2. Project Objectives, Financing, Costs and Components:
The objective of the project was to create an effective institutional and financial framework for the urban sector and prepare a sustainable urban infrastructure investment and maintenance program. The Project covered Dar es Salaam and eight towns. The project had five components: (a) assessment of needs and design of manpower development and training programs; (b) preparation of financial performance improvement plans (FPIPs) to increase local governments’ capacity for financial management and revenue generation; (c) preparation of property valuation and rating exercise for Dar es Salaam and of valuation rolls and rating structures for the other towns; (d) development of basic maps to assist in planning, management, and maintenance; and (e) preparation of feasibility studies followed by preliminary and detailed engineering designs. The loan amount was US$12.28 (at the latest exchange rate), of which US$1.33 was canceled. The total actual project cost was US$16.7 million, close to the appraisal estimate of US$17 million.

3. Achievement of Relevant Objectives:
The basic objectives of the project were achieved: (a) constraints on institutional development were identified and addressed and led to a rationalization and reorganization of central and local government responsibilities; (b) FPIPs were successfully prepared for Dar es Salaam and the eight towns; (c) valuation in Dar es Salaam was completed and a valuation office established for continuing operation in the follow-up Urban Sector Rehabilitation Project (USRP); (d) maps were produced for the eight project towns (financed by NORAD); and (e) the project led to the development of the “General Policy Framework for Urban Management Service Delivery and Infrastructure Investment” along with an implementation strategy, including the necessary engineering work for the follow-up USRP.

4. Significant Achievements:
The credit has strengthened the institutional capacity and improved the policy framework and implementation mechanisms for urban infrastructure in Tanzania. The necessary engineering work was prepared for a follow-up rehabilitation project based on a realistic assessment of achievable policy and institutional development.

5. Significant Shortcomings:
The project gave a clearer picture of the institutional and financial constraints, which led to scaling down the original investment program. From the borrower’s perspective there was some discontinuity in the project implementation because of IDA staff changes, but they did not adversely affect the overall outcome of the project.
7. Lessons of Broad Applicability:
When addressing a severe deterioration of infrastructure, and there is a need for fundamental changes in institutional and policy mechanisms, a series of projects would be more appropriate rather than a single technical assistance project. For example, an adaptable program lending operation would be appropriate. The project also demonstrated that non-governmental organizations can make a significant contribution to building local capacity.

3. Audit Recommended?  ○ Yes ● No

3. Comments on Quality of ICR:
The ICR is satisfactory. It addresses project issues clearly and includes a section for evaluation by the Borrower.