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**INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE UNITED REPUBLIC OF TANZANIA

FOR THE PERIOD FY18-FY22

February 14, 2018

**International Development Association
The International Finance Corporation
The Multilateral Investment Guarantee Agency
Africa Region**

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UNITED REPUBLIC OF TANZANIA - FISCAL YEAR

July 1 - June 30

CURRENCY EQUIVALENTS

Exchange Rate Effective as of January 31, 2018

Currency Unit: Tanzanian Shilling (TZS)

US\$1.00 = TZS 2,253

SDR 1.00 = US\$1.42

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing	LNG	Liquefied Natural Gas
AIDS	Acquired Immunodeficiency Deficiency Syndrome	M&E	Monitoring and Evaluation
ASA	Advisory Services and Analytics	MDA	Ministries, Departments, and Agencies
ASDP	Agricultural Sector Development Program	MFD	Maximizing Finance for Development
ASDS	Agricultural Sector Development Strategy	MIC	Middle-income Country
BP	Bank Policy	MIGA	Multilateral Investment Guarantee Association
CCT	Conditional Cash Transfer	MSME	Micro, Small and Medium Enterprises
CIDA	Canadian International Development Agency	NSDS	National Skills Development Strategy
CIF	Carbon Investment Fund	OP	Operations Policy
CLR	Completion and Learning Review	PFM	Public Financial Management
CPF	Country Partnership Framework	PforR	Program for Results
CPIA	Country Policy and Institutional Assessment	PHC	Primary Health Care
CRW	Crisis Response Window	PIU	Project Implementation Unit
DAWASCO	Dar es Salaam Water and Sewerage Corporation	PPPs	Public Private Partnerships
DFID	Department for International Development	PSCP	Private Sector Competitiveness Project
DMGP	Dar es Salaam Maritime Gateway	PSSN	Productive Social Safety Net
DPO	Development Policy Operation	PSW	Private Sector Window
DRC	Democratic Republic of Congo	PW	Public Works
DSA	Debt Sustainability Analysis	RCIP	Regional Communication Infrastructure Program
EAC	East African Community	REGROW	Resilient Natural Resource Management for Tourism and Growth
EAMU	East African Monetary Union	RI	Regional Integration
EAPP	Eastern Africa Power Pool	SAGCOT	Southern Agricultural Growth Corridor of Tanzania
EBA	Enabling the Business of Agriculture	SATTF	Southern Africa Trade and Transport Facilitation
EC	European Commission	SCD	Systematic Country Diagnostic
e-GP	Education Global Practice	SDG	Sustainable Development Goals
EITI	Extractive Industries Transparency Initiative	SME	Small and Medium Enterprises
EKTZ	Ethiopia-Kenya-Tanzania-Zambia	SOE	State-owned Enterprise
ESF	Environmental and Social Framework	SSA	Sub-Saharan Africa
ESMAP	Energy Sector Management Assistance Program	SUF	Scale-Up Facility
FY	Fiscal Year	SUZA	State University of Zanzibar
FYDP II	Second Five Year Development Plan	TA	Technical Assistance
GDP	Gross Domestic Product	TANESCO	Tanzania Electric Supply Company
GEF	Global Environment Facility	TASAF	Tanzania Social Action Fund
HDFC	Housing Development Financial Corporation	TDV	Tanzania Development Vision
ICAS	Investment Climate Assessments	TIRP	Tanzania Intermodal Rail Development
ICT	Information and Communication Technology	TREEP	Tanzania Rural Electrification Expansion Project
IDA	International Development Association	TUSP	Tanzania Utility Strengthening Project
IEY	Investing in the Early Years	TVET	Technical and Vocational Training
IFAD	International Fund for Agricultural Development	TZS	Tanzanian Shillings

IFC International Finance Corporation
 JAST Joint Assistance Strategy
 LE Livelihoods Enhancement
 LGA Local Government Authority

USAID United States Agency for International
 Development
 WBG World Bank Group
 ZSGRP III Third Zanzibar Strategy for Growth and Reduction
 of Poverty
 ZUSP Zanzibar Urban Services Project

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**FY18-FY22 COUNTRY PARTNERSHIP FRAMEWORK
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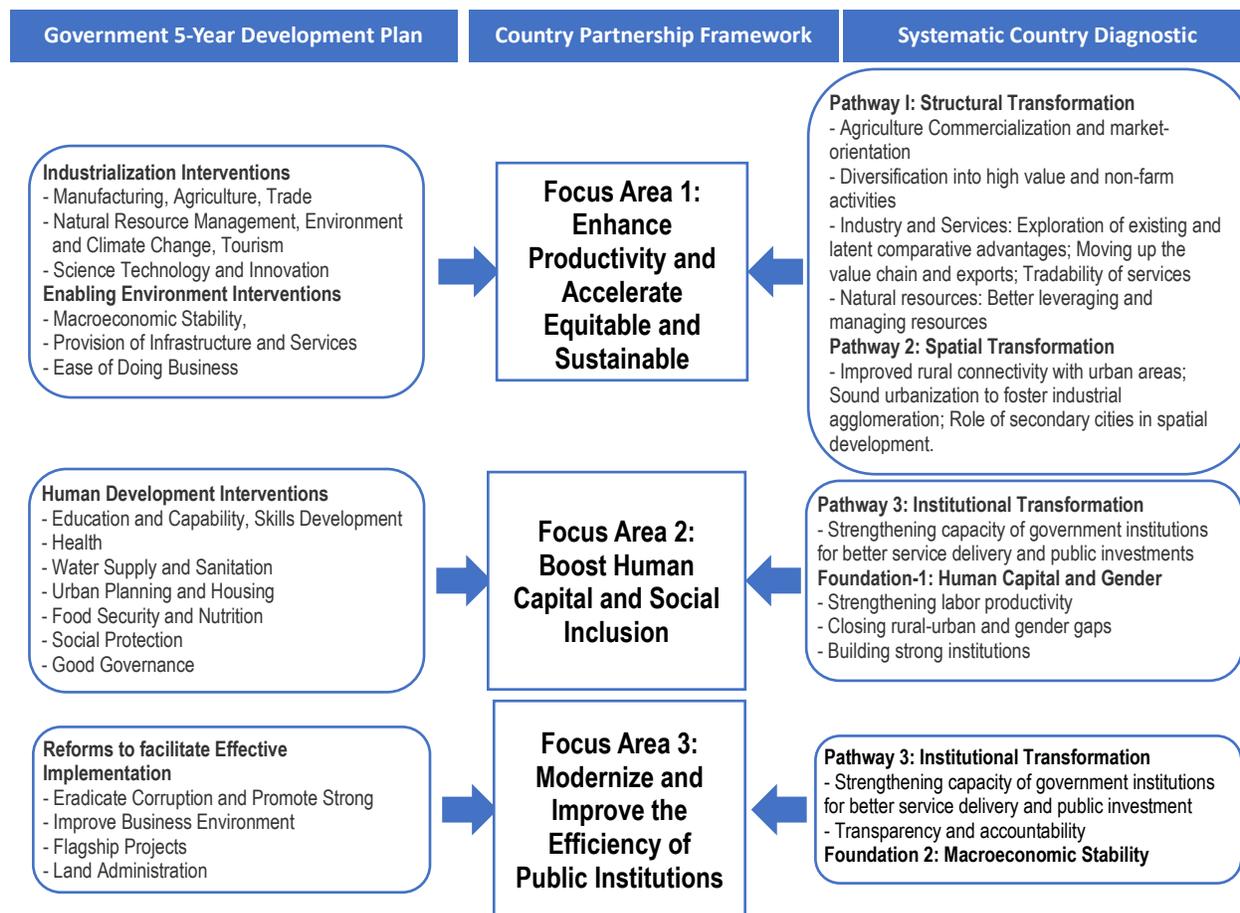
**FY18-FY22 COUNTRY PARTNERSHIP FRAMEWORK
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I. INTRODUCTION

1. **Tanzania’s unique characteristics—socio-political stability, strategic regional location, and rich and diverse natural resources—have the potential to drive its growth trajectory.** They provide many opportunities for a diverse range of growth-enhancing investments that can spur job creation and poverty reduction in Tanzania. Developing regional corridors has the potential to boost competitiveness and generate incomes not only in Tanzania but also in the broader region.
2. **Growth has averaged 6.5 percent annually for the last decade; but it must grow by over 7 percent per annum to achieve the country’s development goal—middle-income level of US\$1,200 per capita by 2025.** Accelerating growth that is both sustainable and inclusive requires investment, both public and private. A stable macroeconomic framework and sound and predictable policies are central to high and sustainable growth. Sustainable management of its natural resources, addressing climate change risks, closing the infrastructure gap and building human capital are fundamental to achieving this growth.
3. **Tanzania has made some gains in poverty reduction, but there are marked disparities in these gains along spatial lines.** Based on the national poverty line, headcount poverty fell from 34 to 28 percent¹ (2007-2012), but is still high in absolute terms (12 million people) due to high population growth. Rural poverty decreased by 15 percent and poverty in Dar es Salaam recorded a 72 percent reduction. Jobs in the public and private sector was a big contributor to poverty reduction in Dar es Salaam, followed by non-farm/agri-businesses. In the rural areas, factors contributing to poverty reduction include education, a move away from agriculture to non-farm activities and household businesses, commercial agriculture and agri-business, access to communications and transportation, and roads that enhance access to markets as well as financial transfers through mobile money and Tanzania Social Action Fund (TASAF).
4. **The Country Partnership Framework (CPF) for Tanzania covering FY18-FY22 comes at a time when Tanzania must both consolidate the gains of the last decade and address the continuing gaps in its development outcomes—including sharp spatial (rural-urban) and gender disparities in income and assets, continued challenges with respect to human capital and delivery of public services, and unsustainable use of critical natural resources.** To address this, Tanzania has set out an ambitious agenda of nurturing industrialization for economic transformation, and human development. The CPF supports this agenda which is laid out in Tanzania’s Second Five-Year Development Plan (FYDP II) and Zanzibar’s Third Strategy for Growth and Reduction of Poverty (ZSGRP III) (Figure 1).
5. **The Systematic Country Diagnostic (SCD) for Tanzania identifies three pathways to leverage the country’s advantages to achieve the national development goals:** (i) *structural transformation* to leverage Tanzania’s natural assets and capture latent comparative advantage to create more jobs; (ii) *spatial transformation* to build on Tanzania’s geographic advantages and maximize benefits from spatial integration and agglomeration; and (iii) *upgrading public institutions and organizations*, underpinned by expanding human capital, gender equity, and macroeconomic stability.

¹ The national poverty line is US\$0.5 per capita per day. Using the international poverty line, poverty decreased from 59.9 to 48.8 percent over the same period.

Figure 1. Links between the FYDP II, the SCD and the CPF Focus Areas



6. **Following a decade of strong growth and poverty reduction, the CPF addresses the challenges of carving a growth path that is more inclusive and sustainable.** The CPF program will deepen transport, Information and communication technology (ICT), and energy investments to support spatial transformation and inclusive growth, and will significantly scale up human capital development. These interventions will foster the enablers for poverty reduction and address the rural urban divide that affects access to infrastructure, social services and productive jobs. It emphasizes activities that boost productivity, promote competition, and attract private sector participation in economic development. In addition, the CPF will sharpen the focus on gender equality, technology leapfrogging, social inclusion, early childhood development and building the capacity of public institutions for effective delivery of services.

7. **The CPF recognizes the close nexus between climate change and poverty reduction in Tanzania and places a strong emphasis on addressing the effects of climate change.** About 70 percent of current natural disasters in Tanzania are associated with climate change, and the economy is increasingly affected by prolonged droughts, severe storms and floods, and rising temperatures, costing more than 1 percent of gross domestic product (GDP). Tanzania is water stressed, and already there are trade-offs in the use of water and land, as well as emerging risks of depletion of some forestry, fisheries, and wildlife resources. To facilitate careful balancing of competing demands as the country develops, the CPF will support government’s ability to integrate climate resilience into its development planning, implement regulatory reforms, and finance investment in mitigation and adaptation efforts to maximize climate change co-benefits to achieve a more sustainable low-carbon and resilient growth.

8. **The CPF will call upon the full range of World Bank Group (WBG) instruments and financial products to respond to Tanzania’s needs.** The CPF will address International Development Association (IDA) special themes and seek to be agile in preparing operations and analytical products. Figure 2 shows some of the CPF results.

Figure 2. Snapshot of Expected CPF Results



II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

A. GEOGRAPHY AND REGIONAL CONTEXT

9. **Tanzania’s location and preferential multilateral trade agreements offer much promise, but to date has been characterized by unrealized potential and missed opportunities for investors.** Tanzania shares borders with eight other countries, five of which are completely landlocked.² With 1,400 kilometers of Indian Ocean coastline and shared access to the three major African Great Lakes—Victoria, Tanganyika, and Nyasa—Tanzania is well-situated for the growing South-South trade and trade with its neighbors. Dar es Salaam is the port of entry and exit for two of the three major Eastern Africa transport corridors, the Central and Southern Corridors. According to the Regional Integration Index for 2016, Tanzania is the lowest performer overall on regional integration among East African Community (EAC) and below average performer within the Southern African Development Community. With appropriate policies and supporting infrastructure, there is significant potential for regional integration and deeper trade orientation, including a larger role in regional food supply.

10. **The population of nearly 54 million—expected to reach 100 million by 2040—will severely strain the government’s capacity to deliver services, especially in urban areas.** About a third of its people live

² Uganda, Rwanda, Burundi, Zambia, and Malawi are totally landlocked. The Democratic Republic of Congo is nearly landlocked.

in urban areas, which by 2050 are likely to house half of the population, driven by both population growth and rural-to-urban migration. This heightens the need to ensure sustainable urban living conditions, including sanitation, waste disposal, and control of both indoor and outdoor air pollution and of industrial effluents. For example, health spending will need to be doubled simply to maintain the same level of services (at US\$40 per capita).

B. SOCIAL AND POLITICAL CONTEXT

11. **The United Republic of Tanzania is one of the most socially cohesive and politically stable nations of Sub-Saharan Africa (SSA).** Tanzania's first President, Julius Nyerere (1961-1985) adopted social policies that forged a strong Tanzanian national identity that continues to take priority over ethnic, regional, or linguistic identities, but the socialist economic policies of the period resulted in slow economic growth and high levels of poverty. In the mid-1990s, Tanzania transitioned to a multiparty system and accelerated market-based economic reforms which led to a period of sustained growth and investment, but also increasing corruption which became an issue of widespread public concern.

12. **Since the Fifth Phase Government of President John Pombe Joseph Magufuli came to power in 2015, it has prioritized efforts to clampdown on corruption,** improve public administration and manage public resources for improved social outcomes. Under the new administration, 72 percent of Tanzanians say corruption has decreased "somewhat" or "a lot" over the preceding year, compared to 13 percent in 2014. Similarly, 71 percent say the Government is fighting corruption "fairly well" or "very well", compared to 37 percent in 2014 (2017 Afrobarometer).

13. **The Government has sought to rebalance its role in driving the economic development agenda.** The Government has placed itself at the forefront of driving the country's industrialization agenda through FYDP II with an active state role in economic governance. Through new policies and legislation, a strong boost has been given to promotion of domestic value creation and of domestically-owned industries. Mistrust of some elements of the private sector as a source of corruption and taking advantage of market power, and experience from some previous failed public private partnerships (PPPs) cases influences how the Government sees the risks from private sector participation in infrastructure. The Government's strong measures against corruption and aggressive drive on tax collection, as well as swift legislative changes have not always been well-received by elements of the private sector.

14. **The private sector in Tanzania remains segmented with a small number of large enterprises dominating the formal markets.** The majority of Tanzanian firms, however, are small, operate informally, and have very low productivity and value-addition. The average productivity of small firms is less than half that of medium to large firms according to the World Bank Enterprise Survey. High transaction costs, generated not only by infrastructure gaps but also by business-unfriendly regulations, undermine the growth of informal microenterprises and their formalization.

15. **As the country settles in a new regime of economic development, mutual trust between the Government and the private sector needs to be re-established.** The government recognizes that a rule-based market mechanism is needed to attract fair market players and promote private investments which cater to the country's long-term growth. Public-private dialogue needs to be firmly established to foster mutual trust through a clearer presentation of objectives and implications of government policies which affect the private sector. Strengthening market institutions such as the fair competition framework is also important to set the rules of the game in the new regime. Over the period of the CPF, the Government

needs to implement measures to enable and encourage the private sector to take the lead in Tanzania's development.

C. ECONOMIC CONTEXT

16. **Between 2006 and 2016 Tanzania's average GDP growth of 6.5 percent is markedly higher than the SSA average of 4.8 percent but rapid population growth has kept growth in per capita income relatively modest.** Zanzibar's growth trajectory has been similar, though slightly lower than the national trend, averaging 6.2 percent from 2007 to 2015. The surge in population growth blunts the impact of the country's impressive economic growth on per capita incomes (about US\$900 in 2016), putting Tanzania behind such SSA peers as Ethiopia, Rwanda, Zambia, Mozambique, and Ghana. The surge also heightens pressure on natural resources like water, public services, and the job market.

17. **Services and industry have been driving growth.** Contributing nearly half, services have been leading economic growth since 2006, with communications and financial services recording double-digit annual growth. The mobile phone subscription rate, and with it mobile banking, grew almost ten-fold. Led by manufacturing (especially agro-processing) and construction, industry contributed more than a quarter of economic growth. However, agriculture³, the sector which supports about 73 percent of Tanzanian households grew only modestly.

18. **The recent growth benefitted from economic liberalization and strong capital accumulation in the 1990s and 2000s; the reform agenda since has been complex.** Earlier reforms and surges in public and private investment raised productivity and provided a sustained benefit that has helped protect the country when the external environment is difficult.⁴ Much of the growth in the early 2010s was a lagged effect (persistent factor) of previous structural improvements. This effect and the continued contribution of structural improvements offset the negative impacts associated with the 2007-09 global financial crisis, the food and fuel price shocks of 2007 and 2011, and the energy crisis that followed severe droughts in mid-2011 by the negative external stabilization factor.⁵ Reforms since the mid-2000s, however, which are designed to improve public governance, human capital, and the business environment, require a broad range of measures sustained over long periods.

19. **Tanzania's stable economic growth has been accompanied by some structural transformation.** As industry and services have become more prominent (Table 1), labor has been shifting from low-productivity agriculture to these higher-productivity areas, contributing to an increase in labor productivity in the economy. Static structural change—productivity growth due to shifts from sectors with below-average productivity (in agriculture) to those with above-average productivity (in industry and services)—has been the largest contributor to per capita growth (Tanzania SCD 2017⁶).

20. **Raising productivity, however, remains difficult because the labor shifts to manufacturing and services have mainly taken place in the informal sector.** In fact, wholesale and retail services, where most jobs were created, saw labor productivity decline. Labor expansion in services was largely in non-

³ For details on agriculture see the Tanzania Systematic Country Diagnostic and the Government's Agricultural Sector Development Strategy, ASDS II 2015/16-2024/25.

⁴ Private and public investment both surged after liberalization reforms in the 1980s and 1990 removed direct controls on prices, exchange rates, and interest rates; allowed private investment in industries, liberalized markets for goods and services, and reduced public involvement in commercial activities.

⁵ Tanzania was somewhat insulated from the global crisis because its domestic financial sector was not highly integrated with the global market.

⁶ Tanzania SCD: Report number 110894-TZ.

tradables, through growth in informal employment. About 80 percent (2.6 million) of the jobs created in 2006-14 were informal, mainly in wholesale and retail services.

Table 1. Employment and Labor Productivity by Sector

	Employment by Sector (Percent of Total)		Value-Added per Worker (Constant TZS Millions)	
	2006	2014	2006	2014
Agriculture	76.5	66.9	0.55	0.71
Industry	4.3	6.5	6.82	7.08
Mining	0.5	1.1	10.15	6.15
Manufacturing	2.6	3.1	3.88	4.89
Utilities	0.1	0.2	26.8	19.64
Construction	1.1	2.1	10.47	9.68
Services	19.3	26.7	3.66	4.12
Wholesale & retail	9.6	16.6	1.73	1.42
Transport	1.5	2.8	8.45	7.58
Finance	0.1	0.3	35.29	27.78
Other services	8.1	7	4.63	6.73
Total	100	100	1.42	1.94

21. **Continued sound macroeconomic policies and intensive efforts to advance structural reforms will be essential to sustain macroeconomic stability and high economic growth, and to deliver on the development agenda.** Ambitious revenue and spending targets undermine budget credibility, with systematic under-execution of the national budget over the past several years largely attributed to low execution of planned development expenditure. Persistently high central government arrears⁷ to contractors and suppliers, not only undermine budget credibility but also impairs the profitability of these businesses and reduces liquidity. Combined, these factors deter private sector-led growth. To achieve its goals, fiscal and monetary policies must be prudent, and the Government must intensify its efforts to mobilize more domestic revenue for development-oriented investments and clearance of arrears.

22. **Public debt has gone up by more than 30 percent over the last five years, though at about 40 percent of GDP in 2016/17, it is still sustainable.** Debt has been pushed up by more non-concessional borrowing from both domestic and foreign markets. Domestic debt, consisting of new government securities issuance and rollovers, constitutes 20 percent of the total in 2016/17. Public debt service now consumes about 14 percent of domestic revenues, largely due to higher costs and shorter tenor of borrowing. Further borrowing at short tenors could, however, increase liquidity vulnerabilities, especially if it is domestic. Thus, the debt portfolio requires close monitoring, as continued domestic borrowing by Government could exacerbate tight liquidity conditions, and higher debt service reduces the fiscal space for development spending.

23. **During the CPF period, the Bank of Tanzania will need to deal with tight liquidity.** Given the benign inflation outlook and decelerating credit growth, loosening monetary policy (lowering the discount rate and reserve requirements) is appropriate but has yet to translate into more affordable financing for private investment, partly because of the uncertain business environment. The financial sector is stable despite high nonperforming loans (10.8 percent at mid-2017), which must be addressed. From now on, the duration and extent of monetary loosening will need to be coordinated with fiscal developments. The Bank of Tanzania should intensify its efforts to transition toward a forward-looking monetary policy.

⁷ Central government arrears to contractors and suppliers reached 2 percent of GDP by June 2017.

24. **Leveraging the private sector is part of the financing architecture of FYDP II.** The total cost of FYDP II is equivalent to about 20 percent of GDP annually for five years. Even though the Government continues to expand its development budget to 10 percent of GDP, that finances only half of the total cost. Given the competing demands between human development and infrastructure, the Government will need to prioritize carefully and look at leveraging private sector finance. Tapping private resources, especially through PPPs, would not only help to narrow the financing gap but would also raise the efficiency of projects if they are selected competitively and transparently.

D. POVERTY REDUCTION AND SHARED PROSPERITY

25. **Tanzania has made gains in poverty reduction although the number of the poor is still high due to high population growth.** Based on national poverty lines, between 2007 and 2012, headcount poverty declined from 34.4 to 28.2 percent⁸ and extreme poverty from 11.7 to 9.7 percent in the Mainland. Nevertheless, the absolute number of poor people remained high at 11.9 million (2012) mainly attributable to a high fertility rate averaging more than 5 births per woman. Similarly, in Zanzibar the poverty rate declined, from 34.9 percent in 2010 to 30.4 percent in 2015.

26. **Poverty has become more responsive to growth, and consumption inequality has declined, but a large number poor people are still clustered around the poverty line.** Growth elasticity of poverty increased in absolute terms from 0.7 in 2001-07 to 1.02 in 2007-12, and the Gini coefficient dropped from 39 to 36. A large share of the population hovers around the poverty line, likely to escape poverty but also prone to fall into it (a 10 percent change in the poverty line would lead to a 20 percent change in poverty rate).

27. **There is significant spatial variation in poverty reduction** (Figure 3). Poverty declined by over 70 percent in Dar es Salaam but only by about 15 percent in the rural areas, where 70 percent of the population lived, while remaining about unchanged in secondary cities and towns. The uneven spatial decline of poverty is related to the pattern of economic growth, which almost entirely centered in Dar es Salaam, where most of the flourishing sectors—such as telecommunications and finance—are concentrated.

⁸ The National Panel Survey (2014/15) preliminary estimates suggest poverty declined to about 27 percent in 2015. A new Household Budget Survey is ongoing and updated poverty estimates will be available in 2019.

education (19 versus 10 percent). Moreover, women also tend to have access to fewer productive assets. For example, women farmers tend to own smaller plots of land and have less access to modern technologies (seeds, tools) and marketing options due to transport limitations. There are also large gender gaps in the profitability of household enterprises due, e.g., to barriers to credit, and lower access to mobile phones or motorized transport. Customary land rights and inheritance practices still limit women's access to land and, hence, their prospects for securing credit for both farm and off-farm activities.

E. DEVELOPMENT OPPORTUNITIES AND CHALLENGES

33. Tanzania's rich and diverse natural resources, strategic location and socio-political stability provide a solid foundation to achieve its ambition to become a semi-industrialized middle-income country by 2025. The SCD identifies three mutually reinforcing pathways to foster inclusive and sustainable job-creating growth and poverty reduction: (i) *structural transformation*; (ii) *spatial transformation*; and (iii) *institutional transformation*. These pathways to growth and poverty reduction can be sustained by building solid foundations of human capital, gender equity, and macroeconomic stability.

Structural Transformation to Enhance Productivity and Accelerate Diversified and Equitable Growth

34. **Tanzania can generate additional productive jobs by undergoing structural transformation to move resources from lower- to higher-value activities in agriculture, manufacturing and tourism.** This requires cultivation of more arable land, fostering commercial production, and adding value through agro-processing and reforming inefficient market organizations. The 2017 Enabling the Business of Agriculture Report identified access to markets as a key constraint for commercialization of agriculture. Tourism and local content development around large investments in extractive industries (e.g., mining and liquid natural gas) also present opportunities to create productive jobs. Easing the regulatory burden, improving access to finance, addressing critical infrastructure deficits (energy and transport) and availability of skilled labor are crucial to structural transformation.

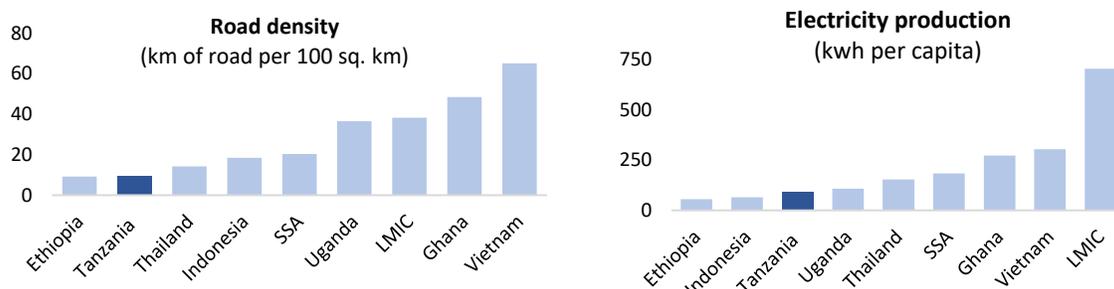
35. **Deep policy reforms will be required to improve the business climate to enable the private sector to maximize its potential to generate investments and jobs.** Between 2016 and 2017, Tanzania recorded a decline in its Doing Business ranking from 132 to 137 out of 190. Supportive business environment reforms should, for example, make policy more predictable, expand access to affordable finance, remove critical impediments such as the myriad nuisance taxes and streamline regulations.

36. **Mobile money has helped bridge the country's vast distances, which has lowered the thresholds for providing services profitably, but access to credit has not necessarily improved.** Nationally, 62 percent of the population now has a financial account (mainly with a mobile provider), and close to half of all electronic payments in 2015 were done with mobile money. However, the dominant transaction is person-to-person (P2P) and the formal financial system—the other part of the country's bifurcated financial system—is unable to give the real economy access to affordable credit. Even for best borrowers, access to long-term credit is almost nonexistent and interest rates are very high. There are significant gender disparities in access to finance and credit is a key constraint to women's entrepreneurship (see Box 4 and Annex IX).

37. **Tanzania is working to address the substantial gaps in infrastructure and resource management to reach the goal of becoming semi-industrialized.** Its level of power and transport infrastructure is strikingly low (Figure 5), and the FYDP II rightly emphasizes investing more in power and transport infrastructure. In addition to the level of these infrastructure resources, their distribution has major

implications on the distribution of the benefits from development and on poverty reduction (see next section).

Figure 5. Road Density and Electricity Production, Tanzania and Comparators



Source: World Bank. World Development Indicators and African Development Indicators, 2016.

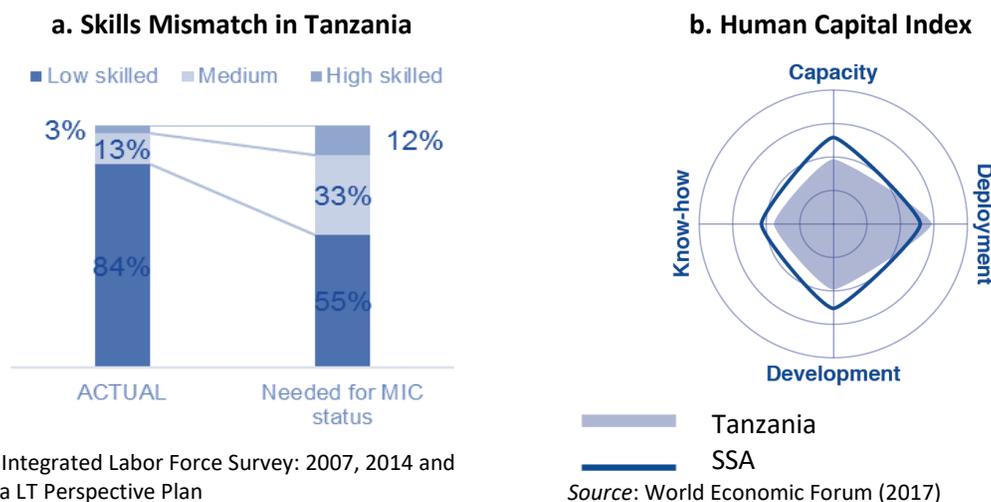
38. **Although extractive industries are capital-intensive and may create fewer direct jobs, they offer opportunities for constructing local value chains or local content.** Private foreign direct investment can build up the extractives sector, which requires large capital inputs, and transfer technology and skills through forward and backward linkages with the local economy. That said, private investments in extractive industries will require careful management of natural resources, particularly in regions where the ecosystem is fragile.

39. **Natural resources, both renewable and non-renewable, account for more than 57 percent of all goods exports, and appropriate management of the natural resource base—particularly its water, land, forests and wildlife—is vital to Tanzania’s economy.** Agricultural production consumes about 89 percent of the country’s water withdrawals. Water and wood fuels together provide an estimated 90 percent of Tanzania’s energy needs. Tanzania is now officially water stressed, with likely knock-on effects on energy production, agriculture and the livelihoods of the poorest. The country’s unique wildlife assets have experienced an unprecedented crisis due to poaching (now on the decline), habitat destruction, and the associated degradation of biodiversity; overfishing and uncontrolled small-scale fishing are threatening fishery sustainability and thus the livelihoods of many poor in coastal communities. Deforestation rates have shot up,⁹. Meanwhile, a rapidly growing population and intensifying urbanization are raising pollution levels. The risks associated with transformation are therefore sizable.

40. **In the area of human capital, Tanzania needs to further develop the mix and level of skills needed to deliver on its development vision.** Despite steady expansion in access to education, 72 percent of the workforce in Tanzania had only seven years of education in 2014. Moreover, only 9 percent had completed secondary education and just 1.3 percent had gone to university. Tanzanian worker skills mix fall well short of that of middle-income country (Figure 6a), and the Human Capital Index ranks the country 106 out of 130 (Figure 6b). These constraints are also recognized by Tanzanian firms who identify skills as a major constraint.

⁹ Tanzania is one of the 10 countries in Africa where wealth per capita has declined between 1995 and 2014. Natural resource degradation such as deforestation and land degradation has been an important contributor (Changing Wealth of Nations, World Bank, 2018).

Figure 6. Skills Mismatch and Human Capital Index in Tanzania



Spatial Transformation to Maximize Benefits from Spatial Integration and Agglomeration

41. **Urban planning and management are essential to connect people, industries, and markets effectively to drive productivity growth.** Tanzania’s urbanization is largely driven by natural resource booms¹⁰ rather than industrialization. Nominal urban wages are mainly pushed up by higher prices rather than higher productivity. Water, sanitation, and other urban infrastructure is under pressure and congestion is dampening economic activity. In essence, Tanzanian cities are dense with people but not with capital.

42. **Tanzania needs to expand its infrastructure to connect lagging with leading areas, so that the benefits of economic density are distributed widely.** Southern Tanzania – historically constrained by poor connectivity and access to markets needs to be economically integrated and connected to the rest of the country. Over the past 20 years, Tanzania has made steady progress in building a national trunk road network, but other transport priorities, such as ports and rail, have been relatively neglected. Rail cargo transportation to and from the port has eroded; it now carries just 5 percent of exports and imports. Overall, rail freight and passenger movement is slow and unreliable because of frequent service suspensions and accidents, and closure of some segments of the network.

43. **Effective connectivity both within Tanzania and with neighboring countries would foster economic integration and sustain growth.** About 90 percent of Tanzania’s international transactions transit through the port of Dar es Salaam, and 35 percent of the total throughput of the port is intended for landlocked African countries, so making this gateway more efficient is essential. The rail and road network connecting the port to the rest of Tanzania and cities in neighboring countries is overstretched and needs upgrading.

44. **Reliable power supply is an impediment to spatially determined job-creation initiatives—agro-processing in agriculture corridors, value-addition in tourism circuits and in industrial parks.** About 33

¹⁰ The natural resource sector has grown rapidly and has attracted workers into the sector from both agriculture and manufacturing. The resulting income has been spent disproportionately on manufactured goods that are imported, and services that cannot be exported. These services are produced in Tanzania’s cities and account for the rapid urban growth.

percent of Tanzanian households were connected to electricity, more in urban areas (65 percent) than rural (17 percent).¹¹ Electricity “access” was significantly higher—about 68 percent nationally (97 percent in urban and 49 percent in rural areas). The gap between “access” (68 percent) and “connections” (33 percent) indicates, in part, potential for increasing access through relatively lower-cost densification and “last mile” programs.

Institutional Transformation to Better Deliver Services and Promote Private Sector Growth

45. **From the late 1990s to the early 2000s, the Tanzanian Government undertook to adapt the public sector to the needs of a market economy.** It initiated reforms to modernize public financial management (PFM) and enhance coordination between central and local government (“decentralization through devolution”) in delivery of essential public services. Largely due to these efforts, Tanzania performs above the SSA average on Public Expenditure and Financial Accountability assessments, ranking 4th of 18 countries assessed. However, loss of reform momentum since the mid-2000s has undermined public sector performance, as evidenced by ebbing scores on both the World Governance Indicators and the annual Country Policy and Institutional Assessments (CPIA). Afrobarometer surveys also find that public satisfaction with the delivery of government health care, education, water, and sanitation services, declined substantially between 2005 and 2015. Regulations on paper are not always honored: e.g., civil servant performance is supposed to be assessed regularly but in most cases, is not, which can affect promotions and careers.

46. **The quality of government services hinges, in part, on budget credibility and the financial sustainability of state-owned enterprises (SOEs).** The Government continues to experience difficulties in raising the budget execution rate, due to continued PFM weaknesses in areas like procurement. The unpredictability of funding has affected acquisition of what is needed to deliver services effectively. Many SOEs and parastatals, particularly the Tanzania Electric Supply Company (TANESCO), the electric utility, and the Dar es Salaam Water and Sewerage Corporation (DAWASCO), are constantly in financial difficulties, affecting their delivery of services to the public.

Human Development for Social Inclusion and Inclusive Growth

47. **Boosting human capital and reducing disparities in human development are essential for industrialization and inclusive growth.** There are, for instance, large rural-urban disparities in incomes, job opportunities and basic services such as maternity care, water, and sanitation. Quality issues in education and health that blunt the impact of coverage gains tend to be more acute in rural areas where it is harder to attract and retain well-qualified, experienced professionals (teachers, nurses, administrators). Absenteeism is common throughout the education system with one in two teachers who are at school being absent from the classroom at any given time¹²; in effect, students have only half the learning time scheduled. Health facilities often lack both critical drugs and basic supplies, while health providers fail to accurately diagnose one third of common conditions like malaria, diarrhea and diabetes. Lack of these basic services coupled with incomes inadequate to ensuring food security contribute to widespread chronic malnutrition among poorer children, with tragic consequences for their cognitive development and, ultimately, their lifetime productivity.

