Tanzania:
Executive Summary

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Background

This evaluation assessed the Bank’s development assistance to Tanzania during the period 2004-2013. It covered three Country Strategy Papers (CSPs): 2002-2004/5, 2006-2010 and 2011-2015. The evaluation will inform the new CSP 2016-2020 and provide inputs to the Comprehensive Evaluation of the Bank’s Development Results (CEDR). The purpose of the Evaluation is to i) assess the development results of the Bank’s assistance to Tanzania, and in particular the extent to which the Bank’s interventions have made a difference in the country and ii) suggest lessons and potential improvements to support the design and implementation of the new Country Strategy Paper (CSP) 2016-2020.

This evaluation used a broad range of data collection including document reviews, semi-structured interviews, focus group discussions, and visits to selected projects sites. Methodological details are presented in the full report.

The Bank’s contribution to development results in Tanzania

The relevance and selectivity of the Bank’s strategies and programs were rated satisfactory. The Bank country strategy papers (CSPs) reviewed and the interventions undertaken in the portfolio were broadly coherent with Tanzania’s national and sectoral strategic framework and needs. The CSPs and operations were also well-aligned with the Bank’s multiannual strategy applicable in the respective periods, although not so explicitly with Bank’s sectoral strategies and policies.

Overall, the effectiveness and sustainability of the Bank’s intervention were both rated moderately satisfactory. The evidence collected showed that the Bank’s outputs, such as piped water supply systems, trunk roads, irrigations schemes and so forth have to some extent improved the lives of direct beneficiaries. In many instances, the projects also triggered cascading benefits of a social and economic nature for the entire community (for example, access to market, employment, access to school and healthcare, land value and so on). On the other hand, the aggregated contribution to overall sector objectives and to development outcomes was mixed.

In the transport sector, outcomes are tangible: improved road conditions, more affordable transportation, increased connection among country’s economic centers, and facilitated trade across the Kenyan border. With respect to governance, the overall General Budget Support (GBS) helped the Government maintain and possibly expand development expenditure in key areas. The direct assistance to Public Finance Management (PFM) led to convincing improvements in the public procurement system and the internal and external audit function. In other sectors, like Micro, Small and Medium Enterprises (MSME) finance or education some promising results were obtained, but the scale of projects was too small to make a tangible difference. Finally, the level of investment in agriculture, energy and water and sanitation was high but due to delays and inefficiencies, the outcomes are smaller than expected.

The overall economic growth of Tanzania only partially translated into direct benefits for the poor. Poverty remains widespread, especially in rural areas, but positive signs in the reduction of inequalities are reported. Using the Household Budget Survey, the World Bank (2015) estimated that the Gini coefficient decreased from 39 in 2007 to 36 in 2012, which
was also better than the average for Sub-Saharan countries (45.1). Bank support to infrastructure development was certainly conducive to economic development. Interventions in the field of water supply and rural development contributed locally to non-income poverty alleviation.

The sustainability of results after the end of Bank’s support is not always ensured. Given the prevalence of projects on infrastructure development, the main concern is technical maintenance (and operation), and financial self-sustainability of the facilities constructed. Key challenges include the road maintenance financing gap, the low technical capacity available at local level to maintain rural infrastructures (especially irrigation schemes), the return on investment on rural markets (some of which are underused) and on electricity networks, and the financial viability of some MSME finance operations that registered weak performance.

The Bank’s contribution to knowledge generation and policy advice was rated as moderately unsatisfactory. Despite initial weaknesses, mostly due to the limited manpower of the field office, the Bank’s role in policy dialogue has grown, especially in areas where the Bank has a distinct added value (such as the energy sector). The Bank established a close collaboration with the Government of Tanzania (GoT), but the other Development Partners (DPs) view the Bank as too soft in its policy dialogue. The production of economic and sector work (ESW) has recently scaled up after many years of very marginal effort. However, the overall visibility of ESW products and their use in strategy-making remains limited.

The Bank’s management of its interventions in Tanzania

The efficiency of the Bank operations was rated moderately satisfactory. The implementation of projects often encountered significant delays and operational constraints, which prevented the full delivery of expected outputs. In infrastructure sectors, and particularly roads and water supply, the original estimated costs of works were often overrun, requiring resources from other components (often ‘soft’ components) and/or to reduce the scope of interventions. In other sectors, the delays hindered the completion of works before the end of the projects, as in the case of various irrigation schemes, electricity networks, strategic markets, and vocational education and training centers.

On the positive side, the efficiency has notably improved over time. The age of the portfolio decreased from 4.8 years in 2005 to 3.9 years in 2014; the time to first disbursement of recent projects is in line with efficiency targets (11 months against 24 months for projects under the first CSP considered); the portfolio has been cleared of problem cases and the number of projects at-risk dropped significantly. Public sector counterparts expressed positive appreciation for the operational efficiency of the Bank while some private sector counterparts are less satisfied.

