



Based on the Tanzania *Country Assistance Evaluation (1996-2004)*

## Tanzania Country Assistance Evaluation (1996-2004)

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### Bank Group Operations in Tanzania 1967-2005

Bank Approvals	Amount (in Million UA)	%	No
<b>Total Approvals, 1967-2005</b>	<b>1071.06</b>		<b>97</b>
<b>Loan and Grants Approvals, 1967-2005</b>	<b>924.66</b>	<b>100</b>	<b>95</b>
- Agriculture and Rural Development	186.87	20.2	22
- Transport	229.67	24.8	20
- Communications	28.42	3.1	2
- Water Supply and Sanitation	90.36	9.8	13
- Power Supply	37.97	4.1	8
- Industry, Mining and Quarrying	31.96	3.5	4
- Finance	9.50	1.0	3
- Education	49.49	5.4	7
- Health	18.25	2.0	4
- Poverty Alleviation and Micro-Finance	8.00	0.9	1
- Multisector	204.17	22.1	11
<b>Other Approvals</b>	<b>146.40</b>		<b>2</b>

Source: Compendium of Statistics, 2006 - African Development Bank Group

effectiveness of the Bank's program. CSPs did not sufficiently address Zanzibar, considering the Bank's growing presence on the island in terms of the amount of lending compared to other donors.

### Results of Sectoral Interventions

#### Assessment of Lending and Non-Lending Activities

Sectoral evaluations were undertaken as part of the larger study on the water supply and sanitation, transport, health, education, and agriculture sectors. The sectoral evaluations focused on the lending and non-lending instruments used to achieve program objectives and these were evaluated based on five evaluation criteria: (i) relevance; (ii) achievement of objectives and outputs (efficacy); (iii) efficiency of allocation and utilization of resources; (iv) institutional development impact; and (v) sustainability of project outcomes and results. These criteria were applied to individual projects and a rating for each criterion was derived by calculating the average of the individual results. Outcomes were then evaluated by considering three factors: the relevance of the intervention's objectives in relation to country needs and institutional priorities; efficacy, i.e., the extent to which the developmental objectives have been (or are expected to be) achieved without shortcomings; and efficiency, i.e., the extent to which the objectives have been (or are expected to be) achieved without using more resources than necessary.

The Bank's portfolio during the 1996 and 2004 period was judged to be relevant, but overall inefficient. Project objectives under each of the pillars will be achieved if some

### Bank Assistance to Tanzania (1996-2004)

Tanzania has been making major strides in its economic reforms. The rate of GDP growth has averaged 5.3 per cent between 1996 and 2004 achieving 6.7 per cent in 2004. Despite this progress, poverty remains widespread and persistent. There are wide disparities in poverty between regions, underscoring the need for a more targeted and diversified approach to poverty reduction efforts. There was a growing understanding between the government and development partners on the urgent need to improve the efficiency and effectiveness of external resources to achieve poverty reduction goals. In response, the government articulated ambitious targets and comprehensive strategies for poverty reduction in the PRSP. Between 1996 and 2004, Bank support to Tanzania was articulated in three Country Strategy Papers (CSPs) which had poverty reduction as their overarching objective. Bank support amounted to UA 444.75 million for 34 operations, covering five sectors and multisectoral policy-based support. Of this amount, 62 per cent was for project loans, 30 per cent for policy-based lending, and 8 per cent for grants. The Tanzania portfolio was characterized by slow implementation between 1996 and 2004. Out of the 34 operations, five were completed. There were no investment projects completed during the 9-year period.

