

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



TANZANIA

**JOINT ASSISTANCE STRATEGY AND JOINT PROGRAMME
DOCUMENT**

COVER NOTE

REGIONAL DEPARTMENT EAST A (OREA)

APRIL 2007

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ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
AIDS	Acquired Immuno-Deficiency Syndrome
APPR	Annual Portfolio Performance Report
CAE	Country Assistance Evaluation
CSP	Country Strategy Paper
DP(s)	Development Partner(s)
DPG	Development Partners' Group
FY	Fiscal Year
GDP	Gross Domestic Product
HIV	Human Immuno-deficiency Virus
IMF	International Monetary Fund
JAST	Joint Assistance Strategy for Tanzania
JPD	Joint Programme Document
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MKUKUTA	<i>Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania</i>
MKUZA	<i>Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Zanzibar</i>
MPEE	Ministry of Planning, Economy and Empowerment
MTEF	Medium Term Expenditure Framework
NSGRP	National Strategy for Growth and Reduction of Poverty
NTF	Nigeria Trust Fund
PEFAR	Public Expenditure Financial Accountability Review
PRBS	Poverty Reduction Budget Support
PRSL	Poverty Reduction Support Loan
TANESCO	Tanzania Electricity Supply Company
TAS	Tanzania Assistance Strategy
TZS	Tanzanian Shilling
UA	Unit of Account
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty

CURRENCY EQUIVALENTS

March 2007

Currency Unit	=	Tanzanian Shilling (TZS)
1 UA	=	1939.34 TZS
1 UA	=	US \$ 1.50472
1 US \$	=	1288.84 TZS

WEIGHTS AND MEASURES

Metric System

FISCAL YEAR

01 July to 30 June

I. INTRODUCTION

1.1 In June 2003, the Boards of Directors of the Bank Group approved the Country Strategy Paper (ADB/BD/WP/2003/48-ADF/BD/WP/2003/42) for Tanzania covering the 2002-2004 cycle. The objective of the Bank medium-term strategy was to promote broad based economic growth and poverty reduction in Tanzania in line with the country's Poverty Reduction Strategy (PRS) goals. To achieve this objective, Bank Group assistance focused on agriculture, rural development, human capital and institutional development and structural reforms. The Country Strategy Paper (CSP) also proposed supporting policy and institutional reforms in coordination with the World Bank, the IMF and other development partners, with a view to encourage policy reforms and dialogue with the Government.

1.2 By the end of 2004, the Bank Group's medium term strategy that was articulated in the CSP was fully implemented. In early 2005, the Bank Group was ready to embark on the preparation of a new CSP that was to be based on the country's second Poverty Reduction Strategy papers, comprising the National Strategy for Growth and Reduction of Poverty (NSGRP) in the mainland and the Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP), popularly referred to by their Swahili acronyms MKUKUTA¹, and MKUZA² respectively. However, after consultations with the authorities, it was agreed that since the Government had already started to formulate the Joint Assistance Strategy for Tanzania (JAST) that was expected to guide aid modalities and delivery of development assistance in the context of increased harmonisation, the best way forward for the Bank Group would be to participate in the preparation of the JAST along with other development partners. Bank staff, particularly those in the Tanzania Country Office, have been actively participating in the formulation and discussions of the JAST. However, the finalisation of the JAST took longer than expected because of the need to hold extensive and broad-based consultations between the Government, Development Partners and non-state actors. As a mitigating measure, the Boards approved the preparation of a CSP Update to guide the Bank Group's interventions in the interim in order to facilitate progress in delivery of the ADF X Lending Programme in 2006³. The CSP Update (Document ADB/BD/IF/2006/130 and ADF/BD/IF/2006/116) was prepared and distributed to the Boards and allowed the presentation for consideration and approval various projects in the ADF X Lending Programme for 2006, namely, the second Poverty Reduction Support Loan (PRSL II), the Rural Water Supply and Sanitation Project (that is under the Bank's Rural Water Supply and Sanitation Initiative), and the Support to the Maternal Mortality Reduction Project.

1.3 The JAST has now been finalised and is geared towards strengthening national ownership of development programmes through aligning donor support to national priorities and Government policy frameworks; reduction of transaction costs for the Government, as well as for the donor community by doing away with multiple strategies, processes, and reporting formats and duplicate/overlaps in donor supported activities. It also focuses at achieving more efficient and effective use of donor resources through division of labour. The JAST is, therefore, viewed as an important instrument to channel donor resources to support growth and poverty reduction oriented initiatives through result-based resource allocations, as stipulated in the MKUKUTA and the MKUZA.

¹ *Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania.*

² *Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Zanzibar.*

³ The preparation of the Update was approved by the Boards (Document ADB/BD/WP/2005/115 and ADF/BD/WP/2005/128) on 25 October 2005.

1.4 The process of formulating the JAST was led by the Government and involved extensive and broad-based consultations with Development Partners and non-state actors. It came into force in July 2006 and was officially launched in December 2006⁴. In the meantime, as the next logical step in improved aid effectiveness, Tanzania's Development Partners' Group (DPG) decided to prepare a results-based Joint Programme Document (JPD) as a response to the JAST, MKUKUTA and MKUZA. The JPD provides a common understanding by Development Partners on various aspects of the economy and donor relations with the objective of reducing transaction costs to Government, and continuing to improve the alignment of development partner support in the implementation of MKUKUTA and MKUZA. The JPD has thus been developed to serve as a document that replaces multiplicity of development partners' consultations in the preparations of "Country Strategy Papers". It provides background analytical material and development partners commitments in support of development programs. To this end, the JPD reflects DPG planned support and commitments to Tanzania on aid effectiveness over the 4 remaining years of MKUKUTA, FY06/07-09/10. In order to ensure that the joint programming exercise does indeed reduce transaction costs for the Government, Development Partners are expected to use the JAST and the JPD to locate their individual agency plans. Within this context, this **Cover Note**, therefore, seeks to transmit the JAST and the JPD to the Boards and to place the Bank Group's strategy for Tanzania. To this end, as indicated in the JPD (page 1), the JAST should be regarded Part I of the Bank Group's strategy; the JPD Part II and III; while this **Cover Note** describes the Bank Group's specific approach and programme over 2006-2010 and constitutes Part IV.

II. DEVELOPMENTS IN AID COORDINATION AND HARMONISATION

2.1 The process of aid coordination and harmonisation between the Government and Development Partners in Tanzania dates back to 1997, and since then, the country has made significant progress in aid coordination and harmonization. In 2002, the Government formulated the Tanzania Assistance Strategy (TAS). The TAS outlined 'best practices' in development co-operation and included an Action Plan with four priority areas for immediate action: (i) increasing aid predictability; (ii) integrating external resources in the Government budget and Exchequer system; (iii) harmonizing and rationalizing Government and Development Partner processes; and (iv) strengthening capacity for external resource management and aid coordination. Many of these practices have found their way into the Paris Declaration on Harmonisation and Alignment for Development Results, to which Development Partners are institutionally committed. Building on the TAS, the Government initiated the development of the JAST in 2005, involving extensive and broad-based consultations with Development Partners and non-state actors.

