



1. Project Data

Operation ID P133798	Operation Name TZ-Open Govt & PFM Development Credit	
Country Tanzania	Practice Area(Lead) Governance	
L/C/TF Number(s) IDA-56190	Closing Date (Original) 31-Dec-2015	Total Financing (USD) 99,994,329.00
Bank Approval Date 23-Jun-2015	Closing Date (Actual) 31-Dec-2015	
	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	100,000,000.00	0.00
Revised Commitment	100,000,000.00	0.00
Actual	99,994,329.00	0.00

Prepared by Hjalte S. A. Sederlof	Reviewed by Clay Wescott	ICR Review Coordinator Malathi S. Jayawickrama	Group IEGEC (Unit 1)
---	------------------------------------	--	--------------------------------

2. Project Objectives and Policy Areas

a. Objectives

The program development objective (PDO) of the First Open Government and Public Financial Management DPO (OGPFM-1) as set out in the Program Document (PD) was: “to support the Government to establish open data in order to increase access and use of service delivery information as well as to improve budget credibility and execution.”

Achievement of the PDO will be assessed on the basis of two sub-objectives: (a) increased access and use of service delivery information; and (b) improved budget credibility and execution.



b. Were the program objectives/key associated outcome targets revised during implementation of the series?

c. Pillars/Policy Areas

OGPFM-1 included two pillars supported by five policy areas:

Pillar 1: Open government access to information, supported by two policy areas:

Policy area 1: establishing the legal framework for access to information to promote open government, raise citizens' awareness of public policies and programs, and increase accountability;

Policy area 2: establishing an open data system for information sharing within government and with the public, initially to be piloted in the education, health and water sectors.

Pillar 2: Public financial management to improve budget credibility and execution, supported by three policy areas:

Policy area 3: introducing better cash management to ensure the availability of funds for timely commitment of expenditures against approved budgets;

Policy area 4: strengthening public investment management for greater efficiency in the use of investment resources;

Policy area 5: modernizing the public procurement system to raise compliance with public procurement legislation.

d. Comments on Program Cost, Financing, and Dates

Program cost and financing. An IDA Credit of US\$100 million was provided, of which the full amount was disbursed.

Borrower contribution. None

Dates. The OGPFM-1 was approved on June 23, 2015. It became effective on June 26, 2015 and closed on December 31, 2015.

3. Relevance of Objectives & Design

a. Relevance of Objectives



The OGPFM series objectives aligned with the FY12-FY16 Country Assistance Strategy Progress Report (CAS-PR) in effect at project closing. The series was to establish open data to increase access and use of service delivery information, as well as to improve budget credibility and execution. This coincided with the CAS-PR, which sought to address elements critical to effective public-sector performance: (i) improved credibility of the budget by mobilizing domestic resources, making realistic revenue projections, and preventing the accumulation of arrears; and (ii) enhanced the transparency and accessibility of public services to improve their accountability and efficiency. While this strategy coincided with government priorities at preparation, it does not appear to have been enthusiastically pursued by the government, resulting in a long project preparation process. The new government installed following national elections formally distanced itself from many of the measures to improve accountability and transparency. In part, the new government considered that the series exceeded the capacity of the administration to implement a wide set of reforms at a time when numerous development operations were under preparation or already underway, albeit in different sectors (education, water supply, basic health, urban local government). Its lack of enthusiasm for open government was underlined by its withdrawal from the multilateral open government partnership initiative - with adverse consequences for pursuing the policy actions that had triggered OGPFM 1 (see Section 4). That partnership aims at securing concrete commitments from governments to promote transparency, empower citizens, and fight corruption to strengthen governance. Consequently, the second and third operations in the series were cancelled; some policy actions were stopped, while others were merged into a new operation, the Growth and Service Delivery DPO, currently scheduled for Board consideration in June 2019.

