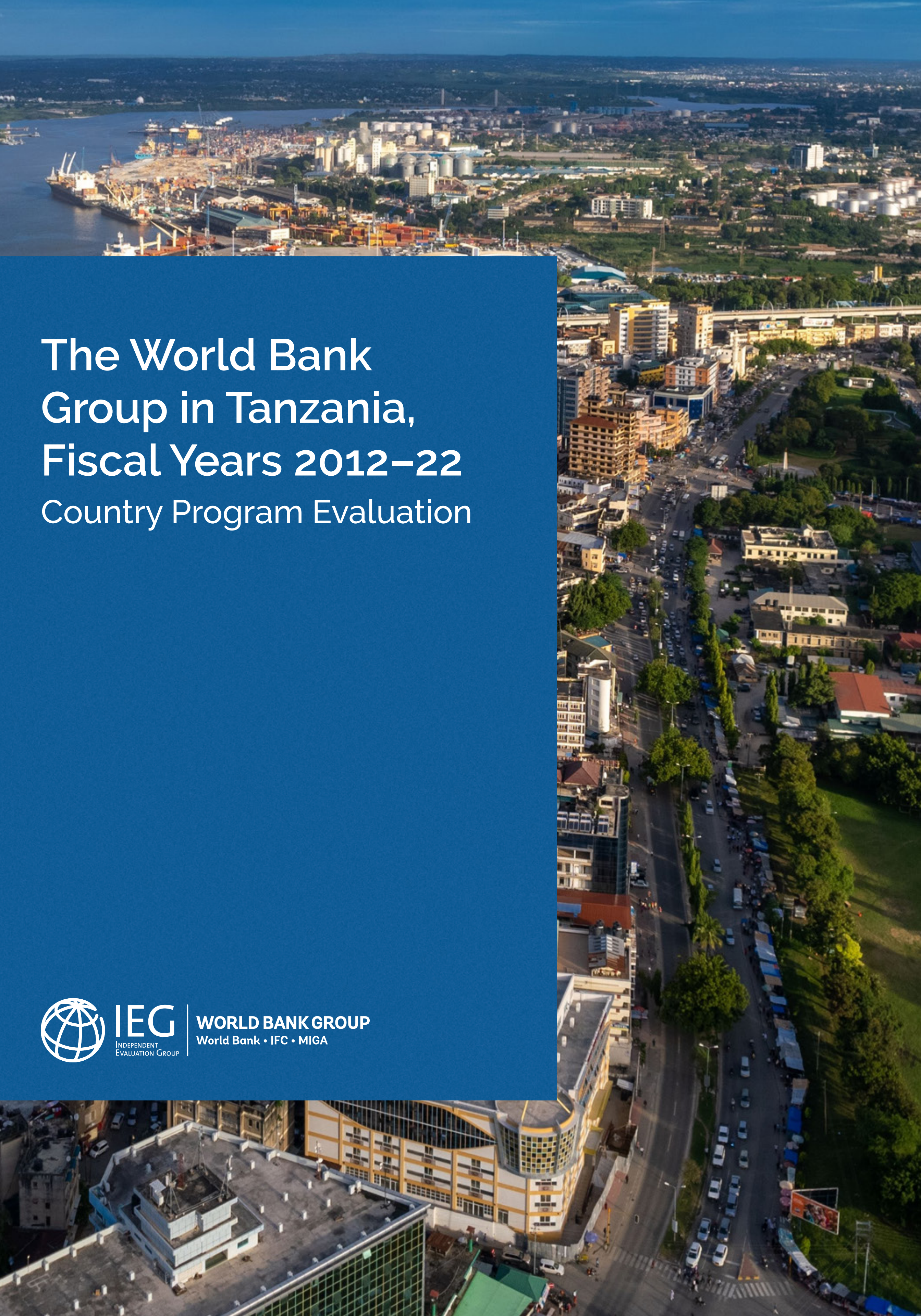

The World Bank Group in Tanzania, Fiscal Years 2012–22

Country Program Evaluation

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The World Bank Group in Tanzania, Fiscal Years 2012–22

Country Program Evaluation

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Abbreviations

AEP	alternative education pathway
BRT	Bus Rapid Transit
CAS	Country Assistance Strategy
CPE	Country Program Evaluation
CPF	Country Partnership Framework
DART	Dar es Salaam Rapid Transit
DPO	development policy operation
ICRR	Implementation Completion and Results Report Review
IEG	Independent Evaluation Group
IFC	International Finance Corporation
MSMEs	micro, small, and medium enterprises
NMB	National Microfinance Bank
PforR	Program-for-Results
SMEs	small and medium enterprises
TMX	Tanzania Mercantile Exchange
TVET	technical and vocational education and training

All dollar amounts are US dollars unless otherwise indicated.

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Overview

This Country Program Evaluation assesses the relevance and effectiveness of the World Bank Group's support to Tanzania from July 2011 to June 2022. It looks at the Bank Group's strategic and operational approaches over the period FY 2012–22. This period included two Bank Group strategies: (i) the FY12–15 Country Assistance Strategy, which was extended to FY16 and was aligned with Tanzania's 2010 development strategy, and (ii) the FY18–22 Country Partnership Framework, which was aligned with Tanzania's high-level development priorities in its Development Vision 2021 that focused on industrialization, human development, and public sector reforms. A gap was left in the strategy coverage—FY17—when the World Bank committed more than $1 billion. This Country Program Evaluation contains thematic chapters on Bank Group support to private sector–led growth and spatial transformation.

Bank Group support was aligned with Tanzania's developmental needs and achieved notable results, even though it did not always fully align with the government's policies and faced implementation challenges. The World Bank and the International Finance Corporation (IFC) made important contributions to access to energy and finance, skills development, and urban development.

However, effectiveness was weakened by several aspects of the World Bank portfolio design and shifts in government policy. Bank Group support to education and the private sector in the second strategy period was set back by changes in government policies on the private sector's role in the economy and the schooling of pregnant girls. The World Bank portfolio performance was also challenged by overly complex project designs, monitoring weaknesses, limited local counterpart capacity, and insufficient risk analyses.

During the past decade, Tanzania's economy continued to grow, and poverty declined but at a slower pace than in the decade before. Tanzania's annual growth in real GDP was 5.5 percent during the evaluation period. Annual per capita GDP growth averaged 2.2 percent from 2012 to 2022, compared with 3.6 percent from 2000 to 2011, with an annual population growth of

3 percent. Poverty declined during the evaluation period but at a slower pace than the decade before—the poverty head count ratio declined from 28 percent in 2011 to 26 percent in 2018,[1, 2] compared with 36 percent in 2000. Although Tanzania's risk of debt distress was low at the beginning of the evaluation period, the risk increased significantly thereafter because of the need to borrow for increasing infrastructure spending.

Government policies, including the economic development model, changed significantly in 2015 with the election of a new president. Tanzania implemented various public sector reforms between the late 1990s and the early 2000s, but those reforms lost momentum by the end of the 2000s. In 2015, a newly elected government embarked on an ambitious reform campaign. The new administration prioritized efforts to clamp down on corruption, invest in infrastructure, and enact protectionist economic policies. This new economic model gave preference to domestic firms over firms benefiting from foreign direct investment or foreign firms. While the government recognized the private sector's essential role in economic development, it gave preference to safeguarding national interests and the goal to better distribute economic benefits. Other policy shifts that challenged the Bank Group's engagement included the new president's rejection of recognizing the COVID-19 pandemic, support for a law that banned pregnant girls from attending school, and the government's push to greatly centralize economic management.

Adapting Support to Changing Priorities

Bank Group support remained relevant to the development challenges in Tanzania and the government's high-level development vision. Over the evaluation period, the Bank Group prioritized private sector–led growth, infrastructure development, public institutional capacity building, human capital development, and social inclusion. The Bank Group committed $8 billion to Tanzania during FY12–22. By the end of FY22, Tanzania was the Bank Group's seventh-largest borrower in Sub-Saharan Africa, after the Democratic Republic of Congo, Ethiopia, Kenya, Niger, Nigeria, and Uganda. This included 61 financing operations divided among the World Bank, IFC, and the Multilateral Investment Guarantee Agency. World Bank investments totaled about $7.5 billion, and IFC investments totaled about $0.4 billion. Most of the World Bank's support focused on infrastructure, human development, and public administration, with particular emphasis on health care, safety nets, and emergency in the later part of the evaluation period, in response to the onset of the COVID-19 pandemic. IFC support focused on providing credit and long-term financing to small and medium enterprises and supporting mineral exploration, with investments in oil, gas, and mining. The Multilateral Investment Guarantee Agency issued one political risk guarantee to an agribusiness company in 2014.

Overall, Bank Group support showed positive outcomes in road, energy, and social services but limited progress in improving the business environment, advancing financial services, and increasing agriculture productivity and commercialization. The Independent Evaluation Group (IEG) rated the overall development outcomes of the Bank Group's support to Tanzania in its two Completion and Learning Review Validations that cover the evaluation period as moderately unsatisfactory.[3] The Implementation Completion and Results Reports identified several shortcomings in program design, monitoring, stakeholder engagement, and institutional capacity-building efforts. Meanwhile, project validations show that IFC had some success in advisory services, particularly related to access to finance, but none of its investments achieved their objectives because of low profitability, low loan volumes, changes in global markets, and delayed feasibility studies.

For example, the Bank Group focused on improving access to finance for firms throughout the evaluation period. This aligned with the government's focus on promoting industrial capacity and the recommendations from the World Bank's 2017 Systemic Country Diagnostic. In the second strategy period (FY18–22), the Bank Group canceled projects in support of policy reforms related to secured transactions because of the changed approach of the government to involving the private sector in certain areas of the economy. The second strategy period focused more on infrastructure investments in the energy sector and less on energy policy reforms that would support private sector–led power generation, again reflecting the change in the new government's views on private sector involvement.

Over the evaluation period, World Bank lending shifted from investment project financing to Program-for-Results and became more selective. The World Bank shifted in the first strategy to Program-for-Results to support service delivery and sector reforms, enabling the government to use its own reporting mechanisms. Both the Completion and Learning Review Validation for the first strategy and the FY18–22 Country Partnership Framework recommended the Bank Group be more selective and better coordinate with development partners (World Bank 2018a, 2018b). IEG's Completion and Learning Review Validation of the first strategy period also highlighted that the use of multiple lending instruments with different reporting requirements slowed government implementation because of a lack of capacity. The Bank Group took these lessons into account in the second strategy period by approving more targeted operations as manifested by the reduction in the number of investment project financing and development policy operations from 37 to 14, along with the increase in total commitments from $3.3 billion to $4.1 billion.

COVID-19 led to shifts in the portfolio and posed significant challenges to the World Bank program. In response to the onset of the COVID-19 pandemic during the second strategy period, the World Bank redirected resources toward health care, social safety nets, and emergency response efforts. Project supervision, monitoring, and coordination also became more challenging during COVID-19, and there were implementation delays to several World Bank projects, particularly those that involved construction works and public consultations. Despite these challenges, the World Bank and its partners leveraged remote technologies, digital platforms, and virtual communications tools to ensure business continuity and stakeholder engagement. The pandemic's economic fallout also affected the Tanzanian government's ability to co-fund projects with the World Bank, along with increasing health care spending and lowering government revenues. This created a financing gap of nearly $250 million and threatened the country's development efforts. Further complicating factors were the president's attitudes toward COVID-19 and the efficacy of masks and vaccines. Tanzania was declared free from COVID-19, and the government stopped publishing data on COVID-19 cases and deaths as the virus was spreading. Only after 2021 did government policy become aligned with global health and data-sharing practices.

The World Bank was slow to redesign an education project to address the gender impacts of a federal policy banning pregnant girls from public schools. In 2017, a World Bank education project focused on school infrastructure and improvements in education quality. However, the initial Project Appraisal Document did not include a gender assessment of the government's policy banning pregnant girls from public schools, although it did include a disbursement-linked indicator to incentivize the government to increase the number of girls enrolled in government schools. After engagement with the development partners, the project was withdrawn from Board approval in 2019 and redesigned in 2020 with a gender component. The redesign included several gender-smart solutions. For example, the World Bank identified alternative education pathways as a way for pregnant girls to reenter school. Project monitoring showed that alternative education pathways reached more than 3,000 female students over the period 2020–23. The World Bank's dialogue with the government in relation to its pipeline of education projects and strong engagement with development partners helped inform the reversal of the policy banning pregnant girls from public schools in 2021.

More selective programming, simpler project designs, and greater focus on building capacity could have improved the portfolio's performance. Lessons drawn from IEG's Implementation Completion and Results Report Reviews, particularly for the Poverty Reduction Support Credit series, suggest that concentration on the most critical development policies could yield more tangible outcomes for Tanzania, compared with broader more dispersed initiatives. The 2016 Project Performance Assessment Report for the Poverty Reduction Support Credit (World Bank 2013) series showed the risks of broad programming and demonstrated the importance of carrying out simple project designs, adjusting projects to local capacity, and having an adequate understanding of political economy issues. For example, the complexity of the first Business Environment and Competitiveness for Jobs development policy operation series strained the capacity of the government, and the World Bank's support for decentralization was undermined by low local-level subnational capacity.

Evolving Support for Private Sector Development

The Bank Group's private sector support was relevant to the sector needs but was affected by the government's changed sector priorities after 2015.

The main constraints to private sector development were identified by the Country Economic Memorandum, the Diagnostic Trade Integration Study, the Economic Update, the Systematic Country Diagnostic, the 2013 Enterprise Survey, and four Investment Climate Assessments as corruption; informality; limited access to finance, job skills, and electricity; and weak regulatory environment. Bank Group support addressed these constraints, except for informality, and during both strategy periods, it was in line with the government's strong anticorruption commitment, including the new administration's "zero tolerance" policy toward corruption after 2015. The Bank Group also had operations to strengthen different aspects of the business regulatory environment, such as taxation, business registration, licensing and permits, and cross-border trade. However, the 2015 government's view of private sector development, which promoted domestic firms and restricted foreign firms in certain sectors, undermined several of the Bank Group's efforts for private sector development.

The government's change in policy direction regarding private sector participation in the electricity sector required the Bank Group to adapt its approach. The Completion and Learning Review, the Project Performance Assessment Report for the Poverty Reduction Support Credit series, and the Implementation Completion and Results Report Reviews for two Power and Gas Sector development policy operation projects highlighted the importance of understanding and mitigating political economy risks. These risks materialized in the energy sector portfolio when the new government canceled the third Power and Gas Sector development policy operation. The Bank Group adapted its approach to regain relevance in the energy sector, moving away from policy-based operations and concentrating on infrastructure operations that provided improved connectivity. These infrastructure projects successfully increased access to electricity for firms.

The Bank Group provided support for increasing access to finance in the first strategy period, whereas only IFC remained engaged after the change in government priorities. The Bank Group supported Tanzania with financial and technical assistance to help address constraints to access to finance, but World Bank lending in this sector ceased during the second Country Partnership Framework period because the government's overall interest in private sector development changed after 2015. The World Bank approved the first loan in the Business Environment and Competitiveness for Jobs development policy operation series in late 2015, which focused on private sector reforms and was meant to be a three-part series. However, the World Bank canceled the second and third Business Environment and Competitiveness for Jobs operations in April 2017 because of the change in government reform priorities, such as not pursuing the Secured Transactions Act. IFC found opportunities to more than double its investment volume through commitments in 2021 and 2022 to two of the largest banks, which accounted for half of IFC's total portfolio during the evaluation period.

World Bank support enhanced Tanzania's financial system, but outcomes were limited because of a lack of demand-side support measures. The World Bank helped develop the legal and regulatory framework for 25 new financial products. In 2014, the World Bank's additional financing for the Private Sector Competitiveness Project strengthened the financial sector's framework for deposit insurance, and in 2022, its first Inclusive and Resilient Growth development policy financing enhanced financial stability and sector resilience. However, the World Bank did little to increase financial literacy or boost financial services in Tanzania. Stakeholders pointed out that educating consumers on financial products was a crucial missing component for strengthening Tanzania's financial system.

World Bank support helped create a more skilled labor force for Tanzania's private sector. World Bank support had significant success in reducing skills gaps in the labor market. The capacity of the education system improved, reflected in an increase in the number of science and technology graduates from 1,300 to 6,700. In addition, the World Bank helped deliver 135 programs in technical and vocational education and training, and the number of program beneficiaries was estimated at 66,700 in FY22. IEG-validated technical and vocational education and training projects received highly satisfactory ratings. The Skills Development Fund was operational and provided about 45,700 trainees with internships. Employability of short-term students one year after graduation was estimated at 80 percent. Partly as a result, surveys of businesspeople in Tanzania show that "inadequately educated workers" was less of a constraint in 2017 than it was in 2012.

Increasing Priority of Supporting Spatial Transformation

World Bank operations have increasingly integrated spatial transformation concepts into designs. Since 2010, the World Bank has financed 10 operations that address elements of spatial transformation by supporting actions that established cadaster and land tenure systems, prepared land-use master plans, promoted transport-oriented development, and enhanced urban resilience to natural disasters.

The World Bank's urban road portfolio upgraded road networks without contributing to urban sprawl. Many of Tanzania's secondary cities are expanding extremely fast with very low population densities, making them inefficient, inequitable, costly to service, and susceptible to additional urban sprawl. As part of the Tanzania Strategic Cities Project and the Urban Local Government Strengthening Program, World Bank support financed the improvement of more than 400 kilometers of urban roads in secondary cities that reduced travel times and generated savings. There is also evidence that World Bank–supported road improvements increased land values in those areas. The projects did not finance any new roads that would extend settlements or contribute to urban sprawl.

The Dar es Salaam Rapid Transit (DART) system has improved public transport, but failure to adequately consider climate change and risks of flooding has led to disruptions that disproportionately affected poor communities. DART is the largest Bus Rapid Transit system in Africa and improved mobility within Dar es Salaam, with 15 percent of the city's residents having easy access to the line. However, the project did not adequately identify flood risks during the planning and execution of line 1. IEG geospatial analysis showed that line 1 is in a topographically flat area that has a high degree of imperviousness,[4] with both factors contributing to a high risk of flooding. DART users experienced multiple service interruptions during rainy seasons, and flood risks disproportionately affected poor communities.

The World Bank's land-use planning support has underperformed because projects implemented master plans for spatial transformation too late, and impacts have not been systematically monitored. World Bank projects have financed 45 master plans for nearly a quarter of all local authorities in Tanzania. Ideally, project teams would produce master plans in the project's early years to guide implementation and then monitor them. Interviews, project documents, and advisory services and analytics suggest that these plans have not been effective or were implemented too late to be fully effective. IEG also found that the World Bank had not adequately monitored the impact of urban and transport investments through geospatial baselines or systematic evaluations.

The World Bank's programmatic approach and centralized implementation units have made its spatial transformation support more effective in complex institutional and technical settings. The establishment of a centralized implementation unit within the President's Office helped coordinate projects, development partners, and government agencies. A programmatic approach also ensured the World Bank's long-term engagement with Tanzania's emerging megacities. The series of projects in Dar es Salaam is emblematic of this approach: the series of projects is a multiproject phased approach to developing the city over a 10- to 15-year period.

Key Lessons

Selectivity, combined with simple project designs and a long-term programmatic approach, could help the World Bank improve its performance in Tanzania. A scaled-back portfolio with simple project designs that is more tightly focused on government priority areas and aligned with institutional capacity could enhance traction between the government and other partners. The report suggests that filters for selectivity include areas where there is a strong potential for achieving development results, based on the Bank Group's comparative advantage and presence of government demand. As in the case of the education sector, government demand can also be fostered by sound analytics and policy dialogue to demonstrate the development justification. The need for simplicity of design is similarly linked to the government's implementation capacity. The most successful programs were focused on specific objectives, operated at substantial scale, targeted, structured with programmatic approaches, grounded in strong analytical foundations, and implemented with comprehensive quality assurance and control systems. At the same time, efforts to support capacity constraints during implementation were observed only for part of the program.

Maintaining strong partnerships can enable the Bank Group to adapt more efficiently to changing circumstances. The cancellation of projects that supported private sector participation in energy generation and a project aimed at increasing access to finance, on the one hand, and the Bank Group's successful work with partners and civil society organizations in relation to the pregnancy ban, on the other hand, showed the importance of continuously adapting to the local environment and maintaining partnerships in situations of complex political economy. Indeed, the collaboration with local and international partners (along with analytic work) helped inform the government's decision to reverse the ban of pregnant girls from education in 2021 and facilitated the approval of a redesigned education project that better addressed the issue.

Better monitoring of growing climate risks, such as risks of flooding, could help avoid expensive remedial actions. As IEG's review of the DART's flood vulnerability concluded, the region was at high risk of flooding, which should have been anticipated by using available technology. Similarly, the lack of an adequate monitoring and evaluation system has undermined the World Bank's ability to learn and adjust to these often-evolving risks. These issues have led to disruptions along DART routes that disproportionately affected poor populations and required additional World Bank financing to resolve. More generally, with increasing climate-related risks, strategies (such as for land-use planning) and operations should reflect the increasing focus on adaptation measures and programmatic approaches to mitigate such risks. Risk mitigation can also be supported by new methods, such as enhanced geospatial analysis.

[1] Latest available year.