2.2 Under the JAST, Development Partners have committed to align their support to Government poverty reduction priorities and to facilitate domestic accountability by being transparent in the provision of their development assistance – notably by making increasing use of Government systems in terms of financing, procurement, accounting, auditing, monitoring and evaluation, as well as by engaging in open dialogue with the Government and other domestic stakeholders. The JAST requires technical assistance to become more demand-driven and increasingly untied from the financing source; and express the need for the elimination of parallel Project Implementation Units. The JAST calls for increased aid predictability through enhanced reporting of three-year MTEF financing commitments to facilitate improved budget planning. JAST rationalisation includes a move towards the Government's preferred aid modalities and further progress in implementing the division of labour. The JAST is being operationalised through the completion of an Action Plan and Monitoring Framework.

2.3 It is, however, worth recognising that the implementation of the JAST will pose various

⁴ The JAST MOU was signed on 05 December 2006 by the Government and 19 participating Development Partners, namely African Development Bank, Belgium, Canada, Denmark, European Commission, Finland, France, Ireland, Japan, Germany, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, World Bank, United Nations Organizations and United States of America.

challenges for Development Partners (Box 1). For the Bank Group, the new aid strategy will involve a re-orientation from the traditional project financing towards basket funding and increased contributions through General Budget Support. In addition, it requires strong presence of each donor in contributing to policy dialogue on sector specific issues. Towards this end, it is worth noting that the Bank Group has embarked on strengthening its field office with requisite staff numbers and skills mix. This will enable the staff at the country office to track the discussions across sectors and thematic areas for an informed policy advice and to contribute effectively in areas of Bank Group interest.

Box 1: Challenges of the JAST to Development Partners

This new approach on aid delivery under JAST will have substantial changes in the structures of most donors, especially multilateral financial institutions. With regard to the Bank Group, the implied changes include the following:

- It is imminent that there will be joint supervision missions, as most of Bank interventions will be co-financed and implemented along the Government systems, procedures and regulations. Joint supervision missions will largely concentrate on review of progress based on established performance indicators linked to an agreed list of actions for implementation over a specified period of time.
- In cases where the support is in the form of direct project financing, the Bank interventions will be mainstreamed within Government structures and procedures to avoid parallel systems and in an effort to build institutional capacities for sustainable development.
- There will be a growing demand to monitor and evaluate Government performance, as well as dialoguing with the authorities to ensure that the intended results are achieved. The Bank Group will therefore need to work together with Development Partners through active participation in joint dialogue sessions. A good example of how this new approach to aid delivery and how it can reorient operations of development partners at country level is noted from development partners supporting the government budget under the Poverty Reduction Budget Support (PRBS) framework, as well as on those supporting specific basket funds, particularly in health, education, agriculture, and on specific programmes.
- The Bank Group will need to agree with other Development Partners on how to divide responsibilities among themselves, depending on comparative advantage in terms of expertise in particular sectors/areas, with a view to devise policy actions that can enhance performance on the part of the Government.

In the wake of full implementation of JAST, there will be increased demand for active involvement of each development partner agency in the follow-up of implementation of Government programmes with the view to ensure transparency and accountability on the use of public funds, as well as in respect to its impact on poverty reduction and growth. This is indeed a tasking endeavour since most donors will have no direct control on the use of funds except through established monitoring mechanisms, via agreed performance indicators and reporting systems.

III. DEVELOPMENT ACHIEVEMENTS

3.1 **Economic Growth:** The Joint Programme Document (JPD) offers a concise overview of Tanzania's recent economic growth. In the 1990s, Tanzania embarked on a bold economic recovery programme, focusing mainly on restoring macroeconomic stability and developing a market-controlled economy. As a result, the economy has registered sound macroeconomic performance. Economic growth averaged 4% in the mid to late 1990s rising to an average 5.8% since 2000, and reaching 6.8% in 2005. Over the past five years, growth has been led by mining (15%), construction (10.2%), trade (7.2%) and communication (6.1%). Agriculture grew more slowly, at an average annual rate of 5.1%, although still high by regional standards. Agriculture remains the largest sector, contributing more than 40% of GDP (employing up to 80% of the population), while trade and financial services account for about 27% and industry, including mining, about 12.5%. The continued implementation of market driven economy through liberalisation of internal and external markets of goods and financial services, (including current account transactions and partial

liberalisation of the capital account), have led to improved competitiveness of domestic products and availability of a wide variety of goods and services.

3.2 Progress towards MDG targets: As detailed in the JPD, the country is making progress towards achieving the MDG targets (consistent with targets articulated in Tanzania's own poverty reduction strategy; MKUKUTA, and MKUZA for Zanzibar). Much more needs to be done if all targets are to be achieved. The country has already achieved some selected targets: Goal 2 (universal primary education); Goal 3 (gender equality in primary schools, although not in secondary schools); Goal 7 (proportion of urban population with access to safe water and basic sanitation); and Goal 8 (Global partnership for development). Where goals are not yet achieved, ongoing trends make it likely most if not all are achievable by 2010. With an increased focus on (rural) growth, and implementation of improved policies, strengthened institutions, and additional funding; Goal 1 (eradicate extreme poverty and hunger) is likely to be achieved. There is, however, slow progress in attaining the health-related Goals 4, 5 and 6 (reduction of child and maternal mortality, combating HIV/AIDS, malaria and other diseases) despite notable improvements in policies, institutions, and funding and even the significant progress that has been made to date, in combating child mortality.

IV. CHALLENGES AND CONSTRAINTS

4.1 In spite of the sound macroeconomic achievements, the JPD recognises that Tanzania faces some development challenges and constraints. On the macroeconomic front, it is recognised that the revenue/GDP ratio remains low by regional standards although there have been gains in the recent past emanating from improvements in tax administration, reducing exemptions, and broadening the tax base. Moreover, official development assistance has almost doubled in the last five years, rising from about 6% of GDP in FY1999/2000 to 11% in FY2004/05. The high aid dependency makes the country vulnerable to fluctuations in aid flows, and puts a significant burden on the budget management, requiring it to remain flexible enough to accommodate changes in the resource envelope without creating macroeconomic distortions, and necessitating the enhancement of aid predictability and domestic revenue. The large aid inflows have also posed a challenge in the conduct of monetary policy due to their potential impact on the exchange rate, interest rates, and the rate of inflation. Until recently, high rates of monetary growth have been consistent with relatively low inflation rates. The Bank of Tanzania is now considering reducing sterilisation while continuing to closely monitor the inflation rate. Financial deepening of the economy, together with structural reforms that will strengthen its international competitiveness, are critical to mitigating potential negative impacts of large aid inflows.

4.2 Another challenge relates to the level of income poverty. In spite of the impressive growth rates and significant progress in certain aspects of non-income poverty (as discussed in 3.2), income levels are still amongst the lowest in Africa. Between 1992 and 2001, the proportion of people living below the national poverty line fell slightly from 39% to 36%, while according to the UNDP Human Development Report 2005 the number of people living below the international "dollar a day" poverty line was 19.9%⁵. This means that the strong sustained growth since 1995 (of almost 6% annum) has impacted slightly on improvement of standard of living for a large proportion of the population. While poverty today is likely to be below that of 2001 levels, the lack of up to date data is a problem for policy making. The next Household Budget Survey will be undertaken in 2007 and updated poverty estimates will become available in 2008.