Rating

Modest

b. Relevance of Design

The original OGPFM design was conceived as a three-operation series, and it had a policy and results matrix designed for the series, not for a single operation. The PD provided a clear rationale for the original choice of policy actions, and the theory of change as presented in the policy and results matrix linked prior actions and triggers to policy actions and ultimately program objectives. Prior actions under OGPFM-1 were designed to provide a solid basis for subsequent actions under OGPFM-2 and 3 which in turn could reasonably be expected to lead to sought-after outcomes. With the elimination of the second and third operations, some of the intended reforms were unlikely to be completed: some were truncated while others were integrated into other planned operations, and still others (essentially those related to open government) were dropped altogether. Likewise, the links between policy areas weakened, as many indicators and targets that had been set on the assumption of a three-operation programmatic series, remained unchanged but were no longer appropriate for monitoring the operation or measuring outcomes. In sum, the design no longer allowed a rigorous determination of achievement of intended outcomes.

The macro-economic framework was robust at the start of the operation and remained so throughout the DPL period. Economic growth was high, and inflationary pressures remained under control in the absence of



unexpected shocks from international food and energy prices. The fiscal deficit was contained, falling from 4 percent of GDP in FY2015-16 to 2.1 percent in FY2016-17. The trade balance was kept under control in the absence of any shocks from international food and energy prices. The authorities were committed to a prudent monetary stance and flexible exchange rates.

Rating
Modest

4. Achievement of Objectives (Efficacy)

Objective 1 **Objective**

To increase access and use of service delivery information

Rationale

The objective was to be achieved by establishing the legal and regulatory framework for access to information (policy area 1); and an open data system for transmitting information about government budget and sector performance (policy area 2).

Legal and regulatory framework. The legal and regulatory framework for access to information was partly established:

An access to information bill was approved by the Cabinet as a prior action to OGPFM-1, but no other policy actions relating to policy area 1 were completed under OGPFM-1.

The access to information bill was submitted to parliament in 2016, after OGPFM-1 had closed; and in 2017, the bill and implementing regulations were approved, and public information focal points established in the Ministries of Education, Health and Water. However, no mechanism has so far been introduced to monitor implementation of the access to information bill, as was intended under the OGPFM series.

Open data system. No open data system is yet in place. (The following description summarizes the discussion in the ICR and with the task team).

Under OGPFM-1, Tanzania joined the Open Government Partnership (OGP), a multilateral initiative to strengthen governance through increased public access to data; it set up an inter-agency working group on implementation of open data across government agencies; and developed interim guidelines for publishing



data in open data format – the two latter initiatives as prior actions for OGPFM-1. Subsequently, pilot dashboards with data and performance information for the education, water, and health sectors, including a citizen feedback mechanism, were developed and made available on the government open data portal.

However, with a change in government following national elections in 2015, Tanzania withdrew from the OGP in June 2017, and activities related to the OGP were halted, including the ongoing work on implementing the open data system, and further development and updating of the pilot data dashboards. The reversal was justified by the government by noting that similar objectives to the OGP were being advocated by the African Peer Review Mechanism (APRM) of the African Union. In fact, the APRM standards differ markedly from the OGP – in particular, assessment criteria are loosely defined and become heavily dependent on the APRM reviewers.

The change in approach may also have been influenced by demand factors – with low use of the pilot dashboards by civil society and media possibly suggesting modest public demand for open data.

Rating
Negligible

Objective 2

Objective

To improve budget credibility and execution

Rationale

The objective was to be achieved by better cash management (policy area 3), stronger public investment management (policy area 4), and a modernized public procurement system (policy area 5)

Cash management. Actions on cash management reform aimed at ensuring a predictable flow of funds and rigorous execution of approved budgets and by avoiding the accumulation of arrears.

To strengthen commitment controls, the Ministry of Finance issued instructions to spending units to commit all expenditures through the country's integrated financial management information system (IFMIS) (prior action for policy area 3 - met).