¹¹ Rural Electrification Agency, *Energy Access Situation Report, 2016 Tanzania Mainland*. “Electricity access” (much more broadly than “electricity connections”) is the share of the population in a village that in various ways benefits from electricity services.

¹² Tanzania - Service Delivery Indicators Report, 2017.

48. A comprehensive look to the human development challenges through a life cycle lens presents an integrated approach for capturing the full range of inputs needed from pre-birth to old age. This approach allows appreciation of the interconnectedness of people’s needs at various stages of life, as well as highlighting covariate risks that amplify the impacts as the cycle is repeated as across successive generations resulting in poverty traps (Figure 7).

Figure 7. A Lifecycle Approach to Human Development Challenges

Age/period	Risks and Vulnerabilities	Response
Perinatal 1,000 days	Perinatal exposure to nutritional deficiencies, maternal infections, and environmental toxins, as well as poor care, can severely and irreversibly damage cognitive development. A third of children under 5 are chronically undernourished. Chronic malnutrition in the poorest quintile has been higher than the national average for a decade ago. Good sanitation is vital to good nutritional outcomes, but it is available only to 20 percent of Tanzanians. The quality of antenatal and obstetric services is very poor: only 51 percent of pregnant women have the recommended four antenatal visits, and 57 percent have anemia. Similarly, though 63 percent of women deliver at health facilities, maternal mortality has not improved in the past decade; and the lifetime risk of a maternal death has held steady at 1 in 33 (it is one in 220 in middle-income countries (MICs).	Investing in the Early Years Productive Social Safety Nets Rural Water and Sanitation Project Strengthening Primary Health Care (PHC) for Results Program
Preschool years	Intelligence, personality, and social behavior develop most rapidly in humans during their first few years. Parents are the children’s earliest teachers and it is essential to provide a stimulating environment for psychosocial development. Child mortality has declined by half in 15 years – a phenomenal achievement – but between 2011 and 2015 malaria, which causes 45 percent of child deaths, went up from 9 to 14 percent. The rise is associated with a drop-in insecticide-treated bednets from 72 to 54 percent. TASAF conditional cash transfers are now enabling extremely poor households to improve their food security, and reaching about 870,200 children under 5.	Strengthening PHC for Results Program Productive Social Safety Nets
School years	In 2016, there was a 41 percent surge in first-grade students from 1.6 million in 2015 to 2.1 million. Gross enrollment in primary school was 94 percent and in lower secondary 43 percent, and gender parity has been reached. However, dropout rates are high and about 2 million children, mostly rural, are not in school. Upper secondary gross enrollment is 7 percent. Girls make up only 38 percent of upper secondary students, largely due to early marriage. Education has serious quality challenges: only 45 percent of Standard 3 pupils were able to read Standard two stories in Kiswahili, and only 31 percent were able to successfully complete Standard two multiplication problems. Recently there has been slight progress in primary and secondary student learning, but much more is needed. Adolescent pregnancy is high in the poorest households (42 percent), and increasing by 51 percent over the past five years, compared to a decrease of 18 percent among the richest households between 2010 and 2015. Marriage and childbearing at an early age are the key determinants of fertility in Tanzania—36 percent of girls are married by 18. Adolescent mothers must drop out of school and there is no pathway out of poverty for the 42 percent of the poorest adolescent girls and their children. Many girls also suffer from gender-based violence.	Education Program for Results Secondary Education Quality Improvement Program for Results Strengthening PHC for Results Program Productive Social Safety Nets Governance and Service Delivery Development Policy Operation (DPO)
Working Years	About half of Tanzania’s 800,000 youth entering the labor market every year were chronically malnourished as preschoolers. The country lacks the skills mix needed to attain its development goals. Currently, 84 percent of the population is low-skilled, and only 3 percent high-skilled. If Tanzania is to attain middle-income status, the share of low-skilled workers must cut by a third and the share of high-skilled workers must be quadrupled. The importance of “soft” (non-cognitive) skills is underscored by the “Top 10 skills needed in 2020 to thrive in the Fourth Industrial Revolution”. Tanzania total fertility rate of 5.2 children per woman is in the 95th percentile globally. In 2015 use of modern contraceptives had edged up to just 34 percent; the MIC average is 65 percent.	Education and Skills for Productive Jobs Program Strengthening PHC for Results Program
Elderly years	The elderly are often unable to work and without savings find themselves highly vulnerable. Many grandparents are also raising children at a time when they need to be supported.	Productive Social Safety Nets

III. WORLD BANK GROUP COUNTRY PARTNERSHIP FRAMEWORK

A. GOVERNMENT PROGRAM AND MEDIUM-TERM STRATEGY

49. The Tanzanian Government’s plans for socioeconomic development over the medium term and beyond are laid out in the Tanzania Development Vision 2025 (TDV2025) and the Five-Year Development Plans (FYDP). TDV2025, approved in 1999, sets out a people-centered vision for the country’s development in the first 25 years of this millennium. Detailed strategies and programs to

operationalize this vision were presented in two complementary documents: the MKUKUTA or National Strategy for Growth and Reduction of Poverty series, and the FYDP. However, as preparation of the second FYDP began in 2014, it was decided to subsume the MKUKUTA strategy within the five-year planning process to avoid possible dissonance and confusion.

50. **FYDP II builds on integration of the three pillars of industrialization, human development, and effective implementation.** It articulates the concept that industrialization and human development, underpinned by effective policy action, can drive the country's growth and improvements in human welfare. Here, FYDP II rightly captures the skills development agenda. Some of the transformational elements it discusses are inherently inter-sectoral, such as early childhood development, natural resource management, and business environment reforms. Closer inter-ministerial coordination is therefore central to the success of the policy reforms and investments implied by FYDP II. Recognizing that building up the private sector is necessary to drive economic transformation, FYDP II presents a vision of the role of the state in economic governance, particularly in enabling infrastructure investments to improve connectivity and market access.

51. **In its Zanzibar Development Vision 2020, drafted in 2000 and updated in 2011, the Revolutionary Government of Zanzibar committed to achieving middle-income status by 2020** through significant improvements in quality of life and the well-being of the people of Zanzibar. Developed through a consultative process, the theme of ZSGRP III is *Economic Growth and Social Development for the Well-Being of All*; it sets out five pillars of national development: (i) enabling sustainable and inclusive growth; (ii) promoting human capital development; (iii) providing quality services for all; (iv) attaining environmental sustainability and climate resilience; and (v) adhering to good governance principles.

B. LEARNING FROM THE COUNTRY ASSISTANCE STRATEGY

52. The Completion and Learning Review (CLR, Annex II) of the previous Country Assistance Strategy (CAS¹³) for FY12 – FY16 identified several lessons that will guide the design of the CPF program. Box 6 indicates how some of these lessons are being incorporated in the CPF program.

53. **The WBG-supported portfolio can build off areas of strength in the government's capacity to execute activities well.** The most effective CAS programs were generally specific, large investments or interventions, geographically targeted, backed with sound analytics, and supported by robust systems for quality assurance and quality control. Some programs with national coverage, such as water and sanitation or irrigation, however, pushed decentralized delivery systems beyond their ability to ensure sustainability and quality. Programs will benefit from being carefully targeted and scaled up in increments.

54. **Political economy considerations need to be incorporated into projects, which need to be designed to adapt to changes in policy during the project cycle.** Policy changes can sometime undermine the achievement of original program targets. For example, an education policy to eliminate examination requirements in the lower grades affected enrollment targets. In the urban sector, the new policy for the Tanzania Revenue Authority to centrally administer local property taxes affected existing engagements with cities to increase own source revenue, which was a target agreed under the WBG program. True, such policy changes may be beyond the control of project teams, but it is still important to ensure robust upstream analysis of the political economy and regular policy dialogue throughout the project.

¹³ Report number 80313-TZ.

55. **Committed community engagement throughout the project yields better development outcomes.** Projects that had efficient systems to engage communities in decision making and respond to issues had fewer complications, as was clearly the case for the transport and urban portfolios. For instance, in the Water Sector Support Project, closer engagement with communities during design could have helped balance the mix of technical solutions by, for instance, educating the community on why more complex but failure-prone motorized systems were less reliable than simple hand pumps and thus more sustainable.

56. **Project activities were often delayed because of inadequate capacity to respond to World Bank requirements.** While some delay is inevitable given capacity constraints in Tanzania, certain types of delay could have been addressed before the project began. The CLR made the following recommendations: (i) better planning for procurement before a project begins; (ii) resolution of any land issues and securing financing for compensation; (iii) closer coordination with line and central ministries to ensure they have adequately budgeted for projects; and (iv) monitoring and evaluation (M&E) systems that enable timely feedback and corrective actions.

57. **Tanzania has used the Program for Results (PforR) instrument well; future PforRs should also be used to support the sector policy dialogue.** In Tanzania, the PforR instrument is operating in the urban, energy, health, education, skills, and water sectors. The use of country systems has proved effective to execute these projects as designed. As Tanzania becomes more adept with directing the instrument to suit its development needs, there is space for future operations to address policy demands.

58. **Knowledge products facilitated and deepened policy dialogue, and informed design and realization of government programs.** The client valued the high-quality, consolidated analytical work and the just-in-time data for lending activities. These products were used to inform plans for, e.g., tourism-led growth and initiatives related to energy, governance, education, and natural resources.

C. STAKEHOLDER CONSULTATIONS

59. **The consultations¹⁴ yielded several messages that came through clearly and consistently despite regional differences (Annex III).** Differences in location, climate, and access to natural resources meant regional emphasis varied with respect to promising growth sectors. For instance, in Zanzibar the potential of tourism, the fisheries and seaweed industries were emphasized. In mineral-rich Mwanza on the shores of Lake Victoria stakeholders discussed the pros and cons of artisanal mining and cross-border trade. Respondents in relatively arid Dodoma focused on sunflower oil, wine, and the incremental move of the central government to Dodoma. In Mtwara opportunities related to cashew production and increasing local content in liquefied natural gas (LNG) and other extractive industries were raised. Finally, in Mbeya they called for commercializing agriculture and for infrastructure connectivity to foster value chains.

60. The 2017 Country Opinion Survey¹⁵ for Tanzania provides additional stakeholder opinions and feedback. Overall, the survey reflects positively on the WBG engagement. More than half of the respondents reported that education is the top priority, mirroring the 2014 findings. A quarter of respondents identified governance reform and national resource management as top development

¹⁴ The consultations, held from December 2016 through mid-2017, were influential in shaping the design and emphases of the CPF program. Meetings were held with representatives of regional and local governments, the private sector, and many civil society organizations. In communities in each region workshops were held with the villages as a whole and with sub-groups of women, youth, and those with disabilities or other challenges. For more details see Annex III.

¹⁵ 2017 World Bank Country Opinion Survey (available upon request).

priorities. Respondents also cited agriculture/rural development and education as the areas that would contribute most to poverty reduction. World Bank support in the areas of transport and education were rated highly. The findings also suggest that government capacity is a significant challenge for the country as well as a major obstacle to WBG-supported reform. Energy, agriculture, transport, and growth were identified as primary areas for attention by those who engage directly with the World Bank. Those who do not are more interested in World Bank support for the health sector. Notably, the survey found, the World Bank's effectiveness in supporting transport, growth, and education were rated highest.

D. OVERVIEW OF THE WBG STRATEGY

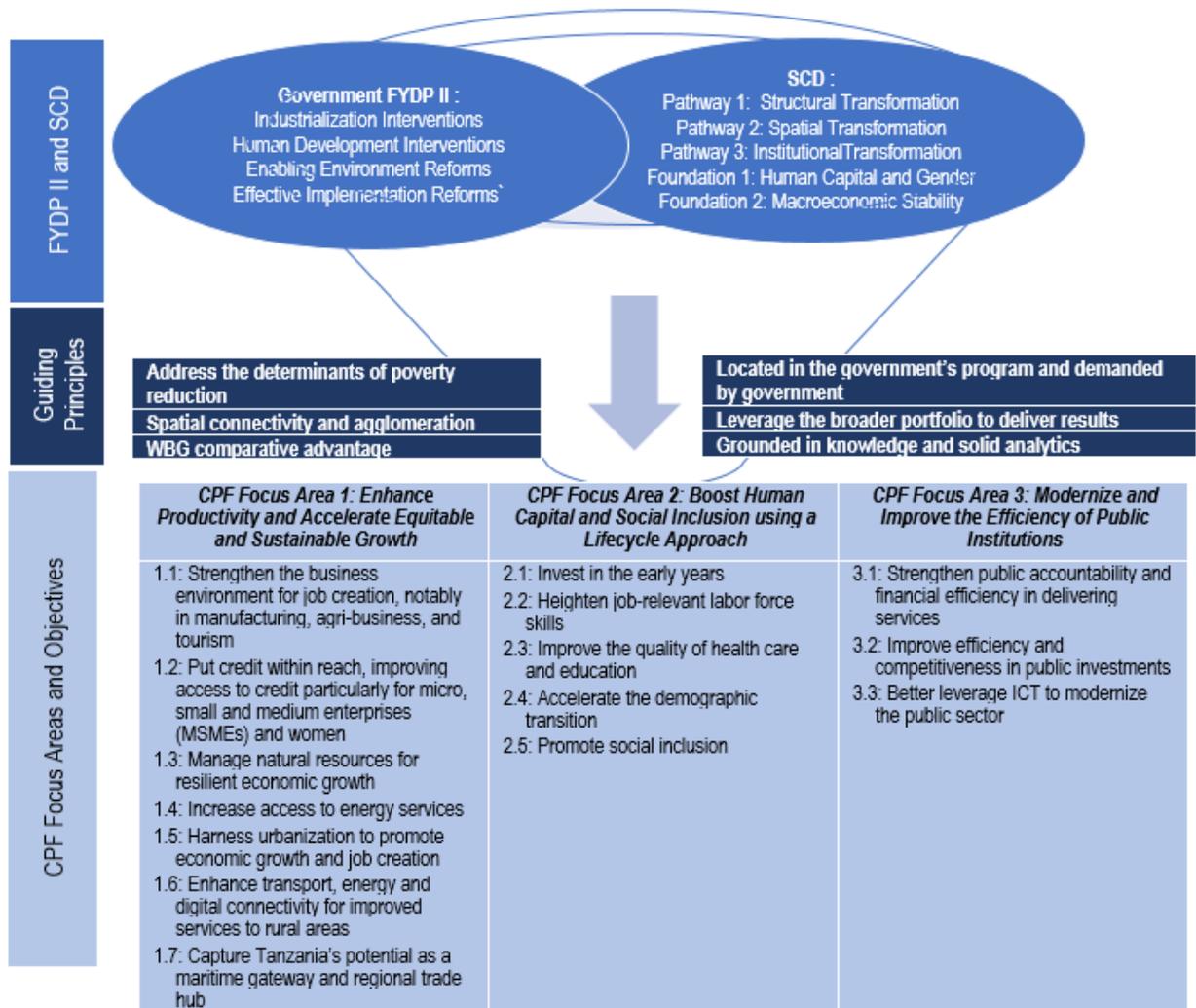
61. **The CPF supports movement on Tanzania's FYDP II and ZSGRP III to create jobs, build human capital, and enhance shared prosperity** (Figure 8). Both the government strategy and the SCD emphasize combatting poverty and promoting inclusive growth. Dependence on low productivity agriculture, lack of infrastructure, poor access to markets, low levels of education and large family size have been associated with high levels of poverty in Tanzania. Overcoming these challenges will require public and private investment in infrastructure, and an increasingly skilled, healthy, and well-nourished population, supported by sound public institutions.

62. **Selectivity in the CPF is driven by the following guiding principles:** (i) address the determinants of poverty reduction; (ii) lead to spatial connectivity and agglomeration; (iii) located in the government's program and demanded by Government; (iv) leverage the broader portfolio to deliver results; (v) WBG comparative advantage; and (vi) grounded in knowledge and solid analytics. The CPF will emphasize activities that:

- Boost productivity (within sectors, not just because labor shifts from less productive agriculture to informal and non-tradable urban services).
- Increase private sector-led growth and job creation (especially for youth).
- Promote gender inclusion to narrow the economic and social gaps between men and women.
- Maximize climate adaptation and mitigation impact in all operations.
- Deliver services better, with a focus on quality.
- Strengthen governance and public institutions.
- Are aligned with the Africa Regional Integration Strategy.

63. The results of the last CAS, together with the significant financing envelope for Tanzania, means that approaches for this CPF program can be more strategic. The CPF will *build on the capacity of tested and highly-performing client agencies* and programs (such as TASAF, urban programs, and road/transport initiatives), and on the success of PforR. It will also *better target the broader portfolio to deliver strategic objectives*; for example, the Investing in the Early Years (IEY) agenda will be integrated across water and sanitation, education, agriculture, health, and safety net operations. Similarly, the CPF builds synergy across the portfolio to accelerate private sector growth (Box 1). The CPF program also recognizes particular *spatial concerns*; it will (i) target the poorest regions; and (ii) prioritize areas with high development potential, through enabling interventions for infrastructure, institutions, the business environment, access to finance, and human development investments. It will also support greater investment in secondary cities and transport corridors to link rural areas to urban centers, thus creating market access for farmers and employment opportunities for all.

Figure 8. CPF Framework



64. **The World Bank, the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Association (MIGA) will collaborate closely, taking advantage of the vast array of WBG instruments available.** IFC's interventions will complement World Bank operations with value chain approaches, new products, and cross-sector synergies. Currently, IFC interventions are directed to improving the business environment for greater competitiveness, improving the infrastructure base, raising rural productivity, designing high-impact projects in tourism and manufacturing, enhancing access to financial services, and boosting the performance of the mineral sector. In line with its corporate strategy, IFC will systematically identify policy impediments, more programmatic approaches, and potential partnerships. MIGA will work with IFC to identify investments that address Tanzania's infrastructure needs and will bring in much-needed private investment and financing. In this context, the cascade approach, implemented by WBG collaboration, will promote fiscally sound solutions to cut back on Tanzania's huge infrastructure deficit. If it becomes necessary, the WBG would consider using the IDA Private Sector Window (PSW) for projects with high development impact in agribusiness, energy, manufacturing, and housing.

Box 1. Building Synergy Across the Portfolio to Accelerate Private Sector Growth

1. Leveraging Tanzania's natural assets to create domestic value. Developing natural resource value chains (e.g., agro-processing industries, tourism) is an immediate area for expanding the scope for value creation in Tanzania (*REGROW, SAGCOT*). Having a solid base of domestic suppliers will also facilitate development of local content by large foreign investments in extractive and other industries (*Industrialization PforR*).

2. Developing clusters to foster industrial agglomeration and industrial linkages. Targeting specific locations for value chains will create positive externalities from clustering and linkage development (*SAGCOT*). Industrial parks and special economic zones can foster formation of industrial clusters based on the improved business environment in such areas (*Industrialization PforR*).

3. Raising productivity by improving the quality and availability of factor inputs, particularly from SMEs. Improved access to land (*PSCP AF, new land project*), labor (*Skills PforR*), capital (*Financial Inclusion Project*), and energy (*various projects for scaling up generation, better transmission, financial sustainability*) will improve the private sector productivity and competitiveness.

4. Improving the transparency and accessibility of government services to businesses and leveraging ICT. Consolidating government service provision through one-stop service centers (*Public Service -Statistics PforR*) and simplifying regulation using ICT application (*Digital Tanzania*) will make government services to the private sector more efficient and build accountability in the public sector. A strong ID system also contributes to this objective (*PGS DPO, Financial Inclusion Project*).

5. Building connectivity to expand markets for the private sector. Improved connectivity by enhancing transport infrastructure (*Dar es Salaam port, Rail, various road projects*) and regional integration (*EAC, Great Lakes projects*) will expand markets for the private sector, allowing them to respond more effectively to latent demand for their products and services in larger markets.

6. Fostering collaboration between the public and private sectors. Institutionalizing a robust public-private dialogue (*JCAS TA*) will improve the predictability of government policies and harness mutual trust. Building government capacity to leverage private financing for development, including PPPs, will give the government a more important role in crowding in private sector investments (*PPP Sub-Sovereign, PGS DPO*).

E. OBJECTIVES SUPPORTED BY THE WBG PROGRAM

65. **The CPF program has three areas of strategic focus.** The Focus Area 1—*enhance productivity and accelerate equitable and sustainable growth*—is closely aligned with the FYDP II's emphasis on industrialization, and with the SCD structural and spatial transformation pathways for development. The SCD's first foundation, macroeconomic stability, is necessary for creating a conducive environment for private investment and growth. Focus Area 2—*boost human capital and social inclusion*—is aligned with the human development pillar of the FYDP II and the SCD's second foundation, human development and gender equity. Focus Area 3—*modernize and improve efficiency of public institutions*—is aligned with the SCD's emphasis on institutional transformation and the Tanzanian Government's priority on public sector accountability, private sector support and regulation, and capacity to deliver services.

66. **The three CPF focus areas are not mutually exclusive and can be leveraged to achieve substantial progress on overlapping goals.** For example, if workers acquire job-relevant skills (Focus Area 2), that will contribute to the job creation goal (Focus Area 1); and improving accountability and PFM is fundamental to reaching service delivery objectives for health and education (Focus Area 3). Similarly, expanding social inclusion requires action in all focus areas.

FOCUS AREA 1: ENHANCE PRODUCTIVITY AND ACCELERATE EQUITABLE AND SUSTAINABLE GROWTH

67. **Raising incomes and living standards will require increasing productivity within sectors that provide employment for the poor, and productivity-enhancing shifts across sectors that could create opportunities for higher-wage employment**, particularly agro-processing, light manufacturing (textiles, leather products), and tourism (mostly nature-based). Shifting labor from agriculture to higher-productivity manufacturing and services will be facilitated by: an enabling business environment, more access to credit (including long-term financing for small and medium enterprises - SMEs), more effective management of water and natural resources, more effective market linkages and greater connectivity (transport, energy and digital) by addressing major infrastructure bottlenecks.

<i>Enhance productivity and accelerate equitable and sustainable growth</i>	
Objectives	1.1. Strengthen the business environment for job creation, notably in manufacturing, agri-business, and tourism.
	1.2. Put credit within reach, improving access to credit particularly for micro, small and medium enterprises (MSMEs) and women.
	1.3. Manage natural resources for resilient economic growth.
	1.4. Increase access to energy services.
	1.5. Harness urbanization to promote economic growth and job creation.
	1.6. Enhance transport, energy and digital connectivity for improved services to rural areas.
	1.7. Capture Tanzania's potential as a maritime gateway and regional trade hub.

Objective 1.1. Strengthen the Business Environment for Job Creation, notably in Manufacturing, Agri-business, and Tourism.

68. **The CPF supports three types of spatially-sensitive approaches to job creation and growth: (i) Industrial zones; (ii) Agriculture corridors; and (iii) Tourism circuits** in addition to complementary investments in improving the business environment.

69. **The World Bank will help Tanzania to create domestic value chains and local content by promoting industrialization through strengthening infrastructure services to foster industrial agglomeration, providing quality assurance services for businesses, reducing regulatory burden and improving competitive policies.** Such interventions are anticipated to attract large, medium, and small investors to provide a takeoff platform for small and microenterprises and result in more competitive export industries, which will scale up domestic value addition and productive jobs. Together with the World Bank, IFC will also advise on ways to improve business regulations, licensing, and taxes; reduce legal and administrative barriers to investment, to promote investor protection and transparency. A well-functioning legal system so that disputes can be resolved efficiently and perceived business risk is reduced is critical. To this end the current Judicial Modernization and Justice Service Delivery project is working to improve the efficiency and transparency of, and access to, citizen-centric legal services along economic corridors.

70. **The CPF will directly support the creation of value chains between rural producers and businesses in Agriculture corridors.** The World Bank is already supporting the government's Southern Agricultural Growth Corridor of Tanzania (SAGCOT) initiative, which aims to incorporate smallholder farmers into competitive supply chains and bring uncultivated agriculturally suitable land into commercial production, and is facilitating investments in infrastructure and related public goods. This support will be coupled with water and land management to ensure the resilience of the country's resource base. IFC will continue to complement these interventions with agribusiness and livestock projects that promote food

security, build up value chains, and accelerate the commercialization of agricultural commodities. Complementary IFC initiatives would help make value chains more sustainable by disseminating environmental and social standards and scaling up sustainability products and solutions. The World Bank is also supporting the South West Indian Ocean Fisheries Governance and Shared Growth (SWIOFish) Project, with a component on adding value in fisheries and promoting access to markets and job creation.

71. Tanzania has not yet fully leveraged the tourism potential as other countries with similar tourism resources have done. In order to meet the objective of doubling the number of tourist arrivals, it will be important to diversify and build up the Southern circuit, which has historically received less investment. As hotels and restaurants provide direct services to tourists, manufacturers produce handicrafts, food and other products to sell to tourists, making them part of local tourism-based value chains. The WBG is currently supporting government efforts to achieve this through the Resilient Natural Resource Management for Tourism and Growth (REGROW) Project. With its high development-impact tourism and commercial property development projects, IFC is supporting the tourism value chain, with a focus on making it more attractive to investors.

Objective 1.2. Put Credit within Reach, Improving Access to Credit particularly for MSMEs and Women.

72. Underpinned by sound analytical studies, the WBG is supporting the development of Tanzania's financial sector with investments and advisory services that will: (i) strengthen the soundness of the financial sector; (ii) increase access to financial services and promote financial inclusion; and (iii) build the foundations for long-term finance and tapping into regional capital markets. Current IDA assistance focusing on development of the commodity exchange, warehouse receipt system, laws and regulations governing the financial sector, and development of the housing finance market by providing medium- and long-term financing to mortgage lenders will be supplemented by better supervised microfinance sector and modernized national payment infrastructure (e.g. through the national identity system) to increase the security and efficiency of electronic payments and boost their use in the Government. On the strength of complementary programmatic strategies and cross-leveraging between IDA lending and IFC direct investments and advisory services, the WBG will further support the Government in deepening financial inclusion and expanding MSMEs' access to credit. It will also address any market failures or gaps in provision of longer maturity, market-priced local currency credit finance. This will be done through financing, risk sharing facilities supported by IDA, IFC's partnerships, and/or direct investments in some of Tanzania's largest banks, including where appropriate through the PSW.

73. Through investment and advisory services, the WBG is committed to increase access to financial services and promote financial inclusion in Tanzania, especially for those currently underserved. The CPF envisages supporting Tanzania's National Economic Empowerment Policy for the rural population through IDA support to capacity and operations of community financial groups, expanding their outreach to women and youth, and better coordinating empowerment funds. It will create and nurture growth of an ecosystem of financial and business institutions that could be eligible for downstream assistance from IFC's rapidly increasing footprint in Tanzania's financial sector. The latter focuses on SMEs, including women owned enterprises, microfinance/microenterprises, agri-finance, leasing, housing/mortgage and digital solutions through its partnerships with Tanzania's largest banks. As a result, such institutions will be able to develop other asset classes to improve coverage¹⁶ and constantly innovate offerings of financial solutions for individuals, entrepreneurs, and small firms.

¹⁶ For instance, in the housing sphere, IFC recently co-promoted a greenfield mortgage finance company in partnership with the 7th largest bank in Tanzania (Bank M) with investment from one of largest housing Non-Bank Financial Institutions in Asia, HDFC.

Objective 1.3. Manage Natural Resources for Resilient Economic Growth.

74. **Intensified pressures from economic expansion and population growth, as well as competing demands are causing resource degradation and jeopardizing provision of services.** Measures to increase climate resilience in sectors threatened by climate variability and change are embedded in the WBG portfolio through a robust analytics and operations agenda. A Country Environmental Analysis is addressing specific natural resources challenges and the policies and institutions needed. Water management analytics are helping the Government identify and advance climate resilient water investments in institutions and infrastructure for energy, agriculture, human and environmental needs.

75. The Urban Development Program features: vulnerability analysis, disaster risk management, and climate change adaptation; water resource management analysis and investments focus on climate-information services, and modern infrastructure and water management practices needed for climate smart agriculture, alternative energy, resilient cities and adaptive livelihoods. The urban agenda is also addressing such issues as air quality, sanitation, flood resilience and developing public spaces.

76. In addition, WBG operations are engaged on multiple fronts: The Kihansi Catchment Conservation Program now has a model for working in ecologically sensitive areas; and the Sustainable Management of Mineral Resources Project deals with environment practices in mining. The REGROW Project addresses the dynamics of water resource management, supporting wildlife habitat, ecosystem conservation, nature-based tourism as an income-generating activity for southern Tanzania. The SWIOFish Project is concerned with fisheries management best practices and the sustainability of fishing stocks. The Second Water Sector Support Project advances water and climate information services and watershed restoration. Similarly, a proposed land administration project will help draft regulations to clarify land laws, train land administration staff in their application, expedite land survey and titling, clarify water users, and develop dispute resolution mechanisms to equitably and efficiently settle conflicts between large and small-scale farmers and pastoralists.

77. **Extractive industries offer opportunities for constructing local value chains or local content around their investments.** New mining laws address concerns about possible undervaluation, erroneous invoicing, tax evasion, and profit base erosion by foreign mining companies. The WBG will support the Government in strengthening local content in the mining sector and promote transparency through the Extractive Industries Transparency Initiative (EITI) and other international processes.

Objective 1.4. Increase Access to Energy Services.

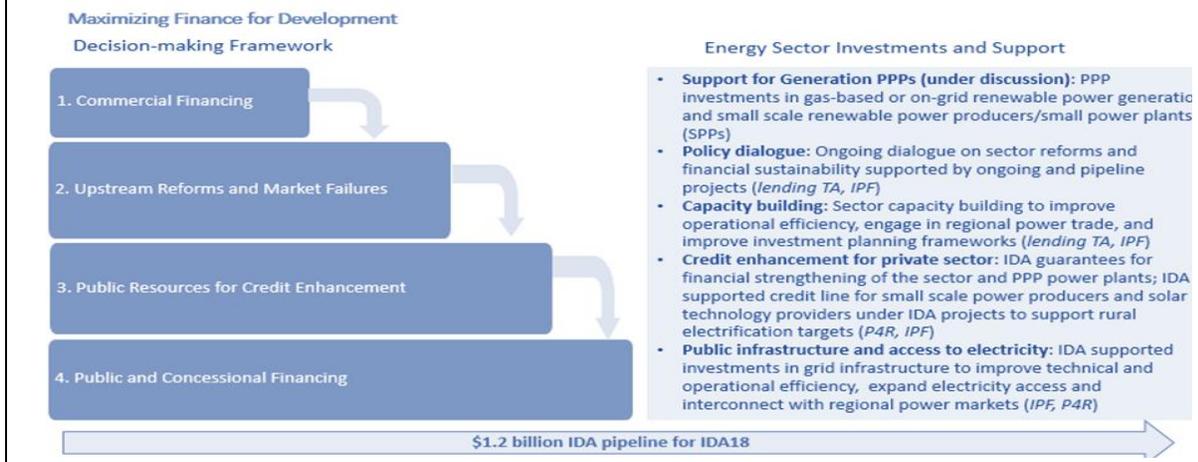
78. **WBG support to Tanzania in upgrading the energy sector is aligned with the Maximizing Finance for Development (MFD) approach** (see Annex XI). It has four pillars across the energy value chain: (i) increasing access; (ii) ensuring adequate, reliable, and sustainable supply at the lowest cost; (iii) improving sector operations; and (iv) reinforcing regional integration. A Power Sector Review is underway and will provide recommendations for the direction and sequencing of sector reform measures; and guide the WBG's program of support on appropriate policy reforms and associated institutional and financial reforms, as well as investments. The World Bank will support expansion of both on- and off-grid rural connections through additional financing for the Tanzania Rural Electrification Expansion Project (TREP) and in urban/peri-urban areas through the Tanzania Utility Strengthening Project (TUSP). The TUSP will include investments in distribution and transmission to facilitate access, and technical assistance to improve the governance of TANESCO and its commercial efficiency, and, with that, the business environment for private sector financing.

Box 2. Leveraging Private Participation in Energy

Background: Tanzania has made real progress in expanding electricity access, increasing power generation and building transmission and distribution infrastructure. Nevertheless, in 2016 only one in three Tanzanians was connected to electricity—one in six in rural areas. Installed generation capacity in TANESCO’s integrated system was about 1,350 MW, of which 289 MW was in two private IPPs, which is totally inadequate for a growing country of about 55 million people. If Tanzania is to become a middle-income and semi-industrialized nation by mid-2020, it must make significant investments in connecting more people and businesses to electricity and in all segments of the electricity supply chains.

WBG Response: The World Bank has been providing considerable investment support, policy advice, and technical assistance and capacity building to the energy sector. In the IDA18 period, the WBG will remain engaged through investment projects, policy support, and institutional capacity building. Private investment is envisaged in both large gas-to-power projects and in on-grid and off-grid renewables. Commercial funding may also be used to refinance payment arrears and for short-term loans as part of sector financial consolidation.

Maximizing Finance for Development: The energy program incorporated into the CPF is fully aligned with the MFD approach. The IDA program aims to improve the transparency and efficiency of preparing, procuring, and managing private investments and building the capacity of Tanzanian institutions to handle these areas. Among specific projects are the Power Generation and Transmission Project and the Small Power Plants (SPP) component of the TREP, and the associated TA for institutional strengthening and investment planning. IDA’s risk mitigation instruments will support some private investment projects and help bring commercial capital in to strengthen the sector financially. IDA will provide direct funding in areas not yet ripe for private investments but vital for economic and social development, such as in electricity transmission, distribution, and access. IDA will engage with the Government on strengthening policy and regulations for more commercial investments in these areas. IDA will work closely with IFC and MIGA, using the IDA18 PSW where appropriate for more complex projects, such as larger renewables projects or more integrated gas-to-power investments.



79. **The Tanzania-Zambia Interconnection (Regional) Project will promote regional integration.** This is part of the Ethiopia-Kenya-Tanzania-Zambia electricity transmission corridor, linking the Eastern and the Southern Africa power pools—a major step in continent-wide integration of electricity markets.

80. **World Bank and IFC are committed to finding public-private solutions to energy issues in Tanzania.** Informed by its Lighting Africa and mini-grid programs, the IFC plans to replicate the successful

solar program in Tanzania and support other renewable energy projects through PPPs. If these can be converted into concrete investment opportunities, the IDA18 PSW facilities could be used to lower the risk of complex and transformational projects that could not be financed otherwise. The World Bank will support PPPs for ensuring the security of power supply in the Power Generation and Transmission Project. The project will back PPP investment in gas-based or renewable technologies to optimize the power generation mix and use IDA funding for transmission lines to connect the power generated to the national transmission grid. IDA guarantees may also be used in designing risk abatement structures for the PPP arrangement. The IFC also continues to support (a) the strategic and nationally important Songo Songo gas-to-electricity project, responsible for supplying close to half of Tanzania’s grid electricity generation, through its US\$60M investment which has helped to improve the availability and reliability of natural gas supply; and (b) selective TA for private sector engagement in onshore and offshore gas developments¹⁷ in Tanzania. Additionally, IFC will participate in and support private sector investments in midstream infrastructure that may require mobilization of long-term financing from international capital markets as and when opportunities arise.

81. About US\$1.2 billion of IDA18 funding (including IDA regional funds) is likely to be allocated to these operations, leveraging investments from the private sector. Additional operations and funding, both private and from IDA, are expected during the CPF period beyond IDA18, with special attention to hydropower, solar, and wind power projects.

Objective 1.5. Harness Urbanization to Promote Economic Growth and Job Creation.

