Report Number: ICRR0021945

1. Project Data

Project ID	Project Name
P096302	TZ-Sustainable Mgt of Min.Resources TAL
Country	**Practice Area(Lead)**
Tanzania	Energy & Extractives

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-45840,IDA-56330	30-Jun-2014	74,340,260.31
Bank Approval Date	**Closing Date (Actual)**	
09-Jun-2009	31-Dec-2018	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	50,000,000.00	0.00
Revised Commitment	73,149,490.76	0.00
Actual	75,003,446.17	0.00

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2. Project Objectives and Components

a. Objectives

This review covers the Sustainable Management of Mineral Resources Project (SMMRP I, IDA-45840) and its Additional Financing (SMMRP II, IDA-56330), both of which shared the same objectives, as follows:

"To support the Recipient’s efforts to strengthen its capacity to manage the mineral sector to improve the socio-economic impacts of large and small-scale Mining for the Recipient and its citizens, and enhance private local and foreign investments." (Financing Agreement page 4)

Public Disclosure Authorized

For the purpose of the ICR Review, the objective is parsed to three objectives:

Objective 1: to improve the socio-economic impacts of large and small-scale mining for Tanzania and Tanzanians

Objective 2: to enhance private local and foreign investments

Objective 3: to strengthen the Government's capacity to manage the mineral sector

b. Were the project objectives/key associated outcome targets revised during implementation?
Yes

Did the Board approve the revised objectives/key associated outcome targets?
Yes

Date of Board Approval
07-May-2015

c. Will a split evaluation be undertaken?
No

d. Components

Component A: Improving the Benefits of the Mineral Sector for Tanzania: Artisanal and Small-Scale Mining, Local Economic Development and Skills Development (Appraisal cost: US$53.40 million, Actual cost: US$51.00 million)

This component was to implement the national artisanal and small-scale mining development strategy, to strengthen links between the mineral sector and the local economy with emphasis on skills development for the mineral sector. The component of SMMRP I had six subcomponents: (i) baseline studies, (ii) extension services for Artisanal and Small-scale Mining (ASM), (iii) targeted programs for the development of specific industrial minerals and value-added in gemstones, (iv) financial assistance to small-scale miners and value addition activities, (v) linkages between mining and local economy, and (vi) human resource development for the mining industry. SMMRP II added the following subcomponents: (i) centers of excellence, (ii) geological groundworks, (iii) small grants to small-scale miners, (iv) value addition, and (v) integrating mining community development priorities into local government planning.

Component B: Strengthening Governance and Transparency in Mining (Appraisal cost: US$14.60 million, Actual cost: US$13.33 million)

This component of SMMRP I included four subcomponents: (i) legal reform and fiscal transparency, (ii) institutional capacity building, (iii) the mining cadastral information management system, and (iv) environmental and social management. SMMRP II added the following subcomponents: (i) addressing regulatory gaps, and (ii)improving transparency.

Component C: Stimulating Mineral Sector Investment (Appraisal cost: US$25.00 million, Actual cost: US$25.00 million)

The component of SMMRP I included three subcomponents: (i) strengthening of the geologic infrastructure including support to the Geological Survey of Tanzania (GST), (ii) a strategic assessment for the future direction of the State Mining Corporation, and (iii) mineral sector investment information and promotion. No additional additivities were implemented in SMMRP II.

Component D: Project Coordination and Management (Appraisal cost: US$6.90 million, Actual cost: US$5.81 million)

The component was to support project management, procurement, monitoring and evaluation, and coordination of project exit studies.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The estimated project cost, including SMMRP I, SMMRP II, and government financing, was US$100 million. The cost was revised to US$73 million, and the actual cost was US$75million (ICR, p. 2).

Financing: The appraisal estimates were US$50 million (SMMRP I; IDA-45840) and US$45 million (SMMRP II; IDA-56330), which were revised to US$49.13 million (SMMRP I) and US$24.02 million (SMMRP II). The actual disbursements were US$50.17 million (SMMRP I) and US$24.84 million (SMMRP II). A large reduction in the SMMRP II was due to the cancellation of about 46 percent the loan (ICR, para 18).

Borrower Contribution: The estimated financing by the Government was US$5 million, for which no amount was disbursed.