[2] Poverty head count ratio at national poverty lines (percent of population) from World Development Indicators.

[3] The Completion and Learning Review Validation (CLRV) was called the Completion and Learning Review Review (CLRR) before May 1, 2023. No change was made to the methodology.

[4] Ability of the surface to absorb water.

1 | Background and Country Context

Introduction

The Country Program Evaluation (CPE) assesses the relevance and effectiveness of the World Bank Group's support to Tanzania between FY 2012 and FY22. It assesses the extent to which the Bank Group's support and its evolution over the evaluation period were relevant and effective in addressing the country's main development challenges using several evaluation methods, including a literature review, a portfolio analysis, semistructured interviews, and a content analysis (see appendix A). The evaluation distills lessons from the Bank Group's experience in Tanzania to inform future Bank Group operations.

This evaluation seeks to answer the following questions:

1. How relevant to the development needs of Tanzania was the Bank Group–supported strategy, and did it evolve appropriately over time to reflect changing priorities and changes in country context?

2. To what extent has the Bank Group contributed to improving the business environment, especially through access to finance and energy, and by enhancing human capital through education and skills, especially in vulnerable groups, including women and girls?

3. To what extent has the Bank Group helped Tanzania achieve pro-poor development through efficient and resilient spatial transformation and land use?

The evaluation includes thematic chapters on (i) private sector–led growth, including the role of access to finance, skills development, and access to electricity in fostering private sector job creation, and (ii) spatial transformation. These topics were identified in the 2017 Systematic Country Diagnostic as major development challenges for Tanzania (World Bank 2017b).

The CPE is organized in five chapters. Chapter 1 provides the country context in which the Bank Group provided its support. Chapter 2 describes the evolution of the Bank Group's strategies and portfolio. Chapter 3 assesses the Bank Group's contribution to improving the business environment for the private sector by supporting access to finance, access to electricity, and skills development. Chapter 4 evaluates World Bank support toward achieving pro-poor development through efficient and resilient spatial transformation and land use. Chapter 5 presents main findings and lessons to inform future Bank Group support to Tanzania.

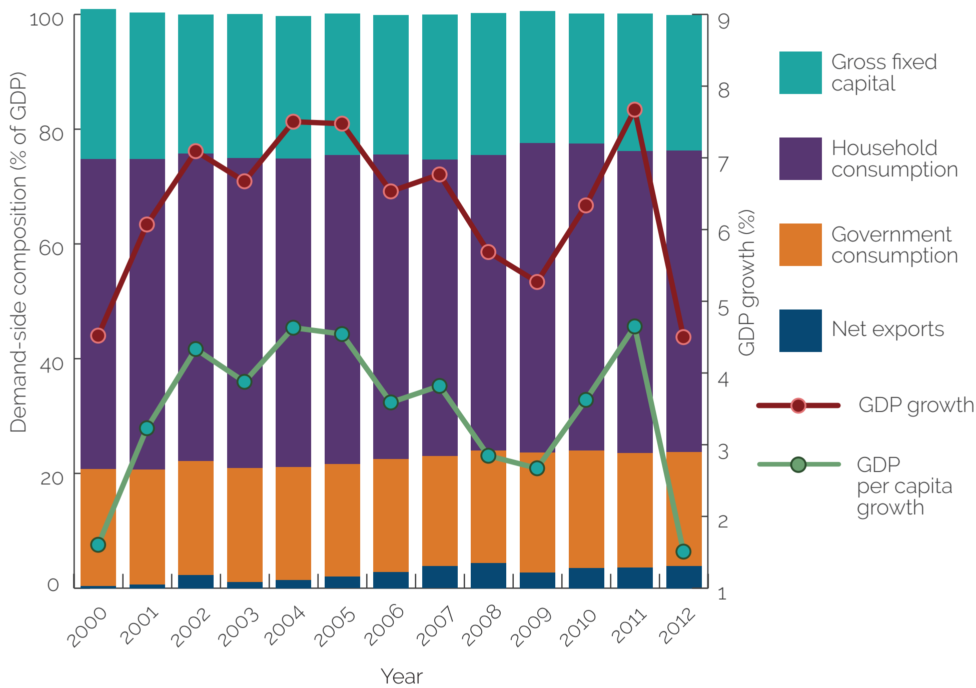
Country Context

Tanzania recorded resilient growth over the past decade, but poverty declined only slowly and remains widespread. Tanzania's annual growth in GDP was 5.5 percent during the evaluation period. Annual per capita GDP growth averaged 2.2 percent from 2012 to 2022, compared with 3.6 percent from 2000 to 2011, with an annual population growth of 3 percent (figure 1.1, panel a). The COVID-19 pandemic caused per capita incomes to contract for the first time since 1994. The country's poverty head count ratio declined from 36 percent in 2000 to 28 percent in 2011 and to 26 percent in 2018, with growth over time becoming less pro-poor (World Bank 2021b; figure 1.1, panel b).

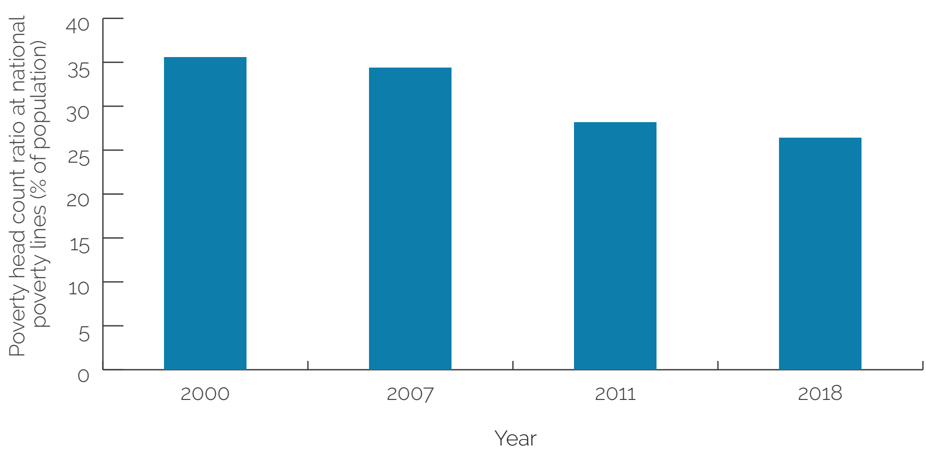
During the evaluation period, fiscal risks increased from low to moderate, highlighting the need for a close monitoring of the country's debt portfolio and the need to rely on the private sector as a source of jobs and growth. In 2012, Tanzania's risk of debt distress, taking into account government borrowing from domestic and external sources, was low (World Bank and IMF 2012), reflecting previous debt relief and sound macroeconomic policies. Yet during the evaluation period, public debt grew by more than 10 percent of GDP, increasing from 31 percent in 2012 to 43 percent of GDP in 2022 (figure 1.2), because of higher infrastructure spending and the dominant role of state-owned enterprises, which represented not only a burden on the government's budget but also a constraint to the growth of the private sector (World Bank 2017b). The limited fiscal space for public investments was expected to provide a small contribution to growth and emphasized the need to rely on other drivers of growth—namely, improvements in the business environment—as a means to increase private activities, jobs, and economic growth.

Figure 1.1. GDP Growth and Poverty Head Count Ratio

a. Growth in GDP (in real and per capita terms) and GDP demand-side composition

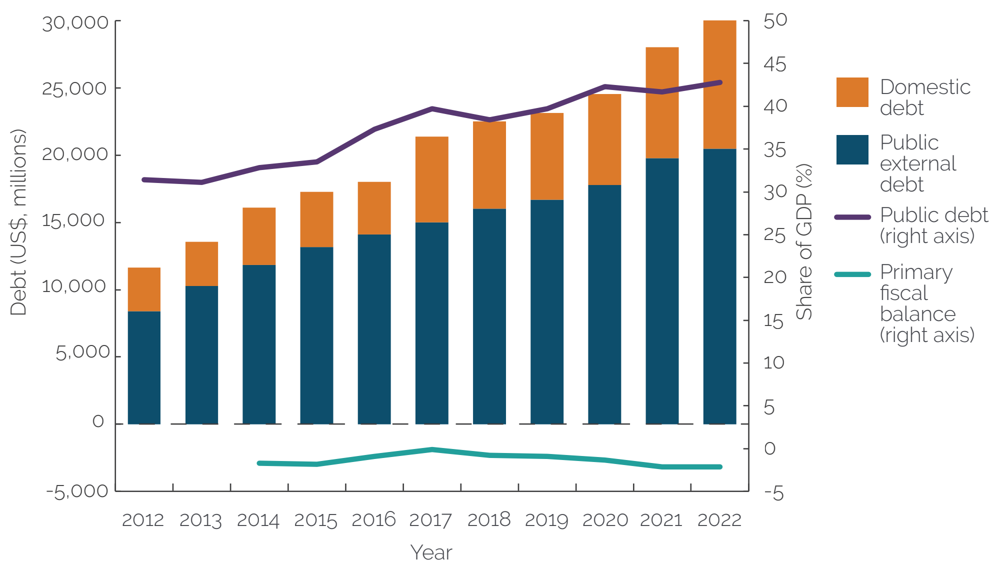


b. Poverty head count ratio at national poverty lines



Source: World Development Indicators.

Figure 1.2. Public Debt, 2011–22



Sources: Tanzania Ministry of Finance 2023; World Bank 2024a.

Tanzania made significant progress on several health and education outcomes. Life expectancy at birth rose, and infant mortality fell. In education, primary and secondary school enrollment rates increased (table 1.1). Although access to education has improved, it remains low for secondary school enrollment, and outcomes have improved little. Tanzania's Human Capital Index ranks slightly below the average for Sub-Saharan Africa and well below that of lower-middle-income countries at 152 (out of 174 countries) in 2020.

At the start of the evaluation period, Tanzania's economic priorities were the provision of social services and the strengthening of human capital, supporting the private sector for job creation and poverty reduction and promoting accountability in the public sector. However, the implementation of a program of important structural reforms had lost momentum after the mid-2000s (World Bank 2016a, 2017b). After the election of a new administration in 2015, the objective was to transform Tanzania into a semi-industrialized economy. Government priorities were scaling up investments in infrastructure and human development while ensuring public sector accountability (World Bank 2017b), with a strong preference for achieving these objectives through promoting domestic firms rather than foreign direct investment.

Main Development Challenges

Tanzania's rapid population growth is placing pressure on the country's education system and underscores the need for more job creation. Tanzania's population growth of close to 3 percent per year is the 12th highest in the world and well above the average for lower-middle-income countries (1.5 percent). Low levels of education and inadequate labor skills have constrained poor households in accessing productive employment opportunities. With 800,000 Tanzanians expected to enter the labor market each year, there is growing pressure to generate more jobs (World Bank 2017b).

The private sector can play a crucial role in improving growth and creating jobs, yet the economy remains dominated by the state. Several studies have associated the development of the private sector with economic growth in developing countries (Gala 2008; Jones and Olken 2008; Rodrik 2013, 2014). However, in Tanzania, the role of the state in the economy remains large: the government's total portfolio investment (equity holding) in both majority- and minority-owned companies amounted to about 44 percent of GDP in 2020 (IMF 2023). State-owned enterprises also place a burden on the government's budget (and increase fiscal risks, including through potentially large contingent liabilities), negatively affect service delivery, and constrain private sector growth. In addition to a level playing field, the 2017 Systematic Country Diagnostic reported that supporting private sector growth would require reforms of the business climate by reducing regulatory burdens, facilitating access to finance, and removing critical infrastructure bottlenecks in transport and energy, which constrained competitiveness (World Bank 2017b). In addition, addressing substantial skills shortages and gaps was critical for faster growth and creation of high-productivity jobs.[1]

Growth needs to become more inclusive and resilient, including to the increasing risks from climate change. Despite continued growth over the past decades, the pace of poverty reduction in Tanzania slowed down during 2011–18 compared with 2007–11 (World Bank 2021b), pointing to the need for more inclusive growth. Tanzania also needs to build economic resilience against future shocks driven by climate change. Tanzania is increasingly facing climate change–driven challenges, which are more likely to affect poor and vulnerable households. For example, Tanzania's traditional sectors of agriculture and tourism employ a large share of the country's labor force and are highly sensitive to climate change.

Table 1.1. Key Social Indicators: Tanzania, Select Peer Countries, Sub-Saharan, Lower-Middle-Income, and Upper-Middle-Income Countries, FY12–22

Indicator[a]	Year							Average (2012–22)									
	2012	2016	2018	2019	2020	2021	2022	Tanzania	Kenya	Madagascar	Mozambique	Cameroon	Congo, Dem. Rep.	SSA	LMIC	UMIC
Poverty head count ratio at the national poverty lines (share of population [%])	—	—	26.4	—	—	—	—	26.4	36.1	70.7	46.1	37.5	63.9	40.9	14.4	2.1
Population growth (annual share [%])	2.9	3.5	3.2	3.0	3.0	3.0	3.0	3.1	2.2	2.6	3.0	2.9	3.3	2.7	1.5	0.7
Life expectancy at birth, total (years)	62.0	65.4	66.5	67.0	66.4	66.2	66.8	65.1	62.1	64.7	58.9	60.0	58.9	59.9	68.0	75.1
Immunization, DPT (share of children ages 12–23 months [%])	92.0	92.0	89.0	89.0	86.0	81.0	88.0	90.1	89.6	67.0	83.4	75.6	70.5	72.7	81.9	92.6
Mortality rate, infant (per 1,000 live births)	42.4	37.7	34.5	33.3	32.1	31.1	30.0	36.1	33.7	45.4	57.1	55.7	70.1	55.6	39.9	12.5

(continued)

Indicator[a]	Year							Average (2012–22)									
	2012	2016	2018	2019	2020	2021	2022	Tanzania	Kenya	Madagascar	Mozambique	Cameroon	Congo, Dem. Rep.	SSA	LMIC	UMIC
Human Capital Index (scale 0–1)	—	—	0.4	—	0.4	—	—	0.4	0.5	0.4	0.4	0.4	0.4	—	—	—
Primary completion rate, total (share of relevant age group [%])	81.4	60.8	66.6	63.6	67.1	72.6	87.2	71.2	101.5	64.3	56.3	69.9	71.3	68.7	86.8	96.2
Lower secondary completion rate, total (share of relevant age group [%])	43.2	30.3	28.9	32.0	32.4	35.5	36.4	34.5	80.7	35.2	25.3	40.9	46.2	43.2	71.0	87.4
School enrollment, primary (gross %)	93.6	84.0	92.4	94.8	95.9	96.1	95.5	90.8	102.3	139.3	115.3	110.4	110.1	98.2	100.8	102.9
School enrollment, secondary (gross %)	—	26.4	28.7	30.0	30.6	27.9	—	28.6	—	36.4	33.2	51.6	44.7	43.4	65.0	93.5

Source: World Bank Group 2020.

Note: Comparator countries were identified using the dynamic benchmarking tool. DPT = diphtheria, pertussis, and tetanus; LMIC = lower-middle-income country; SSA = Sub-Saharan Africa; UMIC = upper-middle-income country; — = not available
a. Based on available data (as of June 2024).

[1] Tanzania's net secondary enrollment remains the lowest in the world, whereas its lower secondary education completion rate is the fourth lowest in the world (World Bank 2021c). Enrollment in tertiary education is 5 percent—among the lowest in Africa (World Bank 2017b; World Development Indicators).

2 | World Bank Group Strategies and Portfolio in Tanzania

Highlights

The two country strategies (FY 2012–15 and FY18–22) were consistent with Tanzania's development objectives and the World Bank's analytic underpinnings.

World Bank Group support achieved positive outcomes in supporting energy access and providing transport, health, and education services but had limited success in increasing productivity, commercializing agriculture, improving the business environment, and advancing financial intermediation.

The International Finance Corporation had successful advisory services in developing mobile money and improving credit reporting, but investments did not achieve their objectives, particularly in mining, microfinance, and commercial and noncommercial banking.

The World Bank faced significant implementation challenges, some of which were eased by the switch from investment project financing to Program-for-Results. More selective programming, simpler project design, and greater focus on building stakeholder capacity could also help portfolio performance.

The World Bank was slow to redesign an education engagement to account for a federal policy banning pregnant girls from public schools, indicating the importance of continuously maintaining partnerships in situations of complex and evolving political economy.

Bank Group support aligned with Tanzania's development needs and achieved notable results, even though it faced implementation challenges and sometimes did not fully align with the government's policies. The Bank Group's strategy aligned with government priorities during the first half of the evaluation period, but overly complex designs and low client capacity undermined the portfolio's effectiveness. Changes in the policy directions of the new government in Tanzania in the second half of the evaluation period disrupted the Bank Group's programming and undercut the portfolio's performance. This chapter starts by assessing the Bank Group's strategies during the evaluation period. It then evaluates the effectiveness of the Bank Group portfolio and concludes with analyzing how the World Bank adjusted its lending instruments in response to changes in the implementation environment.

The Bank Group's two country strategies during the evaluation period were grounded in World Bank core diagnostics and aligned well with the government's development vision. The FY12–15 Country Assistance Strategy (CAS) built on World Bank analytic work, such as core diagnostics on poverty and growth, Public Expenditure Reviews, the 2009 Investment Climate Assessment, the 2010 Education Public Expenditure Tracking Survey, and Health Sector Performance Profile Reports. It also took into account the 2010 government strategy's three priority areas: (i) growth and poverty reduction, (ii) improvement of quality of life and social well-being, and (iii) good governance and accountability.[1] The high-level objectives of the FY18–22 Country Partnership Framework (CPF) were aligned with Tanzania's Development Vision 2021, which focused on industrialization, human development, and public sector reforms.

The Bank Group adjusted its country strategies based on its own learning and changing government preferences but left a one-year gap in its coverage. Figure 2.1 (page 12) shows how the Bank Group's strategy evolved. For example, under the first strategy (FY12–15 CAS), the Bank Group's attention to education focused on primary and secondary access and quality. The 2017 Systematic Country Diagnostic highlighted the lack of skills of the labor force as a key constraint to jobs and poverty reduction, in line with the new government's focus on developing national industry. Hence, the second strategy (FY18–22 CPF) paid particular attention to supporting job-relevant labor force skills by strengthening the labor market alignment of higher education programs. Another example is energy, where both strategies identified access to electricity as a development priority: the CAS included both investments and policy reforms, mostly to support private sector generation and the financial sustainability of the sector, whereas the CPF focused on public infrastructure investments given the new government's preferences. Yet the strategy coverage did not include FY17,[2] the year in which the World Bank committed more than $1 billion.

The Evolution of the World Bank Group Portfolio

The Bank Group portfolio in Tanzania reached approximately $8 billion over the evaluation period, making Tanzania one of the largest borrowers. During FY12–22, the World Bank alone approved 51 lending operations totaling $7.5 billion in new commitments. New International Finance Corporation (IFC) investments amounted to $463 million, and the Multilateral Investment Guarantee Agency issued one political risk guarantee in the amount of $29 million (table 2.1). By the end of the period, Tanzania was the seventh-largest borrower from the World Bank in Sub-Saharan Africa, after the Democratic Republic of Congo, Ethiopia, Kenya, Niger, Nigeria, and Uganda.

Table 2.1. World Bank Group Commitments, FY12–22 (US$, millions)

Institution	Instrument	FY12–15	FY18–22	Total
World Bank	IPF	1,796	3,310	5,106
	DPF	640	0	640
	PforR	897	850	1,747
IFC	Investments	204	232	436
	AS	16	11	27
MIGA	Guarantee	29	0	29
Total		3,582	4,403	7,985

Source: World Bank Business Intelligence (as of December 11, 2023).

Note: AS = advisory services; DPF = development policy financing; IFC = International Finance Corporation; IPF = investment project financing; MIGA = Multilateral Investment Guarantee Agency; PforR = Program-for-Results.