4.3 A related area of concern is income inequality. While the national data show that this has

⁵The national poverty line is set using the "cost of basic needs" approach, which normally refers to a minimally acceptable diet, based on foods consumed by poor households. To allow cross country comparisons, the one-dollar-a-day standard is commonly referred to as the extreme poverty line.

remained virtually unchanged in the 1990s, there are significant regional differences. In Dar es Salaam, poverty fell from 28% to 18% while in rural areas income poverty remained more or less unchanged during the same period. The 2001 poverty map shows how district poverty incidence varies from less than 20% in some areas such as Arusha and Bukoba to more than 50% in others such as Lindi and Singida Rural. This shows that poverty remains largely a rural phenomenon as 87% of the poor live in rural areas and implies that Tanzania needs real per capita rural growth rates of 2-3% if it is to halve the incidence of poverty by 2010.

V. BANK GROUP ASSISTANCE STRATEGY

5.1 Bank Group Portfolio

5.1.1 Size and Distribution of Portfolio: As at 31 March 2007, the Bank Group had approved sixty seven loans and twenty nine grants to finance fifty two projects, three industrial lines of credit, twenty three studies, seven policy-based operations and two Supplementary Financing Mechanism Loans. The total commitments on these operations, net of cancellations, amounted to UA 992.84 million and comprised UA 56.73 million from ADB, UA 924.18 million from ADF, and UA 11.93 million from NTF. In terms of sectoral distribution, multi sector operations had the largest share, accounting for 27.4% of total commitments net of cancellations followed by public utilities (23.7%), agriculture (18.8%), transport (17.7%), social sector (11.5%) and industry and mining (1.3%). Sixty-seven (67) operations have been completed (Annex I), while fourteen operations are on-going at different stages of implementation, and one operation that was approved in 2006 is not yet effective (Annex II).

5.1.2 Disbursements: As at 31 March 2007, the total amount disbursed was UA 696.22 million, representing 65.7% of cumulative net commitments. The disbursements on the on-going operations amounted to UA 87.81 million, representing 26.4% of the net commitments.

5.2 Portfolio Management and Lessons from the Previous CSP

5.2.1 Implementation Performance: The Bank Group finalised a Country Portfolio Review for Tanzania in January 2006. The Review shows that while the portfolio performance has been satisfactory, implementation of Bank Group financed projects in the country has been slow and this is reflected in delays in project completion. The common problems continuing to affect portfolio performance include delays in fulfilment of conditions for loan effectiveness and in procurement and disbursement. Some of the implementation problems reflect weak capacity to administer Bank Group funded projects at the country level. Another problem is delays in submission of audit reports. The Bank and the Government have agreed on measures to improve portfolio management, including a greater focus on capacity building in key areas as procurement and financial management, better coordination between sector implementing ministries and the Ministry of Finance, as well as faster processing of disbursement requests and procurement documents.

5.2.2 The satisfactory portfolio performance noted in the Country Portfolio Review is similar to the finding in recent Bank-wide Annual Portfolio Performance Reports that the portfolio does not have any problem projects and that all projects have a high likelihood of achieving their development objectives. However, the 2002/2003 Annual Portfolio Performance Report (APPR) indicated that there were 9 potentially problematic projects although the proportion of projects at risk declined from 75% in 2002 to 69.2% in 2003, thus indicating an improvement in portfolio performance. The 2004 APPR noted an improvement in the year with the number of potentially problematic projects falling to 6 and the proportion of projects at risk falling to 46.2%.

5.2.3 In addition, it is worth noting that the Bank Group undertook a Country Assistance Evaluation (CAE) in 2005 to assess the development effectiveness of its intervention in Tanzania. The CAE evaluated the contribution of the Bank Group's assistance towards meeting the expected outcomes in the Government's Poverty Reduction Strategy, and eventually in meeting the Millennium Development Goals. It focused on the period 1996-2004 and drew from findings in sectoral reports prepared for Water Supply and Sanitation; Transport; Social Sector (Health and Education); and Agriculture. The evaluation found that the Bank Group portfolio in Tanzania was characterised by slow implementation during the period under review. Out of the 34 operations, five were completed, of which two were policy-based loans, while the other three completed operations were studies or Special Financing Mechanisms. No conventional projects were completed during the period under review. Because of the non-completion of projects, the sectoral assessment of Bank activities was based on the expected results as opposed to actual results observed in the field. On this basis, the Bank Group portfolio was judged to be relevant and efficacious, but inefficient overall.

5.2.4 The CAE, however, noted that the net contribution of Bank Group interventions in Tanzania is difficult to determine because Bank Group performance is closely intertwined with that of the Government and other donors. The conclusion was that Bank Group interventions in the area of macroeconomic stability was successful as Bank activities made a positive contribution to maintaining macroeconomic stabilisation and structural reforms. The Bank programme had limited success in improving the ability of Tanzania to make more efficient, equitable and sustainable use of its human, financial, and natural resources. Regarding sustainability, it was noted that the Bank Group's achievements are likely to be sustained as the structural reforms that have been accomplished are generally accepted by stakeholders. Financial and economic viability are also likely thanks to privatisation and sectoral reforms. In terms of institutional sustainability, the Bank interventions in the education sub-sector are relatively strong as they work through existing institutions and by involving the staff already employed and thus developing the capacity of those to remain after completion of interventions. Regarding social sustainability, the focus on community supported educational institutions is very positive. The CAE pointed out that the development effectiveness of the Bank Group's assistance could be enhanced by addressing delays encountered in project implementation, and this is an issue that must be addressed by the Government and the Bank Group.

5.2.5 The Bank appointed a Resident Representative for the Country Office in Tanzania in April 2004. The office is operational and is playing a crucial role in enhancing dialogue and communication between the Bank and the Government. The project implementation rate has started to improve as the office is providing support and guidance to implementing agencies on a regular basis and resolving emerging problems quickly. Furthermore, the Office has improved follow-up and supervision of on-going operations and is also playing an instrumental role in coordinating the Bank's activities with those of other donors in the country, by participating in the monthly DPG meetings and sub group meetings. Its effectiveness, however, is currently limited by the staff constraints and skill mix. Due to this constraint, the Office has had to be selective in the donor activities in which it can participate formally and actively. However, efforts are being made to improve the staff strength and to diversify the skills mix to the Office to enable it to contribute more effectively.

5.3 Country Context and Strategic Selectivity

5.3.1 Through the JAST, the Bank Group has been able to align and harmonise its strategy with the other donors and the overall Government's objective of promoting broad based economic growth and poverty reduction in Tanzania. Towards this end, the selection of the Bank Group's interventions was guided by two criteria, namely: (i) alignment with the country's medium term

strategy as set out in the MKUKUTA; and (ii) consistency with JAST partnership principles.