Dates: The project was approved on June 09, 2009, and became effective on September 22, 2009. The project undertook the following four restructurings:

First restructuring (June 25, 2014) was to cancel some activities; to reallocate funds from dropped activities to scale-up other activities; to extend activities which would have a significant effect on achieving the project's development objectives; and to extend the closing date from June 30, 2014 to June 30, 2015. Cancelled activities included the supply and procurement of equipment for geoscientific data integration system and lab equipment and some consultancy services. The added activities were rehabilitation of facilities, procurement of equipment, furniture, training machinery, and consultancy services (Restructuring Paper Report No.: 89080, page 6). The restructuring did not trigger any change in the results framework.

Second restructuring (April 16, 2015) was for the additional financing (AF). The AF retained the same objectives, but intended to scale-up the objective of "improve socio-economic impacts of large and small-scale mining for Tanzania and Tanzanians (Additional Financing Project Paper, page 7)." The results framework was updated to increase some target values and to add three new PDO-level indicators, 11 new intermediate results indicators, and 1 revised intermediate results indicator. Three PDO-level indicators added were:

(i) Time taken to transform identified Artisanal and Small-scale Mining (ASM) areas into established Primary Mining License (PML) mines.

(ii) Annual publication of mining sector revenue with an ASM annex.

(iii) Percentage increase in the share of royalty from PML holders.

Third restructuring (December 21, 2018) was to refinance the Project Preparation Advance (PPA) in the amount of US$1.74 million from the dropped Catalyzing the Future Agrifood Systems of Tanzania Project (Restructuring Paper Report No.: RES32525, para 8).

Fourth restructuring (December 28, 2018) was to cancel the unused loan amount of the SMMRP II.

The project was closed on December 31, 2018, or three and a half years after the original closing date of June 30, 2014.

3. Relevance of Objectives

Rationale

Country context: The objective of the project was substantially relevant to the country context. The mining industry has been one of the most important resources for the country's economic growth. Since the country enacted the mining law in 1979, the industry benefitted the country by attracting Foreign Direct Investment (FDI), leading to 7-percent annual GDP growth over the last 20 years. While it demonstrated a driver of economic growth, the socio-economic outcomes of mining development for Tanzanians were limited because foreign mining companies accrued the benefits. The country, in partnership with the Bank, established the new mining strategy and set the policy measures to distribute economic benefits to the local industries and citizens. Still, challenges of the mining sector remained given the lack of institutional capacity to share economic prosperity through mining activities, uncertain investment climate, lack of infrastructure, and lack of capacity to manage the sector effectively (PAD, para 17). The National Strategy for Growth and Poverty Reduction (*Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania*, MKUKUTA) (2005-10) emphasized accelerating private sector-led growth by building a competitive economy for poverty reduction and economic growth. The project contributed to MKUKUTA's economic growth cluster by building capacity in the mineral sector.

Alignment with strategy: The objective of the project aligns substantially with the Bank's latest strategy. The Country Partnership Framework (CPF) identifies the mining sector as a job-creation source and vehicle for structural transformation toward higher-value manufacturing and improved business climate. Managing natural resources is a key objective under the CPF Focus Area 1: "to enhance productivity and accelerate equitable and sustainable growth."

Previous sector experience: The Bank has supported the mining sector in Tanzania since the 1980s. Its support started from building geological infrastructure, which was followed by regulatory reform in the 1990s. The Mineral Sector Development Technical Assistance Project, completed in 2001, provided an array of lessons for project design, including an integrated approach to sector reform (PAD, para 56). Lessons from global initiatives and capacity building operations were sufficiently reflected.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
To improve the socio-economic impacts of large and small-scale mining for Tanzania and Tanzanians.

Rationale
Overall Theory of Change (TOC):

The project entailed three objectives, as discussed in section 2.a. The ICR reconstructed the TOC, stating that the ultimate PDO was "a mining sector with a strong capacity to improve its socio-economic impact on Tanzanians and better attract local and foreign private investment (ICR, para 12 Figure 2)." With this statement, the project has three objectives: (i) to improve the socio-economic impacts of large and small-scale mining for Tanzania and Tanzanians, (ii) To enhance private local and foreign investment, and (iii) to strengthen the Government's capacity to manage the mineral sector.