Figure 2.1. Evolution of World Bank Group Engagement During the Evaluation Period, FY12–22

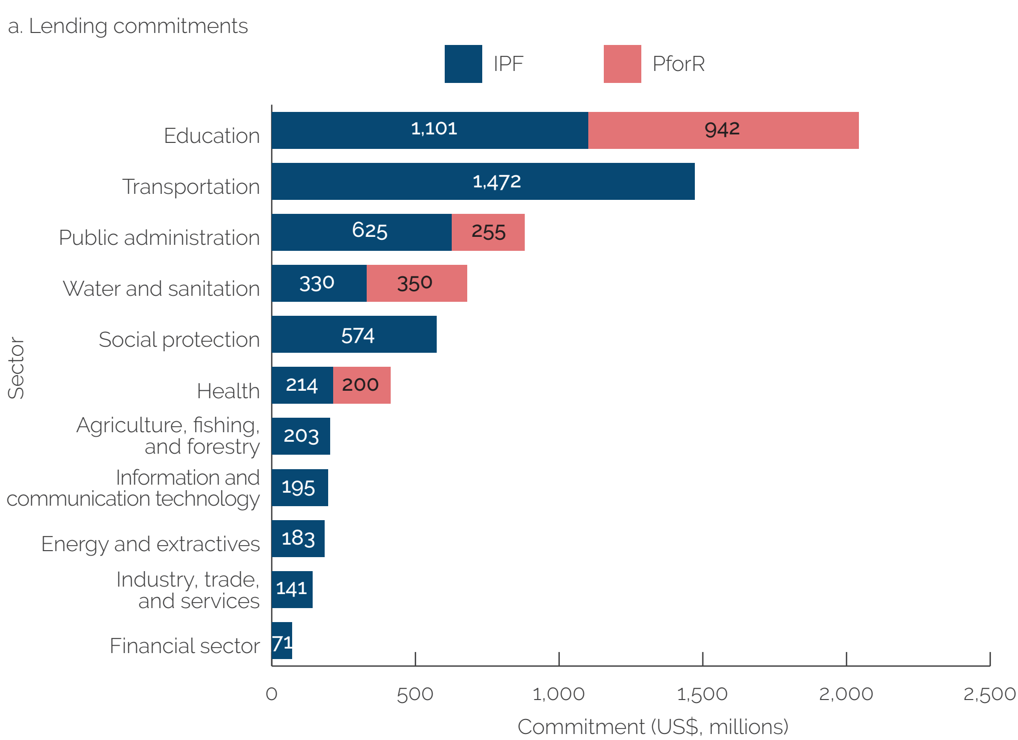
FY12–15 CAS	FY17 SCD	FY18–22 CPF
Promote inclusive and sustainable private sector–led growth	**Priority areas (structural, spatial, and institutional) and foundational areas (human development and macrostability)**	**Enhance productivity and accelerate equitable and sustainable growth**
Improve business environment and financial intermediation	Develop competitive business environment for private sector growth Strengthen domestic financial markets to expand women's and small businesses' access	Strengthen the business environment for job creation. Improve access to credit for women and MSMEs
Improve productivity and commercialization of agriculture		
Enhance sustainability and improve management of natural resources	Enhance sustainability of natural resources through effective policy and institutional frameworks	Manage natural resources for resilient economic growth
Build infrastructure and deliver services		
Increase access, quality, and sustainability of electricity	Improve performance of power sector through better planning and financial sustainability	Increase access to energy services Enhance transport, energy, and digital connectivity
Increase access to and quality of transport services	Strengthen urban-rural connectivity through transport and market linkages Remove trade bottlenecks by building infrastructure to enhance regional connectivity	Enhance transport, energy, and digital economy Capture Tanzania's potential as a maritime gateway and regional trade hub
Increase access to and quality of water and sanitation		
Improve management and delivery of urban services	Boost urban productivity through better urban planning and congestion reduction	Harness urbanization to promote economic growth and job creation
Strengthen human capital and safety nets	**Foundational area: human development**	**Boost human capital and social inclusion**
Improve access to and quality of education	Education, ECD	Invest in early years (ECD) Heighten job-relevant labor force skills Improve quality of health care and education
Improve access to and quality of health care delivery	Health	Promote social inclusion
Improve access to safety nets	Skills development	
Promote accountability and governance (cross-cutting)	**Foundational area: macrostability and fiscal sustainability**	**Modernize and improve efficiency of public institutions**
Improve accountability and efficiency of public management	Debt sustainability and fiscal risks (arrears of government and parastatals)	Strengthen public sector accountability and financial efficiency in delivery services
		Improve efficiency and competitiveness in public investments Better leverage ICT to modernize the public sector

Source: Independent Evaluation Group.

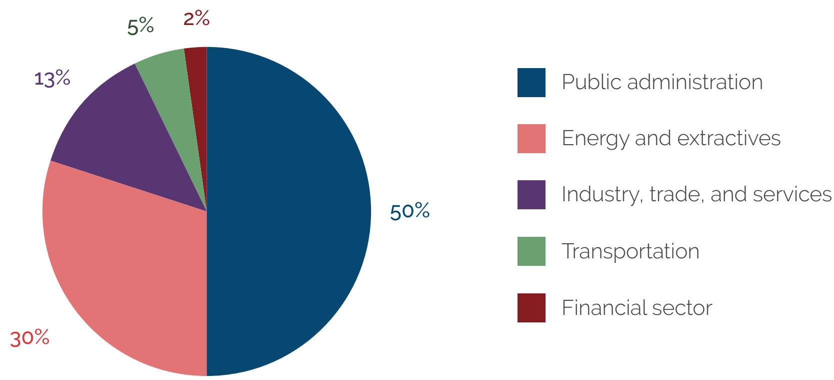
Note: CAS = Country Assistance Strategy; CPF = Country Partnership Framework; ECD = early childhood development; ICT = information and communication technology; MSMEs = micro, small, and medium enterprises; SCD = Systematic Country Diagnostic.

Much of Bank Group support during the evaluation period was concentrated in infrastructure, human development, public administration, and access to finance. World Bank support focused on transport, education, and public expenditure management, whereas IFC focused on access to credit. In the first strategy period, investment project financing commitments reached almost $1.8 billion, increasing to 3.3 billion in the second period (figure 2.2, panel a). Toward the end of the second strategy period, the impact of the COVID-19 pandemic shifted the World Bank's priorities toward health care, safety nets, and emergency response (box 2.1). Development policy financing focused primarily on domestic revenue administration, public expenditure management, and public investment management (figure 2.2, panel b). All development policy financing was approved during the first strategy period. IFC supported the increase of credit to small and medium enterprises (SMEs), long-term financing to SMEs, and some support to mineral exploration. The Multilateral Investment Guarantee Agency issued one political risk guarantee to an agribusiness company in 2014.

Figure 2.2. World Bank Lending Commitments and Share of Prior Actions, by Sector and Instruments, FY12–22



b. Share of DPF prior actions (%)



Source: World Bank Business Intelligence (as of December 11, 2023).

Note: DPF = development policy financing; IPF = investment project financing; PforR = Program-for-Results.

Box 2.1. Impact of the COVID-19 Pandemic on the World Bank Program in Tanzania

The COVID-19 pandemic posed major challenges to World Bank operations in Tanzania toward the end of the second strategy period. To address the impact of the global pandemic, the World Bank needed to shift its priorities in Tanzania by redirecting resources toward health care, social safety nets, and emergency response efforts. The pandemic also caused delays and disruptions to the implementation of several World Bank projects in Tanzania. Restrictions on movement and lockdowns hindered the progress of both the Tanzania Kihansi Catchment Conservation and Tanzania Urban Local Government Strengthening projects. There were delays on construction works, public consultation processes, and delivery of material. Furthermore, because of travel restrictions and safety concerns, project supervision, monitoring, and coordination became more challenging. Despite these challenges, the pandemic also presented opportunities for innovation and adaptation in project management. The use of remote technologies, digital platforms, and virtual communication tools was leveraged to maintain the business continuity of the program and ensure engagement with key stakeholders.

(continued)

Box 2.1. Impact of the COVID-19 Pandemic on the World Bank Program in Tanzania (cont.)

The economic fallout from the pandemic affected Tanzania's ability to co-fund projects with the World Bank. Despite the government's commitment and the approval of projects by the World Bank Group Board of Executive Directors, challenges such as insufficient financial allocations and a financing gap of approximately US$250 million emerged. The COVID-19 crisis also undermined funding of the poverty agenda, and projects such as the Tanzania Productive Social Safety Net Project II became even more relevant in the context of such unexpected global shocks.

Sources: World Bank 2020a, 2020b, 2020c, 2021d.

During the evaluation period, the Bank Group was the largest development partner in Tanzania. During 2011–22, the Bank Group accounted for approximately 30 percent of total development partner commitments, followed by the United States and the African Development Bank, including the African Development Fund (table 2.2). For example, it took a leading role in education support, contributing 58 percent of sector support. In financial and private sector support, the Bank Group contributed 68 percent. The World Bank was also a major supporter of public sector reforms, with 38 percent of total sector commitment, followed by the European Union.

To address implementation challenges, the World Bank increasingly included Program-for-Results (PforR) in its portfolio mix during the evaluation period. The World Bank included PforR as the lending instrument of choice for programs with significant development partner cofinancing and that involved a mix of service delivery and sector reforms. This encouraged the use of country systems by development partners and helped overcome implementation challenges related to capacity limits. The PforR portfolio grew by 27 percent during FY12–15, while the investment project financing portfolio dropped to 54 percent from 69 percent in FY07–11. The FY18–22 CPF recognized that Tanzania had used the PforR instrument well in the urban, energy, health, education, and water sectors and left its portfolio substantially unchanged in the second strategy period.

Table 2.2. Major Development Partner Commitments, 2011–22 (US$, millions)

Donors	Total	Health and Population	Education	Energy	Banking and Financial Services	Private Sector	Transport	Public Sector	Other Sectors
World Bank Group	12,120	800	2,073	1,467	570	247	1,911	1,152	3,902
United States	6,497	4,709	271	58	22	7	82	104	1,245
African Development Bank and Fund	3,511	0	84	598	183	0	1,567	156	922
EU institutions	1,669	24	27	276	0	141	194	365	643
France	1,352	67	7	355	189	0	189	3	540
Japan	1,319	41	34	246	13	74	439	30	444
United Kingdom	1,236	123	183	8	4	17	123	113	666
Sweden	1,048	12	265	108	22	14	0	217	410
Korea	1,010	209	62	11	2	2	200	68	456
Canada	941	519	157	5	25	46	0	66	122
Norway	895	55	61	166	8	43	0	149	413
Global Fund	2,052	2,052	0	0	0	0	0	0	0
Bill & Melinda Gates Foundation	582	173	1	0	63	0	0	7	337
Other donors	6,019	1,329	330	131	98	310	170	569	3,081
Total	40,251	10,112	3,554	3,428	1,200	901	4,875	2,999	13,182

Source: Organisation for Economic Co-operation and Development Creditor Reporting System Aid Activity (database), International Development Statistics (accessed May 28, 2024).

Note: The data refer to calendar years and exclude aid from China. For internal validity of the analysis, World Bank Group commitment figures reported to the Organisation for Economic Co-operation and Development Creditor Reporting System differ from the commitments extracted from internal World Bank Group operations data systems as reported elsewhere in this evaluation. Commitment figures for the Bank Group are presented as reported in the Organisation for Economic Co-operation and Development Creditor Reporting System for comparability purpose and cannot be compared with the portfolio data elsewhere. EU = European Union.

Over the evaluation period, the World Bank reduced the number of investment projects based on Independent Evaluation Group (IEG) recommendations and lessons learned from previous operations. IEG's 2018 Completion and Learning Review Validation (CLRV) and the FY18–22 CPF note the importance of selectivity in areas with strong government demand and where there was strong potential for achieving development results based on the World Bank's comparative advantage, while emphasizing the need to coordinate with other development partners (World Bank 2018a, 2018b).[3] The CLRV of the first strategy period (FY12–15) also pointed to slow program implementation because of complex fiduciary and reporting requirements and lack of capacity by sector ministries that are dealing with multiple lending instruments. The World Bank operationalized these lessons in the second strategy period by approving more focused and targeted operations compared with the first strategy period, as manifested by the reduction in the number of investment project financing and development policy operations (DPOs) from 37 to 14 associated with the increase in total commitments from $3.3 billion to $4.1 billion.

World Bank Group Effectiveness

In its two CLRVs that cover the evaluation period, IEG rated the overall development outcome of both strategy periods (FY12–15 and FY18–22) as moderately unsatisfactory. In the first strategy period, Bank Group support focused on two areas: (i) job creation by improving the business environment and facilitating financial intermediation and (ii) extreme poverty reduction by improving the quality and delivery of infrastructure services. The first area was rated moderately unsatisfactory because most of the objectives (five) were partially achieved or not achieved. The second area was similarly rated moderately unsatisfactory because the support to safety nets and public management did not meet their targets (table 2.3). In the second part of the evaluation period, Bank Group support focused on three areas: (i) enhancing productivity and accelerating equitable and sustainable growth, (ii) boosting human capital and social inclusion, and (iii) modernizing and improving the efficiency of public institutions. The first area was rated unsatisfactory, with most of the objectives rated not achieved or partially achieved. The second area was rated moderately satisfactory because most of the objectives were achieved or mostly achieved. The third area was rated moderately unsatisfactory because only marginal progress was achieved in improving the efficiency of the public sector (table 2.3).

Table 2.3. Focus Areas, Objectives, and Independent Evaluation Group Ratings Across the Two Strategy Periods

Objectives	IEG Rating
First strategy period (FY12–15)	
Focus area I: Productive investments for growth of labor-intensive industries and job creation	Moderately unsatisfactory
Objective 1: Address constraints for doing business and improve financial intermediation	Partially achieved
Objective 2: Increased productivity and commercialization of agriculture	Partially achieved
Objective 3: Increased sustainability and improved management of natural resources, including natural gas	Mostly achieved
Objective 4: Increased access, quality, and sustainability of electricity	Mostly achieved
Objective 5: Increased access to and quality of transport services	Partially achieved
Objective 6: Increased access to and quality of water and sanitation services	Not achieved
Objective 7: Improved access to and management of urban services	Partially achieved
Focus area II: Programs that target reduction of extreme poverty and improvements in quality and delivery of social services	Moderately unsatisfactory
Objective 8: Improved access to and quality of education	Mostly achieved
Objective 9: Improved access to and quality of health services	Mostly achieved
Objective 10: Improved access to safety nets	Mostly achieved
Objective 11: Improved efficiency and transparency of public management	Not achieved
Second strategy period (FY18–22)	
Focus area I: Enhance productivity and accelerate equitable and sustainable growth	Unsatisfactory
Objective 1: Strengthen the business environment for job creation, notably in manufacturing, agribusiness, and tourism	Not achieved
Objective 2: Put credit within reach, improving access to credit particularly for MSMEs and women	Not achieved
Objective 3: Manage natural resources for equitable growth	Mostly achieved
Objective 4: Increase access to energy services	Partially achieved
Objective 5: Harness urbanization to promote economic growth and job creation	Mostly achieved
Objective 6: Enhance transport, energy, and digital connectivity for improved services to rural areas	Partially achieved

(continued)

Objectives	IEG Rating
Objective 7: Capture Tanzania's potential as a maritime gateway and regional trade hub	Not achieved
Focus area II: Boost human capital and social inclusion—a life cycle approach to human development challenges	Moderately satisfactory
Objective 8: Invest in the early years	Partially achieved
Objective 9: Heighten job-relevant labor force skills	Achieved
Objective 10: Improve the quality of health care and education	Achieved
Objective 11: Accelerate the demographic transition	Partially achieved
Objective 12: Promote social inclusion	Mostly achieved
Focus area III: Modernize and improve efficiency of public institutions	Moderately unsatisfactory
Objective 13: Strengthen public accountability and financial efficiency in delivering services	Partially achieved
Objective 14: Improve the efficiency and competitiveness of public investments	Not achieved
Objective 15: Better leverage ICT to modernize the public sector	Achieved

Sources: World Bank 2018b, 2024b.

Note: ICT = information and communication technology; IEG = Independent Evaluation Group; MSMEs = micro, small, and medium enterprises.

Bank Group support to improve the business environment and financial intermediation throughout the evaluation period only partially achieved its objectives. Support for improving the business environment included facilitating business start-ups, customs and tax reforms, and access to market. These efforts partially achieved their intended objectives. The number of days to start a business improved only marginally from 29 in 2011 to 26 in 2016 but then deteriorated to 30 in 2020, below the target reduction of 10 days. In access to finance, there was only partial progress on increasing the proportion of adults using financial services and SMEs with increased access to credit. Similarly, the continued support to labor-intensive industries such as the agriculture and agribusiness sectors fell short of achieving its objectives, with negligible progress on yields and little verifiable evidence on agricultural commercialization. Some progress was achieved during the evaluation period in mobile finance, availability of financial products, and credit information services. IFC was successful in supporting the development of mobile money and the enhancement of the country's credit reporting system. In credit reporting, notwithstanding a reduction of funding commitment by the government, IFC was successful in incorporating microfinance institutions into the credit bureau system, via reporting directly to the credit bureaus rather than going through the Databank. Over time, microfinance institutions increased from a reported baseline of 22 to 40 at completion, with an estimated 110 banks and microfinance and other institutions reportedly using the credit bureaus for sharing credit information. Since then, more than 6 percent of the adult population in Tanzania has become part of the credit bureau information system, from a baseline of 0 percent. As of 2020, participation levels had reportedly increased to 11 percent, indicating sustained progress.

Bank Group support contributed to improvements in the provision of infrastructure services, particularly energy and roads, but sustainability is at risk. The Bank Group recognized the importance of natural resources management, especially in the power and gas sectors, by providing support to this sector throughout the evaluation period. Good progress was achieved on access to electricity (and less so on sector sustainability), as demonstrated by the significant reduction of enterprises complaining about access to energy, although the lack of government support led to the cancellation of energy projects in the second strategy period. The Power and Gas Sector DPO series was aligned with the government strategies but lost relevance over time because of waning political support by the government. The lack of government ownership led to the cancellation of the third DPO and failure to achieve key outcome targets, particularly in promoting private sector involvement in power projects. Similarly, complex design and overly ambitious objectives led to the unsatisfactory performance of the Energy Sector Capacity Building Project. Some progress was achieved in developing the natural gas sector, but the project fell short in developing public-private partnerships for power generation because of delays in project implementation, caused by coordination issues and ineffective procurement activities. With World Bank support, public transport registered progress, with about 840,000 people having access to improved public transport by July 2016, exceeding the target of 543,721 (World Bank 2018b), and 15 percent of Dar es Salaam residents having access to the city's rapid transit system. Progress was also made in road transport, with 86 percent of roads in good and fair condition in 2017, well above the target of 70 percent (World Bank 2018b), resulting in reduced travel times and savings estimated at $0.02 per kilometer for cars and $0.41 per kilometer for large buses (World Bank 2021e). No progress was made on rural transport, with sustainability remaining at risk because of insufficient funding for road maintenance.

World Bank support helped Tanzania make good progress in improving education and health services. At the beginning of the review period, the primary concerns in the education sector were low access and low-quality outcomes at the primary and secondary levels. In response to these constraints, World Bank support focused on both areas of access and quality, as well as on skills development to improve the employability and productivity of the labor force. With the contribution of the World Bank, there was good progress on access and quality indicators, and IEG rated this objective as achieved in both strategy periods. During the review period, World Bank support contributed to an increase in gross enrollment ratios at the primary level from 57 percent to 88 percent between 2014–15 and 2019–20. At the lower secondary level, gross enrollment ratios rose from 68 percent to 90 percent over the same period. The percentage of students achieving grade 2 minimum numeracy increased from 8.2 percent in 2013 to 17.1 percent in 2019 (against the target of 17.1 percent). The targets for skills development were also met by satisfactorily strengthening the institutional capacity of Tanzania's skills development system, which resulted in an estimated 80 percent employability of short-term students one year after graduation, exceeding the 45 percent target. In the health sector, World Bank support aimed to improve equity in access and use of basic services while also improving service quality. World Bank support contributed to improving access and use of basic health services, but there were challenges in achieving equity and enhancing service quality. Progress was achieved in the proportion of attended deliveries at health facilities, which increased from 49 percent in 2013 to 85 percent in 2018 (Maternal and Reproductive Health in Tanzania Program; CDC 2023), and in the reduction in maternal mortality ratio, which dropped from 394 per 100,000 in 2012 to 238 per 100,000 in 2020 (World Bank Group 2020). Postnatal care increased from 51 percent in 2015 to 74 percent in 2020, and the percentage of women of reproductive age using modern family planning methods increased from 37 percent in

2015 to 42 percent between 2015 and 2020 (World Bank 2022c). Yet, while improvements were observed in the regions with problematic access, such as Mara, Mwanza, and Shinyanga, the support fell short of achieving its targets for delivery at health facilities and antenatal care coverage, and the goal of reducing the ratio of the best-performing to worst-performing local government authorities was achieved only for one indicator, indicating a modest outcome in enhancing equity. This objective was rated as mostly achieved and achieved in the two strategy periods, respectively.

The World Bank supported public sector reforms throughout the evaluation period but did not achieve its objectives because of weak subnational capacity and government ownership. In the first part of the evaluation period, the World Bank's strategy emphasized the importance of shifting public sector management from the central to the local level to ensure that instruments designed to strengthen these systems were applied in public service delivery. In the second period, the reforms aimed at modernizing and improving the efficiency of public institutions. These objectives were not achieved in the first period and were partially achieved in the second. For example, the return on investment for minority-interest state-owned enterprises grew from 6.6 percent in 2018–19 to 9.8 percent in 2019–20. Although public institutions are now better connected to broadband services, efforts at strengthening public accountability and financial efficiency in delivering services achieved only partial success, mainly by marginally improving the predictability of the budget and expanding the use of e-procurement in most national and local government spending units. A legal framework for access to information was partly established, but no open data system was put in place, and processes outlined in the public investment manual were not implemented. The average return to state-owned enterprises is not published, and no progress was made in creating a level playing field between the public and the private sector to crowd in private investment. The World Bank's effectiveness was hindered by low government capacity and lack of government ownership, highlighting the importance of assessing the country's political context to better develop coalitions for change in challenging reform areas.

The World Bank's lack of a selective approach to lending undermined long-term outcomes. While the Bank Group achieved some improvements in access to electricity, progress was limited in agriculture, financial intermediation, and the business environment. Similarly, advancements were achieved in education and health but not in public management efficiency. Lessons drawn from closed projects underscore the importance of geographically targeted interventions and activities, robust monitoring and evaluation systems, and alignment with local capacities and political economy constraints. For DPOs, this targeted approach has been shown to yield more tangible outcomes compared with broader initiatives, as presented in the Implementation Completion and Results Report Review (ICRR) for the Poverty Reduction Support Credit 9–11 series.