5.3.2 Alignment with the country's medium term strategy: Although development needs are immense, the Bank Group cannot intervene in all the MKUKUTA pillars and priority areas and it is important to target areas that maximise development impact. It is therefore proposed that Bank Group assistance in the medium term will focus on two mutually reinforcing pillars of the MKUKUTA namely, growth and reduction of poverty; and improvement of the quality of life and social well. Although support for the governance pillar is not envisaged over the medium term, the Bank Group will remain engaged in this area through the institutional support project for good governance that is expected to be completed by the end of 2008.

5.3.3 The first pillar underlines the importance of further improving macro-economic stability as well as achieving higher levels of efficiency and competitiveness in all productive sectors, expanding trade, services and the access to markets, as well as improving the business environment needed to attract private investment. Within this pillar, the Bank Group participates in the sub-groups working on macro, infrastructure/transport, and agriculture. In addition, the Bank Group is involved in interventions related to energy. The second pillar encompasses education, health, water and sanitation, social protection and some of the environment sectors. In this regard, the Bank Group plans interventions in education, health, and water. Overall, the interventions in both pillars will be delivered through a mix of two instruments comprising provision of budget support and project financing.

5.3.4 Consistency with JAST partnership principles: As a signatory of the JAST MOU the Bank Group remains committed to the partnership principles for development support which include: (i) alignment of support to Government poverty reduction priorities; (ii) increased use of Government systems in terms of financing, procurement, accounting, auditing, monitoring and evaluation; (iii) open dialogue with the Government and other domestic stakeholders; (iii) more demand-driven and increasingly untied technical assistance (iv) elimination of parallel Project Implementation Units (PIUs); (v) increased aid predictability; (vi) a move toward the Government's preferred aid modalities by increasing budget support; and (vii) further progress in implementing the division of labour.

5.4 Bank Group's Pillars and Results Framework

Bank Group assistance will be focused on two of the three pillars of the NSGRP (para 5.3.2). The Bank Group specific results matrix is presented in Annex III.

5.5 Bank Group Assistance in 2006-2010

5.5.1 Performance Based Resource Allocation: The Bank Group's resource allocation is based on a country's rating under the annual Country Policy and Institutional Assessment (CPIA). Based on the 2005 CPIA scores, Tanzania was placed in the first quintile among the 53 member countries due mainly to its satisfactory scores in macroeconomic management, fiscal and debt policy. Accordingly, the country's allocation under ADF X is UA 294.8 million, which is more than double its revised ADF IX allocation of UA 117.06 million, thereby making it the largest recipient of ADF X resources. However, the assessment indicated some areas where dialogue and close monitoring would be necessary such as the business regulatory environment, efficiency of revenue mobilisation and financial sector efficiency. The extent to which the country maintains its satisfactory rating and improves on the areas where weaknesses were noted will determine its subsequent rating, and will be useful in determining the size of its allocation under ADF XI to cover the period 2008-2010.

5.5.2 Lending Operations in 2006-2007: In recognition of the Government's request for budget support, the Bank continues to be a member of the Poverty Reduction Budget Support (PRBS)

group. Additionally, the experience with the first Poverty Reduction Support Loan that was approved under the previous cycle was very positive as the loan was disbursed in a single tranche in September 2005 when the Government met all the required conditions. In recognition of these factors, the Bank programmed to avail a second budget support operation under ADF X amounting to UA 50 million. The loan was approved by the Boards in June 2006 and the Government has indicated that it will fulfil the conditions for the single tranche disbursement during the second quarter of 2007. Secondly, in recognition of the Bank's comparative advantage in infrastructure, the strategy envisages to channel UA 184.8 million or 63% of the country's allocation to the improvement of infrastructure. Towards this end, three operations are planned to improve roads, water⁶, and energy while another operation specifically seeks to address infrastructure constraints in the agricultural sector as outlined in the Government's Agricultural Sector Development Programme. The remaining UA 60 million (20%) will be used to finance operations in the social sector, and specifically in education and health⁷ in view of the direct impact of these sectors on poverty reduction. The operations are expected to improve the gains that have been made in the health sector, and to support development of secondary school education. The status of the Bank Group's Lending Programme under ADF X is shown in Table 1.

Table 1: Status of Bank Group's Lending Programme under ADF X

Name of Sector/Project	Amount (UA Million)	Status
MULTI-SECTOR		
1. Poverty Reduction Support Loan II	50.00	Approved on 28 June 2006
INFRASTRUCTURE		
2. Rural Water Supply and Sanitation Programme	55.00	Approved on 13 September 2006
3. Agricultural Sector Development Programme: Rural Infrastructure for Food Security Enhancement Project	40.00	Under Preparation
4. Singinda - Babati-Mijingu Road Project	59.8	Under Preparation
5. Rural Electrification Project	30.00	Under Preparation
SOCIAL SECTOR		
6. Support to Maternal Health Mortality Reduction Project	40.00	Approved on 11 October 2006
7. Support to Secondary Education Development Programme	20.00	Under Preparation
GRAND TOTAL	294.8	

5.5.3 Lending Pipeline in 2008-2010: As indicated in 5.5.1 above, Tanzania's allocation of ADF resources for the period 2008–2010 has not been determined. However, the Bank Group will continue to work closely with the Government, DPs and other stakeholders in priority areas. Moreover, the Bank will remain committed to the implementation of MKUKUTA and the JAST, and will seek to ensure that its assistance remains aligned to the country's broad development outcomes and the harmonisation agenda. Towards this end, it should be understood that the Lending Pipeline presented in Table 2 is tentative. The sectors of intervention comprise (i) infrastructure; (ii) public utilities; and (iii) multi sector budget support operation.

⁶ The Rural Water Supply and Sanitation Initiative Programme amounting to UA 55 million was approved by the Boards in September 2006.

⁷ The Support to Maternal Health Mortality Reduction Project amounting to UA 40 million was approved in October 2006.

Table 2: Indicative Bank Group's Lending Pipeline under ADF XI

Name of Sector/Project	Other Donors
MULTI-SECTOR	
1. Poverty Reduction Support Loan III	GBS Group
PUBLIC UTILITIES	
2. Zanzibar Water Supply and Sanitation Project	To be determined
3. Rural Water Supply and Sanitation Programme II	World Bank, Belgium, EIB, Germany, Japan, the Netherlands and Switzerland
4. Energy Transmission Project	To be determined
INFRASTRUCTURE	
5. Road Projects	To be determined

5.5.4 Private Sector Intervention: The Bank Group recently appraised the country's private sector profile with the aim of ultimately defining a strategy of intervention. Overall, the economic and business environment was considered to be favourable for future investments. In addition to the strong macroeconomic performance, positive developments were recorded in the financial sector as evidenced by a strong and liquid banking sector and improved access to financial resources. Mining, power and telecommunications were identified as possible sectors of intervention and it is envisaged that promotion missions will be undertaken to stimulate interest in the facilities available under the Bank Group's private sector window.