82. A network of well-functioning urban areas is critical to support Tanzania’s industrialization agenda. By 2050 half of all Tanzanians will be living in urban areas. Dar es Salaam, with a current population of 4.4 million, is projected to reach over 10 million within 15 years. Actions taken in the next five years will heavily influence the quality of growth in Tanzania’s cities—with broad implications for the economy. Achieving the structural transition with more jobs in manufacturing and services, requires better planned, serviced and functioning urban spaces

83. A large urban portfolio comprising six operations now support Dar es Salaam and secondary cities¹⁸ in improving urban management, planning systems, service delivery, urban mobility, own-source revenue collection, industrial agglomeration, and environmental management. These operations are supported by Advisory Services and Analytics (ASAs) on urban resilience and sub-sovereign PPPs. The CPF specifies steps to support urban disaster risk management, and climate change adaptation through targeted technical assistance¹⁹ and risk-informed and climate-smart green solutions. New programs will build on and enhance these initiatives, adding concerns for cultural heritage, land administration, sanitation, private finance, and connectivity. Furthermore, the IFC is contributing to more and better jobs in urban areas through its consistent engagement with resource-based light manufacturing of cement and glass, and planned interventions in housing finance.

¹⁷ The engagement will be in line with the WBG commitments made at the One Planet Summit held in Paris in December 2017.

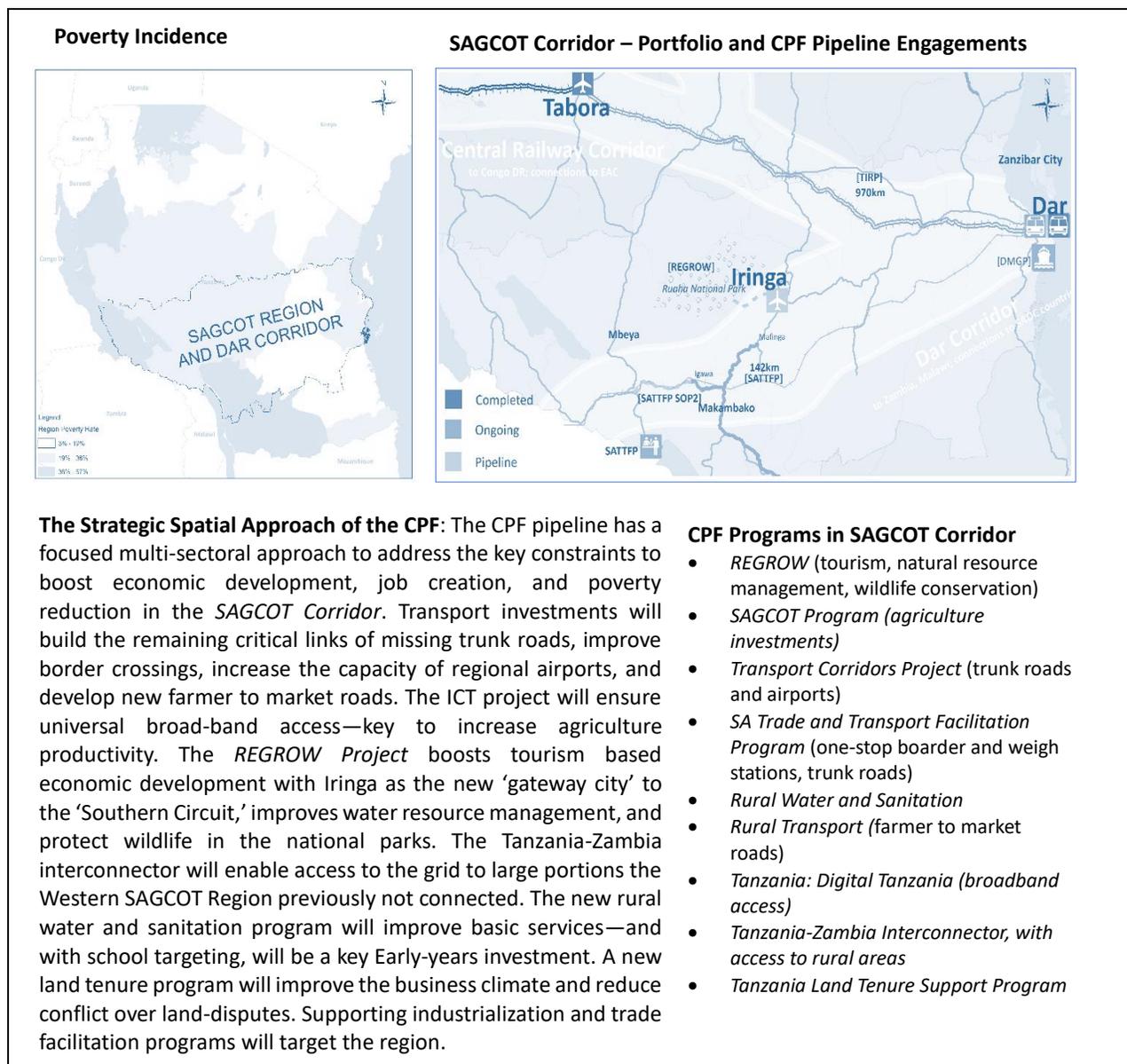
¹⁸ The Zanzibar Urban Services project (FY11), the Dar es Salaam Metropolitan Development Program (FY15), the Urban Local Government Strengthening Program (FY14), the Strategic Cities Project (FY10 and AF FY17), the Dar es Salaam Urban Transport Program (FY17), and the Second Water Sector Development Program (FY17).

¹⁹ The Tanzania Urban Resilience Program (US\$37 million) is a partnership between the World Bank and UKAid.

Objective 1.6. Enhance Transport, Energy and Digital Connectivity for Improved Services to Rural Areas.

84. **Physical links to urban areas are critical to expand economic opportunities for Tanzanians in rural areas.** However, to participate fully in the modern economy and develop new businesses, they need access to such services as transport, electricity, broad-band and ICT connections, irrigation, and water and sanitation.

Box 3. Deepening Spatial Approaches – a Snapshot of the SAGCOT Corridor



85. **Transport Connectivity:** Tanzania has an extensive network of trunk roads, but few rural roads, and of these only 5 percent are paved and more than half are in only fair or poor condition. To improve connectivity between rural areas and urban hubs, the CPF program will support construction of rural and secondary roads using a strategic spatial approach to identify priority production areas where roads are

most needed. The World Bank-financed Dar es Salaam Urban Transport Improvement Project is already constructing secondary roads and selected regional airports. Under the CPF, the World Bank expects to finance a major rural and secondary roads program to address spatial service delivery inequalities by targeting the poorest regions and communities. Furthermore, the Development Corridors Transport Project, will promote industry in priority corridors and add road links and regional airports to support production clusters. IFC will be exploring engagement with the World Bank in airports and ports with PPP advisory mandates.

86. **Energy Connectivity:** Supporting rural electricity connectivity for households and enterprises, through both traditional grid coverage and stand-alone solar power installations, is a CPF priority. The World Bank is supporting the central government's efforts to rationalize both generation and transmission, especially through the Tanzania Rural Electrification Expansion Program, and intends a scale up PforR funding. In addition, a current renewable resource mapping exercise, funded by the Energy Sector Management Assistance Program (ESMAP) Trust Fund, will identify potential sites for small hydropower and grid-connected solar development. Constructing small hydropower plants where extending the national grid may not be otherwise viable, will directly increase rural electricity connectivity. The Tanzania-Zambia Interconnection Project will expand the domestic transmission system to the north-western part of the country, removing a serious barrier to expansion of electricity access.

87. **Digital Connectivity:** The Government of Tanzania is seeking to promote digital development as a key enabler of economic growth and industrialization, job creation, service delivery and government efficiency. The Regional Communications Infrastructure Program (RCIP) Phase III – Tanzania project, has played a critical role in increasing connectivity for citizens and government and enabling digital transactions. The follow-up Digital Tanzania Program will contribute to universal access to the internet and digital public services and will facilitate private sector led digital investment, services and job creation.

Objectives 1.7. Capture Tanzania's Potential as a Maritime Gateway and Regional Trade Hub.

88. **Tanzania is not well-connected to regional and global markets because the port of Dar es Salaam has limited capacity**—which jeopardizes achievement of two major FYDP II objectives: boosting Tanzanian exports and linking to global value chains; and expanding Tanzania's role as a regional logistics gateway for landlocked neighboring countries. The Intermodal and Rail Development Project will rehabilitate physical sections of the network and address institutional barriers to rail efficiency. Given government efforts to invest in the standard gauge railway in the central corridor, the World Bank will do analytical work to guide preparatory work to ensure competitiveness across the Central Corridor. The Dar es Salaam Maritime Gateway Project will address operational efficiency issues of the port by 2023 the expand port capacity to 28 million tons by rehabilitating berths, deepening the entrance channel, and turning basin and supporting reforms over to the Tanzania Ports Authority to introduce private sector participation and corporatize functional business units at the port. Transport projects that could potentially lead to a modal shift from road to rail or to waterways, and the large infrastructure (port, road, logistic centers) investments will aim to incorporate climate-resilient measures in the project design.

89. **The CPF also strengthens Tanzania's key trade corridors and connections with neighbors.** The Southern Africa Trade and Transport Facilitation Project is streamlining management and operation (including road accident emergency medical services) of the trading corridor to Malawi, Zambia, and the DRC. The Lake Victoria Transport Program supports civil works and dredging at six Tanzanian ports around the lake, which are all crucial for moving agricultural products, livestock, general merchandise and passengers. Improving port and port access infrastructure will not only facilitate transportation within

Tanzania but also facilitate trade with Uganda and Kenya. A similar operation planned for Lake Tanganyika would increase links with Burundi. Given that the lakeside areas are among the poorest in Tanzania, improving commerce in these areas will not only help accelerate growth but should also help reduce extreme poverty. World Bank regional trade facilitation efforts will be guided by the Diagnostic Trade Integration Study.

90. **Tanzania is also well-positioned to act as a regional hub for trade in power** because (i) it borders eight other countries; (ii) it is a member of both the Eastern Africa and the Southern Africa Power Pools; (iii) it can scale up gas-based power to complement the hydropower systems of most of its neighbors; and (iv) development of the Ethiopia-Kenya-Tanzania-Zambia transmission corridor positions Tanzania as the main conduit for power flows between Eastern and Southern Africa. The Tanzania-Zambia high-voltage interconnection project will support the third segment of the Ethiopia-Kenya-Tanzania-Zambia corridor and help to ready institutions to plan for and manage regional power trade. It is anticipated that this mutually beneficial exchange of electricity will ensure more reliable supplies by diversifying the energy supply mix.

Box 4. Gender and the Tanzania CPF

Tanzania's FYDP II and ZSGRP III recognize the need for gender balance as a matter of human rights but also to unleash women's potential to contribute to the envisaged social economic transformation. The SCD identifies constraints on (i) women's entrepreneurship; (ii) women's participation in formal wage employment; (iii) the productivity of women's agriculture; (iv) women's fertility choices and access to quality maternal health care; (v) control of high fertility and population growth; and (vi) disparities in education.

- **Entrepreneurship, wage work, and agriculture:** Interventions will provide training in financial literacy, preparing business plans and loan applications, and tailor financial products to remove barriers to women, such as by providing alternatives to traditional collateral requirements, offering longer minimum maturity and maximum risk-sharing percentages for loans to women. The limits on women's participation in different value chains will be mapped, and the adoption of better agricultural technology and marketing practices by women farmers will be supported. Other interventions include: incentivizing vocational training providers to take account of women's needs; encouraging employment of women in project-related works; supporting gender-friendly infrastructure that responds to women's personal safety needs and better connects them to employment opportunities.
- **Women's human capital:** Interventions will use results-based financing for (i) improvements in antenatal care and institutional deliveries, in part by increasing the supply of skilled workers to nine regions with critical skilled staff shortages; (ii) incentivizing local government authorities to support girls' transition from primary to secondary school through investments in, e.g., hiring of female teachers; and (iii) conditional cash transfers to incentivize parents to invest in educating their children, which has been found to have disproportionate impacts on girls.

The gender focus of CPF activities will be reinforced by evidence generated by in the World Bank's Africa Gender Innovation Lab (See Annex IX).

FOCUS AREA 2: BOOST HUMAN CAPITAL AND SOCIAL INCLUSION

91. **Human capital and skill-based technology differences account for as much as 66 percent of inter-country variations in income.** Unless it addresses the quality and quantity of investments in human development, Tanzania will not succeed in its goal of becoming a middle-income country and an industrialized economy. Human capital constraints have become even more acute in the digital age, and the skills and noncognitive capabilities required to reach middle-income (MIC) status will continue to expand as MICs themselves undergo the fourth industrial revolution.

92. **IDA18 resources offer a unique opportunity to improve Tanzania’s human development outcomes during the CPF.** Looking at the human development challenges through a life cycle lens suggests an integrated approach to capture the full range of inputs needed from pre-birth to old age. This approach recognizes that people’s needs at various stages of life are connected; it also illuminates covariate risks that amplify impacts as the cycle of poverty is repeated across successive generations. It is now widely, and belatedly, accepted that the brain has a 1,000-day²⁰ window in which both cognitive development and future productivity are determined.

93. **The Tanzanian Constitution emphasizes the importance of national unity rather than ethnicity.** The challenge is how to ensure inclusiveness. Various groups in Tanzania are vulnerable because of deprivation, disadvantage, or stigma, including people with albinism, disabilities, AIDS, sexual minorities, hunter-gatherer communities, agro-pastoralist groups, displaced peoples; female-headed households, the elderly and children. Other forms of stigma amplify the impacts of exclusion, such as the violence experienced by people with albinism; pregnant adolescent girls not being able to complete education; and protracted displacement of refugees and the development complications for host communities.

94. **The country has already established a relatively effective conditional cash transfer program, which is already beginning to raise the incomes and welfare of people living below the extreme poverty line.** Consolidating these gains and expanding program coverage is now a high priority. Zanzibar, especially Pemba, trails on some human development indicators, notably fertility and the quality of education and health.

<i>Boost Human Capital and Social Inclusion – A Lifecycle Approach to Human Development Challenges</i>	
Objectives	2.1. Invest in the early years.
	2.2. Heighten job-relevant labor force skills.
	2.3. Improve the quality of health care and education.
	2.4. Accelerate the demographic transition.
	2.5. Promote social inclusion.

Objective 2.1. Invest in the Early Years.

95. **Building human capital in Tanzania depends heavily on determined multi-sectoral effort to help children reach their full potential.** Interventions in the IEY Project will ensure that children are well-nourished, especially in the first 1,000 days; receive early stimulation and learning opportunities; are nurtured and protected from stress; and the special needs of children with disabilities are addressed. World Bank-supported operations have helped Tanzania to improve the coverage and quality of PHC and strengthen productive social safety nets. The CPF will intensify support for the early years agenda as follows:

- Links between Rural Water and Sanitation PforR and the IEY Project, given the established links between improved water and sanitation, reduced morbidity, and improved nutrition.
- Synergies with operations in health, water, education, social protection, and agriculture and the IEY Project will seek to address bottlenecks to effective coverage of IEY interventions.
- Links between Health PforR and the IEY Project to ensure that interventions on family planning and antenatal care converge for synergistic effects to address chronic malnutrition among children.

²⁰ A child’s first 1,000 days are characterized by the most rapid rates of neuronal proliferation (cell numbers), growth and differentiation (complexity), myelination, and synaptogenesis (connectivity). Thus, this is the time when the brain is most vulnerable to any nutrient deficit.

- Links between Productive Social Safety Net (PSSN) Project and the IEY Project will strengthen early stimulation in safety net programs.
- ASA will monitor and assess the impact of selected program components.

Objective 2.2. Heighten Job-relevant Labor Force Skills.

96. **The WBG will continue supporting the National Skills Development Strategy, which covers the entire chain of skills for employability, from informal and alternative approaches to formal skills development.** Emphasis is on the FYDP II priority areas—agriculture, agribusiness, and agro-processing; tourism and hospitality; transport and logistics; construction; information and communications technology; and energy. The Education and Skills for Productive Jobs Program will be implemented over the CPF period, and will be complemented by analytical work and lending to rationalize tertiary education and skills training especially outside Dar es Salaam.

Objective 2.3. Improve the Quality of Health Care and Education.

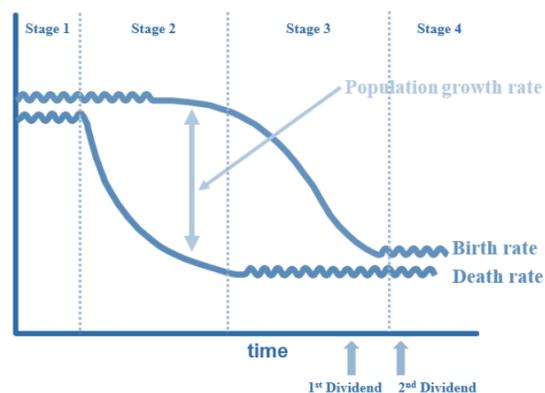
97. **The WBG has been a close partner in Tanzania’s efforts to expand access to health and education services over many years and has begun, in recent years, to address quality deficiencies directly.** The Government has embraced a results-orientation in supported projects.

- In education, among projects approved were Education PforRs for FY15 and FY17 and an Improving Student Prospects project in Zanzibar for FY16. The CPF will continue these. Also planned for the first half of the CPF period are follow-on operations to build up basic education nationally and for Zanzibar and projects for reforming secondary education, with a special focus on math and science quality and on girls’ enrollment and completion.
- In health, the CPF will continue to focus on improving PHC results and service delivery in especially rural areas. ASA in support will include evaluation of the impact of results-based financing on PHC services; process evaluation at district and facility levels; phone-based surveys of health workers to improve feedback on implementation; and a study of what drives high maternal mortality. The AF for the Health PforR will focus on maternal mortality which has not decreased in over a decade.

Objective 2.4. Accelerate the Demographic Transition.

98. **Accelerating the demographic transition means accelerating the pace of fertility rate reduction to the threshold of four children per woman, causing the working-age population to rise and boosting per capita income growth through the first demographic dividend (Figure 9).** The CPF program will support government efforts to address high fertility (particularly adolescent) through current and planned health and education interventions, for instance by increasing the availability and use of contraceptives and supporting girls to complete secondary school—both associated with lower fertility rates. The strategy is also to undertake in-depth analytical work to better understand determinants of adolescent fertility in Tanzania (e.g. child marriage) and to find sound,

Figure 9. Stages of the Demographic Transition and the Demographic Dividends



culturally-sensitive ways to address them. A Fertility Transition and Demographic Dividend study is planned for FY18 and its recommendations will inform subsequent ASA activities or lending operations.

Objective 2.5. Promote Social Inclusion.

99. **Social inclusion is at the core of many of the CPF objectives** already discussed, but the main instrument to promote social inclusion in Tanzania will continue to be the Productive Social Safety Net, which is supporting the poorest 15 percent of the households (close to 6 million people) through both conditional cash transfers and public works and livelihoods programs. An impact evaluation has found that the program has raised education attainment (especially for girls) and improved children’s health, thus helping to break the cycle of poverty. PSSN will enhance social inclusion through innovative livelihood and income-generation options and financial services and education. The CPF program will support government’s efforts to reinforce TASAF by ensuring PSSN expansion and sustainability, accountability for public services, and improving the effectiveness of service delivery. Better targeting will also be a goal, identifying both inclusion and exclusion errors. Social Protection interventions can offer a range of coping mechanisms for households and communities confronting disasters and climate change.

Box 5. Social Inclusion and Adolescent Girls

The World Bank's framework on Social Inclusion identifies three dimensions of social inclusion: Ability; Opportunity; and Dignity. Using adolescent girls as an example:

Ability: It is highly probable that a child performing poorly on standardized tests was born with low birthweight to a very young mother and may have had a parental stimulation that more advantaged peers would have had.

Opportunity: Adolescent pregnancy is almost four times higher (42 percent) among the poorest than in the richest quintile (13 percent). For children born to an extremely poor adolescent girl there is no pathway out of poverty because the mother must – by law – drop out of school. The child in turn is much more likely to be undernourished, start school late and be more likely to drop out of school, and thus perpetuating the cycle of poverty.

Dignity: Married adolescent girls are disproportionately exposed to physical or sexual spousal violence: 44 percent of married girls aged 15-19 years have experienced such violence and for almost a third (30 percent) the violence took place within in the past year.

Through its dialog, ongoing and upcoming operations in health, and education, the World Bank will endeavor that adolescent girls (i) are provided with sexual and reproductive knowledge and services; and (ii) are supported to pursue quality education that enables them to build foundations on which to build their future.

100. **The CPF analytical efforts will continue to complement PSSN results through impact evaluation** and other studies, such as a social protection expenditure review to assess how financing for social protection programs is structured, provide recommendations to improve the efficiency of their spending and fiscal sustainability of social protection programs, identify the most important barriers to higher productivity in nonfarm self-employment and household enterprises, and recommend interventions to address the barriers. To sharpen the social inclusion impact in priority areas, the CPF will also support Social Inclusion Clinics; priority areas are (i) gender differentials in agriculture and access to finance; (ii) skills development strategies for the out-of-school and unschooled population to enter the job market; and (iii) natural resources management. Studies will also be targeted to inclusion of people living with albinism and physical or mental disabilities.

FOCUS AREA 3: MODERNIZE AND IMPROVE THE EFFICIENCY OF PUBLIC INSTITUTIONS

101. **The current administration through the FYDP II is giving high priority to reinvigorating public sector reform with some early indications of success.** It emphasizes the need to reduce corruption and strengthen public sector capacity and some positive results are being seen in public perceptions of corruption (Afrobarometer 2017). The CPF program is designed to help the Government to realize this strategy. Critical supply side impediments must be addressed (e.g., budget credibility and reduction of arrears, poor management of public investment, cumbersome procurement processes). Simultaneously, ordinary citizens must be empowered by access to transparent service delivery information to enable them to voice their opinions and make service providers more responsive. The Afrobarometer 2017 results suggest that while Tanzanians believe war on corruption is making progress, but fear retaliation if they report incidents. Continued PFM improvements, e.g., in tax policies and tax administration, will also be crucial for increasing private sector confidence. Finally, the CPF program will support public sector efficiency measures and efforts to make the public sector more accountable through, e.g., leveraging ICT.

<i>Modernize and Improve the Efficiency of Public Institutions</i>	
Objectives	3.1. Strengthen public accountability and financial efficiency in delivering services.
	3.2. Improve efficiency and competitiveness in public investments.
	3.3. Better leverage ICT to modernize the public sector.

Objective 3.1. Strengthen Public Sector Accountability and Financial Efficiency in Delivering Services.

102. **Improving the quality and equitable distribution of public services is a long-term current effort that will require continued attention for several more years before Tanzania catches up with MIC standards.** The CPF institutional development program will build on past World Bank support to Tanzania to address four elements critical to effective public sector performance through enhanced accountability and fiscal efficiency: (i) Improve the credibility of the budget by mobilizing enhanced domestic resources, making realistic revenue projection, and managing finances carefully to prevent accumulation of arrears; (ii) Reinforce both central and local institutional capacity for budget allocation and execution; (iii) Improve management of public services, especially human resources; and (iv) enhance the transparency and accessibility of all public services to improve their accountability and efficiency and reduce corruption, including through citizen feedback mechanisms.

103. **WBG support will consist of a mix of instruments, such as policy-based lending, results-based lending, and advisory services.** A planned ASA programmatic public expenditure review (PER) and a Development Policy Operation (DPO) series focused on Growth and Service Delivery will support government efforts to enhance budget credibility, reduce arrears, and increase budget integrity, which provide an essential basis for strengthening the financial efficiency in delivering services. To use available resources more efficiently, both central and local government authority (LGA) processes for procurement (particularly expansion of e-procurement) will be improved. Support for civil service reform will also be provided through TA and results-based lending, in order to institutionalize performance management to improve efficiency in public service delivery, especially in important sectors like education, health, and water. Results-based lending would also support piloting and rolling out across the country new government one-stop service centers (“Huduma Express”) to improve the accessibility and efficiency of essential public services, potentially building in citizen feedback mechanism to demand better services. Enhanced quality in the national statistical system supported by a new statistics operation will contribute to enhanced accountability and effectiveness of service delivery by the public sector. This effort to

improve accountability and efficiency in public finance is fundamental to achieve the service delivery objectives articulated under Objective 2.3. Thus, an integrated approach is critical.

Objective 3.2. Improve the Efficiency and Competitiveness of Public Investments.

104. **To maximize the multiplier effect from the doubling in infrastructure investments proposed in the FYDP II sound public investment management is essential.** FYDP II envisages that half the cost will be financed by the private sector. It is critical that government investments in the economy—whether through direct investments in public goods or through SOEs—be sufficiently efficient and competitive to crowd in more private investment. Efforts are also needed to encourage subnational government-private sector cooperation to create stable platforms for private participation in the delivery of local public services.

105. **The CPF will enhance the synergy between public and private investments in the economy.** The CPF program will support the development of a comprehensive approach for PIM/PPPs in Tanzania through ASA, TA, and lending, as well as potential IFC investment. Initially the focus will be on the energy sector through support for financial and operational reinforcement of the power utility, TANESCO, and supporting private investment in power generation, including renewables. The CPF will also support PPPs development for transport and other infrastructure. One impediment to private sector growth in Tanzania—the continued presence of uncompetitive parastatals—will be addressed by tackling oversight and governance of SOEs, reducing their fiscal liabilities, and reducing or eliminating some market distortions. This will smooth entry for private businesses and, with the regulatory reforms supported under Focus Area 1, can be expected to boost private investment.

Objective 3.3. Better Leverage ICT to Modernize the Public Sector.

106. **Population growth and demands from a growing private sector will place increased pressure on public services that will require that the way they are delivered be transformed.** Government will need to invest both in organizational reforms and improving the skills of the public sector and in transforming how it delivers services by using ICT more effectively. Progress over the last decade, in part with IDA support through the RCIP, has created opportunities for making government services more efficient and accountable. Currently, about 75 percent of ministries, departments, and agencies are connected to the government network and all regional headquarters are now linked via fiber optic cable. This new connectivity, coupled with monitoring and changes in staff incentives, could support improved service delivery, growth in business and agriculture, and stronger central and local government operations in general.

107. **The CPF program will help to identify and implement automated processes that reduce transaction costs both internally and in the public sector's interface with citizens and businesses; automation will also minimize the scope for discretion for public officials.** Technology-based service enhancements will complement the one-stop service centers (Objective 3.1). Components of two investment operations – Digital Tanzania and the Financial Inclusion Project – will support this transition to more automated services and establish electronic payments for, e.g., taxes, licensing fees, and fines. ICT will also be leveraged to introduce a biometric-based national ID system that will be able to verify citizen and resident eligibility for various service delivery, regulatory, and other purposes. Improved processes for central and LGA procurement (particularly expansion of e-procurement) will allow more efficient use of available resources. More intensive use of ICT in data collection and their publication will help the Government increase frequency and accessibility of statistical data in the country.

F. IMPLEMENTING THE CPF

108. **Financial Envelope and IDA18 allocation:** The CPF (FY18-FY22) will span IDA18 (FY18-FY20), and part of IDA19 (FY21-FY22). Tanzania is projected to receive a significantly larger IDA18 envelope²¹ of about US\$2.4 billion, and may be able to access additional resources through four vehicles: (i) the **IDA18 Regional Window** to bolster regional integration efforts; (ii) the **Scale-Up Facility (SUF)** providing non-concessional borrowing for high-impact projects;²² (iii) the **Private Sector Window (PSW)** to mobilize private capital, de-risk investments and promote private-sector-based growth; and (iv) the **Crisis Response Window (CRW)** if it suffers severe natural disasters, health emergencies, or an economic crisis. If IDA19 allocations are similar to those of IDA18, the resources available to Tanzania during the CPF period could be about US\$1 billion a year. The WBG will use lending, advisory and analytical work, and convening power as appropriate to achieve the CPF objectives. It will also leverage all World Bank/IFC/MIGA instruments and seek to crowd in the private sector and other development partners to maximize the development results. Contingent on market conditions, IFC could commit up to US\$100 million annually.

Box 6. Building on the CLR Lessons for a more Effective and Less Risky Program

With the volume of lending rising and Tanzania taking on more ambitious and complex programs, the CPF takes into account past lessons learned and will operationalize strategies and actions to enable Tanzania to set high goals at an acceptable level of risks. It is designed to

- **Build capacity for safeguards:** The role-out of a new safeguards policy affords the opportunity for an ambitious and adequately funded training engagement with the client to increase its capacity to safeguard its people and the environment. Similarly, it will offer training to the academic and private sector actors who typically execute safeguards.
- **Build on tested engagements:** The portfolio has several well-performing programs that can be extended and adapted; where possible, new programs will work with previous partners who have demonstrated capacity and good performance.
- **Use more rigorous criteria in appraising readiness:** IDA18 is making available new resources to support project preparation. The CPF will thus seek to raise the standard for readiness at appraisal, to better illuminate risks (including resettlement impacts and costs) and have contracts ready to sign promptly.
- **Engage communities in project design and implementation and utilize the Grievance Redress Mechanisms more effectively.**
- **Invest in land administration systems:** Land conflicts and land clearance issues (often associated with inadequate administration and tenure systems) are a significant portfolio risk. To minimize the risks over the long term, the World Bank will increase its engagement in land administration and tenure policy and systems.
- **Use analytics to guide operations:** Success of the knowledge program is central to giving the next program of support a solid foundation. The analytical products will be prepared in close collaboration with the client, taking into consideration counterpart capacity.

109. **The CPF for FY 18-FY22 builds on the current portfolio, which is closely aligned with the proposed objectives of the new WBG program.** The current World Bank portfolio in Tanzania comprises 25 IDA-funded projects with total net commitments of US\$4.2 billion. These support transport and ICT (29 percent), urban development (21 percent), energy (12 percent), education (9 percent), social protection

²¹Referenced IDA18 volumes are indicative. Actual PBA allocations will be determined annually and will depend on (i) total IDA resources available; (ii) the number of IDA-eligible countries; (iii) the country's performance rating, per capita GNI, and population; and (iv) the performance and other allocation parameters for IDA borrowers.

²² Under IDA17 Tanzania received US\$1 billion in SUF funding, more than any other country.

(9 percent), water and sanitation (5 percent), the environment and natural resources (5 percent), and health/nutrition (4 percent); the remaining 6 percent covers interventions in agriculture, finance and markets, trade and competitiveness, and governance. Tanzania also participates in seven regional projects with a total commitment of US\$535 million in the areas of transport and ICT, energy, environment, health, and education. The Tanzanian Government also benefits from an active Trust Fund portfolio valued at about US\$101 million, about 70 percent funded by multi donor trust funds managed by the World Bank (Annex VI). This CPF represents both continuity with and enhancement of the current program and more intensive engagement in priority areas.

Table 2: Indicative lending program for FY18-FY20

Focus Area	Indicative lending
Enhance Productivity and Accelerate Equitable and Sustainable Growth	<ul style="list-style-type: none"> • Energy Sector Support (PforR, transmission, distribution, rural electrification, regional integration (RI) engagement): US\$900 million <i>Of which:</i> Regional: US\$175 million SUF: US\$100 million-US\$200 million • Transport and ICT (economic corridors, connectivity): US\$1 billion-US\$1.2 billion <i>Of which:</i> Regional: US\$150 million SUF: US\$400 million • Agriculture Sector Support: US\$100 million-US\$200 million <i>Of which:</i> Regional: US\$50 million • Natural Resources Management Support (environment, tourism, climate change, mining, land): US\$275 million <i>Of which:</i> Regional: US\$25 million • Zanzibar Urban Services and Connectivity Project: US\$100 million • Rural Water, Sanitation and Water Resource Management: US\$250 million • Financial Inclusion Project: US\$150 million • Industrialization and Trade Facilitation Interventions: US\$100 million-US\$130 million <i>Of which:</i> Regional: US\$25 million
Boost Human Capital and Social Inclusion	<ul style="list-style-type: none"> • Secondary Education Quality Improvement Project: US\$300 million • Higher Education Reform: US\$300 million • Investing in the Early Years: US\$200 million • Sustainable Social Safety Nets: US\$200 million
Modernize and Improve Efficiency of Public Institutions	<ul style="list-style-type: none"> • Growth and Service Delivery DPO series: US\$200 million-US\$300 million • Public Service Modernization Project: US\$100-US\$150 million • Statistics PforR: US\$50 million

110. **The CPF will extend and deepen multisector and spatial approaches.** Several proposed engagements cut across a number of sectors: investing in early childhood, natural resource management, capturing the potential for being a maritime gateway and regional hub, agribusiness, and tourism.²³ In addition, the WBG will explore opportunities to operationalize multisectoral and spatial approaches in

²³ As mentioned elsewhere in the document: Investing in early years to build human capital requires contributions related to water and sanitation, education, health, agriculture, and social protection. The sustainability of natural resources depends on careful balancing of competing demands, brought about by committed inter-sectoral coordination in planning and conducting programs. Developing the Southern Circuit for tourism to complement the well-developed northern circuit and supporting construction of a 400kV transmission system to heighten capacity in the south (currently not connected to the grid) will extend the economic and social benefits to the southern part of the country.

project activities through the agile pilot initiative, including setting up multisectoral teams with joint implementation responsibility for groupings of projects.

111. The CPF will capitalize on digital technologies to accelerate growth, improve access to services, and make government operations more efficient.²⁴ The CPF will support a three-pronged approach to driving Tanzania's digital transformation: (i) continuation of the Digital Tanzania Program Series of Projects; (ii) adoption of technology solutions in all sectoral interventions; and (iii) deepening integration and enhancing the competitiveness of the regional telecoms market and digital economy through the East Africa Single Digital Market (SDM) Initiative (see Annex X for full details by CPF focus area).

112. The CPF has a robust regional integration agenda, building off the achievements of the last CAS and aligned with government priorities. The programs supported under the CPF will help Tanzania capitalize on the unrealized potential for deeper trade orientation and job creation. These are also aligned with the four priority strategies and objectives of the World Bank's FY18-20 Regional Integration Strategy as reflected in Table 3.

Table 3: CPF Alignment with the Regional Integration Agenda

Priority Regional Integration Agenda	CPF Engagements
Generating economic dynamism along regional economic corridors: The objectives are to develop regional infrastructure along economically important trunk routes; leverage private sector financing in regional value chains, and harmonize policy and reduce non-tariff barriers to promote trade.	The CPF enhances the multi-modal transport engagements* of the <i>Central Corridor</i> (via lakes Victoria and Tanganyika). The proposed Industrial Competitiveness PforR will support regional value chains and the business environment. Complementary investment in other sectors (urban, energy, etc.) enhance the effectiveness of the corridors. The Great Lakes Trade Facilitation Project and the EAC Accelerated Trade Integration Project will enhance cross-border trade with other Great Lakes and EAC countries respectively.
Develop functioning regional markets in priority sectors: The objectives are to support priority regional energy generation and transmission links; transform sub-regional power pools into effective commercially-run entities actively enhancing power trade between countries; and address market fragmentation in financial sector and ICT/telecom	Investments in cross-border transmissions (connecting Zambia) are supported through the CPF, and programs to improve the effectiveness of TANESCO. The regional Rusumo Falls Hydro-power project will generate 80 MW and construct 378km of transmission lines. The Digital Tanzania Project builds on RCIP III, by improving the regulatory environment and creating demand for regional digital content.
Scale-up Access to Quality Public Services and Entrepreneurship; The objectives are to support targeted R&D efforts and innovations; promote entrepreneurship and technology adoption for improving access to services, including in energy and irrigation; and promote harmonized development of statistics and national identity systems.	The CPF includes projects to enhance access to quality public services through rolling out of one-stop service centers (Public Sector Modernization PforR) and national ID system (Financial Inclusion Project), strengthening the national statistical system (Statistical Capacity Building project), and enhanced public services in special economic zones and SME cluster development (industrial competitiveness PforR).
Promote Collective Action to Address Risks of Regional Economic Contagion, Fragility, Epidemic and Climate 'Hot Spots': The objectives are to address cross-country risks from macroeconomic and financial sector crisis; Support sustainable management and financing of trans-boundary water, coastal and marine resources; and support communities affected by regional forced displacement.	The portfolio includes the regional SWIOfish program for sustainable management of trans-boundary waters. The third Lake Victoria Environmental Management Program will strengthen regional management and value chains. Similar efforts will be expanded to Lake Tanganyika. Resources are available through the IDA Refugee Window to support refugee host communities on the Tanzania/Burundi boarder.