Analysis of Bank support to Tanzania between 1996 and 2004 produced several findings. Bank efforts to limit the number of sectors supporting the Bank Group's strategy met limited success. The lack of selectivity was largely because the CSPs were not completed as planned. In spite of its significant interventions in transport and education, the Bank does not seem to have developed comparative advantage in these sectors. None of the CSPs were supported by a set of medium-term performance indicators as well as sound monitoring and evaluation systems to help determine the



of the efficiency issues hindering their timely implementation are vigorously addressed. The three pillars of intervention during this period were: (i) support to macroeconomic stabilization through reforms; (ii) acceleration of pro-poor economic growth; and (iii) fostering human development. The evaluation had difficulty identifying overall outcome and the causal chain with the three CSP pillars. This was due to slow program implementation, lack of a monitorable results framework, and the absence of baseline data. Despite the significant resources dedicated to economic growth and human development, together representing 69 per cent of total disbursements for the period, inefficient implementation prevented the Bank from realizing most of its objectives in these areas. The overall CAE was rated unsatisfactory considering the objectives were largely not achieved for two of the three pillars representing over two-thirds of total resources used. Future successes in these areas are possible; provided the portfolio is managed more efficiently. Bank interventions in macroeconomic stability were successful as the Bank positively contributed to maintaining macroeconomic stabilization and structural reforms.

Based on the sectoral evaluations, operations in all the sectors were rated relevant. For relevance, the education sector was given a highly relevant rating while the health, power, and transport sectors were rated relevant. Agriculture received the lowest rating on relevance. In the case of agriculture, while non-lending activities received fairly high ratings, projects had poor ratings that decelerated the overall rating. For the education sector, there were high ratings for ESW activities, especially because they influenced the design and relevance of the ensuing projects.

In terms of efficacy, the aggregate ratings were generally lower than the relevance ratings. The highest rating was assigned to the transport sector and the lowest to the education sector. The health sector also received low rating because of the non-functioning equipment, lack of trained midwives, poor training of nurses, etc., which led to the conclusion that the related Bank contribution to MDGs (e.g., reduction of maternal mortality rate) was not likely to be realized as envisaged. In the case of agriculture, the achievement of objectives was hampered by insufficient ESW. The efficiency rating was also low. All the sectors reviewed received poor ratings. The lowest rating on efficiency was for the health sector. A satisfactory rating was awarded to the water sector because the project was still ongoing. Should this be sustained, it would mark a departure from the inefficient projects previously experienced in the implementation of water projects.

Bank approach to institutional development remained piecemeal largely due to the low quality of ESW needed to better assess the country's institutional development needs. Regarding sustainability, Bank achievements are likely to be sustained, as the structural reforms that have been accomplished were generally accepted by stakeholders. Financial and economic viability are also likely due to privatization and sectoral reforms. Sustainability of Bank interventions in the education sub-sector was likely as staff already employed were involved in the implementation of education sub-sector projects, thus developing the capacity of those who remained after the projects closed. Regarding the sustainability of social sector projects, the focus on community supported educational institutions was found to be positive.

## Evaluation Recommendations

Looking ahead, the Tanzania CAE proposed seven recommendations for future Bank operations in Tanzania:

- At the outset of future CSP development, a key consideration for the Bank should be to improve sectoral selectivity, as well as the mix of lending and non-lending instruments used so as to achieve better synergy among projects during the programming period.
- Economic and Sector Work should be a strong prerequisite to enhancing the quality of Bank CSPs and ensuring the success of Bank sectoral interventions. ESW efforts should also include robust analysis of Zanzibar to provide better understanding of the island's needs and its relative weight in the Bank's overall strategy in Tanzania.
- The Bank should improve implementation efficiency in Tanzania to ensure that pending project outcomes materialize and that future Bank programming is facilitated.
- Implementation delays must be addressed. Loan effectiveness delays should be minimized by requiring the fulfillment of substantive conditions before appraisal or before Board approval.
- The Bank's comparative advantage in the transport and education sectors should be put to better use in the country.
- On monitoring and evaluation, future CSPs should contain a robust evaluation framework with verifiable, objectively measurable performance indicators for both mid-term and final CSP evaluations.
- Now that a country office has been opened, this office should play a crucial role in all these areas, in light of the move to a Joint Assistance Strategy in Tanzania, and the call for increased decentralization.