Theory of Change of Objective 1:

The objective was supported by two PDO level indicators: (i) household income levels in selected ASM communities and (ii) citizens' perception of participating in the local economic development process. The indicators were explicit and logical for understanding the socio-economic impacts of "small-scale mining." These PDO level indicators, however, did not assess the effects of the project's interventions on "large-scale mining", which was also part of the objective. The project implemented the large-scale mining (LSM) activities that LSM companies promoted, i.e., training and extension services for small-scale miners, but the results chain was not captured in the results framework. Even with this activity, the causally linked results would have been for small-scale miners and would not have reflected outcomes on the socio-economic impacts for large-scale miners.

The ICR (para 41 and 57) reported several contributions by the project to achieving outcomes outside the PDO indicators: mining legislation, the geological survey, growth of the mining sector, and grants to small-scale miners. However, the discussions were not directly linked to the outcomes of Objective 1 in the ICR's TOC. For example, the ICR mentioned that mining legislation (ICR, para 41, first bullet) improved socio-economic outcomes by focusing on ASM regulations with specific ASM provisions, but this contribution was not presented in the TOC. The growth of the mining sector (ICR, para 41, second bullet) was an exogenous factor to the project and was not salient to assessing the direct cause and effect relationship between inputs, outputs and outcomes.

Outputs:

- The number of ASM operators benefiting from technical capacity building services increased from 20 to 2,500 against the target of 100,000. The failure to meet the target was due to the significant delay in establishing and operationalizing centers of excellence and demonstration centers. **Not achieved**.
- Total aggregate production value from ASM beneficiary areas increased from US$4 per day to US$100 per day against the target of US$50 per day. **Exceeded.**
- Child labor participation in PML areas reduced by 88.9 percent from 1.8 percent to 0.2 percent of miners, exceeding the target of 75 percent reduction. **Achieved.**
- The number of new incorporations of ASM cooperatives, small and medium-sized enterprises, or associations increased from 250 to 350 against the target of 400. The achievement did not reach the target because it was linked to the delayed establishment of the centers of excellence. **Partially achieved.**
- The number of PMLs registered increased from 14,880 to 28,958 against the target of 45,000. The delays in completing geological survey work and establishing centers of excellence led to the underperformance. **Not achieved.**
- The number of districts with strategic development plans that integrated mining communities remained to be three against the target of six. The underperformance of the indicator was due to the government's shift of focus from linkages with large-scale operations to small-scale mining. **Not achieved.**
- The number of areas suitable for ASM that have been identified and set aside for permitting increased from four to eleven against the target of twelve. **Partially achieved.**
- The ASM database and its quarterly update were not realized because the improved mining cadaster provided the same information and function.
- The government came into compliance with Minamata Convention on Mercury Reduction Target. **Achieved.**

Outcome:

- Household income levels in selected ASM communities increased by 250 percent against the target of 200 percent. They had quadrupled from US$4 per day (2009) to US$16 per day (2015). **Achieved.**
- The percentage of citizens' perception of participating in the local economic development process increased from 12 percent to 55 percent against the target of 35 percent. **Achieved.**
- The ICR reported that the 2010 Mining Act contributed to strengthening the socio-economic benefits of mining development. The Act focused on ASM regulations, including decentralization of the permitting process and more stringent standards on no child labor, limitations on mercury use, and general environmental remediation (ICR, para 41).
- The ICR reported that grants to small-scale miners helped the achievement of the outcome indicators. A total of 116 ASM operators received US$3.5 million in technical assistance grants, of which 93 miners transformed their informal mining activities by establishing formal ASM businesses (ICR, para 41).
- The task team provided evidence on improving the socio-economic impacts of large-scale mining. After the introduction of the mining law, tax payments by companies have increased including

royalties, source payment on employees' income, skills development tax, withholding tax on dividends, tax on corporate income and other taxes. At the central level, it was difficult to monitor the extent to which increased tax revenue was used for improved mining operation because they were budgeted in a consolidated government account; however, local government authorities have been benefited through 0.3 percent service levy of turnover generated by corporate bodies in the relevant district. Furthermore, mining companies are subjected to this tax that contributes to socio-economic development in the mining regions. **Achieved.**

As per the above assessment, the project led to measurable contributions to improving the socio-economic status of both small-scale and large-scale mining. The achievement of Objective 1 is rated substantial.

Rating
Substantial

OBJECTIVE 2

Objective
To enhance private local and foreign investment.

Rationale
Theory of Change:

TOC was poorly designed to describe the connections between activities, outputs, outcomes, and achievement of this objective.