5.5.5 With regard to mining, it was noted that the Mtwara Corridor offers a lot of potential for several key projects, and is in line with the Memorandum of Understanding that Tanzania, Malawi, Zambia and South Africa have signed for coordinating their actions for the corridor development. As concerns electricity, there are significant plans for development in the generation, transportation and rural electrification sectors requiring large amounts of investment. However, there is a need to first restructure the public electric utility company, TANESCO, to improve quality and reliability of power supply, financial performance, and customer services. Once the financial situation of TANESCO has improved, the financial markets and international donors could be approached to finance electricity generation projects. Technical assistance may also be envisaged to assist the privatisation or unbundling of the electricity sector through activities such as sector analysis and strategy, environmental impact studies, socio-economic analysis, master plan studies, and tariff studies. As concerns telecommunications, it was observed that the sector is characterised by very low penetration rates of landlines (0.4%), and internet (0.7%), while mobile telephone services have shown very high annual growth rates since 2001. The regulatory framework for the sector is one of the most comprehensive in Sub Saharan Africa with a regulator benefiting from legal authority and enforcement powers, autonomous financial resources, and fairly independent and highly qualified staff. Given the large population and the current low penetration of telephone services, this sector was identified as one with promising potential, particularly regarding extension of mobile telephone networks to rural areas.

5.5.6 Within this context, it is worth noting that the Government has undertaken various reforms recently to promote the private sector and the country was ranked tenth across 175 economies for improvements that ease the terms of doing business in the 2007 World Bank's Annual Report on Doing Business. In spite of these reforms, a number of serious obstacles still constrain the business environment and Tanzania ranked 142 in the ease of doing business index⁸. The challenges of launching a business in Tanzania show that entrepreneurs can expect to go through 13 steps to launch a business over 30 days on average, and must deposit at least 5.5% of Gross National Income per capita in a bank to obtain a business registration number. With regard to complying

⁸ The index is based on 10 sets of business environment indicators namely starting a business, dealing with business licenses, hiring and firing workers, enforcing contracts, registering property, getting credit, paying taxes, trading across borders, protecting investors, and closing a business.

with licensing and permit requirements for ongoing operations it takes 26 steps and 313 days to complete the process, and the costs are very high. In addition, it takes 10 steps and 123 days to register property, at a cost to equivalent to 5.5% of overall property value.

5.5.7 Non Lending Activities: The Bank Group intends to undertake various non-lending activities in 2007 aimed at widening its knowledge base and improving its portfolio performance. With regard to Economic Sector Work, the Bank Group will collaborate with the World Bank and other development partners in undertaking the Annual Public Expenditure and Financial Assessment Review (PEFAR), which allows detailed discussions among domestic stakeholders and Development Partners on the links between the Government's budget, outturn, and the underlying MKUKUTA and sector strategies. As concerns improvement in the portfolio, the Bank Group intends to hold a Workshop to familiarise officials of project implementation agencies and other stakeholders with its policies and procedures.

VI. RESULTS-BASED MONITORING AND EVALUATION

6.1 Monitoring of Bank Group's Strategy Outcomes and Performance

The JPD (page 33-35) offers an assessment of Tanzania's monitoring and evaluation system. It is noted that the country has made considerable progress in developing its monitoring and evaluation systems and practices, providing a strong foundation for results-based management. Nonetheless, there remains a proliferation of discrete initiatives (such as the Strategic Budget Allocation System and the Statistical Master Plan) that are often backed by Development Partners, which has led to duplication of efforts and waste of resources. To address this shortcoming, the Government in early 2006 integrated the MKUKUTA secretariat in the Ministry of Planning, Economy and Empowerment (MPEE) and has instituted a working group for the harmonisation of monitoring across Government. MPEE seeks to bring together the users and producers of information and ensure that the data collected are relevant, timely, of high quality, and accessible for policymaking. Successful implementation of the strategy and a consolidation of the various initiatives should provide the basis for improving results through better-informed decision-making. The Bank Group is committed to support this process and will utilise the established M&E system.

6.2 Managing Risks

The JPD recognises that there are potential risks to DP programmes, and provides an assessment of the probability of those risks occurring, as well as the impact those risks would have for on-going or future programmes, and proposes mitigating measures that DPs will take to monitor and manage such risks (pages 35-38). It is recognised that risk management is a dynamic process and new risks may emerge or the risks identified may evolve, becoming more or less acute, over the period of the JAST. Towards this end, the Bank Group will liaise closely with the other DPs to monitor major risks and work together to identify pragmatic mitigation strategies.

VII. CONCLUSION AND RECOMMENDATION

7.1 Conclusion

Tanzania's economic reform effort has gathered momentum over the past ten years and there is a more determined and coherent approach to the daunting task of poverty reduction. Progress has been achieved in restoring macro-economic stability, but the reforms initiated under previous Bank operations need to be sustained and broadened if progress towards poverty reduction is to be accelerated. The Government has demonstrated a strong commitment to the reform, and there is now a greater sense of ownership of the reform process. The projects financed within the strategic framework of the 2002-2004 CSP, are addressing some of the existing challenges. The Bank's intervention during 2006-2010 will be guided by the JAST, JPD and the NSGRP and underlines the need for continued efforts to improve the effectiveness and efficiency in implementation of Bank Group financed projects in Tanzania.

7.2 Recommendation

The Boards of Directors are invited to approve this Cover Note as well as the main JAST and JPD attached hereto as the Result Based Country Strategy Paper for Tanzania for the period 2006-2010.

ANNEX I: LIST OF COMPLETED BANK GROUP OPERATIONS (March 2007)