IFC investments did not achieve their targets. Evaluated IFC investments during the period yielded substandard development outcomes, with three rated as mostly unsuccessful (in commercial and noncommercial banking and finance), three deemed unsuccessful (in microfinance and mining), and one rated highly unsuccessful. Several factors contributed to this outcome. These include the unsatisfactory performance for the indicators adopted and the lack of evidence to identify IFC's contribution to local SME sector. For example, profitability in one investment increased from 8.7 percent in 2011 to 1.9 percent in 2016 and then shrank by 5.4 percent in 2017. Similarly, the number and volume of loans fell short of targets, with loan volume reaching 90 percent of projections as of 2016 but 35 percent in terms of the number of borrowers for the same year. In mining, the inability to complete the bankable feasibility study led to failure in demonstrating the commercial viability and bankability of mines. Despite this, most investments had satisfactory private sector development and IFC investment outcomes.

Adaptation in a Changing Environment

Tanzania's political economy influenced the Bank Group's engagement after the 2015 election. For example, changing political priorities affected several programmatic DPO series intended to focus on the government's reform priorities. In the power sector, lessons learned from the CLRV and the Project Performance Assessment Report for the Poverty Reduction Support Credit series on understanding of political economy and simplicity of design were only partially incorporated into the design of the new DPO series—the ICRR for the first and second Power and Gas Sector DPOs (in 2018) focused on private sector participation in the energy sector.[4] Although the Bank Group recognized and addressed various risks to operating in Tanzania (such as flexibility and selectivity), political economy risks to the sector DPO series were insufficiently conceded and, together with design risks, had an adverse impact on program outcomes.

In 2002, Tanzania enacted a policy of expelling pregnant girls from public schools, which was implemented by the new administration during the evaluation period. Tanzania's ban included the practice of requiring girls to take pregnancy tests at schools and expelling them if they were pregnant, both before and during the evaluation period.[5] Approximately 5,459 girls were affected by this policy annually (World Bank 2024c). At that time, a World Bank education project gave limited attention to resolving gender disparities in education. It was mostly focused on improving school infrastructure and teaching quality. It included a disbursement-linked indicator to incentivize the Ministry of Education, Science, and Technology to increase the number of girls enrolled in form 5 in government schools.[6] Despite growing domestic and international concerns, the World Bank designed a secondary education project with no options for helping pregnant girls reenter school, and the document only noted a need to reduce girls' dropout rates in general.[7] The World Bank submitted the original project design to the Board in 2018 but withdrew it shortly thereafter to redesign the gender dimensions of the project amid stakeholders' concerns.

The redesign of the secondary education project included a deeper focus on gender issues in education and identified alternative education pathways (AEPs) as a way forward for helping pregnant girls and mothers reenter school. As part of this process, the World Bank carried out a gender assessment by conducting focus groups with teachers and school-age girls engaging with civil society organizations that provided educational programming for girls. The analysis also examined educational disparities. As a result, the redesigned Tanzania Secondary Education Quality Improvement Project included a component on gender with several gender-smart solutions, such as a special grievance redress mechanism, safe school training, guidance counseling, and support for safe passage to and from school to lower the risk of gender-based violence. The Ministry of Education, Science, and Technology embraced the AEPs to address preexisting dropout issues and strengthen the quality of the country's alternative education centers. As a result, project monitoring showed that the AEPs reached 3,616 female students during 2020–24. A total of 71 percent of enrolled female students completed form 4, whereas 13 percent of them subsequently enrolled in form 5 (World Bank 2023c). Project monitoring also showed that the majority of mothers chose to return to the alternate schools rather than to secondary schools, indicative of both the viability of the AEPs and additional barriers for the mothers to return.

The World Bank worked with a range of local and international partners to support policy dialogue with the government to reverse the pregnancy ban in 2021. The World Bank, the United States Agency for International Development, the Foreign, Commonwealth & Development Office, and the Swedish International Development Cooperation Agency continued their efforts to convince the government to reverse the ban but were initially unsuccessful. Development partners and civil society organizations continued to create space for high-level discussions with the government on the ban. In 2019, the World Bank demonstrated to the government that allowing pregnant girls to stay in school produced tangible benefits and indicated that the ban risked the cancellation of a pipeline of primary education operations, as it would reduce outcomes. In 2021, the government reversed the ban. The World Bank has since engaged with the government, using its experience from Sierra Leone,[8] to help design a reentry policy for pregnant girls. The World Bank, the United Nations Children's Fund, and the Ministry of Education, Science, and Technology expressed interest in conducting a full assessment of the AEP policy's viability in the future.

[1] The 2010 government strategy refers to Tanzania's 2010 five-year National Strategy for Growth and Reduction of Poverty (known as MKUKUTA II) and the concurrent Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA). Tanzania's Development Vision 2021 was articulated in the Second Five-Year Development Plan and the Third Zanzibar Strategy for Growth and Reduction of Poverty.

[2] The FY12–15 CAS was extended to FY16 at the CAS Progress Report stage to allow the Bank Group to work with the new administration on the new CPF.

[3] The Completion and Learning Review Validation (CLRV) was called the Completion and Learning Review Review (CLRR) before May 1, 2023. No change was made to the methodology.

[4] It was undermined by a parliamentary inquiry into the sale of a private power plant in 2014 and another inquiry into mining contracts in 2017, which led to the removal and suspension of key government officials. This cast a shadow on the outlook for public-private partnerships in Tanzania's power sector and resulted in the cancellation of the third operation in the series with the arrival of the new government.

[5] The Education Act regulations were adopted in 2002: "The regulations, which apply to all public primary and postprimary schools, set out criteria under which the 'expulsion of a pupil from a school may be ordered.' These include when a student has committed an 'offence against morality' or 'entered into wedlock.' Sex and pregnancy outside of marriage may be interpreted as violations" (Boxer 2023). Schools interpreted the expulsion as a requirement of the law.

[6] In Tanzania, school lasts for 13 years, with 7 years of primary education followed by 4 years of ordinary secondary education (forms 1 to 4) and 2 years of advanced secondary education (forms 5 and 6).

[7] The text from the Environment Safeguard Framework document noted the discriminatory policy and negative impact on the girls' life outcomes: "Currently, the government policy on the matter is expulsion for a schoolgirl that is found pregnant. These further disadvantages the girls from getting ahead in life. There's a need to strengthen the system for self-awareness training and campaign, community enlightenment, empowerment and right to be heard through the grievance redress mechanism system as preventive measures and through the Inclusive Education Strategy that is currently being revised, [that is], develop an approved and costed plan aligned with the Inclusive Education Strategy with actions to reduce girls' dropout [rates] and improve education outcomes."

[8] In Sierra Leone, the World Bank used analytic work to demonstrate the economic impact of such a ban and conditioned the approval of an education project to its reversal. In addition, the World Bank and the donors (the Foreign, Commonwealth & Development Office [formerly the Department for International Development]; Irish Aid; and the European Union) took a joint position against the ban by issuing a formal letter to the president. At the same time, the Economic Community of West African States Court of Justice ruled that the policy was a violation of girls' right to education.

3 | Support to Private Sector Development in Tanzania

Highlights

The World Bank Group identified the main constraints to private sector development through extensive analysis and surveys. Bank Group support addressed some of the main constraints in access to energy, access to finance, and availability of the skills demanded by Tanzanian firms.

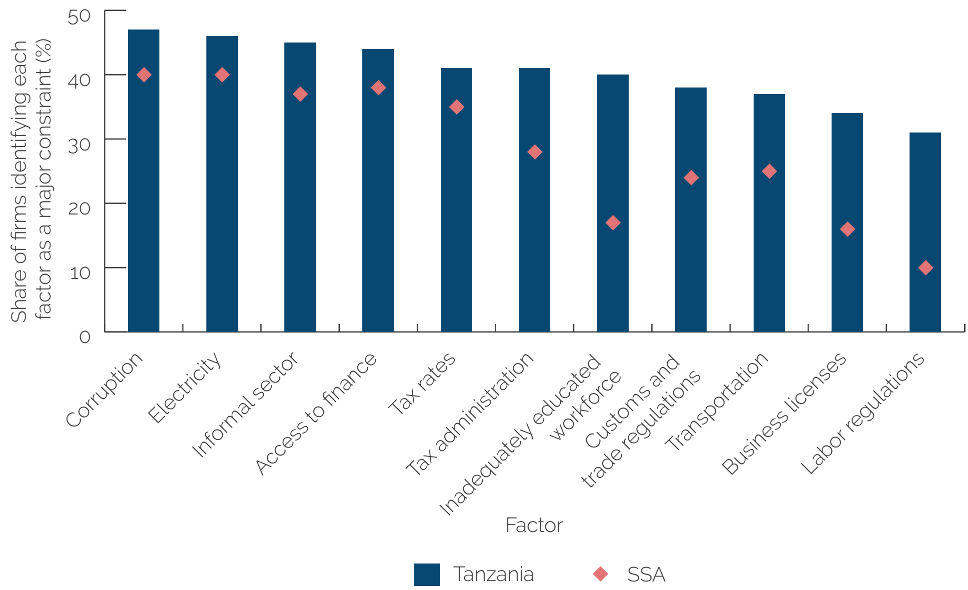
Bank Group support contributed to increasing electricity access for firms and adapted to the government's change of interest in policy reforms away from support for private sector participation in the electricity sector, which disrupted Bank Group programs.

Both the World Bank and the International Finance Corporation targeted constraints to finance for firms and achieved positive outcomes by increasing mobile finance and credit information services. Yet lack of attention to demand-side factors limited outcomes.

The purpose of this chapter is to evaluate the Bank Group's support to boosting private sector development in Tanzania. The chapter assesses the relevance and effectiveness of the Bank Group's efforts to boost private sector development by improving electricity access, increasing access to finance, and improving job skills.

The Bank Group identified several private sector development constraints during the first strategy period. The Bank Group conducted several Investment Climate Assessments between 2004 and 2014, including two countrywide analyses (2004 and 2014) and a pilot rural, micro, and small manufacturing enterprise Investment Climate Assessment in Zanzibar (2007). At the beginning of the evaluation period, firms reported that the biggest obstacles to private businesses in Tanzania were corruption, access to finance, access to electricity, informality, tax regulations, and availability of skills. Private sector development constraints affected Tanzania relatively more than they affected the rest of Sub-Saharan Africa (figure 3.1). The differences were particularly pronounced for availability of skills, which was identified by more than twice as many Tanzanian firms (as a share of all firms) as a constraint to doing business than the average for firms in Sub-Saharan Africa. The judicial system, licenses, and labor regulations were also more problematic for firms in Tanzania than in Sub-Saharan Africa. Weaknesses in financial intermediation were reflected by the fact that 83 percent of Tanzanian firms relied on internal finance for investment (compared with 78 percent in Sub-Saharan Africa) and only 15 percent of firms reported a bank loan or line of credit (compared with 24 percent in Sub-Saharan Africa). More than a quarter of firms in 2013 operated entirely outside the banking system, without a checking or savings account. Firms were also hampered by inadequate electricity supply, which led to more power outages in Tanzania than in Sub-Saharan Africa (9.2 compared with 8.3 in a typical month). Given the importance of human capital for long-term growth and poverty reduction, at the beginning of the evaluation period, Tanzania had among the lowest indicators of education achievement in Africa, with an average of five years of schooling in its adult population and about a 2 percent tertiary enrollment rate.

Figure 3.1. Factors Identified by Tanzanian Firms as Constraining Their Development



Source: World Bank 2014a.

Note: SSA = Sub-Saharan Africa.

Bank Group support addressed most of the constraints except for informality. Corruption—the most often cited constraint to doing business in Tanzania—was part of the World Bank support in both strategy periods. In line with the government's strong anticorruption commitment, the FY12–15 CAS aimed at curbing corruption by focusing on improving service delivery, such as enhancing bureaucratic processes, tax policies and tax administration, and the efficiency and transparency of public management. In the second part of the evaluation period, the new administration's stance on corruption became even stronger with the adoption of a "zero tolerance" policy. The FY18–22 CPF continued strengthening public sector capacity to deliver public services to businesses, including by facilitating access to service delivery information to empower citizens to voice their opinions on public sector providers by leveraging information and communication technology. The second most cited problem was access to affordable and reliable electricity; this was followed by informality, taxes, and lack of worker's skills.

World Bank Group Support to Improve Access to Electricity for Private Firms

Firms considered lack of access to reliable and affordable electricity to be a major impediment to doing business. At the beginning of the CPE period, the power sector was suffering from a growing power generation deficit. This was caused by the country's heavy reliance on hydrogeneration, insufficient water levels (along with reliance on one major river basin for over half of the installed hydrogenerating capacity), and insufficient development of new generation capacity. Several business surveys and reports from the World Bank and other institutions indicated that the accessibility, quality, and affordability of electricity in Tanzania was a major constraint to private sector development (World Bank 2014a, 2017b). The situation of the energy sector called for a major expansion of generating capacity, coupled with investments in transmission and distribution, to reduce energy transmission losses. To meet these challenges, the government of Tanzania proposed a mix of private and public sector financing options. In 2014, the government approved a new Electricity Supply Industry Reform Strategy and Roadmap 2014–25, which envisaged, among other initiatives, greater private sector participation in both generation and distribution.

Relevance of World Bank Group Support to the Energy Sector

The Bank Group addressed the two constraints of energy access and quality. The Bank Group, the largest development partner to finance the energy sector, aligned its focus to the constraints identified by the government strategies by increasing generation capacity and upgrading and expanding transmission and distribution infrastructure during both strategy periods. The Bank Group's efforts to promote the exploration and use of natural gas was part of the strategy to diversify the sources of power generation away from dependence on hydro sources. Whereas the support to gas-powered energy generation was more environmentally friendly than the alternative diesel-powered energy generation used during periods of droughts, the strategy also included expanding renewable energy sources (solar, wind, mini hydro), some of which led IFC to promote private sector participation initiatives.

The Bank Group leveraged both public and private sector support to build energy infrastructure. The lending program to Tanzania's energy sector over the evaluation period included 10 operations financed by the World Bank and 3 by IFC for a total commitment of $1.7 billion. Investment projects supported grid and off-grid (renewable) infrastructure development. Regional operations were to allow Tanzania access to a huge and competitive power market via the Southern African and Eastern African Power Pools.[1] DPOs included prior actions to (i) reduce the cost of power supply and promote private participation in the sector through improvements in operational efficiency and use of key performance indicators and (ii) strengthen the policy and institutional framework for managing the country's natural gas resources by supporting the adoption of a national Natural Gas Policy, as well as measures to verify the amount of the country's gas reserves. These investments were accompanied by a capacity-building operation to promote public-private partnerships for augmenting power generation.

The Bank Group complemented its lending program with relevant analytic and advisory activities in the energy sector. On the World Bank side, advisory services focused on initiating a policy dialogue on the gas sector and the preparation of a Gas Economic Policy Note (World Bank 2014b) for Tanzania on the potential growth impact from natural gas. By following this approach, engaging in advisory services as an entry point for advancing energy sector policies, the Bank Group adopted one of the lessons from IEG's evaluation *World Bank Group Support to Demand-Side Energy Efficiency* (World Bank 2023d). The Bank Group also provided technical assistance on the development of public-private partnership activities. IFC's advisory services focused on promoting the increased competitiveness of firms in the energy market by developing a commercial market for off-grid solar products and an increased renewable power generation.

Bank Group support in Tanzania was relevant to the objective of improving access to electricity. Improved access to electricity was part of most operations' project development objectives in the energy sector. The Bank Group addressed the key constraints of availability and reliability of energy through investments to (i) commission additional generation capacity in gas-fired and renewable energy facilities, (ii) build up cross-border transmission capacity to achieve regional integration, and (iii) rehabilitate and expand transmission and distribution infrastructure. For example, the Backbone Transmission Investment Project, whose project development objective consisted of increasing the availability and reliability of grid-based power to the northern regions of Tanzania, was designed against the backdrop of the Power System Master Plan, which had identified areas of future load growth from economic activity in the north, with most of the generation capacity (hydro and gas) located in the south. Two of these operations were evaluated by IEG, which rated their objectives as highly or substantially relevant. Furthermore, IFC's currently active PanAfrican Energy project, with the aim to improve the availability and reliability of natural gas supply, is of national strategic importance because the Songo Songo gas field supplies nearly half of Tanzania's grid electricity generation.

The Bank Group supported the quality and reliability of energy services mostly through three projects. Improving quality (that is, voltage fluctuation) and reliability in urban load centers was a key part of the project development objective of the Tanzania Energy Development and Access Expansion Project, the Backbone Transmission Investment Project, and the Zanzibar Energy Sector Transformation and Access Project. Key activities designed to achieve an increase in the quality and reliability of power included investments in (i) high-voltage transmission lines and the rehabilitation and upgrading of substations, (ii) renewable energy battery-storage infrastructure for grid support, and (iii) installation of supervisory control and data-acquisition grid monitoring and control systems. The first two of these projects, which provided equipment to upgrade substations and install high-voltage transmission lines, were evaluated by IEG (ICRR and Project Performance Assessment Report) and rated substantial for relevance of design.

Effectiveness of World Bank Group Support to Improve Access to Energy

During the evaluation period, the Bank Group helped increase the access to, stability, and reliability of electricity services through successful infrastructure projects. Projects that were successful or are on track to having successful outcomes are mostly those involving investments in hard infrastructure, such as the construction of transmission backbone infrastructure and rehabilitation of distribution networks. Similarly, IFC's financing of investments in four natural gas wells (PanAfrican Energy project) is near closing and has been performing satisfactorily as it is expected to result in improved delivery of critical gas supplies from the Songo Songo gas fields to downstream power producers. This is consistent with the results of business surveys conducted by the World Economic Forum in Tanzania. The data show an improvement in the rating of the quality of the energy services over the 2012–17 period (latest available data; WEF 2012, 2017).

Although progress in the electricity sector was achieved during the first part of the evaluation period, it slowed in the later part. In the first part of the evaluation period, access to electricity increased from 2.5 percent in 2010 to 33 percent of the population in 2016, and reliability improved, with end user voltage increasing from 190 volts in 2010 to 220 volts by December 2015, above target (World Bank 2018b). Later in the evaluation period, generation capacity did increase; however, not significantly. Installed capacity had increased to 1,608 megawatts, 60 percent of which came from natural gas and 39 percent from hydrogeneration, thereby succeeding to some extent in diversifying away from the earlier dependence on hydro sources. However, nonresidential connections to electricity did not reach their target.[2] Transmission and distribution lines constructed or rehabilitated under the program were less than half of the target. The first and second Power and Gas Sector DPOs that had the intention to promote private sector participation in the sector and develop an institutional framework for managing the country's gas resources did not achieve their objectives. The goal of promoting greater private sector participation stalled after 2016, and the DPOs received a moderately unsatisfactory rating for overall outcome by IEG. The Tanzania Utility Strengthening Project (scheduled for FY19) did not materialize because of lack of interest from the new government, leaving the objective of improving sector operational performance unfulfilled. In addition, despite some progress, renewable energy generation capacity had fallen way behind the CPF target by 2022.

In response to the government's waning commitment to policy reforms, the Bank Group adapted its approach in the energy sector. Interviews with task team leaders and the country director reveal that the World Bank made efforts to adapt its approach, moving away from policy-oriented operations and concentrating on infrastructure operations to improve connectivity.

This was in the hope that continued improvement of access would help enhance sustainability and the role of the private sector in energy generation. The Bank Group also saw an opportunity to move the program forward by focusing on support to Zanzibar (as with the Zanzibar Energy Sector Transformation and Access Project), as the local government there had historically greater autonomy of action and was more willing (post-2016) to support private sector participation in renewable energy generation.