First, intended outcomes and outcome indicators did not correspond to each other. The ICR's TOC stated there were three outcomes in this objective: (i) geological database and maps were available; (ii) increased investment in diversified mineral production; and (iii) improved education and communication. Three PDO-level indicators - Tanzania's mining investment ranking, mining revenue, and royalty share – only assessed the second outcome of the TOC and did not assess the first and third outcomes.

Second, the output indicators only partially informed the level of outcome achievement. The results framework had two output indicators: (i) the number of inspections and (ii) coverage of airborne geophysical surveys. These only partially helped to assess the achievement of the outcome given many other contributing factors to enable private investments. The activities, such as mineral sector investment information and promotion, should have been considered also as factors in the results framework.

Third, the activities and outputs were not linked in the results framework. For example, the component of strengthening the geologic infrastructure had six activities, and only one of them was assessed, which was the coverage of airborne geophysical surveys. Besides, none of the activities mentioned the new environmental protection plan, although it was stated in the output in the context of inspections using the new environmental protection plan.

The above observations indicate that the ICR provided only partial evidence on the achievement of Objective 2 due to the limited design of the results framework and assessment. The project's outputs and outcomes based on the ICR's limited TOC are presented below.

Outputs:

- The number of inspections according to the new mines inspection checklist and new environmental protection plan did not increase from the baseline of 1,000 against the target of 2,500. This was due to a delay in preparing and approving the new environmental protection plan for ASM. **Not achieved**.
- Percentage of the country covered by airborne geophysical surveys at 1:100,000 scale increased from three percent to 15.7 percent against the target of 14 percent. **Achieved**.
- The number of graduates in value addition from Tanzania Gemological Centre was 109 against the target of 200 due to the delays in recruiting the trainers. **Not achieved**.

Outcome:

(i) Geological database and maps were accessible to promote new investment**. – Modest**

- No results were reported in the efficacy section of Objective 2 (ICR, para 48-51 and para 60-61).
- The ICR reported that the development of an online cadaster system increased the rates of registration and reduced processing time of the permitting process (ICR, para 46). However, it did not report on the extent to which these outputs promoted new investments.

(ii) Investment in diversified mineral production increased. **– Substantial**

- Tanzania's ranking as a mining investment destination was improved. The baseline value was a ranking of 48 out of 71 jurisdictions for policy ranking and 22 out of 71 jurisdictions for mineral potential. These rankings became 59 out of 104 for policy ranking and 71 out of 104 for mineral potential at closing. The indicator was an increase of 2-3 points/places or more over baseline in one or both indicators. The ICR did not report the extent of the increase and only provided a qualitative statement. As such, the achievement of the indicator was assessed by converting the ranking to the percentile rank. At appraisal, policy ranking was 40.0 percentile rank, and mineral potential was 67.6 percentile rank. At completion, policy ranking became 56.7 percentile rank, and mineral potential was 68.3 percentile rank. The increase was, therefore, 16.7 percentile rank of policy ranking and 0.7 percentile rank of mineral policy. Although the indicator of 2-3 points/places was not clearly defined, it was evident that at least policy ranking experienced a significant increase. Hence, the outcome of improving Tanzania's ranking as a mining investment destination was achieved. **Achieved.**
- Mining revenue increased by 52 percent against the target of five percent. The project facilitated investments in new mining development, leading to a significant increase in mining revenue. For example, annual gold production increased and reached 50 metric tons per year. **Exceeded.**
- Share of royalty from PML holders remained seven percent against the target of 7.5 percent. The ICR did not provide a detailed explanation of the attribution and contribution. **Partially achieved.**

(iii) Education and communication in the mineral sector improved. – Modest

- No results assessing net improvements were reported in the efficacy section of Objective 2 (ICR, para 48-51 and para 60-61).

- The ICR reported that some of 100 graduates of the Tanzania Gemological Centre are currently self-employed while others are employed by the gem industry in Arusha (ICR, p 27 second bullet).

The promotion of new investments through better access to geological maps and databases was modest. The improvement in education and communication was also modest, mainly because no evidence was provided. Available evidence indicates that the increase in diversified mineral production was substantial. Overall, the achievement of Objective 2 was modest.

Rating
Modest

OBJECTIVE 3

Objective
To strengthen the Government's capacity to manage the mineral sector.

