Statement by Anna Brandt  
Date of Meeting: June 15, 2000

**Tanzania Country Assistance Strategy**

We welcome the discussion on the joint IDA/IFC Country Assistance Strategy for Tanzania. In general, we regard the CAS as a comprehensive strategy in line with Tanzania’s own priorities for development. It reflects the priorities in the Tanzania Assistance Strategy (TAS), the Poverty Reduction Strategy Paper (PRSP), and the Vision 2025 and takes onboard lessons learned.

The Consultative Group meeting for Tanzania held in Dar es Salaam three weeks ago focused on improving country ownership and partnership. We see the CG meeting as a symbol of the emphasis in the Bank and among other partners of the issue of participation and ownership. We generally find that the CAS reflects the importance of these key principles. However, the challenge still exists to go beyond the rhetoric and translate the principles into action. Fifteen years of macroeconomic adjustment has not improved the livelihood of the majority of Tanzanians and we find that lessons from past experience should underpin the CAS even more than it does.

**General Comments**

The development of the new CAS is underpinned by substantial analytical effort on behalf of the Bank and other actors. Among the most influential are two reports developed together with International Food Policy Research Institute on poverty reduction and agriculture. These reports firmly establishes the role of agriculture led growth in Tanzania as the primary vehicle for poverty reduction. In the CAS this is translated into the development of an environmentally sustainable rural strategy.

The majority of the poor live in rural areas and the focus of developing a strategy that encompasses conservation, commercializing and developing the linkages to the urban areas is a considerable challenge. Particularly, when the various institutions involved in rural development do not have a proper mechanism in place to translate policy into action. While the CAS reflects
the priorities of the Tanzanian government as contained in the TAS and PRSP it does not properly address the emerging role of local governments as the prime implementers of governmental policies. More consideration, therefore, is needed on how to strengthen the collaboration between the various institutions involved. It is sufficient to point out here the experiences learned in the fight against poverty as seen in the recent Human Development Report. The report stresses the overriding importance of good governance, collaboration between ministries, transfer of responsibility and creating an enabling environment for local government to implement policies and also underlines the vital importance of empowering local people. While these issues are touched upon in the CAS much more focus is needed on the aspects.

For example, the Ministry of Agriculture and Cooperation is not the only force behind rural development as a number of other ministries have a vital role to play in poverty alleviation and growth in rural areas. Without proper leadership, interaction, and coordination at the central level between the involved institutions it is difficult for the central government to provide sufficient support to local governments.

The lack of coordination and information sharing at the central level combined with limited capacity, competence, and resources at the district level easily lead to conflicting priorities and lack of focus that negatively affects the development of the country. The Bank should take a more proactive role in this regard and make a thorough assessment of how to support cohesive policies and legislation in this area.

**Specific Comments**

**Budget Support**

We note that the Bank plans to move away from traditional project financing towards budgetary support and we see the two-phased Programmatic Structural Adjustment Credit (PSAC) as well as the intended high-case scenario Public Expenditure Reform Credit (PERC) as examples of this trend. We also note that “the fight for good governance still has to be won” as it is stated in the CAS and that the corruption index has worsened during the late 1990s (para. 16). We wish to give our support to a move from project support to budgetary support. We also can support a move from the base case lending scenario to the high case lending scenario as per the triggers listed in Box IV. In this context we particularly stress the importance of the implementation of the Medium Term Expenditure Framework and the actions to be taken in the area of governance. With a move towards more budget support the Bank together with the government should give the highest priority to the fight of corruption.

On a related note, we would like to know what is the major difference between the second phase of the PSAC and the PERC, which are both proposed for FY03. As we see it both operations are budget support and in the spirit of becoming more programmatic we wonder whether the Bank could not just stick to the PSAC and increase its size instead of planning to do two different operations in the same financial year. Explanation on this would be appreciated.

**Lessons**
The joint IFC/IDA CAS takes into account the lessons that came out of the recent country evaluations by OED and OEG. We find that the sequencing of the CAS vis a vis the OED and OEG studies is excellent and commend involved staff for this good timing.

The list of what works and what did not work is welcome. However, it would be useful if the implications of the lessons – particularly the less good lessons – were elaborated upon.

For example, the risk of overestimating government implementation capacity is indeed real, but it is not thoroughly analyzed what the implications are of this finding and how the Bank should follow up in order to minimize the risk.

**Gender**

We note that the Government has established a Gender Budget Committee to ensure that sectoral investments respond to the priority needs of both men and women. We find this information of much interest and would have liked more elaboration on this mechanism in the CAS and how it generally effects the way the Government and the Bank address gender issues.

**Education**

We find it somehow surprising that the CAS uses the Gross Enrollment Rate (GER) as an outcome indicator. Figures earlier in the CAS refers to the Net Enrollment Rate (NER), which gives better information on the quality of the basic education, e.g. whether children are at the right level of primary school at the right age. Increasing the NER in Tanzania is a far more significant achievement than increasing the GER.

The Education Rationalization Project is planned for Year 3 of the CAS. The Bank and the Ministry of Science, Technology and Higher Education started discussing rationalization of Higher Education in 1997. As it is an urgent matter to do the study of the various institutions in Tanzania and prepare a plan for national effective utilization, we wonder why this operation is now planned for early in the CAS period.

**Roads Sector**

A basket fund for the road sector is being planned and we encourage the Bank, together with other partners, to participate in the basket under preparation by TANROAD.

**Annex I**

While we welcome an annex with lending scenario indicators we wonder why the annex focuses on the low case scenario and not the base case lending scenario, which is the proposed scenario in the CAS.