* SATTF, DMGP, TIRP, *Transport Corridors Program, Lake Tanganyika Transport Program*

²⁴ See Annex X: The CPF recognizes that (i) to achieve its ambitious economic development and industrialization goals, Tanzania must equip its citizens and businesses to flourish in the digital economy or risk being left behind; (ii) digital technologies can create ladders of opportunity and transform access to services and information for marginalized people; and (iii) modern ICT infrastructure and digital platforms are vital to make public institutions more efficient, transparent, and accountable.

113. **To operationalize MFD in Tanzania, the CPF will support a sustained and coordinated effort to build up policy, regulatory, financial, and market conditions.** Tools and resources will be deployed to address barriers to sustainable private sector development solutions. WBG support will identify efficient, open, and transparent processes for engaging capable investors in well-developed, bankable infrastructure projects. Diagnostic analysis will build on the WBG's current work. Support will serve the dual purpose of unlocking private solutions while promoting good governance and adherence to high environmental and social standards (see Annex XI for a list of current and planned MFD-enabling list of projects).

114. **The CPF program will be gender-informed.** During the CPF period the WBG will use analytical support, particularly from the Bank's Africa Gender Innovation Lab, policy dialogue, lending, and strategic partnerships to address equity challenges and ensure compliance with IDA gender requirements. A range of gender analysis drawn from the Poverty Assessment, SCD and the Africa Gender Lab fulfill the requirements of OP/BP 4.20. The CPF target is for all new WBG operations to be informed by a gender-disaggregated analysis of to inform project design. Unlike the last CAS, the CPF results framework will have gender-disaggregated and gender-linked indicators. Further, a closer engagement with communities during project design as well as implementation will ensure an appropriate mix of technical solutions and adherence to safeguard plans.

115. **The CPF embraces a climate resilient and inclusive path to growth and development.** The CPF recognizes Tanzania's high vulnerability to the effects of global climate change. Tanzania's own national development strategies and its Nationally Determined Contribution have committed to supporting adaptation in the key focus areas of the CPF. The WBG aims to increase the climate-related share of its portfolio from 21 percent in 2015 to 28 percent by 2020, with the Africa region aiming to increase its own percentage to 22 percent on average by 2020. The investments envisaged in the three focus areas of the CPF spanning the period of IDA18 (FY18-20) and beyond are intended to maximize climate co-benefits and realize climate resilient and inclusive growth. The CPF supports interventions that aim to (i) build resilience in agriculture, infrastructure and natural asset-based growth; (ii) enhance the resilience of Tanzania's energy sector to climate variability; and (iii) build resilience in human capital to the effects of climate change through social protection initiatives.

116. **As a whole, the CPF will systematically focus on institutional functions and systems,** not just capacity to conduct projects. It will also leverage partnerships with Tanzanian think tanks, policy research institutes, and the private sector and other non-state actors to support local analytical capacity, encourage public discussion of certain issues, and build capacity of the local private sector. The World Bank portfolio calls for performance for results in urban, education, health, and energy projects that incorporate significant institution building components. These projects should have long-term objectives of changing incentives and building capacity to manage development programs using DPOs. Additional capacity-building efforts might support real-time iterative beneficiary monitoring to record beneficiary feedback.

117. **Capacity-building efforts will target decision makers and other stakeholders involved in formulating M&E plans for national development strategies.** They will build on current initiatives for the domestication of Sustainable Development Goals (SDGs) and their mainstreaming into national development frameworks. An M&E Framework with 282 indicators has been drafted for FYDP II, and close to 70 percent of the indicators can be mapped to the SDGs. The National Bureau of Statistics is producing 40 percent of the indicators and the rest come from MDAS and other data producers in the National Statistical System. Close to 70 percent of SDG indicators can be mapped with FYDP II indicators; the rest

require additional resources to fill the data gap and allow for a robust evaluation of national development strategies and SDGs. Priorities are more frequent data collection, higher-quality administrative data, stronger routine data collection systems. and interoperable data management systems.

Box 7. Rethinking Capacity Building: Engaging the Youth

Rethinking capacity building where sustainability issues may threaten a key outcome (“leave something behind”) requires partnership between World Bank operations and clients seeking skills and opportunities. An illustration is the Bank’s collaboration with universities for the *placement in industry* program. This 3-month program offers university students internship opportunities on real-world projects. World Bank operations offer significant opportunities to train and deploy university students. In FY17 the Transport and ICT GP engaged over 250 Tanzanian students from three universities in eight different projects. In FY18 the Urban Resilience program alone plans to deploy over 300 students.

A central feature has been the training and deployment of Tanzanian students in mass-collaboration campaigns that can replace typical and costly World Bank studies, surveys, or data collections. Students and other young collaborators leverage crowd-sourcing and similar citizen science techniques to gather data and conduct surveys and other assessments. These simple approaches have been competitive with traditional consultant-driven World Bank methods. In some cases, using Tanzanian student-sourcing offers dramatic improvements in the quality, quantity, and affordability of data collection.

118. **Indicative Knowledge Program:** World Bank’s ASA program in Tanzania will use a combination of hands-on technical assistance, impact evaluations, policy notes and broader reports to inform the lending programs and the policy dialogue. The SCD has been recognized by a broad range of stakeholders as an important source of knowledge. Table 4 presents an indicative knowledge program for the CPF period.

Table 4: Indicative Knowledge Program

Focus Area	ASAs	
Focus Area 1: Enhance Productivity and Accelerate Equitable and Sustainable Growth	<ul style="list-style-type: none"> Let’s Work Program in Tanzania Evolution and Disparity of Poverty and Jobs in Tanzania Closing the Potential Performance Gap in Tanzania Agriculture ICAS Industry Competitiveness Country Environment Assessment Water Analyses 	<ul style="list-style-type: none"> Power Sector Review Zanzibar Tourism and Economic Development Urban Resilience Program Gender-based Violence Assessment (all projects) Analytics on the Central Corridor Drivers of Inclusive Growth Climate Technology Innovation Program
Focus Area 2: Boost Human Capital and Social Inclusion	<ul style="list-style-type: none"> Review of Early Stimulation Programs and Practices Fertility Transition and Demographic Dividend Supporting Early Learning SDI Survey Support to Universal Health Coverage 	<ul style="list-style-type: none"> Social Safety Net Impact Evaluation Gender Diagnostic TA for Reforming Higher Education Loans Board Enhancing Sustainable Livelihoods and Graduation from Social Assistance in Tanzania
Focus Area 3: Modernize and Improve Efficiency of Public Institutions	<ul style="list-style-type: none"> SOE Competitiveness review Programmatic PER Debt Management TA (DMFTF) Procurement Value Chain Analysis 	<ul style="list-style-type: none"> Macro-fiscal Capacity Building TA Programmatic Institutional and Governance Review Sub-sovereign PPPs (Dfid TF)
Cross-cutting	<ul style="list-style-type: none"> Tanzania Economic Updates 	<ul style="list-style-type: none"> Programmatic Poverty Work

G. FINANCIAL MANAGEMENT AND PROCUREMENT

119. **Financial management will focus on providing reasonable assurance that World Bank financing is used for purposes that promote economy and efficiency and help developing countries to build PFM capacity.** In addition to support for supervision and implementation of projects, the World Bank will also provide advisory services and TA, and all Bank-supported operations will include PFM capacity building by way of training, on-site support, and close cooperation with government staff. Specifically, the World Bank will assess the adequacy of project financial management arrangements for both current and new projects, monitor compliance with World Bank audit and fiduciary requirements, ensure that operations adhere to all relevant PFM policies, procedures, and instructions, and provide supporting analyses of areas related to PFM and public financial accountability. These activities will cover the central, regional, and district levels of both Mainland and Zanzibar. The World Bank will also provide support and capacity building to the National Audit Office of Tanzania and the Office of the Auditor General of Zanzibar.

120. **During the CPF the World Bank will support modernization of the government procurement system by providing procurement oversight and other necessary assistance for World Bank-financed projects and programs,** and will maintain a continuing policy dialogue with the Government to ensure the capabilities of the national procurement system. The World Bank is now supporting a procurement value chain analysis to identify bottlenecks to efficient procurement, and will work with the Government to realize the recommended action plan emanating from this study, which is now being finalized. As part of procurement reform, the World Bank is also supporting the Government introduction of an Electronic Government Procurement (e-GP) system to enhance transparency, fairness, and efficiency; most procurement transactions will be easier to monitor on-line. After completion of the pilot e-GP programs in the Medical Stores Department and the Government Procurement Services Agency, the World Bank will support e-GP roll-out to other procurement entities. The World Bank will continue to work closely with the Government to strengthen the procurement system given the government's renewed commitment to continue the Fifth Public Financial Management Reform Program. During the CPF period the World Bank will support government staff in implementing the World Bank's New Procurement Framework.

H. PARTNERSHIPS AND DONOR COORDINATION

121. **Tanzania is establishing a new overarching framework for coordinating the development partnership, the previous framework driven by the General Budget Support (GBS) system having ended in 2015.** The 2014 Independent Power Tanzania Limited corruption scandal contributed to a pause in the GBS dialogue that had driven donor coordination since early 2000s.²⁵ There has been a serious effort between DPs and the Government to re-establish the policy dialogue, based on a study integrating joint analytical programs such as the PER process, TA, and budget support.

122. **Donor coordination has been strong at the sector level.** Sector working groups have been effective in some sectors. The World Bank has been actively engaged in and has often led coordination in, e.g., fiscal management and PER, governance, statistics and poverty monitoring, energy, transport, agriculture, private sector development, health and education, and ICT. Leveraging its unique global

²⁵ The World Bank's Country Assistance Strategy for FY07-FY11 was based on a Joint Assistance Strategy for Tanzania (JAST), prepared jointly with 21 other DPs to support Tanzania's Growth and Poverty Reduction Strategies (MKUKUTA for the Mainland and MKUZA for Zanzibar). The GBS framework, led by 14 DPs including the World Bank, was the primary vehicle for channeling budget support based on annual policy dialogue and progress on the performance assessment framework mutually agreed between the Government and DPs.

expertise and knowledge in individual sectors, the Bank has been playing a catalytic role in informing the sector-level dialogues and supports by the donors in the country.

123. **Partnering with other DPs for lending and analytical work has been at the core of the WBG's country strategy in Tanzania.** Several large lending programs, such as the Productive Social Safety Net Project, the Education PforR, Health PforR and more recently the Dar es Salaam Maritime Gateway Project, are co-financed by bilateral donors, including the United States, United Kingdom, and Sweden. Partnerships through TFs, such as sub-sovereign PPPs (Department for International Department - DfID)) and investment climate advisory services (Canadian International Development Assistance - CIDA), provide important complementary support to government's capacity building. Collaboration is equally strong through ASAs, such as the programmatic PER work, anti-corruption work, and domestic enterprise development (e.g., local content).

I. MONITORING AND EVALUATION

124. **The Results Framework (Annex I) will be as the principal tool for evaluating progress toward CPF objectives.** Midway through the CPF period, a Performance and Learning Review will be prepared. The portfolio will be reviewed annually to monitor progress toward CPF objectives and promptly address any program issues or changes in country circumstances. The WBG and the Government will continue to review the portfolio and address emerging issues through engagements such as the Country Performance Portfolio Review. Project-level monitoring frameworks will be enhanced for improved tracking of results and accountability. The PLR will assess CPF progress and continued relevance, make mid-course corrections as needed and corresponding revisions to the Results Framework, and inform the Board of CPF progress and revisions.

125. **CPF outcomes will also be evaluated based on data production and the frequency and timeliness of key statistics.** The most important sources for tracking poverty and wellbeing are the Demographic and Health Surveys (DHS), the Household Budget Survey, the National Panel Survey (NPS), the National Sample Census of Agriculture (NSCA) and Integrated Labor Force Surveys. The Trust Fund for Statistical Capacity Building supports WBG and DP efforts to address the paucity of household survey data and will improve the frequency and quality of socioeconomic data needed to support evidence-based planning and decision-making to meet country needs and monitor CPF results. The government initiative for improving national monitoring and promoting performance and accountability also calls for more frequent and higher quality statistical information. Especially important are accurate and timely household survey data, which are critical to effective design and evaluation of development programs and strategies for poverty eradication.

IV. MANAGING RISKS TO THE CPF PROGRAM

126. **The risk to achievement of the CPF development objectives for Tanzania is assessed as moderate (Table 5).** Political and governance risks are rated moderate. The new administration has declared zero tolerance for corruption and has dismissed and arraigned in court several senior officials suspected of corruption. Although reports have shown a decline in all major public sector governance indicators, the perceptions largely reflect the past administration. According to the Worldwide Governance Indicators (WGI), the most severe drops were in political stability; government effectiveness; and control of corruption. Although on control of corruption, Tanzania slid back five places from 2012 to

2015 in Transparency International's Corruption Perception Index, the recent 2017 Afrobarometer notes that 72 percent of Tanzanians say that corruption has decreased compared to only 13 percent in 2014.

127. **Macroeconomic risks are also rated as moderate.** Among the exogenous external risks, the economy is still exposed to variations in international market prices, notably for food, fuel, and gold. The most important domestic risk relates to softening of growth due to lower private sector confidence arising from an unpredictable policy environment. Other risks relate to fiscal policy, among them (i) shortfalls in revenue collection as public spending is rising; (ii) accumulation of arrears, particularly for pensions, and contingent liabilities from public authorities and other bodies; and (iii) rising debt with increased non-concessional borrowing. The World Bank has strategically processed a DPO series of operations in close coordination with the International Monetary Fund and other partners. In addition, the proposed DPO series will benefit from complementary dialogue channels, such as macro fiscal dialogue through the IMF program; the PER process, which makes it possible to monitor recent fiscal developments and inform policymakers; and debt sustainability diagnostics such as DSA and debt management TA. The World Bank's policy dialogue and an enhanced public private dialogue will help mitigate the risk of lower private sector confidence.

128. **Risk related to institutional capacity is rated substantial.** There is considerable risk in the management of WBG-financed programs and projects because in some line ministries capacity is inadequate. Risks also arise in World Bank-financed operations at the local government level. An inadequate incentive structure is also an impediment to service delivery at all levels. To mitigate the risk the World Bank will scale up support to LGAs through the Local Government Development, Strategic Cities, and other sectoral projects. Capacity-building efforts will emphasize leveraging partnerships with in-country think tanks, policy research institutes, the private sector and non-state actors. To the extent possible, universities and institutes of technical and vocational learning will be recruited to work alongside project teams to build their capacity to sustain the work.

129. **Fiduciary risk is rated moderate.** Governance challenges created by a shortfall in PFM performance can undermine the effectiveness of WBG programs. With a sizable share of the portfolio being disbursed at the decentralized level (including the PforR operations), strengthening PFM processes to improve the spending efficiency of local governments will continue to be a priority for effective service delivery. The Government has emphasized its commitment to reinforcing its PFM systems. For mitigating PFM risks, the PFM RP IV program, the PER process, and the Fund program, will all be important channels of dialogue and technical support.

130. **Environmental and social risks are rated substantial.** Safeguards risk may be greater due to the increase in lending, larger size of projects, relative complexity of anticipated engagements, and potential increase in project-induced resettlement. Overall client capacity to manage environmental and social safeguard risks increased modestly over the last Country Assistance Strategy period. The roll-out of the World Bank's new Environmental and Social Framework (ESF) is an opportunity to address previous issues regarding the application of OP 4.10 in Tanzania. A Country Social Assessment is underway to help guide the client and Bank on application of ESS7. Broader portfolio risks will be mitigated through (i) enhanced training to the client and private consultants and consultations in the context of the roll-out of the ESF; (ii) dedicating more project resources to environmental and social safeguards supervision, particularly in urban areas; (iii) strengthened supervision practices and systems, (iv) enhanced focus on citizen engagement; and (v) working with 'tested' Project Implementation Units (PIUs) with demonstrated safeguards implementation capacity and encouraging cross learning between more and less experienced PIUs.

Table 5: Risk Ratings

Risk Categories	Rating
1. Political and governance	Moderate
2. Macroeconomic	Moderate
3. Sector strategies and policies	Moderate
4. Technical design of project or program	Moderate
5. Institutional capacity for implementation and sustainability	Substantial
6. Fiduciary	Moderate
7. Environment and social	Substantial
8. Stakeholders	Moderate
9. Other (climate and disaster risks)	Moderate
Overall	Moderate

Annex I. Results Framework

Focus Area 1: Enhance productivity and accelerate equitable and sustainable growth			
<p>Tanzania’s success in raising incomes and living standards will depend on increasing productivity within sectors that provide employment for the poor, while also promoting investment in sectors that could create more opportunities for higher-wage employment, particularly agro-processing and light manufacturing (textiles, leather products) as well as tourism. For the agriculture sector to realize its potential, there is a need to build an agro-processing industrial base and strengthen the value chain for agricultural products. This structural transformation of shifting labor from agriculture to higher-productivity employment in manufacturing and services (e.g., agro-business, other light manufacturing, financial services, tourism, wholesale/retail trade, and construction) will be facilitated and accelerated by creating an enabling business environment, improving access to credit, including long term finance for MSMEs, strengthened natural resource management, improving connectivity and creating market linkages, and addressing major infrastructure bottlenecks.</p>			
Objective 1.1 – Strengthen the business environment for job creation, notably in manufacturing, agri-business, and tourism			
Intervention Logic:			
<p>To generate additional productive jobs, Tanzania needs to undergo structural transformation to move resources from lower to higher value activities in manufacturing, agriculture and tourism. This requires an improvement in the business environment and development of public goods for industrialization such as industrial zones and quality assurance services to enterprises to allow Tanzanian businesses to create domestic value chains and local content from large investments. The CPF will directly support the creation of value chains between rural producers and businesses in agricultural corridors. The World Bank is already engaged in supporting the Government’s SAGCOT initiative, under which the public sector is facilitating investments in infrastructure and related public goods to achieve rapid and sustainable growth in smallholder agriculture. IFC will also provide advisory services to address business environment issues, particularly in key industries like leather, agro-processing and tourism. Building up tourism will have job-creating potential through the development of local value chains in manufacturing and services. In order to fulfil the Government’s stated objective of doubling the number of tourist arrivals, it will be important to diversify and develop the Southern Circuit, which has received less attention historically. The WBG will support government efforts to develop the Southern Circuit in a sustainable manner to create tourism related jobs.</p>			
CPF Objective Indicators	Supplementary Progress Indicators	World Bank Program	
<p>Indicator 1. Manufactured exports (including agro-processing products) as percent of total exports Baseline: 27 (2014/15) Target: 35 (2020/21) <i>Data source: UN Comtrade, FYDP II</i></p> <p>Indicator 2. New private agri-business investments registered by TIC in the Southern Corridor (number) Baseline: 0 (2016)</p>	<p>SP Indicator 1. Women farmers who have adopted an improved agric. technology Baseline: 0 (2016) Target: 140,625 (2021) <i>Data source: Impact Monitoring and Evaluation Surveys</i></p> <p>SP Indicator 2. MSMEs receiving services inside industrial clusters/zones (number)</p>	<p>Ongoing Operations: <i>Private Sector/MSME Competitiveness (P085009, FY06)</i> <i>Resilient Natural Resource Management for Tourism and Growth (REGROW) (P150523, FY18)</i> <i>Southern Agricultural Growth Corridor of Tanzania Investment</i></p>	<p>Proposed Operations: <i>Growth and Service Delivery DPOs (FY18-20)</i> <i>Industrial Transformation for Growth and Trade Integration (FY19)</i> <i>Great Lakes Trade Facilitation Project-SOP2 (FY18)</i> <i>Digital Tanzania Program Phase I (FY18)</i></p>

<p>Target: 50 (2021) <i>Data source: TIC Annual technical reports and impact monitoring</i> Indicator 3. Total tourist visits to the priority Protected Areas (PAs) (in the Southern Circuit) Baseline: 98,504 (2017) Target: 117,000 (2022) <i>Data Source: Count of entry fees payed in each PA²⁶</i></p>	<p>Baseline: 113 (2012/13) Target: 500 (2022) <i>Data source: Export Processing Zone Authority.</i> SP Indicator 3. National public-private dialogue forum convened at least once a year Baseline: No (2017) Target: Yes (every year) <i>Data source: Tanzania National Business Council</i></p>	<p><i>Project (SAGCOT) (P125728, FY16)</i> <i>Expanding Rice Production (P144497, FY15)</i> ASAs: <i>Diagnostic Trade Integration Study (DTIS) Update (FY17)</i> <i>LNG Local Content Study (FY17)</i> <i>Commodity Exchange TA (FY16)</i> <i>Agribusiness Innovation Center TA (FY18)</i> IFC Advisory <i>Tanzania ICAS11 Economy Competitiveness (FY16)</i> <i>TZ ICAS 2 Industry Competitiveness (FY18)</i> <i>Tanzania Tax Business Environment (FY18)</i> <i>East African Community IC Phase 2 (FY13)</i> <i>MAS AS (Agribusiness): WFP Tanzania (FY17)</i> Investment <i>(Tourism)</i> <i>IFA Zanzibar (Agribusiness)</i> <i>ETC Tanzania Projects</i> <i>East Africa Coffee</i></p>	<p><i>Agriculture Project (FY19)</i> <i>Zanzibar Urban Services & Connectivity Project (FY19)</i> <i>Rural Transport Program (PforR) (FY19)</i> Proposed ASAs: <i>Let's Work Program in Tanzania (FY18)</i> <i>Zanzibar Tourism and Local Economic Development (FY18)</i> <i>Closing the Potential-Performance Gap in Tanzanian Agriculture (FY19)</i> <i>Evolution and Disparity of Poverty and jobs in TZ (FY21)</i></p>
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²⁶ Indicator will be calculated as the aggregate of (a) Mikumi; (b) Ruaha; (c) Selous; and (d) Udzungwa. Baseline: (a) 52,428; (b) 18,961; (c) 18,197; (d) 8,918; and Target: (a) 63,000; (b) 22,000; (c) 22,000; and (d) 10,000.

Objective 1.2: Put credit within reach, improving access to credit particularly for MSMEs and women

Intervention logic: Tanzania has made impressive progress in financial inclusion. However, some segments of the population are less served than others, and therefore there is a need to expand financial inclusion to these groups- rural population, the poor, and women. There is also a need to deepen inclusion beyond the person-to-person money transfers, and help the population transition to more advanced uses. The much larger formal financial system, critical for the business sector, particularly MSMEs, is lagging behind in terms of the ability to mobilize savings and provide access to affordable credit. Women-owned businesses are especially disadvantaged when it comes to borrowing due to lack of collateral, among other factors.

On the strength of complementary programmatic strategies and cross-leveraging between IDA lending and IFC direct investments and advisory services, the WBG will further support the Government in deepening financial inclusion and expanding MSMEs’ access to credit, as well as address any market failures or gaps in provision of longer maturity market-priced local currency credit finance, through financing (Financial Inclusion project), risk sharing facilities supported by IDA, IFC’s partnerships, and/or direct investments in some of Tanzania’s largest banks, including where appropriate through the PSW.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	
<p>Indicator 4. Share of adult Tanzanians who are financially excluded (percent) Baseline: 26.8 (2017) Target: 20 (2022) <i>Data source: Finscope</i></p> <p>Indicator 5. Share of adult female Tanzanians who are financially excluded (percent) Baseline: 30.29 (2017) Target: 18 (2022) <i>Data source: Finscope</i></p> <p>Indicator 6. Increase percent of SMEs with line of credit Baseline: 17 (2013) Target: 23 (2022)</p> <p>Indicator 7. Increase percent of woman-owned SMEs with line of credit Baseline: 4 (2013) Target: 15 (2022) <i>Data source: World Bank Enterprise Survey</i></p>	<p>SP Indicator 4. People participating in savings groups (number) Baseline: 25,130 (2017) Target: 35,000 (2022) <i>Data source: Bank of Tanzania</i></p>	<p>Ongoing Operations: <i>Housing Finance (P117242, FY10)</i> <i>Private Sector/MSME Competitiveness (P085009, FY06)</i></p> <p>ASAs: <i>9th Tanzania Economic Update (FY17)</i> <i>Commodity Exchange TA (FY16)</i></p> <p>IFC Advisory <i>FIG AS: Aikba DFS MCF (FY17)</i> <i>FIG AS: Bank M Tanzania (FY17)</i> <i>FIG AS: Tanzania MFS Scheme Rules (FY14)</i> <i>FIG AS: AccessBank Tanzania TA (FY13)</i> <i>F&M: Tanzania Credit Reporting Project - Phase 2 (FY15)</i></p> <p>Investment <i>AMSME BOA – Tanzania</i> <i>Access Tz RI</i></p>	<p>Proposed Operations: <i>Financial Inclusion Project (FY18)</i></p>

		<i>DTBT Tier I & II</i> <i>NBC RI 2012</i> <i>Finca Tanzania 2</i> <i>GWFP CRDB</i> <i>CRDB SME Loan</i> <i>First Housing</i> <i>CRDB Equity</i> <i>CRDB SME SWAP</i>	
Objective 1.3: Manage natural resources for equitable growth			
<p>Intervention Logic: Tanzania’s natural resource base plays a crucial role in the country’s economy. Intensified pressures from economic expansion and population growth, as well as competing demands are causing resource degradation and jeopardizing provision of services. Measures to increase climate resilience in sectors threatened by climate variability and change are embedded in the WBG portfolio through a robust analytics and operations agenda. These include: Kihansi Catchment Conservation Program; Sustainable Management of Mineral Resources Project; Resilient Natural Resources for Tourism and Growth Project; and the urban agenda is addressing key issues such as air quality, sanitation, and developing public spaces. Further interventions are planned to address land and larger water resource management challenges through land tenure, landscapes and agriculture programs. A Country Environmental Analysis is addressing specific natural resources challenges and the policies and institutions needed. Water management analytics are helping the Government identify and advance climate resilient water investments in institutions and infrastructure for energy, agriculture, human and environmental needs.</p>			
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	
<p>Indicator 8. Land area under sustainable landscape management practices (hectare) Baseline: 0 (2017) Target: 9000 (2022) <i>Data source: Field Survey-REGROW project</i></p> <p>Indicator 9. Percentage of projects providing climate co-benefits. Baseline: 31% (FY11-FY17) Target: At least 50% (2022)</p>	<p>SP Indicator 5. New areas outside protected areas managed as biodiversity-friendly (hectare) Baseline: 0 (2016) Target: 4000 (2018) <i>Data source: Use of biodiversity tracking tools and [Kihansi] project records, supplemented by beneficiary verification</i></p> <p>SP Indicator 6. Number of cities/communities/districts/provinces with development plans that integrate climate/disaster risk considerations in forest/land/coastal management Baseline: 0 (2017) Target: TBD (at PLR stage)</p>	<p>Ongoing Operations: <i>Resilient Natural Resource Management for Tourism and Growth Project (REGROW) (P150523, FY18)</i> <i>Kihansi Catchment Conservation (P126361, FY14)</i> <i>Lake Victoria Environmental Management Project Phase II (regional) (P100406, FY15)</i> <i>First South West Indian Ocean Fisheries Governance and Shared Growth Project (SWIOFish) (regional) (P132123, FY15)</i></p>	<p>Proposed Operations: <i>Land Tenure Improvement Project (FY19)</i> <i>Lake Victoria Environment Management Program - Phase 3 (regional)(FY19)</i></p> <p>ASA: <i>Tanzania CEA (FY18)</i> <i>Climate Technology Innovation Program (FY18)</i></p>

		<i>Sustainable Management of Mineral Resources TAL (P096302, FY09)</i>	
		<i>Private Sector/MSME Competitiveness (P085009, FY06)</i>	
Objective 1.4: Increase access to energy services			
<p>Intervention Logic: Tanzania’s access to electricity, although increasing, remains well below the level of universal or near-universal access needed to propel Tanzania into the group of middle-income countries. Overall, about 33 percent of Tanzanian households were connected to electricity in 2016, with much higher connectivity in urban areas (65 percent) than in rural (17 percent). Electricity “access” was significantly higher, about 68 percent at the national level (97 percent in urban and 49 percent in rural areas). The gap between “access” (68 percent) and “connections” (33 percent) indicates, in part, the potential for increasing access through relatively lower-cost densification and “last mile” programs. Security, reliability, and cost-effectiveness of power supply in Tanzania, although improved, remain a challenge, reflecting difficulties in securing sufficient investment financing, as well as shortcomings in investment planning and timely undertaking and execution of investment projects.</p> <p>The WBG’s support to Tanzania in addressing the challenges of the energy sector is aligned with the MFD approach. It comprises four pillars across the entire energy value chain: (i) increasing access; (ii) ensuring adequate, reliable and sustainable supply at the lowest cost; (iii) improving sector’s operational performance; and (iv) strengthening regional integration. The World Bank will support expansion of on-grid and off-grid connections in rural areas through AF of TREP and in urban/peri-urban areas through the TUSP. The TUSP will also include investments in distribution and transmission needed to facilitate access and TA for strengthening corporate governance of TANESCO and its commercial efficiency.</p>			
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	
<p>Indicator 10. Households with electricity connections (percent)</p> <p>Overall: Baseline: 33 (2016) Target: 52 (2022)</p> <p>Rural: Baseline: 17 (2016) Target: 35 (2022)</p> <p>Urban: Baseline: 65 (2016) Target: 90 (2022)</p> <p><i>Data source: REA database</i></p> <p>Indicator 11. Improved operational efficiency and financial sustainability of the power sector (percent)</p>	<p>SP Indicator 7. Generation capacity of renewable energy constructed under the Program (MW)</p> <p>Baseline: 0 (2016) Target: 33 (2022)</p> <p><i>Data source: REA database</i></p> <p>SP Indicator 8. Transmission and distribution lines constructed or rehabilitated under TREP (km)</p> <p>Baseline: 0 (2017) Target: 24,000 (2022)</p> <p><i>Data source: REA database</i></p>	<p>Ongoing Operations:</p> <p><i>Energy Development & Access Expansion (P101645, FY08)</i></p> <p><i>Energy Sector Capacity Building Project (P126875, FY13)</i></p> <p><i>Rural Electrification Expansion Program (P153781, FY16)</i></p> <p><i>Rusumo Falls Hydroelectric Project (regional) (P075941, FY14)</i></p> <p>ASA:</p> <p><i>Renewable Energy Resource Mapping and Geospatial Planning (FY18)</i></p>	<p>Proposed Lending:</p> <p><i>Tanzania-Zambia Interconnector (regional)(FY18)</i></p> <p><i>Tanzania Utility Strengthening Project (FY19)</i></p> <p><i>Power Generation and Transmission Project (FY20)</i></p> <p><i>AF for Tanzania Rural Electrification Expansion Program (FY20)</i></p> <p>ASA:</p> <p><i>Power Sector Review (FY18)</i></p>

<p>Technical and commercial losses: Baseline: 18 (2016) Target: less than 15 (2022) <i>Data source: TANESCO accounts</i> Profitability of TANESCO: Baseline: Net Loss (2016) Target: Net profit (2022) <i>Data source: TANESCO accounts</i> Indicator 12. Transmission capacity of Tanzania-Zambia interconnection (MW) Baseline: 0 (2017) Target: 1600 (2022) <i>Data source: TANESCO Progress Report</i></p>		<p>IFC Advisory <i>Tanzania Minigrids (SREP) (FY15)</i> <i>Lighting Africa Tanzania (FY17)</i></p>	
<p>Objective 1.5 – Harness urbanization to promote economic growth and job creation</p>			
<p>Intervention logic: Tanzania is at a critical point of its urban transition, with its share of urban population increasing from 5.7 to 29.1 percent from 1967-2012. Half of all citizens will be living in urban areas by 2050. Tanzania needs to create more and better jobs to catch up with a growing population and to bring its poverty levels down. This will require not only a transition to more manufacturing employment away from agriculture and low productivity services, but also larger and more productive firms. Achieving this transition requires better planned, serviced, and functioning urban spaces that can help overcome distance to markets and economic division. A large urban portfolio comprising six ongoing operations are supporting Dar es Salaam and secondary cities to improve urban management, planning systems, service delivery, urban mobility, own source revenue collection, industrial agglomeration, and environmental management. These operations are supported by ASAs on urban resilience and PPPs, to enhance resilient development and mobilize private investment and expertise to deliver the Government’s urban agenda. New programs planned under the CPF will build on and enhance these initiatives, with added focus in cultural heritage, land administration, sanitation, private finance, and connectivity. Through its ongoing and future engagement in resource based light manufacturing -cement and glass- IFC is directly and indirectly contributing to the creation of more and better jobs in urban areas.</p>			
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>	
<p>Indicator 13. Landfills and cells constructed or rehabilitated (number) Baseline: 5 (2016) Target: 7 (2020) <i>Data source: Progress reports of Urban projects</i> Indicator 14. PPP contract awarded for operation of Dar es Salaam Bus Rapid Transit (BRT) system Baseline: One (Interim Service provider) (2017)</p>	<p>SP Indicator 9. Integrated Land Management Information System established Baseline: N (2016) Target: Y (2018) <i>Data source: progress reports of Urban projects</i> SP Indicator 10. The Local Government Revenue Collection and Information System (LGRCIS) to be</p>	<p>Ongoing Operations: <i>Zanzibar Urban Services Project (P111155, FY11)</i> <i>Urban Local Govt Strengthening (P118152, FY13)</i> <i>Dar es Salaam Metropolitan Project (P123134, FY15)</i> <i>Strategic Cities Project (FY10) & AF II (P111153, FY17)</i></p>	<p>Proposed Operations: <i>Zanzibar Urban Services & Connectivity Project (FY19)</i> <i>Land Tenure Improvement Project (FY19)</i></p>

<p>Target: Five (Three additional Bus Operators, One fare Collector and one fund Manager) (2021) <i>Data source:</i> DUTP Progress Reports by DART</p>	<p>fully operational in project municipalities. Baseline: N (2016) Target: Y (2020) <i>Data source:</i> Progress reports of Urban projects</p>	<p><i>Dar es Salaam Urban Transport Improvement Project (P150937, FY17)</i> ASA: <i>Urban Exposure Mapping Data Service (FY18)</i> <i>Tanzania Urban Resilience Program (FY16)</i></p>	
<p>Objective 1.6 – Enhance transport, energy and digital connectivity for improved services to rural areas</p>			
<p>Intervention Logic: Physical links to urban areas are critical to expand economic opportunities for Tanzanians in rural areas. However, to participate fully in the modern economy and develop new businesses, they need access to such services as transport, electricity, broad-band and ICT connections, irrigation, and water and sanitation. Tanzania has developed a strong network of trunk roads, but road transport in rural areas is limited. To improve connectivity between rural areas and urban hubs, the CPF program will support construction of rural and secondary roads using a strategic spatial approach to identify the priority roads in key production areas. An ongoing World Bank-financed Dar es Salaam Urban Transport Improvement Project is addressing these gaps through construction of secondary roads and selected regional airports. Under the proposed CPF, the World Bank expects to finance a major rural and secondary roads program, which will address spatial service delivery inequalities and help target some of the poorest regions and communities.</p> <p>Supporting rural electricity connectivity for households and enterprises, through both traditional grid coverage and stand-alone solar power installations is a key element of the World Bank’s CPF program. The Government of Tanzania is seeking to promote digital development as a key enabler of economic growth and industrialization, job creation, service delivery and government efficiency. The Regional Communications Infrastructure Program (RCIP) Phase III – Tanzania project, has played a critical role in increasing connectivity for citizens and government and enabling digital transactions. The follow-up Digital Tanzania Program will contribute to universal access to the internet and digital public services and will facilitate private sector led digital investment, services and job creation.</p>			
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>	
<p>Indicator 15. Proportion of rural population with access to safe and affordable drinking water (percent) Baseline: 52 (2015) Target: 65 (2022) <i>Data source:</i> Joint Monitoring Program (JMP) WHO/UNICEF Indicator 16. Tanzanians covered by Greater broadband signal (percent)</p>	<p>SP Indicator 11. Connectivity between urban centers and rural areas improved as evidenced by kilometers of secondary and rural roads constructed/rehabilitated Baseline: 0 (2017) Target: TBD²⁷</p>	<p>Ongoing Operations: <i>Intermodal & Rail Development Project (P127241, FY14)</i> <i>Dar es Salaam Urban Transport Improvement Project (P150937, FY17)</i> <i>Regional Communication Infrastructure Program (RCIP)(P111432, FY09)</i></p>	<p>Proposed Operations: <i>Rural Water and Sanitation Project (FY18)</i> <i>Development Corridors Transport Project (FY19)</i> <i>Digital Tanzania Program Phase I (FY18) and II (FY21)</i></p>

²⁷ The target value encompasses the secondary and feeder roads in a number of programs – SAGCOT, LTTT, LVTP, as well as the proposed Rural Roads PforR. The target will be determined when all contributing projects have completed concept stage.