Rationale
Theory of Change:

The objective was to be measured by two outcome indicators: (i) time reduction of both processing mineral rights and establishment of PML mines, and (ii) annual publication of mining sector revenue. Two outputs would indicate achievement of this outcome: (i) revision and dissemination of mineral law and regulations and (ii) completion of Extractive Industries Transparency Initiative (EITI) law. These indicators, however, did not fully assess the intended capacity to be strengthened. According to the ICR, the project intended to improve the capacity of governance and transparency (ICR p 10 figure 2). The improvement in management capacity was to be assessed in terms of the following outcomes, according to the ICR's TOC:

(i) the modern and transparent legal and regulatory framework for the mining sector

(ii) improved capacity to manage the mineral sector for maximum benefits

(iii) better access to mining revenues data

(iv) improved use of mining revenues

(v) increased transparency and greater social accountability

However, the indicators were deficient in measuring the achievement of the above outcomes. The time reduction and annual publication only addressed the outcomes of (ii) and (iv). Based on the ICR TOC's outcome indicators, the outputs and outcomes are presented below.

Outputs:

- Mineral law and regulations were revised and disseminated. **Achieved.**
- The government completed the preparation of the EITI law. Value addition regulations, explosives regulations, and mine closure regulations were prepared, but not formally approved by the time of project closing. **Partially achieved.**

Outcome:

(i) Modern and transparent legal and regulatory framework for the mining sector is established. **– Modest**

- No outcome indicators were reported. The project supported activities on a legal and regulatory framework such as the Mineral Policy, the Mining Act, the legal and regulatory framework on value-added activities, and EITI law, none of which was measured at the outcome level.
- The legal and regulatory framework increased the number of registered ASM license holders increased from about 35 in 1999 to about 35,000 in 2014. This increase was attributable to the following: (a) simplification of procedures for acquiring PMLs, (b) decentralization of the Ministry of Energy and Minerals (MEM) licensing, (c) provision of inspections and extension services functions to zonal mines offices and resident mines offices, and (d) provision of financial assistance to artisanal miners willing to formalize their operations (ICR, p 22 fourth bullet point).

(ii) Capacity to manage the mineral sector for maximum benefits is improved. **– Substantial**

- Time to process mineral rights decreased from 18 months to one month, exceeding the target of two months. **Achieved**.
- Time to transform identified ASM areas into established PML mines was reduced from 12 months to three months, exceeding the target of six months. **Achieved.**
- The ICR (p 22 first bullet point) reported that the development of an online cadaster system increased the rates of registration and reduced the time for processing titles. For example, the backlog of application processing was reduced to zero, the issue of overlapping rights was addressed, and the number of PMLs increased from 11,000 in 2009 to 35,000 in 2015.
- The ICR reported that monitoring of sites increased by 352 percent in the number of audits conducted for the ASM.
- The ICR reported that the capacity of Geological Survey of Tanzania (GST) was significantly improved. GST participated in air-borne geological surveys of high-potential areas representing 12 percent of the country's surface, making a total of 16 percent countywide coverage. It also reported that the project supported the production of a metalorganic map of Tanzania for mineral promotion and established an integrated online geodata and information management system. However, these achievements were output-level and did not discuss how these surveys and information changed the capacity of managing the mining sector at the outcome level.
- The ICR reported that the capacity of Tanzanian Gemological Center (TGC) was improved. The project supported the equipment and capacity building for the center. It helped TGC become a regional center for lapidary, gemology, and jewelry design and manufacturing. TGC hosted an international gem fair, during which decreased smuggling and provided opportunities for auctioning seized materials. In 2016, smuggled gemstones worth over US$11.4 million were auctioned at the gem fair.

(iii) Better access to mining revenues data is ensured**. – Substantial**

- No outcome indicators were reported.
- The ICR reported that the project achieved mainstreaming and institutionalization of mineral revenue transparency. Since 2012, the fiscal revenues became publicly accessible, and it reached US$410 million, equivalent to 5.9 percent of the annual budget (ICR, page 23 first bullet point).
- The ICR also reported that the number of license holders paying royalties grew from about 4,000 in 2009 to over 35,000 in 2015 (ICR, page 23 first bullet point).

(iv) The use of mining revenues is improved. **– Negligible**

- No outcome reported.

(v) Transparency and greater social accountability are increased. **– Modest**

- The annual publication of mining sector revenue became available. **Achieved**.
- The annual publication of the mining sector revenue of ASM remained to be US$1.00 against the target of US$4.00 (ICR, page 48). On the other hand, the ICR indicated that the mineral ASM sector revenues were increased from US$1.00 in 2014 to US$4.00 in 2018 (ICR, para 45). Thus, the available evidence is contradictory.