To address growing expenditure arrears, the appropriated budget for FY14/15 provided funding to clear expenditure arrears (prior action for policy area 3 - met). This eliminated most existing arrears on recurrent budgeted items. However, a large part of arrears comes from capital spending and unbudgeted spending because of over-commitment of capital expenditures and is reflected in rising arrears in expenditure



payments as a share of GDP (1.4 percent in 2014 to 1.9 percent in FY2015/16). The issue (originally an OGPFM-2 trigger), is now expected to be addressed as part of an expenditure management strategy in the GSD DPO under preparation.

To strengthen the functioning of the single treasury account (STA), all regional budget entities were connected to the country's electronic transfer and inter-bank settlement schemes and are being paid through that mechanism (prior action for OGPFM-1; met), as a first step in subsequently linking those schemes to the STA in 2018.

Guidelines were issued for program-based budgeting in the education, health, and water sectors (prior action for OGPFM-1; met); however, they are not being applied, and no further action on program-based budgeting is currently envisaged by the government.

To address under-collection of revenues, rules for cash rationing were to be introduced as a trigger for OGPFM-2 which was cancelled. Draft rules were circulated in 2016, post-project. However, they were never finalized.

Public investment management. Actions on public investment management aimed at raising efficiency in the use of public investment resources by mandating the use of the government's public investment manual, PIM. A prior action for OGPFM-1 was the issuance of budget guidelines requiring the mandatory use of the PIM manual in the preparation and screening of investment projects. The prior action was met, but the mandatory use of the manual has so far not been implemented.

Procurement. To modernize the procurement system, to address cumbersome procedures and raise compliance, regulations to implement the Public Procurement Act of 2011 based on international standards were adopted as a prior action for OGPFM-1. A new Public Procurement Act, adapted to the local context and aiming to further increase efficiency and reduce costs related to public procurement, was adopted in 2016, replacing the previous procurement act. Overall compliance rates increased from 65 percent to 74 percent over the 2013/14 – 2016/17 period, against a target rate of 90 percent. Following the adoption of the new Procurement Act, compliance rates are said to have dropped (ICR, page vii).

Rating
Modest

5. Outcome



Relevance of objectives is rated **modest**; while they continued to be relevant to CAS-PR at closing, and to Tanzania’s development challenges, this was no longer the case under the government, which had different priorities. Relevance of design is rated **modest**, reflecting the weakened linkages to the PDO. Efficacy is rated **negligible** for the first objective where, while all prior actions for OGPFM-1 were met, only one is being implemented; and **modest** for the second objective, where intended outcomes were partly achieved.

a. Outcome Rating
Unsatisfactory

6. Rationale for Risk to Development Outcome Rating

The development outcome is rated unsatisfactory. Few of the policy actions were pursued to completion and many were not owned by the new government, making their sustainability unlikely.

a. Risk to Development Outcome Rating
Substantial

7. Assessment of Bank Performance

a. Quality-at-Entry

The operation was strategically relevant, focusing on policies that could be expected to improve the performance of public institutions and reverse eroding public trust in them . The ICR argues that the operation was based on solid background analysis of open government and public financial management, including in Tanzania. Still, project preparation was long – launched in 2013, it was approved only in mid-2015; here, the ICR points to the simultaneous preparation of a number of sector-related DPOs supported by the Bank, which may have strained the government’s institutional capabilities, and low intensity of the policy dialogue, possibly due to upcoming elections (ICR, page 15). The policy and results matrix was relevant at entry, and prior actions were designed to provide a basis for subsequent actions under the two follow-up operations.



Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

Over the six months between OGPFM-1 approval and its closing, only one supervision mission took stock of the prior actions for OGPFM-1 and recorded the status of each trigger for OGPFM-2. During the period, indicators were not monitored, the Government changed, priorities changed, and the formal objectives of the series became less relevant as the second and third operations were “cancelled”. The policy and results matrix remained unchanged. A subsequent pre-appraisal mission for OGPFM-2 was conducted in March 2016, and a draft project concept note was prepared. There was no follow-up support envisaged for the reforms introduced under OGPFM-1. (ICR, page 25).