	SECTOR/PROJECT TITLE	FUNDS SOURCES	DATE APPROVED	AMOUNT (UA Mill.)	DATE SIGNED	DATE EFFECTIVE	AMOUNT DISB.	UNDISB. AND CANCELLED AMOUNT	DEADLINE FINAL DISB
	AGRICULTURE								
1	Dakawa Rice	ADF	28 Feb. 1978	4.79	04 Apr. 1979	22 May 1979	4.79	0.00	31.12.94
2	Dakawa Rice (Suppl.1.1)	ADB	28 Nov. 1980	4.50	10 Mar. 1981	30 June 1981	3.89	0.61	31.12.95
	Dakawa Rice (Suppl.1.1)	ADF	28 Nov. 1980	3.13	10 Mar. 1981	30 June 1981	3.13	0.00	31.12.96
3	Zanzibar Rainfed Rice Development	ADF	18 Dec. 1980	7.37	10 Mar. 1981	24 Apr. 1982	7.28	0.09	31.12.97
4	Kapunga & Madibira Rice Study	NTF	10 Nov. 1981	1.20	08 Jan. 1982	03 Dec. 1983	0.98	0.22	31.12.94
5	Morogoro Village Irrigation Study	ADF	08 Apr. 1982	0.49	04 Feb. 1983	00 May 1984	0.23	0.26	31.12.95
6	Small holder Rice Irrigation	ADF	08 Apr. 1982	7.37	04 Feb. 1983	25 June 1984	6.18	1.19	31.12.97
7	Dakawa Rice (Supp.11)	ADF	14 Apr. 1983	4.64	11 May 1983	11 Dec. 1984	3.46	1.18	30.06.94
8	Dodoma Livestock Development Study	TAF	12 Dec. 1985	0.51	07 May 1986	23 Dec. 1986	0.40	0.11	31.12.94
9	Kapunga Rice Irrigation	ADF	23 Dec. 1987	40.84	07 May 1988	13 Sep. 1988	40.84	0.00	31.12.97
	Kapunga Rice Irrigation	NTF	14 Dec. 1987	6.44	07 May 1982	13 Sep. 1988	6.44	0.00	31.12.98
10	National Agric. & Livestock Exten. Rehab.	ADF	23 Aug. 1988	6.52	05 July 1989	03 Apr. 1990	5.88	0.64	31.12.99
	National Agric. & Livestock Research Project.	ADF	23 Aug. 1988	6.17	05 July 1989	11 Jan. 1990	6.01	0.17	31.12.01
11	Dakawa Integrated Irr. (Phase II) (Study)	TAF	11 June 1990	0.49	04 Feb. 1991	01 Sep. 1994	0.46	0.03	31.12.97
12	Kagera Sugar Estate Study	TAF	10 July 1993	0.61	24 Nov. 1993	14 Feb. 1994	0.43	0.18	30.06.97
13	Madibira Irrigation	ADF	03 Sep. 1993	21.92	24 Nov. 1993	08 May 1995	21.55	0.37	31.07.98
14	Livestock Marketing	ADF	27 Jan 1992	9.21	01 Dec. 1992	12 July 1994	8.56	0.65	31.12.05
15	Special Programme for Food Security	TAF	17 May 2000	0.77	30 Jan. 2001	11-May-2001	0.77	0.00	31.08.03
16	Selous Game Reserve	ADF	27 Nov. 1997	5.91	08-May-98	16 Nov. 1998	5.91	0.00	31.12.05
	SUB-TOTAL			132.88			127.19	5.70	
	TRANSPORT								
17	Mogoyo-Masasi Road Construction	ADB	21 Nov. 1974	4.00	15 Jan. 1975	16 May. 1975	4.00	0.00	31.12.97
18	Ten Bridges	ADF	25 Mar. 1975	4.61	20 June 1975	01 Oct. 1975	4.61	0.00	30.06.83
19	Rusumo-Lusuhunga Road Construction	ADF	21 Feb. 1977	7.37	28 Mar. 1977	21 Jan. 1979	7.37	0.00	31.12.85
20	Ten Bridges (Suppl.1.1)	ADF	14 Apr. 1983	3.64	11 May 1983	18 Jul. 1983	3.51	0.13	31.12.90
21	Rusumo-Lusuhunga Road Construction (Supp II)	ADF	14 Apr. 1983	9.99	11 May 1983	22 Jun. 1983	9.99	0.00	31.12.85
22	TANZAM Highway Rehab.	ADF	15 Feb. 1987	17.68	30 Nov. 1987	03 Mar. 1989	17.67	0.01	31.12.95
23	Road Rehabilitation Project Study	TAF	11 June 1990	2.39	04 Feb. 1991	30 Jul. 1992	1.20	1.19	30.06.97
23	Road Rehabilitation Project	ADF	11 June 1990	32.88	04 Feb. 1991	17 June 1993	20.30	12.58	31.12.97
24	Three Road Studies	TAF	29 Oct. 1992	3.68	01 Dec. 1992	30 Jul. 1994	2.19	1.49	31.12.97
25	Tanzania Railway Corporation Rehab.	ADF	21 June 1992	21.18	26 Feb. 1993	16 June 1994	14.95	6.23	31.12.99
26	Airport Studies	TAF	31 Sep. 1993	1.47	24 Nov. 1993	14 Sep. 1994	1.05	0.42	31.12.97
27	Zanzibar Road Studies	ADF	09 Sep. 1998	1.06	20 Nov. 1998	19 Sep. 2000	0.30	0.76	31.03.03
28	Mutukula-Muhutwe Road Project	ADF	08 Oct. 1997	20.00	17 Nov. 1997	27-Jan-1999	14.91	5.09	31.03.05
29	El Nino Road Rehabilitation	ADF	16 Dec 1998	9.75	5-Jan-1999	1-Oct-2000	4.37	5.38	30.06.05
30	Shelui-Nzega Road Project	ADF	17 June 1999	24.00	19 Nov. 1999	7-Mar-2000	13.82	10.18	29.11.05
	SUB-TOTAL			163.70			120.24	43.46	
	INDUSTRY								
31	Oil pipeline and Tankage Facilities	ADB	25 May 1971	3.00	25 May 1972	30 May. 1972	2.66	0.34	31.10.77
32	First Line of Credit to TIB	ADB	15 May 1973	1.50	21 June 1973	23 Oct. 1973	1.50	0.00	30.06.77
33	Second Line of Credit to TIB	ADB	23 Feb. 1977	3.00	24 June 1977	30 Sep. 1978	2.88	0.12	31.12.88
34	Third Line of Credit to TIB	ADF	09 June 1981	5.00	06 Nov. 1981	17 Aug. 1982	4.82	0.18	30.06.94
35	Caustic Soda Study	TAF	20 Nov. 1990	0.70	04 Feb. 1991	30 Jul. 1992	0.60	0.10	31.12.96
36	EPZ Study	TAF	26 Feb. 1992	0.74	14 May 1992	13 Dec. 1993	0.48	0.26	31.12.97
	SUB-TOTAL			13.94			12.94	1.00	
	PUBLIC UTILITIES								
37	Shinyanga-Lindi Water Supply	ADF	24 Aug. 1976	4.61	25 Nov. 1976	15 Dec. 1978	4.61	0.00	31.12.84
38	Kidatu-Mufindi Power Transmission	ADB	27 Nov. 1979	8.00	01 Feb. 1980	13 Dec. 1980	7.94	0.06	30.06.94
39	Dodoma-Water Drainage-Sewerage 1	ADB	18 Dec. 1979	7.00	01 Feb. 1980	21 Feb. 1980	7.00	0.00	31.12.84
40	Dodoma-Water Drainage-Sewerage 11	ADB	27 Aug. 1980	10.00	10 Mar. 1981	30 Sep.1981	9.30	0.70	30.06.94

