipate delays, for example linked with bureaucracy and PFM systems. In this, they queried how ambitious programmes such as this should be in terms of outcomes in short-to-medium timeframes.
- Whilst certain stakeholders may be primarily interested in the 'outcome' of funds received, it is important that there is significant focus on whether the program outcomes (e.g. in this case accuracy and functionality) are changing. Trends in core programme results need to be analysed annually, and in instances of relatively limited improvements year-by-year, this needs to be reviewed as a priority, with timely research undertaken with a fast feedback loop to lead to course correction.
- As mentioned earlier in this report, the payment calculation potentially has a considerable influence on what results and outcomes are prioritised. It is important that the payment calculation effectively incentivises each of the different desired results. For example, the relative influence of accuracy of data on the amount of funds received per LGA has reduced significantly following the change of payment calculation in Phase 4. However, this change has been made whilst accuracy of data remains low. This may be explained, in part, in the evolution of the programme through time: initially, the monitoring and reporting systems, and data contained within them, were relatively weak. Therefore initially there was a strong focus on the payment structure and eligibility criteria to incentivise the improvements of these. There have since been improvements on the reporting processes (on data correctness and completeness – but limited progress on accuracy), and at the same time concerns from some stakeholders over how the emphasis on monitoring systems in the payment structure may risk detracting stakeholders' focus from the wider goal of improving functionality. As such, the payment structure has been amended through time.

Functionality, sustainability and service delivery models:

- Whilst the terms 'functionality' and 'sustainability' may at times be used interchangeably, they are distinct. A programme aiming for sustainability of rural water supply services needs to choose proxy indicators and core results carefully, to avoid a risk of an ongoing focus only on 'infrastructural' aspects of sustainability[28], and not capturing wider service quality factors (such as reliability, water quality, adequacy, affordability, accountability, etc).
- When designing payments for sustaining rural water supply services the different mandates between the 'service authority' and 'service providers' for water supply should be borne in mind[29]. Where payments are made to a service authority for infrastructure maintenance, care needs to be taken to ensure this does not inadvertently lead to a blurring of responsibilities between the service authority and service providers, nor lead to 'supply driven' repairs from the service authority[30], which may, theoretically reduce the service providers' proactiveness in undertaking repairs themselves in future. Blurring of responsibilities may also lead to reinforcing attitudes among household users (and indeed management committees) that repairs are someone else's business, leading in turn to a reluctance to pay tariffs regularly[31].
- Where there is not sufficient evidence of an effective service delivery model (or models) for ensuring ongoing rural water supply functionality, it is important to complement a PbR programme such as this with research and pilots to build the evidence base on how to strengthen sustainability. However, such evidence would be useful to have in place from early in the PbR programme, to allow the PbR funds to be used to help build or strengthen these service delivery models during the course of the PbR programme. Although one interviewee remarked how it is important to first ensure stakeholder interest and commitment to functionality issues, before it is

28 And to promote preventative rather than reactive maintenance practices. For example, in distinguishing here between 'functionality' and 'uptime' of rural water points.

29 Service Authorities are those mandated to plan, oversee and ensure WASH services within their area of jurisdiction. This is often, but not always, a local government authority, and in Tanzania is now RUWASA. Service Providers are those tasks with day-to-day delivery of WASH services, in this case the COWSOs and CMOs.

30 Which may need to be undertaken rapidly, given the time constraints for expending the PbR funds

31 However, some could argue that given the historical focus in Tanzania's rural water sub-sector on new construction, it was important initially for the program to focus the service authority's attention to supporting maintenance of existing infrastructure. Whilst the precise mechanisms of who should undertake what support to maintenance would have been identified over time, PbR has certainly increased stakeholder focus on maintenance services.

worth working to look for potential solutions such as service delivery models. In this they argued, time is needed to gain such a focus and commitment from stakeholders, and that a programme such as this could be seen as taking different 'phases' of focus in terms of what it helps stakeholders to focus on and what it incentivises[32]

6. Equity and Value for Money (VfM)

Achieving Value for Money (VfM) in the programme, and in achieving outcomes:

It is important to mention that this learning review did not undertake detailed VfM analysis, and the points below are based on anecdotal information:

- A programme such as this has the potential to maximise its VfM through ensuring aspects such as:
    - Evidence and learning generated are fed back into the programme in a timely manner, and are also shared with stakeholders beyond the programme to maximise impact;
    - The wider potential for PbR to stimulate positive systems change (as described under learning theme 2) materialise in practice;[33]
    - The systems and capacities that have been strengthened in this programme are scaled up, utilised and built upon by other programmes in the sector;[34]
    - There is maximum complementarity between this programme and those of the wider sector;[35]
    - The different programme service providers' skillsets added value are fully utilised, and collaborative relationships between them stimulate efficiencies;
    - There are maximum prospects for the results to be achieved between verification and payment cycles - for example, having adequate timeframes for RUWASA to plan for and execute activities funded by PbR - and that barriers to this are monitored proactively and addressed in a timely manner.
- In contrast, if these aspects are not undertaken as described, they pose a risk to ensuring VfM
- A programme which has such a strong focus on sustainability such at this, could consider within its design a post-programme evaluation, which includes a VfM analysis[36].

Ensuring an equity-focus in programme support and gains:

Whilst it was envisaged that DIME would undertake some analysis on equity-related aspects of the programme in 2020, due to COVID-19 related re-pivoting of their work, this has not yet commenced. Hence, it is expected learning aspects relating to equity will be captured in the future learning reports.

Recommendations

Based on the findings in this report, the following recommendations are made. These recommendations were presented and discussed during the online workshop on 13th November 2020, and the feedback received is integrated herein.

It should be noted that the programme is in its latter stages, hence efforts have been made to define what actions may be possible to focus on within the timeframes of the programme, and what recommendations should be taken on as an ongoing action point. Many of the recommendations imply liaison and collaboration with stakeholders beyond only those directly involved in the PbR programme.

32 DIME's 'Maji Endelevu' complimentary implementation seeks to build such an evidence base, with a focus on strengthening the LGA-COWSO/CMO linkage and better clarifying their respective roles and responsibilities.
33 As described earlier in this report, for example if the improved asset inventory data from verifications is incorporated into a cleaned, improved national dataset, if this improved dataset is widely used for policy and planning, etc.
34 This is happening to a certain extent by the P4R programme
35 Some interviewees remarked that there could be more interaction between this programme, its intentions, activities and learning, and with the wider rural water supply sub-sector actors in Tanzania.
36 It is understood that such an analysis will be conducted by FCDO at the end of this programme.

Actions to be prioritised within the remaining timeframe of the program:

1. **Intensify discussions and planning around the exit strategy** for the external verification and for the PbR programme more widely. Ensure these discussions are inclusive of key stakeholders[37] and ensure roles of the different stakeholders in supporting this exit strategy are clearly defined. Significantly increase the dialogue between the PbR and P4R programmes, with a focus on post-PbR continuity. Make a specific link between the ongoing Capacity Needs Assessment of RUWASA and core functions and processes needed in RUWASA to continue results-based activities. Review where the institutional mandate will lie for future verifications within the Government of Tanzania and collaborate with the P4R programme on building such capacities.
2. **Prioritise the analysis of reasons for low accuracy** of data[38] and work collaboratively in the sector to define what is needed to address these issues, taking in learning experiences from within and beyond the programme. Consider how future payment calculations can maintain adequate pressure to improve the quality of data accuracy. Fast-track the operationalisation of the WPDM and unique water point code identifiers and roll this out in the wider sector.

Ongoing actions that should be initiated or prioritised, but may not be fully achievable within the programme timeframes:

3. **Review barriers to improving functionality (and wider service delivery)** in this programme[39] and build the evidence base on effective models for rural water supply maintenance and service delivery. Learn from the wider sector in Tanzania on experiences in improving sustainability. Analyse how the use of PbR funds has affected the clarity in responsibilities for maintenance between RUWASA and rural water service providers. Undertake a collaborative review with programme stakeholders and the wider rural water sub-sector in Tanzania, of the wider actions needed in the sector to strengthen service sustainability and develop a sectoral plan to achieve this. Provide evidence-based guidance to RUWASA to help inform any direction they provide the DMs for the usage of future PbR/P4R payments. Consider interim arrangements to ensure evidence and reflective learning is done on the programme in light of the lack of the previously envisaged September 2020 DIME workshop, and in light of COVID-19 restrictions on in-person workshops.
4. **Review the wider systemic impacts of the programme,** and through this, identify further areas for systemic improvement, both through this programme and to be done by wider sector initiatives (such as the P4R for example). Fast track the DM survey and consider analysing whether trends of water point construction vs repair have been different in the 2020 election cycle relative to earlier years.
5. **Strengthen WASH sector coordination and planning processes** at the national and LGA levels. Revitalise the WASH Development Partners group and refresh the Water & Sanitation Management Teams (WSMTs) at LGA levels. Strengthen capacities within RUWASA at central and particularly decentralised levels to analyse sector monitoring data and support the development of multi-stakeholder, strategic WASH planning at the local level, which can form a guide for a longer-term approach and vision to the expenditure of annual funds.

The 2014-2019 Learning Report generated specific recommendations, which are presented in Annex 2, with information on the extent of progress made towards these to date.

37 Including the Government, FCDO, World Bank, and the service providers of both the PbR and P4R programmes.
38 For example, during the online workshop, DIME mentioned they had some findings regarding inconsistencies between regions in governmental data collection and data management processes.
39 And use these insights to inform future activities of this programme, or of P4R or other initiatives in the sector.

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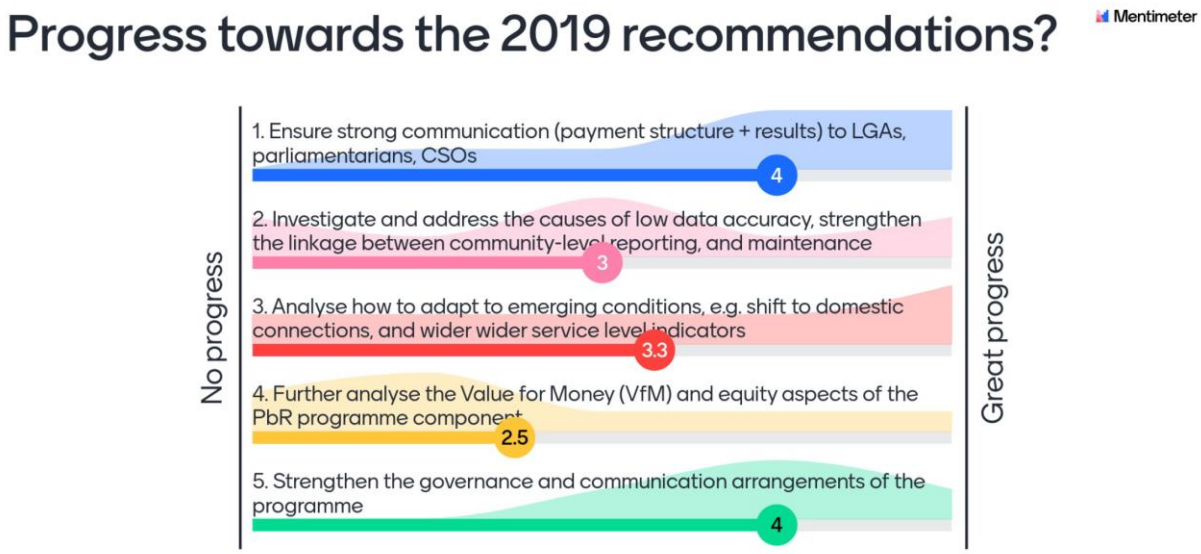
Annex 1: List of interviewees and online workshop participants

The below table shows the list of stakeholders consulted as part of information gathering for this programme-wide learning report.