World Bank Group Support to Improve Access to Finance for Private Firms

Tanzania's banking system faced scale and efficiency challenges at the start of the evaluation period (IMF 2010). Credit to the private sector as a share of GDP was lower in Tanzania compared with regional peers (figure 3.2). The 2013 Enterprise Survey confirmed that Tanzanian firms relied mainly on retained earnings and informal sources for financing, with bank loans and trade credits meeting just a fraction of their financing needs (World Bank 2014a). Smaller firms encountered more difficulties in accessing loans and overdraft facilities and relied more on nonfinancial institutions (financial nongovernmental organizations, savings and credit cooperatives, and money lenders) to finance their investments and operations. The inability to access finance, especially long-term finance, was a major reason behind the inability of small firms to grow and create good jobs.[3]

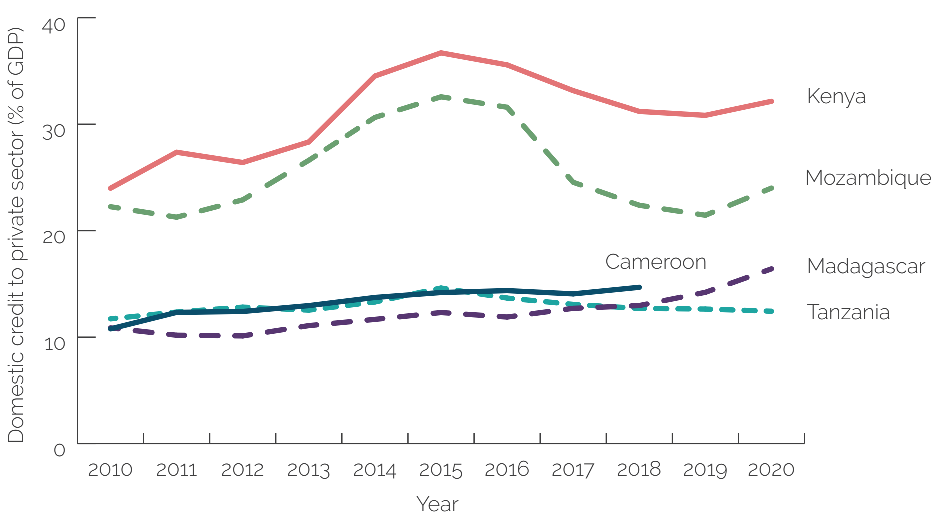
The World Bank's analytic work identified access to finance as a key private sector development constraint. The 2014 Country Economic Memorandum, *Tanzania: Productive Jobs Wanted*, identified the constraints to access to commercial lending by Tanzanian firms on both the supply and the demand side (World Bank 2014c). Demand-side constraints included lack of financial education, lack of regular income, borrowing mostly for consumption, and negative perceptions on the quality of financial services offered. *Tanzania Economic Update*: *Money Within Reach—Extending Financial Inclusion in Tanzania* delved into actions to deepen financial inclusion and expand access to affordable long-term credit (World Bank 2017a). The 2018 Financial Sector Assessment updated the findings of the 2010 Financial Sector Assessment Program report (IMF 2010) and provided a detailed analysis of the measures needed to improve access to finance by the enterprise sector (IMF 2018). These findings were augmented by other World Bank and IFC analyses conducted as part of lending or technical assistance. The World Bank's analytic work, together with academic literature and interviews of stakeholders, identified the following priorities to improve access to finance for enterprises in Tanzania:

» High credit risk faced by small firms. The difficulty of obtaining financial information about potential borrowers raised the risk and cost to commercial banks of extending credit to small firms. Further, inadequate secured transaction systems prevented entrepreneurs with insufficient fixed assets, particularly women, to meet the collateral requirements to access credits.

» Incomplete supply of financial products and mobile financial services. Available financial products favored mainly entrepreneurs or companies with fixed assets. Micro, small, and medium enterprises (MSMEs) and rural enterprises often found that banks did not have products and services designed for their businesses. Further, the nascent capital market was not playing its traditional role of long-term resource mobilization.

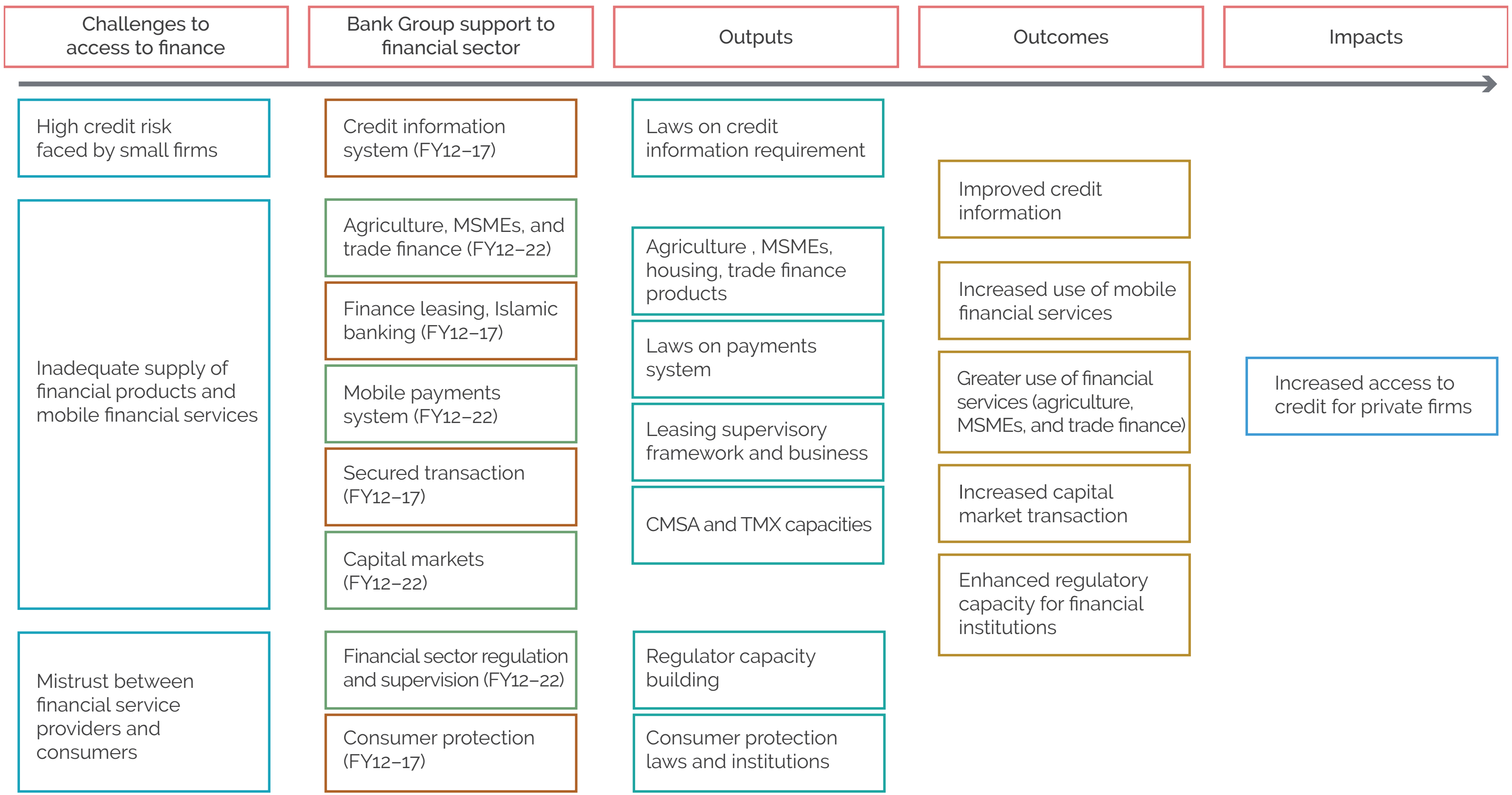
» Limited trust between financial service providers and customers. Limited financial education among potential borrowers and weak protection of consumers' rights contributed to a lack of trust.

Figure 3.2. Domestic Credit to Private Sector



Source: World Development Indicators.

Figure 3.3. Results Chain of World Bank Group Support to Improve Access to Finance in Tanzania



Source: Independent Evaluation Group (based on World Bank documents).

Note: CMSA = Capital Markets and Securities Authority; MSMEs = micro, small, and medium enterprises; TMX = Tanzania Mercantile Exchange.

The Bank Group developed strategies to overcome these constraints to finance. Both the FY12–15 CAS and the FY18–22 CPF focused on strengthening the soundness of the financial sector, increasing access to financial services and financial inclusion, and building the foundations for long-term finance. Figure 3.3 outlines the results chain of Bank Group support to improve access to finance in Tanzania during the evaluation period. It shows that the Bank Group targeted all three key constraints to access to finance with several interventions, aiming at improving the availability and use of financial products to increase credit to Tanzanian firms.

Relevance of World Bank Group Support to Improve Access to Finance

The Bank Group was relevant in supporting Tanzania's credit information system. With advisory services from IFC and technical and financial support from the World Bank and other partners, Tanzania had put in place a credit reporting regulatory framework, drawing participation of most regulated deposit-taking entities in the system. The 2014 additional financing for the Private Sector Competitiveness Project supported the development of reporting standards for microfinance institutions. During 2014–18, IFC provided advisory services to support the integration of microfinance institutions and other lenders (for example, finance companies and cooperative societies) into the credit bureau system. The technical assistance focused on helping the credit bureaus and lenders improve data quality, develop a strategy for integrating the nonregulated entities into credit reporting, increase awareness and education among the lending community on credit reporting, and strengthen the capacity of the Bank of Tanzania to exercise oversight over the system.[4] Bank Group support was highly relevant for enhancing credit risk assessment and lowering transaction costs for customers and providers alike.

However, Bank Group support did little to expand the range of collateral options, despite recognizing their relevance for small firms. The additional financing for the Private Sector Competitiveness Project did not implement the planned activities to address the weakness of the collateral system—the only demand-side activity. A trigger for the second operation of the Business Environment and Competitiveness for Jobs DPO series would have supported submission to parliament of the Secured Transactions Act to expand sources of available collateral, but the operation was canceled in 2017.

The Bank Group supported the interoperability among mobile money service providers to develop mobile financial services. The 2014 additional financing for the Private Sector Competitiveness Project supported the development of standards for supervising mobile financial services. The first operation of the 2015 programmatic series of the Business Environment and Competitiveness for Jobs DPOs had a prior action to support the creation of a unified legal framework for payment systems. In addition, IFC provided Scheme Rules advisory services during 2014–18 to develop standards and regulations for interoperable mobile financial services and a marketing campaign to increase interoperable peer-to-peer transactions. These interventions were relevant for expanding mobile financial services in Tanzania—a key component of promoting financial access.

IFC's support improved mobile money and merchant payment networks, which proved important during the COVID-19 pandemic. During 2019–22, IFC partnered with Vodacom Tanzania—the largest telecommunication and mobile money services provider in the country—to carry out extensive marketing campaigns that focused on customer acquisition, agent network management, merchant acquisition, and digitization of payments. In 2022, IFC renewed its partnership with Vodacom Tanzania to improve the use of digital payment services by increasing merchant payments acceptance and building the customer and merchant value proposition through new product development, merchant management, and training activities. These interventions were highly relevant, especially as the COVID-19 pandemic underscored the need for digital financial services as the most effective way to facilitate access to finance to MSMEs.

The Bank Group was also relevant in supporting the development of capital markets to expand long-term financing opportunities in Tanzania. In 2014, the Bank Group supported the establishment of Tanzania Mercantile Exchange (TMX) as a company under public-private partnership among the government, public institutions, and the private sector and licensed by the Capital Markets and Securities Authority. The Bank Group also provided technical assistance to upgrade the Automated Trading System and the

Central Depository Security System at the Dar es Salaam Stock Exchange. Further, as an additional vehicle to deliver long-term financing to SMEs, in 2015, the Bank Group provided technical assistance to the Bank of Tanzania to develop a supervisory framework for leasing. Given the growing demand for long-term financing to SMEs, these interventions were timely and relevant for promoting access to different sources of finance by firms.

IFC was relevant in supporting several initiatives to deepen financial inclusion and increase financial access. This included the introduction of several financial products to increase access to finance for SMEs, notably women-owned SMEs. IFC's engagement in Tanzania included support to SMEs through trade financing (guarantees), a warehouse finance facility, and an agricultural commodity financing facility and local currency facility to help expand the lenders' reach in MSMEs. These investments were accompanied by IFC advisory services aimed at strengthening the lender's ability to assess SME credit risks. Supporting women-owned SMEs was an important component of IFC engagement and resulted in an IFC subscription to a gender bond issued by the National Microfinance Bank (NMB) in 2022 to provide access to finance for women-owned SMEs. It was the first gender bond in Sub-Saharan Africa. All this engagement was conducted thanks to a long-term partnership with two systemic banks, CRDB (formerly known as the Cooperative and Rural Development Bank) and NMB, which had the largest branch network in the country. In addition, IFC provided advisory services to the National Bank of Commerce to strengthen its ability to serve SMEs by designing a new SME business model, improving SME credit-related processes, and training staff to effectively serve the targeted SME segments. IFC also invested in greenfield projects to nurture homegrown banks to serve the lower- and middle-income strata of the society and MSMEs by providing technical assistance and grant funding.

IFC provided the bulk of the Bank Group's support to increasing access to finance, and World Bank lending no longer focused on this area during the second strategy period because of lack of interest by the new government. The Bank Group supported Tanzania to address the constraints to access to finance, but World Bank lending ceased during the second strategy period as overall engagement in private sector development by the new government deteriorated. Yet IFC found opportunities to more than double its investment volume through large commitments in 2021–22 to two of the largest banks in Tanzania, which accounted for half of IFC's total portfolio during the evaluation period.

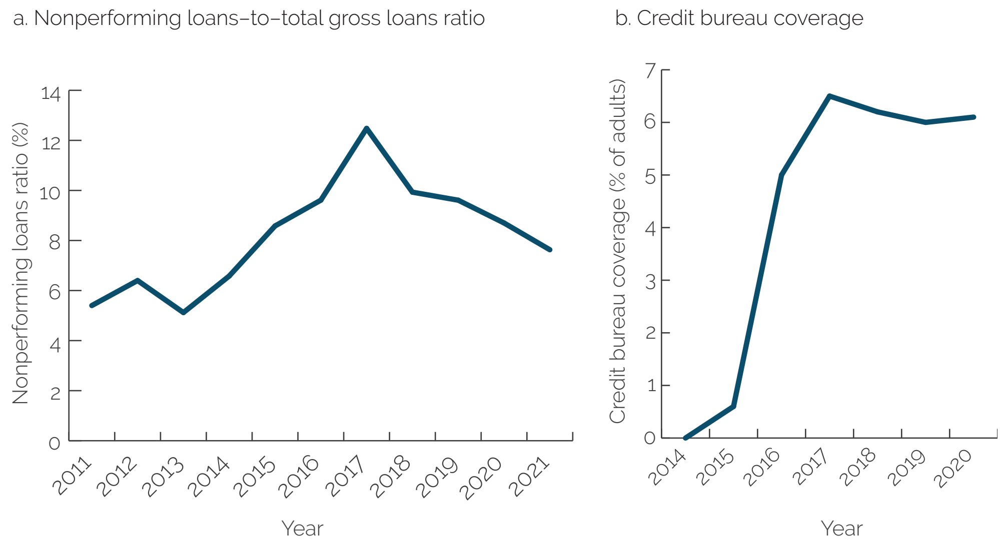
Effectiveness of World Bank Group Support to Improve Access to Finance

Bank Group support contributed to reducing nonperforming loans by improving Tanzania's credit reporting system. In 2012, with technical assistance from IFC and financial support from the World Bank and other partners, Tanzania launched a credit reporting system that included a central bank–managed Credit Reference Databank and two licensed private credit bureaus, which pulled data from the databank to create credit reports. The establishment of the credit reporting system filled a key gap in Tanzania's financial infrastructure (IMF 2010). By the end of 2013, most of the licensed banks in the country were participating in the system. With further technical assistance from IFC, the Bank of Tanzania and the lenders worked to improve data quality and incorporated microfinance institutions into the credit reporting system with the 2018 Microfinance Act.[5] Available statistics and feedback from Bank of Tanzania officials confirmed that the greater availability of accurate credit information made a significant contribution to reducing nonperforming loans (figure 3.4, panel a). Improvements in credit information depth and credit bureau coverage are also evidenced by the Doing Business indicators on getting credit. Tanzania achieved its best score among all the areas measured by the Doing Business indicators in the indicators of getting credit. However, the new government in 2016 canceled the Secured Transactions Act, and there was noncompliance of some banks and microfinance institutions to submit credit data (of the more than 700 microfinance institutions, only 10 are submitting credit data currently; figure 3.4, panel b).

IFC effectively created interoperability standards for mobile financial services through a facilitator role. One of the key factors that facilitated the development of mobile money in Tanzania was the introduction of interoperability arrangements among the mobile money providers in 2015, which provided an additional incentive for vendors and customers to sign up for mobile money accounts. With funding from the Bill & Melinda Gates

Foundation and the Financial Sector Deepening Trust, IFC helped ensure buy-in from key mobile network operators, banks (CRDB and NMB, both IFC clients), and the regulator and achieved results above expectations (figure 3.5). IEG rated the project's outcome achievement satisfactory, its impact achievement excellent, and its development effectiveness successful.

Figure 3.4. Commercial Banks' Nonperforming Loans–to–Total Gross Loans Ratio in Tanzania and Doing Business Indicators on Getting Credit (Credit Bureau Coverage)



Sources: Doing Business Indicators (database), World Bank, http://www.doingbusiness.org; Statista.com.

IFC helped accelerate merchant payments and expand mobile financial services in Tanzania. IFC supported mobile financial services by identifying and supporting a strategic partner, Vodacom. As a result of this partnership, Vodacom Tanzania was able to turn a disorganized and unprofitable payment business into one with a segmented approach to and cluster-based management of merchant acquisition, branding, value-added services, pricing, and performance tracking. This allowed Vodacom to expand its M-PESA (mobile pay) business exponentially (table 3.1). Further, the enhanced interoperability also paved the way for mobile financial services to expand from payments to credits. Working with commercial banks, Vodacom started offering loan products to MSME merchants and plans to launch stock financing to distributors. This experience also had a demonstration effect and inspired other mobile operators and financial institutions to introduce similar products and services.

Figure 3.5. Account Penetration and Financial Access in Tanzania

Source: World Bank 2017a.

Note: OECD = Organisation for Economic Co-operation and Development.

Table 3.1. Monthly Vodacom M-PESA Growth

M-PESA Growth	2019	2022
New merchants (no.)	2,000	17,000
Active new merchants (no.)	1,000	10,000
New subscribers (no.)	40,000	100,000
Value of transaction (T Sh, millions)	150	790,000
Revenue (T Sh, millions)	200	3,800

Source: Vodacom Tanzania.

Note: M-PESA is a mobile banking system operated by Vodacom Tanzania.

Despite positive contributions, IFC's projects did not achieve several of their objectives. An IFC advisory services project received a development effectiveness rating from IEG of mostly unsuccessful because CRDB decided to prioritize the development of the rating tool over other components (that is, risk management practices and asset quality) and because the increase in loan issuances (by nearly 50 percent) was hard to attribute to the advisory services project.[6] In addition, although CRDB and NMB enjoy the largest branch networks in Tanzania, their rural outreach was deposit taking only,[7] limiting the impact of IFC's strategic partnership with these large banks. Despite IFC's initial capital injection, AccessBank (a microfinance bank) encountered a series of internal and external difficulties, notably government interventions in major cash crops, which negatively affected its performance (for example, decline in number of accounts, outstanding agricultural loans, and portfolio quality).[8] IFC investments in other Tanzanian banks were small but also encountered difficulties achieving commercial success at a time when large deterioration of asset quality was also experienced by other financial institutions in Tanzania.[9]

The Bank Group helped the government set up several elements (governance, pricing, and audit) to develop Tanzania's capital markets. Bank Group technical assistance, including that from the World Bank Treasury, assisted the government on a variety of issues (such as governance, pricing, redemption, information technology, and audit) related to the development of the local money market and of the retail and government securities markets. Bank Group assistance helped the Dar es Salaam Stock Exchange become self-sustaining rather than dependent on government subsidies and link the Bank of Tanzania central depositary system for government bonds to the stock exchange. The Bank Group's East African Common Market Scorecard motivated the government to remove restrictions on corporate bonds and opened government bonds to regional investors. IFC's participation in the bond issuance by the Tanzania Mortgage Refinance Company and the gender and green bonds by commercial banks boosted investor confidence in Tanzania's capital market and contributed to the success of these bonds.

The Bank Group assisted in the creation of TMX. TMX was inaugurated in 2015 and began operations in 2019. The Bank Group helped TMX prepare the listing of the first commodity, sesame seeds, and cashew nuts, the fourth commodity to be listed. TMX continues to follow the same process that the Bank Group introduced—for example, no commodity is listed until a value chain analysis is done to ensure price discovery and transparency. Nevertheless, Tanzania's capital market remains small, with 28 companies listed on the Dar es Salaam Stock Exchange and five commodities traded on TMX.