As per the above assessment, the project had a very mixed performance in terms of strengthening the Government's capacity to manage the mineral sector. Out of the five outcomes, two outcomes – improved capacity to manage the mineral sector and better access to mining revenues - were substantially achieved. The project modestly achieved the outcomes of improving the legal and regulatory framework and enhancing transparency. The ICR did not report the use of mining revenues, which was assessed as negligible for absence of evidence. Given two substantial, two modest, and one negligible sub-ratings, the achievement of Objective 3 is rated modest.

Rating
Modest

OVERALL EFFICACY

Rationale
The efficacy of the first objective “to improve the socio-economic impacts of large and small-scale mining for Tanzania and Tanzanians” was substantial. This conclusion was based on the substantial results of the socio-economic impacts for both small-scale and large-scale mining. The efficacy of the second objective “to enhance private local and foreign investment” was modest, given the substantial increase in diversified mineral production but limited evidence of both promotion of new investments and improved education and communication. The efficacy of the third objective “to strengthen the Government's capacity to manage the mineral sector” was modest. While two outcomes out of five - capacity to manage the mineral sector and

better access to mining revenues - were substantially achieved, the rest of the outcomes were modestly achieved or not reported in the ICR. On this basis, the overall efficacy is modest.

Overall Efficacy Rating	**Primary Reason**
Modest	Insufficient evidence

5. Efficiency

Economic analysis: The PAD estimated the revenue for the government by SMMRP I to be US$150 million through one or two new exploration investments and US$2.5 million per year through increased license fees and royalty collection (PAD, para 79-80). SMMRP II similarly analyzed the economic impact of a new mining site. The ICR, however, did not report if the investments materialized and the revenue accrued to the government.

The ICR estimated the project's economic benefits while being an essentially technical assistance project. The ICR estimated that the government collected US$2.76 billion from the extractive sector under SMMRP I and US$390 million under SMMRP II (US$130 million x 3 years from 2016-18) (ICR, para 70). Royalties revenue rose to about 40 percent of total Government revenues from extractive industries (ICR, para 70). The ICR indicates that the project was substantially efficient in terms of increasing economic benefits from Tanzania's mineral sector, although the evidence was unclear whether and how much economic benefits were attributable to the project.

Implementation Efficiency. The project had significant delays and extended for a 9-year period. The ICR considers SMMRP I as having been efficiently implemented based on the evidence of a 100 percent disbursement rate at project closing (ICR, para 64). SMMRP II was not as efficiently implemented as SMMRP I due to the lost momentum of the government after a new one was elected in early 2016 (ICR, para 66). Only 39 out of 82 activities of SMMRP II were completed, and the project experienced recurrent staffing changes and relatively weak capacity in internal controls, oversight functions, and procurement (ICR, para 86). This led to the incomplete performance of the additional financing and implementation delays. As a result, it took as long as nine years to deliver socio-economic impacts from the mining sector to Tanzanians.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	**Point value (%)**	***Coverage/Scope (%)**
Appraisal	✓	0	0 ☑ Not Applicable
ICR Estimate	✓	0	0 ☑ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of the project's objectives to the country context and the Bank's strategy was **substantial**. Overall efficacy was **modest**, given the modest results of achieving the three objectives. Efficiency was **modest** due to weak evidence, significant implementation delays and the extended project period. Hence, in line with the Bank's ICR preparation guidelines dated September 27, 2018 (Annex H, page 37) On this basis, the project's overall outcome was **moderately unsatisfactory**.

a. Outcome Rating

Moderately Unsatisfactory

7. Risk to Development Outcome

Technical, Operational, and Institutional Risks: The technical, operational, and institutional risks to the sustainability of project outcomes are substantial, given the limited measures taken to sustain the project achievements.

For the risks to the outcomes of Objective 1, maintaining or increasing socio-economic impacts depends on the legal framework, and continuous support to the ASM and its related entities. The ICR reported that the legal framework could be reversed given investors' concerns, but mitigation measures are limited only to keeping the dialogue with the government (ICR p 43 table 5). Sustainability of the government engagements with the ASM was not reported, but risks seem substantial considering the overall limited capacity of the government.