41	Rural Electrification Newala-Massisi	ADF	24 June 1982	11.97	04 Feb. 1983	01 Oct. 1984	11.77	0.20	30.06.94
42	Shinyanga-Lindi Water Supply (Supp.1.1)	ADF	14 Apr. 1983	2.64	11 May 1983	16 Mar. 1984	2.64	0.00	30.06.84
43	Mwamapuli-Bulenyia Water Sup. Study	ADF	27 Nov. 1986	0.55	11 Dec. 1986	06 Nov. 1989	0.55	0.00	31.12.91
44	Zanzibar-Pemba Water Supply Study	ADF	27 Nov. 1986	0.64	11 Dec. 1986	11 May 1988	0.64	0.00	31.12.94
45	Kagera Basin Telecoms	ADF	22 Dec. 1986	4.19	03 May 1987	13 Sep. 1988	3.45	0.74	31.03.99
46	Pangani Falls Hydro-Electrc. Study	TAF	17 Sep. 1987	1.50	30 Nov. 1987	21 Feb. 1990	0.00	1.50	31.12.90
47	Zanzibar-Pemba Power System	ADF	19 Jan. 1989	13.22	06 Jul. 1989	12 Jun. 1990	11.91	1.31	30.06.00
48	Zanzibar Rural Water Supply	ADF	16 Dec. 1991	7.83	01 Dec. 1992	22 Mar. 1994	3.29	4.54	31.12.97
49	Telecommunications II	ADF	24 June 1992	18.42	01 Dec. 1992	13 Oct. 1993	18.39	0.03	31.12.97
49	Telecommunications II	ADB	24 June 1992	10.00	01 Dec. 1992	13 Oct. 1993	9.73	0.27	31.12.97
50	Dar es Salaam Water Supply Study	TAF	21 June 1993	0.69	23 July 1993	16 June 1994	0.52	0.17	30.06.97
51	Mchuchuma Colliery Thermal Power Study	TAF	21 Oct. 1993	2.50	13 June 1994	13 June 1994	1.75	0.75	31.12.97
52	Electricity IV	ADF	16 Dec. 1991	23.03	01 Dec. 1992	17 Aug. 1994	21.01	2.02	31.12.04
52	Electricity IV	NTF	16 Dec. 1991	6.00	01 Dec. 1992	17 Aug. 1994	4.5	1.50	31.12.04
53	Monduli Rural District Water Supply Study	TAF	16 July 1997	0.78	17 Nov. 1997	13 Jun. 2000	0.75	0.03	30.09.02
54	Rural Electrification Master Plan	ADF- G	28 June 2001	1.87	28 Sep. 2001	21 Oct. 2003	1.87	0.00	31.12.05
	SUB-TOTAL			135.44			121.62	13.82	
	SOCIAL								
55	Technical and Vocational Training	ADF	19 Dec. 1978	6.45	16 May 1979	28 July 80	5.37	1.08	31.12.96
56	Muhimbili Teaching Hospital Study	TAF	23 Mar. 1989	0.59	30 May 1989	23 May 1980	0.47	0.12	31.12.97
57	Employment & Technical Education Studies	TAF	23 June 1993	0.65	23 July 1993	16 May 1995	0.63	0.02	31.03.97
58	Zanzibar Health Dev. Requirement Studies	TAF	03 Dec. 1997	0.91	08-May-98	24 Sep. 1999	0.90	0.01	30.06.04
59	Three Regions Health Studies	ADF-G	14 July 1999	1.75	19 -Nov -99	06 Apr 2001	1.20	0.55	30.04.06
	SUB-TOTAL			10.35			8.57	1.70	
	MULTI-SECTOR (POLICY BASED)								
60	Sector Rehabilitation (Ag and Tr)	ADF	26 Oct. 1987	28.55	29 Dec. 1987	29 Dec. 1987	26.42	2.13	30.06.94
61	Industrial Sector Adjustment	ADF	17 Sep. 1990	27.63	01 July 1991	06 Aug. 1991	27.63	0.00	30.06.94
62	Financial Sector Adjustment Programme	ADF	25 May 1992	27.63	01 Dec. 1992	16 May 1993	27.63	0.17	31.12.95
63	Structural Adjustment Loan	ADF	05 Nov. 1997	45.00	17 Nov. 1997	24 Dec. 1997	45.00	0.00	31.12.99
64	SFM Loan I	ADF	04 Dec. 1999	0.62	05 Jan. 1999	27 Aug. 1999	0.62	0.00	30.06.01
65	SFM Loan II	ADF	14 July 1999	0.55	19 Nov. 1999	27 Aug. 1999	0.55	0.00	30.06.00
66	Structural Adjustment Loan II	ADF	03 Sep. 2001	40.00	28 Sep.2001	08 Dec. 2001	40.00	0.00	30.06.04
67	Poverty Reduction Support Loan	ADF	27 Oct. 2004	50.00	09 Dec. 2004	12 May 2005	50.00	0.00	31.1.2.05
	SUB-TOTAL			219.98			217.85	2.30	
	GRAND TOTAL			676.29			608.41	68.06	

ANNEX II: LIST OF ONGOING AND APPROVED BANK GROUP OPERATIONS (March 2007)

A. ONGOING OPERATIONS

	SECTOR/PROJECT TITLE	FUNDS SOURCES	DATE APPROVED	AMOUNT (UA Million)	DATE SIGNED	DATE EFFECTIVE	AMOUNT DISB.	PER CENT DISB	DEADLINE FINAL DISB
	AGRICULTURE								
1	Agric. Marketing Systems Dev. Programme	ADF	18-Sep-2002	15.90	12 May. 2003	15 Dec. 2003	6.63	41.70	31.12.2008
		ADF- G	18-Sep-2002	1.00	12 May. 2003	15 Dec. 2003	0.73	73.00	31.12.2008
2	District Agricultural Sector Investment Project	ADF	24-Nov-2004	36.00	11-Feb-2005	20-Jul-2005	1.19	3.31	30.06.2012
		ADF- G	24-Nov-2004	7.00	11-Feb-2005	20-Jul-2005	0.04	0.57	30.06.2012
	SUB-TOTAL			59.90			8.59	14.34	
	TRANSPORT								
3	Road Rehabilitation / Upg. Project	ADF	03 Sep. 2001	38.65	28 Sep. 2001	06-Jun-2003	14.18	36.69	31.03.07
4	Zanzibar Roads Upgrading Project	ADF	24-Jun-2004	16.22	24-Jun-2004	05-Oct-2004	4.11	25.34	31.12.07
		ADF- G	24-Jun-2004	0.71	24-Jun-2004	12-Dec-2005	0.14	19.72	31.12.07
	SUB-TOTAL			55.58			18.43	33.16	
	PUBLIC UTILITIES								
5	Dar es Salaam Water Supply	ADF	17 Dec 2001	36.94	29 May 2002	19 Nov. 2003	10.12	27.40	31.12.07
		ADF- G	17 Dec 2001	1.31	29 May 2002	19 Nov. 2003	0.57	43.51	31.12.07
6	Monduli Rural District Water Project	ADF- G	27 Nov 2003	15.51	10 Feb 2004	14 Jul y 2004	7.21	46.49	31.12.08
7	Rural Water Supply and Sanitation Programme	ADF	13 Sept 2006	45.00	29-Nov-2006	14-Mar-2007	0.00	0.00	31.12.11
		ADF-G	13 Sept 2006	10.00	29-Nov-2006	14-Mar-2007	0.00	0.00	31.12.11
	SUB-TOTAL			107.76			17.90	16.46	
	SOCIAL								
8	First Health Rehabilitation Project	ADF	03 Dec. 1997	15.00	08 May 1998	10 Sep. 1999	11.63	77.53	30.06.07
9	Education II Project	ADF	10 Dec. 1997	20.00	08 May 1998	06 Jan. 1999	19.19	95.95	30.06.07
10	Small Enterprises Loan Facility	ADF	11 Nov. 1998	8.00	12 Apr. 1998	29 July 1999	7.33	91.63	31.07.07
11	Alternative Learning & Skills Dev. Project	ADF	31 Oct 2000	5.56	30-Jan-2001	24-Dec-2001	3.15	56.65	30.06.07
		ADF- G	31 Oct 2000	1.01	30-Jan-2001	24-Dec-2001	0.66	65.35	30.06.07
12	SAP for Vocational Ed & Training	ADF	09 July 2003	14.22	15-Sep-2003	16-Feb-2004	0.27	1.90	31.12.08
		ADF- G	09 July 2003	1.60	15-Sep-2003	16-Feb-2004	0.00	0.00	31.12.08
13	Support to Maternal Mortality Reduction Project	ADF	11 Oct. 2006	40.00	29-Nov-2006	05-Mar-2007	0.00	0.00	31.12.12
	SUB-TOTAL			103.79			42.23	40.69	
	MULTI-SECTOR								
14	Institutional Support for Good Governance	ADF-G	13 Dec 2004	4.8	11-Feb-2005	11-Feb-2005	0.66	13.75	31.12.08
	SUB-TOTAL			4.80			0.66	13.75	
	GRAND TOTAL			332.83			87.81	26.38	