Name	Position	Organisation	Interviewed	Attended workshop
1. Alena Cierna	Project Manager	DVSP (Ecorys)	×	×
2. Aidan Coville	Economist	DIME	×	×
3. Amy Weaving	Project Director	DVSP (Ecorys)	×	
4. Bahati Joram	(former) Head of ICT and Statistics	(former) RUWASA	×	
5. Bwigane Muinda	Survey Team Zonal Leader	DVSP (Datavision)	×	
6. Cletus Mkai	Survey Team Zonal Leader	DVSP (Datavision)	×	×
7. Don Brown	Team Leader	DVSP (IWEL)	×	×
8. Eng. Mashaka Sitta	P4R Programme Coordinator	Ministry of Water	×	
9. Eng. Mkama K. Bwire	Director of Water Supply & Sanitation	RUWASA	×	
10. Harieth Kaiza	Chief Internal Auditor	RUWASA		×
11. Gertrude Kihunrwa	Advisor	FCDO	×	×
12. Sadick Masomhe	Qualitative Research Assistant	World Bank		×
13. Iain Menzies	Team Leader	World Bank	×	
14. Lilian Mkama	Project Officer	FCDO		×
15. Aziz Mutabuzi	Manager – Technical Support Section	CDMT, RUWASA		×
16. Singolile Mwamwaja	Data Manager	CDMT, RUWASA		×
17. Jérôme Sansonetti	Economist	DIME	×	×
18. Kema Koronel	WASH Expert	DVSP (WEMA)	×	×
19. Lukas Kwezi	Senior Responsible Officer	FCDO	×	×
20. Harold Lockwood	Learning and Communications Expert	DVSP (Aguaconsult)		×
21. Machibya Magayane	Deputy Team Leader	DVSP (WEMA)	×	×
22. Rachel Norman	Learning and Verification Expert	DVSP (Ecorys)	×	×
23. Stefanie Henke	Survey Manager	DVSP (Datavision)	×	×
24. Stella Urassa	Survey IT Specialist	DVSP (Datavision)	×	

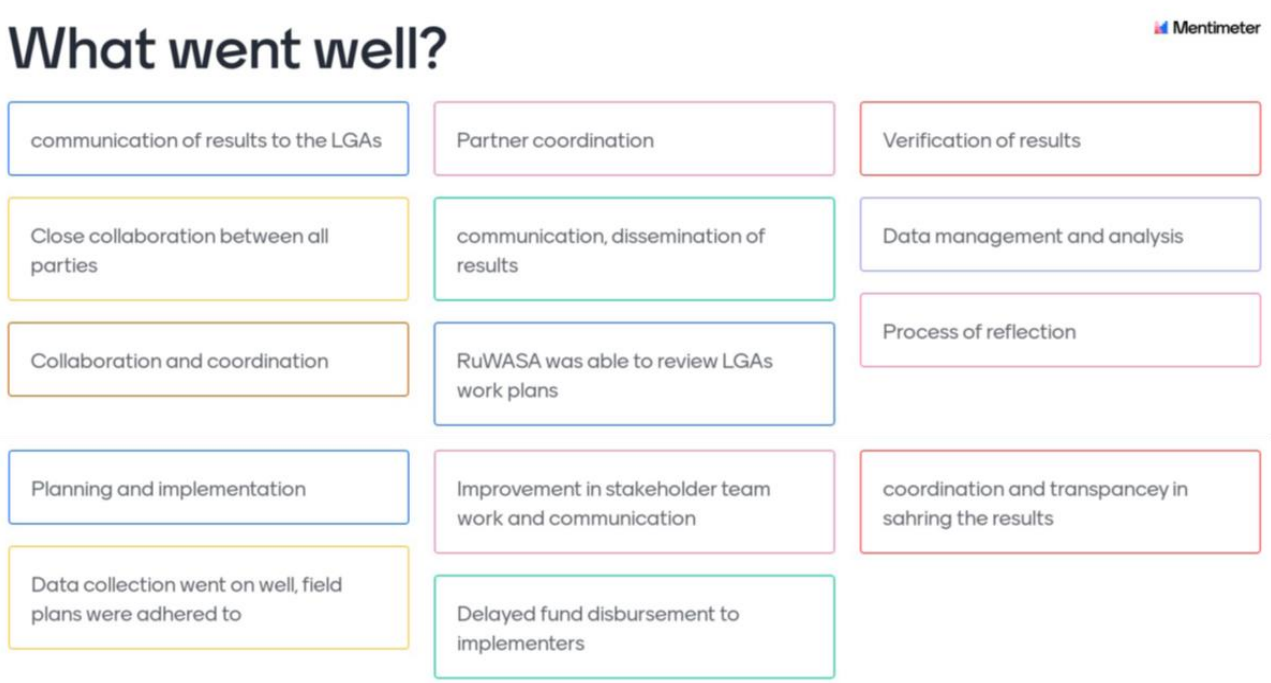
Annex 2: Reflections on recommendations from the 2014-2019 Learning Report (from the online workshop)

During the online workshop, participants were asked to score the rate of progress towards the recommendations of the 2014-2019 Learning Report, on a scale of 1-5. The scores are presented below.