<p>Baseline: 28 (2015) Target: 75 (2022) Mobile voice signal (percent): Baseline: 80 (2016) Target: 100 (2022) Data source: TCRA/GSMA</p>		<p><i>Second Water Sector Support Project (FY17)</i> <i>Rural Electrification Expansion Program (P153781, FY16)</i> ASA: <i>Support to Open Data in Tanzania (FY18)</i> <i>Diagnostic Trade Integration Study Update (FY17)</i></p>	<p><i>Lake Victoria Transport Program - SOP2 (regional) (FY18)</i> <i>Lake Tanganika Transport Program (regional) (FY19)</i> <i>Rural Transport Program PforR (FY19)</i> <i>AF for Tanzania Rural Electrification Expansion Program (FY21)</i> Proposed ASA: <i>Programmatic Poverty ASA (FY19/20)</i></p>
<p>Objectives 1.7 – Capture Tanzania’s potential as a maritime gateway and regional trade hub</p>			
<p>Intervention logic: Connectivity between Tanzania and global markets remains low due to limited capacity of the port of Dar es Salaam, which jeopardizes achievement of two major FYDP II objectives: (i) boosting Tanzanian exports and linking to global value chains; and (ii) expanding Tanzania’s role as a regional logistics gateway for landlocked neighboring countries. Rail transport services are characterized by slow and unreliable freight and passenger movement, frequent service suspensions and accidents, and the complete closure of some segments of the network. The CPF helps address these critical transport bottlenecks through three operations. The first of these, the Intermodal and Rail Development Project, is currently under implementation and seeks to rehabilitate sections of the rail network as well as address institutional issues to improve overall operations. To address efficiency issues surrounding the operation of the Dar es Salaam port itself, the Dar es Salaam Maritime Gateway Project will expand the capacity of the port to 28 million tons by 2023, through rehabilitating berths, deepening the entrance channel and turning basin and supporting reforms to the Tanzania Ports Authority to introduce private sector participation and corporatization of functional business units at the port. The CPF also strengthens Tanzania’s key trade corridors and connection with its neighbors.</p>			
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>	
<p>Indicator 17. Berth Occupancy percentage Baseline: 55 (2016) Target: 40 (2022) Data source: TPA records Indicator 18. Length of rail track-km rehabilitated at target capacity Baseline: 0 (2016) Target: 970 (2019) Data source: RAHCO/TRL and Intermodal-railway project progress</p>	<p>SP Indicator 12. Establishment of One Stop Rest Stops along the Dar es Salaam Corridor Baseline: No (2016) Target: Yes (2018) Data Source: TANROADS/DCC progress reports SP Indicator 13. Five-year Business Plan for TRL in place Baseline: No (2014) Target: Yes (2019) Data source: RAHCO/TRL, supervision missions and project progress reports</p>	<p>Ongoing Operations: <i>Intermodal and Railway Development Project (P127241, FY14)</i> <i>Dar es Salaam Maritime Gateway Project (P150496, FY17)</i> <i>Southern Africa Trade and Transport Facilitation Project (regional) (P120370, FY13)</i></p>	<p>Proposed Operations: <i>Southern Africa Trade and Transport Facilitation Project – Phase 3 (regional) (FY20)</i> <i>Development Corridors Transport Project (FY19)</i> <i>Lake Victoria Transport Project (2019)</i> Proposed ASA: <i>Analytics on the Central Corridor</i></p>

Focus Area 2: Boost human capital and social inclusion - a lifecycle approach to human development challenges

Human development and social protection are at the core of Tanzania's efforts to promote inclusive development, increase the productivity and, hence, incomes of its poor households, and provide an adequate safety net for people at risk of extreme deprivation. The FYDP II stresses the importance of human development and lays out specific targets in key areas such as infant mortality, basic and higher education outcomes and a skilled labor force for economic growth. Despite past gains, Tanzania's human development indicators remain worrisome. Malnutrition is a serious problem. Stunting (chronic malnutrition) affects a high proportion of children, with negative consequences for their physical and cognitive development and future productivity. Progress has been stronger in health and education but sustaining these gains will involve concerted efforts to address deficiencies in the quality of services while continuing to increase coverage, especially in underserved rural areas. Improved health and education outcomes, especially child survival rates and women's education, are likely to increase the momentum towards demographic transition, enabling Tanzania to reap a demographic dividend which has eluded it to date. With regards to social protection, the country has made strides in establishing a relatively effective conditional cash transfer program, which is already having some impact on raising the incomes and welfare of people living below the extreme poverty line. Consolidating these gains and increasing coverage of the program is a high priority going forward.

Objective 2.1 Invest in the early years

Intervention Logic: Building human capital in Tanzania is heavily dependent on implementation of a determined multi-sectoral effort to help children reach their full potential. Improved nutrition would substantially increase the returns to educational investments through its positive effect on cognitive development and help set up children for lifelong health and higher productivity and earnings in the labor market. Addressing child nutrition challenges will ultimately depend heavily on increasing access to PHC/MCH and water and sanitation services in rural Tanzania, which are currently seriously underserved. Tanzania has already made some progress, including through ongoing World Bank-supported operations to improve coverage and quality of PHC and strengthen productive social safety nets. Efforts in support of the early years agenda will be intensified during the CPF period through the following interventions: (i) proposed Sustainable Rural Water and Sanitation PforR to improve access to safe water and sanitation in underserved rural; (ii) ongoing and AF of PforR Strengthening PHC for Results Program; (iii) ongoing and AF proposed to strengthen productive safety nets programs; (iv) an Invest in the Early Years (IEY) operation, planned for FY19 is focused on the critical 1,000 day window of opportunity will address the main bottlenecks to effective coverage of key IEY interventions. It will also increase coordination and synergies with other operations in health, water, education, social protection, and agriculture sectors to impact early years outcomes.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	
<p>Indicator 19. Chronic malnutrition / stunting in children under 5 years (percent) Baseline: 34.4 (2015) Target: 25 (2022) <i>Data source: Tanzania Demographic Health Survey</i></p> <p>Indicator 20. Households with children < 2 years benefiting from safety nets programs (percent) Baseline: 8 (2016) Target: 10 (2022)</p>	<p>SP Indicator 14. Pregnant/lactating women, and children < 2 years reached by nutrition services (number) Baseline: 3,599,636 (2015) Target: 7,472,138 (2022) <i>Data source: Tanzania Demographic Health Survey</i></p> <p>SP Indicator 15. Rural population with access to improved sanitation (percent)</p>	<p>Ongoing Operations:</p> <p><i>Strengthening Productive Social Safety Net (P125045, FY17)</i></p> <p><i>Strengthening PHC for Results (P152736, FY15)</i></p> <p><i>East Africa Public Health Laboratory Networking Project (regional) (P111556, FY16)</i></p>	<p>Proposed Operations:</p> <p><i>Investing in Early Years (FY19)</i></p> <p><i>Sustainable Rural Water & Sanitation Program, PforR (FY18)</i></p> <p><i>Strengthening PHC for Results AF (FY20)</i></p> <p><i>Strengthening Productive Social Safety Net AF (FY19)</i></p> <p><i>Basic Education Project (FY20)</i></p> <p>Proposed ASA:</p>

<p><i>Data source: TASAF Information System</i></p>	<p>Baseline: 12 (2016) Target: 30 (2022) <i>Data source: TASAF Information System</i></p>		<p><i>Supporting Early Learning in Tanzania (FY18)</i> <i>Public Expenditure Analysis of Social Service Sectors (education, health, early childhood) (FY18-FY20)</i></p>
<p>Objective 2.2 Heighten job relevant labor force skills</p>			
<p>Intervention Logic: With rapid population growth and urbanization, there is a pressing need for Tanzania to create more productive jobs for the fast-growing workforce, particularly in urban areas. Generating jobs for the 800,000 new entrants into the labor force every year is a problem for promoting inclusive growth. The push towards greater economic diversification implies the need for a better-skilled labor force than is currently available in Tanzania. Apart from formal sector needs, the informal sector -- which absorbs about half the non-agricultural work force -- also requires skills especially in the agri-business, transport, construction, food vending and catering sectors.</p> <p>The strategy, supported by the WBG, covers the entire chain of skills for employability, from informal and alternative approaches to formal skills development, including apprenticeships, entrepreneurship, pre-employment vocational and technical education and training, university education, and postemployment lifelong learning. It calls for an initial focus on FYDP II priority sectors ---namely, agriculture, agribusiness and agro-processing; tourism and hospitality; transport and logistics; construction; information and communications technology; and energy – with flexibility for additional sectors according to need. Two lending projects, Education and Skills for Productive Jobs and a regional Eastern and Southern Africa Higher Education Centers of Excellence project approved in FY16 will contribute to this objective. It will be complemented by additional lending aimed at rationalizing tertiary education and strengthening skills training hubs outside of the main urban center, Dar es Salaam. In all those aspects, it is crucial to emphasize gender equity and the importance of building human capital, and thus the contribution, of women is crucial.</p>			
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>	
<p>Indicator 21. Trainees completing alternative, TVET and university training programs in key economic sectors (supported by SDF and TVS) (number) Baseline: 0 (2015) Target: 25,500 (2021) <i>Data source: MoEST Skills Management Information System</i></p> <p>Indicator 22. Trainees who did an internship, apprenticeship or entrepreneurship training employed or self-employed one year after training completion (by gender; percent) Baseline: Not available (2016)* Target: 50 (2022)</p>	<p>SP Indicator 16. Training vouchers provided to trainees for training in key economic sectors (number) Baseline: 0 (2016) Target: 10,000 (2021) <i>Data source: MoEST Skills Management Information System</i></p>	<p>Ongoing Operations: <i>Education & Skills for Productive Jobs (P152810, FY16)</i> <i>Eastern and Southern Africa Higher Education Centers of Excellence (P151847, FY16)</i></p>	<p>Proposed Operations: <i>Higher Education Reform Project (FY19)</i> <i>Digital Tanzania Program (FY18)</i></p>

<p><i>Data Source – MoEST Skills Management Information System</i> <i>*database being set-up; to be firmed up at PLR stage</i></p>			
<p>Objective 2.3 Improve the quality of health care and education</p>			
<p>Intervention Logic: Progress in reducing maternal and neonatal mortality has been slow in Tanzania, reflecting the inadequacies of the health care system. At the same time, universal primary education is yet to be achieved, and education outcomes suggest quality of education is poor at all levels. Despite a marked increase in the net primary enrollment rate to 86.5 percent as of 2016, the completion rate remains low (73.7 percent as of 2013). Despite earlier gains, net secondary enrollment also remains low at 32 percent. Recent surveys show a worrisome sign of low learning outcomes in schools. The Government’s FYDP II places high priority on making health and education systems more efficient and effective – especially in rural areas where services are especially weak and poverty is more widespread. The World Bank has increased its focus on addressing quality deficiencies and moving away from financing of inputs.</p> <p>In health, the focus during the CPF period will continue to be on improving results at the PHC level, through the PforR lending on Strengthening PHC for results (FY15) with a strong emphasis on rural service delivery. Additional ASA planned in support of this goal will include completion of an evaluation of the impact of results based financing on PHC services; process evaluation of implementation at district and facility levels; and phone-based surveys with health workers to improve feedback on implementation, and drivers of high maternal mortality. In education, ongoing projects include the Education PforR (FY15), an associated Education PforR AF (FY17), Improving Student Prospects Project focused on Zanzibar was approved in FY16. These will continue to be implemented through most of the CPF period. Additional operations planned during the first half of the CPF period include follow-on operations aimed at strengthening basic education on the national level and for Zanzibar (FY19), as well as projects focused on reforming secondary education with a special focus on math and science quality, as well as girls’ enrollment.</p>			
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>	
<p>Indicator 23. National average for correct reading in Grade two in Kiswahili improved (words per minute): Baseline: 18 (2016) Target: 28 (2022) <i>Data source: Early Grade Reading Assessment (RTI/USAID)</i></p> <p>Indicator 24. Lower Secondary Completion Rate for girls (percent) Baseline: 20 (MRV) Target: 40 (2022) <i>Data source: MoEST Education Management Information System</i></p> <p>Indicator 25. Zanzibar Lower Secondary Completion Rate (percent) Baseline: 45 (2016)</p>	<p>SP Indicator 17. Pupil teacher ratio in the primary cycle Baseline: 1:55(MRV) Target: 1:45 (2022) <i>Data source: MoEST Education Management Information System</i></p> <p>SP Indicator 18. Health providers with minimum level of diagnostic skills (correctly diagnosed tracer conditions) (percent) Baseline 60.2 (MRV) Target 80 (2022) <i>Data source: SDI</i></p>	<p>Ongoing Operations: <i>Education PforR (FY15) & Education PforR AF (P147486, FY17)</i> <i>Zanzibar Improving Student Prospects (P153277, FY16)</i> <i>Strengthening PHC for Results (P152736, FY15)</i></p> <p>ASA: <i>Supporting Early Learning in Tanzania (FY18)</i></p> <p>IFC <i>Investment (Education) Braeburn</i></p>	<p>Proposed Operations: <i>Tanzania Secondary Education Quality Improvement Project (FY18)</i> <i>Higher Education Reform Project (FY19)</i> <i>Strengthening PHC for results AF (FY19)</i></p> <p>Proposed ASA: <i>SDI Survey (FYs18, FY19, FY20)</i> <i>Public Expenditure Analysis of Social Service Sectors (education, health, early childhood) (FY18-FY20)</i> <i>TA for Reforming Higher Education Loans Board (FY19)</i></p>

<p>Target: 65 (2022) <i>Data source: MoEST Education Management Information System</i> Indicator 26. Health facilities with CEmONC capability (percent) Baseline: 26.8 (2015) Target: 50 (2020) <i>Data source: MoH, EmONC Assessment²⁸</i></p>			<p><i>Support to Universal Health Coverage in TZ (FY19)</i> <i>Review of early stimulation programs and practices in Tanzania (FY18)</i></p>
<p>Objective 2.4 Accelerate the demographic transition</p>			
<p>Intervention Logic: Tanzania is still classified as a “pre-dividend country” according to the 2015/16 Global Monitoring Report. High fertility rates and a very young population continue to stress Tanzania’s resources, especially public services and capacity for job creation. Moreover, early childbearing often causes girls to drop out of secondary school, to the detriment of family living standards. Tanzania has one of the highest fertility rates in the world (5.2 per woman) -in the 95th percentile globally – and one of the lowest declines in fertility even though death rates have been steadily falling.</p> <p>The CPF program will support the Government’s efforts to address high fertility (particularly adolescent fertility) principally through its ongoing PforR health and education projects and AF for education and planned secondary education quality improvement (FY18) and multi-sectoral operation to address fertility and nutrition investing in early years will ensure availability of contraceptives in MCH programs, supporting girls’ secondary school completion, etc. Interventions will also focus on using result-based financing to support increased take-up of modern contraceptives and improvements in institutional deliveries and antenatal care. In-depth analytical work is planned for FY18 to better understand determinants of adolescent fertility in Tanzania and develop sound, culturally-sensitive ways to address them (Fertility Transition and Demographic Dividend study). Its recommendations will inform subsequent ASA activities or lending products.</p>			
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>	
<p>Indicator 27. Modern contraceptive use (percent) Baseline: 32 (MRV) Target: 40 (2022) <i>Data source: Tanzania Demographic Health Survey</i> Indicator 28. Transition to upper secondary school (percent) Baseline:14 (2016) Target: 24 (2022) <i>Data Source: MoEST, Education Management Information System</i></p>	<p>SP Indicator 19. Girls enrolled in secondary school annually (numbers) Nationwide: Baseline: 901,059 (2016) Target: 1,200,000 (2021) <i>Data Source: MoEST, Education Management Information System</i> Zanzibar: Baseline: 63,692 (2016) Target: 68,349 (2022) <i>Data Source: Zanzibar Education Sector Development Plan</i></p>	<p>Ongoing Operations: <i>Education PforR & AF (P147486, FY17)</i> <i>Strengthening PHC for Results (P152736, FY15)</i> ASA: <i>Fertility Transition and Demographic Dividend (FY17-18)</i></p>	<p>Proposed Operations: <i>Tanzania Secondary Education Quality Improvement Project (FY18)</i> <i>Investing in Early Years (FY19)</i> <i>Programmatic Poverty ASA (FY18)</i></p>
<p>Objective 2.5 Promote social inclusion</p>			

²⁸ Availability, Utilisation and Quality of Comprehensive Emergency Obstetric and New-born Care (CEmONC) Services in Tanzania Mainland, Government of Tanzania.

Intervention Logic: Social inclusion is at the core of many of the CPF objectives. The main instrument to promote social inclusion in Tanzania will continue to be the PSSN, which is supporting the poorest 20 percent of the population (close to 6 million people) through conditional cash transfers as well as public works and livelihoods programs. An impact evaluation indicates that the program has raised education attainment (especially for girls) and improved children’s health outcomes, helping to break the cycle of poverty. Currently, PSSN has support from 10 DPs and will enhance social inclusion through innovative livelihoods and income-generation options and financial services and education. The CPF program will support government’s efforts to reinforce TASAF by ensuring expansion and sustainability of PSSN, accountability for public services and improving the effectiveness of service delivery. Better targeting will also be a goal, identifying both inclusion and exclusion errors.

The CPF will continue supporting analytical efforts to complement PSSN results through impact evaluation and other studies including a social protection expenditure review to assess the financing structure of social protection (SP) programs and provide recommendations to improve the efficiency of spending and fiscal sustainability of the SP system, and identify the most important constraints to higher productivity in non-farm self-employment and household enterprises and potential interventions to address these constraints. Additionally, to sharpen the social inclusion impact in priority areas, the CPF will support social inclusion clinics with project or program stakeholders. In addition, targeted studies will be undertaken on the inclusion of people living with Albinism, physical or mental disabilities.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	
<p>Indicator 29. Cash transfer benefits reaching the poorest 20 percent of population) (percent) Baseline: 60 (2017) Target: 85 (2022) <i>Data source: TASAF Information System</i></p> <p>Indicator 30. Trainee Voucher Scheme for low income youth operational Baseline: N (2016) Target: Y (2022) <i>Data source: MoEST Education Information Systems</i></p>	<p>SP Indicator 20. Proportion of eligible households receiving cash transfers (total and by component) (Percent; Conditional Cash Transfers-CCT; Public Works-PW; Livelihood Enhancement-LE) Baseline: (2017) CCT: 95 PWs: 30 LE: 10 Target: (2022) CCT: 95 PWs: 50 LE: 25 <i>Data source: TASAF Information System</i></p> <p>SP Indicator 21. People reporting reduced vulnerability to attacks on people with Albinism (percent) Baseline: 0 (2018) Target: 75 (2020)</p>	<p>Ongoing Operations: <i>Education & Skills for Productive Jobs (P152810, FY16)</i> <i>Productive Social Safety Net (P124045, FY16)</i></p> <p>ASA: <i>The future of Tanzania Productive Social Safety Net (FY17-18)</i></p>	<p>Proposed Operations: <i>Financial Inclusion Project (FY18)</i> <i>Productive Social Safety Net II (FY19)</i></p> <p>ASA: <i>Enhancing Sustainable Livelihoods and Graduation from Social Assistance in Tanzania: Bottlenecks to Self-Employment & HH firms (FY18)</i> <i>Impact Evaluation of Tanzania Productive Social Safety Net (FY19)</i></p> <p>TFs: <i>Tanzania Albinism Advocacy and Development Project (FY19)</i></p>

		<i>Source: Project Monitoring and Evaluation Report</i>	
Focus Area 3: Modernize and improve efficiency of public institutions			
<p>The current administration is giving high priority to reinvigorating the public sector reform process in the context of implementing FYDP II, emphasizing the need to reduce corruption and strengthen public sector capacity to deliver high quality public services to businesses and citizens and improve efficiency in public investments. The CPF program is aimed at assisting Government to realize this strategy. For Tanzanians to experience better services, key supply side impediments will need to be addressed (budget credibility and reduction of arrears, weak public investment management and cumbersome procurement) whilst simultaneously empowering ordinary citizens with access to transparent service delivery information to enable them to voice their concerns, needs and preferences and make service providers more responsive. With regards to attracting more private sector investment in infrastructure, the public sector will need to put in place effective processes for competitive selection to increase the likelihood of the country receiving value for money. Continued improvements in PFM, e.g., in tax policies and tax administration, will also play a crucial role in increasing private sector confidence. Finally, the CPF program will include support for public sector efficiency measures and for efforts that increase public sector accountability, inter alia, through leveraging ICT. Improved accountability in the public sector will both increase the efficiency and impact of public spending as well as help solidify the relationship between the Government and the public.</p>			
Objective 3.1 Strengthen public accountability and financial efficiency in delivering services			
<p>Intervention Logic: Improving the quality and equitable distribution of public services is a long-term effort that has been ongoing and will require continued attention for several more years before Tanzania reaches the standards seen in middle income countries. The institutional development program under this CPF will build on past World Bank support to Tanzania to address four critical elements in strengthening public sector performance through enhanced accountability and financial efficiency: (i) improve credibility of budget through enhanced domestic resource mobilization, realistic revenue projection, and sound PFM to prevent accumulations of arrears; (ii) strengthening institutional capacity at central and local levels in budget allocation and execution; (iii) improve public service management, such as human resources management system, toward better service delivery; and (iv) enhance transparency and accessibility of public services for citizens and businesses to improve accountability and efficiency in service delivery and reduce corruption.</p> <p>A mix of instruments, including policy based lending, results-based lending, and advisory services will be the key instruments of support. A planned ASA activity on programmatic PER and a DPO series focused on Growth and Service Delivery will support Government efforts to enhance budget credibility, reduce arrears and increase integrity. To use available resources more efficiently, both central and LGA processes for procurement, particularly expansion of e-procurement will be improved. Support for civil service reform will be provided through TA and results-based lending, with the aim of institutionalizing performance management to improve efficiency in public service delivery, especially in key sectors such as education, health and water. Results-based lending would also support piloting and rolling out the new government program of one-stop service centers (“Huduma Express”) across the country to improve accessibility and efficiency of essential public services to citizens and businesses. Enhanced quality of statistics supported by a new statistics operation will contribute to enhanced accountability and effectiveness of service delivery by the public sector. This effort on improving public sector accountability and efficiency in public finance is fundamental to the achievements of the objectives related to service delivery articulated under the other focus areas, namely health and education service delivery (Objective 2.3). Thus, an integrated approach is critical.</p>			
CPF Objective Indicators		Supplementary Progress Indicators	
Indicator 31. Variance in budget vs actual expenditure composition in the		SP Indicator 22. Payment arrears as share of central govt expenditures (percent)	
		WBG Program	
		Ongoing Operations: <i>TZ – Judicial Modernization Project (P155759, FY16)</i>	Proposed Operations: <i>Growth and Service Delivery DPOs (FY18, FY19)</i>

<p>last three years, excluding contingent items Baseline: >15 percent in two of the last three fiscal years (2016/17) Target: < 10 percent in only one of the last three fiscal years (2020/21) <i>Data source: MoFP</i> Indicator 32. One-stop service centers for businesses and citizens (“Huduma Express”) operational (number) Baseline: 0 (2017) Target: 20 (2021) <i>Data source: PO-PSM</i></p>	<p>Baseline: 10.6 (2015/16) Target: 2% (2021/22) <i>Data Source: MoFP</i> TANESCO arrears as share of GDP Baseline: 1% (2017) Target: 0% (2020) <i>Data Source: MoFP</i> SP Indicator 23. Percentage reduction of the number of cases older than three years in the court system Baseline: 5,000 (2015/16) Target: 3,000 (2020/21) <i>Data Source: Judiciary</i></p>	<p><i>Develop National Statistical System for Tanzania (P107722, FY11)</i> TFs: <i>National Audit Office Institutional Support TA (FY17)</i> ASAs: <i>Programmatic Public Expenditure Review (FY17)</i> <i>Macroeconomic and Fiscal Management Capacity Building TA (FY18)</i></p>	<p><i>Improving Public Sector Performance PforR (FY19) Statistics Project/PforR (FY19)</i> TFs: <i>Development Support for Tanzania Statistical System TA (FY18)</i> Proposed ASAs: <i>Programmatic Institutional and Governance Review in Sectors</i> <i>Programmatic Public Expenditure Review (FY18, FY19, FY20)</i> <i>Anti-Corruption TA (FY18)</i> <i>Debt Management TA (FY18, FY19, FY20)</i></p>
<p>Objective 3.2 Improve the efficiency and competitiveness of public investments</p>			
<p>Intervention Logic: To close the substantial infrastructure gaps and build a foundation for accelerating growth, the Government has doubled its development expenditure since 2015 for infrastructure investments based on FYDP II. To maximize the multiplier effect from such public investments, the sound public investment management (PIM) by the Government is essential. FYDP II envisages that a half of the cost of implementation is to be financed by the private sector. It is critical that the Government’s investments in the economy—through direct investments in public goods or through SOEs—be sufficiently efficient and competitive to crowd in more investments in the private sector, rather than crowd them out. The CPF program will take a two-pronged approach, tackling oversight and governance of SOEs while also reducing or eliminating some market distortions. This, in turn, will create a more level playing field for private businesses and can be expected to boost private investment. The CPF will enhance the synergy between public and private investments in the economy. Opening public service delivery to competition will be an important element of government plans to leverage private finance for infrastructure development, including through PPPs and implementing the cascade approach. One impediment to private sector growth in Tanzania —the continued presence of uncompetitive parastatals—will be addressed through tackling oversight and governance of SOEs, reducing their fiscal liabilities for the Government and the economy, while also reducing or eliminating some market distortions. This, in turn, will create a more level playing field for private businesses and, with the regulatory reforms supported under Focus Area 1, can be expected to boost private investment.</p>			
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>	
<p>Indicator 33. Average return on assets of state owned enterprises (business oriented public and statutory corporations) (percent) Baseline: 2 (2014) Target: 3.5 (2021)</p>	<p>SP Indicator 24. Value of private sector finance committed to PPPs through open, competitive bidding since 2017 (US \$) Baseline: US\$0 million (2017) Target: US\$25 million (2022)</p>	<p>Ongoing Operations: TFs: <i>Tanzania PPP support program (FY17)</i></p>	<p>Proposed Operations: <i>Growth and Service Delivery DPOs (FY18-20)</i> <i>Public Service Modernization PforR (FY19)</i> Proposed ASAs:</p>

<i>Data Source: MoFP Office of Treasury Registrar. Note – Bank of Tanzania is excluded</i>	<i>Data source: World Bank’s Private Participation in Infrastructure Database</i>	ASAs: <i>Tanzania Economic Update (FY18)</i>	<i>Programmatic PER (FY18, FY19, FY20)</i> <i>Debt Management TA (FY18, FY19, FY20)</i> <i>SOEs Competitiveness Review (FY19)</i> <i>TA for PPP Development (FY21)</i>
Objective 3.3 Better leverage ICT to modernize public sector			
Intervention Logic: Population growth and demands from a growing private sector will place increased pressure on public services that will require transformation in the way they are delivered. Government will need to invest in organizational reforms and improving the skills of the public sector and in transforming how it delivers services by using ICT more effectively. The CPF program will support this effort by helping to identify and implement automated processes that reduce transactions costs within government and in the public sector’s interface with citizens and businesses and minimize scope for discretionary behavior by public officials. Such technology-based service enhancements will complement the development of one-stop service centers under Objective 3.1. Two investment operations – Digital Tanzania and the Financial Inclusion Projects – include substantial components to support this transition to more automated services and establish electronic payments for government charges such as some taxes, licensing fees, fines etc. ICT will also be leveraged to introduce a biometric-based national ID system that will have the primary benefit of being able to verify and track citizens and residents for various service delivery, regulatory and other purposes. More intensive use of ICT in data collection and their publication will help the Government increase frequency and accessibility of statistical data in the country. Efforts will also be made to make more efficient use of available resources through improved processes for procurement (particularly expansion of e-procurement) at both central and LGA levels.			
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	
Indicator 34. All MDAs, LGAs connected to high-speed internet Baseline: 72 of 88 MDAs (2016) 77 of 149 LGAs (2016) Target: All 88 MDAs (2022) All 149 LGAs (2022) <i>Data Source: EGA</i>	SP Indicator 25. Government entities using eProcurement system (number) Baseline: 0 of 500 (20) Target: 400 of 500 (2022) <i>Data Source: PPRA</i>	Ongoing Operations: <i>Regional Communications Infrastructure Program - Phase 3 (P111432, FY09)</i>	Proposed Operations: <i>Digital Tanzania Program Phase I (FY18) and II (FY21)</i> <i>Financial Inclusion Project (FY18)</i> <i>Growth and Service Delivery DPOs (FY18, FY19)</i> <i>Public Sector Modernization PforR (FY19)</i> <i>Statistics Project/PforR (FY19)</i> Proposed ASAs: <i>Procurement Value-Chain Analysis (FY18)</i>

Annex II. Completion and Learning Review

COUNTRY: The United Republic of Tanzania

COVERAGE: Country Assistance Strategy FY12-16

DATE OF PROGRESS REPORT: July 3, 2014

INTRODUCTION

1. **This Completion and Learning Review (CLR) report reviews the World Bank Group's (WBG) program in Tanzania during FY12-16 (Report 60269-TZ).** The report assesses Tanzania's progress towards the achievement of CAS outcomes, WBG performance in terms of design and implementation of the program, the CAS Program's contribution to the twin goals of ending extreme poverty and boosting shared prosperity and lessons learned from the implementation of CAS that has informed the preparation of the FY18-22 Country Partnership Framework (CPF). It has drawn on discussions with Bank Group staff members involved in the delivery of projects and investments, AAA and advisory work; a range of World Bank and other documents; as well as discussions with Government counterparts.

2. **Bank support to Tanzania has grown rapidly in recent years in the context of impressive overall improvements in the country's economic performance.** Total net commitments in Tanzania stood at \$4.27 billion at the end of the CAS, up from \$2.7 billion at the outset of the FY12-16 CAS. Several projects were evaluated by the Independent Evaluation Group during the CAS period. Of these, a little over half were rated moderately satisfactory or satisfactory for achievement of development outcomes and Bank performance. The increase in Bank support has occurred alongside rapid improvements in Tanzania's economic performance. Growth accelerated from an average of 3 percent during the 1990s to an estimated 6.5 percent over the last decade. Per capita GDP increased by about 75 percent to about \$969 in 2015.

3. **Better economic performance has in turn resulted in a significant decline in poverty rates although less so in rural areas.** The overall rate of poverty declined from 34.4 percent in 2007 to 28.2 percent in 2012²⁹. The share of people living in extreme poverty (based on the food poverty line) also declined from 11.7 percent in 2007 to 9.7 percent in 2012. Poverty reduction to date has reflected increased economic activity, especially in non-agricultural businesses, and better access to local markets and roads. Nevertheless, almost 12 million Tanzanians still live in poverty, with 4.2 million people living in extreme poverty. In addition, while the poverty rate has declined significantly in Dar es Salaam, the decline was modest for the rural areas and only very marginal for secondary cities. Growth in labor-intensive agriculture has lagged and this has resulted in persistently high under-employment, especially in rural areas.

I. SUMMARY OF KEY FINDINGS AND RATINGS

4. **The CAS was published in May 2011 and supported the two five-year development strategies, Mkukuta II and Mkuza II published, respectively, by the Government of Tanzania's (GoT) and the Revolutionary Government of Zanzibar.** MKUKUTA II is based on Tanzania's Development Vision 2025, which aims to transform Tanzania into a middle-income country. MKUZA II is based on Zanzibar's Vision 2020. The two national development strategies aim to scale up the role and participation of the private sector in economic growth and employment generation, and emphasize investment in people and

²⁹ Estimates based on the latest Household Budget Survey. A new survey is currently being implemented.

infrastructure development. The CAS is comprised of two strategic clusters: 1) Productive Investments for Growth of Labor-Intensive Industries and Job Creation and 2) Programs that target reduction of extreme poverty and improvements in quality and delivery of social services.

5. The CLR assesses the updated CAS Progress Report Results Framework that was discussed by the Board of Executive Directors on June 3, 2014 which includes a one-year CAS extension that ended in FY16. **Both CAS strategic clusters are rated moderately satisfactory.** Majority of objectives under the CAS (seven out of 11) were achieved or mostly achieved leading to an overall CAS rating of moderately satisfactory for Tanzania. World Bank Group performance and program design and implementation contributed significantly to the achievement of CPS outcomes. The overall rating for Bank performance is good. CLR Table 1 provides ratings of the outcome indicators of the revised CAS results matrix, while CLR Table 2 provides detailed summary of the self-evaluation of the CAS program. The review includes: (i) a discussion of the Bank's program of ASA - see CLR Table 3, (ii) the alignment of the CAS with the Bank's twin corporate goals of ending extreme poverty and boosting shared prosperity and (iii) several approaches the Bank could take to have a greater impact in the next CPF.

II. HIGHLIGHTS OF PROGRAM PERFORMANCE

6. This section assesses CAS performance against the program's two strategic clusters of objectives: 'Productive Investments for Growth of Labor-Intensive Industries and Job Creation' and 'Programs that Target Reduction of Extreme Poverty and Improvements in Quality and Delivery of Social Services'. Development outcome indicators are rated: to be achieved (A), mostly achieved (MA), partially achieved (PA) or not achieved (NA)³⁰ against set targets. A detailed review of performance by each CAS outcome is set out in Annex 1³¹. Overall, the program achieved two CAS outcomes, mostly achieved five outcomes, partially achieved two outcomes and did not achieve two outcomes.

First Strategic Cluster: Productive Investments for Growth of Labor-Intensive Industries and Job Creation

7. Almost seven out of ten working Tanzanians (12.5 million individuals) are employed in the agricultural sector of which 96 percent are self-employed, engaged in low productivity subsistence agriculture. Between 2010 and 2015, the number of Tanzanians employed in the formal private sector increased from approximately 800,000 to 1.5 million. During the CAS, the WBG worked collaboratively to support the Government to achieve its employment goals of creating productive employment. Under the first strategic cluster, four out of seven outcomes were achieved or mostly achieved. The rating for this cluster is moderately satisfactory.

Outcome 1.1: Address constraints for doing business and improve financial intermediation (mostly achieved)

Overall, the climate of Doing Business in Tanzania improved with support from World Bank and IFC. The Government made starting a business easier in 2012 by: (i) eliminating the requirement for inspections by health, town and land officers as a prerequisite for a business license and (ii) Implementing the Pre-Arrival Declaration system and electronic submission of customs declaration, which increased the speed

³⁰ A= all quantitative targets met; MA= more than half of the quantitative targets were met; PA= less than half of the quantitative targets; NA= few if any of the targets were met.

³¹ It takes stock of the achievement of results, identifies the corresponding instruments and lessons learned.

of trading across borders. In 2013, the government introduced a requirement to obtain a certificate of conformity before shipment of imported goods, making it more difficult to import goods.