The quality of the strategy and the operations design was assessed as moderately satisfactory. There was a clear improvement of CSPs over time along most of the ‘quality-at-entry’ (QAE) dimensions. The preparation process has become more participatory, and the analysis of context more thorough. On the other hand, the instrument mix and strategic focus were fairly conservative, and technical assistance was not always sufficient. At intervention level, the quality of design was not always appropriate, for example, the analysis of risks and their potential mitigating measures as well as project readiness. Furthermore, the majority of the Bank’s interventions reviewed did not satisfactorily address cross-cutting issues: gender equality, regional disparities, environmental sustainability and transition to ‘green growth’.

The Bank was rated moderately satisfactory on partnership and leverage aspects. The Bank actively participated in the design and functioning of the DP/GoT structures and processes for co-ordination and harmonization of assistance, and supported the country’s progress on Paris Declaration Principles with respect to Aid Effectiveness indicators (and the subsequent Global Partnership’s initiative). At the
operational level, the division of labor with other DPs generally worked well, although potential synergies across interventions were seldom exploited. On the leveraging side, the Bank managed to mobilize a relative modest amount of resources from other partners (and marginally from the private sector).

In terms of designing and applying management for results, the Bank was considered moderately satisfactory. Unlike its predecessors, the CSP 2011-15 almost fully adopted the Management for Results (MfR) approach, consisting of appropriate logframes, an appropriate M&E system, and the use of lessons for strategic orientation and design. The Bank’s projects generally included a result-based logframe, but there were frequent issues with the quality of indicators and the logical chains. Supervision has become more frequent and results-oriented and the Bank has improved its ability to take the right actions to redress non-performing projects. However, poor monitoring of readiness and lack of baselines still affect some of the Bank’s interventions.

Recommendations

1. **Concentrate on fewer key areas of proven expertise but with more emphasis on inclusiveness and integration.** The Bank’s focus on infrastructure and governance sector, although relevant, may reduce its direct impact on poverty, especially non-income poverty and rural poverty. It is therefore important that the future strategy embeds solid pro-poor strategic orientations, possibly through integrating interventions around a few key outcomes related to job creation and an increase of revenue in targeted areas. In doing so, the Bank should ensure that cross-cutting issues such as gender, regional disparity, environmental sustainability are not only generically mentioned in project appraisal documents, but are fully analyzed, mainstreamed in the implementation, and duly supervised and assessed.

2. **Improve the Bank’s profile as a ‘knowledge-partner’ in the country assistance framework, its influence on the reform agenda and its catalytic potential.** In recent years the Bank has increased its responsibility and visibility in some specific areas of policy dialogue (for example, energy sector reform). The same process should be followed in other key areas of the Bank’s interest – such as transport infrastructure and governance - and it should be more ambitious in the reform targets agreed with the Government. This goal can also be supported by ensuring the influence and visibility of the ESW in informing the Bank’s operational design along with its policy dialogue with the Government and development partners.

3. **Further enhance QAE at both strategic and operational levels with a view to strengthening the analytical basis and integration effect of the CSP, and avoid readiness issues and unrealistic designs that continue to affect the performance of the Bank’s interventions.** In this context, the Bank’s country experience can be leveraged to increase firsthand context analysis. The next CSP should include a more solid result-based framework and ensure an appropriate integration of the various instruments and channels of Bank assistance in a coherent framework (for example, lending and non-lending, public and private sector interventions). The implementation of a ‘readiness filter’ or similar mechanism, which ensures that only projects ready for implementation are taken to the Board for approval can help further mitigate efficiency issues. This should be reinforced by strengthening the project design, especially with respect to realism, the consistency of logframe (that is, inputs are conducive to outcomes), as well as the analysis of risk and mitigation measures.
4. **Consider adopting a more innovative approach to the portfolio selection, management and delivery mechanisms.** The Bank should explore the opportunities to enhance its private sector operations, both reinforcing its current engagement in MSME finance, but possibly venturing in other sectors with potential complementarity through mainstream lending to reduce inequalities. Internal co-ordination mechanisms and procedures, both at CSP and operational level, should be strengthened to allow reaping the benefits of synergies across different projects. Capacity building can also be prioritized in the design of the Bank’s future operations, including an increased use of the country system.

5. **Further strengthen supervision with a close involvement of the Bank’s institutional counterparts.** Supervision requirements need to be taken more into account at the design stage (notably frequency, resources needed, ‘risk’ profile of the intervention), and joint supervision should be used where applicable. Supervision recommendations should be followed, with flexibility to address potentially problematic situations. The sustainability section of progress reports in particular should be accurately compiled and reliable. In support of more effective supervision, project appraisals should include detailed follow-up and risk mitigation plans.
About this Evaluation

This summary report presents the results of an independent evaluation of the Bank’s development assistance to Tanzania during the period 2004 – 2013. It covered three Country Strategy Papers: 2002 – 2004/5, 2006-2010 and 2011-2015. The evaluation will inform the new Country Strategy Paper 2016-2020 and provide inputs to the Comprehensive Evaluation of the Bank’s Development Results (CEDR). The purpose of the Evaluation is to i) assess the development results of the Bank’s assistance to Tanzania, and in particular the extent to which the Bank’s interventions have made a difference in the country and ii) suggest lessons and potential improvements to support the design and implementation of the new Country Strategy Paper (CSP) 2016-2020.