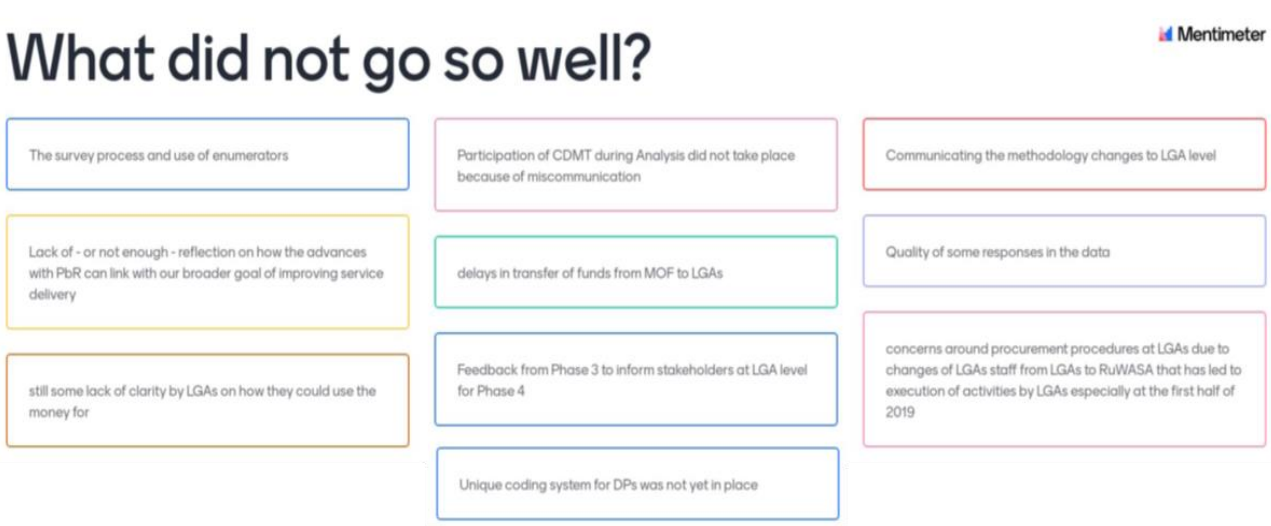
It was felt that the recommendations remained relevant and still required efforts to achieve them. Generally stakeholders felt that there was good progress on recommendations 1 and 5 related to communication and coordination aspects, whilst there were still opportunities to improve the sharing of results with the wider sector. Stakeholders remarked that some of the analytical aspects (related to recommendations 2, 3 and 4) were understandably delayed due to DIME's research work being re-pivoted during COVID-19. It was also noted that aspects of service delivery models, and elements of recommendation 3 were somewhat beyond the scope of the program, yet should be taken forward by RUWASA as a result of learning of this program. It was noted that progress on recommendation 4 was to be expected in 2021 by DIME (for equity analysis), and that the VfM analysis would be done as part of the programme completion review by FCDO.

Annex 3: Reflections on what worked well, and less well in Phase 4 (from the online workshop)



There were also the following points that participants raised in the chat-box of the call, that are not captured in the mentimeter slide above:

- Coordination and transparency in sharing the results & Communicating results with all stakeholders.
- More willingness and opportunity to reflect on what is being learnt on various points of the process. Steps back and whole learning, taking us to the big so what questions.
- Partner coordination: evolution of programme as started unclear in terms of who, how, roles. Each year this has been adapting and evolving. Last year period was good even in a period of change/ with the restructuring, different government partners, both internal and external coordination improved, including despite the added challenges of COVID-19.



There were also the following points that participants raised in the chat-box of the call, that are not captured in the mentimeter slide above:

- Delay in transfer of funds & usage of funds at the LGAs.
- Requested to know more about what can we do in terms of the delays in funds to LGAs, as likely to be a problem in the future again, and these are concerns repeated year on year. So, RUWASA what can be done?