CLR Table 1. Ratings, CAS Outcomes and Indicators

STRATEGIC CLUSTER 1: PRODUCTIVE INVESTMENTS FOR GROWTH OF LABOR-INTENSIVE INDUSTRIES AND JOB CREATION	Rating
	MS
Outcome 1.1: Address constraints for doing business and improve financial intermediation	MA
Outcome 1.1.1 – Number of days to start a business	PA
Outcome 1.1.2 – Proportion of adults using financial services from formal and semi-formal financial service providers	A
Outcome 1.2: Increased productivity and commercialization of agriculture	MA
Outcome 1.2.1 – Crop yields in target areas for maize	A
Outcome 1.2.2 – Crop yields in target areas for rice	MA
Outcome 1.3: Increased sustainability and improved management of natural resources	MA
Outcome 1.3.1 – Improvement in Tanzania’s policy ranking as a mining investment destination in Fraser Inst. Survey	A
Outcome 1.3.2 – Amount of on-shore proven natural gas reserves	PA
Outcome 1.3.3 – Area brought under improved land use and range land management practices in the targeted catchments	A
Outcome 1.4: Increased access, quality and sustainability of electricity	A
Outcome 1.4.1 – Number of people provided with access to electricity by household connections	A
Outcome 1.4.2 Improvements in service quality as measured by end user voltage	A
Outcome 1.4.3 Availability of high voltage transmission infrastructure in Northern Tanzania	A
Outcome 1.4.4 Improvement in TANESCO’s operational efficiency (increase in collection efficiency in targeted areas)	A
Outcome 1.5: Increased access to and quality of transport services	PA
Outcome 1.5.1 Passenger volume at Kigoma, Tabora and Bukoba airports	NA
Outcome 1.5.2 Number of daily slots available for third party block trains between Dar es Salaam port and Isaka Terminal	NA
Outcome 1.5.3 Number of TEUs shipped by direct project beneficiaries	NA
Outcome 1.5.4 Roads in good and fair condition as a share of total classified roads	A
Outcome 1.6: Increased access to and quality of water and sanitation services	NA
Outcome 1.6.1 Proportion of rural population with access to clean and safe water in 2015	NA
Outcome 1.6.2 Proportion of rural population with access to improved sanitation in 2015	NA
Outcome 1.7: Improved access to and management of urban services	PA
Outcome 1.7.1 People with access to improved public transport services by 2015	A
Outcome 1.7.2 Waste collected and disposed at landfill compared to total waste produced in target areas by 2015	NA
STRATEGIC CLUSTER 2: ENHANCED RESILIENCE AND REDUCED VULNERABILITIES	MS
Outcome 2.1: Improved access to and quality of education	A
Outcome 2.1.1 – Students enrolled in secondary school in Zanzibar	A
Outcome 2.1.2 – Completion rates at the O level (lower secondary education)	A
Outcome 2.1.3 – Number of primary schools conducting Student Teacher Enrichment Program	A
Outcome 2.2: Improved access to and quality of health care services	MA
Outcome 2.2.1 – Proportion of births at health facilities as a proxy of births attended by skilled H/Workers	MA
Outcome 2.3: Improved access to safety nets	MA
Outcome 2.3.1 – Beneficiaries of conditional cash transfers	A
Outcome 2.3.2 – Beneficiaries of public works programs	NA
Outcome 2.4: Improved efficiency and transparency of public management	NA
Outcome 2.4.1 Share of MDAs use performance management system (PMS) to enhance service delivery	NA
Outcome 2.4.2 – Share of development projects that are selected using the project investment manual	NA
Outcome 2.4.3 – Full and timely implementation of census and surveys (per Inter-censal Survey Calendar 2012-2022)	NA
Outcome 2.4.4 – Increased public access to budget documents and transparency	NA

Note: A - Achieved; MA – Mostly Achieved; MS – Moderately Satisfactory; PA – Partially Achieved; NA – Not Achieved

8. Other reforms introduced by government to support the business climate include: (i) reduce the time to import and export goods by implementing the Tanzania Customs Integrated System (TANCIS), an online system for downloading and processing customs documents; (ii) upgrade infrastructure at the Port

of Dar es Salaam. Both these measures improved the environment for cross-border trading; and (iii) resolving insolvency became easier as new rules clearly specified the professional requirements and remuneration for insolvency practitioners, promoted reorganization proceedings and streamlined insolvency proceedings. Despite the progress made with these reforms, the number of days required to start a business, a CAS indicator, while decreasing from a baseline of 29 in 2011 to 26 in 2016, fell short of the CAS target.

9. **Tanzania saw a significant surge in financial intermediation during the CAS period.** By the end of 2014, with IFC support the proportion of the adult population that uses financial services provided by formal and semi-formal financial service providers increased on the mainland from 15.9 percent in 2009 to 57.4 percent in 2013 and in Zanzibar from 13.7 percent in 2009 to 37 percent in 2013. This exceeded the CAS target of 22 percent in 2016. IFC also supported two clients to engage over 105,000 microfinance clients with an outstanding portfolio of over \$104 million and a third client to engage over 5,200 SME with nearly \$420 million in outstanding loans.

10. **Tanzania now has the second largest mobile money market in the world.** IFC played an important role in supporting the Bank of Tanzania, Tanzania telecommunications companies and mobile financial services providers to agree on a set of rules to facilitate cross-network mobile money transactions. Increasing numbers of adults using non-bank, primarily mobile, financial services is the primary factor behind the large recent increase in access to finance in Tanzania. By contrast, the significant increase in the number of banks in Tanzania has not led to a commensurate increase in bank users.

11. **Other reforms supported by IFC included the creation and improvement of credit bureau regulation.** Through its Africa Credit Bureau Program (P569788), IFC supported the development of essential credit reporting system infrastructure, notably a data bank under the aegis of the Bank of Tanzania and a series of private credit bureaus.

Outcome 1.2: Increased productivity and commercialization of agriculture (mostly achieved)

12. **Productivity gains increased through a number of projects including the Agricultural Sector Development Program (P085752) and the Accelerated Food Security Project (P114291).** As a result of these initiatives, maize yields increased from 1.12 tons to 2.30 tons per hectare by December 2015, surpassing the CAS target of 2.2 tons per hectare in 2016. Rice yields also increased from 1.73 tons to over 2.74 tons per hectare in 2015, but fell short of the CAS target of 3.50 tons per hectare in 2016. Beyond these direct measures of productivity, there were other improvements in access to agricultural inputs: (i) about 2,000 agro-dealers were trained, of which about 80 percent remained active following training; and (ii) about seven million vouchers were distributed, 70,500 tons of seed and 791,000 tons of fertilizer were sold to farmers.

13. **The commercialization of agriculture, however, is still far from complete.** In 2011, 26 percent of farmers did not sell any of the crops they produced while only 25 percent of farmers sold more than half of their production. More than two thirds of maize farmers did not sell any of their harvest and only 25 percent of total maize production is marketed. The livestock sector is even less commercialized than the crop sector. Less than 10 percent of the country's livestock value is marketed while 52 percent of livestock owners did not receive a cash income from animal sales in 2011. The low rates of commercialization in Tanzania are a result of several factors including a weak overall enabling environment that discourages full development of the agricultural value chain. Despite this difficult context, IFC successfully worked with one agri-business and engaged approximately 36,000 farmers in FY12.

Outcome 1.3: Increased sustainability and improved management of natural resources (mostly achieved)

14. **Tanzania's policy ranking as a mining investment destination climbed from 44 out of 72 in 2009 to 63 out of 109 in 2015 as measured by the Policy Perception Index (PPI)³².** This is an annual survey of mining and exploration companies conducted by the Fraser Institute. The PPI serves as a report card to government on how attractive their policies are from the viewpoint of an exploration manager. It is a composite index that measures the effects of government policy on attitudes toward exploration investment. This change in ranking is equivalent to an improvement from the 61st to the 58th percentile i.e. an improvement of three percentage points which met the target of 2-3 points/places in 2015.

15. **On-shore proven natural gas reserves decreased from one trillion ft³ in 2012 to 1.7 billion ft³ in 2016, against a target of 3.5 trillion ft³.** The target was not met. The project faced several challenges which included persistent arrears on TANESCO payments for the delivery of natural gas, protracted delays in resolving contract and license renewal issues pertaining to operators, and an absence of effective sector governance. The team concludes that the baseline set was based on an independent assessment, with the expectation that reserves would be further developed which has fallen well short of its potential. Through the second Power and Gas DPO, the Bank supported the Government to: (i) strengthen the country's ability to bridge the financial gap in its power sector; (ii) reduce the cost of power supply and promote private sector participation in the power sector; and (iii) strengthen the policy and institutional framework for the management of the country's natural gas resources.

16. **The Bank supported awareness-raising on the importance of watershed management in communities living in watersheds above Lake Victoria.** Through this initiative, 2,426 hectares were brought under improved land management use and range land management practices in targeted catchment areas by 2015, exceeding a target of 2,000 hectares. Activities included: (i) identification of areas where current practices negatively impact watersheds, (ii) encouraging communities to shift to alternative livelihoods that provide income while reducing environmental footprints such as growing trees for beehives, shifting the locus of cultivation, increasing the number of cattle water points that are removed from the vicinity of Lake Victoria, developing opportunities for fish farming, improving the management of solid waste and encouraging the development of biogas, (iii) promoting a multi-community management approach to encourage communities to minimize the generation of negative externalities that may likely occur if communities took action in isolation. The success of the Bank's support in Lake Victoria and Kihansi Catchment areas has encouraged Government to propose a similar approach in other hydropower projects under development.

Outcome 1.4: Increased access, quality and sustainability of electricity (achieved)

17. **Recent years have seen a rapid improvement in access to electricity and electrical infrastructure.** Access increased from 2.5 percent in 2010 to 33 percent of the population in 2016. During the FY12-16 CAS period, World Bank contributed to an improved electricity supply: (i) almost 690,000 additional people, by December 2015 accessed electricity at home - exceeding the first CAS target under this outcome of 252,500 in 2016, (ii) end user voltage increased from 190 volts in 2010 to 220 volts in December 2015, exceeding the second CAS target under 218 volts, and (iii) extended transmission infrastructure in northern Tanzania including the availability of high voltage (400kV, double circuit) transmission infrastructure, an increase from 0 km to 225 km in 2016, meeting the CAS target of 225 km.

³² In previous survey years, as per to the Fraser Institute, PPI was referred to as the Policy Potential Index. However, it has been changed to Policy Perception Index, which more accurately reflects the nature of this index.

The third result was achieved through funding from World Bank, European Investment Bank and the Korean Eximbank.

18. **With Bank support, Tanzania Electric Supply Company Limited (TANESCO) improved its operational efficiency but its financial sustainability remains a serious concern.** Bank support helped increase TANESCO's collection rate from 70 percent in 2010 to 94.2 percent in December 2015, just about the CAS target of 95 percent. High generation costs, coupled with below-cost tariffs, led to TANESCO accumulating large payment arrears at the start of the CAS period. By the end of 2012, "trade and other payables" exceeded \$440 million, of which about two-thirds were to fuel suppliers, IPPs, and EPPs. Falling collection rates, a depreciation of the Tanzanian shilling and unfavorable hydrological conditions meant that arrears to IPPs and EPPs did not improve at the end of 2016 in comparison to 2012. However, TANESCO has improved its operating efficiency and is making operational profits.

Outcome 1.5: Increased access to and quality of transport services (partially achieved)

19. **The quality of the road network, has improved significantly.** In recent years, priority has been accorded first to the routine and periodic maintenance of the infrastructure, and then to rehabilitation and investment in upgrading roads to a higher class in order to meet increased traffic demand. Furthermore, there has been a significant effort to upgrade trunk roads through paving, in line with the Transport Sector Investment Program and the Transport Policy goals of having all regional centers connected by paved roads by 2018. With the help of the Bank's Transport Sector Support Program, the share of roads in good or fair condition increased from 66 percent in 2009 to 88 percent in June 2014. This was well in excess of the CAS target of 70 percent. The sustainability of expenditure, however, remains a problem, as the resources available to the sector to maintain the assets from the road fund remain insufficient to maintain the network in adequate condition.

20. Air transportation in Tanzania experienced several challenges, which has decreased access to and quality of services. Passenger volume at three airports (Kigoma, Tabora and Bukoba) fell from 78,399 in 2009 to 76,189 in 2016. The targets were not achieved for the three regional airports due to commercial and capitalization challenges experienced by the major local carriers (especially Precision Air and Air Tanzania) that led to reduction of services by Precision Air and complete halt to operations of Air Tanzania. The situation is expected to change starting this calendar year as Precision Air have increased their flights and Air Tanzania has been recapitalized and has started operations to all the three improved airports.

21. **Rail transport in and out of Dar es Salaam port has not improved.** The number of daily slots available for third party block trains between Dar es Salaam Port and Isaka Terminal remain unchanged at zero (against a CAS target of two in 2017), which is beyond the scope of the CAS period (FY12-16). Poor performance is due in part to implementation delays caused by continued strategic uncertainty with respect to the overall national strategy for upgrading the railway network. Rail now accounts for less than 5 percent of the total volume of transported exports and imports. Rail transport remains well below potential resulting in congestion on the road network. Rail transport services are characterized by slow and unreliable freight and passenger movement, frequent suspension of services, speed restrictions, a high rate of accidents, and the complete closure of some parts of the network. Bank support to address these challenges is provided under the Intermodal and Rail Development Project – P127241. The revitalization of the Tanzania Railway Limited (TRL) and Tanzania-Zambia Railway Authority (TAZARA) rail lines remains crucial to improving the efficiency and long-term sustainability of the transport system.

22. The number of twenty foot-equivalent units (TEUs) shipped by direct project beneficiaries did not increase during the CAS period as the activity has not yet started.

Outcome 1.6: Increased access to and quality of water and sanitation services (not achieved)

23. **Rural access to water improved with Bank support including through the Water Sector Support Project (P087154).** The number of people living in rural areas with access to clean and safe water increased from 15.2 million to 17.3 million people by June 2015, and did not meet the CAS target of 22.5 million. The impact of increase, however, was partly offset by a non-functionality rate in rural areas of about 38 percent. In a country with more than 75 percent of the population living in rural areas and where rural water supply coverage is about 50 percent, this level of non-functionality leaves a considerable number of the rural population without effective access to safe water supply. This is a serious development challenge as it directly affects the livelihoods and productivity of the rural population and drains the country's financial resource due to the short life of the water supply scheme. Addressing this will require attention and specific measures both at policy and implementation levels.

24. **Despite Bank support, the share of the rural population with access to improved sanitation did not increase.** The Bank supported sanitation improvements through initiatives such as the Water Sector Support Project (P087154) and the Zanzibar Urban Services Project (P111155). Access to improved sanitation went down to 12 percent in 2015 from a baseline of 23 percent in 2010, which is well below the CAS target of 35 percent. Rural sanitation has been significantly underfunded and the planned nationwide behavioral change communication campaign is yet to be implemented. Increasing the number of people with access to improved sanitation will require more coherent management arrangements. Management responsibility for sanitation is currently divided between multiple institutions: (i) Ministry of Health and Social Welfare and the Ministry of Education and Vocational Training share responsibility for the provision of rural sanitation services, (ii) Local Government Authorities are responsible for implementation, (iii) Urban Local Bodies (ULBs), which include city, municipal and town councils, are responsible for onsite sanitation services in their respective areas, and (iv) Water and Sewage Authorities are responsible for sewage. These institutions require effective coordination to avoid possible disruptions to the sanitation chain. In Dar es Salaam for example, increased water consumption warrants better coordination between those collecting and treating wastewater and sewage.

Outcome 1.7: Improved access to and management of urban services (mostly achieved)

25. **Under the Strategic Cities Project, Tanzania has seen an improvement in access to urban services, benefitting more than 1.2 million people.** The number of people with access to improved public transport services reached 839,998 by July 2016, exceeding the CAS target for 2016 of 543,721. Public transport services include bus stations, terminals and lorry stands. The target for the indicator waste collected and disposed in landfill as a share of total waste was not collected because the landfills became operational in 2017. The targets were revised during the second additional financing of the project in 2017 as the original baseline and targets were erroneously based on waste disposed at dump sites and not sanitary landfills which were constructed with support from the Strategic Cities Project (P111153).

Second Strategic Cluster: Programs that target reduction of extreme poverty and improvements in quality and delivery of social services

26. **Under the second strategic cluster, one indicator was achieved and two were mostly achieved.** The second cluster is rated as moderately satisfactory

Outcome 2.1: Improved access to and quality of education (achieved)

27. **Access to education has increased dramatically in recent years.** Tanzania increased its primary net enrollment ratio from 49 percent in 1999 to 92 percent in 2016 and added more students in the

primary education system than any of its eight neighboring countries. Enrollment in secondary schools³³ has quintupled, with the net secondary enrollment ratio increasing from 3 percent in 2001 to 33 percent in 2016. The introduction of the Free Basic Education Policy (FBEP) in December 2015 has contributed to an expansion of the primary and lower secondary (basic) education system and eliminated (i) informal fees at the pre-primary and primary levels; and (ii) formal tuition fees at the lower secondary level. As a result, primary grade 1 enrolments increased by 41 percent between 2015 and 2016, from 1.6 million to 2.1 million pupils.

28. **In Zanzibar, the CAS target of increasing the enrolment of students in secondary schools was achieved.** The CAS targeted an increase in the number of students enrolled in secondary school to 48,250 boys and 49,300 girls by 2013, i.e. a total of 97,550 secondary school students. In 2016, enrolment for boys and girls was 51,353 and 89,865 respectively, totaling 110,230 secondary school students. Bank support in Zanzibar, led to the construction and rehabilitation of schools and staff housing which resulted in a fall in the average number of pupils per classroom from 93 in 2006 to 58 by the end of 2012. The Bank also supported teacher training, curriculum reform, and the provision of learning materials.

29. There was progress in improving the quality of education. In 2015, 68 percent of those who sat for the Primary School Leaving Examination (PSLE) exams passed, up from 31 percent in 2012. Early Grade Reading performance measured by Oral Reading Fluency of grade 2 pupils rose from only 18 words per minute in 2013 to 24 words per minute in 2016, supported by the Big Results Now in Education Program for Results. At secondary level, the pass rate for the Certificate of Secondary Education Examination (CSEE) also increased to 68 percent in 2015 from 43.1 percent in 2012. In February 2013, the President launched the “Big Results Now in Education” (BRNEd), program which aimed to fast-track improvements in the quality of basic education service delivery. With Bank support, the number of primary schools conducting Student Teacher Enrichment Programs increased by 10,447 by June 2016 more than doubling the CAS target of 5,000 by 2018.

30. **The Bank supported improved quality of education of secondary education in under-served, rural areas across the country.** For example, the proportion of public schools meeting government-approved minimum standards for infrastructure and a student-teacher ratio rose from 4 percent in 2010 to 26 percent by June 2016. The CAS target of increased completion rates at O-level was almost achieved (33.6 percent against a target of 39 percent) in May 2016. The Government requested the project results framework to be changed through a formal project restructuring in 2016 in order to better align with Form II Examination Pass Mark Policy which was introduced in 2012. The revised end target for the indicator was not formally reflected in the CAS. The main objective of the Government policy initiative was to ensure students have adequate competencies to succeed in higher grades, including Form IV examinations. While passing rates have improved, completion rates at both the lower and upper secondary education levels declined as a result of the new policy. Completion rates at A-level increased and the ratio of students to teachers fell. In addition, gender parity of girls’ and boys’ enrolment in lower secondary was attained in 2016.

Outcome 2.2: Improved access to and quality of health care services (partially achieved)

31. **Maternal and neo-natal health care has also improved with Bank support, albeit, from a low base.** Maternal mortality in Tanzania remains high at 556 deaths per 100,000 live births in 2015 as a result of low coverage of facility deliveries and family planning. Neonatal mortality rates are lower than in comparator countries, but still high at 26 per 1,000 live births in 2015. Given this context, the increase in

³³ O-level net enrolment (Form I-VI).

the proportion of births taking place at health facilities to 63 percent from CAS baseline value of 51 percent, achieved with Bank support through Strengthening Primary Health Care for Results (P125740), is particularly notable.

Outcome 2.3: improved access to safety nets (mostly achieved)

32. **The Bank supported a remarkable expansion in the number of people benefiting from cash transfers although labor-intensive public works programs were delayed.** The cash transfer intervention was intended to increase the household income of beneficiaries on a permanent basis while the public works program sought to provide a predictable transfer during the lean season to encourage beneficiary households to avoid negative coping decisions, such as selling assets, pulling children out of school and sending children to work. As a result of Bank support, the number of beneficiaries of the conditional cash transfer program reached 1.1 million households by March 2016, equivalent to 5.2 million people, well in excess of the CAS target of 4.2 million people. With the emphasis on scaling up and achieving higher cash transfer targets, Bank support for public works was delayed till late 2016 resulting in 55,000 of beneficiaries of the public works programs reached in the first year, below the CAS target of 350,000.

33. **Government support for TASAF and a cohesive and inclusive arrangement among development partners have been critical to its success to date.** Overall management of the program has been placed under the Permanent Secretary in the President's Office. The Government has committed to taking over financing of TASAF in the long term. In the meantime, development partners, have operated through a joint donor coordination arrangement which includes joint planning.

34. **A rigorous randomized impact evaluation of the impact of Bank support for cash transfers was initiated during this reporting period.** The evaluation covers a subset of 26 Project Area Authorities (PAAs) randomly selected from 96 PAAs involved in the latter stages of the scale up (out of a total of 161 PAAs covered by the program). A total of 330 villages were randomly selected to participate in the Impact Evaluation and 7474 sample households were included in the survey. The field survey work was completed and the analysis of the data and report preparation is expected to be finalized shortly.

Outcome 2.4: improved efficiency and transparency of public management (not achieved)

35. **Despite Bank support there were few improvements in the area of public management during the CAS period.** The Performance Results and Accountability Program, which closed in December 2012, was not extended. The Bank was therefore unable to support an increase in the share of ministries, independent departments and executive agencies (MDAs) using a performance management system to enhance service delivery as envisaged in the CAS. In addition, development of a project manual as part of the Public Service Reform Program was delayed and hence was not applied in projects as anticipated under the CAS. Full and timely application of the Inter-censal Survey calendar with respect to censuses and surveys was mostly achieved. However, openness and transparency, as measured by the Open Budget Index, fell back to 46 percent from a baseline of 47 percent and a target of 60%.

III. REVIEW OF WORLD BANK GROUP PERFORMANCE

36. **Overall, Bank performance during the FY12-16 Tanzania CAS was good.** In particular, the design and implementation of the program successfully contributed towards key CAS Objectives. There was timely adaptation to changing circumstance and priorities and a sound program of ongoing activities is in place for the next strategy.

Design of the CAS

37. **The FY12-16 CAS aligns closely with the Government's development priorities particularly the emphasis on job creation.** The FY12-15 CAS before it was restructured and extended in FY15 was initially structured around three strategic pillars: 1) promoting inclusive, sustainable and private sector-led growth; 2) building infrastructure and delivering services; and 3) strengthening human capital and social safety nets. The FY15 PLR reorganized the Bank's strategy around two strategic clusters that more explicitly aligned with the Government's national priorities. The two new strategic clusters in the extended FY12-16 CAS consisted of: 1) productive investments for growth of labor-intensive industries and job creation; and 2) programs that target reduction of extreme poverty and improvements in quality and delivery of social services.

38. **Importantly, the FY15 PLR enabled the Bank to align itself more closely with the Big Results Now (BRN) Initiative.** The "Big Results Now" (BRN) initiative launched in 2013 focused the Government's efforts on accelerating delivery of selected priority results, with a major emphasis on leveraging private sector investment. Priority result areas included: increasing agriculture productivity by integrating small farmers into selected commercial value chains, improving reliability and access to power supply by increasing gas-based power generation, reducing transport costs by increasing capacity and efficiency of the port of Dar es Salaam and the central railway corridor, improving quality of basic education, increasing access to rural water supply, improving the business environment and reforming health systems to reduce maternal mortality and to improve nutrition.

39. **In contrast to the Government's national development plans, however, the CAS treated governance as a cross-cutting theme rather than creating a separate governance pillar.** Whereas the FY07-11 CAS included a separate governance cluster, mirroring the design of the Government's national development strategies, the FY12-16 CAS integrated governance as a cross-cutting theme. The objective was to integrate governance-related outcomes throughout the program. In some cases this has proved to be a successful approach. In energy, for example, the Energy Sector Capacity Building Project has helped underpin a meaningful dialogue between the Bank and the Government regarding institutional and broader policy issues. In other cases, such as decentralization and weak local government capacity affecting implementation in sectors such as water, the Bank lacked a means for addressing the issue comprehensively. Determining whether governance is best addressed as a cross-cutting theme or as a separate pillar or work-stream is an important consideration for the new CAS.

40. **There were some excellent examples of influential pieces of ASA complementing financing although there was also a need for greater selectivity in knowledge products.** For example, a set of nine education policy notes were produced that were subsequently published in book form and distributed more widely. In the water sector, the Bank funded a report by the Center for Democracy and Civil Society on the politics of water in rural Tanzania. The report had a major influence on the Bank's strategy in the sector. The Bank also produced a Sanitation Monitoring Handbook for Households and Institutions. In some cases, including the energy sector, the Bank may have undertaken knowledge products for which there was insufficient demand or capacity to engage within the Government. Future ASA programs should therefore be more selective to ensure that knowledge products are aligned to specific in-country demands. The set of policy notes produced for the new administration following the October 2015 elections was highly appreciated by government and development partners and set the stage for frank dialogue on key issues.

41. **Cross-WBG collaboration was well integrated and other DP strategies amply reflected in the CAS.** IFC and MIGA plans were incorporated throughout the CAS. This was notably the case for IFC in the

agriculture and energy sectors as well as support for the business environment. IFC created nearly 18,000 jobs through the direct employment effects of its investments. Similarly, MIGA, which had no exposure in Tanzania at the beginning of the CAS period, is now supporting agricultural investment in the country with a net exposure of \$29.0 million.

Risks and their mitigation were generally well-covered in the CAS although there was insufficient exploration of the potential implications of drought for the energy sector. The CAS noted a number of risks including: (i) the possibility of weakening public financial management performance, (ii) the risk of negative repercussions for governance of the discovery of natural gas and petroleum resources; (iii) weak capacity at local government levels; (iv) the risk of increasing inequality; and (v) the possibility of negative environmental shocks such as droughts on agricultural productivity and hydroelectricity. A prolonged drought led to the shutdown of hydropower plants in late October 2015 and a rise in imports of diesel fuel to power generators. This in turn caused the accumulation of significant debt and a financial crisis for the energy utility TANESCO. While the extent of the drought could not have been predicted, it is arguable that the financial implications of drought for the financial health of TANESCO could at least have been highlighted as a risk and mitigating action anticipated.

CLR Box 1. FY07-11 issues highlighted

FY07-11 issues highlighted	Reflection in FY12-16 CAS
The traditional approach of building institutions and capacity did not always work. A more selective focus might work better.	The Bank has been more selective in its approach to governance, with some success. For example, the energy utility TANESCO's operational capacity was successfully enhanced. Working through PRORALG (e.g. in the water sector) has also consolidated government capacity.
The development of the 2007 Joint Assistance Strategy (JAST) did not reduce transaction costs as intended.	The JAST approach was discontinued. However, the requirement of a joint financing approach in the energy sector created extensive operational delays as participating DPs applied different fiduciary procedures. This in turn had significant negative reputational consequences for the Bank.
There were major shortcomings in M&E as MKUKUTA and CAS indicators were missing baselines, targets, and progress data.	There are still significant shortcomings in M&E. Although the FY15 PLR results matrix updates and revises the original FY12 matrix, one third of the indicators are problematic in some way. For example, some indicators include target values that were clearly inappropriate (e.g. 1.3.1 in mining), some had target dates that go beyond the FY16 end of the current CAS (e.g. 2.1.3. in education, 1.5.2. and 1.5.3 in transport) or assumed Bank activity that was not forthcoming (e.g. 2.4.2 in public management).
Greater attention should be given to strengthening governance at the level of service delivery through local government and sector-specific support.	There were good examples of capacity building alongside investments e.g. in energy. But it is an open question whether treating governance as a cross-cutting theme without a separate pillar has resulted in sufficient integration of governance into sector programs.

42. **Gender was virtually invisible in the results matrix for the FY12-16 CAS.** The original text of the CAS stated that gender had been mainstreamed throughout the program. At the level of the CAS, however, gender was absent from the results matrix with the exception of one indicator relating to boys and girls in education. This was not corrected in the revised version of the matrix in the PLR. Nevertheless, at project level gender was included in results matrices in a number of cases. In agriculture, for example, 25 percent of farmers benefiting from subsidized seed and fertilizer inputs between 2009 and 2013 were women. The health services support program helped increase access to pre-natal services to 2.6 million expectant mothers. In education, secondary school completion rates reached 47 percent for boys and 38 percent for girls in 2013 from a baseline of 24 and 20 percent in 2009 respectively. IFC's activities

(including support to microfinance) also helped expand financial services and job opportunities for women especially in rural areas.

43. **The design of the FY12-16 CAS successfully incorporated a number of findings and recommendations highlighted in the Completion Report that reviewed the FY07-11 CAS.** Several of these findings and recommendations effectively shaped future strategy. Others, including weaknesses in the results matrix and general approach to monitoring and evaluation continued to undermine the FY12-16 CAS design. Design issues highlighted in FY07-11 and the follow up during FY12-16 are summarized in Box 1.

Implementation of the CAS

44. **Implementation of the FY12-16 CAS had a number of strong features** including a more pragmatic, focused approach to policy reform. A key recommendation of the FY07-11 CAS Completion Report was that broad-based policy reform in the shape of the Poverty Reduction Support Credits (PRSCs) should be phased out in favor of sector-specific and/or more decentralized interventions (see Box 2) This was the approach implemented during the CAS with, for example, DPOs in the energy sector and in public sector reform.

There were also some areas where implementation could have been stronger. In the area of safeguards and fiduciary management, the joint financing approach adopted in the energy sector led, in practice, to significant delays. The primary financing partners, the Bank, the AfDB and the EIB, all had different criteria for providing ‘no objections’ to proposed contracts. In one case a contractor was approved by one financing partner that would not have been approved under the Bank’s rules. The Contractor subsequently went bankrupt resulting in major delays to the projects. Once incurred it was not possible to make up the time lost even though implementation subsequent to the initial delays was moderately satisfactory or better.

CLR Box 2. FY07-11 lessons

FY07-11 lessons	Reflection in FY12-16 CAS
In a slow policy reform environment, the size and scope of PRSCs should be revisited in favor of interventions in areas with high impact and strong government commitment.	<ul style="list-style-type: none"> • Broad-based reforms in the form of PRSCs were progressively phased out in favor of a more targeted approach. • Sector specific DPOs were introduced in energy and public sector reform (open government and pensions)
AAA has been effective when linked to investment operations e.g. electricity tariffs. The approach could be extended to education, WASH, land reform and transport.	There have been some good examples of linking AAA and investments including a study of the political economy of water that caused the Bank to focus on urban water; and a series of publications in the education sector.
FY07-11 lessons	Reflection in FY12-16 CAS
Some Bank projects did not deliver their expected results due to an overestimation of Government’s implementation capacities.	Several sector programs have run into the same problem during FY12-16. Examples include: the water sector where weak capacity at the level of local government and communities undermined delivery; and implementation of the Statistical Master Plan which suffered from weak target setting skills.

45. **A large number of projects were extended during the period of the CAS.** Of 23 projects that were approved in FY12 or before, all but two were extended at some point during the period of the CAS. Six projects were extended primarily to enable additional financing for new activity, while 15 projects (i.e. 65 percent of projects experiencing extensions) were extended because of slow implementation. Slow

implementation was sometimes the result of delays in obtaining funding from other participating development partners. In other instances procurement problems caused the delays including the requirement for projects to comply with multiple development partner procurement regulations in one case and to align with new government procurement processes in another. Implementation was also delayed by problems in the finalization and management of contracts.

46. **As in the case of design, the FY07-11 Completion Report drew implementation lessons that in some cases were partially acted upon in the FY12-16 CAS.** These lessons and their application during the FY12-16 CAS are summarized below.

I. ALIGNMENT WITH WORLD BANK GROUP CORPORATE GOALS

47. **The CAS was adjusted during the mid-term review to sharpen its alignment with the Bank's twin corporate goals of shared prosperity and reducing extreme poverty.** The CASPR proposed adjustments around two strategic clusters: (i) productive investments for growth of labor-intensive industries and job creation; and (ii) programs that target reduction of extreme poverty and improvements in quality of social services. The adjusted program continued in the same ten sectors as the original CAS. However, the adjustments in the first cluster were aimed over time to increase the productivity and growth of labor-intensive industries and job creation, directly contributing to boosting shared prosperity for the benefit of the bottom 40 percent of the population. Similarly, adjustments in the second cluster aimed to reduce extreme poverty and directly target the extreme poor by increasing their incomes and enhancing their access to quality social services.

II. LESSONS LEARNED

The CLR identified several lessons described below which will help to guide design and implementation of the CPF program and specific operations during the CPF period:

48. **The WBG-supported portfolio can build off the areas of strength with respect of the Government's capacity to absorb and execute activities to a high level of quality.** In retrospect, the programs that performed well generally were 'focused' (on specific large investments or interventions, geographically targeted, and backed with sound analytics) with robust systems for quality assurance and quality control in place to augment existing government systems. Some programs with ambitions for national level coverage (water and sanitation, or irrigation for example) tended to push decentralized delivery systems beyond the capacity available to ensure sustainability and quality. Programs will benefit from being more targeted and taking an incremental scale-up approach.

49. **Projects can better incorporate political economy considerations, and have an adaptive design to stay engaged in the sector policy through the project cycle.** In some instances, there appeared to be a diminishment of the broader dialogue after the project preparation phase as teams became increasingly focused on the nuts and bolts of project implementation. In education, for example, expected increases in secondary enrollments could not materialize as planned (despite adequate project implementation) due to reversal by the Ministry of Education of a previously-agreed policy decision to eliminate an examination requirement in the lower grades. This suggests that greater efforts are needed by Bank teams to remain engaged with key policy-level counterparts to avoid surprises that affect implementation. While, this is largely a matter of continuous policy dialogue past the initial preparation stage, it would also be helped by planning for, and undertaking, sector policy notes or other ASA alongside lending activities.

50. **Strong community engagement throughout the project cycle helps during implementation and yields better development outcomes.** Projects that had robust systems to engage communities in key decisions, and respond to issues had fewer complications during implementation – this was the case for the transport and urban portfolios. Learning from the Water Sector Support Project, closer engagement with communities during design phases could have helped balance the mix of technical solutions (against community demands for more complex but failure prone motorized systems; with more reliable but less desired hand pumps) with more appropriate technology for sustainable systems.

51. **While coordination with other external partners is both desirable and necessary for large infrastructure operations, differences in procedures among agencies means that joint financing may not always be practical.** This was especially apparent in the Backbone Transmission Investment Project (P111598) which suffered major implementation delays due primarily to the difficulties encountered in coordinating the joint financing provided by multiple partners. Each partner had different fiduciary conditions (affecting financial management, procurement, disbursement) and causing significant implementation delays. For the future, clear harmonized rules of the game should be put in place up front or consideration given to creating workable parallel financing arrangements.

52. **Implementation delays often occurred because of inadequate capacity with regards to Bank requirements - project readiness was sometimes a factor.** While some delay is inevitable given capacity constraints in Tanzania, there is a pattern of delays that could have been addressed prior to project effectiveness. The CLR notes four key lessons: (i) more attention to up-front planning for procurement; (ii) resolution of any land issues and securing financing for compensation before project effectiveness; (iii) closer coordination with line and central ministries to ensure inclusion of adequate funding for projects in the budget; and (iv) stronger M&E systems enable timely feedback and corrective actions.

53. **Tanzania has utilized well the PforR instrument - future PforRs should also be used to support the sector policy dialogue.** Tanzania has embraced the PforR instrument, with operations in urban, energy, health, education, skills, and water sectors. The use of country systems has proved effective to execute these projects. As Tanzania becomes more adept with the instrument to suit its development needs, there is space for future operations to address policy demands. A focused results framework and measurable DLIs, and strengthened monitoring and reporting of results are recommended.

54. **Knowledge products facilitated and deepened policy dialogue, and informed design and implementation of Government programs.** High-quality, consolidated program of analytical work which was highly valued by the client provided relevant, and just-in-time data for lending activities. They were used in sectors such as tourism led growth, power, governance, natural resources, etc. Its success will make it a key component of the next program of support, however it is recommended to keep the products to a manageable level that matches government capacity.

A strong M&E system should be a priority, complemented by a realistic results framework with SMART indicators and relevant human resources. A key component of the next CPF are focused results matrixes that pay attention to data quality and data sources and indicate the sources used to collect the data. The water project in particular had challenges with data as those used by Government differed significantly with the numbers used by development partners. Some end targets were beyond the scope of the CAS.