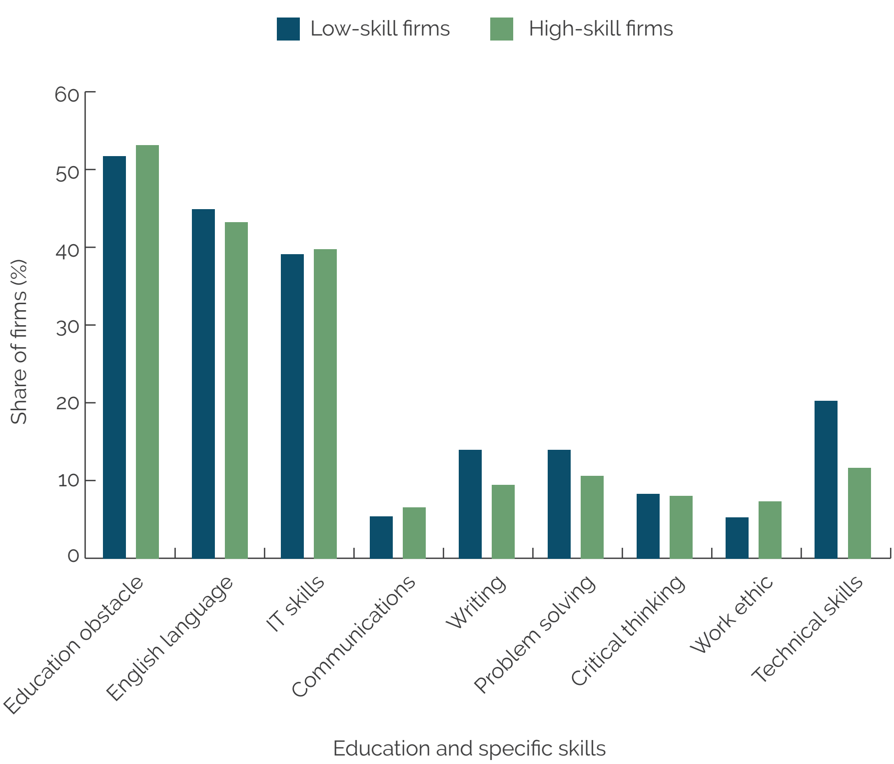
The Bank Group's activities enhanced consumer confidence in the financial system and promoted formal financial services. The Bank Group provided relevant support to the development of the legal and regulatory framework for new financial products and to the strengthening of financial sector stability and supervision. The Bank Group helped complete the legal and regulatory framework for 25 new financial products. In 2014, the Bank Group supported strengthening financial sector regulation and frameworks for deposit insurance, and in 2022, the First Inclusive and Resilient Growth development policy financing had a prior action on enhancing financial stability and sector resilience through an increase in the share of banks meeting the Basel II and III capital adequacy ratio. These activities helped enhance consumers' confidence in the financial system and promote greater use of formal financial services, as demonstrated by the significant reduction in female financial exclusion from 30 percent in 2017 to 19.4 percent in 2023 (FinScope Tanzania 2023). However, fostering trust in the financial sector requires not only strengthening the regulatory framework to protect consumers but also educating consumers on financial products. Several interviews with the Bank of Tanzania, the capital market regulator, commercial banks, and private sector associations pointed to the need to further enhance financial literacy among the public to raise awareness of different financial products and the benefits of using the formal financial system to meet their financing needs.

World Bank Group Support to Boost Skills for Private Sector Development

Tanzania's education system has not provided the skills needed by the private sector. At the beginning of the evaluation period, more than 50 percent of employers in Tanzania rated education as a major obstacle to doing business (Tan et al. 2016). Tanzanian firms faced a deficit in the set of competencies needed to productively work (Tan et al. 2016; World Bank

2015; figure 3.6). These competencies include cognitive skills (such as basic literacy and numeracy), noncognitive skills (also called soft skills, such as teamwork, language, and information technology), and job-specific skills. Tanzania trailed its comparators in completed upper secondary and tertiary education, with only 3.4 percent and 1.7 percent of the working age population compared with, for example, 22 percent and 4.6 percent in Kenya. In addition, learning outcomes were inadequate. A 2012 assessment of children in standard 3 showed that only 26 percent were able to read standard 2 level stories in Kiswahili, and only 44 percent were able to successfully complete standard 2 level multiplication problems (Uwezo Tanzania 2013). Box 3.1 highlights the efforts that development partners have made in supporting education in Tanzania.

Figure 3.6. Firms Reporting Skills as Inadequate Relative to Needs



Source: Tan et al. 2016.

Note: IT = information technology.

Box 3.1. Development Partners Supporting the Education Sector in Tanzania

During 2011–22, the World Bank was the largest contributor to education development in Tanzania, providing 58 percent of support or more than US$2 billion (table B3.1.1). The African Development Bank has recently launched a five-year US$34 million support to improve the quality and equity of technical and vocational education and training. Another African Development Bank project (US$12 million) focuses on Zanzibar and seeks to increase youth's and women's access to alternative learning and skills training opportunities. The African Development Bank also provides support to entrepreneurs through training on business development and financial literacy. The Canadian International Development Agency supports the government in building the capacity of technical and vocational institutions to deliver effective skills training.

Table B3.1.1. Support for Education by Development Partner

Development Partner	Commitment (US$, millions)	Share (%)
World Bank (IDA)	2,073	58
United States	271	8
Sweden	265	7
United Kingdom	183	5
Canada	157	4
African Development Fund	84	2
Other development partners	521	15
Total	3,554	

Source: Organisation for Economic Co-operation and Development Creditor Reporting System Aid Activity (database), International Development Statistics (accessed May 31, 2023).

Note: The data exclude aid from China. IDA = International Development Association.

Relevance of World Bank Group Support to Skills Development

The World Bank focused on building human development outcomes through higher education to strengthen the country's labor skills. The corresponding World Bank portfolio over the evaluation period consisted of projects focusing on tertiary and vocational education—hence, directly addressing private sector needs for a more skilled workforce. The Science and Technology Higher Education Project and subsequent additional financing approved in 2008 and 2016, respectively, aimed at increasing the quantity and quality of higher education graduates with an emphasis on science and technology and on taking into account labor market requirements in higher education curricula. The Higher Education for Economic Transformation Project, approved in 2021, aimed at strengthening the learning environment and labor market alignment of priority programs at higher education institutions and improving the management of the higher education system. In addition, the World Bank supported a PforR to strengthen skills development capacity and labor market–driven skills development opportunities (Education and Skills for Productive Jobs PforR). Technical and vocational education and training (TVET) activities included the development of the National Skills Development Strategy (2016–26) for the development of skills in the fields of science and technology, several assessments on the TVET system, human resources needs, and a quality assessment.

World Bank support for skills development focused on improving the access to and quality of higher education and vocational training. In the early years of the evaluation period, the World Bank concentrated on raising the number and quality of higher education graduates, with special emphasis on science and technology, and laying the foundations for improved responsiveness of tertiary education to the labor market. World Bank support moved to strengthen the institutional capacity of Tanzania's skills development system and to promote the expansion and quality of labor market–driven skills development opportunities in select economic sectors. In 2021, World Bank support focused on strengthening the learning environment and labor market alignment of higher education institutions and improving the management of the higher education system. During the review period, World Bank support focused on the two areas of quality and access, as illustrated in table 3.2, which presents the number of interventions focusing on each area.

Project design ratings confirm the relevance of World Bank support to skills development. The ICRR for the Science and Technology Higher Education Project was given a relevance of design rating of substantial (World Bank 2016b). The project responded to the immediate need for improved skills in the workforce—namely, in the areas of science, technology, math, and English—and supported several activities that strengthened links between higher education institutions and the private sector.

Table 3.2. Challenges to Tanzania's Skills Development System Addressed by World Bank Projects

Challenges		Projects Addressing Challenge (no.)
Absence of incentive mechanisms		
Quality and access	Lack of incentives for teachers and school administrators	3
Quality and access	School managers lacking incentives and skills	2
Quality	Identification of weak students	1
Inadequate working conditions		
Access	ICT systems and libraries	2
Access	Information systems	2
Quality and access	Learning environment	3
Inadequate resources and competencies		
Quality	Inadequate teacher skills	4
Quality	Math, science, and English instruction	1
Quality	Professional development of teachers	2
Access	Delivery mechanisms for capitation grants	1

Source: Project Appraisal Documents.

Note: ICT = information and communication technology.

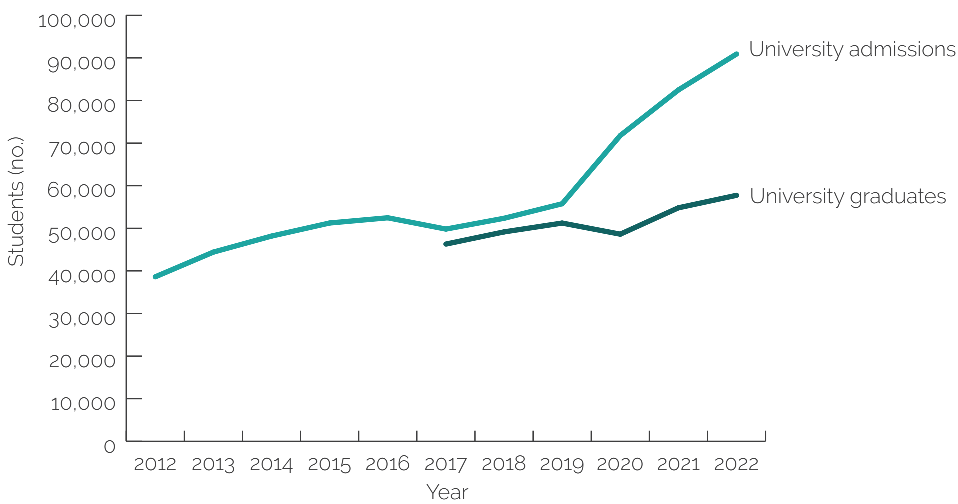
Effectiveness of World Bank Group Support to Skills Development

World Bank support helped create a more skilled labor force for the private sector. Closed projects show the achievement of their objectives. The capacity of the skills development system improved, as reflected in an increase in science and technology graduates from 1,300 to 6,700 by the end of the project period, against a target of 3,000. Similarly, the number of lecturers holding a Doctor of Philosophy degree and a Master of Science degree increased from 564 in 2012 to 2,573 in 2015, above the target of 1,650 (the Science and

Technology Higher Education Project; World Bank 2016b). In addition, 135 programs in technical and vocational education were delivered, against an original target of 110 programs. The number of program beneficiaries was estimated at 66,700 in 2021–22, exceeding the target of 44,000. The Skills Development Fund was operational and provided about 45,700 trainees with internships, exceeding a target of 38,000 trainees. Six Sector Skills Councils were established against a target of four, and they were engaging the private sector in developing more than 100 training curricula. Employability of short-term students one year after graduation was estimated at 80 percent, exceeding the 45 percent end-of-program target (Education and Skills for Productive Jobs PforR at completion in 2022; World Bank 2023b).

Several statistics support the positive contribution of the education projects. Surveys of businesspeople in Tanzania over the 2012–17 period report an inadequately educated workforce as less of a constraint (WEF 2012, 2017). At the same time, enrollment in university increased from 38,610 in 2012 to 90,911 in 2022, and the number of university graduates also increased from 46,294 in 2017 to 57,742 in 2022 (figure 3.7). Employment data show an improvement in employment outcomes for university graduates over the evaluation period, with the share of the labor force with university degrees increasing from 1.2 percent in 2014 to 1.7 percent in 2020–21 (NBS 2022).

Figure 3.7. University Admissions and Graduates in Tanzania, 2012–22



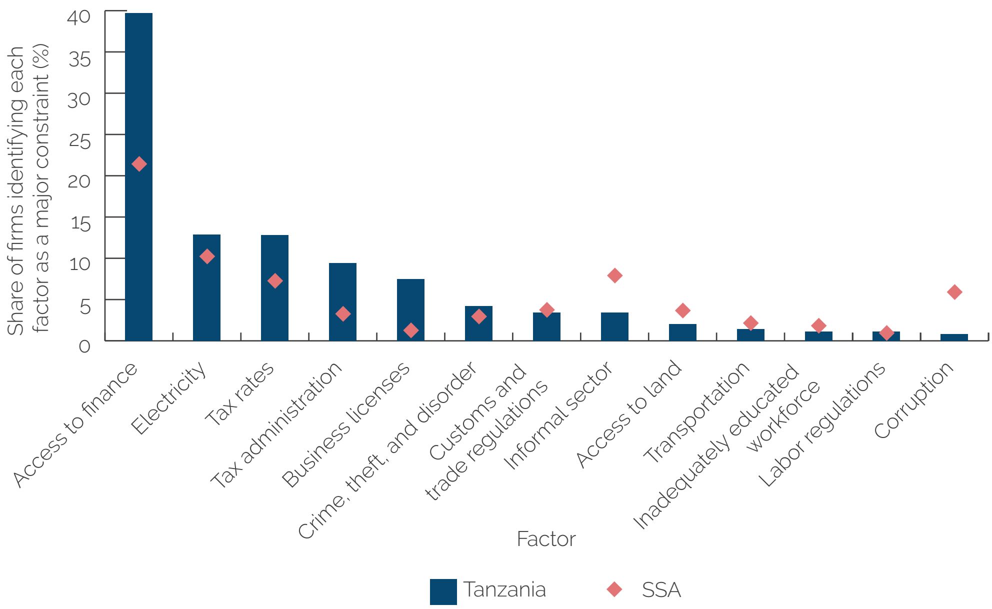
Source: Tanzania Commission for Universities 2022.

World Bank support through TVET prepared youth for a productive working life. For example, TVET providers were able to enroll school dropouts, pregnant girls, and young mothers who previously were banned from attending regular schools. From a target of 224, the number of new courses in science and technology disciplines at participating institutions reached 273. Examples of new courses include Environmental Studies, English and Communication Skills, Biotechnology, Sustainable Energy, Computer Systems Engineering, and Food Quality and Control. The availability of these courses contributed to the enrollment of 9,738 students in science and technology disciplines. Appropriate information and communication technology–enhanced methods identified from pilot experiments were established to improve teacher training (World Bank 2016b, 2023b). In Zanzibar, the Ministry of Education and Vocational Training implemented critical education reforms, such as teacher professional development, inspection, and examination. The projects with IEG-validated ratings received ratings of highly satisfactory, and Implementation Completion and Results Report ratings were highly satisfactory and satisfactory.

Conclusion

Bank Group support to the private sector contributed to the improvement in access to electricity and in the supply of skilled workers in Tanzania, although finance remains a constraint for Tanzanian firms. According to the latest firm-level survey, the share of firms that reported access to energy as a significant constraint dropped from 46 percent in 2013 to 13 percent in 2023 (figure 3.8). Similarly, the share of firms that considered an inadequately educated workforce a significant constraint decreased from 40 percent in 2013 to 1 percent in 2023. Only access to finance remains a significant constraint, with 40 percent of firms identifying it as a significant constraint in 2023 compared with 44 percent in 2013. Similarly, macroeconomic indicators show no significant change in credit access for firms, with the domestic credit to the private sector (percent of GDP) in 2022 remaining at approximately the same level as 2012.

Figure 3.8. Factors Identified by Tanzanian Firms as a Major Constraint in 2023



Source: World Bank 2023a.

Note: SSA = Sub-Saharan Africa.

[1] The Tanzania–Zambia Transmission Interconnector.

[2] A total of 31,524 nonresidential connections were achieved against a target of 80,000 (World Bank 2022b).

[3] MSMEs are estimated to be 97 percent of the enterprises in Tanzania, the majority of which are informal. Very few micro and small enterprises grow into medium-size businesses (3.7 percent of total). Large firms (more than 100 employees) represent only 0.5 percent of the total enterprises but account for 61 percent of industrial employment (IMF 2018).

[4] Triggers for the (canceled) third operation would support an action of IFC's advisory services on the Microfinance Act to provide a legal, regulatory, and supervisory framework for microfinance operations, including credit information sharing requirements.

[5] "Micro finance banks (Tier 1) are now regulated and supervised by the [Bank of Tanzania]," which has also "put in place the regulations for microfinance institutions (MFIs; Tiers 2, 3, and 4)" (World Bank 2021c, 36).

[6] IFC's advisory services (600155) and Evaluative Note (2017).

[7] Lending of these banks in rural areas is done on a wholesale basis through cooperatives to bypass the challenge of underwriting and monitoring many small loans to farmers.

[8] Additional difficulties included internal management changes.

[9] Expanded Project Supervision Report Evaluative Note 2017, FINCA Tanzania 2 (33362) and Expanded Project Supervision Report Evaluative Note 2018, and DTBT (Diamond Trust Bank Tanzania) Tier I and II (31696).

4 | Support for Spatial Transformation

Highlights

World Bank support focused on the relevant aspects of spatial transformation, such as land-use planning, urban transport, and infrastructure resilience.

The World Bank's urban road portfolio effectively upgraded the country's existing road networks and promoted economic development along those roads without contributing to urban sprawl.

The effectiveness of World Bank support for land-use planning has been limited because master plans for managing spatial transformation were often implemented too late, and impacts were not systematically monitored.

The World Bank did not effectively monitor the impact of urban and transport investments on spatial transformation, thereby not adequately understanding land markets as building blocks for local economic development.

Programmatic approaches and implementation arrangements were effective, allowing for seamless coordination among projects and the application of lessons learned in project designs and implementation.

The effectiveness of the Dar es Salaam Rapid Transit system declined because it did not adequately consider climate change–related environmental risks of flooding, leading to service interruptions during rainy seasons.

The purpose of this chapter is to assess the relevance and effectiveness of the World Bank's efforts in spatial transformation.[1] This chapter demonstrates that the World Bank's support for spatial transformation did not achieve all its objectives because projects implemented master plans for spatial transformation too late and did not adequately account for climate risks related to flooding and establish geospatial baselines to track results. Nevertheless, the World Bank support was increasingly relevant to addressing spatial transformation and effective at upgrading road networks without contributing to urban sprawl. The chapter begins by explaining the challenges to spatial transformation in Tanzania and the World Bank's strategic approach to it, before looking at the relevance and effectiveness of land-use planning, climate resilience building, and urban transport.

World Bank Group Support to Spatial Transformation in Tanzania

Two reports outlined the challenges to spatial transformation in Tanzania. These reports include *Translating Plans to Development: Impact and Effectiveness of Urban Planning in Tanzania Secondary Cities* (Huang et al. 2018) and *Transforming Tanzania's Cities: Harnessing Urbanization for Competitiveness, Resilience, and Livability* (World Bank 2021e). Taken together, the two analytic reports identified 34 actions in the context of six broad sets of challenges in Tanzania's spatial transformation, such as (i) low-density development, (ii) urban sprawl, (iii) weak connectivity, (iv) informal land markets, (v) limited resilience to natural disasters, and (vi) livability and lack of sustainable finance. While these reports provide the government of Tanzania with a road map for implementing reforms, they do not provide a clear prioritization on which areas the World Bank should focus.

World Bank operations have increasingly integrated spatial transformation concepts into their designs. Before 2010, the urban and transport operational portfolio did not include explicit reference to spatial transformation, had only limited references to land use, and did not consider spatial transformation in the design of the operations. Since 2010, the World Bank has financed 10 operations that address elements of spatial transformation by supporting actions such as establishing cadaster and land tenure systems, preparing land-use master plans, establishing elements of transport-oriented development, and establishing systems to enhance urban resilience to natural disasters.

IEG developed a results chain of World Bank support for spatial transformation. The results chain aligns World Bank support with challenges and identifies corresponding outputs and outcomes that contribute to pro-poor development through efficient and resilient spatial transformation (table 4.1). The chain identifies the components and relationships among actions required to manage spatial growth. The CPE uses this results chain as a reference on the extent to which the portfolio was relevant and contributed to managing spatial growth. In this context, IEG observes that the transport, urban, and land administration portfolios for Tanzania are increasingly interacting to achieve outputs and outcomes in support of spatial transformation that contribute to pro-poor development through efficient and resilient spatial transformation and land use.

Table 4.1. Results Chain of World Bank Support to Spatial Transformation in Tanzania, FY12–22

Challenges to Spatial Transformation	World Bank Group Support	Output	Outcomes
Deficient urban planning, land-use control, and development	» Urban Local Government Strengthening Program (2012–20) » Tanzania Strategic Cities Project (2010–20) » Zanzibar Urban Services Project (2011–21)	» Master plans » Rehabilitated roads » Drainage » Manual on land-use control » Urban upgrading in low-income neighborhoods	» Master plans covering a critical level of population and cities » Roads in secondary cities » Upgraded low-income areas » Compliance to master and local area plans

(continued)

Challenges to Spatial Transformation	World Bank Group Support	Output	Outcomes
Lack of sustainable local development and financing	» Tanzania Strategic Cities Project (2010–20) » Dar es Salaam Metropolitan Development Project (2015–22)	» Local Government Revenue Collection Information System » Data and legal framework to foster real estate market and land development	» Increased local own-source public revenue in participating local government authorities » Increased land prices and corresponding property tax and rents » Managed expansion via land pooling
Limited competitiveness, resilience, and livability of cities and towns	» Tanzania Cities Transforming Infrastructure and Competitiveness Project (2022–open) » Msimbazi Basin Development Project (2022–open)	» Flood control nature-based policies and investments » Risk-sensitive land use	» Integrated, coordinated, and preventative approach to the life cycle management of key municipal facilities
Lack of connectivity among cities, people, and neighborhoods	» Central Transport Corridor I and II projects (2008–16) » Dar es Salaam Urban Transport Improvement Project (2017–open) » Dar es Salaam Metropolitan Development Project	» Dar es Salaam Rapid Transit system » Upgraded and rehabilitated roads » Footpaths	» Improved and accessible regional and urban mobility through public transport and nonmotorized means » Improved land around transport
Informal land markets and limited institutional capacity to manage and finance urban development	» Land Tenure Improvement Project (2022–open)	» Rural mass land certification » Urban residential license and regularization of unplanned settlements to produce certificates of right of occupancy	» Establishment of formal land markets expected to lead to higher productivity because of land being transferred from less productive to more productive uses

Source: Independent Evaluation Group.

Relevance of World Bank Group Support to Spatial Transformation

Consistent with the 2021 IEG framework on spatial transformation, this CPE assessed the relevance of Bank Group support in this area under three thematic pillars: (i) urban planning, land-use control, and development; (ii) urban resilience; and (iii) urban transport exemplified by the DART system.

