TANZANIA COUNTRY STRATEGY AND PROGRAM EVALUATION

Introduction
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).

Purpose and Objective
- This evaluation was conducted to inform the next Tanzania CSP by drawing lessons from the experience of the past ten years. It also provides inputs to the CEDR. The purpose of the evaluation is two-fold: 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.
- The evaluation covered three CSPs. The first CSP (2002-2004/5) prioritized rural development including infrastructure, human capital development and national reforms while the second CSP (2006-2010) focused on growth and poverty reduction and improvement of the quality of life and social wellbeing. The most recent CSP (2011-2015) emphasized two pillars of support: i) infrastructure development; and ii) building an enabling institutional and business environment.
- During the period covered by this evaluation (2004-2013), the Bank approved a total of 42 operations for Tanzania, worth around UA 1.52 billion. In terms of the sector composition, the share of the transport sector (mainly roads) was the largest at 34% of the portfolio, followed by assistance to governance (multi-sectoral) which represents 26%. The energy sector represents around 7%. The share of agriculture and the social sector has declined over time. Most of the private sector operations only emerged in the last CSP, and account for less 1% of total assistance.

Main Findings
- The Bank CSPs and the portfolio of operations reviewed 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 strategies. However, the selectivity of the country strategies was found to be an area of possible improvement.
- Results were achieved in the transport and governance sectors. In the transport sector, outcomes are tangible: improved road conditions, more affordable transportation, and increased connection among the country’s economic centers. With respect to governance, the overall General Budget Support (GBS) helped the Government maintain and possibly expand development expenditure in key areas. 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 level of investment in agriculture, energy and water and sanitation was high but due to delays and inefficiencies, the outcomes are lower than expected. In other sectors, such as Small and Medium Enterprises (SME) finance and education, some promising results were obtained, but the scale of projects was too small to make a tangible difference.
- The sustainability of results after the end of the Bank’s support is not always ensured. Key challenges include the road maintenance financing gap, the low technical capacity available at local level to maintain rural infrastructures (especially irrigation schemes), and the return on investment on rural markets (some of which are underused).

Recommendations

- **Concentrate on fewer key areas of proven expertise but with more emphasis on inclusiveness and integration.** The Bank’s focus on infrastructure and the 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.

- **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.

- **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 SME 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 for reaping the benefits of synergies across different projects.

- **Further strengthen supervision with a close involvement of the Bank’s institutional counterparts.** Supervision requirements need to be taken into account better 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.