Board Meeting of June 19, 1997
Statement by Jan Piercy

TANZANIA - Country Assistance Strategy

1. I congratulate staff on this CAS and its frank assessment of past failures and plans for improving future performance.

2. The CAS recognizes the importance of both high economic growth and lower population growth for reducing poverty. Other donors, including UNFPA and USAID, continue to be major players in increasing availability of family planning services to reduce population growth in Tanzania. The importance of sustained progress in family planning as a health, growth and economic issue cannot be overstated.

3. The CAS recognizes that macroeconomic performance will be key to high economic growth and the reduction of poverty. However, I believe that there are other factors which determine whether that growth can be achieved. One of the most significant factors is good governance.

4. As the CAS notes, the Government of Tanzania has actively attempted to curb corruption and improve governance. I noted that one of the triggers for the high case lending scenario is improved governance. Given the importance of good governance to achieving economic targets, I believe that improved governance should be a trigger under the base case scenario. I would appreciate staff explanation for not including it in the base case.

5. In addition, I was concerned by the absence of discussion in the CAS of the Bank’s role in promoting private sector-led development. I very much appreciated the full discussion of MIGA and IFC activities. However, there is little discussion in the CAS regarding legal, regulatory and procedural constraints to private sector investment. The overall investment environment in Tanzania clearly needs improvement. Many laws are out of date and have as their reference point the former command economy. In addition, outdated property laws inhibit investment and need to be modernized. I would appreciate staff clarification on the investment environment and any plans the Bank has to help the Government address these needs.

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6. The stagnation of social indicators in recent years is alarming. Infant mortality and live expectancy have changed little in the last decade. Primary school enrollment and access to safe water have actually decreased since the early 1980s. CAS emphasis on the social sectors as well as gender is essential in the face of these conditions.

7. I am, however, disappointed with the lack of attention in the CAS to the environment. Tanzania's degraded environment is a major obstacle to the country's development, particularly in the agriculture and tourism sectors, and makes poverty alleviation efforts more difficult.

8. While I understand the somewhat difficult situation faced by the Bank in addressing Tanzania's environmental problems, as a document setting the Bank's program for the next few years, the CAS should have, in my view, addressed the Bank's engagement in this sector, which I understand from discussions with Bank staff is much higher than the CAS reflects. I would appreciate staff comment on activities to assist the Government in organizing itself to more effectively deal with environmental issues.

9. I also wondered why the CAS did not give more attention to the critical issue of water supply in both urban and rural areas. I understand from staff that other donors are focusing on this critical sector. However, given its vital importance, both in the context of social and private sector development, we urge the Bank to closely monitor these efforts and act appropriately to facilitate the supply of adequate and safe water.

10. I am concerned by the increase in the number of problem projects. I am, therefore, pleased to see the emphasis in the CAS on capacity-building. Increasing the country's capacity will help overcome institutional bottlenecks. I fully support the way in which capacity-building was integrated throughout the CAS.

11. The CAS noted that one of the lessons learned from the past is that coordination with development partners has been inadequate. I was, therefore, pleased with the full discussion of future plans in this area on page 20. The addition of an NGO liaison officer in the resident mission should have a very positive impact on the Bank's outreach to NGO partners. I noticed that the African Development Bank is not included in your list of collaborators. Although the AFDB has not had a strong presence to date, this certainly may change.