CLR Table 2. Summary of CAS Program Self-evaluation

Cluster of outcomes and outcome indicators	Status and evaluation summary	Lending and non-lending activities that contributed to the outcome	Lessons and suggestions for the new CAS
STRATEGIC CLUSTER 1: PRODUCTIVE INVESTMENTS FOR GROWTH OF LABOR-INTENSIVE INDUSTRIES AND JOB CREATION			MODERATELY SATISFACTORY
<p>Related country development goals:</p> <ul style="list-style-type: none"> • Reducing income poverty through promoting inclusive, sustainable and employment-enhancing growth and development • Ensuring food and nutrition security, environmental sustainability and climate change adaptation and mitigation • Leveraging returns on national resources (both within and outside) for enhancing growth and benefits to the country at large and communities in particular, especially in rural areas • Increasing access to affordable clean and safe water, sanitation and hygiene. 			
CAS Outcome 1.1: Address constraints for doing business and improve financial intermediation.			MOSTLY ACHIEVED
<p>• Business environment</p> <p>1.1.1 Number of days to start a business <i>Baseline: 29 in 2011</i> <i>Target: 10 in 2016</i></p> <p>1.1.2 Proportion of the adult population that uses financial services provided by formal and semi-formal financial service providers. <i>Baseline: 11 percent in 2008</i> <i>Target: 22 percent in 2016</i></p>	<p>1.1.1 Partially achieved. Number of days to start a business fell to 26 by June 1, 2015 (latest data available). <i>Source: Doing Business 2016</i></p> <p>1.1.2 Achieved. The share of the adult population using formal financial products increased on the mainland from 15.9 percent in 2009 to 57.4 percent in 2013 and in Zanzibar from 13.7 percent in 2009 to 37 percent in 2013. <i>Source: FinScope 2013</i></p>	<p>IDA Financial Sector Support Project (FY06); Private Sector / MSME Competitiveness Project (FY06); East Africa Trade and Transport Facilitation Program (FY06); Science and Technology Higher Education Project (FY08); Regional Communications Infrastructure Program – Phase III (FY09); Housing Finance Project (FY10); Southern Africa Trade & Transport Facilitation Program (FY13); Business Environment and Industry Development for Jobs DPO (FY16).</p> <p>IFC: Small, Medium and Micro Enterprise Line of Credit; Small, Medium and Micro Enterprise Direct Finance Trade Finance Facility; Africa Credit Reference Bureau.</p> <p>Trust Funds: Support to PPP Central Agencies (FY14); Building PPP Institutional Support in Tanzania (PPIAF); Digital Fabrication for Youth Led Recycling Startups ((ICT4D); Africa Climate Investment Readiness Partnership (AFRCC); Multi Donor Trust Fund for Trade and Development; Financial Literacy and Education.</p> <p>• Knowledge: TA ICT (annual) Country Economic Memorandum</p>	
CAS Outcome 1.2: Increased productivity and commercialization of agriculture			MOSTLY ACHIEVED
<p>• Productivity</p>		IDA	Progress in the agriculture sector has been held back by a poor enabling environment.

CLR Table 2. Summary of CAS Program Self-evaluation

Cluster of outcomes and outcome indicators	Status and evaluation summary	Lending and non-lending activities that contributed to the outcome	Lessons and suggestions for the new CAS
<p>1.2.1 Crop yields in targets areas (tons per hectare) for (i) maize; (ii) rice. <i>Baseline: (i) 1.12; (ii) 1.73 in 2009</i> <i>Target: (i) 2.20; (ii) 3.50 in 2016</i></p>	<p>1.2.1 Mostly achieved. Maize yields had increased to 2.30 tons per hectare by 2015 thus exceeding the target well ahead of time. Rice yields had increased to 2.74 tons per hectare by 2015. <i>Source: Accelerating Food Security Project (FY09) ICR; Expanding Rice Production (FY15) ISR (June 2016)</i></p>	<p>Agricultural Sector Development Project (FY06); Science and Technology Higher Education Project (FY08); Accelerated Food Security Project (FY09); Eastern Africa Agricultural Productivity Project (FY09); Southern Agricultural Growth Corridor of Tanzania (FY16). IFC Agri-business Trust Funds Complementary Financing for the Agriculture Sector (PHRD); Agriculture Sector Development (PHRD); Global Agriculture and Food Security Program (Rice); PHRD Rice Productivity Development; Expanding Rice Production Program (GAFSPS); DIME Agriculture Tanzania (IE2I); Rural Food Fortification Project (JSDF). MIGA Silverlands Tanzania Limited (\$29.0 million gross exposure).</p>	<p>More could have been done to diversify the nutritional base for poor households: cultivation of vegetables, use of fortified crops and small animal husbandry.</p>
<p>CAS Outcome 1.3: Increased sustainability and improved management of natural resources, including natural gas MOSTLY ACHIEVED</p>			
<p>• Mining 1.3.1 Improvement in Tanzania’s policy ranking as a mining investment destination in Fraser Institute Survey. <i>Baseline: 44/72 in 2009</i> <i>Target: 2-3 points/places in 2015</i></p> <p>• Gas 1.3.2 Amount of on-shore proven natural gas reserves (Tcf) <i>Baseline: 1.0 in 2012</i> <i>Target: 3.5 in 2016</i></p> <p>• Natural resources and environment 1.3.3 Area brought under improved land use and range land management practices in the targeted catchments (cumulative hectares). <i>Baseline: nil in 2010</i></p>	<p>1.3.1 Achieved. The 2015 Fraser Institute Survey reports Tanzania’s ranking as 63/109 countries. This puts the country in the 58th percentile compared with the 61st percentile in 2009. This is an improvement of 3 percentage points. <i>Source: Fraser Institute Surveys.</i></p> <p>1.3.2 Partially achieved. The amount of proven on-shore reserves was 1.7 trillion ft³ in 2016.</p> <p>1.3.3 Achieved. 2,426 hectares had been brought under improved land management by 2015. <i>Source: LVEMP for Tanzania</i></p>	<p>IDA Agriculture Sector Development Project (FY06); Water Sector Development Program (FY07); Sustainable Management of Mineral Resources Project FY09); Lake Victoria Environmental Management Project Phase II (FY09); Energy Sector Capacity Building Project (FY13); Rusumo Falls Hydroelectric and Multipurpose Project (FY13); Power and Gas DPO (FY14); Sustainable Management of Mineral Resource – Additional Financing (FY15)</p> <p>IFC Mining Trust Funds: Impact of Climate Change on Coastal Areas (AFRCC); Developing Local Industries Related to Tanzania’s Natural Resources (CIIP);</p>	<ul style="list-style-type: none"> • Watershed management requires an approach that encourages co-management of resources by participating communities. • The LVEMP watershed management component illustrates the importance of designing joint initiatives that encourage co-management by affected villages of the costs and benefits of watershed management. • The experience of watershed management has served as a feasibility demonstration pilot to the Government resulting in Ministry of Water planning to apply the LVEMP approach in new projects.

CLR Table 2. Summary of CAS Program Self-evaluation

Cluster of outcomes and outcome indicators	Status and evaluation summary	Lending and non-lending activities that contributed to the outcome	Lessons and suggestions for the new CAS
<p><i>Target: 2000 in 2015</i></p>		<p>Environmental Business Finance (GEF/IFC); Support for EITI in country (EITI); Sustainable Management of Mineral Resources (EITI); Climate Technology Innovation Program (INFOD); Support to El Nino response (GFCRP); Marine and Coastal Environment Management Project (GEF); Kihansi Catchment Conservation and Management Project (GEF).</p> <p>• Knowledge: Economics Geography of Tourism-led Growth.</p>	<ul style="list-style-type: none"> • The NEMC is well placed to coordinate a range of sectors involved in watershed management.
<p>CAS Outcome 1.4: Increased access, quality and sustainability of electricity</p>		<p>ACHIEVED</p>	
<ul style="list-style-type: none"> • Access 1.4.1 Number of people provided with access to electricity by household connections <i>Baseline: 34,200 in 2010</i> <i>Target: 252,000 in 2016</i> • Quality 1.4.2 Improvements in service quality as measured by voltage accessible to households. <i>Baseline: 190 volts in 2010</i> <i>Target: >218 volts in 2016</i> 1.4.3 Availability of high voltage (400 kV, double circuit) transmission infrastructure in northern Tanzania. <i>Baseline: 0 km in 2014</i> <i>Target: 225 km in 2016</i> • Sustainability 1.4.4 Improvement in TANESCO's operational efficiency as measured by increase in collection efficiency in targeted areas. <i>Baseline: 70 percent in 2010</i> <i>Target: 95 percent in 2015</i> 	<p>1.4.1 Achieved. 689,573 people obtained household access to electricity by December 2015. <i>Source: TEDAP ISR January 2016 (Component B)</i></p> <p>1.4.2 Achieved. End user voltage was 220 volts in December 2015. <i>Source: TEDAP ISR January 2016 (Component B)</i></p> <p>1.4.3 Achieved. 225 km by 2016. <i>Source: Backbone Transmission Investment Project ISR (December 2015)</i></p> <p>1.4.4. Achieved. Increase in efficiency of 94.17 percent achieved by December 2015. <i>Source: TEDAP ISR January 2016.</i></p>	<p>IDA</p> <p>Energy Development and Access Expansion Project (FY08); Power and Gas DPO (FY09); Backbone Transmission Investment Project (FY11); Rusumo Falls Hydroelectric Project (FY13); Second Power and Gas DPO (FY14).</p> <p>IFC</p> <p>Infrastructure</p> <p>Trust Funds</p> <p>Clean Tech Innovation Facility (GEFIA); Renewable Energy Resource Mapping and Geospatial Planning (ESMAP); Renewable Energy Programme; Rural Energy Expansion Project (AFRSD); Renewable Energy for Rural Electrification (CSCFIA); Energy Development and Access Expansion Project (GEF); Energy Sector Capacity Building Project (AFRSD); rural Electrification Expansion Project Preparation (PFR); Rural/Renewable Energy/Access Scale-up and Electricity Regulatory System (SIDA TF); Russian TF for Energy SME Development; Lighting Rural Tanzania (AFREA); South-South Cooperation for Innovative Low-cost Electrification and Low-cost Solutions.</p>	<ul style="list-style-type: none"> • Joint financing is not a practical approach for large infrastructure projects involving funders with differing procedures. Joint financing by the Bank and its partners (the EIB and AfDB) of the Backbone Transmission Investment Project (P111598) resulted in major delays. This was because each partner had different fiduciary conditions (affecting financial management, procurement, disbursement). • Foreseeable obstacles to delays in works starting should be reflected in the terms of contracts with suppliers. <i>E.g.</i> in the TEDAP project, contracts were agreed with suppliers that resulted in payments being made during a period when access to work sites was not possible for a period of three years. This resulted in significant sums of money wasted. • ASAs have • ASA has been excessively supply driven in some instances. The 'offer' of ASA from the Bank in Washington can at times exceed the management capacity

CLR Table 2. Summary of CAS Program Self-evaluation

Cluster of outcomes and outcome indicators	Status and evaluation summary	Lending and non-lending activities that contributed to the outcome	Lessons and suggestions for the new CAS
			<p>of the government in Tanzania and come to represent a burden.</p> <ul style="list-style-type: none"> • DP coordination requires strong leadership.
CAS Outcome 1.5. Increased access to and quality of transport services		PARTIALLY ACHIEVED	
<ul style="list-style-type: none"> • Access 1.5.1 Passenger volume at Kigoma, Tabora and Bukoba airports. <i>Baseline: 78,399 in 2009</i> <i>Target: 104,000 in 2014</i> 1.5.2 Number of daily slots available for third party block trains between Dar es Salaam Port and Isaka Terminal. <i>Baseline: 0 in 2013</i> <i>Target: 2 in 2017</i> 1.5.3 Number of TEUs shipped by direct project beneficiaries. <i>Baseline: 308 in 2014</i> <i>Target: 1000 in 2017</i> • Quality 1.5.4. Roads in good and fair condition as a share of total classified roads. <i>Baseline: 66 percent in 2009</i> <i>Target: 70 percent in 2014</i> 	<p>1.5.1. Not achieved. Passenger volume was 76,189 in June 2015. <i>Source: Transport Sector Support Program ISR February 2016</i></p> <p>1.5.2. Not achieved. No change by July 2016 as activity has not started, End target is outside the scope of the CAS. <i>Source: Intermodal and Rail Development Project ISR July 2016.</i></p> <p>1.5.3 Not achieved. No change by July 2016 as activity has not started, End target is outside the scope of the CAS. <i>Source: Intermodal and Rail Development Project ISR July 2016.</i></p> <p>1.5.4 Achieved. 88 percent of roads were in good or fair condition by June 2014 (86 percent in June 2015). <i>Source: Transport Sector Support Project (FY10) ISR February 2016.</i></p>	<p>IDA</p> <p>East Africa Trade and Transport Facilitation Program (FY06); Second Central Transport Corridor Project (FY08); Tanzania Strategic Cities Project (FY10); Transport Sector Support Project (FY10); Zanzibar Urban Services Project (FY11); Southern Africa Trade & Transport Facilitation Program (FY13); Inter-Modal and Rail Development Project FY14); Second Central Transport Corridor Project – Additional Financing (FY13). Great Lakes Trade Facilitation (FY16). BRT Additional Financing; Central Corridor Intermodal Railway and Lake Ports (Regional);</p> <p>Trust Funds</p> <p>Road Safety Management Capacity Development (GRSF).</p> <p>Knowledge:</p> <p>PPIAF Prefeasibility Study of Kisarawe Freight Station.</p>	
CAS Outcome 1.6 Increased access to and quality of water and sanitation services		NOT ACHIEVED	
<p>1.6.1 Number of rural population with access to clean and safe water. <i>Baseline: 15.2 million rural people by 2016</i> <i>Target: 22.5 million rural people by 2016</i></p> <p>1.6.2 Proportion of rural population with access to improved sanitation. <i>Baseline: 23 percent in 2010</i> <i>Target: 35 percent in 2015</i></p>	<p>1.6.1. Partially achieved. 17.2 million people in rural areas had achieved access to clean and safe water by June 2015. <i>Source: Water Sector Status Report 2015.</i></p> <p>1.6.2. Not achieved. The share of rural inhabitants with access to improved sanitation was 12% in 2015.</p>	<p>IDA</p> <p>Water Sector Support Project (FY07); Zanzibar Urban Services Project (FY11).</p> <p>Trust Funds</p> <p>Building Climate Resilience in Tanzania’s Water Sector (GFDRR); Quantifying Trade Offs between Water Uses in Tanzania (WPP); New Global Core MDTF (WSP); Smart Water Kiosks in Tanzania (AFRCC); Water Maintenance (DIME); Revising Green Inland Water Transport in Africa (SUSLOG); WASH Poverty Diagnostic (WSP); Water and Sanitation Program; Nile Basin Initiative.</p>	<ul style="list-style-type: none"> • Effective DP coordination requires follow up. Joint Development Partner coordination has been effective as a result of a sector dialogue mechanism which includes annual Joint Sector Reviews and six-monthly Joint Supervision Missions. • Establishment of the President’s Office, Regional Administration and Local Government has galvanized local government responsiveness compared to the past when local governments

CLR Table 2. Summary of CAS Program Self-evaluation

Cluster of outcomes and outcome indicators	Status and evaluation summary	Lending and non-lending activities that contributed to the outcome	Lessons and suggestions for the new CAS
			<p>were slow to respond to line ministries such as the Ministry of Water.</p> <ul style="list-style-type: none"> • Inclusion of local communities early on in a project promotes ownership and ensures project design is relevant to the local context. For example, insufficient inclusion of local communities in the early stages of the Water Sector Support Project led to the selection of inappropriate technology causing access challenges to inaccessible water tables.
CAS Outcome 1.7 Improved access to and management of urban services		PARTIALLY ACHIEVED	
<ul style="list-style-type: none"> • Access 1.7.1. People with access to improved public transport services <i>Baseline: Nil in 2010</i> <i>Target: 543, 721 in 2016</i> • Management 1.7.2. Waste collected and disposed at landfill compared to total waste produced in target areas. <i>Baseline: 28 percent in 2010</i> <i>Target: 58 percent in 2016</i> 	<p>1.7.1. Achieved. 839,998 people had access to improved public transport services by March 2016. <i>Source: Strategic Cities Project (FY10) ISR June 2016.</i></p> <p>1.7.2. Not achieved. Waste collected and disposed at landfill was 0 percent in March 2016 due to delays in planning and system development activities. Work commenced in September 2016 which is outside the scope of the CAS. <i>Source: Strategic Cities Project (FY10) ISR June 2016.</i></p>	<p>IDA Tanzania Strategic Cities Project FY10); Zanzibar Urban Services Project (FY11); Urban Local Government Strengthening Program (FY13); Dar es Salaam Metropolitan Development Project (FY15).</p> <p>Trust Funds Dar es Salaam City Water and Sewerage Services Energy Efficiency (ESMAP); An Integrated Approach to Urban Sustainability Planning (KGGTF); Cycle Mapping for Improved Urban Mobility (ESMAP); Dar es Salaam BRT System Impact Evaluation (DIME);</p>	<p>TSCP was the first project in Tanzania where local governments were allowed to procure, implement and maintain key urban sub-projects directly. Local government capacity, and ownership, as well as community buy-in improved throughout the project period.</p> <p>Bank support is likely to consolidate and reinforce efforts around larger activities related to areas of own source revenue, solid waste management and urban planning.</p>
<p>STRATEGIC CLUSTER 2: PROGRAMS THAT TARGET REDUCTION OF EXTREME POVERTY AND IMPROVEMENTS IN QUALITY AND DELIVERY OF SOCIAL SERVICES MODERATELY SATISFACTORY</p>			
<p>Related country development goals:</p> <ul style="list-style-type: none"> • Ensuring equitable access to quality early childhood development, primary and secondary education for boys and girls • Ensuring expansion of quality technical and vocational education and training, higher education, adult, non-formal and continuing education • Improving survival, health, nutrition and wellbeing, especially for children, women and vulnerable groups • Providing adequate social protection and rights to vulnerable and needy groups • Ensuring systems and structures of governance uphold the rule of law and are democratic, effective, accountable, predictable, transparent, inclusive, and corruption-free at all levels 			
CAS outcome: 2.1. Improved access to and quality of education		ACHIEVED	
<ul style="list-style-type: none"> • Access 	<p>2.1.1. Achieved. In 2016, enrolment for boys and girls was 51,353 and 89,865</p>	<p>IDA</p>	<ul style="list-style-type: none"> • It is important for Bank teams to work closely with Government policy makers

CLR Table 2. Summary of CAS Program Self-evaluation

Cluster of outcomes and outcome indicators	Status and evaluation summary	Lending and non-lending activities that contributed to the outcome	Lessons and suggestions for the new CAS
<p>2.1.1. Students enrolled in secondary school in Zanzibar (Zanzibar Basic Education) Baseline: boys 37,723; girls 42,285 in 2010 Target: boys 48,250; girls 49,300 in 2013</p> <p>• Quality</p> <p>2.1.2. Completion rates at the O level (lower secondary education) <i>Baseline: 22 percent in 2011</i> <i>Target: 39 percent in 2015</i></p> <p>2.1.3. Number of primary schools conducting Student Teacher Enrichment Program STEP) Baseline: 0 (2013) Target: 5,000 (2018)</p>	<p>respectively, totaling 110,230 among secondary school students</p> <p>2.1.2. Achieved. The completion rate in May 2016 was 33.6 percent, however Government asked for a revision of end targets to 30% to better align with Form II Examination Pass Mark Policy. <i>Source: Secondary Education Development Project ISR (June 2016)</i></p> <p>2.1.3. Achieved. The number of primary schools conducting STEP was 10,447 in June 2016. <i>Source: Big Results Now in Education Program/Education Program for Results Mid-term-Review (FY15) November 2016.</i></p>	<p>Zanzibar Basic Education Improvement Project (FY07); Science and Technology Higher Education Project (FY08); Productive Social Safety Net (FY09); Secondary Education Development Program II (FY10); Productive Social Safety Net Project; Education Program for Results (EPforR) (FY15); Productive Social Safety Net Additional Financing (FY16)</p> <p>IFC AMSME; Health and Education Risk-Sharing Facility.</p> <p>Trust Funds: Tanzania Basic Education Impact Evaluation (SIEF); Tanzania Basic Education Teacher Incentive Impact Evaluation (SIEF); Evaluating the Impact of Teacher vs Student Incentives (SRP); Education and Skills for Productive Jobs (MESF); Improving Early Grade Learning through COD (REACH).</p> <p>Knowledge: Education Sector Review</p>	<p>to avoid unexpected policy changes that impact implementation. The Bank's initial targets for enrolment were rendered unfit for purpose as a result of a change in Government policy (a decision not to abolish an exam requirement in lower grades). As a result enrolment rates at secondary levels were lower than expected. This change in policy came as a surprise to the Bank team which suggests that the working relationship between Government and the Bank team was not as close as it might have been.</p>
<p>CAS outcome: 2.2 Improved access to and quality of health care services</p>		<p>MOSTLY ACHIEVED</p>	
<p>2.2.1. Proportion of births taking place at health facilities as a proxy of births attended by skilled health workers. <i>Baseline: 51 percent in 2008</i> <i>Target: 67 percent in 2015.</i></p>	<p>2.2.1. Mostly achieved. 63 percent of births took place in health facilities by March 2016 (up from 44 percent in 2015). <i>Source: Strengthening Primary Health Care for Results (FY15) ISR (March 2016).</i></p>	<p>IDA Basic Health Services Project (FY12); Strengthening Primary Health Care for Results (FY15); East Africa Public Health Laboratory Networking Facility FY10</p> <p>IFC Health and Education Risk-Sharing Facility</p> <p>Trust Funds Tanzania Health Results Innovation Trust Fund Concept Note (GFF); Health Systems Impact Evaluation (SIEF); Handwashing and Sanitation Impact Evaluation (DIME); Albinism Advocacy and Social Development (JSDF); Health USAID (FS-HNP); Tanzania Health GFF (GFF);</p> <p>Knowledge: Health Financing Policy Note; JSDF Rural Fortification Grant.</p>	

CLR Table 2. Summary of CAS Program Self-evaluation

Cluster of outcomes and outcome indicators	Status and evaluation summary	Lending and non-lending activities that contributed to the outcome	Lessons and suggestions for the new CAS
		<p>Pipeline Non-Lending Health Policy Dialogue; Service Delivery Indicators.</p>	
CAS outcome 2.3: Improved access to safety nets		MOSTLY ACHIEVED	
<p>2.3.1. Beneficiaries of conditional cash transfers. Baseline: 6000 in 2010 Target: 4.2 million in 2015. 2.3.2. Beneficiaries of public works programs (TASAF II and III) Baseline: 217,315 (of which men: 114,124; and women: 103,191) in 2010 Target: 350,000 (of which men: 175,000; and women: 175,000) in 2015.</p>	<p>2.3.1. Achieved. Beneficiaries numbered 5.2 million people in March 2016. 2.3.2. Partially achieved. Approximately 55,000 beneficiaries by August 2015 (start delayed to late 2014) due to delays in rolling out the Public Works Program which commenced in September 2016. <i>Source: Tanzania Productive Social Safety Net Project FY12 Project Paper May 2016.</i></p>	<p>IDA Second Social Action Fund (FY05); Productive Social Safety Net Project (FY12); Resilience and Social Cohesion of Border Communities (FY16). Trust Funds Lets Work Tanzania (JOBS)</p>	<ul style="list-style-type: none"> Reaching large numbers by providing access to social safety nets can attract high level political support. High level support (through PORALG) has in turn resulted in a strong, dedicated management unit; effective joint donor coordination including a joint planning process.
CAS Outcome 2.4. Improved efficiency and transparency of public management		PARTIALLY ACHIEVED	
<ul style="list-style-type: none"> Efficiency 2.4.1. Share of MDAs use performance management system (PMS) to enhance service delivery. Baseline: 62 percent in 2010 Target: 85 percent in 2016. 2.4.2. Share of development projects that are selected using the Project Investment Manual. <i>Baseline: 0 percent in 2014. Target: 40 percent in 2016.</i> Transparency 2.4.3. Full and timely implementation of census and surveys specified in the Inter-censal Survey Calendar 2012-2022. 2.4.4. Increased public access to budget documents and transparency. Baseline: 47 percent in 2012 (OBI) Target: 60 percent in 2016. 	<p>2.4.1. Not achieved. A third APL was expected to follow the Performance Results and Accountability Project (FY08) but did not proceed. <i>Source: Performance Results and Accountability Project ICR (FY13).</i> 2.4.2. Not achieved. This target was not monitored as part of the Open Government and Public Finance Management DPO (FY15). 2.4.3. Mostly achieved. 2.4.4. Not achieved. According to the latest Open Budget Index (2015) the GoT provides the public with 'limited information'. It has a score of 46/100.</p>	<p>IDA Performance Results and Accountability Project (FY08); Development of a National Statistical Capacity Building Project for Tanzania (FY11); Sustainable Management of Mineral Resources Project (FY09); Regional Communication Infrastructure Program (FY09); Open Government and Public Finance Management Development Credit (FY15). Trust Funds Open Data Policy and Legal Framework (ICT4D); Open Data Supply (ICT4D); Strengthening Financial Performance of Tanzanian Municipalities (PPIAF); Tanzania Open Data Demand (ICT4D); Revenue Collection Impact Evaluation (DIME). Knowledge: PEFAR Capacity Building Pipeline Non-Lending PER: Impact of Public Spending.</p>	<ul style="list-style-type: none"> Setting appropriate targets for the publication of government research and reports requires skills that may not be available in Government.

CLR Table 3. Tanzania Planned and Delivered Operations FY12-FY16 CAS (\$ millions)

CAS PLANS (09/05/2011)			DELIVERY STATUS	
FY	Project	US\$ (m)		US\$ (M)
2012	PRSC9	75	Actual	100
	Pension Financing Reform DPO1	150	Now First Pension Reform Policy Credit (P152529); Delayed - verification issues.	
	Southern Agricultural Growth Corridor	60	Delivered in FY16; delivery delayed due to safeguards issues	
	Transport Sector Support Project (FY11 Standby(AF)	60	Delivered in FY11; P055120; \$59m.	
	Central Transport Corridor II – Additional Financing	30	Rescheduled to 2013 – Delivered (\$100)	
	Social Action fund III	220	Actual (renamed Productive Social Safety Net)	220
	Basic Health Services Project (FY12)	100	Delivered	100
	Emergency Railroads Rehabilitation	150	Delivered in FY14 (renamed Intermodal & Rail Development project P127241; \$300m).	
	Natural Gas TA	15	Now a FY18 delivery; TZ Guarantees for Power Sector Gas Supply Expansion (P148514); \$100m	
	Rusumo Falls Hydro – IDA and/or PRG [regional]	27	Delivered in FY14 - current active regional project, P075941 approved on 08/06/2013; \$113.3	
Regional Lake Conservation and Development	15	Dropped		
	<i>Subtotal:</i>	902		420
2013	PRSC10	75	Actual	75
	Water Sector	250	AF project delivered in FY14; \$44.9; new project in pipeline, Water Sector Dev. Proj II (P150361) for \$225m	
	Dar es Salaam Metropolitan Development Project (1 st phase)	75	Delivered in FY15; P123134; \$300m	
	Local Government II	190	Actual (renamed Urban Local Government Strengthening Program)	255
	Agricultural Sector Development Strategy II (ASDP II)	280	This is now CFAST in the FY17 pipeline (P161764); amount \$100m.	
	Singida Wind – PRG	25	Now a FY18 delivery; P126432- Singida Wind power guarantee; \$100m	
	SA Trade and Transport (N-S Corridor) [regional]	35	Actual (SA Trade and transport Facilitation Project) [regional]	210
			<i>Rescheduled/initially unplanned actuals:</i>	
			Second Central Transport Corridor Additional Financing (rescheduled from FY12)	100
			Accelerated Food Security Project	25
		Third Agriculture Support Development Project	30	
		First Power and Gas Sector DPO	100	
		Energy Sector Capacity Building	21.5	
	<i>Subtotal:</i>	930		816.5
2014	PRSC11	75	Actual	85
	Higher Education	120	Delivered in FY15 (BRN in Education); \$122m	
	Secondary Education APL2	150	Now an AF17 delivery; Education PforR; \$100m	
	Ruhudji Hydro – (including \$25 million PRG)	125	Actual (Regional Rusumo Falls Hydroelectric Project)	113.3
			<i>Rescheduled/initially unplanned actuals:</i>	
		Private Sector Competitiveness Additional Financing	60.2	

CAS PLANS (09/05/2011)			DELIVERY STATUS	
			Second Power and Gas Sector DPO	100
			Intermodal Rail Development	300
			Water Sector Development Project Additional Financing	44.9
			Strategic Cities Additional Financing	50
	<i>Subtotal</i>	470		753.4
PERFORMANCE AND LEARNING REPORT PLANS (from June 3, 2014)				
2015	Urbanization in Dar es Salaam and Zanzibar	350	Actual (Dar es Salaam Metropolitan Development Project)	300
	Open Government and Public Finance	100	Actual (Open Government and Public Financial Management)	100
	Quality of Basic Education	120	Actual (Big Results Now in Education)	122
	Technical/Vocational and higher Education	135	Actual (Science and Technology for Higher Education)	15
			<i>Rescheduled/initially unplanned actuals:</i>	
			Housing Finance	60
			SWIOfish (Regional)	31
			Lake Victoria (regional)	10
			Sustainable management of mineral resources	45
			Strengthening Primary Health Care for Results	200
	<i>Subtotal</i>	655		883
2016	Business environment and competitiveness for jobs	50	Actual	80
			<i>Rescheduled/initially unplanned actuals:</i>	
			Southern Agricultural Growth Corridor of Tanzania Investment	70
			EA Public Health Laboratory Networking Project	15
			Citizen Centric Judicial Modernization and Justice Service Delivery	65
			East and Southern African Centres of Excellence (Regional)	24
			Zanzibar Urban Services project	55
			Tanzania Improving Student Prospects Project	35
			TZ Productive Social Safety Nets project	200
			TZ Education and Skills for productive jobs (ESPJ)	120
			TZ- Rural Electrification Expansion program	200
	<i>Subtotal</i>	50		864
	Subtotal FY 2012-2016	3007		3736.86

CLR Table 4. Tanzania Planned and Delivered ASA FY12-FY16 CAS (\$ millions)

FY	CAS Plans	Actual deliveries
2012	<p><u>ESW:</u> Public Expenditure Review ("The Impact of Public Spending") Education Sector Review ("How can Education Outcomes be Improved ?") Water Sector Review ("Why has the Water MDG not been met?") Economic Policy Notes</p> <p><u>TA:</u> Basket Funds LGDG Integration Governance and Anti-Corruption Telecom Backbone and Rural ICT Information and Communication Technology</p>	<p><u>ESW:</u> Tanzania Policy Notes Tanzania Public Expenditure and Financial Review</p>
2013	<p><u>ESW:</u> Economics of Protected Areas ("How to Reconcile Global Biodiversity with National Interests?") Country Economic Memorandum ("The Transition from Aid")* National Climate Change Strategy and Action Plan</p> <p><u>TA:</u> Governance and Anti-Corruption Information and Communication Technology</p>	<p><u>ESW:</u> Economic Note Political economy study of the port of Dar es Salaam</p>
2014	<p><u>ESW:</u> Petroleum Revenue Management: ("The Economic and Fiscal Implications of Hydrocarbon Income")** Economic Policy Notes</p> <p><u>TA</u> Governance and Anti-Corruption Information and Communication Technology</p>	<p><u>ESW</u> Tanzania Country Economic Memorandum Public Expenditure /Public Financial Management Consumer Protection and Financial Literacy Economic Note Tanzania PER Tanzania Gas Economic Policy Note</p> <p><u>TA</u> Tanzania - Extractive Industries Transparency Initiative Tanzania Education Reform Compact</p>
2015	<p><u>ESW</u> Poverty Assessment Gas Economic Policy Notes Economic Geography of Tourism Led Growth</p> <p><u>TA</u> PFM and Procurement Reform Power Sector Reform</p>	<p><u>ESW</u> Building Blocks= National CC Strategy Hydropower Sustainability Assessment Tanzania Poverty Assessment: The Challenge of Addressing Poverty Economic Update Tanzania Second DeMPA</p> <p><u>TA</u> Tanzania # 10065 Development of Supervisory Framework for Financial Inclusion Tanzania-Legal, Regulatory and Supervisory Tanzania EITI CSO Support Tanzania: Legal and Regulatory Framework for Mergers and Acquisitions Enabling Rural Sanitation Supply and Demand in Tanzania</p>

		Enabling Sanitation and Hygiene Performance Review Tanzania Gas Sector Policy Serengeti Geospatial Support System Tanzania Pension Reform Policy dialogue on gas sector
2016	<u>ESW</u> Policy Notes for New Government (Programmatic) Urbanization Review Public Expenditure Review (Programmatic) Systematic Country Diagnostic Economic Update Series (Programmatic) Assessment of Vulnerable and Marginalized Groups <u>TA</u> Commodity Exchange EITI Implementation Support ICT for Transformation	<u>ESW</u> Options for Contribution of Serengeti Region to Sustainable Development Tanzania EGR Tanzania PER 2014 ESW Tanzania PER 2014 Policy Notes for New Government Tanzania Poverty Assessment Follow-up Economic Update <u>TA</u> PPP activities StAR - Tanzania Country Engagement Tanzania PER 2014 TA Systems Based Approach for the PSSN Sustainable Rural Water Supply Strengthen Health Financing Systems for Universal Health Coverage Strengthening Community Capacity for Disaster Risk Reduction Public Procurement Reform

CLR Table 5. IFC Advisory work in Tanzania approved FY12-FY16 CAS (\$ millions)

Project ID	Project Name	FY of AS Implementation Plan Approval	Project Status	Sum of Total Funds Managed by IFC
577527	Tanzania IC Program	2013	ACTIVE	895,000
599202	AccessBank Tanzania TA	2013	ACTIVE	1,943,280
599285	Biotrade Africa - Support to UEBT	2013	CLOSED	520,318
599512	Tanzania MFS Scheme Rules	2014	ACTIVE	3,781,981
600155	CRDB TANZANIA	2014	ACTIVE	394,532
600192	Tanzania Minigrids (SREP)	2015	ACTIVE	2,000,000
600381	Tanzania Credit Reporting Project - Phase 2	2015	ACTIVE	550,000
600759	Zanzibar Distribution	2015	HOLD	740,357
TOTAL				10,825,468

Annex III. Stakeholder Consultations

Key Messages of Stakeholder Consultations

Subnational government representatives: Regional and local government officials are interested in learning how to better cooperate with the private sector and help it to grow and create jobs – which suggests that there is greater trust between the public and private sectors in the regions than at the national level. Interest in WBG support centered on improving government ability to:

- effectively provide reliable municipal services (water, sanitation, road maintenance, transport, lighting, and disaster risk management) so to create economic growth hubs;
- increase jobs and incomes in the villages by improving linkages between towns and surrounding rural areas, especially for productive activities and market infrastructure;
- develop clusters, such as industrial parks and incubators, and support development of value chains for production and commercialization of products;
- ensure predictability and consistent planning of budget resources for regional plans.

Private sector: entrepreneurs and business chamber representatives: These discussions mainly echoed themes raised by representatives of subnational governments, especially with respect to infrastructure, energy, opportunities for clustering, and the potential benefits of backward linkages. Other important issues raised related to the need to:

- support SME efforts to tap into global value chains through ready access to information (e.g., via better Internet connectivity), streamlining of quality standards and support, and improved pathways for integration of SMEs with large enterprises and investors;
- address high transport costs by improving both linkages to the national network of trunk roads and addressing bottlenecks such as delays at ports and railroad stoppages;
- resolve problems in accessing financing—especially the hurdles faced by women—by, e.g., addressing the very high costs of borrowing and the difficulties of accessing longer-term loans;
- invest in agricultural research and innovation, disseminate information, and support technology adoption;
- revive a robust public-private dialogue and rationalize overlapping and onerous government requirements, e.g., the multiplicity of business-related taxes and taxing agents and complex quality controls.
- improve human capital concentrating on relevant, practical technical and professional skills at secondary and tertiary levels and on-the-job training;
- support incubators to stimulate inclusive business approaches.

Community workshops—general population, women and youth: Common themes were expanding both economic opportunity and public services, including the need to:

- address shortages of water for both consumption and irrigation (wells, rain water harvesting);
- build up education and health services, especially as related to maternity care and deliveries, adolescent marriage and fertility, and early childhood interventions;
- increase income generation through opportunities to acquire vocational skills (especially for youth); better access to markets for agricultural or other products; and improved transport services;
- increase access to finance, especially for women;
- accelerate formal land titling (including for women) because customary titles are insufficient for collateral.

