



1. Project Data:		Date Posted : 04/13/2001	
PROJ ID: P002817		Appraisal	Actual
Project Name : Fin. & Legal Management Upgrading	Project Costs (US\$M)	22.5	19.8
Country: Tanzania	Loan/Credit (US\$M)	20.0	20.0
Sector(s): Institutional Development	Cofinancing (US\$M)	0.2	0.2
L/C Number: C2413			
	Board Approval (FY)		93
Partners involved : SIDA	Closing Date	12/30/1998	06/30/2000

Prepared by :	Reviewed by :	Group Manager :	Group:

2. Project Objectives and Components

a. Objectives

The objective was to improve accounting and auditing standards and the legal framework and the administration of justice through improvements in human and material resources and undertaking studies designed to prepare a detailed strategy for the development of the legal sector, improve cost recovery, and increase competition and efficiency in the audit of parastatal organizations .

b. Components

(a) **Financial Management** : This component aimed to strengthen the National board of Accounting and Auditors (NBAA) Office of the Controller and Auditor General (OCAG), Institute of Accountancy in Arusha (IAA), and the Institute for Financial Management (IFM). Strengthening was primarily to be achieved by provision of training, acquisition of office equipment, vehicles, acquisition of books, library materials and upgrading administrative and training buildings.

(b) **Legal Sector** : This component would strengthen the Attorney -General's office, the Judiciary, Law Reform Commission, and the Registrar of Companies . Strengthening was to be achieved through provision of training, revision and printing of laws, acquisition of books, computers and office equipment .

(c) **Studies** : Three studies were to be carried out: Legal Sector Study; Cost Recovery Study and Tanzania Audit Corporation (TAC) Study. The Legal Sector Study would help develop a strategy to improve its performance . The Cost Recovery Study would explore methods of increasing cost recovery in both financial and legal institutions . The TAC study would recommend specific ways of giving effect to the decision to remove TAC's monopoly on the auditing of the parastatals.

(d) **Project Coordination** : The project would pay for office costs and salaries of two project coordinators, one for the financial management component and the other for the legal sector component .

c. Comments on Project Cost, Financing and Dates

Original project costs were \$14.6 million for component (a), \$6.0 million for component (b), \$0.4 million for (c) and \$1.3 million for (d). Revised costs were \$13.3 million for (a), \$5.6 million for (b) and \$0.9 million for (d). No separate allocations are indicated for component (c). It was covered in components (a) and (b).

3. Achievement of Relevant Objectives:

The pace of implementation on the FILMUP was uneven for the first three years . Until late 1995 there were considerable delays in equipment procurement, contracting with consultants, the design and construction of civil works and account replenishments . In 1996, a new Coordinator enabled the FILMUP implementing organizations to accelerate progress. It was agreed to extend the closing date from December 31st, 1998 to December 31st, 1999. A second extension was later negotiated to extend the project to June 30, 2000. The studies that were carried out are included in components (a) and (b).

(a) **Financial Management** : The FILMUP supplied NBAA, IFM, IAA and IFM with civil works (construction of new office complex for NBAA, new elevator, generator etc for IFM, extension of administrative block, new cafeteria for IAA). It provided to all four training opportunities, office equipment, vehicles, computers, books, journals . Studies, analyses and workshops on accounting, auditing and organizational development were carried out . A study on TAC and cost recovery in the four implementing organizations proved influential in shaping their strategies . Beginning in

1998, using unallocated funds, the Borrower and the Bank carried out seven studies on a range of topics (including enforcing of auditing and accounting standards, effectiveness of OACG in fighting /preventing fraud). The FILMUP also sponsored a workshop in February 2000 which brought together a wide range of stakeholders and participants to discuss results.

(b) Legal Component : There were no civil works in this component . In terms of other inputs it provided 3 vehicles, office equipment, books and journals, training . Over 1100 Tanzanian officials received training including 600 primary court magistrates. The Legal Sector Reform Task Force was supported by a series of eleven donor -funded studies. It is unclear from the ICR to what extent the FILMUP was instrumental in financing some of these studies . Three of the most important inputs centered around the law revisions from 1965, updating of Case Law Reports from 1983 and review of commercial and related laws . Current completion of the law revisions will be in July 2001 supported by SIDA. A lack of staff time and skills, irregular donor financing, disagreements over staff emoluments and terms of reference of external consultants served to delay this work . Production and updating of the Law Reports encountered some of the same problems. They were published in May 1998. It is unclear from the ICR if a review of commercial and related laws was undertaken.

4. Significant Outcomes/Impacts:

Although the Staff Appraisal Report (SAR) focused on the description of inputs rather than an analysis of potential outcomes, success rates of students in the Certified Public Accountant tests increased as did the total number of graduates with certified skills in accounting and auditing . Learning and strategy formulation that followed the infrastructure and training assistance was valued by Tanzanian staff . On the legal side, no systematic evaluation was carried out of the 1100 training awards. However, the six year process clarified legal reform issues and feasible strategies. FILMUP led to a medium term strategy for legal reform and international funding agencies are considering ways to help the Tanzanian government implement this strategy . The capacities and performance in strategic management in particular of NBAA and IFM was rapid . All three parastatals, NBAA, IFM and IAA moved towards greater cost recovery .

5. Significant Shortcomings (including non-compliance with safeguard policies):

The project SAR (like others approved in the early 1990s) focused on inputs and not outputs or outcomes . Some performance indicators were added later but were insufficient to measure performance . No training needs assessment was done on the legal side . The project lacked a long-term view of the development of the two sectors or proposed Bank involvement . No systematic evaluation was carried out of training awards although Tanzanian officials interviewed for the ICR found the training useful in terms of building skills . It is unclear to what extent provision of office equipment led to improvements in organizational performance but improvements were unlikely to have been significant given the fact that resources were small and were widely distributed .

According to the ICR all four institutions under the financial management component were strengthened . The ICR says that "to achieve this goal, three of the four organizations underwent some retrenchment and restructuring " but these were not a part of the SAR . Similarly the ICR maintains that three of the four organizations adapted ... "by offering new services focusing on core functions and outsourcing certain aspects of their operations " but these were also not part of project design . Similarly, the ICR states that "the NBAA made the most rapid progress ... reduced its dependence on government budgetary support from 52% in 1991 to 21% in 1999". This objective was again not part of the SAR. It appears that the impact of the project is difficult to isolate from other interventions by donors and the World Bank in Tanzania in 1995-2000. The World Bank was doing civil service and other structural reforms in the project implementation period to underpin macroeconomic stability which favorably impacted on project outcomes .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

(i) FILMUP was a supply driven approach to capacity building which usually leads to disappointing results . However, in this special case it worked because the timing of FILMUP coincided with a drive towards structural change that began to take root in 1995. The environment for organizational change became more positive and was helped by the provision of FILMUP inputs. (ii) The FILMUP activities were not related to each other so delays in one set of activities didn't contribute to delays in other components . (iii) In some instances it is better to let the "big picture" emerge rather than to sort out big strategic organizational issues at the start of the reform process . In the case of FILMUP, the studies that supported the Legal Sector task Force led to learning, consensus building and to the

emergence of an understanding of the developmental value of legal reform . The "big picture" emerged afterwards.
(iv) Pace of project implementation can be faster if project implementation capacity issues are assessed at the appraisal stage. In FILMUP the project was slow for three years because of poor capacity of implementing organizations in procurement and provision of services and because no assistance was provided to increase capacity to deal with implementation issues .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR is of good quality . It gives detailed rationale for its ratings although attribution to the project of the outcomes achieved is not always convincing .