Board Meeting of June 19, 1997
Statement by Gus O'Donnell

TANZANIA: COUNTRY ASSISTANCE STRATEGY AND STRUCTURAL ADJUSTMENT CREDIT

Country Assistance Strategy

Introduction

I would like to welcome this CAS and, in particular, the Bank's review of its past weaknesses and its determination to increase the participation of non-bank staff in the design of its programme.

However, I note the range of problems to be tackled and wonder whether Tanzania has the capacity to deliver. We are fully behind the strategy and commend the authorities for their strong commitment to reform, but things move slowly in Tanzania, and past experience has highlighted the danger of overloading the development agenda. The poor portfolio performance is a symptom of this.

On specific details of the CAS, the proposed lending programme and triggers for moving between lending scenarios seems appropriate, but the Bank will need to consider the implications of increased participation on design and implementation times for projects. It would be preferable to have a smaller well-designed programme rather than a larger one which does not have sufficient ownership by the Tanzanians.

Also, details of proposed lending programme and how it fits in with the government's own programmes are rather thin. I must question the extent to which the Bank is prepared to allow the Government of Tanzania to take the lead. For example, I am disappointed to see that the proposed Bank lending programme in the education sector makes no reference to the planned Sector Development Programme, which has the broad agreement of other donors.
The CAS’s analysis of poverty shows that the World Bank still has some way to go before fully appreciating the benefits of a participatory approach. Given its desire to increase its understanding of poverty issues (para. 52 and others) does the Bank plan to make greater use of Participatory Rapid Appraisal (PRA) and other techniques which would increase the input of poor communities in the Bank’s work?

I welcome the clear emphasis on strengthening public sector institutions and working more closely with NGOs and other local institutions in Tanzania. For this to be successful, however, Bank staff need a better understanding of the cultures which operate in these organizations and the communities they deal with. Does the Bank plan to increase the number of staff resident in Tanzania?

**Structural Adjustment Credit**

I have only a few positive comments on the Structural Adjustment Credit (SAC), particularly its sector focus on health and education. The long gestation period of the SAC until macroeconomic conditions were favourable and government commitment had reached the level required is also welcome.

I was impressed with the use of criteria for effectiveness which draw on existing policy statements. This increases the likelihood of adherence and demonstrates close involvement of the government in the design of the SAC. Finally, I welcome the absence of excessive cross-conditionality, which rewards the Government of Tanzania for progress in one or more sectors even if the pace of reform is slower in others.