B. APPROVED OPERATIONS

1	Poverty Reduction Support Loan II	ADF	28 June 2006	50.00	31-Aug-2006	Not yet effective	0.00	0.00	31.12.07
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Constraints and Challenges	MKUKUTA Long Term Strategic Goals	Bank Group Outcomes	Bank Outcome Indicators	Bank Interventions	Other Donors
2: Provision of reliable and affordable energy to consumers					
<ul style="list-style-type: none"> ▪ Effective energy supply falls short of the required levels and quality ▪ Electricity is unreliable and costly 	<p>Improve quality of electricity services</p> <p>Increase access to electricity:</p> <ul style="list-style-type: none"> - Increased percent of customers connected to the national electricity grid and off-grid increased (4 % grid and 8 % off-grid in 2000) -Increased percent of households using alternative sources of energy to wood fuel (including charcoal) from 21 % in 2001 to 10 % by 2010 	<ul style="list-style-type: none"> ▪ Upgrading and extension of existing grids 	<ul style="list-style-type: none"> • Development of 5 small hydro power projects, transmission lines and substations • Electrification of 6 rural zones 	<ul style="list-style-type: none"> ▪ Rural Electrification Project (being prepared under ADF X) ▪ Power Transmission Project (proposed under ADF XI) 	World Bank, Japan, Sweden, USAID, UNDP
CLUSTER II: IMPROVEMENT OF THE QUALITY OF LIFE AND SOCIAL WELL-BEING					
1. Ensuring equitable access to quality primary and secondary education, universal literacy among men and women and expansion of higher, technical and vocational education					
Low gross and net secondary education enrolment ratios due to inadequate number of secondary schools	<p>Increased enrolment in secondary schools</p> <ul style="list-style-type: none"> ○ Net secondary enrolment of boys and girls aged 14-17 years increased from 10. % in 2005 to 50% in 2010 	Expansion of access and improvement of the quality of secondary education	<ul style="list-style-type: none"> ▪ Curriculum Review and Development ▪ Construction, equipping and furnishing of 3 science laboratories ▪ Construction of a girls' accommodation unit in 50 selected Community-built secondary schools; ▪ Provision of science equipment to 93 government secondary schools ▪ In-service training for 900 science teachers 	<ul style="list-style-type: none"> ▪ Support to Secondary Education Development Programme (being prepared under ADF X) 	World Bank, European Union, Belgium, Canada, France, Japan, Netherlands, Norway, Sweden, Switzerland, DFID, USAID
2: Improved survival, health and well-being of all children and women and of especially vulnerable groups					
<p>Maternal mortality ratio is high due to:</p> <ul style="list-style-type: none"> ▪ poor access to emergency obstetric services; ▪ shortage of qualified staff; ▪ low staff morale; ▪ lack of quality control and patient management 	<p>Reduce maternal mortality (per 100,000)ratio from 578 in 2004 to 265 in 2010</p> <p>Increase coverage of births attended by a skilled health worker from 46 % in 2004 to 80% in 2010</p>	<p>Increased coverage of births attended by trained personnel</p> <ul style="list-style-type: none"> ○ Births attended by a skilled health worker increases from 46 % in 2004 to 80% in 2010 	<ul style="list-style-type: none"> ▪ Rehabilitation of 36 dispensaries, 8 centres and 3 district hospitals ▪ Construction of maternal and child health units in 104 dispensaries, ▪ Obstetric theatres constructed in 36 health centres and 10 hospitals ▪ 300 health workers trained in life saving skills 	Support to Maternal Mortality Reduction Project (already approved under ADF X)	World Bank, Belgium, Canada, Denmark, Germany, Ireland, Japan, DFID, Netherlands, Switzerland, USAID
3: Increased access to affordable and safe water, sanitation, decent shelter and a safe and sustainable environment and thereby, reduced vulnerability from environmental risk.					
<ul style="list-style-type: none"> ▪ Low access to clean and safe water especially in rural areas (53% of population) ▪ Water-borne and water-related diseases are widespread in areas where water is scarce 	<p>Improve access to water supply in rural areas</p> <ul style="list-style-type: none"> ○ % of rural population with access to clean and safe water within 30 minutes of time spent on collection of water increases from 53% in 	<ul style="list-style-type: none"> ▪ Annual joint sector review and finalisation of National Water Development Strategy ▪ Improve access to water supply in rural areas ▪ Improve access to sanitation services 	<ul style="list-style-type: none"> ▪ Increase of access to water supply to 69% by 2010 ▪ Reduce walking distance to water points to less than 500 metres. ▪ Increase of rural population with access to good 	<ul style="list-style-type: none"> ▪ Rural Water Supply and Sanitation Programme (already approved under ADF X) ▪ PRSL II (already approved under ADF X) ▪ Rural Water Supply and Sanitation 	World Bank, BADEA, OPEC, Germany, Japan, EU, Finland, France, Norway, China, Netherlands, Denmark, Sweden, USA, Canada, Switzerland, Ireland, Belgium United Kingdom, UNDP, UNICEF

Constraints and Challenges	MKUKUTA Long Term Strategic Goals	Bank Group Outcomes	Bank Outcome Indicators	Bank Interventions	Other Donors
<ul style="list-style-type: none"> ▪ About 50% of rural population do not have access to proper sanitation 	<p>2003 to 65% in 2010</p> <p>Improve access to sanitation services</p> <ul style="list-style-type: none"> ○% of households with access to basic sanitation facilities increases from 91% in 2002 to 95% in 2010 		<p>sanitation from 50% in 2006 to 90% by 2010</p> <ul style="list-style-type: none"> ▪ Increase of number of districts implementing demand-driven RWSS from 10% in 2006 to 100% by 2010 	<p>Programme II; and Zanzibar Water Supply and Sanitation Project (proposed under ADF XI)</p>	