World Bank support was highly relevant to Tanzania's land tenure administration challenges. Given political economy challenges in Tanzania, World Bank support for land tenure administration did not fully materialize until 2021 through the Land Tenure Improvement Project. The project built on the limited support provided by the Private Sector Competitiveness Project, which supported the establishment of the Integrated Land Management Information System and a geodetic reference infrastructure. As outlined in *Managing Urban Spatial Growth: World Bank Support to Land Administration, Planning, and Development*, improving land tenure and administration is among the first actions that needed to be taken to foster efficient and equitable spatial transformation (World Bank 2021a). In this context, the Land Tenure Improvement Project was highly relevant to address the land tenure challenge at scale. The scope and magnitude of the support were to address a structural constraint in land tenure and had the potential to bring the level of registration in line with regional standards.

During the evaluation period, the relevance of the World Bank's operational lending on land-use planning increased. Although the current portfolio is relevant to spatial transformation, significant challenges remain, including in the limited population coverage and effectiveness of support to master plans for spatial transformation. IEG's analysis reveals that the local development program and the Tanzania Strategic Cities Project financed 26 master plans covering a population of 7.3 million persons, representing 48.1 percent of the urban population (excluding Dar es Salaam) and 14.1 percent of local government authorities (councils; table 4.2). The ongoing Tanzania Cities Transforming Infrastructure and Competitiveness Project is supporting the preparation of an additional 19 master plans, increasing the total coverage of the World Bank–financed master plans to 45 cities representing 24 percent of the local government authorities in Tanzania. The

Tanzania Cities Transforming Infrastructure and Competitiveness Project master plans are financing economic development and resilience plans.

The relevance of transport-oriented development and spatial transformation increased during the evaluation period. Land-use planning and development was not—until 2017—mainstreamed into the Tanzania urban transport portfolio; therefore, the portfolio was not purposely relevant to foster spatial transformation. The Central Transport Corridor I and II projects did not include land-use development considerations in urban areas. The main challenge was the lack of coordination between investments in transport infrastructure and changes in land use in the immediate and surrounding areas of this infrastructure. The inclusion of support for transport-oriented development to the Dar es Salaam Bus Rapid Transit (BRT) system was a corrective action influenced through the Global Lab on Metropolitan Strategic Planning, the report *Translating Plans to Development: Impact and Effectiveness of Urban Planning in Tanzania Secondary Cities* (Huang et al. 2018), and increased collaboration between urban and transport World Bank staff in the context of the municipal development project.

Table 4.2. Relevance of Coverage of World Bank Support to Master Plans in Relation to Population

Categories of the Urban Population Benefiting from the Strategic Cities and Strengthening Programs	Urban Population (2022 National Census)
Total population of cities supported by World Bank master plans under the Tanzania Strategic Cities Project (P111153; millions)	3.8
Total population whose city was supported by World Bank master plans and LGAs; Urban Local Government Strengthening Program (P118152; millions)	3.5
Total population benefiting from P118152 and P111153 (millions)	7.3
Total urban population of Tanzania mainland, excluding Dar es Salaam, benefiting from P118152 and P111153 (%)	48.1
Total councils in Tanzania mainland (no.)	184
Total councils supported by P118152 and P111153 (no.)	26
LGAs covered (%)	14.1

Source: Independent Evaluation Group.

Note: LGA = local government authority.

The Tanzania Urban Resilience Program was relevant to spatial transformation by building climate resilience. A critical element to foster sustainable spatial transformation was to ensure that risk-sensitive land-use planning was carried out in siting infrastructure. Implemented from July 2016 to January 2023, the program was relevant to spatial transformation by focusing on building local resilience practices through coordinated, strategic action to improve Tanzania's ability to prepare for, respond to, and adapt to a changing climate, and to withstand and rapidly recover from shocks. More specifically, the program addressed several dimensions of risk management, such as identification, reduction, preparedness, and resilience.

DART was relevant to Dar es Salaam's spatial transformation needs. Rapid transit systems play a critical role in defining land use and can contribute to efficient and equitable land use. DART was relevant to spatial transformation because it contributed to the mobility and spatial transformation needs of Dar es Salaam and set an example for the rest of Tanzania and Africa. DART is currently the largest BRT system in Africa and is a major metropolitan investment. The World Bank financed the first line and is currently financing lines 3 and 4. The African Development Bank is financing line 2. Line 1 of DART has enabled within-city mobility and the connection to regional buses. For the BRT to address the mobility needs of people, it is also important to ensure that people can easily access the system. As assessed by the CPE team and detailed in box 4.1, the first phase has been progressing through access roads, feeder roads, and the corridor development plan to facilitate access to the BRT.

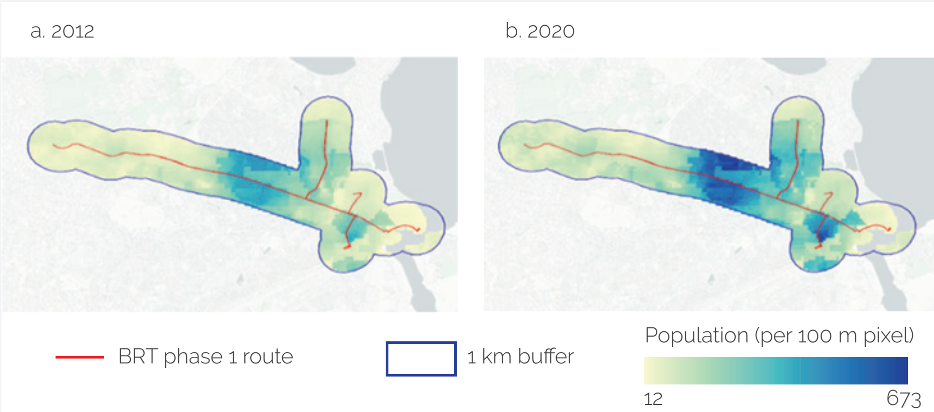
Box 4.1. Access by Population: Phase 1 of the Dar es Salaam Rapid Transit System

By defining a buffer of 1 kilometer from the Bus Rapid Transit route, it was estimated that about 15 percent of the population of Dar es Salaam has easy access to line 1 of the Dar es Salaam Rapid Transit system, with larger coverage as lines 2, 3, and 4 are operational. For line 1, in percentage terms, this figure was stable between 2012 and 2020. Although the proportion has not changed between 2012 and 2020, the number of people living in the area increased (figure B4.1.1 and table B4.1.1). This represents an increase of approximately 344,000 people (53 percent increase), which could cause constraints on the system.

(continued)

Box 4.1. Access by Population: Phase 1 of the Dar es Salaam Rapid Transit System (cont.)

Figure B4.1.1. Population Access to Bus Rapid Transit



Source: Independent Evaluation Group (based on WorldPop data).

Note: The maps have been cleared by the World Bank Group cartography unit. BRT = Bus Rapid Transit; km = kilometer; m = meter.

Table B4.1.1. Population Within the Bus Rapid Transit Buffer Zone Versus Dar es Salaam (number)

	2012		2020	
	Dar es Salaam	BRT buffer (1 km)[a]	Dar es Salaam	BRT buffer (1 km)[a]
Minimum	0	12	0	18
Maximum	468	453	709	673
Total	4,324,997	655,186	6,810,082	999,069

Source: Independent Evaluation Group (based on WorldPop data).

Note: BRT = Bus Rapid Transit; km = kilometer.
a. Number of people located within the 1 kilometer buffer. For comparison purposes, similar figures are provided for the whole Dar es Salaam area.

Source: Independent Evaluation Group.

Effectiveness of World Bank Group Support to Spatial Transformation

This evaluation focused on four aspects of effectiveness: (i) land-use planning and programmatic operational approach, under the thematic area of urban planning, land-use control, and development; (ii) road rehabilitation, under the thematic area of urban resilience; and (iii) DART and urban transport support as a driver of spatial transformation, under the thematic area of urban transport and DART.

Given available data, it was not possible to assess the effectiveness of individual master plans financed by the World Bank. Master plans were prepared late into the operation, and monitoring data were not available. Ideally, plans should have been produced in the early years and then monitored. Yet the review of World Bank advisory services and analytics and project preparation documents, as well as triangulation with interviews, gave the perception of a low level of effectiveness of master plans. In 2022, the appraisal of the Tanzania Cities Transforming Infrastructure and Competitiveness Project asserted that "under past urban projects, plans have been developed but their implementation has been limited" and that "in Tanzania, urban planning instruments have been developed in the past, but their implementation has been limited" (World Bank 2022a, 7). In addition, IEG confirmed that the Ministry of Lands, Housing, and Human Settlements was not systematically monitoring the implementation of master plans financed by the World Bank.

The World Bank's urban road portfolio consolidated road networks without expanding networks that promoted urban sprawl. As part of the Tanzania Strategic Cities Project and the Urban Local Government Strengthening Program, World Bank support financed more than 400 kilometers of urban roads in secondary cities focusing exclusively on the rehabilitation of roads by principally transforming urban dirt roads to asphalt roads with drains. The projects did not finance any new roads that would have extended the footprint of human settlements. The road investments have been effective in consolidating existing urban extents without promoting urban sprawl. The improved roads have also resulted in reduced travel times because of improved road conditions and smoother traffic. The resulting value of time savings per kilometer per type of vehicle varied from $0.02 per kilometer for cars to $0.41 per kilometer for large buses. The value of time savings is expected to increase when more passengers travel in a vehicle as happens with buses (World Bank 2021e).

The urban road portfolio led to economic development along upgraded roads. There is evidence—albeit limited and not systematic—that World Bank support led to increased land values in areas that benefited from road improvements. These increased land values can represent an important benefit to low-income households but need to be managed carefully to avoid ruinous gentrification. An example of such land appreciation was documented in Babati, where the Urban Local Government Strengthening Program–financed roads led to an increase of land value from T Sh 1,000 per square meter before the program to T Sh 3,500 per square meter after the program. In Iringa, the Urban Local Government Strengthening Program–financed roads, bus terminal, and market led to land value increases in surrounding areas from T Sh 3,000 per square meter to T Sh 5,000 per square meter.

The World Bank's programmatic approach to improving spatial transformation has been effective. Given implementation challenges in Tanzania, the ability of World Bank support to meet development objectives has relied on a programmatic approach within and across sectors. This approach has established synergies among projects and helped address unforeseen challenges in project implementation through subsequent and related projects.

The long-term engagement of the World Bank was a pragmatic recognition that operational support to an emerging megacity in Africa needed to be sustained over the long term. The series of projects approach in Dar es Salaam through the Dar es Salaam Metropolitan Development Project urban portfolio (two sequential projects) is emblematic of this approach. The series of projects defines ex ante a multiproject phased approach enabling higher objectives executed over a 10- to 15-year time frame. Programmatic lending provided the World Bank with the opportunity to monitor investments financed by prior operations, enabling a more comprehensive understanding of impacts, especially for projects with delayed benefit profiles. In addition, the transport portfolio is now working seamlessly with the urban sector, including filling financing gaps, such as the DART corridor development plan. Programmatic lending in transport has allowed the client and the World Bank to learn and make better designs for lines 3 and 4 of the BRT and has also enabled lessons to be incorporated into the Tanzania Cities Transforming Infrastructure and Competitiveness Project and the future Dar es Salaam Metropolitan Development Project 2.

Centralized implementation units have been effective for spatial transformation projects. IEG found that a key aspect contributing to the success of the programmatic approach has been the adoption of a centralized implementation unit for the urban, transport, and land administration projects through the President's Office Regional Administration and Local Government. The unit provides an effective platform for preparation, implementation, and evaluation of projects breaking sectoral silos and ensuring synergies across projects, as well as an ability to apply lessons learned in the design and implementation of projects.

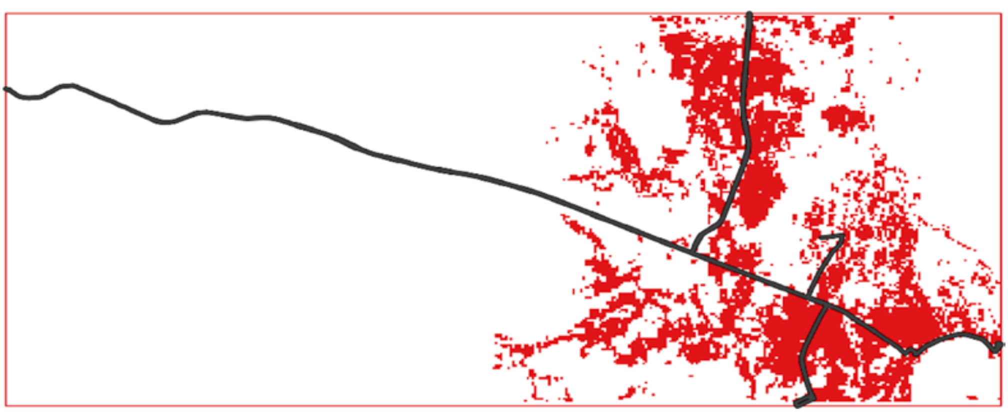
The World Bank did not monitor the impact of urban and transport investments on spatial transformation. World Bank operations did not establish geospatial baselines and did not carry out systematic evaluations of the impact of urban and transport investments on spatial transformation. The absence of these data limits the ability of the World Bank to fully assess the impact of investments, including investments that may have unintended impacts of promoting deficient urban land-use patterns, which can lead to the formation of slums and environmental degradation. To illustrate, IEG carried out a rapid assessment of spatial transformation impacts of selected investments in cities under the Tanzania Strategic Cities Project, including in Arusha, Dodoma, Kigoma, Kondoa, Mtwara, Mwanza, Tanga, and Unga. Given that the location of most of the World Bank support was in central areas of the cities and towns, only 10 percent of the sampled investments show observable land-use changes. However, when works have been in more dynamic growth areas, spatial transformation was significant and indicative of an active real estate market with potential implications for poor people.[2]

DART did not consider climate change risks related to flooding during the planning and execution of line 1, undermining the line's climate resilience. Risks were not identified during the appraisal of the project, and remedial actions are now being supported under the Dar es Salaam Metropolitan Development Project and the Mbassi projects. Dar es Salaam and the BRT area are highly susceptible to flooding, and actions to address this risk could have been better assessed by the World Bank project. Consequently, the BRT users experienced multiple service interruptions during rainy seasons.

DART's land-use planning was not risk sensitive. Analysis conducted by IEG shows that the BRT phase 1 route is in an area that is topographically flat and has a high degree of imperviousness. Both factors strongly contribute to a high risk of flooding. In figure 4.1, areas in red represent those with a high risk of flooding based on the following two criteria: (i) elevation is lower than 20 meters and (ii) surface imperviousness is greater than 70 percent. This high-risk area covers a surface of 11 square kilometers (approximately 14 percent of the total area). A substantial portion of the BRT route overlaps with the areas where the risk of flooding is greater. (See appendix B for geospatial methodology.)

Historical flood data during the evaluation period reveal that the BRT area suffered from floods during 2012–21, ranging from approximately 1 to 4 square kilometers. The incidence of floods was more pronounced along the eastern portion of the Dar es Salaam BRT, requiring additional World Bank financing to remedy flooding issues along the BRT route. The lack of incorporation of risk-sensitive land-use planning in the BRT design is also problematic from a pro-poor perspective, as disadvantaged communities tended to face greater difficulties to recover from the damage caused by floods (for example, difficulties in finding alternative means of transportation to reach a place of employment and financial difficulties to repair physical damage of property).

Figure 4.1. Effectiveness of the Dar es Salaam Rapid Transit System



Source: Independent Evaluation Group.

Note: The Bus Rapid Transit phase 1 route is overlaid with areas identified as having a high risk of flooding (depicted in red). This map has been cleared by the World Bank Group cartography unit.

[1] Spatial transformation is the reshaping of the geographical distribution of people, resources, and economic activities to drive equitable and sustainable development. It includes fields such as urban planning, decentralization, and climate resilience, among many others.

[2] See appendix B for an indicative example of land-use changes associated with World Bank projects in two locations.

5 | Main Findings and Lessons

This CPE for Tanzania assessed the relevance and effectiveness of Bank Group support between FY12 and FY22. The Bank Group committed $8 billion to Tanzania during the evaluation period, with investments focused on transport, education, public administration, energy, and social protection. Bank Group support showed flexibility in adapting to the changing policy priorities of the new government in the second strategy period. This CPE includes thematic chapters on Bank Group support to private sector development and to spatial transformation because these were the main areas of support in Tanzania.

During the evaluation period, Bank Group support had mixed success, and IEG rated the overall development outcome of both strategy periods as moderately unsatisfactory. The Bank Group achieved limited progress in improving the business environment and financial intermediation to enhance productivity but contributed to improvements in the provision of energy and road infrastructure and education and health services. World Bank support to public sector reforms did not achieve its objectives because it was unable to overcome weaknesses in capacity and government ownership. IFC showed some success in advisory services, particularly in mobile money development and improvement of the credit reporting system, but IFC investments did not achieve their objectives, particularly in commercial and noncommercial banking, microfinance, and mining.

The Bank Group program adapted to changing government priorities in several sectors, such as access to finance and energy. For example, the Bank Group focused on facilitating access to finance for firms throughout the evaluation period. Yet, in the second strategy period, the changed policy directions of the newly elected government regarding involving the private sector led the World Bank to cancel policy reforms related to secured transactions and energy sector reforms and focus on energy infrastructure investments. As a result of these shifting government priorities, the Bank Group's implementation in energy and finance deviated slightly from previously stated strategies. After the onset of the COVID-19 pandemic at the end of the second strategy period, the World Bank redirected resources toward health care, social safety nets, and emergency response efforts.

The World Bank redesigned an education project to better address a federal policy banning pregnant girls from public schools. After international concerns were raised, the World Bank redesigned an education project to address the gender implications of a federal policy banning pregnant girls from public schools and engaged in a dialogue with the government about the policy. The project was withdrawn from Board approval while a gender assessment was conducted, and a gender component was incorporated in the design. In 2021, the ban was reversed.

Bank Group support to private sector development improved access to electricity and the supply of skilled workers in Tanzania, although access to finance remains a constraint for Tanzanian firms. Bank Group support has helped enhance credit risk assessment and lower transaction costs for commercial banks and has expanded mobile financial services from payments to credits, but the contribution to access to finance for MSMEs and trade finance and capital market development were less successful, while demand-side constraints, such as financial education, were not addressed. The Bank Group's energy program in Tanzania was appropriate and helped improve access to and quality of electricity for firms, but stronger participation by the private sector in energy generation was hampered by the 2015 government's growing skepticism toward private sector participation. World Bank support to skills development was relevant and contributed to increased enrollments, improved learning environments, and improved learning outcomes.

World Bank support for spatial transformation was effective in upgrading road networks without contributing to urban sprawl, but the projects implemented master plans for spatial transformation too late, did not adequately account for climate risks, and did not establish geospatial baselines to track results. World Bank support for road rehabilitation in urban areas was effective in reducing travel times, although the full impact of urban and transport investments on spatial transformation cannot be determined because of the lack of an effective monitoring system. Finally, the adoption of a programmatic approach and centralized implementation arrangements of the urban, transport, and land administration were effective, whereas the positive outcomes of the DART system were undermined by the absence of risk-sensitive land-use planning at appraisal.

The evaluation offers the following lessons for consideration, which may be of value to inform future Bank Group support to Tanzania: the need for selectivity in programming, greater simplicity in operation design, robust monitoring and evaluation systems, and better alignment with local capacities and political economy constraints.

Selectivity, combined with simple project designs and a long-term programmatic approach, could help the Bank Group improve its portfolio performance. A scaled-back portfolio with simple project designs that is more tightly focused on government priority areas and aligned with institutional capacity could enhance traction between the government and other partners. The report suggests that filters for selectivity include areas where there is a strong potential for achieving development results, based on the Bank Group's comparative advantage and the presence of government demand. As in the case of the education sector, government demand can also be fostered by sound analytics and policy dialogue to demonstrate the development justification. The need for simplicity of design is similarly linked to the government's implementation capacity. The most successful programs were focused on specific objectives, operated at substantial scale, targeted, structured with programmatic approaches, grounded in strong analytical foundations, and implemented with comprehensive quality assurance and control systems. At the same time, efforts to support capacity constraints during implementation were observed only for part of the program.

Maintaining strong partnerships can enable the Bank Group to adapt more efficiently to changing circumstances. The cancellation of projects that supported private sector participation in energy generation and a project aimed at increasing access to finance, on the one hand, and the Bank Group's successful work with partners and civil society organizations in relation to the pregnancy ban, on the other hand, showed the importance of continuously adapting to the local environment and maintaining partnerships in situations of complex political economy. Indeed, the collaboration with local and international partners (along with analytic work) helped inform the government's decision to reverse the ban of pregnant girls from education in 2021 and facilitated the approval of the redesigned education project that better addressed the issue.

Better monitoring of growing climate risks, such as risks of flooding, could help avoid expensive remedial actions. As IEG's review of the DART's flood vulnerability concluded, the region was at high risk of flooding, which should have been anticipated by using available technology. Similarly, the lack of an adequate monitoring and evaluation system has undermined the World Bank's ability to learn and adjust to these often-evolving risks. These issues have led to disruptions along DART routes that affected poor populations disproportionately and required additional World Bank financing to resolve. More generally, with increasing climate-related risks, strategies (such as for land-use planning as highlighted above) and operations should reflect the increasing focus on adaptation measures and programmatic approaches to mitigate such risks. Risk mitigation can also be supported by new methods, such as enhanced geospatial analysis.