For the risks to the outcomes of Objective 2, maintaining or enhancing private local and foreign investment depends on exogenous and endogenous factors. The ICR discussed that the risk of global economic factors and low commodity prices adversely affect the performance of the sector (ICR, p 43 table 5), yet the countermeasures to the exogenous factors would be beyond the project interventions since the risk should be managed primarily by macroeconomic policy. The endogenous factors which the project directly supported were the continuous qualified inspection with the new environmental protection plan and the online cadaster system. The environmental protection plan was delayed but was approved and is now part of the regular inspections of mine sites (ICR, p 56). The sustainability of the online cadaster system was not discussed in the ICR.

For the risks to the outcomes of Objective 3, sustaining the capacity to manage the mineral sector hinges on the sustainability of the legal framework and institutional capacity. The risk of the legal frameworks is as reported in the risks of Objective 1 in this section. The institutional capacity faces sustainability risks because of the recurrent staff changes (ICR, para 92). During the project, it conducted workshops and refresher course for new staff members; however, the ICR did not report if such instruments would be implemented after the project. The ICR did not report any mitigation measures for maintaining institutional capacity.

Financial Risks: Financial risk remains. The ICR is limited in analyzing the financial sustainability of the project.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project incorporated well the previous lessons to better design the project's interventions. The project reflected both global and local lessons. From the global perspective, the task team reflected the lessons from previous global initiatives and capacity-building operations for sustainable management of the mineral sector in the various regions (ICR, para 105). From the local perspective, the project was built upon the experience of a technical assistance project, the Mineral Sector Development Technical Assistance Project. This provided important lessons to prepare the project, which included (i) integrated and phased approach, (ii) multi-stakeholders' participation and consensus, (iii) regional development initiatives, and (iv) improvement and management of the information system and database. A shortfall of the quality at entry was the lack of explicit design of the causal path from activity through intermediate outcomes to final outcomes and their direct links to the achievement of objectives, as was discussed in Section 4.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The task team successfully conducted supervision despite the complex political situation during the project period. The project produced 16 Implementation Status and Results Reports (ISR) over the nine years of implementation. During SMMRP II, the country faced political uncertainties, but the Bank managed to respond to the structural change. For instance, when the Ministry of Energy and Minerals was split into two ministerial entities, and the PMU was reorganized, the project provided technical support to the PMU and organized workshops and refresher courses for the new staff members (ICR, para 109). The ISRs critically analyzed the political complexities and identified actionable items. For example, the ISR (sequence number 15) analyzed the tensions between mining companies and the government on the new legislation and clarified the Bank's position to address the political complexities.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The results framework was poorly designed. The ICR stated that PDO-level indicators did not encompass all the outcomes to assess the achievement of the PDOs (ICR, para 95). In addition to the ICR's observation, the results framework lacked the clear results chain in it, as explained below.

First, the objective was not formulated well. Although the PAD and ICR reiterated that the project had three objectives, the objective was not conceptualized clearly. It was not clear whether the objective of the capacity improvement was causally linked by the objectives of socio-economic improvement and enhanced investments. If there were linkages between each objective, the TOC should have reflected such contribution and attribution.

Second, the outcomes were not carefully measured by causally linked final and intermediate outcome indicators. Objective 3, for instance, had two intermediate outcome indicators: mineral law and regulations and the completion of EITI law, but they were not directly useful to measuring the outcomes that would signal the achievement of Objective 3. The indicators did not provide the evidence required to measure the extent to which the capacity (e.g., human resources, institutional strengthening, transparency, and governance) was improved.

Third, the intermediate outcomes did not capture the anticipated outputs from the activities. The project implemented many activities, but many of the results were not measured. For example, the ICR stated that grants to small-scale miners were useful (ICR, para 41 third bullet point), yet the delivery of financial assistance to small-scale miners was not specifically reflected as a component of the results framework.

b. M&E Implementation

The project regularly conducted M&E by reviewing PDO-level and intermediate results indicators (ICR, para 96). At the additional financing, the results framework was revised; however, the lack of clarity and specificity in the results framework remained, which led to insufficient monitoring and evaluation of the project.

c. M&E Utilization

The ICR (para 98) mentioned that the M&E data were utilized effectively to inform project management and decision-making without providing concrete evidence.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as Environmental Category B and triggered the Bank's safeguard policies on Environmental Assessment (OP/BP 4.01) and Involuntary Resettlement (OP/BP 4.12). The project prepared the Environmental and Social Management Framework (ESMF), the Resettlement Policy Framework (RPF), and Environmental Protection Plan (ICR, para 100). There were issues on the Environmental Protection Plan for the small grants program (para 102), but they were resolved by the closing date. The project incorporated the issue of child labor into the results framework during the restructuring. Also, the environmental audits were prepared by the MEM. Overall, the ICR indicates (para 102) that safeguard compliance was moderately satisfactory.