Quality of Supervision Rating

Unsatisfactory

Overall Bank Performance Rating

Unsatisfactory

8. Assessment of Borrower Performance

a. Government Performance

Neither the pre-election government nor the post-election one appears to have taken strong ownership of the OGPFM series. Possibly influencing this was that both governments realized that they had capacity constraints to managing the several DPO series, and policy aims under OGPFM were either put aside where priority as perceived by the government was low, or then integrated into remaining DPLs, notably the GSD series, where progress subsequently has been made.

Government Performance Rating

Unsatisfactory

b. Implementing Agency Performance

Implementing agencies are ministries, departments and agencies and national and sub-national levels who are stakeholders in the various policy areas. At the time of writing of the ICR there was no administrative unit that had oversight of the full program. In other agencies, responsible officials had changed with the new government, and had little knowledge about the operations.



Implementing Agency Performance Rating

Unsatisfactory

Overall Borrower Performance Rating

Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The policy and results matrix of the OGPFM series had been prepared in collaboration with a donor group providing budget support to Tanzania and provided a logical sequence of actions that would lead to desirable outcomes. Indicators and targets were structured to allow monitoring of the full series, albeit with some weaknesses in precision (for example, monitoring of data use to determine demand for information was to be by observing unspecified "information intermediaries"). Overall, adequate monitoring of OGPFM-1 ceased to be the case when the second and third operations were eliminated, while the original program-level indicators and targets were maintained.

b. M&E Implementation

The M&E system was not in place, nor were indicators collected by either the government or the World Bank, including during the supervision mission (ICR, page 19)

c. M&E Utilization

M&E was not done.

M&E Quality Rating

Negligible

10. Other Issues

a. Environmental and Social Effects

No safeguard policies were triggered



b. Fiduciary Compliance

According to the ICR (page 17), drawing on the PD, public financial management was overall considered adequate for DPOs, with some risk related to capacity constraints in public investment and financial management. Mitigating measures were introduced, drawing on ongoing programs and policy dialogue. Fiduciary risks directly related to the operation were considered moderate (PD, page 41). No fiduciary challenges arose during implementation.

c. Unintended impacts (Positive or Negative)

None noted.

d. Other

None noted.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Unsatisfactory	---
Risk to Development Outcome	Substantial	Substantial	---
Bank Performance	Unsatisfactory	Unsatisfactory	---
Borrower Performance	Unsatisfactory	Unsatisfactory	---
Quality of ICR		Modest	---

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006. The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

12. Lessons

Design considerations should include the political environment. Teams need to make an explicit and concerted effort to assess the political context and the degree of ownership at the outset. While the Tanzanian political environment appeared tranquil, elections were close, they were being fought hard and, in many instances, changed the direction and emphasis of policy, including influencing the aims of the OGPFM operations.



Absorptive capacity is essential. Teams need to take into consideration the institutional capacity of the environment into which projects are introduced. The OGPFM series was prepared and launched at a time when numerous similar DPOs were being introduced after a hiatus of over a decade. In this case, it generated high transactions costs that might have been avoided with better attention paid to signals in the environment, including the long processing time. Greater attention is needed at the CMU level to the cumulative burden on institutional capacity of all Bank-supported operations under preparation and implementation at any point in time.

Government ownership is crucial. Teams need to be alert to signs of flagging ownership by the Borrower. Long processing times in preparation may indicate that the reforms being proposed are not adequately supported. They require a careful assessment of the reasons underlying the difficulties in moving faster.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR faced a challenging situation with limited field-level information. Still, the ICR provided a sufficient discussion of the background and rationale of the operation(s) to offer some evidence for assessing results and justifying ratings. The evaluation of efficacy and the results framework, especially the indicators, provides sufficient information to assess achievements. The ICR is mainly consistent with the guidelines, but the main text of 28 pages exceeds the normal maximum length (of 15 pages).

a. Quality of ICR Rating

Modest