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APPENDIXES

Independent Evaluation Group

The World Bank Group in Tanzania, Fiscal Years 2012–22

Appendix A. Methodology

Table A.1. Evaluation Design Matrix

Evaluation Questions	Methods and Approaches			
	Trend analysis	Theory of change	Relevance	Effectiveness
Evaluation question 1. How relevant to the development needs of Tanzania was the World Bank Group–supported strategy, and did it evolve appropriately over time to reflect changing priorities and changes in country context?	Review of Bank Group and external diagnostics to understand the factors driving the trend in outcome data; analysis of secondary data to capture the evolution of key outcomes related to Bank Group support	Content analysis of project documents to identify program description and program implementation to reconstruct the selection, design, and sequence of Bank Group support and to identify assumptions and intended contributions of Bank Group activities	Content analysis of (self-)evaluation documents (and validation and program evaluation) to extract evidence on the relevance of the design and objectives of operations included in the portfolio; literature review of Bank Group and external analytics to establish coherence in the World Bank support	Content analysis of (self-) evaluation documents, validation documents, and program evaluation to identify contribution narratives and capture evidence of Bank Group contribution to outcomes; identification of key performance indicators; recognition of factors of success or failure
Evaluation question 2. To what extent has the Bank Group contributed to improving the business environment, especially through access to finance and energy, and by enhancing human capital through education and skills, especially in vulnerable groups, including women and girls?				

(continued)

Evaluation Questions	Methods and Approaches			
	Trend analysis	Theory of change	Relevance	Effectiveness
Evaluation question 3. To what extent has the Bank Group helped Tanzania achieve pro-poor development through efficient and resilient spatial transformation and land use?	Interviews with experts to identify, corroborate, or refine the team's understanding of trends and explanatory factors and to gather information on additional stakeholders, data, and unintended consequences	Interviews with Bank Group staff to gather additional information not available in documents to complete the theory of change; political economy analysis to identify constraints to key reforms and other risks and how the Bank Group mitigated them	Interviews with clients and partners to gather opinions about the relevance and adaptation of Bank Group operations over the evaluation period	Interviews with clients and partners to gauge opinions and collect additional evidence on the Bank Group contribution

Source: Independent Evaluation Group.

The Country Program Evaluation used a mixed methods approach to triangulate evidence and answer the evaluation questions. Based on three design principles—theory, strength of evidence, and causal analysis—the evaluation followed four analytic steps in the evaluation of the World Bank Group support to Tanzania.

First, the team reviewed, categorized, and synthesized information from key diagnostics reports produced by the Bank Group, government, academia, and development partners to identify the main development challenges in each area of focus of the evaluation.

Second, the team reviewed, categorized, and synthetized Bank Group project documents to identify which developmental challenges and which specific constraints the Bank Group supported during the evaluation period, and what evidence of achievement of pursued outcomes could be documented.

Third, the team reconstructed the main pathways to country outcomes pursued by the Bank Group using the information collected in the previous steps and the information gathered through interviews.

Finally, by complementing the evidence gathered in the previous steps with statistical analysis, review of project ratings and performance indicators, and assessment of trends in high-level outcomes, the team assessed the relevance of the Bank Group support and determined the Bank Group's contribution to the achievement of development outcomes along the causal pathways identified by the results chain.

In performing the aforementioned analytic steps, the evaluation team used the following methods:

1. Content analysis of project documents and analytic literature. The team extracted relevant information from Bank Group projects, reports, and country engagement documents, as well as relevant documents from the government, academia, and development partners. The team codified and analyzed the gathered evidence to reconstruct a results chain and test its validity. This approach was used to answer evaluation questions 1, 2, and 3.
2. Qualitative analysis of interviews. The team interviewed Bank Group management and staff, selected government officials, and private sector

representatives. Additional interviews were conducted with civil society organizations and other development partners. Interviews were virtual or in person and were conducted in accordance with techniques that ensure objectivity and impartiality. Behavioral norms were followed to ensure the highest possible level of participation. This approach was used to answer evaluation questions 1, 2, and 3.

3. Statistical analysis. The team researched, gathered, and analyzed official statistics from different governmental and nongovernmental agencies (for example, the World Bank, the International Monetary Fund, Tanzania's National Bureau of Statistics, and the Tanzania Commission for Universities) and enterprise surveys data to detect trends in sectoral outcomes related to the Bank Group support. This approach was used to answer evaluation questions 1, 2, and 3.

4. Geospatial analysis. The team used the geospatial analysis to assess whether climate resilience considerations were taken into consideration in the design of the Bus Rapid Transit phase 1. See the detailed description in appendix B. This approach was used to answer evaluation question 3.

5. Results chain. The evaluation articulated a results chain to identify the different pathways of the Bank Group's interventions to outcomes. The content analysis of project documents to identify program descriptions and program implementation was used to reconstruct the selection, design, and sequence of Bank Group support, identify the relevance of the Bank Group's engagement and the contributions of Bank Group activities, and trace the causal logic of how and why the implemented program reached its intended outcomes. This approach was used to answer evaluation questions 2 and 3.

6. Dynamic benchmarking tool. This is a tool developed by the Macroeconomics, Trade, and Investment Global Practice for benchmarking across countries, time, and variables. It allows the identification of structural and aspirational benchmarks for countries to compare their performance across various dimensions. More specifically, this tool helps users to (i) identify comparators, (ii) benchmark countries according to specific parameters, and (iii) plot all the desired variables on a single figure. The tool can benchmark a country with respect to structural peer

countries (for example, countries with similar structural characteristics as the country of interest during a certain period); aspirational peers (for example, countries with similar structural characteristics as the country of interest during a certain period but that grew—in per capita terms—significantly faster over time); or a predefined set of comparator countries. It can even be used to conduct an event study analysis. In this analysis, the structural variables used to identify benchmarks were real GDP per capita growth (annual, percent); total investment (percent GDP); inflation (GDP deflator, percent); regulatory quality (estimate); terms-of-trade; and foreign direct investment inflows (percent GDP). This approach was used to identify comparator countries in chapter 1.

Appendix B. Geospatial Analysis

Flood Risk Analysis

This geospatial analysis aimed to ascertain whether the risk of flooding could have been estimated at the time the Bus Rapid Transit (BRT) phase 1 project was designed using data sources publicly available at that time.

The analysis is based on two critical pieces of information: (i) elevation, as topographically flat areas are more prone to flooding, and (ii) surface imperviousness, as impervious surfaces do not allow water from precipitation to be absorbed into the ground, which also contributes to flooding.

Area of Analysis

The area of analysis was the bounding box containing the complete BRT phase 1 route, located in Dar es Salaam, Tanzania. Figure B.1 illustrates the area of analysis. This area has a surface of 79.2 square kilometers.

Figure B.1. Bus Rapid Transit Phase 1 Route

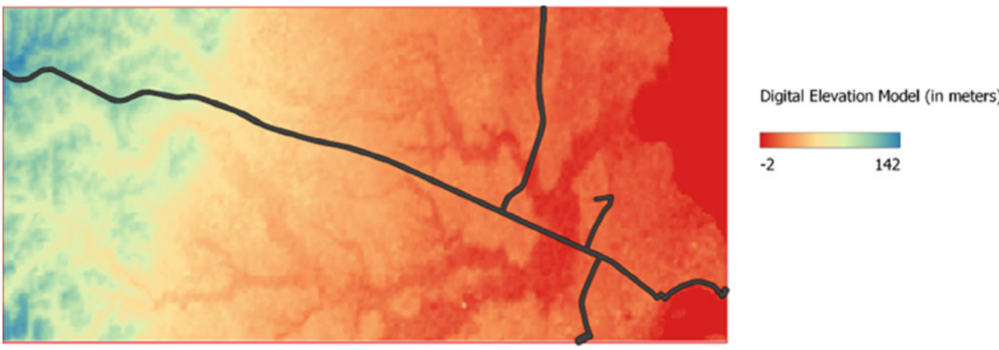
Source: Independent Evaluation Group.

Note: The area of analysis (red bounding box) surrounding the Bus Rapid Transit phase 1 route. The selected area is overlaid on a basemap from OpenStreetMap for ease of reference. This map has been cleared by the World Bank Group cartography unit.

Elevation

Figure B.2 shows the area of the analysis elevation using the Shuttle Radar Topography Mission's digital elevation model (2000). The elevation ranges between −2 (water) and 142 meters, with low-elevation areas shown in red and orange. The distribution of the area's elevation can be further understood by computing the raster histogram, as illustrated in figure B.3. The histogram clearly shows that low-elevation values greatly predominate, with a peak at 0 elevation.

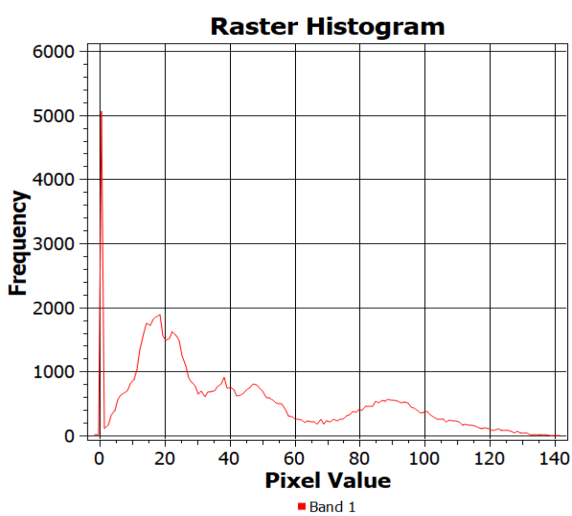
Figure B.2. Digital Elevation Model of the Area of Interest



Source: Independent Evaluation Group.

Note: This map has been cleared by the World Bank Group cartography unit.

Figure B.3. Raster Histogram Calculated from the Digital Elevation Model

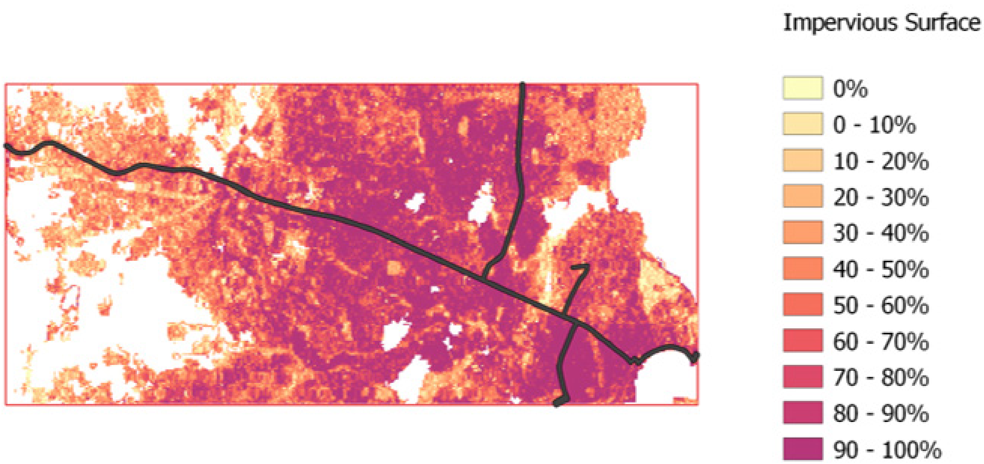


Source: Independent Evaluation Group.

Surface Imperviousness

Impervious surfaces are mainly artificial structures—such as asphalt, concrete, brick, stone, and rooftops—that prevent the natural absorption of rainwater into the ground. The area of analysis of high levels of imperviousness is illustrated in figure B.4 in dark purple, using the Global Man-made Impervious Surface data set (2010). Figure B.5 further illustrates this point by plotting the distribution of pixels in the area of analysis in terms of percentage of impervious cover. It can be observed in the bar plot that a high imperviousness level predominates in the area.

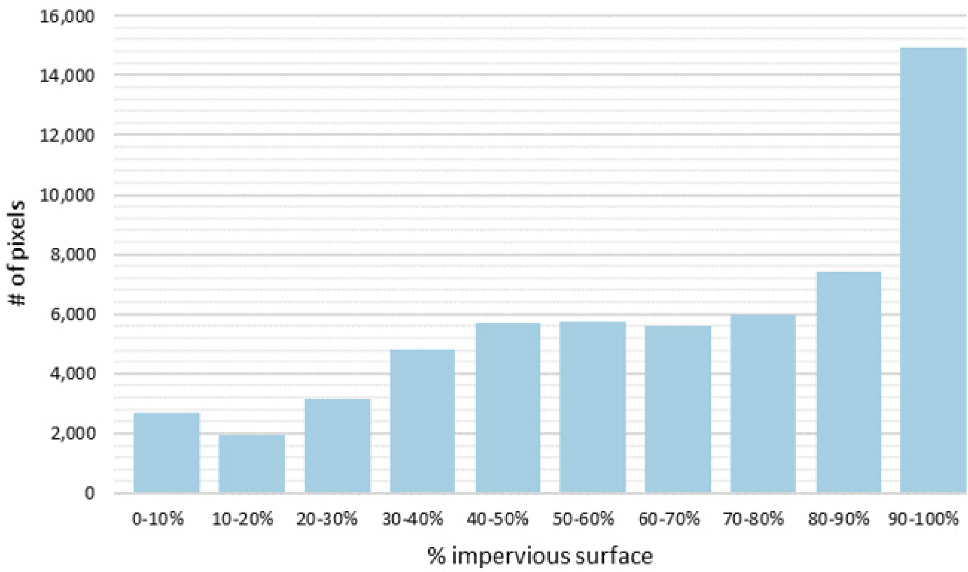
Figure B.4. Imperviousness of the Area of Interest



Source: Independent Evaluation Group.

Note: The Bus Rapid Transit phase 1 route is overlaid on the digital elevation model for ease of reference. This map has been cleared by the World Bank Group cartography unit.

Figure B.5. Distribution of Pixels in the Area of Analysis in Terms of Impervious Cover



Source: Independent Evaluation Group.

Flooding Risk Mask

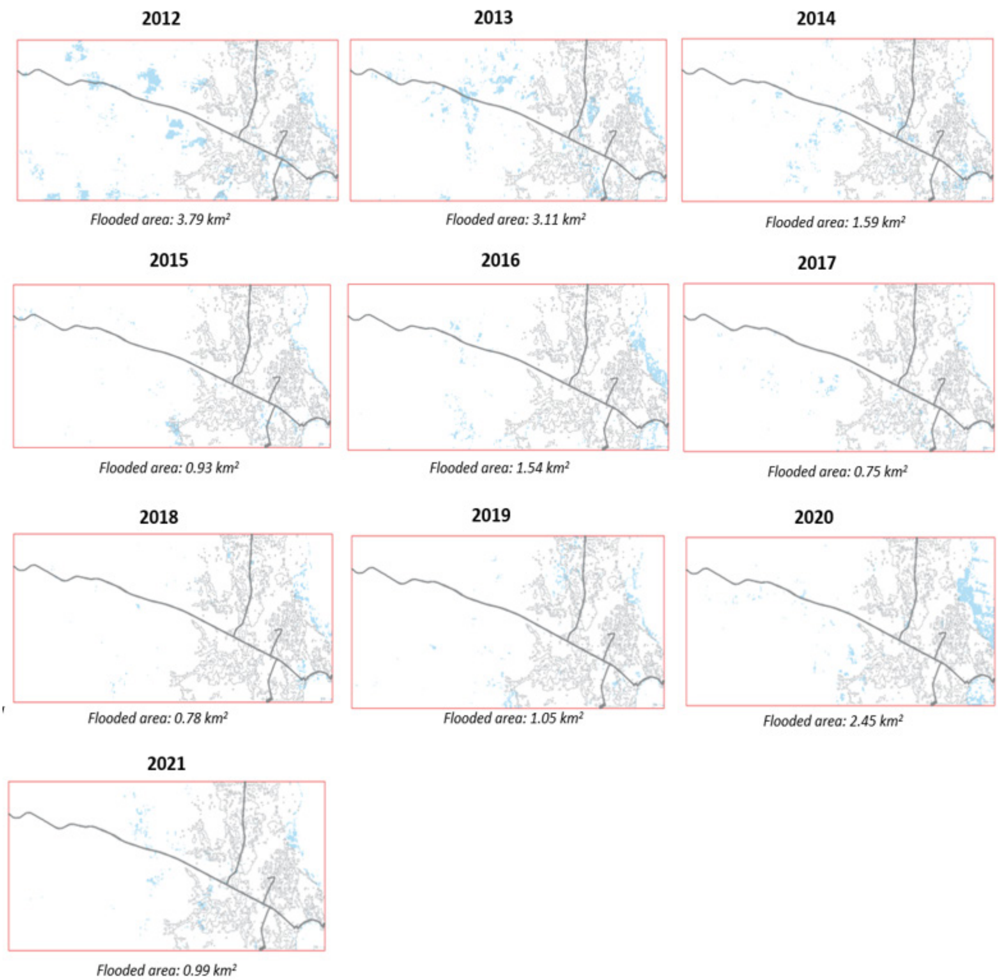
A binary mask of high-risk areas was created by classifying the digital elevation model and surface imperviousness rasters. As a preparatory step, rasters were aligned and resampled using the nearest-neighbor estimation method given their different spatial resolutions. Areas shown in red in figure 4.1 (high risk of flooding) correspond to areas where the following two conditions are met: (i) elevation is lower than 20 meters and (ii) surface imperviousness is greater than 70 percent. The 20 meter elevation threshold was selected conservatively based on the digital elevation model histogram described in this appendix. This high-risk area covers a surface of 11 square kilometers (approximately 14 percent of the total area of analysis). It can be observed that it overlaps with the eastern section of the BRT route.

Findings

The BRT route is located in an area that is topographically flat and has a high degree of imperviousness. Both of these factors strongly contribute to a high risk of flooding. Furthermore, a substantial portion of the BRT route (especially its eastern portion) overlaps with the areas where the risk of flooding is greater.

Historical floods during the evaluation period (figure B.6) further reveal that the BRT area suffered from floods during 2012–21, ranging from approximately 1 to 4 square kilometers. The incidence of floods has been more pronounced along the eastern portion of the BRT.

Figure B.6. Specific Areas Affected by Each Flood Event, Overlaid on High-Risk Areas



Sources: Flood Mapping Tool (historic flood data); Independent Evaluation Group (maps).

Note: Areas affected by flood events are in blue. The Bus Rapid Transit phase I route is also shown in the maps for reference. The maps have been cleared by the World Bank Group cartography unit. km = kilometer.

Example of Land-Use Changes Associated with World Bank Projects

Figure B.7 presents evidence of land-use changes related to the investments in Mikindani Road in Mtwara (figure B.7, panel a) and Tanga, Kange bus stand (figure B.7, panel b). These images are evidence of land-use changes associated with the World Bank–financed projects and the importance of using geographic data to understand the impact of World Bank projects on spatial transformation.

Figure B.7. Spatial Transformation in Selected Locations

a. Spatial transformation in Mtwara, Mikindani Road (2012 versus 2021)

2012

2021

b. Tanga, Kange bus stand spatial transformation (2010–21)

2012

2021

Sources: Panel a (left): Google Earth Pro V. 7.3.6.9345 (2012). Mikindani Road, Mtwara, Tanzania; 10°18'18.0"S 40°09'49.1"E. Eye altitude 1,381 m. Maxar Technologies 2023. Google Earth Pro (March 28, 2023); panel a (right): Google Earth Pro V. 7.3.6.9345 (December 2021). Mikindani Road, Mtwara, Tanzania; 10°18'18.0"S 40°09'49.1"E. Eye altitude 1,381 m. Maxar Technologies 2023. Google Earth Pro (March 28, 2023); panel b (left): Google Earth Pro V 7.3.6.9345 (September 2010). Kange bus stand, Tanga, Tanzania; 5°06'01.36S, 39°02'08.58E. Eye altitude 11,420 ft. Maxar Technologies 2023. Google Earth Pro desktop (March 28, 2023); panel b (right): Google Earth Pro V 7.3.6.9345 (January 2021). Kange bus stand, Tanga, Tanzania; 5°06'01.36S, 39°02'08.58E. Eye altitude 11,420 ft. Maxar Technologies 2023. Google Earth Pro desktop (March 28, 2023).

Note: Panel a: Significant infill along the World Bank–financed Mikindani Road improvements, including along informal road networks. The maps have been cleared by the World Bank Group cartography unit. ft = foot; m = meter.

Access to the Bus Rapid Transit Phase 1

This geospatial analysis aimed to ascertain the estimated number of people who reasonably could access the BRT in 2012 and 2020. In the context of increasing urbanization trends, this information is important because it provides an indication as to whether the system might become stretched as a result of a substantial increase in users.

To determine this, the area of interest for the analysis was defined using a buffer of 1 kilometer from the BRT phase 1 route. Raster population data for 2012 and 2020 (3 arc seconds at the equator, approximately 100 meter resolution) was cropped to the area of interest. Population rasters were subsequently classified, for comparison purposes, using a consistent scale for both years (defined between the minimum and maximum pixel values across the two years). Figure B4.1.1 in chapter 4 illustrates this. The increase in population in the area can be clearly observed in this figure.

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