National CSOs, women and youth leaders: Representatives of diverse national and regional CSOs largely echoed the concerns of other groups. They emphasized the need to:

- build up the public-private dialogue on economic growth and reducing barriers to entrepreneurship;
- improve access to finance and support for business initiatives by women and youth;
- increase women's voice and agency in government, business associations, and CSOs;
- provide education and skills training relevant to private sector jobs and entrepreneurial activity.

Annex IV. Selected indicators of World Bank Portfolio Performance and Management

Data as of	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 @ Nov 29
PORTFOLIO AND DISBURSEMENTS								
Active Projects #	22	21	18	20	25	27	25	25
Net Commitments Amt \$m	2,260.38	2,368.33	2,383.84	2,847.92	3,577.26	3,871.93	4,265.55	4,257.67
Total Disbursements \$m	1,085.09	1,256.84	1,173.96	1,512.81	1,908.54	1,784.92	1,322.36	1,433.04
Total Undisbursed Balance \$m	1,250.59	1,128.91	1,194.24	1,338.20	1,515.32	1,951.04	2,747.81	2,675.46
Disbursements in FY \$m	310.17	351.14	326.97	484.73	531.46	331.60	338.52	236.21
Disbursement Ratio for IPF only %	23.8	29.8	29.9	30.6	36.3	15.4	19.2	4.9
PORTFOLIO RISKINESS								
Actual Problem Project #	5	4	3	2	4	7	6	4
Problem Project %	22.7	19.0	16.7	10.0	16.0	25.9	24.0	16.0
Projects At Risk #	5	6	3	2	4	7	6	4
Projects At Risk %	22.7	28.6	16.7	10.0	16.0	25.9	24.0	16.0
Commitments At Risk \$m	565.00	731.38	254.38	314.38	591.70	1,019.60	1,083.08	625.20
Commitments at Risk %	25.0	30.9	10.7	11.0	16.5	26.3	25.4	14.2
Proactivity %	0	100.0	75.0	66.7	50.0	75.0	71.4	60.00
IEG RATINGS (FY09 - FY14)								
# of Exits	5	5	4	2				
No. of Projects Evaluated by IEG	5	5	4	2				
IEG MS+ Outcome Sat %	60.0	80.0	50.0	50.0				
ICR Quality Sat %	100.0	75.0	75.0	100.0				
Net Disconnect %	0.0	0.0	0.0	0.0	0.0	0.0		
Bank Perf. MS+ @ Entry (%)	80.0	80.0	25.0	50.0				
Bank Perf. MS+ @ SPN (%)	60.0	100.0	50.0	100.0				
M&E Quality %	40.0	40.0	25.0	0.0				
Borrower Overall Performance % Sat	60.0	60.0	75.0	50.0				

Annex V. IDA Operations Portfolio

Proj ID	Project Name	Date, Board App *	Rev Closing	Proj Age in Yrs	Net Comm Amt (\$m)	Tot Disb (\$m)	Tot Undisb Bal (\$m)	% Disb
Education								
P147486	TZ-Education Program for Results	07/10/2014	01/31/2020	3.3	202.00	63.36	131.15	31.4%
P152810	TZ-Educat'n & Skills for Productive Jobs	06/16/2016	06/30/2021	1.4	120.00	30.36	91.13	25.3%
P153277	TZ-Zanzibar Improving Student Prospects	06/13/2016	07/31/2021	1.4	35.00	4.09	30.09	11.7%
P162470	Education Program for Results AF	05/23/2017		0.5	80.00	0.00	0.00	0.0%
Energy								
P126875	TZ-Energy Sector Capacity Building Prj	03/26/2013	12/31/2018	4.6	21.46	12.89	7.14	60.1%
P153781	TZ-Rural Electrificatn Expansn Progr-SUF	06/21/2016	07/31/2022	1.4	200.00	49.55	148.64	24.8%
P096302	TZ-Sustainable Mgt of Min.Resources TAL	06/09/2009	12/31/2018	8.4	94.13	62.75	33.19	66.7%
Environment & Natural Resources								
P126361	TZ-Kihansi Catchment Conservation	09/26/2013	12/31/2019	4.1	5.98	4.03	1.95	67.4%
P150523	TZ-Natural Resource Management for Tourism and Growth (REGROW)	09/28/2017	09/28/2023	0.1	150.00	0.00	150.00	0.0%
Agriculture								
P125728	TZ-SAGCOT Investment Project	03/10/2016	10/31/2021	1.7	70.00	7.85	63.69	11.2%
P144497	TZ-Expanding Rice Production	03/12/2015	04/30/2020	2.7	22.90	4.87	18.03	21.3%
Finance & Markets								
P117242	TZ-Housing Finance	03/09/2010	03/31/2018	7.7	100.00	63.91	32.71	63.9%
Governance								
P155759	TZ- Judicial Modernization Project	04/06/2016	06/30/2021	1.6	65.00	32.29	34.55	49.7%
Health & Nutrition								
P152736	TZ-Strengthening PHC for Results (FY15)	05/28/2015	06/30/2020	2.5	200.00	95.13	104.53	47.6%
Poverty & Equity								
P107722	TZ- NEAS STATCAP	03/24/2011	06/30/2018	6.6	30.00	24.88	2.98	82.9%
Social Protection								
P124045	TZ-Productive Social Safety Net	03/29/2012	12/31/2019	5.6	420.00	324.83	78.03	77.3%
Social, Urban, Rural and Resilience								
P111153	TZ-Strategic Cities Project	05/27/2010	05/26/2020	7.5	343.00	207.59	133.01	60.5%
P111155	TZ-Zanzibar Urban Services Project	02/24/2011	06/30/2019	6.7	93.00	42.88	47.52	46.1%
P118152	TZ-Urban Local Govt Strengthening (ULGSP)	10/23/2012	12/31/2018	5.1	255.00	146.64	89.15	57.5%
P123134	TZ-Dar es Salaam Metropolitan Project	03/02/2015	12/31/2020	2.7	300.00	29.07	262.70	9.7%
Trade & Competitiveness								
P085009	TZ-Private Sector/MSME Competitiveness	12/15/2005	07/31/2018	11.9	155.20	146.28	9.98	94.3%
Transport								
P127241	TZ-Intermodal & Rail Development Project	04/24/2014	07/31/2019	3.6	300.00	27.75	248.19	9.3%
P150496	Dar es Salaam Maritime Gateway Project	06/30/2017	06/30/2024	0.4	345.00	0.00	345.00	0.0%
P150937	TZ-DSM Urban Transprt Improvmt Proj-SUF	03/08/2017	12/31/2023	0.7	425.00	17.63	422.04	4.1%
Water								
P150361	Second-TZ-Water Sector Suport Project	01/23/2017	06/30/2022	0.8	225.00	0.00	225.96	0.0%
Tanzania Total		25			4,257.67	1,398.64	2,709.40	32.8%

Project	Project	Approval Date	Closing Date	Approved Amount (USD Eq)	Undisbursed Balance (USD Eq)	Disbursed Outstanding Balance (USD Eq)	Percent Disburs
P100406	AFCC2/RI-Lake Victoria Environmental Management Project Phase II	26-May-15	31-Dec-17	10,000,000.00	7,248.89	10,237,206.11	99.93%
P100406	AFCC2/RI-Lake Victoria Environmental Management Project Phase II	3-Mar-09	31-Dec-17	32,500,000.00	38,368.73	29,010,976.27	99.87%
P111432	AFCC2/RI-RCIP3 - Regional Communications Infrastructure Program - Phase 3	25-Jun-09	31-Dec-17	100,000,000.00	22,887,423.13	71,137,026.87	75.66%
P120370	Southern Africa Trade and Transport Facilitation Project	21-May-13	31-Dec-18	210,000,000.00	83,714,467.75	110,930,177.25	56.99%
P111556	AFCC2/RI-East Africa Public Health Laboratory Networking Project	7-Jul-15	30-Mar-20	15,000,000.00	9,626,132.70	5,389,712.30	35.89%
P075941	AFCC2/RI-Regional Rusumo Falls Hydroelectric Project	6-Aug-13	31-Dec-20	113,300,000.00	89,907,180.97	15,905,409.03	15.03%
P132123	AFCC2/RI-South West Indian Ocean Fisheries Governance and Shared Growth Project 1	27-Feb-15	30-Sep-21	31,000,000.00	22,104,110.26	7,927,579.74	26.40%
P151847	Eastern and Southern Africa Higher Education Centers of Excellence	26-May-16	31-Dec-22	24,000,000.00	19,506,565.00	4,490,720.00	18.71%
				535,800,000.00	247,791,497.43	255,028,807.57	

Annex VI. Trust Funds Portfolio in Tanzania

1. IDA financing for Tanzania is complemented by a Trust Funds Portfolio with total grant value of US\$101.26 million. This support, which is aligned with the country's Development Plan, is allocated 38 percent to Agriculture, 25 percent to Health, Nutrition and Population, 11 percent to Energy and Extractives, and 6 percent each to Environment and Natural Resources and Transport and ICT. Of the Trust funding, 80 percent representing nine large trust funds is executed by recipients and 20 percent by the WBG. About 70 percent is drawn from multidonor trust funds managed by the World Bank. Some recipient-executed trust funds co-finance borrower-led programs, such as TREEP, ASDP, ESCBP and the Primary Health PforR. The Tanzania TF portfolio also contains some stand-alone TFs such as the Household Budget Survey. While the World Bank manages about 70 percent of the portfolio, the other 30 percent is managed by special coordination units of government agencies and other DPs. Apart from WBG and the Borrower, among other financiers of the TF portfolio are CIDA, IFAD, USAID, Carbon Fund, CIF, and GEF, among others.

Tanzania: Trust Funds as of June 30, 2017

Fund	VPU & Global Practice	Active Funds	Grant Approved (%)	Grant Approved Amt. (\$)	Allocation (\$)	Curr. FY Disbursements (\$)	Total Disbursements (\$)	PO Commitments (\$)	Fund Balance (\$)	Available Balance (\$)
AFRVP	Office of the Regional Vice Presid	1	0.02%	24,004	24,004	-	24,003	-	1	1
DECVP	Office of Sr. Vice President Devel	8	1.30%	1,312,396	1,237,396	368,884	679,098	-	558,298	558,298
GCCSD	GCC - Senior Director	2	5.40%	5,473,123	5,282,018	150,389	284,192	-	4,251,536	4,251,536
GCPDR	PPP - CCSA - IBRD	1	0.52%	528,750	528,750	274,608	355,140	-	173,610	173,610
GEDDR	Education - GP	3	0.45%	455,097	455,097	387,300	453,388	-	1,709	1,709
GEEDR	Energy & Extractives - GP	7	10.52%	10,650,873	10,539,743	673,761	2,355,829	2,285,330	8,183,914	5,898,583
GENDR	Envir & Nat. Res. - GP	5	6.44%	6,525,397	5,243,431	1,034,093	3,560,774	10	1,683,468	1,683,458
GFADR	Agriculture - GP	4	37.76%	38,240,000	25,840,000	3,693,983	17,418,367	-	8,421,633	8,421,633
GHNDR	Health, Nutr & Population - GP	5	24.70%	25,010,016	21,435,016	3,748,501	3,748,501	-	17,686,515	17,686,515
GPVDR	Poverty - GP	3	2.41%	2,435,779	2,435,779	81,915	100,509	-	2,335,270	2,335,270
GSJDR	SPL and JOBs - GP	2	1.29%	1,309,366	1,309,366	542,188	908,386	4,000	400,980	396,980
GSURR	Urban, Rural & Soc Dev - GP	3	1.16%	1,170,388	1,151,975	164,740	699,044	-	490,972	490,972
GTCDR	Trade & Compet - GP - IBRD	5	1.47%	1,492,950	929,950	471,449	854,052	14,840	75,898	61,058
GTIDR	Transport & ICT - GP	8	5.54%	5,604,862	5,602,297	1,569,974	3,940,260	654,825	1,674,569	1,019,744
GWADR	Water - GP	6	1.02%	1,028,819	1,028,819	218,616	218,616	-	810,203	810,203
		63	100.00%	101,261,820	83,043,641	13,380,400	35,600,159	2,959,006	46,748,576	43,789,570

2. The portfolio contains 63 active trust funds. Of the total grant value of US\$101.26 million, about US\$35.6 million was committed by the end of FY1.

Annex VII. IFC Statement of Held Investments

IFC Advisory Program

Project ID	Project Name	Primary Business Line	Total Funds (US\$m)
599202	AccessBank Tanzania TA	Financial Institutions Group	1.94
599512	Tanzania MFS Scheme Rules	Financial Institutions Group	3.46
600192	Tanzania Minigrids (SREP)	Cross-Cutting Advisory solutions	4.90
600381	Tanzania Credit Reporting Project - Phase 2	Finance and Markets	0.65
600415	Lighting Africa Tanzania	Cross-Cutting Advisory solutions	4.04
601290	Tanzania Livestock MIRA	Trade and Competitiveness	2.10
601448	WFP Tanzania	Manufacturing, Agribusiness, Services	0.54
601837	Tanzania ICAS11 Economy Competitiveness	Trade and Competitiveness	1.95
602050	Bank M Tanzania	Financial Institutions Group	0.10
602082	TZ ICAS 2 Industry Competitiveness	Trade and Competitiveness	3.58
602105	Aikba DFS MCF	Financial Institutions Group	0.83
602161	Tanzania Tax Business Environment	Governance	0.65
Total			24.74

IFC Committed and Outstanding

Client	Product Type	Industry Group Sector	Committed (US\$m)	Outstanding US\$m)
AccessTanzania	Equity	Financial Markets	2.9	2.9
Aldwych	Debt	Infrastructure	2.4	0.0
BOA - Tanzania	Debt	Financial Markets	0.9	0.9
Braeburn TZ	Debt	Health, Education, Life Sciences	1.1	1.1
CRDB Bank	Debt	Financial Markets	51.4	51.4
CRDB Bank	Equity	Financial Markets	2.7	2.7
CRDB Bank	Guarantee/RM	Financial Markets	0.1	0.1
CRJE Estate Ltd	Debt	Tourism, Retail, Construction & Real Estates (TRP)	21.8	10.0
DTB Tanzania	Debt	Financial Markets	4.5	4.5
ETC Group	Debt	Agribusiness & Forestry	13.3	13.3
Exim Bank	Guarantee/RM	Trade Finance (TF)	0.9	0.9
FINCA Tanzania	Debt	Financial Markets	0.2	0.2
First Housing Finance	Equity	Financial Markets	1.5	1.5
Helio Resource	Equity	Oil, Gas & Mining	0.8	0.8
IFA-Zanzibar	Debt	Tourism, Retail, Construction & Real Estates (TRP)	1.9	1.9
NBC	Equity	Financial Markets	11.0	11.0
PAET	Debt	Oil, Gas & Mining	60.0	60.0
Peak PAM	Debt	Oil, Gas & Mining	1.0	1.0
Peak PAM	Equity	Oil, Gas & Mining	1.4	1.1
Peak Resources	Equity	Oil, Gas & Mining	1.5	1.4
Peninsula Plaza Ltd	Debt	Tourism, Retail, Construction & Real Estates (TRP)	17.5	0.0
Petra Diamonds	Equity	Oil, Gas & Mining	10.5	10.5
WFP PPP CRDB	Guarantee/RM	Agribusiness & Forestry	2.9	0.0
Total			212.1	177.0

Annex VIII. MIGA Current Exposure

Effective Date	Expiration Date	Investor Name (Guarantee Holder)	Investor Country	Business Sector	Project Name	Maximum (\$USD)
10/27/2014	01/26/2023	Overseas Private Investment Corporation	United States	Agribusiness	Silverlands Tanzania Limited	22,636,743
Total Exposure						22,636,743

Annex IX. Gender in the Tanzania CPF

Integration of Gender in the Active Portfolio and the Pipeline

1. The WBG's FY18-FY22 CPF for Tanzania addresses five types of gender barriers to poverty reduction and shared prosperity that were identified in the recent SCD: constraints on (i) women's entrepreneurship; (ii) women's participation in formal wage employment; (iii) women's agricultural productivity; (iv) women's access to quality maternal health care; and (v) high fertility rates and population growth. The CPF also addresses gender gaps in education.

2. As highlighted in the SCD, one of the major problems for women entrepreneurs is that they have less access to finance than men. Through the Tanzania Financial Inclusion Project, the portfolio plans to promote women's access to finance, exploring the possibilities of a separate window for women in the line of credit component; higher minimum maturities and maximum risk-sharing percentages for loans; support to women for preparing business plans and loan applications; and supporting financial institutions with experience targeting women to develop innovative products for women, such as the psychometric testing being pioneered as an alternative to collateral in the Ethiopia Women Entrepreneurship Development Project (WEDP). The project is also considering a variety of innovative mechanisms to promote women's financial literacy, such as integrating key messages in soap operas, an option that was successful in South Africa. CPF support for a redress mechanism to protect financial consumers would particularly benefit women because being less financially literate makes them more vulnerable. Finally, the CPF will sponsor a business plan competition for women entrepreneurs that will provide training and funding to winning applicants. Progress on the following targets, all disaggregated by gender and Mainland/Zanzibar, is being monitored:

- Number of MSME beneficiaries financed by private financial institutions under the project (cumulative);
- Volume of World Bank support for sub-loans to MSMEs using innovative lending approaches developed under the project;
- Percentage of adults (aged 15+ years) who report having a transaction account, including mobile money accounts at a bank or other type of financial institution;
- Percentage of adults (aged 15+) who report personally using a transaction account, including mobile money accounts, in the past 12 months;
- Number of MSMEs reached with the financial services of the credit facility.

3. The SCD recognizes that a severe knowledge gap relates to issues surrounding women's participation in and remuneration from wage work. The Let's Work program will build the knowledge base on women's wage employment by carrying out a gender-informed value chain mapping of jobs, identifying specific barriers to women's participation in different value chains, and pointing out potential for creating of more, better, and inclusive jobs for women. In terms of operations, the Tanzania Education and Skills for Productive Jobs Program will support women's participation in vocational training by providing financial incentives for training providers to take gender aspects into account in their programming. The project is expecting to help 25,500 trainees (45 percent of whom will be women) to complete alternative, TVET, and university programs in key economic sectors. Finally, the ZUSP is emphasizing technical training and employment opportunities for women in project-related opportunities. For example, terms of reference for contractors will include provisions to encourage companies to hire women as laborers and supervisors in small-scale community works. Progress on the following targets is being monitored:

- Number of trainees completing alternative, TVET, and university training programs in key economic sectors supported by the SDF or TVS and percentage that are female. Target: 25,500 trainees, 45 percent women);
- Number of women employed in civil service under the ZUSP AF [this is not being monitored as a project result, but the team will be collecting the data].

4. In addition to activities that directly promote women’s entrepreneurship and wage work, CPF projects will support gender-sensitive urban infrastructure that addresses women’s personal safety, which should give them more freedom to participate in income-generating opportunities. The ZUSP investments in urban upgrading and activities for improving greenspaces and market areas will be screened for gender benefits, such as street lights, that promote women’s personal safety and promote equal access to new market facilities. In the Dar es Salaam Urban Transport Improvement Project, support to gender-sensitive design of urban transport and design of a system for mapping gender harassment on public transport will address women’s time and safety constraints on accessing employment. Progress on the following targets is being monitored:

- Beneficiaries who feel that project investments reflected their needs, disaggregated by sex;
- Satisfactory rating of the BRT System by women users – expected to increase from 10 to 80 percent;
- System for mapping gender harassment in public transport set up for the BRT system (Yes/No);
- Road safety assessment (including audits) carried out on the BRT corridor with focus on vulnerable road users (Yes/No).

5. Gender gap constraints in agriculture highlighted in the Tanzania SCD include less access of women to land, agricultural technologies, improved seeds, and fertilizer. The Southern Agricultural Growth Corridor of the Tanzania Investment Project is targeting adoption of improved agricultural technologies by 375,000 farmers, over 140,000 of them (38 percent) women. The project plans to use Vulnerable Groups Planning to ensure women’s inclusion, and the selection of matching grant sub-projects will have a criterion separate accounting for impact on women, in terms of increasing the numbers of smallholders that start operating as commercial farmers. The matching grants are expected to address market failures in service provision to smallholders by allowing them to connect to modern agriculture value chains, which will enable them to obtain modern technologies, access new markets, and learn by doing. Progress on the following targets is being monitored:

- 140,000 women farmers having adopted an improved agricultural technology;
- Percentage of smallholder farmers adopting a new marketing practice. Target: 75 percent, of whom 38 percent are women.

6. With regard to maternal health, the SCD identifies cost and distance to health facilities and a lack of human resources in rural areas as critical constraints. The Strengthening PHC for Results Project is addressing women’s access to quality maternal health care with a results-based financing approach. This PforR is supporting the government’s PHC program and so far, 1,526 facilities in five of the nine regions planned (Mwanza, Shinyanga, Pwani, Tabora, and Simiyu). One results area targeted is human resources in underserved areas, with an emphasis on increasing the supply of skilled workers on nine regions with critical shortages of skilled staff. The project is also incentivizing and monitoring improvements in quality related to institutional deliveries and antenatal care (ANC). Finally, one performance criterion for disbursement of funds is the percentage of women of reproductive age using modern methods; the target is an increase from 37 to 42 percent. This is especially important given the high fertility rate and how, as the SCD pointed out, it dampens per capita growth. Progress on the following targets is being monitored:

- Pregnant women making at least 4 ANC visits. Target: Increase from 41.2 to 60 percent;
- ANC attendees receiving at least 2 doses of intermittent preventive treatment (IPT2) for malaria. Target: rise from 42.5 to 60 percent already achieved;
- Institutional deliveries Target: Increase from 44.7 to 60 percent already surpassed to current rate of 65 percent.

7. Addressing gender gaps in education is especially important, given the SCD finding, that households whose head only has primary education are significantly more likely to be poor than those whose head has secondary education or more. The Education PforR AF is using disbursement-linked results to reward LGAs in regions with the highest improvement in girls' transition from primary to secondary. The idea is to incentivize investments that promote girls' secondary enrollment, such as hiring female teachers. With regard to learning outcomes, AF is revising the School Improvement Grants formula to give equal weight to male and female scores in primary and secondary examinations.

8. In addition to providing incentives to schools to educate girls, the education portfolio also includes incentives for parents. The PSSN Project is using conditional cash transfers to encourage investment in the education of their children. Evidence from similar programs has shown disproportionate impacts on girls' school attendance (e.g., Baird et al, 2010). Cash transfers have already reached over 1.1 million households. The recent restructuring and AF has also increased incentives for secondary education of children to reflect the higher opportunity costs of enrollment. Beyond education, the PSSN also benefits women disproportionately because while nationally less than a third of households are headed by women, 54 percent of PSSN households are. This reflects the higher poverty levels of female-headed households and the success of PSSN targeting: so far, 80 percent of PSSN beneficiaries are from the poorest 40 percent of the population. Finally, the project has commissioned a study to determine how well it has mainstreamed gender and provide recommendations to better integrate gender. Progress on the following targets is being monitored:

- Secondary school female dropout rate reduced;
- Percentage of regions achieving year-on-year increase in girls' transition from primary Standard 7 to secondary Form I;
- Average pass rate on CSEE in sciences, English, and mathematics, disaggregated by subject and gender. Target: Increase pass rates in sciences from 58.8 to 82.7 percent, in English from 14.3 to 20 percent, and in math from 45.7 to 71.9 percent;
- Proportion of children in beneficiary households aged 6–18 years enrolled in primary schools with more than 80 percent attending each month;
- Proportion of beneficiary households consuming more food consumption;
- Female beneficiaries of PSSN rising to 60 percent.

Annex X. Technology-driven Innovation and Disruption

Focus Area 1: Enhance productivity and accelerate equitable and sustainable growth	
Objective	Description
Objective 1.1 Strengthen the business environment for job creation, notably in manufacturing, agri-business and tourism.	Digital financial services companies in Tanzania are increasingly able to supply individuals and enterprises with credit and insurance products through ultra-light business models, driven by innovative creditworthiness assessments, and risk mitigation techniques, driven by data analytics and network effects not possible through traditional banks, which demand high rates and collateral.
Objective 1.2 Put credit within reach, improving access to credit, particularly for MSMEs, and women.	Mobile money accounts now exceed 20 million and the value of digital financial transactions is equivalent to nearly 50 percent of total GDP. This has been driven by private sector innovation and investment from an array of digital finance companies that have been moving rapidly from simple money transfers into more advanced credit and insurance products. IFC will be a critical partner in accelerating this revolution by providing capital for these firms to expand.
Objective 1.3 Manage natural resources for resilient economic growth.	Technology can powerfully improve management of Tanzania’s natural resources and provide clean growth pathways that do not depend on resource extraction or environmental degradation. Sensors, big data, and the Internet of things can drive significant efficiency gains “smart” infrastructure and production techniques are deployed, saving massive amounts of water in smart irrigation systems, fertilizer application in farming operations, and energy in industrial operations.
Objective 1.4 Increase access to energy services.	The rise of off-grid solar in recent years has been another Tanzanian and East African success story, building off expanding mobile penetration and adoption of mobile money. As access to grid electricity is slowly expanding, innovative startups have enabled millions of households and SMEs to light homes and shops. Mobile money and remote connectivity to the system allow customers to lease the equipment and pay as they go in small increments over an extended period.
Objective 1.5 Harness urbanization to promote economic growth and job creation.	Incubation hubs in Dar es Salaam and secondary cities can bring talented innovators together to collaboratively develop businesses, products, and services. Mobile technology-enabled ride sharing services such as Uber enhance urban transport options and efficiency while providing flexible self-employment and income for drivers.
Objective 1.6 Enhance transport, energy and digital connectivity for improved services to rural areas.	The combination of universal mobile connectivity, mobile money, and a digital ID will unlock the ability to offer ever more public services virtually from networked rural locations. Connectivity can also unlock opportunities for private sector delivery of education, health, agriculture, and financial services to complement public services provision.
Objective 1.7 Capture Tanzania’s potential as a maritime gateway and regional trade hub.	Tanzania can position itself as an anchor of the regional digital economy. It is home to an array of innovative domestic startups and is benefitting from spillover of investment by tech startups and replication of tech-driven business models from Kenya and globally. However, it is not well integrated into the regional digital market, and its protectionist policies deter development of both domestic and regional telecoms market and tech sectors
Focus Area 2: Boost Human Capital and Social Inclusion – A Lifecycle Approach to Human Development Challenges	
Objective 2.1 Invest in early years.	Tanzania’s youth will grow up in a digital world that can offer opportunities to improve their health and education and prepare them for entering the workforce. Social protection programs can become far more efficient and enable better targeting of families with small children using mobile payments, digital ID, and data analytics. Public health messages and campaigns can be delivered more effectively delivered to specific groups, such as pregnant mothers, using SMS and social media.

	Education outcomes can be dramatically better when teachers and students have access to online content and curriculums. Early exposure to technology and investments in digital literacy and skills will prepare a generation of “digital natives” to flourish in tomorrow’s digital economy and society.
Objective 2.2 Heighten job relevant labor force skills.	Improving the digital skill set of Tanzanians is critical to position them and the country to succeed in the digitally driven knowledge and services-based economy of the future. To achieve the scale and quality of education and vocational training to meet future demands, technology must supplement or replace traditional educational programs. Online universities and certification programs will be necessary to cost-effectively educate and train the population.
Objective 2.3 Improve the quality of health care and education.	Technology can enable public institutions and private service providers to drive significant improvements in health and education outcomes. Basic telemedicine can give patients in rural areas remote access to specialists. Non-governmental organizations are experimenting with mobile apps to train community health workers and to help diagnose common ailments such as malaria, asthma, and pneumonia using a smartphone camera and/or audio paired with artificial intelligence and machine learning.
Objective 2.4 Accelerate the demographic transition.	Broadband access can help drive down rates of teen pregnancy by empowering young women, and men, with information and opportunities. Studies in the developed world link access to the Internet with steep declines in teen pregnancy, probably due to improved knowledge about pregnancy prevention.
Objective 2.5 Promote social inclusion.	Providing access to the Internet for all Tanzanians can help equalize economic opportunity and empower marginalized groups by allowing them to acquire access to information, services, and a bigger voice in society. The Internet can open-up the world’s knowledge to Tanzanians shut out from formal learning opportunities by geography, poverty, gender, or disability
<i>Focus Area 3: Modernize and Improve the Efficiency of Public Institutions</i>	
Objective 3.1 Strengthen public accountability and financial efficiency in delivering services.	Digitizing revenue collection and financial management systems and related institutional management systems (human resources, procurement, etc.) creates an opportunity to improve the efficiency, transparency, and accountability of public finances and reduce the scope for fraud and corruption. The ability to monitor revenue collection down to the local field agent level as part of a new government digital revenue management system has reportedly increased revenue collection significantly.
Objective 3.2 Improve efficiency and competitiveness in public investments.	Reaching Tanzania’s ambitious targets to close the digital divide will require reform of the state-owned telecoms company, and the regulatory and policy regime to unlock opportunities to accelerate private investment in infrastructure and services and increase the competition, quality and affordability of services
Objective 3.3 Better leverage ICT to modernize public sector.	Streamlining, digitizing, and automating government procedures will heighten government productivity and effectiveness. Adopting modern digital communications systems, such as broadband connectivity, email, IP telephony, and videoconferencing, will make coordination and communication cheaper and more efficient, which is particularly important given the Government move to Dodoma. Increasing standardization, production, and availability of data can be leveraged for big data analytics and improved planning and decision making, and can unlock opportunities to build smart infrastructure and smart cities.

Annex XI. Maximizing Finance for Development

1. To operationalize MFD in Tanzania, a sustained and coordinated effort will be made to strengthen policy, regulatory, financial, and market conditions. Tools and resources will be deployed to address the binding constraints to sustainable private sector solutions for development projects. WBG support will pursue the use of efficient, open and transparent processes for engaging capable investors in well-developed, bankable infrastructure projects. Diagnostic analysis will be undertaken building on the WBG’s existing engagement and analytical work. Support will serve the dual purpose of unlocking private solutions while promoting good governance and adherence to high environmental and social standards.

2. Investment projects will also be facilitated. PPPs provide one tool for doing so. PPPs can improve the allocation of risk between the public and private sectors, paving the way for greater investor participation and freeing up public funds for other development purposes. Complementary sovereign financing, such as for viability gap payments, will be explored. Other important tools include the guarantees and credit enhancements that can reduce financial and political risks that would otherwise keep the private sector away.

3. These tools and resources are already available, tried and tested. Their use will be more actively promoted to attract the financing needed to meet Tanzania’s huge need for infrastructure and other public services.

MFD-enabling Projects

Sectors of potential	Transportation, Energy and Extractives, Water/Sanitation/Waste Management, Urban, Environment, Health, Education, Information/Communications, Industry/Trade/Services	
Main analytical and strategic work	Four Diagnostic Studies: Strategic Country Diagnostic complete 8 th - 10 th Tanzania Economic Update (FY16-FY18)	Programmatic Public Expenditure Review (FY17) Country Partnership Framework (FY18-FY22)
Policy dialogue and Projects addressing binding constraints	Five TAs: Energy Sector Capacity Building Project (FY13) PPP Support Program (FY16) Support to Tanzania’s PPP Program Phase II (FY16)	Private Sector Engagement in Water Supply (FY17) Debt Management TA (FY17) One project: Private Sector/MSME Competitiveness (FY06)
Projects crowding in private finance – approved	Eight projects: Strategic Cities Project (FY10) Housing Finance Project (FY10) Zanzibar Urban Services Project (FY11) Rural Electrification Expansion Project for Tanzania (FY16) Dar es Salaam Maritime Gateway Project (FY17)	Dar es Salaam Urban Transport Improvement Project (FY17) Second Tanzania Water Sector Support Project (FY17) Resilient Natural Resource Management for Tourism and Growth Project (FY17)
Projects crowding-in private finance Pipeline FY18 to FY20	Six projects: Growth and Service Delivery DPOs (FY18 and FY19) Sustainable Rural Water Supply and Sanitation Program (FY18) Accelerating Solar Water Pumping via Innovative Financing Project (FY18)	Industrial Transformation for Growth Program (FY19) Tanzania Utility Strengthening Project (FY19) Power Generation and Transmission Project (FY20)
IFC/MIGA engagement	Using advisory services as a first mover, IFC will support replication of the successful solar program in Tanzania and support other renewable energy projects through PPPs. IFC will be exploring engagement with the World Bank in airports and ports with PPP advisory mandates.	

Ongoing Operations

Dar es Salaam Urban Transport Improvement Project (P150937: 2017-2025, US\$425 million) is establishing the Third and Fourth Phases of the Dar es Salaam BRT System. World Bank financing will be used to finance new infrastructure. A private operator is already delivering bus services on an interim basis under Phase 1 of the BRT. The project will also support the preparation of PPPs for three additional bus operators, while strengthening existing interim arrangements. Tenders are to commence in 2018. The project will also design pilot transport orientated development schemes for implementation as PPPs, and support the engagement of the private sector in fare collection and funds management.

Second Tanzania Water Sector Support Project (P150361: 2017-2022, US\$225 million) is strengthening water resources planning and management, and improving access to water supply and sanitation services. The project provides for collaboration with the private sector through a performance-based contract for non-revenue water, and a design, build, and operate contract for a wastewater treatment plant to serve 130,000 people. Tenders for these two PPPs are to commence in 2018. Potential private sector engagement in urban sanitation services in Dar Es Salaam is also being explored.

PPP Support Program (P158059: 2017-2021, US\$27 million). The program is supporting the identification and preparation of PPPs while strengthening the foundations that PPPs are built on. The project aims for financial close of at least eight LGA or other low risk PPPs by 2021, with mobilization of at least US\$20 million in private financing. More than 20 LGA PPPs are already under preparation with complementary strengthening of PPP legislation, the development of PPP tools, capacity building and communication and awareness raising.

Strategic Cities Project (P111153: 2010-2014, US\$175 million; AF 2014-2020, US\$180 million) is improving the quality of and access to basic urban services in urban LGAs. The project is readying LGAs to partner with the private sector, including through innovations in local government revenue collection to enhance project bankability. The boundaries of basic service delivery will be explored through promoting and strengthening public-private collaboration (foremost in solid waste management).

Zanzibar Urban Services Project (P111155: 2011-2015, US\$38 million; AF 2016-2019, US\$55 million) is improving access to urban services and conserving the physical cultural heritage. It will modernize own-source revenues and advance nascent PPP initiatives by supporting capacity development, scoping studies of potential PPPs, and feasibility studies. The project is already supporting the preparation of 13 LGA PPPs.

Rural Electrification Expansion Project for Tanzania (P153781: 2016-2023, US\$150 million) is increasing access to electricity in rural areas in both on-grid and off-grid facilities. It is scaling-up the supply of renewable energy in rural areas, including through solar photovoltaics. Many of the candidate projects for off-grid electrification are for private small power producers.

Resilient Natural Resource Management for Tourism and Growth Project (P150523: 2017-2023, US\$150 million) is improving the management of natural resources and tourism assets in Southern Tanzania and increasing access to alternative livelihood activities. It includes support for identifying, assessing feasibility, and promoting opportunities for private sector investment in and around the priority protected areas.

Dar es Salaam Maritime Gateway Project (P150496: 2017-2024, US\$345million). Is addressing operational efficiency at the nation's main port. By 2023 the Dar es Salaam Maritime Gateway project will expand port capacity to 28 million tons by rehabilitating berths, deepening the entrance channel, and turning basin and supporting reforms over to the Tanzania Ports Authority to introduce private sector participation and corporatize functional business units at the port.

Housing Finance Project (P117242: 2010-2018, US\$100 million) The project aims to create and develop a well-functioning housing finance market to reduce the large housing deficit. The project has played the catalytic role in stimulating increased long-term mortgage lending to banks, and housing microfinance to the microfinance banks and recently achieved a significant milestone in mobilizing private capital through a bond placement which leveraged the IDA funding and enabled capital markets to contribute. The project will further leverage private capital to develop the housing finance market in Tanzania.

Annex XII. Map

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