b. Fiduciary Compliance

Financial Management: The ICR reported that Tanzania Investment Bank (TIB) held project funds without valid justification according to the auditor's findings, which violated section 1D (1) (e) of Schedule 2 of the Financing Agreement. The ICR noted that the MEM was asked to provide justifications for allowing TIB to hold the funds for a long time and to return the funds to the project with interest. The World Bank team followed up on the issue in February 2020 with a reminder to issue the refund but no official Government's response has been received yet.

Procurement: Although there was a slow implementation of procurement, the ICR reported that the procurement was conducted in accordance with the World Bank's Procurement Guidelines.

c. Unintended impacts (Positive or Negative)

NA

d. Other

NA

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Unsatisfactory	Evidence was inadequate or absent to assess the outcomes related to socio-economic impacts, increased investment, and capacity building. While relevance of objectives was substantial, efficacy and efficiency were both modest, leading to a moderately unsatisfactory rating according to the Bank's ICR preparation guidelines.
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Modest	

12. Lessons

The ICR provided lessons mainly on the political environment and ASM reforms. This review summarized the two important lessons in the ICR and drew a third lesson.

1. Responding and incorporating political uncertainties

A project involving sectoral reforms needs to take into account a sudden reversal of policy. Political reversals can cause unforeseen political, institutional, or sectoral changes with direct or indirect implications that affect the proper implementation. During the project, the split of the Ministry of Minerals and Ministry of Energy necessitated the establishment of a new Ministerial Tender Board, which took almost five months and caused a delay in the implementation of the project. The project was responsive to the political changes in two ways. The project provided additional training and a refresher course for the new PMU staff to better understand Bank's procedures. The Bank team closely reviewed and analyzed the political implications of the project. These reviews were conducive to guiding the project's adaptation to political uncertainties.

2. Holistic approach to reform small-scale mining

The project took a comprehensive approach to enable reforms for small-scale miners, which were mainly characterized by three interventions. One was to strengthen the legal and regulatory framework. The mining legislation strengthened the socio-economic benefits of mining and reduced adverse social and environmental impacts. The second was to provide small-scale miners with financial incentives and technical assistance. Loans or small grants were provided to miners, and decentralized licensing and geological information led to a rise of legalization and registration of small-scale miners. The third was to establish the center of excellence, which provided comprehensive support for small-scale miners. The center enabled miners to establish formal small-scale and medium-scale mining businesses. Interventions to small-scale miners are often politically sensitive and potentially adversely impacted. The multi-approach covering the legal framework to ground-level support would reduce the risks of political adversaries and enable the successful reform of small-scale mining in such a volatile circumstance.

3. Establishing operationally feasible theory of change and results framework

The lack of an effective theory of change and corresponding results framework hinders the proper assessment of the project. Although the project implemented a wide array of activities (four components and 13 subcomponents), the causal chains were not fully recorded in the results framework. The inadequate results framework stems from the less structured theory of change at the design stage. Since the theory of change was not articulated adequately, the project was not clear about which activity was linked to what results and for which outcome. The theory of change needs to correspond with the results framework in order to provide a sufficient basis tor understanding and measuring the project’s achievements.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR was not well organized and thus proved to be an inadequate basis for reliably assessing project results. The results framework had shortcomings, particularly in articulating the results chain, hence the ensuing discussion of the project’s performance lacked credibility. The ICR had four main weaknesses. First, although the ICR recognized the inadequacy of the results framework (para 95) and reconstructed it, the improvements in the results framework were not applied adequately in the ICR’s assessment of efficacy. Second, the PDO indicators were reported on, but were not evaluated in depth, hence resulting in a limited body of evidence to support the assertions that project outcomes have been achieved. Third, the ICR’s efficiency assessment did not compare “with” and “without” the project; although para 70 analyzed the project’s economic impacts, there was no comparison made with the corresponding analyses in the PAD and the Additional Financial Project Paper, thus the project’s net economic value-added remains unclear. Fourth, future risks were not adequately delineated and there was insufficient discussion of the measures to mitigate risks that were identified.

a. Quality of ICR Rating
Modest